



Financial Statements

MEOPAR Incorporated

March 31, 2017

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## Independent auditor's report

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To the Board of Directors of MEOPAR Incorporated

We have audited the accompanying financial statements of **MEOPAR Incorporated**, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MEOPAR Incorporated as at March 31, 2017, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Halifax, Canada  
September 7, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# MEOPAR Incorporated

## Statements of operations and changes in net assets

Year ended March 31	2017	2016
Revenue		
Government assistance – NSERC and SSHRC	\$ 5,207,809	\$ 7,242,584
Partnership	428,250	203,300
Other	16,805	4,914
	<u>5,652,864</u>	<u>7,450,798</u>
Grants		
Research	3,287,787	4,537,765
Early career	-	570,863
Partnership	1,073,875	873,344
	<u>4,361,662</u>	<u>5,981,972</u>
Excess revenue over grants	<u>1,291,202</u>	<u>1,468,826</u>
Expenses		
Board insurance	15,160	15,200
Depreciation	-	3,079
Marketing and communications	79,768	69,492
Meetings and receptions	8,821	14,626
Miscellaneous	23,295	4,992
Office supplies and administration	27,001	41,704
Outreach and events	2,651	32,873
Printing and publications	2,471	1,776
Professional fees	56,640	65,812
Research management	75,810	101,801
Salaries and benefits	597,308	596,105
Training and knowledge mobilization	279,652	403,940
Travel	112,756	108,984
	<u>1,281,333</u>	<u>1,460,384</u>
Excess of revenue over expenses	<u>\$ 9,869</u>	<u>\$ 8,442</u>
Net assets, beginning of year	\$ 38,335	\$ 29,893
Excess of revenue over expenses	<u>9,869</u>	<u>8,442</u>
Net assets, end of year	<u>\$ 48,204</u>	<u>\$ 38,335</u>

See accompanying notes to the financial statements.

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# MEOPAR Incorporated

## Statement of financial position

March 31

2017

2016

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### Assets

#### Current

Cash and cash equivalents	\$ 103,408	\$ 94,151
Receivables	288,541	20,000
Receivable from Dalhousie University (Note 5)	413,277	2,256,654
HST receivable	<u>52,293</u>	<u>32,552</u>
	<u>\$ 857,519</u>	<u>\$ 2,403,357</u>

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### Liabilities

#### Current

Payables and accruals	\$ 84,067	\$ -
Deferred revenue (Note 3)	<u>725,248</u>	<u>2,365,022</u>
	<u>809,315</u>	<u>2,365,022</u>

#### Net assets

Unrestricted net assets	<u>48,204</u>	<u>38,335</u>
	<u>\$ 857,519</u>	<u>\$ 2,403,357</u>

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Commitments (Note 4)

On behalf of the Board



\_\_\_\_\_  
Director

See accompanying notes to the financial statements.

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## **MEOPAR Incorporated**

### **Statement of cash flows**

March 31

**2017**

**2016**

Increase (decrease) in cash and cash equivalents

**Operating**

Excess of revenue over expenses	<b>\$ 9,869</b>	\$ 8,442
Amortization of capital assets	<u>-</u>	<u>3,079</u>
	<b>9,869</b>	11,521

Change in non-cash operating working capital

Receivable from Dalhousie University	<b>1,843,377</b>	2,137,521
Receivables	<b>(268,541)</b>	(20,000)
HST receivable	<b>(19,741)</b>	8,027
Payables and accruals	<b>84,067</b>	(129,637)
Deferred revenue	<b>(1,639,774)</b>	(1,957,884)
	<u><b>9,257</b></u>	<u>49,548</u>

Net increase in cash and cash equivalents **9,257**      49,548

Cash and cash equivalents

Beginning of year	<u><b>94,151</b></u>	<u>44,603</u>
End of year	<u><b>\$ 103,408</b></u>	<u>\$ 94,151</u>

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See accompanying notes to the financial statements.

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# **MEOPAR Incorporated**

## **Notes to the financial statements**

March 31, 2017

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### **1. Authority and purpose**

The Network was incorporated on February 17, 2012 under the Canada Corporations Act – Part II – as an income tax exempt not-for-profit organization. The Network provides funding to develop knowledge, tools, technology and highly qualified people through collaborative research.

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### **2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits with maturities of three months or less.

Based on the funding agreement between the Natural Sciences and Engineering Research Council (“NSERC”), the Social Sciences and Humanities Research Council (“SSHRC”) and MEOPAR Incorporated, grant funds are considered restricted and are to be held in trust and administered by Dalhousie University, the Network’s host institution. Other funds are administered by the Network and are considered unrestricted cash. Unrestricted cash is held in a separate bank account.

#### **Revenue recognition**

The Network follows the deferral method of accounting for contributions, which include government grants.

Contributions which have external restrictions governing the types of activities they can be used to fund are deferred until related spending on these activities is incurred.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets.

Unrestricted contributions are recorded as revenue when received or receivable, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

#### **Contributed materials and services**

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services used in the normal course of the Network’s operations would otherwise have been purchased.



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# MEOPAR Incorporated

## Notes to the financial statements

March 31, 2017

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Capital assets are recorded at cost. Depreciation is provided on the straight-line basis over their estimated useful lives as follows:

Computer hardware	2 years
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When a capital asset no longer has any long-term service potential to the Network, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenues, expenses, and net assets. Any write-downs recognized are not reversed.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are recognized in the statement of operations as appropriate in the year they become known.

#### Financial Instruments

##### *Initial measurement*

The Network's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Network measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, receivable from Dalhousie University, HST receivable and payables and accruals.

For financial assets measured at cost or amortized cost, the Network regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Network determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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# MEOPAR Incorporated

## Notes to the financial statements

March 31, 2017

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### 2. Summary of significant accounting policies (continued)

#### Financial Instruments (continued)

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Network's main credit risks relate to its receivables. The Network provides credit to Dalhousie University in the normal course of its operations. There was no significant change in exposure from the prior year.

##### *Liquidity risk*

The Network's liquidity risk represents the risk that the Network could encounter difficulty in meeting obligations associated with its financial liabilities. The Network is, therefore, exposed to liquidity risk with respect to its debt.

The Network is not exposed to significant interest, market or currency risk.

#### Employee Future Benefits

MEOPAR's staff are eligible to join the Dalhousie Grant Paid and Associated Employees' pension plan. MEOPAR's contribution for staff is approximately 5% of salary. MEOPAR records contributions to this plan as expenditures in the year the contributions are made. Contributions to the plan made during the year amounted to \$19,470 (2016 - \$44,122).

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3. Deferred revenue	<u>2017</u>	<u>2016</u>
Balance – beginning of year	\$ 2,365,022	\$ 4,322,906
Contributions received from NSERC and SSHRC	3,500,035	5,258,000
NSERC and SSHRC revenue recognized	(5,207,809)	(7,242,584)
Contributions received / receivable from Partnerships	496,250	220,000
Partnership revenue recognized	<u>(428,250)</u>	<u>(193,300)</u>
Balance – end of year	<u>\$ 725,248</u>	<u>\$ 2,365,022</u>

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### 4. Commitments

The Network has committed to provide funding to participating institutions to be paid in the following years as follows:

2018	\$ 3,972,268
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Under the terms of the NSERC and SSHRC agreement, funding at the current level will be completed by March 2017 (as further disclosed in Note 5).

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# MEOPAR Incorporated

## Notes to the financial statements

March 31, 2017

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### 5. Related party transactions and economic dependence

#### Grants from NCE

In 2012, NSERC and SSHRC agreed to contribute funding of \$24,997,535 to the Network over the five years ending on March 31, 2017.

<b>Fiscal Year</b>	
2011-2012	\$ 2,065,500
2012-2013	3,929,000
2013-2014	5,457,000
2014-2015	4,788,000
2015-2016	5,258,000
2016-2017	<u>3,500,035</u>
Total Grant	\$ <u>24,997,535</u>

On February 27, 2017, MEOPAR entered into a Funding Agreement with NSERC and SSHRC under which MEOPAR will receive funding of \$28,527,978 to support research over a period of five years, from April 1, 2017 to March 31, 2022.

The annual contributions will be released subject to:

- Parliamentary appropriation of the funds in each fiscal period;
- Satisfactory progress, as determined by the NCE Secretariat, towards predetermined milestones for the NCE Network;
- Continuing eligibility of the NCE Network Host and the NCE Network; and
- Compliance with the terms of the funding agreement.

These financial statements include only the contributions received by MEOPAR Incorporated from the NCE program, its host institution and others, and disbursed on its behalf. MEOPAR Incorporated may not be able to maintain its current level of operations should the funding be significantly reduced or ended.

#### Grants from host institution

The Network is related to Dalhousie University by virtue of the fact that the University is its host institution under the Networks of Centres of Excellence program.

Under an agreement between the Network and the host institution, the University provides accounting and administrative support services as well as office space without charge to the Network. The value of the in-kind contributions received by means of services, equipment and facilities in fiscal 2017 is estimated by Dalhousie to be \$86,000 (2016 – \$66,000). These contributions have not been recognized in the financial statements.

Receivable from Dalhousie University represents government contributions received, which are subject to NSERC and SSHRC eligibility requirements. The cash is held in trust by Dalhousie University in accordance with the Host Agreement.

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**MEOPAR Incorporated**  
**Notes to the financial statements**

March 31, 2017

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**6. Comparative figures**

Certain of the comparative figures for 2016 have been reclassified to conform to the financial statement presentation adopted for 2017.