

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

FINANCIAL STATEMENTS

For the year ended March 31, 2014

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2014 and all information contained in these statements rests with the management of the Social Sciences and Humanities Research Council (SSHRC). These financial statements have been prepared by management using the Government of Canada's (the Government) accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, with due consideration given to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of SSHRC's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in SSHRC's *Departmental Performance Report*, is consistent with these financial statements.

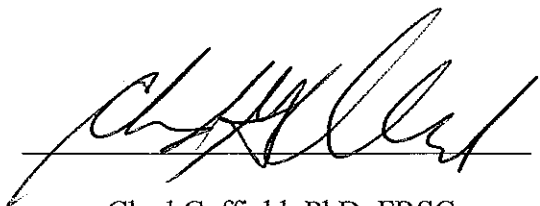
Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout SSHRC; and through the conducting of an annual risk-based assessment of the effectiveness of the ICFR system.

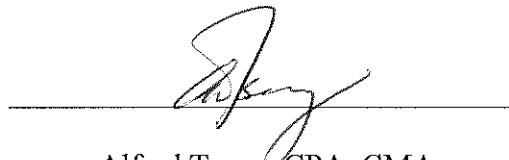
The ICFR system is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess the effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the ICFR system for the year ended March 31, 2014 was completed in accordance with the Treasury Board *Policy on Internal Control*. The results and action plans are summarized in the annex.

Deloitte LLP, SSHRC's independent auditors, have expressed an opinion on the fair presentation of the financial statements of SSHRC that does not include an audit opinion on the annual assessment of the effectiveness of SSHRC's internal controls over financial reporting.



Chad Gaffield, PhD, FRSC
President



Alfred Tsang, CPA, CMA
Chief Financial Officer

Ottawa, Canada

June 18, 2014

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Statement of Financial Position

As at March 31
(thousands of dollars)

	<u>2014</u>	<u>2013</u>
Liabilities		
Accounts payable and accrued liabilities [Note 4]	2,671	2,346
Vacation pay and compensatory leave	853	860
Deferred revenue [Note 5]	507	502
Employee future benefits [Note 6]	526	619
Total net liabilities	<u>4,557</u>	<u>4,327</u>
Financial assets		
Due from the Consolidated Revenue Fund	2,516	2,288
Accounts receivable [Note 7]	1,069	1,489
Advances	10	15
Total net financial assets	<u>3,595</u>	<u>3,792</u>
Net debt	<u>962</u>	<u>535</u>
Non-financial assets		
Prepaid expenses	171	209
Tangible capital assets [Note 8]	3,273	2,367
Total non-financial assets	<u>3,444</u>	<u>2,576</u>
Net financial position [Note 9]	<u>2,482</u>	<u>2,041</u>

Contractual obligations [Note 10]

The accompanying notes form an integral part of these financial statements.



Chad Gaffield, PhD, FRSC
President



Alfred Tsang, CPA, CMA
Chief Financial Officer

Ottawa, Canada

June 18, 2014

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

**Statement of Operations and Net Financial Position
For the year ended March 31
(thousands of dollars)**

	2014 Planned Results	2014	2013
Expenses			
Indirect Costs of Research	332,872	331,858	332,096
Talent	173,792	170,550	169,968
Insight	135,607	143,604	139,211
Connection	29,337	34,425	35,320
Internal Services	19,002	17,843	17,655
Total Expenses	<u>690,610</u>	<u>698,280</u>	<u>694,250</u>
Revenues			
Miscellaneous revenues	-	93	8
Revenues earned on behalf of Government	-	(1)	(8)
Total Revenues	<u>-</u>	<u>92</u>	<u>-</u>
Net cost of operations before government funding and transfer	<u>690,610</u>	<u>698,188</u>	<u>694,250</u>
Government funding and transfers			
Net cash provided by Government of Canada	686,772	694,069	693,812
Change in due from the Consolidated Revenue Fund	-	228	(376)
Common services provided without charge by other government departments [Note 11a]]	4,160	4,332	4,446
Net cost of operations after government funding and transfers	<u>(322)</u>	<u>(441)</u>	<u>(3,632)</u>
Net financial position - Beginning of year	966	2,041	(1,591)
Net financial position - End of year	<u><u>1,288</u></u>	<u><u>2,482</u></u>	<u><u>2,041</u></u>

Segmented information [Note 12]

The accompanying notes form an integral part of these financial statements.

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Statement of Change in Net Debt

For the year ended March 31

(thousands of dollars)

	2014 <u>Planned Results</u>	<u>2014</u>	<u>2013</u>
Net cost of operations after government funding and transfers	(322)	(441)	(3,632)
Change due to tangible capital assets			
Acquisition of tangible capital assets	914	1,187	1,493
Amortization of tangible capital assets	(560)	(281)	(400)
Proceeds from disposal of tangible capital assets	-	-	(13)
Net gain on disposal of tangible capital assets including adjustments	-	-	6
Total change due to tangible capital assets	<u>354</u>	<u>906</u>	<u>1,086</u>
Change due to prepaid expenses	-	(38)	23
Net increase (decrease) in net debt	<u>32</u>	<u>427</u>	<u>(2,523)</u>
Net debt - Beginning of year	1,131	535	3,058
Net debt - End of year	<u><u>1,163</u></u>	<u><u>962</u></u>	<u><u>535</u></u>

The accompanying notes form an integral part of these financial statements.

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Statement of Cash Flows
For the year ended March 31
(thousands of dollars)

	2014	2013
Operating activities		
Net cost of operations before government funding and transfers	698,188	694,250
Non-cash items:		
Amortization of tangible capital assets [Note 8]	(281)	(400)
Gain on disposal of tangible capital assets	-	6
Common services provided without charge by other government departments [Note 11a)]	(4,332)	(4,446)
Variations in Statement of Financial Position:		
Decrease (increase) in accounts payable and accrued liabilities	(325)	93
Decrease in vacation pay and compensatory leave	7	46
Increase in deferred revenue	(5)	(6)
Decrease in employee future benefits	93	2,776
Decrease in accounts receivable	(420)	(14)
Increase (decrease) in advances	(5)	4
Increase (decrease) in prepaid expenses	(38)	23
Cash used in operating activities	692,882	692,332
Capital investing activities		
Acquisition of tangible capital assets	1,187	1,493
Proceeds from disposal of tangible capital assets	-	(13)
Cash used in capital investing activities	1,187	1,480
Financing activities	-	-
Net cash provided by Government of Canada	694,069	693,812

The accompanying notes form an integral part of these financial statements.

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31

1. Authority and Objectives

The Social Sciences and Humanities Research Council (SSHRC) was established in 1977 by the *Social Sciences and Humanities Research Council Act*, and is a departmental corporation named in Schedule II to the *Financial Administration Act*. SSHRC's purpose is to promote and assist research and scholarship in the social sciences and humanities. SSHRC's grants, scholarships and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities. SSHRC delivers its objectives under five programs:

a) Indirect Costs of Research

This program provides support to institutions in the form of grants in the social sciences and humanities, natural sciences and engineering, and health. This program is necessary to build institutional capacity for the conduct of research and research-related activities to maximize the investment of publicly funded academic research. This program helps to offset the central and departmental administrative costs that institutions incur in supporting research, which are not attributable to specific research projects.

b) Talent

This program provides support to graduate students and postdoctoral fellows in the form of fellowships, and to researchers in postsecondary institutions in the form of grants that cover salary and the direct costs of research. This program is necessary in order to attract, retain and develop talent in the social sciences and humanities, to cultivate leaders within academia and across the public, private and not-for-profit sectors, and to build centres of world-class research excellence at Canadian postsecondary institutions.

c) Insight

This program provides grants to support research in the social sciences and humanities conducted by scholars and researchers working as individuals, in teams and in formal partnerships among the academic, public, private and/or not-for-profit sectors and to support the building of institutional research capacity. This program is necessary to build knowledge and understanding about people, societies and the world, as well as to inform the search for solutions to societal challenges.

d) Connection

This program provides funding (grants and operational) to support the multidirectional flow, exchange and co-creation of knowledge in the social sciences and humanities among researchers and diverse groups of policy-makers, business leaders, community groups, educators and the media working as individuals, in teams, in formal partnerships and in networks. This program is necessary to help stimulate leading-edge, internationally competitive research in areas critical to Canada, build multisectoral partnerships and accelerate the use of multidisciplinary research results by organizations that can harness them for Canadian economic and social development.

e) Internal Services

SSHRC and Natural Sciences and Engineering Research Council (NSERC) share internal services for general administration, human resources, finance, awards administration, information management and technology, program evaluation and audit services. This common administrative services model has proven highly efficient for the two federal granting agencies. In addition, SSHRC has its own corporate services to address the Agency's distinct needs in terms of governance, policy, planning, statistics, performance measurement, communications and international relations. Internal Services provide support to the organization as whole in the form of operation and maintenance funds. They are necessary to support the delivery of programs and other corporate obligations and include activities that apply across the organization, rather than those that support a specific program.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Parliamentary authorities

SSHRC is financed by the Government through parliamentary authorities. Financial reporting of authorities provided to SSHRC do not parallel financial reporting according to Canadian Public Sector Accounting Standards, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Financial Position and in the Statement of Operations and Net Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Net Financial Position as well as the Statement of Change in Net Debt are the amounts reported in the future-oriented financial statements included with SSHRC's *2013-2014 Report on Plans and Priorities*.

Liquidity risk is the risk that the SSHRC will encounter difficulty in meeting its obligations associated with financial liabilities. SSHRC's objective for managing liquidity risk is to manage operations and cash expenditures within the appropriation authorized by Parliament or allotment limits approved by the Treasury Board.

Each year, SSHRC presents information on planned expenditures to Parliament through the tabling of Estimates publications. These estimates result in the introduction of supply bills (which, once passed into legislation, become appropriation acts) in accordance with the reporting cycle for government expenditures. SSHRC exercises expenditure initiation processes such that unencumbered balances of budget allotments and appropriations are monitored and reported on a regular basis to help ensure sufficient authority remains for the entire period and appropriations are not exceeded.

Consistent with Section 32 of the *Financial Administration Act*, SSHRC's policy to manage liquidity risk is that no contract or other arrangement providing for a payment shall be entered into with respect to any program for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons to which the payment will be charged unless there is a sufficient unencumbered balance available out of the appropriation or item to

discharge any debt that, under the contract or other arrangement, will be incurred during the fiscal year in which the contract or other arrangement is entered into.

SSHRC's risk exposure and its objectives, policies and processes to manage and measure this risk did not change significantly from the prior year.

b) Net cash provided by Government of Canada

SSHRC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by SSHRC is deposited to the CRF, and all cash disbursements made by SSHRC are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

c) Amounts due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that SSHRC is entitled to draw from the CRF without further authorities to discharge its liabilities. This amount is not considered to be a financial instrument.

d) Revenues

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

Included in miscellaneous revenue are revenue that are spendable and non-spendable. Non-spendable revenue are not available to discharge SSHRC's liabilities. While the Deputy Heads are expected to maintain accounting control, they have no authority regarding the disposition of non-spendable revenues. As a result, non-spendable revenues are considered to be earned on behalf of the government and are therefore presented as a reduction of the Agency's gross revenues.

e) Expenses

Expenses are recorded on the accrual basis.

Grants and scholarships are recognized in the year in which the entitlement of the recipient has been established, when the recipient has met the eligibility criteria, and the commitment has been approved.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost. These amounts are also presented as government funding.

f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the public service pension plan (the Plan), a multiemployer pension plan administered by the Government. SSHRC's contributions to the Plan are charged to expenses in the year incurred and represent SSHRC's total obligation to the Plan. SSHRC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government, the Plan's sponsor.

(ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the government as a whole.

g) Accounts receivable

Accounts receivables are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

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. SSHRC is not exposed to significant credit risk. Accounts receivable are due on demand. The majority of accounts receivable are due from Canadian universities and other Government of Canada departments and agencies where there is minimal potential risk of loss. The maximum exposure the entity has to credit risk equal to the carrying value of its accounts receivables.

h) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. SSHRC does not capitalize intangibles.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Informatics equipment	3 years
Software (purchased and in-house developed)	5 years
Other equipment	5 years
Furniture	7 years
Motor vehicles	7 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

i) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are

used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, are recorded in the financial statements in the year in which they become known.

3. Parliamentary Authorities

SSHRC receives its funding through annual parliamentary authorities. Items recognized in the Statement of Financial Position and in the Statement of Operations and Net Financial Position one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, SSHRC has a different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to current year authorities used:

	2014	2013
	(thousands of dollars)	
Net cost of operations before government funding and transfers	698,188	694,250
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(281)	(400)
Gain on disposal of tangible capital assets	-	6
Common services provided without charge by other government departments	(4,332)	(4,446)
Decrease in vacation pay and compensatory leave	7	46
Decrease in employee future benefits	93	2,776
Refunds of prior years' expenditures	882	2,691
Total items affecting net cost of operations but not affecting authorities	694,557	694,923
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	1,187	1,493
Proceeds from disposal of tangible capital asset	-	(13)
Increase (decrease) in prepaid expenses	(38)	23
Total items not affecting net cost of operations but affecting authorities	1,149	1,503
Current year authorities used	695,706	696,426

b) Authorities provided and used

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Authorities provided:		
Vote 95 - Grants	670,856	670,769
Less: Lapse	<u>(473)</u>	<u>(2,118)</u>
Grants expenditures	670,383	668,651
Vote 90 – Operating expenditures	23,527	26,054
Less: Operating lapse	(664)	(973)
Frozen allotment	<u>(325)</u>	<u>(257)</u>
Operating expenditures	22,538	24,824
Statutory contributions to employee benefit plans	2,785	2,951
Current year authorities used	<u><u>695,706</u></u>	<u><u>696,426</u></u>

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are measured at cost, the majority of which are due within six months of year-end.

The following table presents details of SSHRC's accounts payable and accrued liabilities:

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Accounts payable - Other government departments and agencies	994	1,035
Accounts payable - External parties	858	766
Total accounts payable	<u>1,852</u>	<u>1,801</u>
Accrued liabilities	819	545
Total accounts payable and accrued liabilities	<u><u>2,671</u></u>	<u><u>2,346</u></u>

5. Deferred Revenue

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties and interest earned on endowment fund not yet expensed that are restricted in order to fund the expenditures related to specific research projects and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

a) Queen's Fellowship Endowment Fund

The Queen's Fellowship Endowment Fund consists of a \$250,000 endowment that is restricted for specific purposes in the net financial position (see Note 9). The interest generated on the endowment is used to fund scholarships to graduate students in certain fields of Canadian studies. Details of the transactions related to the endowment are as follows:

	2014	2013
	(thousands of dollars)	
Opening balance	113	109
Interest received	3	4
Closing balance	<u>116</u>	<u>113</u>

b) Restricted gifts, donations and bequests

Private restricted gifts, donations and bequests consist of funds received for social sciences and humanities research activity special projects. These funds and interest generated thereon are earmarked for these projects. Details of the operations related to the restricted gifts, donations and bequests are as follows:

	2014	2013
	(thousands of dollars)	
Opening balance	389	387
Interest received	2	2
Closing balance	<u>391</u>	<u>389</u>

6. Employee Future Benefits

a) Pension benefits

SSHRC's employees participate in the Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of two per cent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and are indexed to inflation.

Both the employees and SSHRC contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Canada's Economic Action Plan 2012 (EAP2012), employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2013-2014 expense amounts to \$1,958,494 (\$2,107,075 in 2012-2013). For Group 1 members, the expense represents approximately 1.6 times (1.7 times in 2012-2013) the employee contributions

and, for Group 2 members, approximately 1.5 times (1.7 times in 2012-2013) the employee contributions.

SSHRC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government, the Plan's sponsor.

b) Severance benefits

SSHRC provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Information about the severance benefits, measured as at March 31, is as follows:

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Accrued benefit obligation - Beginning of year	619	3,395
Gain for the year	(31)	(355)
Benefits paid during the year	<u>(62)</u>	<u>(2,421)</u>
Accrued benefit obligation - End of year	<u><u>526</u></u>	<u><u>619</u></u>

7. Accounts Receivable

The following table presents details of SSHRC's accounts receivable balances:

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Receivables - Other government departments and agencies	652	544
Receivables - External parties	<u>417</u>	<u>945</u>
Net accounts receivable	<u><u>1,069</u></u>	<u><u>1,489</u></u>

8. Tangible Capital Assets
(thousands of dollars)

Capital asset class	Cost				Accumulated amortization			Net book value		
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2014	2013
Informatics	2,996	19	(231)	2,784	2,848	140	(231)	2,757	27	148
Software	1,431	12	-	1,443	1,297	52	-	1,349	94	134
Other equipment	240	-	(3)	237	211	7	(3)	215	22	29
Furniture	2,053	-	(8)	2,045	1,678	77	(8)	1,747	298	375
Leasehold improvements	1,377	17	-	1,394	1,374	1	-	1,375	19	3
Motor vehicles	27	-	-	27	4	4	-	8	19	23
Assets under construction	1,655	1,139	-	2,794	-	-	-	-	2,794	1,655
Total	9,779	1,187	(242)	10,724	7,412	281	(242)	7,451	3,273	2,367

9. Net Financial Position

A portion of SSHRC's net financial position is used for a specific purpose. Related revenues and expenses are included in the Statement of Operations and Net Financial Position.

The Queen's Fellowship Endowment Fund is an endowment of \$250,000 established by Parliament by Vote 45a, *Appropriation Act No. 5*, in 1973-74. The interest generated from the endowment is included in deferred revenue [see Note 5 a)]. The endowment itself does not represent a liability to third parties but is restricted for special purposes. Activity in the account is as follows:

	<u>2014</u>	<u>2013</u>
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	250	250
Net financial position excluding Endowment Fund	<u>2,232</u>	<u>1,791</u>
Net financial position	<u><u>2,482</u></u>	<u><u>2,041</u></u>

10. Contractual Obligations

Payments of grants and scholarships extending into future years are subject to the provision of funds by Parliament. As of March 31, 2014, the commitments for future years' awards, including \$332,403,000 in 2014-2015 for the Indirect Costs Program, are payable as follows:

	(thousands of dollars)
2014-15	605,882
2015-16	202,230
2016-17	136,414
2017-18	70,501
2018-19 and subsequent years	47,169
Total	<u><u>1,062,196</u></u>

11. Related Party Transactions

SSHRC is related as a result of common ownership to all government departments, agencies and Crown corporations. SSHRC enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, SSHRC received common services that were obtained without charge by other government departments as disclosed below.

a) Common services provided without charge by other government departments

During the year, SSHRC received services without charge from certain common service organizations related to accommodations, audit services and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in SSHRC's Statement of Operations and Net Financial Position as follows:

	2014	2013
	(thousands of dollars)	
Accommodations	2,869	2,879
Employer's contribution to the health and dental insurance plans	1,463	1,476
Audit Services	-	91
Total	<u>4,332</u>	<u>4,446</u>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in SSHRC's Statement of Operations and Net Financial Position.

b) Administration of programs on behalf of other government departments

SSHRC administers funds received from other government departments and agencies to issue grants, scholarships and related payments on their behalf. During the year, SSHRC administered \$228,738,676 (\$230,178,892 in 2012-2013) in funds for grants and scholarships. These expenses are reflected in the financial statements of the departments or agencies that provided the funds and are not recorded in these financial statements.

12. Segmented Information

Presentation by segment is based on SSHRC's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in Note 2. The following table presents the expenses incurred for the main program, by major object of expenses. The segment results for the period are as follows:

	(thousands of dollars)						
	Indirect Costs	Talent	Insight	Connection	Internal Services	2014 Total	2013 Total
Transfer payments							
Grants & scholarships	331,624	165,776	139,344	32,777	-	669,521	666,131
Operating expenses							
Salaries and employee benefits	201	4,299	3,841	1,506	11,052	20,899	20,054
Accommodation and rentals	-	5	5	4	3,271	3,285	3,267
Professional and special services	26	297	102	56	2,097	2,578	2,587
Transportation and communications	7	142	307	79	392	927	1,141
Information	-	28	4	2	567	601	366
Amortization of tangible capital assets	-	-	-	-	281	281	400
Utilities, materials and supplies	-	3	1	1	155	160	276
Repair and maintenance	-	-	-	-	28	28	28
Total operating expenses	234	4,774	4,260	1,648	17,843	28,759	28,119
Total expenses	331,858	170,550	143,604	34,425	17,843	698,280	694,250
Revenues							
Miscellaneous revenues	-	-	-	-	93	93	8
Revenues earned on behalf of government	-	-	-	-	(1)	(1)	(8)
Total revenues	-	-	-	-	92	92	-
Net cost from continuing operations	331,858	170,550	143,604	34,425	17,751	698,188	694,250