

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

FINANCIAL STATEMENTS

For the year ended March 31, 2015



Deloitte LLP
1600 - 100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Independent Auditor's Report

To the Social Sciences and Humanities Research Council and the Minister of Industry

We have audited the accompanying financial statements of the Social Sciences and Humanities Research Council (the "Council"), which comprise the statement of financial position as at March 31, 2015, and the statement of operations and net financial position, the statement of change in net debt and the statement of 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 Canadian public sector accounting standards, 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 the Council as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

June 16, 2015

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, 2015, 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's 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, and gives due consideration 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 conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

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

A risk-based assessment of the system of ICFR for the year ended March 31, 2015 was completed in accordance with the Treasury Board *Policy on Internal Control* and 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.



Dr. Ted Hewitt
President



Alfred Tsang, CPA, CMA
Chief Financial Officer

Ottawa, Canada

June 16, 2015

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Statement of Financial Position

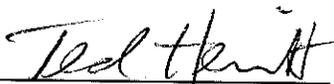
As at March 31

(thousands of dollars)

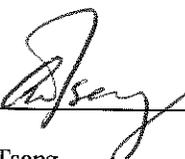
	<u>2015</u>	<u>2014</u>
Liabilities		
Accounts payable and accrued liabilities [Note 4]	3,514	2,671
Vacation pay and compensatory leave	779	853
Deferred Revenue [Note 5]	512	507
Employee future benefits [Note 6]	394	526
Total net liabilities	<u>5,199</u>	<u>4,557</u>
Financial assets		
Due from the Consolidated Revenue Fund	3,657	2,516
Accounts receivable [Note 7]	574	1,069
Advances	28	10
Total net financial assets	<u>4,259</u>	<u>3,595</u>
Net debt	<u>940</u>	<u>962</u>
Non-financial assets		
Prepaid expenses	381	171
Tangible capital assets [Note 8]	4,330	3,273
Total non-financial assets	<u>4,711</u>	<u>3,444</u>
Net financial position [Note 9]	<u><u>3,771</u></u>	<u><u>2,482</u></u>

Contractual obligations and commitments [Note 10]

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



Dr. Ted Hewitt
President



Alfred Tsang
Chief Financial Officer

Ottawa, Canada

June 16, 2015

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

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

	2015 Planned Results	2015	2014
	<u> </u>	<u> </u>	<u> </u>
Expenses			
Indirect costs of research	332,587	340,909	331,858
Talent	173,903	167,525	170,550
Insight	142,974	154,326	143,604
Connection	27,422	33,247	34,425
Internal Services	18,502	17,772	17,843
Total Expenses	<u>695,388</u>	<u>713,779</u>	<u>698,280</u>
 Revenues			
Miscellaneous revenues	-	30	93
Revenues earned on behalf of Government	-	<u>(1)</u>	<u>(1)</u>
Total Revenues	<u>-</u>	<u>29</u>	<u>92</u>
 Net cost of operations before government funding and transfers	<u>695,388</u>	<u>713,750</u>	<u>698,188</u>
 Government funding and transfers			
Net cash provided by Government of Canada		710,153	694,069
Change in Due from the Consolidated Revenue Fund		1,141	228
Common services provided without charge by other government departments [Note 11a]		4,346	4,332
Transfer of the transition payments for implementing salary payments in arrears [Note 12]		<u>(601)</u>	<u>-</u>
Net cost of operations after government funding and transfers		<u>(1,289)</u>	<u>(441)</u>
 Net financial position - Beginning of year		2,482	2,041
 Net financial position - End of year		<u><u>3,771</u></u>	<u><u>2,482</u></u>

Segmented information [Note 13]

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)

	2015	2014
Net cost of operations after government funding and transfers	(1,289)	(441)
Change due to tangible capital assets		
Acquisition of tangible capital assets	1,342	1,187
Amortization of tangible capital assets	(285)	(281)
Total change due to tangible capital assets	1,057	906
Change due to prepaid expenses	210	(38)
Net increase (decrease) in net debt	(22)	427
Net debt - Beginning of year	962	535
Net debt - End of year	940	962

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)

	<u>2015</u>	<u>2014</u>
Operating activities		
Net cost of operations before government funding and transfers	713,750	698,188
Non-cash items:		
Amortization of tangible capital assets [Note 8]	(285)	(281)
Common services provided without charge by other government departments [Note 11a)]	(4,346)	(4,332)
Transfer of the transition payments for implementing salary payments in arrears [Note 12]	601	-
Variations in Statement of Financial Position:		
Increase in accounts payable and accrued liabilities [Note 4]	(843)	(325)
Decrease in vacation pay and compensatory leave	74	7
Increase in deferred revenue [Note 5]	(5)	(5)
Decrease in employee future benefits [Note 6]	132	93
Decrease in accounts receivable [Note 7]	(495)	(420)
Increase (decrease) in advances	18	(5)
Increase (decrease) in prepaid expenses	210	(38)
Cash used in operating activities	<u>708,811</u>	<u>692,882</u>
Capital investing activities		
Acquisition of tangible capital assets [Note 8]	1,342	1,187
Cash used in capital investing activities	<u>1,342</u>	<u>1,187</u>
Financing activities	-	-
Net cash provided by Government of Canada	<u><u>710,153</u></u>	<u><u>694,069</u></u>

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 of Canada through Parliamentary authorities. Financial reporting of authorities provided to SSHRC do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of 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 "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the *2014-15 Report on Plans and Priorities*. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in SSHRC's *2014-15 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 an 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 individual 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:

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Net cost of operations before government funding and transfers	713,750	698,188
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(285)	(281)
Services provided without charge by other government departments	(4,346)	(4,332)
Decrease in vacation pay and compensatory leave	74	7
Decrease in employee future benefits	132	93
Refunds of prior years' expenditures	<u>1,449</u>	<u>882</u>
Total items affecting net cost of operations but not affecting authorities	710,774	694,557
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets	1,342	1,187
Increase in prepaid expenses	210	(38)
Transfer of the transition payments for implementing salary payments in arrears [Note 11]	<u>601</u>	<u>-</u>
Total items not affecting net cost of operations but affecting authorities	2,153	1,149
Current year authorities used	<u><u>712,927</u></u>	<u><u>695,706</u></u>

b) Authorities provided and used

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Authorities provided:		
Vote 5 - Grants	689,298	670,856
Less: Lapse	<u>(2,884)</u>	<u>(473)</u>
Grants expenditures	686,414	670,383
Vote 1 – Operating expenditures	24,605	23,527
Less: Operating lapse	(498)	(664)
Frozen allotment	<u>(396)</u>	<u>(325)</u>
Operating expenditures	23,711	22,538
Statutory contributions to employee benefit plans	2,802	2,785
Current year authorities used	<u><u>712,927</u></u>	<u><u>695,706</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>2015</u>	<u>2014</u>
	(thousands of dollars)	
Accounts payable - Other government departments and agencies	1,753	994
Accounts payable - External parties	<u>653</u>	<u>858</u>
Total accounts payable	2,406	1,852
Accrued liabilities	1,108	819
Total accounts payable and accrued liabilities	<u><u>3,514</u></u>	<u><u>2,671</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.

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	119	116
Restricted gifts, donations and bequests	<u>393</u>	<u>391</u>
Total deferred revenue	<u>512</u>	<u>507</u>

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:

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Opening balance	116	113
Interest received	<u>3</u>	<u>3</u>
Closing balance	<u>119</u>	<u>116</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:

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Opening balance	391	389
Interest received	<u>2</u>	<u>2</u>
Closing balance	<u>393</u>	<u>391</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 2014-2015 expense amounts to \$1,915,320 (\$1,958,494 in 2013-2014). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013-2014) the employee contributions and, for Group 2 members, approximately 1.39 times (1.5 times in 2013-2014) 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:

	2015	2014
	(thousands of dollars)	
Accrued benefit obligation - Beginning of year	526	619
Expense (gain) for the year	5	(31)
Benefits paid during the year	(137)	(62)
Accrued benefit obligation - End of year	<u>394</u>	<u>526</u>

7. Accounts Receivable

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

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Receivables - Other government departments and agencies	297	652
Receivables - External parties	<u>277</u>	<u>417</u>
Net accounts receivable	<u>574</u>	<u>1,069</u>

SSHRC has no allowance for doubtful accounts on receivables from external parties.

8. Tangible Capital Assets
(thousands of dollars)

Capital asset class	Cost			Accumulated amortization		Net book value	
	Opening balance	Acquisitions	Closing balance	Opening balance	Amortization	2015	2014
Informatics	2,784	109	2,893	2,757	15	121	27
Software	1,443	24	1,467	1,349	50	68	94
Other equipment	237	122	359	215	-	144	22
Furniture	2,045	-	2,045	1,747	212	86	298
Leasehold improvements	1,394	10	1,404	1,375	5	24	19
Motor vehicles	27	-	27	8	3	16	19
Assets under construction	2,794	1,077	3,871	-	-	3,871	2,794
Total	10,724	1,342	12,066	7,451	285	4,330	3,273

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>2015</u>	<u>2014</u>
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	250	250
Net financial position excluding Endowment Fund	<u>3,521</u>	<u>2,232</u>
Net financial position	<u>3,771</u>	<u>2,482</u>

10. Contractual Obligations and Commitments

Payments of grants and scholarships extending into future years are subject to the provision of funds by Parliament. As of March 31, 2015, the commitments for future years' awards, including \$341,403,000 in 2015-2016 for the Indirect Costs Program, are payable as follows:

	(thousands of dollars)
2015-16	602,143
2016-17	563,072
2017-18	478,435
2018-19	406,317
2019-20 and subsequent years	375,758
Total	<u>2,425,725</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:

	<u>2015</u>	<u>2014</u>
	(thousands of dollars)	
Accommodations	2,882	2,869
Employer's contribution to the health and dental insurance plans	1,464	1,463
Total	<u>4,346</u>	<u>4,332</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 \$231,203,051 (\$228,738,676 in 2013-2014) 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. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Department. However, it did result in the use of additional spending authorities by the Department. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

13. 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 of research	Talent	Insight	Connection	Internal Services	2015 Total	2014 Total
Transfer payments							
Grants & Scholarships	340,554	163,165	149,222	32,218	-	685,159	669,521
Operating expenses							
Salaries and employee benefits	301	3,969	4,590	858	10,742	20,460	20,899
Accommodation and rentals	-	3	11	1	3,675	3,690	3,285
Professional and special services	39	216	118	23	1,998	2,394	2,578
Transportation and communications	14	131	322	36	336	839	927
Information	-	37	61	110	622	830	601
Amortization of tangible capital assets	-	-	-	-	285	285	281
Utilities, materials and supplies	1	4	2	1	70	78	160
Repair and maintenance	-	-	-	-	44	44	28
Total operating expenses	355	4,360	5,104	1,029	17,772	28,620	28,759
Total expenses	340,909	167,525	154,326	33,247	17,772	713,779	698,280
Revenues							
Miscellaneous revenues	-	-	-	-	30	30	93
Revenues earned on behalf of Government	-	-	-	-	(1)	(1)	(1)
Total revenues	-	-	-	-	29	29	92
Net cost of operations before government funding and transfers	340,909	167,525	154,326	33,247	17,743	713,750	698,188

