

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

FINANCIAL STATEMENTS

For the year ended March 31, 2016

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, 2016, 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, 2016, 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.

Original signed by

Dr. Ted Hewitt
President

Patricia Sauvé-McCuan
Chief Financial Officer

Ottawa, Canada

June 17, 2016



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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, 2016, 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, 2016, 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
Licensed Public Accountants

June 17, 2016

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

Statement of Financial Position

As at March 31

(thousands of dollars)

	2016	2015
Liabilities		
Accounts payable and accrued liabilities [Note 4]	3,306	3,514
Vacation pay and compensatory leave	848	779
Deferred revenue [Note 5]	495	512
Employee future benefits [Note 6]	351	394
Total net liabilities	5,000	5,199
Financial assets		
Due from the Consolidated Revenue Fund	2,996	3,657
Accounts receivable [Note 7]	667	574
Advances	309	28
Total net financial assets	3,972	4,259
Net debt	1,028	940
Non-financial assets		
Prepaid expenses	126	381
Tangible capital assets [Note 8]	3,696	4,330
Total non-financial assets	3,822	4,711
Net financial position [Note 9]	2,794	3,771

Contractual obligations and commitments [Note 10]

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

Original signed by

Dr. Ted Hewitt
President

Patricia Sauvé-McCuan
Chief Financial Officer

Ottawa, Canada

June 17, 2016

SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL

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

	2016 Planned Results	2016	2015
Expenses			
Research Support Fund	340,723	340,659	340,909
Talent	172,765	168,289	167,525
Insight	156,261	161,791	154,326
Connection	31,129	32,993	33,247
Canada First Research Excellence Fund	2,000	2,590	-
Internal Services	16,143	16,800	17,772
Total Expenses	719,021	723,122	713,779
Revenues			
Miscellaneous revenues	-	68	30
Revenues earned on behalf of Government	-	0	(1)
Total Revenues	-	68	29
Net cost of operations before government funding and transfers	719,021	723,054	713,750
Government funding and transfers			
Net cash provided by Government of Canada		718,318	710,153
Change in Due from the Consolidated Revenue Fund		(661)	1,141
Common services provided without charge by other government departments [Note 11a)]		4,431	4,346
Transfer of the transition payments for implementing salary payments in arrears [Note 12]		(11)	(601)
Total Government funding and transfers		722,077	715,039
Net surplus (cost) of operations after government funding and transfers		(977)	1,289
Net financial position - Beginning of year		3,771	2,482
Net financial position - End of year		2,794	3,771

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)**

	2016	2015
Net cost (surplus) of operations after government funding and transfers	977	(1,289)
Change due to tangible capital assets		
Acquisition of tangible capital assets [Note 8]	352	1,342
Amortization of tangible capital assets [Note 8]	<u>(986)</u>	<u>(285)</u>
Total change due to tangible capital assets	(634)	1,057
Change due to prepaid expenses	(255)	210
Net increase (decrease) in net debt	<u>88</u>	<u>(22)</u>
Net debt - Beginning of year	940	962
Net debt - End of year	<u><u>1,028</u></u>	<u><u>940</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)

	2016	2015
Operating activities		
Net cost of operations before government funding and transfers	723,054	713,750
Non-cash items:		
Amortization of tangible capital assets [Note 8]	(986)	(285)
Common services provided without charge by other government departments [Note 11a]	(4,431)	(4,346)
Transfer of the transition payments for implementing salary payments in arrears [Note 12]	11	601
Variations in Statement of Financial Position:		
Increase (decrease) in accounts payable and accrued liabilities [Note 4]	208	(843)
Increase (decrease) in vacation pay and compensatory leave	(69)	74
Increase (decrease) in deferred revenue [Note 5]	17	(5)
Increase in employee future benefits [Note 6]	43	132
Increase (decrease) in accounts receivable [Note 7]	93	(495)
Increase in advances	281	18
Increase (decrease) in prepaid expenses	(255)	210
Cash used in operating activities	717,966	708,811
Capital investing activities		
Acquisition of tangible capital assets [Note 8]	352	1,342
Cash used in capital investing activities	352	1,342
Financing activities	-	-
Net cash provided by Government of Canada	718,318	710,153

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) Research Support Fund

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) Canada First Research Excellence Fund

The Canada First Research Excellence Fund (CFREF) is a new Government of Canada research funding initiative aimed at boosting the capacity of Canadian postsecondary institutions to achieve global leadership in research areas that will create long-term economic advantages for Canada. The CFREF will support competitively selected Canadian research institutions in their pursuit of excellence and leadership in a highly competitive global environment. Through the Fund's significant and sustained support, our post-secondary institutions will be positioned to compete with the best in the world for talent, international partnership opportunities and to make breakthrough discoveries.

f) Internal Services

SSHRC and the 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 a whole in the form of operations 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 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 Net Financial Position are the amounts reported in the Future-oriented Statement of Operations included in the *2015-16 Report on Plans and Priorities*. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Net Financial Position and in the Statement of Change in Net Debt because these amounts were not included in SSHRC's *2015-16 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 presented 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) 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 revenues 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 departments and agencies where there is minimal potential risk of loss. The maximum exposure the entity has to credit risk is equal to the carrying value of its accounts receivable.

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.

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected for their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

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) Related party transactions

Costs of services provided without charge from common service organizations are recorded in the Statement of Operations and Net Financial Position as both government funding and program expenses.

j) Future accounting changes

In March 2015, the Public Sector Accounting Board issued PS 2200- Related party disclosures and PS 3420 – Inter-entity related party transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017. These standards define how parties are related and identify required disclosures, and also establish criteria on how to account and report transactions between public sector entities. The implementation of these standards is not expected to have a significant impact on the financial statements.

k) Measurement uncertainty

Costs of services provided without charge from common service organizations are recorded in the Statement of Operations and Net Financial Position as both government funding and program expenses. 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 lives and valuation 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>2016</u>	<u>2015</u>
	(thousands of dollars)	
Net cost of operations before government funding and transfers	723,054	713,750
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets [Note 8]	(986)	(285)
Services provided without charge by other government departments [Note 11a]	(4,431)	(4,346)
Decrease in vacation pay and compensatory leave	(69)	74
Decrease in employee future benefits [Note 6]	43	132
Refunds of prior years' expenditures	<u>2,391</u>	<u>1,449</u>
Total items affecting net cost of operations but not affecting authorities	720,002	710,774
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets [Note 8]	352	1,342
Increase in prepaid expenses	(255)	210
Transfer of the transition payments for implementing salary payments in arrears [Note 12]	<u>11</u>	<u>601</u>
Total items not affecting net cost of operations but affecting authorities	108	2,153
Current year authorities used	<u><u>720,110</u></u>	<u><u>712,927</u></u>

b) Authorities provided and used

	<u>2016</u>	<u>2015</u>
	(thousands of dollars)	
Authorities provided:		
Vote 5 - Grants	694,097	689,298
Less: Lapse	(334)	(2,884)
Frozen allotment	(50)	0
Grants expenditures	<u>693,713</u>	<u>686,414</u>
Vote 1 – Operating expenditures	24,400	24,605
Less: Operating lapse	(130)	(498)
Frozen allotment	(692)	(396)
Operating expenditures	<u>23,578</u>	<u>23,711</u>
Statutory contributions to employee benefit plans	2,819	2,802
Current year authorities provided and used	<u><u>720,110</u></u>	<u><u>712,927</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>2016</u>	<u>2015</u>
	(thousands of dollars)	
Accounts payable - Other government departments and agencies	1,176	1,753
Accounts payable - External parties	921	653
Total accounts payable	<u>2,097</u>	<u>2,406</u>
Accrued liabilities	1,209	1,108
Total accounts payable and accrued liabilities	<u><u>3,306</u></u>	<u><u>3,514</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 funds not yet expensed that are restricted in order to fund the expenditures related to specific research projects. Deferred revenue also stems 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.

	2016	2015
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	111	119
Restricted gifts, donations and bequests	384	393
Total deferred revenue	<u>495</u>	<u>512</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 2015-16 expense amounts to \$1,943,769 (\$1,915,320 in 2014-15). 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>2016</u>	<u>2015</u>
	(thousands of dollars)	
Accrued benefit obligation - Beginning of year	394	526
Expense (gain) for the year	26	5
Benefits paid during the year	<u>(69)</u>	<u>(137)</u>
Accrued benefit obligation - End of year	<u>351</u>	<u>394</u>

7. Accounts receivable

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

	<u>2016</u>	<u>2015</u>
	(thousands of dollars)	
Receivables - Other government departments and agencies	315	297
Receivables - External parties	<u>352</u>	<u>277</u>
Accounts receivable	<u>667</u>	<u>574</u>

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

8. Tangible capital assets
(thousands of dollars)

2015-16

Capital asset class	Cost			Accumulated amortization			Net book value		
	Opening balance	Acquisitions	Work in Progress Transfers	Closing balance	Opening balance	Amortization	Closing balance	2016	2015
Informatics	2,893	6		2,899	2,772	47	2,819	80	121
Software	1,467	316	3,871	5,654	1,399	839	2,238	3,416	68
Other equipment	359			359	215	49	264	95	144
Furniture	2,045	3		2,048	1,959	41	2,000	48	86
Leasehold improvements	1,404			1,404	1,380	5	1,385	19	24
Motor vehicles	27	27		54	11	5	16	38	16
Assets under construction	3,871		(3,871)	-	-	-	-	-	3,871
Total	12,066	352	-	12,418	7,736	986	8,722	3,696	4,330

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]. 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>2016</u>	<u>2015</u>
	(thousands of dollars)	
Queen's Fellowship Endowment Fund	250	250
Net financial position excluding Endowment Fund	<u>2,544</u>	<u>3,521</u>
Net financial position	<u>2,794</u>	<u>3,771</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, 2016, the commitments for future years' awards are payable as follows:

	(thousands of dollars)
2016-17	613,169
2017-18	531,809
2018-19	437,172
2019-20	390,294
2020-21 and subsequent years	<u>383,019</u>
Total	<u>2,355,463</u>

In addition, the nature of SSHRC's operating activities can result in some multiyear contracts and obligations whereby SSHRC will be committed to make future payments when the services or goods are rendered. Material contractual obligations that can be reasonably estimated are summarized as follows:

	(thousands of dollars)
2015-16	3,594
2016-17	<u>2,096</u>
Total	<u>5,690</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 and have been estimated for fiscal year 2015-16 as being consistent with the previous year as follows:

	2016	2015
	(thousands of dollars)	
Accommodations	2,882	2,882
Employer’s contribution to the health and dental insurance plans	1,549	1,464
Total	4,431	4,346

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 \$277,972,750 (\$231,203,051 in 2014-2015) 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:

	Indirect Costs	Talent	Insight	Connection	CFREF	Internal Services	TOTAL	2015
(thousands of dollars)								
Transfer payments								
Grants & Scholarships	340,410	162,756	154,876	31,438	1,913	-	691,393	685,159
Operating expenses								
Salaries and employee benefits	229	4,937	5,868	1,250	622	9,330	22,236	20,460
Accommodation and rentals	-	15	16	16	-	3,655	3,702	3,690
Professional and special services	5	176	423	86	11	1,628	2,329	2,394
Transportation and communications	15	194	377	55	43	395	1,079	839
Information	-	199	192	140	-	408	939	830
Amortization of tangible capital assets	-	-	-	-	-	986	986	285
Utilities, materials and supplies	-	11	39	6	1	325	382	78
Repair and maintenance	-	1	-	2	-	73	76	44
Total operating expenses	249	5,533	6,915	1,555	677	16,800	31,729	28,620
Total expenses	340,659	168,289	161,791	32,993	2,590	16,800	723,122	713,779
Revenues								
Miscellaneous revenues	-	-	-	-	-	68	68	30
Revenues earned on behalf of Government	-	-	-	-	-	-	-	(1)
Total revenues	-	-	-	-	-	68	68	29
Net cost of operations before government funding and transfers	340,659	168,289	161,791	32,993	2,590	16,732	723,054	713,750