

ANNUAL REPORT

2022-2023



Our Vision:

Transforming Lives and Communities

Our Purpose:

Driving economic and social well-being through education.

Our Values

- Nurture a culture of belonging
- Encourage, engage and inspire
- Embrace innovation
- Develop strong relationships
- Lead with integrity

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MESSAGE FROM NBCC BOARD CHAIR

On behalf of NBCC's Board of Governors, I am pleased to present the 2022-23 Annual Report.

As the Chair of the Board of Governors, I am accountable for the preparation of the annual report, a key accountability mechanism providing important information to the public and the government about NBCC's finances and strategic goals; however, the report itself and the results herein are reflective of a collective effort, the result of significant time and energy from the entire NBCC team.

NBCC has realigned its operational year (previously July 1 – June 30) to align with its fiscal year ending March 31, 2023. This change better aligns the college's planning and performance reporting. As a result, the first quarter of 2022-23 (April 1 to June 30, 2022) is the last quarter of the reporting period featured in the 2021-22 annual report.

As required by the *New Brunswick Community Colleges Act*, NBCC has finalized its new strategic plan, *Going Beyond, NBCC's Strategic Plan 2023-28*, reinforcing our legislated mandate to enhance the economic and social wellbeing of the province by addressing the occupational training needs of New Brunswickers and the labour market. This is reflected in the pillars of our strategic plan:

- Delivering Education that Works through quality-assured learning experiences informed by both current and future trends;
- Providing an extraordinary NBCC experience, fostering and nurturing talent to create a culture of excellence, service, and learning; and
- Being a catalyst for positive, long-term social impact empowered by our partnerships.

I am proud of the work that has been done by the Board, executive team, and staff to further NBCC's purpose of driving economic and social wellbeing through education. NBCC is a strong organization with deep roots in New Brunswick, and I look forward to seeing what the future holds for the College.



Lindsay Bowman

Chair, NBCC Board of Governors

NBCC 2022-2023 BOARD OF GOVERNORS

Mark Flint (Chair); Lindsay Bowman; Jocelyn Chan;
Jill Stairs; Mark Crowley; Aynslie Croney; Victoria Scott;
Kurtis Sisk; Catherine Lawrence; Lisa Neufville; Lori Clark;
Rick Hancox; Sky Perley; Justin Stoodley; Michael Walsh;
Elizabeth Watters-Gray



MESSAGE FROM NBCC PRESIDENT & CEO

As we reflect back on 2022-23, our final year of the *Together We Rise* strategic plan, I am inspired by the work of the team at NBCC in achieving our strategic goals. We set an ambitious agenda to welcome more learners, enhance the NBCC Advantage, and build our capacity to grow. By exceeding enrolment targets, providing students with training enriched by experiential learning, and being strong stewards of our finances, we have accomplished much and find ourselves in a solid position to move forward.

NBCC continued to innovate academic delivery in collaboration with our public and private partners, launching several new initiatives this year, including the Step Up To Nursing career pathway, a work-integrated learning partnership for the manufacturing sector, and a Carpentry co-op program, as just a few examples. These initiatives, and others like them, allow students to further their studies while working in their chosen field, earning a salary while they're learning on-the-job. We also introduced a new Quality Assurance framework to ensure our curriculum continues to be relevant and focused on learner success, as well as the needs of the labour market.

As part of our ongoing effort to expand our reach to underrepresented groups, NBCC also carried out a Prior Learning and Recognition pilot project. This project explored new ways to assess skills and competencies that were gained through non-formal education and experience. We hope that by finding new and effective ways to assess competencies and confer corresponding course credits, that individuals will have greater access and an accelerated pathway to quality assured credentials.

We accomplished all this against the backdrop of continued strong enrolment, once again exceeding our Total Learners target and shattering our Recruitment target. Despite this success, the headline of 2022-23 continues to be the labour shortage. We recognize the need to keep our foot on the accelerator as we attract, recruit, and retain the generation of learners that will replace those at or near retirement age in several key sectors.

In a year of historic milestones for NBCC – record enrolment, the 50th anniversary of our incorporation as a community college, the announcement of a major redevelopment of our Saint John Campus, and the continued momentum of our successful fundraising campaign - NBCC finalized a new five-year Strategic Plan. *Going Beyond, NBCC's 2023-2028 Strategic Plan*, continues the important work of *Together We Rise* with a renewed emphasis on learner participation and success, a strengthened culture of excellence, and more impactful stakeholder relationships.

With the launch of our new strategic plan, NBCC has aligned its operational and fiscal reporting periods, with this Annual Report reflecting this change.

On the strength of its innovation, recruitment and enrolment, and sound financial management, NBCC is well-positioned to continue driving economic and social wellbeing through education as it embarks upon its new five-year Strategic Plan.



Mary Butler,
President and CEO

NBCC SENIOR EXECUTIVE TEAM

MARY BUTLER, President and CEO

ANN DRENNAN, Vice President, Academic, Innovation, and Student Affairs

TIM WALKER, Vice President, Finance and Administration

HEATHER ALLABY, Vice President, Engagement and Experience

ROSALYNN ALESSI, Executive Director, People and Culture

GOVERNANCE

The Board of Governors is responsible for establishing the governing policies that direct NBCC's mandate of enhancing the social and economic well-being of New Brunswick through training and education, and with fulfilling the legislated requirements under the *New Brunswick Community Colleges Act* and the *Accountability and Continuous Improvement Act*. The Board's key governance responsibilities include the areas of strategic planning and corporate performance, human resources accountability, financial accountability, enterprise risk management, and stakeholder relations, as well as fulfillment of NBCC's mandate letter from government, a summary of which is included in Appendix B.

NBCC's Board of Governors is accountable for NBCC's ongoing success and sustainability through the provision of strategic leadership and stewardship. As part of the corporate planning and reporting cycle, the Board is responsible for ensuring the submission and publication of an annual report to the College's stakeholders, communicating progress towards all plans of a strategic or financial nature.

This document, NBCC's 2022-23 Annual Report, has been approved by the Board in its efforts to ensure transparency, accountability, and the proactive disclosure of information in the public interest.

STRUCTURE AND COMMITTEES

The Board of Governors is comprised of 12 members appointed by the Minister of Post-Secondary Education, Training and Labour and three members from within NBCC who are elected by their peers to represent the following groups: academic, non-academic and student. In addition to the full Board, there are three standing committees: the HR Committee, the Audit Committee, and the Governance Committee. Standing committees assist the Board in its work by studying and presenting recommendations, decision-making alternatives, and options for consideration by the full Board. While supported by the Senior Executive Team, Board committees cannot exercise authority over staff and operations.

PUBLIC INTEREST DISCLOSURE

The Public Interest Disclosure Act (PIDA) encourages employees in the provincial public service to report any wrongdoing that has occurred or is about to occur in the workplace. The PIDA protects employees against reprisals for reporting any wrongdoing that is potentially unlawful, dangerous to the public or harmful to the public interest. It also provides a fair and objective process for those employees who are alleged to have committed a wrongdoing. NBCC can report that in 2022-23, there were no disclosures or claims made against any employee of the College under the PIDA.

SUMMARY OF RECOMMENDATIONS FROM THE OFFICE OF THE AUDITOR GENERAL

NBCC is pleased to report that at the time of publication of this report, we have no outstanding recommendations from the Office of the Auditor General.

NBCC is a strong organization with deep roots in New Brunswick, and I look forward to seeing what the future holds for the College.

LINDSAY BOWMAN
Chair, NBCC Board of Governors

Read more at [NBCCStories.ca](https://www.nbccstories.ca)



I found NBCC had very high employment rates, so I knew I was going to benefit from the NBCC education and graduate with marketable skills.

DANA NIELSEN
Building Engineering Technology, Class of 2022

Read more at NBCCStories.ca

2022-23 KEY PERFORMANCE INDICATORS

84.6%

Annual Graduation Rate
2022-23 Target: 79%
Baseline: 78.8% Benchmark 60%

92%

Graduate Employment Rate
2022-23 Target: 90%
Baseline 90% Benchmark 80%

84%

Annual Graduate Employment Rate in Field Related to Training
2022-23 Target: 83%
Baseline 83% Benchmark 78%

93%

Annual Graduate Employment in New Brunswick
2022-23 Target: 90%
Baseline 90% Benchmark 90%

86.0%

Annual Student Retention Rate
2022-2023 Target 83%
Baseline 81.3% Benchmark 83%

82%

Annual Graduate Satisfaction Rate
2022-23 Target: 90%
Baseline 90% Benchmark 80%

Six Key Performance Indicators have been established as part of our relationship with Government. These indicators speak to the success of NBCC learners in government-funded academic programs and their subsequent employment success.

NBCC demonstrated strong performance across all six indicators in 2022-23, exceeding our target in all but one.

NBCC's Graduate Employment, Graduate Employment in New Brunswick, and Employment in Related Fields outpaced targets. The Graduation Rate also exceeded target, as did Student Retention. The Graduate Satisfaction rate continues to be an area for improvement as we embark upon our next Strategic Plan. In NBCC's new strategic plan, there is an explicit focus on student experience. We are building on strong foundations to support a culture of excellence, service, and learning where students feel supported and can thrive at NBCC and in their communities.

Deepening our understanding on the various factors that influence student experience will in turn give the college insights into how it can improve student and graduate satisfaction.

WELCOMING MORE LEARNERS

NBCC is one of New Brunswick's largest providers of post-secondary education and skills training, attracting learners from around the world to study and stay. For 50 years, NBCC's traditional one- and two-year programs, apprenticeship, and professional learning opportunities have reached tens of thousands of learners, providing them with the skills and education they needed to reach their personal and professional goals.

While providing access to post-secondary education in the province is a top priority, having graduates remain in, and contribute to New Brunswick is always important. Recent research from the New Brunswick Institute of Research, Data, and Training (NB-IRDT) has shown that NBCC consistently has one of the highest rates of retention for graduates (both domestic and international) one and three years after graduating. Having empirical backing for the contributions graduates make to social and economic well-being in the province is important as we reflect back on enrolment growth over the last five years.

In 2017, NBCC set a goal of reaching 11,000 learners each year by 2022 to respond to the challenges of an aging workforce, changing demands of work, and a high percentage of New Brunswickers without post-secondary education. Having exceeded the 11,000 learner target in 2022, NBCC further grew enrolment in 2022-23, welcoming 12,294 learners. This is as a result of work being done across every business unit of the College.

NBCC's Recruitment Index, the method by which we measure the number of applications, applicants, and conversions to enrolment for NBCC programs, exceeded target by 72.2% in 2022-23. A return to pre-pandemic recruitment activities, complimented by a renewed focus on domestic recruitment and NBCC's global reputation as a post-secondary institution of choice for international students, fuelled this growth.

With increased learner participation comes the need to create the conditions for learner success, and NBCC's annual Student Satisfaction Index is one of the ways we measure our progress in that endeavour. With a target of 79.5%, NBCC fell just short at 79.3%. Targets in Student Retention, Graduation Rate, and Student Recommendation were met or exceeded. Student Satisfaction and Student Engagement Targets were not met, while Student Survey Response was on target. In an effort to continuously offer the best student experience and ensure student success, NBCC has reorganized its Student Service department with expanded services to support increased learner retention and success.

2022-2023 WELCOMING MORE LEARNERS

Total Learner Index:
12,294
 2022-23 Target: 11,187

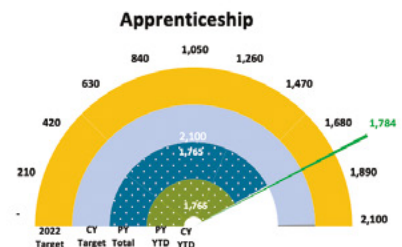
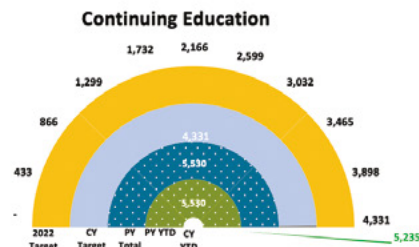
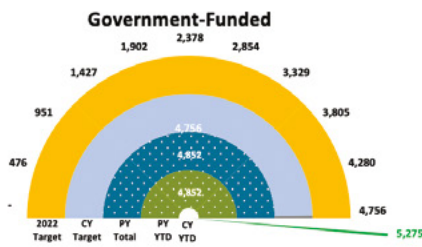
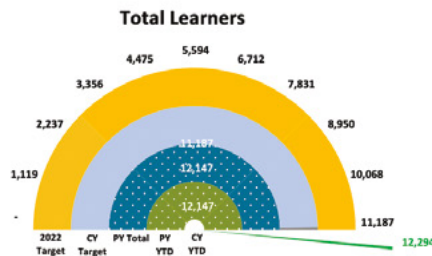
Recruitment Index:
58,253
 2022-23 Target: 33,850

Student Satisfaction Index:
79.3%
 2022-23 Target: 79.5%

Student Financial Support Index:
1,717
 2022-23 Target: 1,477

International Learners:
2,154
 2022-23 Target: 800

Indigenous Learners:
295
 2022-23 Target: 235



ENRICHING THE NBCC ADVANTAGE

Through research and innovation, applied learning, community leadership, and entrepreneurship opportunities, NBCC learners receive the skills and training they need for success in the workforce. The NBCC Advantage gives our graduates an edge in the workplace, positioning them for greater impact in their communities.

A key part of the NBCC Advantage is the creation of a sense of belonging through life-changing and lifelong connections – to individuals, to communities, and to industry partners. From Carpentry students building raised vegetable garden beds to promote food sustainability to Practical Nurse and Personal Support Worker students helping seniors age in place, NBCC learners are developing skills and forging strong bonds with the world beyond their campuses.

As NBCC further articulates and strengthens the NBCC Advantage, measuring the impact our learners and their skills have on and in our communities, we're looking at ways to embed experiential learning and community leadership even deeper into our programming.

NBCC celebrated the 10th anniversary of its Applied Research and Innovation department in 2022, recognizing the hundreds of community and industry projects completed by thousands of NBCC learners and staff over the course of a decade. Momentum carried into 2023 with NBCC receiving its first ever Canadian Foundation for Innovation grant of \$765,000 for Mobile and Ubiquitous Computing. Another highlight of the year was NBCC being named to the list of Top 50 Research Colleges in Canada for the first time, and retiring Director of Applied Innovation and Research Diane Burt being recognized by Colleges and Institutes Canada with a Bronze Award in the Leadership-Managerial category.

NBCC shaped me into the professional I am today. It all started there.

TINA FRANCA,
Early Childhood Education, Class of 2016

Read more at NBCCStories.ca



I think that NBCC has the ability to affect individuals, communities, and the health care system as a whole. We have instructors, we have students, and we have space. When you put those things together and create clinics that can contribute to student training and skills development, we're avoiding the typically high costs that are linked with trying to start clinics for chronic diseases.

TAMMIE BLACK,
Academic Chair, Allied Health

Read more at NBCCStories.ca

BUILDING OUR CAPACITY TO GROW

In 2022-23, NBCC continued to focus on investing in its team, improving processes, and continuing its legacy of sound financial stewardship to position the College for growth.

The Employee Engagement Index had a slight decrease compared to previous years and fell short of the 2022-23 target.

Under the leadership of the Executive Director, People and Culture, NBCC is developing strategic goals, supports, and services that will drive improvements in employee engagement. Initiatives are focused on the professional development and wellbeing of our employees; strong relationships with key stakeholders, including our employee unions; nurturing a sense-of-belonging; fostering employee engagement; and recruiting top talent to support our learners.

Second, the Continuous Improvement Index, which focuses on projects that streamline processes, reduce unnecessary steps, and optimize resource utilization, also fell beneath the target. This was in large part due to continuous improvement projects falling behind schedule. In 2023-24, NBCC intends to enhance project management capacity through improved project monitoring processes and the use of IT solutions, where appropriate.

Finally, the Financial Sustainability Index showed growth from last year, reaching its highest level since measurement of this index began and edging the College closer than ever to its stretch target. This is reflective of NBCC's continued strong financial position in 2022-23. An increased investment in repairs and maintenance has brightened the outlook in deferred maintenance, which exceeded target by more than 18%. Key financial health indicators are trending in a positive direction as NBCC continues to balance the long-term sustainability of the college with an enhanced student experience.

BUILDING OUR CAPACITY TO GROW

Employee Engagement Index:

72.3%

2022-23 Target: 76.9%

Financial Sustainability Index:

23.5

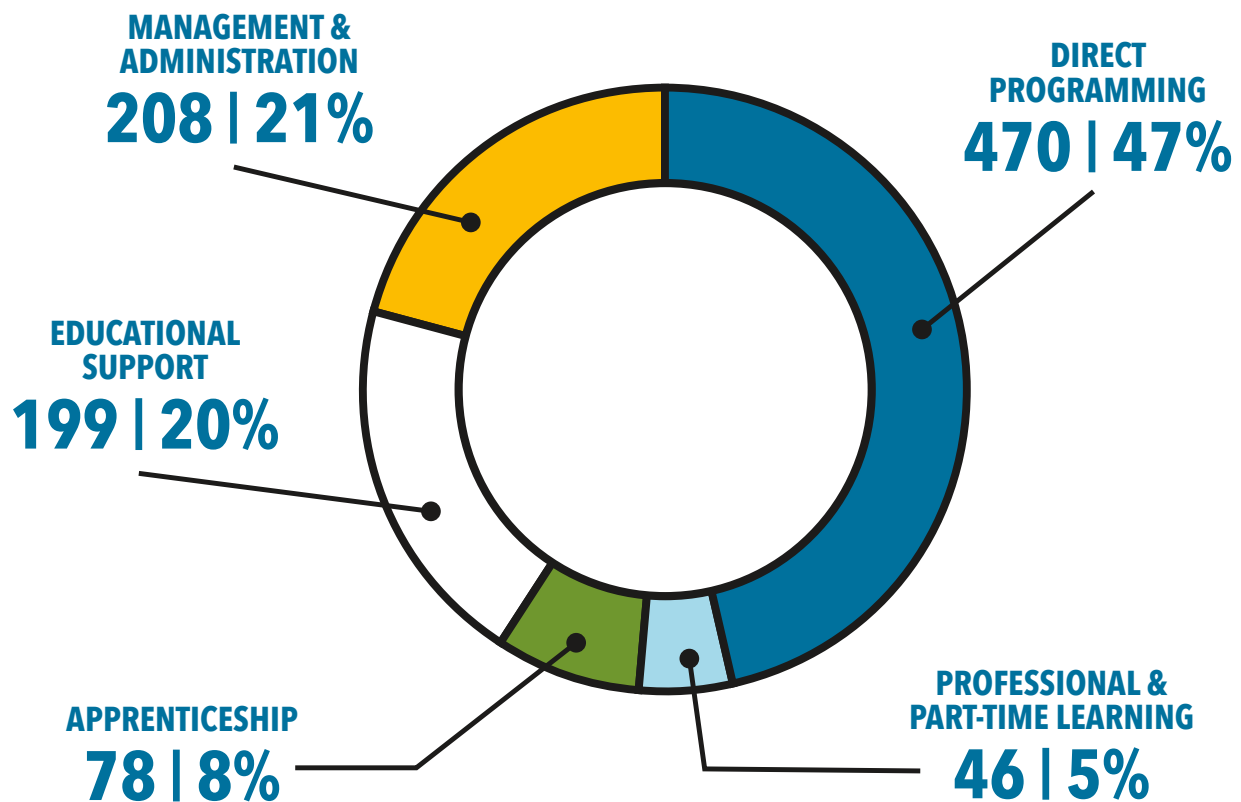
2022-23 Target: 24.3

Continuous Improvement Index:

93

2022-23 Target: 179

NBCC EMPLOYEES



I value what NBCC does for the community in New Brunswick, and I believe that everyone who works at NBCC is helping to transform lives in the province. Everyone at NBCC is somehow helping not only students, but the community as a whole.

EDSANDRO DE OLIVERIA
Institutional Research Analyst, NBCC

Read more at NBCCStories.ca

STRATEGIC & ACCOUNTABLE FINANCIAL MANAGEMENT

As a publicly-funded Crown corporation, NBCC publishes audited financial statements on an annual basis as part of our accountability to government and the public. With key financial health indicators trending in a positive direction, NBCC remains in a strong financial position.

NBCC has once again recorded an excess of revenues over expenditures, owing in large part to sound fiscal practices and policy. Our approach to the allocation of these funds is very intentional, striking a balance between a contingency fund, represented by an Accumulated Operating Surplus, for unexpected future expenses and the reinvestment of funds in projects and initiatives that support the College's strategic goals, represented by Internally-Restricted Net Assets.

In 2022-23, NBCC increased spending on Internally-Restricted Net Assets to address deferred maintenance. Deferred maintenance is included as a Reportable Risk within NBCC's Risk Register. In response, NBCC has committed to budgeting up to 2.5% of annual revenue toward repairs and maintenance, with its 10-year capital plan reflecting additional investment equivalent to 2.4% of annual revenue in 2024-25 and 2025-26. The College's Strategic Facilities Master Plan informs capital budget prioritization.

The following analysis provides additional information regarding the College's financial position and operating activities as described in our audited financial statements for the fiscal year ended March 31, 2023.

FINANCIAL DISCUSSION & ANALYSIS

MARCH 31, 2023

EXECUTIVE SUMMARY

For the fiscal year ended March 31, 2023, NBCC continued to demonstrate a strong record of responsible financial management. Highlights of NBCC's annual financial statements include:

- Excess of Revenues over Expenses of \$10.4M representing 9.1% of revenue. This compares to \$8.6M (or 8.3% of revenue) in prior year and comprises:
 - » Year-over-year increase in Revenues of \$10.5M (or 10.1%). This compares to a \$13.0M (or 14.2%) year-over year increase in 2022; and
 - » Year-over-year increase in Expenses of \$8.8M (or 9.2%). This compares to a \$13.5M (or 16.4%) year-over-year decrease in 2022.
- Excess of Revenues over Expenses resulted in an increase in Net Assets of \$10.4M also representing 9.1% of revenue and is primarily attributed to:
 - » \$10.1M increase in Change in net assets internally restricted for specific purposes;
 - » \$0.6M increase in Net assets used to acquire capital assets; and
 - » \$0.4M Increase in Accumulated Operating Surplus.

The above are partially offset by:

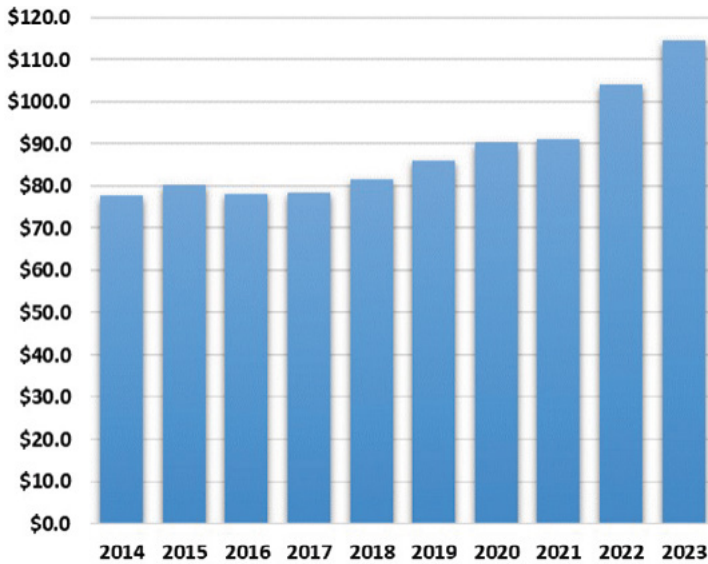
- » \$0.6M increase in NBCC's Unfunded future employee benefits liability.
- Key Financial Health Indicators are currently positive and trending in a positive direction.

INTRODUCTION TO FINANCIAL DISCUSSION & ANALYSIS

This Financial Statement Discussion & Analysis (FSD&A) is prepared by New Brunswick Community College ("NBCC" or "College") management in order to provide supplementary analysis of the College's financial position and operating activities as described in its annual, audited financial statements. NBCC management is responsible for the contents of this document. This document supplements, and should be read in conjunction with, NBCC's audited financial statements (including accompanying notes).

STATEMENT OF OPERATIONS & CHANGES IN ACCUMULATED OPERATING SURPLUS

REVENUES (\$ MILLIONS)



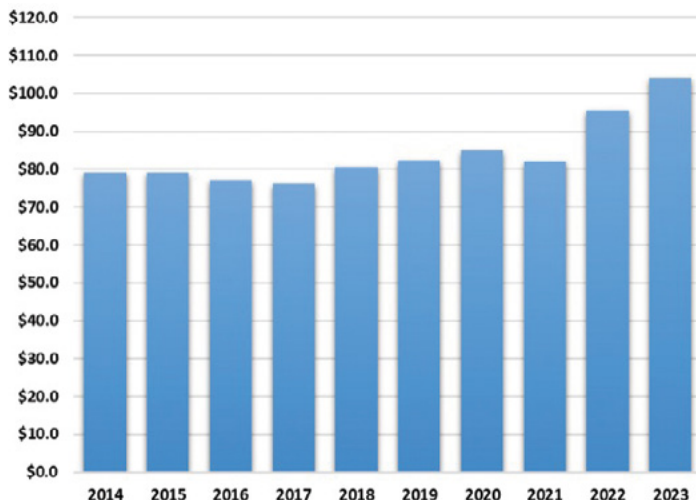
Revenues increased by \$10.5M (or 10.1%) in 2023. This is primarily attributed to increases over prior year in Tuition and fees (\$7.9M); Other grants (\$0.8M); Apprenticeship (\$0.7M); Cost recoveries (\$0.5M); Applied research (\$0.3M); and Contract training (\$0.2M).

Trend: Revenues increased from \$78.0M in 2014 to \$114.6M in 2023 (representing an increase of \$36.6M and 46.9%).

This increase is primarily attributed to cumulative growth in Tuition and fees (\$19.3M); Grant from Province (\$8.0M); Cost recoveries (\$3.3M); Contract training (\$3.3M); College application fees (\$1.1M); and Other grants (\$1.1M).

NBCC places significant reliance on revenues subject to provincial approval(s). Grant from Province comprises 52.7% of Revenues (representing a decrease from 58.1% in prior year and a decrease from 67.2% in 2014). Tuition and fees, which are also subject to ministerial approval, comprise 26.9% of Revenues (representing an increase from 22.1% in prior year and an increase from 14.8% in 2014).

EXPENSES (\$ MILLIONS)

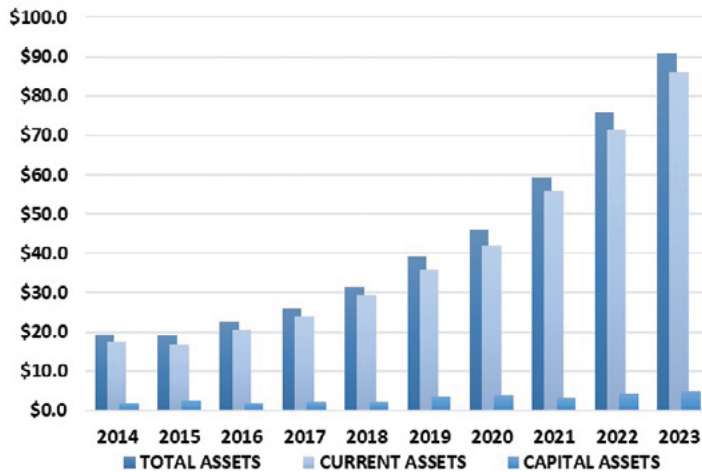


Expenses increased by \$8.8M (or 9.2%) in 2023. This is primarily attributed to increases over prior year in Salaries and benefits (\$6.1M); and Small tools, equipment and repairs (\$2.3M).

Trend: Expenses increased from \$79.1M in 2014 to \$104.2M in 2023 (representing an increase of \$25.1M and 31.7%), as compared to a \$36.6M (or 46.9%) increase in revenue. Expenses by category remain consistent e.g., Salaries and benefits comprise 76.9% of Expenses (77.5% in prior year and 72.6% in 2014).

STATEMENT OF FINANCIAL POSITION

ASSETS (\$ MILLIONS)

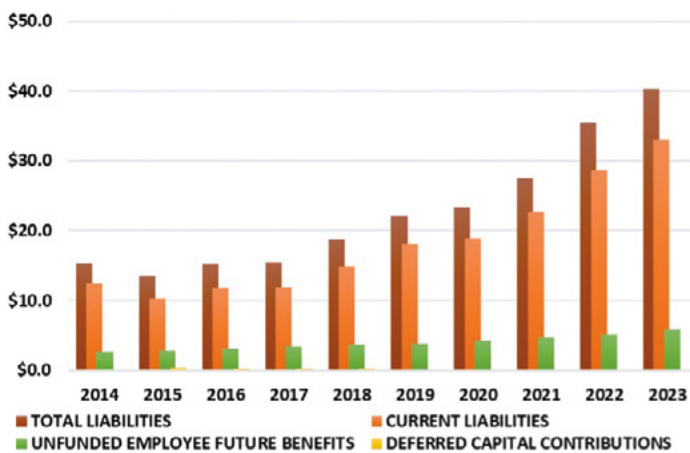


Assets increased by \$15.1M (or 20.0%) in 2023. This is attributed to increases in both Current Assets (\$14.7M) and Capital Assets (\$0.4M).

Current Assets increase is attributed to higher Due from Province (\$11.3M); and Accounts receivable and accrued revenue (\$3.4M).

Trend: Assets have increased consistently each year (i.e., from \$19.4M in 2014 to \$90.9M in 2023 representing an increase of \$71.5M and 368.8%) driven by positive cash flows from operations.

LIABILITIES (\$ MILLIONS)



Liabilities increased by \$4.7M (or 13.4%) in 2023. This is attributed to increases in Current Liabilities (\$4.2M) and Unfunded employee future benefits (\$0.6M). These increases were partially offset by a decrease in Deferred capital contributions (\$0.1M).

Current Liabilities increase is attributed to higher Deferred revenue (\$4.0M); increase of \$0.4M to the accrual for vacation and non-instructional time; and an increase of \$0.3M in payroll accrual (included in Salary and benefits).

These increases were partially offset by a decrease in Accounts payable and accruals (\$0.5M).

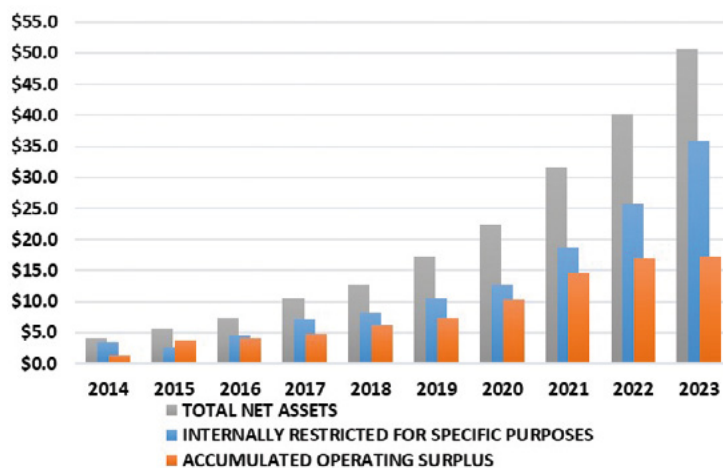
Unfunded employee future benefits increased due to assumption updates for Sick Leave and WorkSafeNB liabilities.

LIABILITIES (\$ MILLIONS), CONTINUED

Trend: Total liabilities have increased from \$15.3M in 2014 to \$40.3M in 2023 (representing an increase of \$25.0M and 162.8%). Fluctuations within this range are normal and are attributable to timing differences in current liabilities, including the timing of annual payroll, other contracts, and accounts payable at year-end.

Unfunded employee future benefits have increased from \$2.7M in 2014 to \$5.8M in 2023 (representing an increase of \$3.1M and 114.8%). It should be noted that in 2014, the College’s audited financial statements reflected only the future obligations arising from accumulated, non-vested sick leave as an unfunded employee future benefit (\$2.7M in 2023). Effective 2015, and in accordance with PSAS-NPO accounting standards, the College reflected the estimated future obligations for claims under WorkSafeNB as well (\$3.1M in 2023).

NET ASSETS (\$ MILLIONS)



NBCC’s *Excess of Revenues over Expenses* resulted in a **Net Assets** increase of \$10.4M (or 25.8%) in 2023. This increase supported growth in funds **Internally restricted for specific purposes** (\$10.1M); **Net assets used to acquire capital assets** (\$0.6M); and **Accumulated operating surplus** (\$0.4M). These increases were partially offset by an increase in NBCC’s **Unfunded future employee benefits** liability (\$0.6M).

Trend: Net Assets increased from \$4.1M in 2014 to \$50.6M in 2023 (or \$46.5M and 1145.5%).

KEY FINANCIAL HEALTH INDICATORS

INTRODUCTION

Key Financial Health Indicators provide NBCC management and stakeholders with brief assessments of the overall financial health of the College.

For 2023, and most of the College’s history as a Crown corporation, NBCC has met or exceeded benchmarks for three of the four **Key Financial Health Indicators** presented and continues to make significant progress towards the fourth.

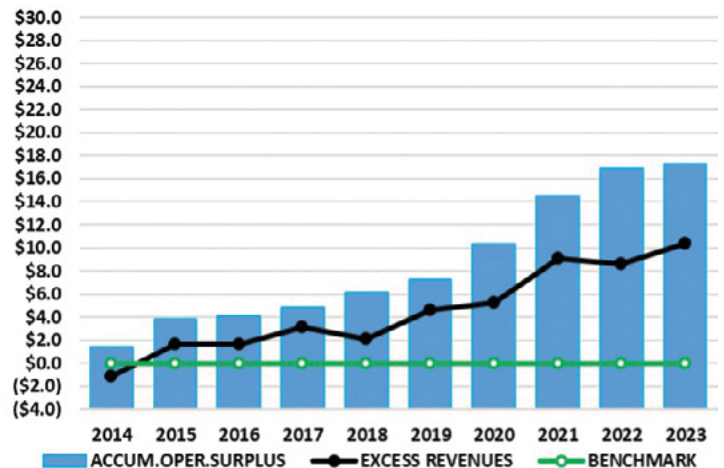
EXCESS OF REVENUES OVER EXPENSES & ACCUMULATED OPERATING SURPLUS (\$ MILLIONS)

Excess of Revenues over Expenses ('Excess Revenues') measures the extent to which College operations have contributed to (been subsidized from) Net Assets.

Excess of Revenues over Expenses was \$10.4M (or 9.1%) in 2023.

A benchmark of \$0 (i.e., breakeven) is typical as deficiencies may indicate a decline in financial health.

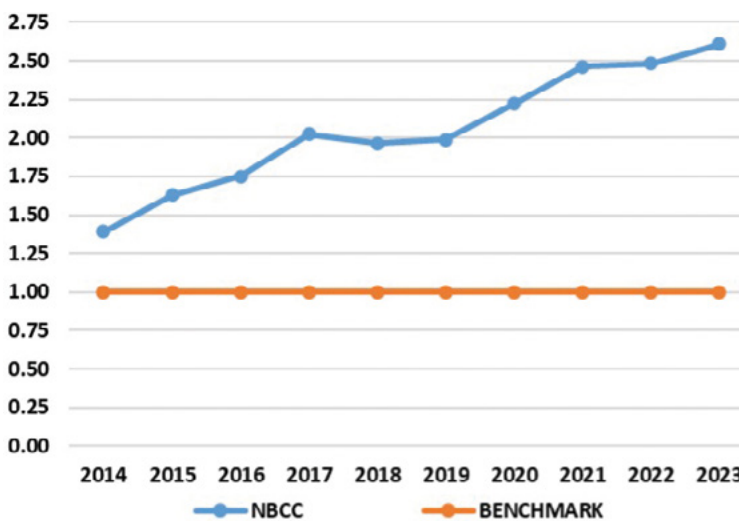
NBCC has experienced positive Excess Revenues in all but one fiscal year since inception including the last nine fiscal years consecutively.



Accumulated operating surplus measures the cumulative wealth available to assist with ongoing operations.

Accumulated operating surplus greater than \$0 is typically benchmarked. Accumulated deficiencies may indicate that the College would have to recover balances from future operations.

NBCC has shown consistent increases in **Accumulated operating surplus**, growing from \$1.4M in 2014 to \$17.3M in 2023.



QUICK RATIO

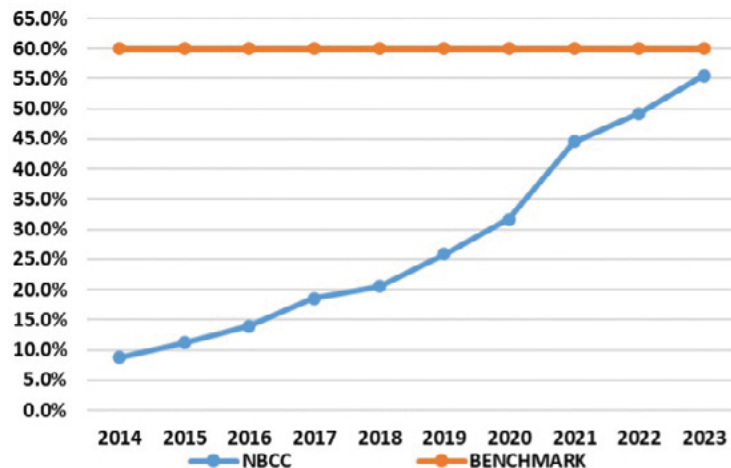
Quick Ratio is defined as the ratio of Current Assets to Current Liabilities and represents a measure of liquidity (i.e., the College's ability to pay its short-term obligations). The greater the **Quick Ratio**, the greater NBCC's liquidity.

A benchmark of 1.0 or higher is typical in business. A ratio of less than 1.0 may indicate an inability to meet short-term obligations. As can be seen above, NBCC has consistently achieved a **Quick Ratio** greater than 1.0, with a 2023 result of 2.6.

NET ASSETS TO EXPENSES RATIO

Net Assets to Expenses Ratio measures the organization's ability to continue operations in the event of a delay or reduction in revenue.

For the purposes of this ratio, net assets include accumulated operating surplus, amounts internally restricted for specific purposes, and investment in capital assets, as well as deferred capital contributions. Unfunded employee future benefits are excluded as they do not represent an amount likely to be accessed in the event of a delay or reduction in revenue nor an amount likely to be called upon for settlement in the short to medium term.



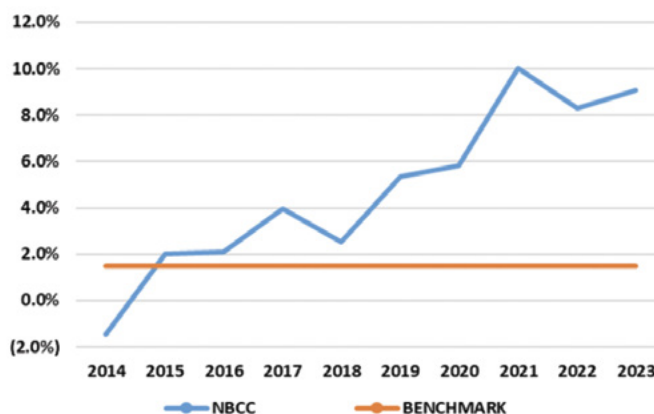
A benchmark for a mature institution is at least 60%. Less may indicate a lower tolerance for variabilities in Revenues.

As NBCC has only been in existence as a Crown corporation since 2010, there has not yet been sufficient time for the College to accumulate the Net Assets of 60%. Based on progress-to-date and positive financial results NBCC is quickly approaching the 60% benchmark. Significant progress has been made. NBCC has steadily increased this ratio from 8.7% in 2014 to 55.6% in 2023.

EXCESS (DEFICIENCY) TO REVENUES RATIO

Excess (Deficiency) to Revenues Ratio measures the extent to which each dollar of revenue yields a contribution to the College's Net Assets.

A benchmark of at least 1.5% is typical. Annual contributions of less than 1.5% leave little room for contingency in annual operations.



As shown above, NBCC achieved a ratio of 9.1% in 2023, and has consistently achieved greater than 1.5% with the exception of 2014.

DEFERRED MAINTENANCE & REPAIRS

Deferred maintenance includes those maintenance and repair activities which were not performed as required or scheduled, usually due to financial or market constraints, but which remain outstanding to return capital assets to an acceptable operating condition. These outstanding activities have therefore been ‘deferred’ to a future period. NBCC’s deferred maintenance refers primarily to maintenance and repair related to the buildings it occupies and major related systems.

NBCC does not own its buildings. NBCC occupies over 1.4M gross square feet within buildings owned by the Province of New Brunswick subject to a Memorandum of Agreement with the Department of Transportation and Infrastructure (DTI) and Post-Secondary Education, Training and Labour (PETL).

In December 2021, NBCC completed its first Strategic Facilities Master Plan. This plan included a non-invasive facilities assessment which informs NBCC’s Capital Budget Submission to DTI as well as its 10-year capital planning. NBCC’s prioritization of the deferred maintenance projects identified by this assessment (totalling in excess of \$179.5M) resulted in \$35.1M in Priority 1 projects (excluding areas already subject to regular DTI inspection, such as roofing).

The magnitude of this challenge supports inclusion within NBCC’s Enterprise Risk Management Report (2022-23) of the following ‘Reportable Risk’:

“Aging infrastructure and accumulated deferred maintenance - Fiscal restrictions limit the amount of preventative maintenance and capital planning that can be undertaken (fact). This may result in continued deterioration of equipment and infrastructure (risk), which could affect program quality, student/staff experience and enrolments (effect).”

This risk has consistently been ranked ‘High’ in annual risk assessments and is the only Reportable Risk included on NBCC’s Risk Register regarding capital and infrastructure. As such, considerable effort has been made towards mitigating this risk over the past few years.

Through PETL, NBCC annually requests a capital grant to address deferred maintenance. Recent history regarding this process includes NBCC’s submission for:

- \$6.8M in Priority 1 projects for 2022-23 from which \$2.4M in projects were approved.
- \$8.5M in Priority 1 projects for 2023-24 from which \$2.2M in projects were approved.
- \$9.0M in Priority 1 projects for 2024-25 (from which approval expected December 2023).

It is important to note that amounts approved by PETL are administered by DTI and do not represent Revenues or Expenses of the College in our audited financial statements.

In addition to this grant and a major capital project to redevelop the Saint John (Grandview) campus, up to 2.5% of NBCCs annual revenue is invested toward repairs and maintenance.

In 2022-23, NBCC invested a total investment of \$5.8M in repairs and maintenance (i.e., \$3.3M PETL investment through DTI; \$2.2M NBCC-funded; and \$0.3M in NBCC deferred maintenance) as compared to \$4.3M in 2021-22..

1. Priority 1 repairs are those repairs required immediately to maintain the structural integrity of building envelopes, maintain the functioning integrity of the mechanical and electrical systems, or address immediate fire hazard and safety concerns.

FINANCIAL STATEMENTS

MARCH 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To Chairperson and Board of Governors

Opinion

We have audited the financial statements of New Brunswick Community College (the College), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in accumulated operating surplus for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2023, and its results of operations and changes in accumulated operating surplus, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

June 15, 2023

STATEMENT OF FINANCIAL POSITION

	2023	2022
ASSETS		
Current Assets		
Cash (Note 2c)	\$ 13,375	\$ 15,525
Due from Province (Note 2c)	78,771,613	67,499,329
Accounts receivable (Note 3)	5,044,004	1,584,373
Inventories (Note 4)	1,605,894	1,256,953
Prepaid expenses	621,734	1,011,985
	<u>86,056,620</u>	<u>71,368,165</u>
Capital Assets (Note 5)	4,832,866	4,401,640
	<u>\$ 90,889,486</u>	<u>\$ 75,769,805</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 8,228,209	\$ 8,693,319
Accrued salaries and benefits	7,730,374	7,040,908
Deferred revenue (Note 6)	17,021,852	13,003,085
	<u>32,980,435</u>	<u>28,737,312</u>
Long Term Liabilities		
Deferred capital contributions (Note 7)	1,494,349	1,640,411
Employee future benefits (Note 8)	5,786,900	5,137,100
	<u>7,281,249</u>	<u>6,777,511</u>
	<u>40,261,684</u>	<u>35,514,823</u>
NET ASSETS		
Invested in capital assets	3,338,517	2,761,229
Internally restricted for specific purposes (Note 9)	35,798,942	25,739,483
Unfunded employee future benefits (Note 8)	(5,786,900)	(5,137,100)
Accumulated operating surplus	17,277,243	16,891,370
	<u>50,627,802</u>	<u>40,254,982</u>
	<u>\$ 90,889,486</u>	<u>\$ 75,769,805</u>

For further information with regard to Commitments, see Note 12.
For further information with regard to Contingencies, see Note 15.



Mark Flint
Board Chair, Board of Governors



Mary Butler
President and CEO

STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED OPERATING SURPLUS

	2023	2023	2022
	Budget	Actual	Actual
REVENUES			
Grant from Province (Note 14)	\$ 56,652,224	\$ 60,427,863	\$ 60,520,506
Tuition and fees	26,071,678	30,855,439	22,969,005
Apprenticeship (Note 14)	6,050,000	5,940,382	5,215,386
Contract training	5,758,588	5,764,172	5,525,496
Sales	3,580,124	3,103,695	3,171,540
Cost recoveries (Note 14)	1,245,071	4,894,358	4,390,054
Applied research	1,200,000	1,039,857	734,161
Application fee	637,000	1,104,765	987,000
Other grants	244,000	1,097,205	341,702
Amortization of deferred capital contributions (Note 7)	81,000	205,287	122,307
Other (Note 11)	73,675	167,850	119,114
	<u>101,593,360</u>	<u>114,600,873</u>	<u>104,096,271</u>
EXPENSES			
Salaries and benefits	74,246,126	80,149,082	74,027,630
Services	14,864,938	12,084,982	11,241,278
Small tools, equipment and repairs	9,662,453	3,166,547	877,181
Supplies	6,076,216	4,556,471	3,795,002
Cost of goods sold	2,168,433	1,973,541	2,042,197
Amortization of capital assets	1,237,000	1,177,608	1,140,126
Deferred maintenance	-	303,255	813,881
Transfer of assets to Province (Note 14)	-	-	894,990
Grants and payments	368,049	502,772	334,326
Bank fees and miscellaneous	50,483	92,994	140,006
Bad debt	79,000	88,074	98,204
Inventory obsolescence and adjustments	66,200	132,727	72,214
	<u>108,818,898</u>	<u>104,228,053</u>	<u>95,477,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (7,225,538)	\$ 10,372,820	\$ 8,619,236
Changes in accumulated operating surplus			
Net assets used to acquire capital assets (Note 10)	82,000	(577,288)	476,359
Change in net assets internally restricted for specific purposes	6,685,871	(10,059,459)	(7,131,018)
Unfunded future employee benefits	457,667	649,800	407,600
	<u>\$ -</u>	<u>\$ 385,873</u>	<u>\$ 2,372,177</u>
INCREASE IN ACCUMULATED OPERATING SURPLUS	\$ -	\$ 385,873	\$ 2,372,177

STATEMENT OF CHANGES IN NET ASSETS

	2023				Total	2022
	Accumulated Operating Surplus	Invested in Capital Assets (Note 10)	Internally Restricted for Specific Purposes (Note 9)	Unfunded Employee Future Benefits: Sick Leave and WorkSafe (Note 8)		
NET ASSETS (LIABILITIES), BEGINNING OF YEAR	\$ 16,891,370	\$ 2,761,229	\$ 25,739,483	\$ (5,137,100)	\$ 40,254,982	\$ 31,635,746
Changes during the year						
Excess (deficiency) of revenues over expenses	9,506,449	(972,321)	2,488,492	(649,800)	10,372,820	8,619,236
Net change in investment in capital assets	(1,549,609)	1,549,609	-	-	-	-
Transfer to Internally Restricted for Specific Purposes	(7,570,967)	-	7,570,967	-	-	-
Net change during the year	385,873	577,288	10,059,459	(649,800)	10,372,820	8,619,236
NET ASSETS (LIABILITIES), END OF YEAR	\$17,277,243	\$3,338,517	\$ 35,798,942	\$ (5,786,900)	\$ 50,627,802	\$ 40,254,982

STATEMENT OF CASH FLOWS

	<u>2023</u>	<u>2022</u>
Operating Activities		
Excess of revenue over expense	\$ 10,372,820	\$ 8,619,236
Add (deduct) non-cash items		
Amortization of capital assets	1,177,608	1,140,126
Amortization of deferred capital contributions	(205,287)	(122,307)
Bad debt	88,074	98,204
Inventory obsolescence and adjustments	132,727	72,214
Unfunded employee future benefits	649,800	407,600
	<u>12,215,742</u>	<u>10,215,073</u>
Add (deduct) changes in non-cash working capital		
Accounts receivable	(3,547,705)	(474,240)
Inventories	(481,668)	(386,754)
Prepaid expenses	390,251	(512,328)
Accounts payable and accrued liabilities	(465,110)	2,011,764
Accrued salaries and benefits	689,466	832,325
Deferred revenue	4,018,767	3,228,816
	<u>604,001</u>	<u>4,699,583</u>
	<u>12,819,743</u>	<u>14,914,656</u>
Add (deduct) capital activities		
Deferred capital contributions	59,225	1,614,955
Acquisition of capital assets	(1,608,834)	(2,156,415)
	<u>(1,549,609)</u>	<u>(541,460)</u>
INCREASE TO CASH AND CASH EQUIVALENTS	11,270,134	14,373,196
Add: Cash and cash equivalents, beginning of year	\$ 67,514,854	\$ 53,141,658
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 78,784,988</u>	<u>\$ 67,514,854</u>
CASH AND CASH EQUIVALENTS REPRESENTED ON STATEMENT OF FINANCIAL POSITION BY:		
Cash (Note 2c)	\$ 13,375	\$ 15,525
Due from Province (Note 2c)	78,771,613	67,499,329
Cash and cash equivalents, end of year	<u>\$ 78,784,988</u>	<u>\$ 67,514,854</u>

NOTES TO FINANCIAL STATEMENTS

1. AUTHORITY AND PURPOSE

New Brunswick Community College (the “College”) was established as a post-secondary public education corporation under the authority of the *New Brunswick Community Colleges Act* effective May 29, 2010. The College is exempt from income tax under section 149 of the Income Tax Act.

The College, with campuses located in Fredericton, Miramichi, Moncton, Saint John, St. Andrews and Woodstock, is responsible for enhancing the economic and social wellbeing of the Province of New Brunswick (“Province”) by addressing the occupational training requirements of the population and of the labour market of the Province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards for non-profit organizations (PSAS-NPO). The following is a summary of significant accounting policies:

a. Revenue recognition

The College follows the deferral method of revenue recognition for contributions which include donations and government grants.

The College receives grants and donations from a number of different sources for operating, research and capital expenditures.

- Unrestricted operating grant is recognized in the period when received or receivable. Unrestricted operating grant received restricted to use in a future period are considered externally restricted.
- Externally restricted operating grants and contributions are deferred until the period that the expenditure occurs. Externally restricted amounts may only be used for purposes designated by the funder.
- NBCC has launched a \$16 Million capital campaign. Amounts donated may be received immediately or pledged over a defined period subject to donor agreements. Amounts received are deferred until the period that related expenditure occurs. Where external restrictions are identified as part of a donor agreement, those amounts may only be used for purposes designated by the donor.

Contributions restricted for the purchase of capital assets and capital contributions are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Amounts received or receivable for tuition and fees, sales, apprenticeship, cost recoveries, application fees, and contract training are recognized as revenue in the period in which the goods are delivered or the services are provided. Amounts received in advance of the goods or services being provided are reported as unearned (i.e. deferred) revenue.

NOTES TO FINANCIAL STATEMENTS

b. Expense recognition

The College uses the accrual basis of accounting for expenses.

Amounts paid or payable are recognized as expenses in the period in which the goods are delivered or the services are provided to the College. Amounts paid in advance are reported as prepaid expenses.

c. Cash and Due from Province

Cash consists of cash on hand and amounts held by financial institutions.

Amounts due from the Province are cash equivalents. College operational expenses and revenues flow through the Province's bank account as it is cost effective for the College to employ cash concentration services provided by the Province rather than implement independent banking arrangements.

d. Inventories

Inventories for resale are held by bookstores, copy centres and cafeterias operated by the College. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable costs associated with its sale or disposal. See Note 4 for more information about inventories.

Inventories held for consumption exist in administrative and instructional programs across the College. The value of these inventories is not recognized in these statements.

e. Capital assets

Purchased capital assets are recorded at cost and are amortized on a straight-line basis over the estimated useful lives. See Note 5 for more information about capital assets. Donated capital assets are recorded at fair value at the date the donation was received. Disposals of capital assets are removed from the accounts at their net book value.

Repairs and maintenance are charged to operating expense. Betterments which extend the estimated life of an asset owned by the College, (i.e., which increases its service capacity or lower future costs), are capitalized.

The College operates from land and buildings provided by the Province. A Memorandum of Understanding between the College, the Minister of Transportation and Infrastructure, and the Minister of Post-Secondary Education, Training and Labour outlines the rights and obligations of these parties in relation to their occupancy and use. The Memorandum of Understanding does not constitute a lease or transfer of property to the College. Land, land improvements, buildings and major equipment owned by the Province and occupied or used by the College are therefore not reflected as assets of the College. Betterments made to any asset owned by the Province and used by the College are expensed in the year and reflected as transfer of assets to the Province in the statement of operations and changes in accumulated operating surplus. When a capital asset no longer contributes to the College's ability to provide services, its' carrying amount is written down to its residual value.

NOTES TO FINANCIAL STATEMENTS

e. Capital assets (continued)

Asset Class	Estimated Useful Life
Vehicles	5–15 years
Furniture and equipment	5–10 years

f. Accrued payroll benefits

The College has accrued accumulated vacation pay and non-instructional time for employees. The number of days accumulated for each employee as well as their rate of pay (in accordance with current policy and collective agreements) has been used to determine the estimated amount of the liability. This liability is value recorded in accrued salaries and benefits at a value of \$4,493,549 in 2023 (\$4,090,710 in 2022).

g. Liability for sick leave obligation

Employees of the College are entitled to sick leave benefits which accumulate but do not vest. Sick leave benefits which accumulate but do not vest are considered obligations. PSAS-NPO related to post-employment benefits and compensated absences require the College to recognize that liability in the period in which the employees renders services. Note 8c offers more detail regarding the College's liability for sick leave obligation.

h. Liability for WorkSafeNB obligation

Employees of the College are entitled to wage-replacement benefits in the event of illness or injury which can be established occurred as a result of employment at the College through WorkSafeNB. Benefits payable in the future related to claims approved by WorkSafeNB are considered obligations. PSAS-NPO standards related to post-employment benefits and compensated absences require the College to recognize that liability in the period in which the employee renders services. Note 8d offers more detail regarding liability for WorkSafeNB obligation.

i. Financial instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

NOTES TO FINANCIAL STATEMENTS

j. Accounting estimates

The preparation of financial statements in accordance with PSAS-NPO standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

If actual results differ from management's estimates the impact is recorded in future periods when the difference is known.

The most significant estimates made in the preparation of the financial statements include:

- Allowance for uncollectible (doubtful) accounts receivable;
- Useful life of capital assets;
- Accrued liabilities related to sick leave obligation;
- Accrued liabilities related to WorkSafeNB obligation; and,
- Deferred revenue.

k. Adoption of new accounting standards

On April 1, 2022, the College adopted Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations. This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption.

The implementation of this standard did not require the College to reflect any adjustments in these financial statements as the College does not have any significant legal obligations with respect to the retirement of its capital assets.

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Tuition and fees	\$ 2,618,053	\$ 725,682
Organizations other than Province	984,718	546,484
HST	1,476,187	-
Province	24,225	-
Advances and other	123,750	498,930
ACCOUNTS RECEIVABLE (GROSS)	<u>5,226,933</u>	<u>1,771,096</u>
Allowance for doubtful accounts	<u>(182,929)</u>	<u>(186,723)</u>
ACCOUNTS RECEIVABLE (NET)	<u><u>5,044,004</u></u>	<u><u>1,584,373</u></u>

NOTES TO FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE (continued)

Accounts Receivable (Gross) comprises the following categories:

	Tuition and fees	Organizations other than the Province	Province	Advances and other	HST Due	Total
0-30 days	\$1,571,148	\$ 760,959	\$ 1,380	\$ 123,750	\$1,097,618	\$3,554,855
31-60 days	124,261	165,443	22,245	-	-	311,949
61-90 days	725,373	38,521	600	-	378,569	1,143,063
91-180 days	8,839	20,722	-	-	-	29,561
181-360 days	71,309	10,886	-	-	-	82,195
361+ days	117,123	243	-	-	-	117,366
Other adjustments	-	(12,056)	-	-	-	(12,056)
Accounts Receivable (Gross)	\$2,618,053	\$ 984,718	\$ 24,225	\$ 123,750	\$1,476,187	\$5,226,933
Allowance for doubtful accounts	(182,929)	-	-	-	-	(182,929)
Accounts Receivable (Net)	\$2,435,124	\$ 984,718	\$ 24,225	\$ 123,750	\$1,476,187	\$5,044,004

At March 31, 2023, other adjustments include \$52,026 in amounts related to sponsored students partially offset by \$39,970 in credits receivable from vendors of the College.

4. INVENTORIES

	<u>2023</u>	<u>2022</u>
Textbooks for resale	\$ 1,340,419	\$ 1,062,588
Stationery and supplies for resale	141,619	121,607
Clothing and other items for resale	123,856	72,758
INVENTORIES	<u>\$ 1,605,894</u>	<u>\$ 1,256,953</u>

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	\$ 2,740,808	\$ 1,486,691	\$1,254,117	\$ 593,701
Furniture and equipment	11,356,580	8,603,935	2,752,645	3,056,445
Assets under construction	826,104	-	826,104	751,494
	<u>\$ 14,923,492</u>	<u>\$ 10,090,626</u>	<u>\$ 4,832,866</u>	<u>\$ 4,401,640</u>

6. DEFERRED REVENUE

	2023	2022
Student tuition	\$ 6,582,222	\$ 5,191,973
Contract training	5,435,893	3,161,388
Confirmation fees	1,842,723	1,968,392
Capital campaign	1,368,605	-
Applied research	1,302,919	1,686,278
Technology and learning resource fee	183,007	299,729
Student development grants	-	571,505
Other	306,483	123,820
DEFERRED REVENUE	<u>\$17,021,852</u>	<u>\$ 13,003,085</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

	2023	2022
Deferred capital contributions, beginning of year	\$ 1,640,411	\$ 147,763
Contributions during the year	59,225	1,614,955
Amortization during the year	(205,287)	(122,307)
DEFERRED CAPITAL CONTRIBUTIONS, end of year	<u>\$ 1,494,349</u>	<u>\$ 1,640,411</u>

NOTES TO FINANCIAL STATEMENTS

8. EMPLOYEE FUTURE BENEFITS

a. Pension

Effective January 1, 2014, the Public Service Superannuation Act (the "PSSA") was converted and replaced by the Public Service Shared Risk Plan (PSSRP) by the Act Respecting Pensions under the Public Superannuation Act. The PSSRP is a shared risk pension plan in accordance with New Brunswick's Pension Benefits Act. Certain employees of the College are entitled to receive benefits under the PSSRP. Under the New Brunswick Community Colleges Act, liabilities related to the PSSA were not transferred to the College and are the responsibility of the Province. Obligations under the PSSRP continues to be the responsibility of the Province. As such contributions and the related liabilities are not reflected in these financial statements.

b. Retirement allowance

Certain long serving employees receive a retirement allowance upon retirement from public service. The plan is funded by the Province. The Province made changes to this program in 2013-14 where management and non-union employees of the College no longer accumulate retirement allowance credits. Under the New Brunswick Community Colleges Act, liabilities related to retirement allowances were not transferred to the College and are the responsibility of the Province. Retirement obligations continues to be the responsibility of the Province. As such, contributions and the related liabilities are not reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS

c. Sick leave

The College provides sick leave benefits to every employee who works full-time at a rate of 1.25 days per month (or 15 days per year) up to a maximum of 240 days. The benefits are pro-rated for part-time employees. An employee can take a leave due to sickness with pay for an amount of time equal to the total accumulated sick leave days. Unused sick leave days are carried forward for use in future years, providing the employee remains employed with the College. When an employee retires or terminates there is no pay-out of the remaining accumulated sick leave days. Therefore, the sick leave benefits are benefits that accumulate but do not vest. Based on an actuarial valuation of the liability at March 31, 2021, and extrapolated to March 31, 2023, the accrued sick leave obligation and the expense related to the accrued sick leave obligation are as follows:

	<u>2023</u>	<u>2022</u>
Accrued sick leave obligation, beginning of year	\$ 2,375,900	\$ 2,254,200
Expense related to accrued sick leave obligation:		
Current period benefit cost	518,300	524,700
Amortization of actuarial losses	181,000	198,900
Sick leave benefit interest expense	113,200	94,000
	<u>812,500</u>	<u>817,600</u>
Employer benefit payments	<u>(500,900)</u>	<u>(695,900)</u>
ACCRUED SICK LEAVE OBLIGATION, END OF YEAR	<u>\$ 2,687,500</u>	<u>\$ 2,375,900</u>

The sick leave liability is unfunded. The liability has been determined by an actuarial valuation using management’s best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates, as follows:

Number employees:	800	Average age of employees:	50.3 years	Discount rate:	4.20% per annum
Expected Average Remaining Service Life of employees:	10 years	Average service of employees:	10.0 years	Salary escalation:	3.00% per annum

Comparative information reported for the year ended March 31, 2022:

Number employees:	800	Average age of employees:	50.3 years	Discount rate:	3.50% per annum
Expected Average Remaining Service Life of employees:	10 years	Average service of employees:	10.0 years	Salary escalation:	3.00% per annum

NOTES TO FINANCIAL STATEMENTS

d. WorkSafeNB

The College provides benefits to workers who are injured in the course of their employment. These benefits are administered by WorkSafeNB. The College is self-insured for WorkSafeNB claims. Claim payments are factored into the liability for WorkSafeNB obligation as outlined below. Based on an actuarial valuation of the liability at March 31, 2021, and extrapolated to March 31, 2023, the accrued WorkSafeNB obligation and the expense related to the accrued WorkSafeNB obligation are as follows:

	<u>2023</u>	<u>2022</u>
Accrued WorkSafeNB obligation, beginning of year	\$ 2,761,200	\$ 2,475,300
Expense related to accrued WorkSafeNB obligation:		
Current period benefit cost	406,000	409,100
Amortization of actuarial losses	51,300	65,300
WorkSafeNB benefit interest expense	113,900	88,300
	<u>571,200</u>	<u>562,700</u>
Employer benefit payments	<u>(233,000)</u>	<u>(276,800)</u>
ACCRUED WORKSAFENB OBLIGATION, END OF YEAR	<u>\$ 3,099,400</u>	<u>\$ 2,761,200</u>

Annual claim payments are expensed by the College and are included in salaries and benefits in the statement of operations and changes in accumulated operating surplus. The WorkSafeNB liability is unfunded. The liability has been determined by an actuarial valuation using management's best estimate of inflation, discount rate and assumed average age at accident, as follows:

Inflation	1.70% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	4.20% per annum
Inflation on Medical Aid:	4.25% per annum	Average age of Extended Wage Loss Benefits in Pay:	57.4 years	Assumed average age at Accident	43 years

Comparative information reported for the year ended March 31, 2022:

Inflation	1.90% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	3.50% per annum
Inflation on Medical Aid:	4.25% per annum	Average age of Extended Wage Loss Benefits in Pay:	57.4 years	Assumed average age at Accident	43 years

NOTES TO FINANCIAL STATEMENTS

9. NET ASSETS INTERNALLY RESTRICTED FOR SPECIFIC PURPOSES

The College restricts a portion of its net assets for specific purposes. Restrictions are recorded to reflect funds that have been internally restricted for specific projects and purposes including one-time, non-recurring expenditures as approved by the Board of Governors. Amounts included in net assets internally restricted for specific purposes include the following categories:

	<u>2023</u>	<u>2022</u>
President and CEO		
Advancement	\$ 228,665	\$ 470,585
Executive Director People and Culture		
People and Culture	2,200	102,357
Executive Director Strategic and Integrated Engagement		
Strategic Partnerships	45,826	125,588
Enrolment Management	12,782	74,815
Marketing and Creative Services	11,500	5,000
	<u>70,108</u>	<u>205,403</u>
Vice-President Academic and Research		
Academic Planning and Evaluation	1,839,753	759,476
School of Professional and Part-time Learning	1,756,500	2,630,563
Academic Development	1,023,172	2,113,673
Student Development	554,041	470,869
School of Trades and Apprenticeship	463,053	135,181
Research, Innovation and Experiential Learning	278,486	288,121
School of Information Technology and Natural Resources	188,440	24,405
School of Arts, Community and Protective Services	154,378	77,090
School of Health and Wellness	94,343	3,849
School of Business, Hospitality and Tourism	73,144	45,919
School of Engineering Technologies	31,266	78,889
Registrar's Office	731	-
	<u>6,457,307</u>	<u>6,628,035</u>
Vice President Finance and Administration		
Capital Investment Fund	13,562,096	6,000,000
Facilities and Ancillary Services	10,062,569	8,148,875
Information Technology	3,542,299	2,336,304
College-wide Contingency	1,000,000	1,000,000
Strategic Funds	808,122	758,456
All Other	65,576	89,468
	<u>29,040,662</u>	<u>18,435,460</u>
Net assets internally restricted for specific purposes	<u>\$35,798,942</u>	<u>\$ 25,739,483</u>

NOTES TO FINANCIAL STATEMENTS

10. NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Capital assets (net book value) (Note 5)	\$ 4,832,866	\$ 4,401,640
Capital assets funded from capital contributions (Note 7)	(1,494,349)	(1,640,411)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>\$ 3,338,517</u>	<u>\$ 2,761,229</u>

The change in Net Assets Invested in Capital Assets comprises:

	<u>2023</u>	<u>2022</u>
Net change in investment in capital assets:		
Acquisition of capital assets	\$ 1,608,834	\$ 2,156,415
Amount funded by deferred contributions	(59,225)	(1,614,955)
	<u>\$ 1,549,609</u>	<u>\$ 541,460</u>
Excess (deficiency) of revenues over expenses:		
Amortization of capital assets	(1,177,608)	(1,140,126)
Amortization of deferred capital contributions	205,287	122,307
	<u>(972,321)</u>	<u>(1,017,819)</u>
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS	<u>\$ 577,288</u>	<u>\$ (476,359)</u>

11. OTHER REVENUE

	<u>2023</u>	<u>2022</u>
Facility and related rentals	\$ 71,720	\$ 31,675
Other	96,130	87,439
	<u>\$ 167,850</u>	<u>\$ 119,114</u>

NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS

The College is committed to the following lease, maintenance or other agreement payments for future years.

	<u>2023</u>	<u>2022</u>
2022-23	\$ -	\$ 901,024
2023-24	4,605,203	429,176
2024-25	1,251,995	355,746
2025-26	536,372	313,907
2026-27	355,228	233,000
2027-28	347,586	-
	<u>\$ 7,096,384</u>	<u>\$ 2,232,853</u>

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a. Fair value of financial assets and financial liabilities

Financial instruments of the College comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, as well as accrued salaries and benefits. The carrying value of these financial instruments approximates their fair value due to the relatively short terms to maturity.

b. Credit risk

The College may be exposed to credit-related losses in the event of non-performance by counterparties to its financial instruments including accounts receivable of students, sponsors and other parties contracting for the receipt of instruction. The amounts disclosed in the financial statements are net of an allowance for doubtful accounts, estimated by the College in accordance with its guidelines. The College has a diverse mix of students, sponsors and other parties limiting significant exposure to any individual counterparty.

c. Liquidity risk

The College may be exposed to liquidity risk in the event that its obligations exceed its supply of liquid assets or authorized spending. Through cash concentration services provided by the Province, the College receives adequate liquid assets to fulfill its obligations as they become due. The College also has an internally restricted contingency fund in place to accommodate reasonable unforeseen expenditure.

NOTES TO FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS

The College was established as a post-secondary public education corporation under the authority of the *New Brunswick Community Colleges Act* to serve as an agent of the Crown. As such, the College and the Province, including its various ministries, departments and other Crown Corporations are related parties.

During the period, the following were received and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties:

- \$60,427,863 in grants from the Province (\$60,520,506 in 2022);
- \$4,894,358 in revenues from departments of the Province regarding cost recoveries (\$4,390,054 in 2022); and,
- \$5,940,382 in revenues from departments of the Province regarding Apprenticeship (\$5,215,386 in 2022).
- \$nil in capital contributions from departments of the Province which have been recorded in deferred capital contributions (\$1,382,885 in 2022).

Contributed services are received from the Province for various unallocated operating costs. The College has elected not to recognize these as expenses. The contributed services include:

- Use of buildings at six campuses and corporate offices, having an area in excess of one million square feet;
- Cash concentration services (see Note 2c for more information); and,
- Enterprise Resource Planning solutions including payroll and financial system services.

During the period, the College transferred \$nil (\$894,990 in 2022) to the Province of New Brunswick's Department of Transportation and Infrastructure related to projects completed during the period.

Amounts owing from the Province at March 31, 2023, total \$24,225 (\$nil in 2022) and are included in accounts receivable (see Note 3).

15. CONTINGENCIES

a. Legal

The College is engaged in various legal proceedings. Potential costs, if any related to claims against the College have not been reflected in the financial statements. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the College that the resolution of these claims will not have a material impact on the financial position of the College. Any loss or gain that may result from these proceedings will be accounted for in the period in which the settlement occurs.

NOTES TO FINANCIAL STATEMENTS

b. Collective bargaining

The College is party to four collective agreements expired on or before March 31, 2023. At the time of issuance of these financial statements, no settlements have been reached. The value of potential settlements cannot be predicted at this time. Accordingly, amounts are expensed in the period that they occur. The Province has traditionally increased the Grant from Province in the amount of economic increases related to approved settlements in the form of an in-year supplementary budget transfer.

16. MAJOR CAPITAL PROJECT

The College is engaged in early planning for a major capital project redeveloping the Saint John (Grandview) campus to accommodate an additional 244 students in skilled trades training programs. This multi-year project is partially funded by contribution agreements from the federal Regional Development Corporation for up to \$22.9 Million and the provincial Department of Post-secondary Education, Training and Labour for up to \$21.1 Million with a substantial completion date of no later than March 31, 2028.

17. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION SCHEDULE A: OPERATIONS BY TYPE

	2023	2023	2022
	Budget	Actual	Actual
REVENUES			
Tuition and fees	\$ 26,071,678	\$ 30,855,439	\$ 22,969,005
Contract training	5,758,588	5,764,172	5,525,496
Sales	4,217,124	3,103,695	3,171,540
Applied research	1,200,000	1,039,857	734,161
Application fee	-	1,104,765	987,000
Other grants	244,000	1,097,205	341,702
Other (Note 7 and Note 11)	154,675	373,137	241,421
	<u>37,646,065</u>	<u>43,338,270</u>	<u>33,970,325</u>
Apprenticeship and cost recoveries (Note 14)	7,295,071	10,834,740	9,605,440
Grant from Province (Note 14)	56,652,224	60,427,863	60,520,506
	<u>101,593,360</u>	<u>114,600,873</u>	<u>104,096,271</u>
EXPENSES			
Direct program	40,031,668	40,611,715	35,810,648
Management and administrative services	32,895,477	26,935,948	26,806,761
Educational support	20,137,902	20,622,343	16,673,221
Contract training	6,832,468	4,600,796	5,207,019
Apprenticeship and cost recoveries	6,752,950	9,483,710	8,937,189
Cost of goods sold	2,168,433	1,973,541	2,042,197
	<u>108,818,898</u>	<u>104,228,053</u>	<u>95,477,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (7,225,538)</u>	<u>\$ 10,372,820</u>	<u>\$ 8,619,236</u>

APPENDICES

APPENDIX A:

PERFORMANCE MEASUREMENT FRAMEWORK

During 2022-23, NBCC was able to achieve a majority of its objectives, as measured by the performance measurement framework. In the final year of our strategic plan *Together We Rise*, the college achieved favourable results on five of the six key performance indicators. NBCC also achieved favourable results on four of the five performance indicators under *Welcome More Learners*. Despite improvements in the Financial Sustainability Index, NBCC was below target on all three measures under *Build our Capacity to Grow*. For measures that did not surpass year 6 targets, NBCC is conducting a review to determine contributing factors, and areas for improvement.

Item No.	Item Description	Baseline	2022-23 (Year 6) Target	2017-18 (Year 1) Results	2018-19 (Year 2) Results	2019-20 (Year 3) Results	2020-21 (Year 4) Results	2021-22 (Year 5) Results	2022-23 (Year 6)* Results
1. KEY PERFORMANCE INDICATORS									
1.1	Annual Graduation (%)	78.8%	79.0%	81.2%	80.7%	83.6%	78.7%	76.8%	84.6%
1.2	Graduate Satisfaction (%)	90.0%	90.0%	86.7%	84.1%	86.0%	86.0%	82.7%	82.0%
1.3	Overall Graduate Employment (%)	90.0%	90.0%	90.4%	90.9%	89.0%	91.0%	90.0%	92.0%
1.4	Graduate Employment in Related Field (%)	83.0%	83.0%	83.7%	83.4%	85.0%	82.0%	76.0%	84.0%
1.5	Student Retention (%)**	81.3%	83.0%	84.7%	81.6%	89.9%	87.5%	86.0%	86.0%
1.6	Graduate Employment in NB (%)	90.0%	90.0%	94.0%	91.9%	94.2%	93.8%	92.0%	93.0%
2. WELCOME MORE LEARNERS									
2.1	Total learners index	7,950	11,187	8,595	9,201	9,531	10,247	12,460	12,294
2.2	Recruitment index	-	33,850	36,823	37,398	40,421	42,753	53,299	58,253
	2.21 International Learners (#)	122	800	255	537	995	1,044	1,837	2,154
	2.22 Indigenous Learners (#)	174	235	182	285	292	306	293	295
2.3	Student satisfaction index	-	79.5%	-	77.7%	80.2%	75.1%	77.6%	79.3%
2.4	Student financial support index	711	1,477	1,137	1,273	1,781	1,368	1,649	1,717
2.5	Student services utilization index	-	12.0%	18.2%	14.4%	14.9%	14.2%	16.5%	7.9%
3. BUILD OUR CAPACITY TO GROW									
3.1	Employee engagement index	-	76.9%	-	-	73.5%	73.8%	74.3%	72.3%
3.3	Continuous Improvement Index	-	153.1	-	-	40	138	155	93
3.4	Financial Sustainability Index	-	24.3	10.1	12.9	17.7	22.5	23.4	23.5

NOTES:

* The 2022-23 figures of the Total Learner Index (2.1), Recruitment Index (2.2), International Learners, Indigenous Learners, Student Financial Support Index (3.1), Continuous Improvement Index (3.1), and Financial Sustainability Index (3.4) have been restated due to operational year realignment, running April to April.

** The 2021-22 Student Retention rate has been revised to 86% as it was recalculated due to updates to the graduation data.

APPENDIX B:

NBCC FULFILMENT OF 2022-2023 MANDATE LETTER

As part of the provisions of New Brunswick's Accountability and Continuous Improvement Act, NBCC receives an annual mandate letter from the Minister of Post-Secondary Education, Training and Labour (PETL) which outlines the expectations for the college for the coming year. The following table summarizes NBCC's progress related to the mandate outlined for 2022-2023.

<p>COVID-19 OPERATIONAL PLAN: A COVID-19 Operational Plan was developed in accordance with Public Health guidelines/directives, implemented and updated in a timely manner.</p> <p>2022-23 Results: While NBCC continues to support a number of voluntary mitigative options regarding COVID-19, the college followed Public Health's lead by lifting remaining mandatory COVID-19 measures on Monday, March 14, 2022 at 12:01 a.m.</p>	COMPLETE
<p>CLIMATE CHANGE STRATEGY: As per Action 4 of the 2016 <i>Transitioning to a Low Carbon Economy</i>, NBCC considers climate change in all decision-making, and assumes responsibility, as appropriate, for GHG reduction and climate change adaptation for specific economic sectors related to the college.</p> <p>Specifically, an implementation plan is put into action which includes key performance measures and concrete initiatives undertaken by NBCC in order to meet the Province's strategic commitment to achieving a low-carbon economy as outlined in the New Brunswick Climate Change Action Plan.</p> <p>2022-23 Results: NBCC's inaugural Climate Action Strategy was sent to the Minister of Post-Secondary Education, Training, and Labour on March 22, 2022. This strategy was developed through a college-wide consultation process with input from staff and student representatives. NBCC's implementation plan is on-track and ongoing.</p>	ON-TRACK AND ONGOING
<p>FIRST NATIONS INITIATIVES AND DUTY TO CONSULT: Work with the Department of Aboriginal Affairs through the Initiative Intake Process and with consultation staff to determine if the duty to consult obligation applies.</p> <p>2022-23 RESULTS: NBCC is coordinating with the Department of Aboriginal Affairs, regularly providing a list of First Nation initiatives to the Department. Through this coordination NBCC is well positioned to have DAA flag anything that might arise with respect to the Duty to Consult.</p>	ON-TRACK AND ONGOING

ACCOUNTABILITY AND TRANSPARENCY

MANDATES

2022-23 Annual Business Plan is submitted to Minister no later than December 31st, 2021	COMPLETE
2022-2023 Accountability Framework and Reporting Guide to Government is submitted to Minister no later than May 30, 2022	COMPLETE
2021-2022 Audited Financial Statements is submitted to Minister no later than June 30, 2022	COMPLETE
2021-22 Annual Report is submitted to the Minister no later than September 30, 2022	COMPLETE

