

ANNUAL REPORT

2020-2021

Our Vision

Transforming Lives and Communities

Our Purpose

We are a collaborative, learner-centred college – creatively contributing to social and economic prosperity through applied learning.

Our Values

Together We Rise not only by what we do, but also by how we do it.

We make a difference every day through a common set of values that guide our relationships, our decision-making, our actions, and our accountability.

We learn together to...

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



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MESSAGE FROM NBCC BOARD CHAIR

The annual report is an important part of the public accountability of New Brunswick Community College (NBCC) as a Crown corporation. The annual report provides clear accountability to the public and to the government, with emphasis on how NBCC is meeting its strategic commitments and its financial stewardship.

As the Chair of the Board of Governors, I am accountable for the preparation of the annual report but the report itself and the results contained within reflect the significant work and contributions of the entire NBCC team.

If the word for 2019-2020 was “pivot,” for 2020-2021, it was “perseverance.” NBCC navigated through a full academic and operational year which unfolded against the backdrop of a global pandemic. Faculty and staff across the College worked tirelessly to support student success in a new blended delivery model.

Despite the challenges 2020-2021 presented, NBCC remained focused on forward momentum. As indicated in Appendix A, we met or exceeded the Key Performance Indicators set out by government and continued to make progress on our college performance measures.

This report also demonstrates NBCC’s ongoing record of responsible financial management. The Financial Discussion and Analysis section of this report includes Key Financial Health Indicators which provide brief assessments of the overall financial health of the College. For 2020-21, 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.

I want to thank my fellow Governors for their leadership and governance over the past year. I especially want to thank Mary Butler and the senior team, along with the dedicated NBCC employees who have ensured NBCC is stronger and more resilient as we emerge from this pandemic.



Lindsay Bowman
Chair, NBCC Board of Governors

NBCC 2020-2021 BOARD OF GOVERNORS

Lindsay Bowman, Chair; Mark Flint, Vice-Chair; Jack Blackier; Lori Clark; Aynsle Croney; Mark Crowley; Kathryn Edwards; Rick Hancox; Catherine Lawrence; Tammy MacNeill; Kurtis Sisk; Jill Stairs; Justin Stoodley; Michael Walsh; Elizabeth Watters-Grey



MESSAGE FROM NBCC PRESIDENT & CEO

The year past was one that tested the mettle of everyone at NBCC, with ever-evolving public health guidance and new requirements, but it was also a year that revealed the incredible resilience of our learners, staff, and partners.

While the world around us was facing so much uncertainty, the team at NBCC adapted to keep us on the path to meeting our strategic goals. Many expected the pandemic would cause a decline in enrolment that would slow our progress toward our True North goal of 11,000 learners by 2022, and while there were challenges, the collective leadership efforts of staff across the College found new ways to reach learners and we actually exceeded our enrolment target for the year.

Early in the pandemic, we forecast three different enrolment scenarios and their budget implications. Based on the likely scenario, NBCC aggressively sought and identified \$4 million in in-year savings, including delaying some projects, to offset potential losses. The projected decrease in enrolment did not materialize, and revenue from tuition and fees came in on the original 2020-2021 target. Additionally, the realities of the ongoing pandemic delayed investments in a number of projects resulting in lower than projected spending. These factors, in combination with our planned in-year savings, resulted in a \$9 million excess of revenue over expenditures. We have reinvested this in capital and IT infrastructure to support our ongoing academic transformation, as well as in our accumulated operating surplus. These reinvestments are further detailed on page 12 of this report.

NBCC continues to manage the investment of public funds wisely, offering an excellent return on investment - the tax revenue generated by NBCC operations, and the taxes induced by NBCC graduates, exceed the Government of New Brunswick grant. NBCC remains an economic engine in New Brunswick, with a recent study indicating that NBCC’s 53,000-plus alumni boost provincial GDP by an estimated \$7.2 billion and support more than 70,000 jobs.*

NBCC graduates continue to find employment in their chosen fields, even as the global pandemic caused thousands of job losses in New Brunswick. NBCC’s graduate employment rate, one year after graduation, reached 91%, with 82% working in fields related to their training and 94% employed in New Brunswick, exceeding Key Performance Indicator targets established by the Government of New Brunswick.**

As we shake off the remnants of the COVID-19 pandemic, New Brunswick faces a new future with new opportunities for growth and resilience. NBCC stands poised to play a significant role in moving New Brunswick forward, with new opportunities for learners and employers through accelerated skills development, innovative delivery, and unprecedented reach



Mary Butler,
President and CEO

NBCC SENIOR EXECUTIVE TEAM

Mary Butler, President and CEO; Heather Allaby, Executive Director, Strategic and Integrated Engagement; Ann Drennan, VP Academic and Research; Tim Walker, VP Finance and Administration

* NBCC Economic Impact 2021, Stiletto Consulting

**2020 Survey of Graduates of 2019 of the New Brunswick Community College, Prairie Research Associates



I didn't just accumulate information and skills during my time in college, I adjusted my mentality and attitude, I changed everything. I am absolutely a different person after my time at NBCC.

DANIELA BUZATU, Class of 2021,
Administrative Professional:
French Second Language

Read more at NBCCStories.ca

KEY PERFORMANCE INDICATORS

79%

Annual Graduation Rate
2020-2021 Target 80%
Baseline 79% Benchmark 60%

91%

Annual Graduate Employment Rate
2020-2021 Target 90%
Baseline 90% Benchmark 80%

82%

Annual Graduate Employment Rate in Field Related to Training
2020-2021 Target 83%
Baseline 83% Benchmark 78%

94%

Annual Graduate Employment in New Brunswick
2020-2021 Target 90%
Baseline 90%

78%

Annual Student Retention Rate
2020-2021 Target 83%
Baseline 81% Benchmark 83%

86%

Annual Graduate Satisfaction Rate
2020-2021 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.

WELCOMING MORE LEARNERS

In 2017, NBCC set a True North goal of welcoming more than 11,000 learners annually by 2022. Despite the uncertainty caused by the COVID-19 pandemic and a projected decline in enrolment, NBCC exceeded its Year 4 target by 2.3%, welcoming more students than ever before. This is largely due to the collective leadership and perseverance of employees across the College, which resulted in a dramatic increase in professional and part-time learners as well as an increase in apprenticeship over the previous year.

ONE COLLEGE, SEVEN SCHOOLS

- Arts, Community & Protective Services
- Business, Hospitality & Tourism
- Engineering Technologies
- Health & Wellness
- Information Technology & Natural Resources
- Trades & Apprenticeship
- Professional and Part-time Learning

NBCC sought opportunities for community delivery, targeted programming for under-represented groups, and industry partnerships to provide fast, flexible, and relevant skills development. Micro-credentials for women, Indigenous learners, and those whose employment was interrupted by the pandemic provided reskilling opportunities for learners and a talent pipeline for industry.

The flexibility of NBCC's blended academic delivery model, in which students learned the theory of their programs virtually and attended campus for practical elements, made post-secondary education more accessible to many learners. For working New Brunswickers, parents of small children, and those who were geographically distant from campus, blended learning made their skills development possible.

2020-2021 WELCOMING MORE LEARNERS

306

Indigenous learners
2020-2021 Target: 190

Recruitment INDEX

33,850

2020-2021 Target 33,419

1,044

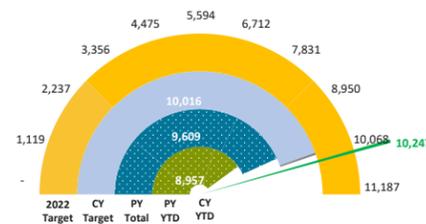
International learners
2020-2021 Target: 520

With everything that's going on in the world and the public health measures we're all working under, I think you always ask yourself, is it going to be worth it to go to school right now? But I think NBCC has done an amazing job. They're always there to answer questions, and I never once felt like I had been left stranded.

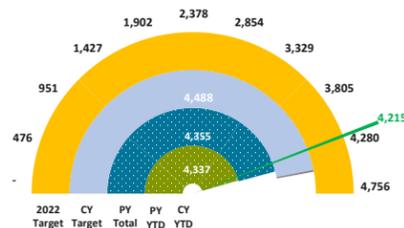
ELIZABETH HERD
Class of 2021, Heavy Equipment Service Technician

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

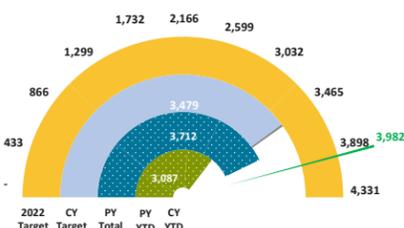
Total Learners



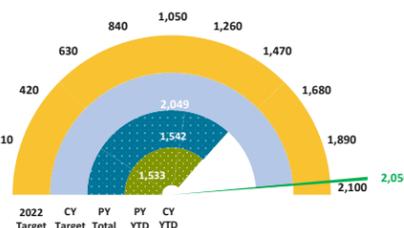
Government-Funded



Continuing Education



Apprenticeship



ENRICHING THE NBCC ADVANTAGE

In 2017, NBCC set out to enrich the NBCC Advantage by enhancing learners' skills development with experiences in community leadership, innovation, and entrepreneurship. Since then we have worked towards increasing opportunities for learners to participate in applied research projects, work-integrated learning, and entrepreneurial experiences.

As we enter the final year of five-year strategic plan, we are embarking on a journey to articulate the NBCC Advantage, or what sets our graduates apart in the workplace. We are examining the value-added impact our students and graduates have on, and in, communities.



It's always great to help people out and step up wherever you can. I try to do everything so my kids will be proud. That's what I use as my motivator.

RYAN CORCORAN
NBCC Alumnus and recipient of the 2021
Colleges and Institutes Canada Gold Leadership
Excellence Award

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



The NBCC programs provide a foundation for future Technicians which we can hire. Our growth depends on students who have completed the NBCC programs.

DAVID LOCKHART
Owner and president, of East Coast International (ECI). ECI donated two International Prostar, heavy-duty, Class 8 highway tractors to NBCC's Truck and Transport Technician program.

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

BUILDING OUR CAPACITY TO GROW

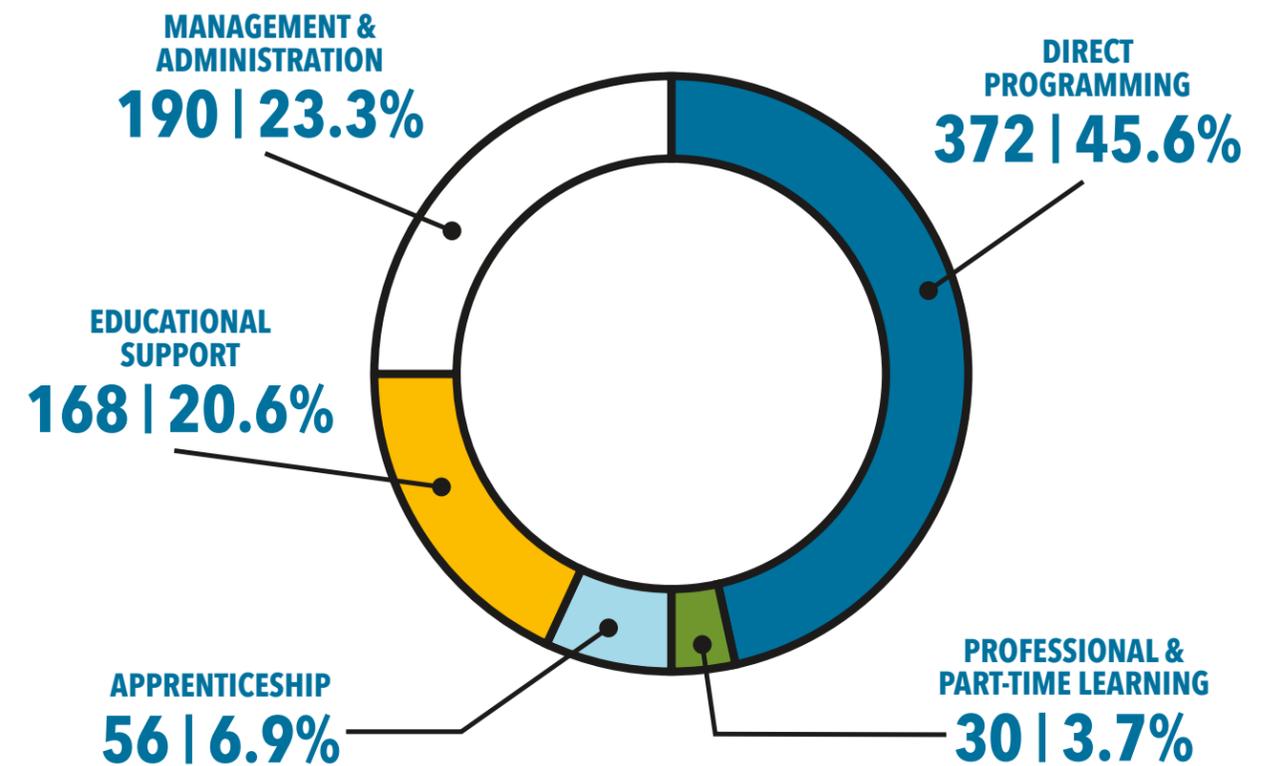
NBCC's strong financial stewardship continues to allow us to strategically reinvest in the people, processes, and resources that are key to building our capacity to grow.

Our Continuous Improvement index continues to increase, outpacing the target we had set for 2020-21 and realizing savings from Lean projects, including local purchasing, staff onboarding, student intake, and recognition of work experience in lieu of pre-requisites for mature learners.

As a College, our success rests with the skills, talents, and collective leadership of employees. Our commitment is to cultivate a work environment that engages employees, inspires performance, and attracts and retains the talent required to meet our strategic goals. We continue to enjoy high levels of employee engagement and, for the sixth year in a row, were honoured to be named one of Atlantic Canada's Top Employers in 2021. We are also proud of the vast array of professional development opportunities we have added in the past year, through our Employee and Family Assistance Provider Homewood Health and LinkedIn Learning, both of which offer virtual professional development sessions. As a result, we have seen greater participation rates in professional development activities, with a reduction in costs.

NBCC anticipates delivery of its first Strategic Facilities Master Plan later this year. The plan, which will inform how NBCC develops its facilities to sustainably meet the College's long-term strategic goals, will follow months of work with Educational Consulting Services to build a roadmap to the NBCC campus of the future.

NBCC EMPLOYEES



BUILDING OUR CAPACITY TO GROW

Employee Engagement INDEX

73.8%

2020-2021 Target 76.1%

Student Satisfaction INDEX

75.1%

2020-2021 Target 79.4%

Financial Sustainability INDEX

23%

2020-2021 Target 24%

If we place individuals and their wellbeing at the heart of recovery, our businesses, our communities, and our province will also thrive.

MARY BUTLER, President and CEO, NBCC

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

STRATEGIC & ACCOUNTABLE FINANCIAL MANAGEMENT

NBCC publishes annual, audited financial statements as part of our accountability as a publicly-funded Crown corporation. By managing our resources wisely and transparently, we are able to reinvest in strategic initiatives and priorities to move NBCC forward.

NBCC's forecasting in the early stages of the COVID-19 pandemic led to the development of three different enrolment scenarios and their budget implications. College leadership exercised financial prudence in identifying \$4 million in in-year savings for 2020-2021 to offset potential losses. Because the decrease in enrolment was significantly lower than forecast, revenue from tuition and fees met the original 2020-2021 target. NBCC's judicious planning for a worst-case scenario, combined with delayed investments in a number of reprioritized projects due to the ongoing pandemic, resulted in a \$9 million excess of revenue over expenditures. This has been strategically reinvested in NBCC's ongoing transformation as follows:

- \$1.8 million in carry forwards to complete work underway before the pandemic
- \$1 million to support IT infrastructure projects
- \$1 million capital investment
- \$1 million to complete the functional program and design work to strengthen a case for support for campus renewal in Saint John
- \$1 million to support the development of a mobile training unit
- \$4.1 million to the accumulated operating surplus, an increase of approximately \$1.1 million over what was originally budgeted.

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, 2021

FINANCIAL DISCUSSION & ANALYSIS

MARCH 31, 2021

EXECUTIVE SUMMARY

For the fiscal year ended March 31, 2021, 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 \$9.1M representing 10.0% of revenue. This compares to \$5.3M (or 5.8% of revenue) in prior year and comprises:
 - » Year-over-year increase in Revenues of \$0.8M (or 0.9%). This compares to a \$3.2M (or 3.7%) year-over-year increase in 2019-20; and,
 - » Year-over-year decrease in Expenses of \$3.0M (or 3.6%). This compares to a \$2.7M (or 3.2%) year-over-year increase in 2019-20.
- Excess of Revenues over Expenses resulted in an increase in Net Assets of \$9.1M also representing 10% of revenue. This resulted in:
 - » \$4.1M Increase in Accumulated Operating Surplus; and
 - » \$5.9M positive Change in net assets internally restricted for specific purposes.

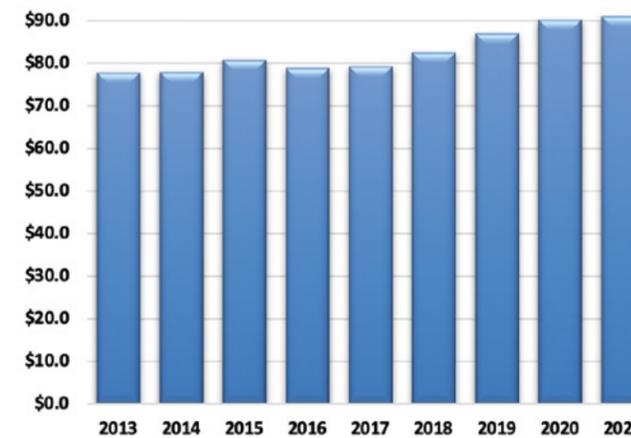
The above is partially offset by a decrease of \$0.4M in Net assets used to acquire capital assets and a \$0.5M increase in NBCC's Unfunded future employee benefits.
- Key Financial Health Indicators are currently positive and trending in a positive direction.

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)



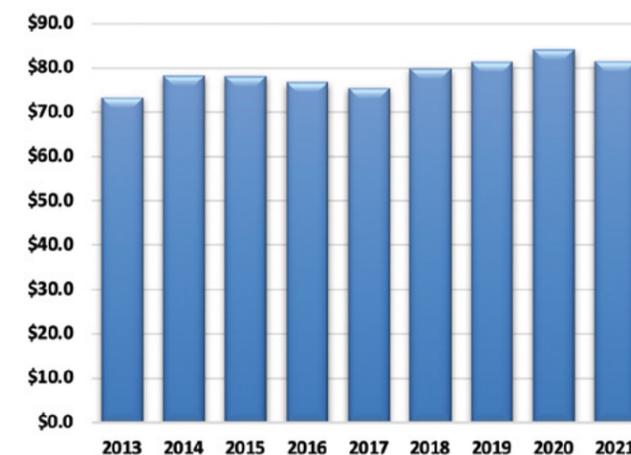
Revenues increased by \$0.8M (or 0.9%) in 2021. This is primarily attributed to increases over prior year in Grant from Province (\$0.8M or 1.4%) and Apprenticeship and cost recoveries (\$1.7M or 28.2%). The above is partially offset by decreases in Sales (\$1.1M or 29.0%) and Contract training (\$0.3M or 6.6%).

Trend: Revenues increased from \$77.9M in 2013 to \$91.1M in 2021 (representing an increase of \$13.2M and 17.0%).

This increase is primarily attributed to cumulative growth in Tuition and fees (i.e., \$8.1M) and Grant from Province (i.e., \$4.7M).

NBCC places significant reliance on revenues subject to provincial approval(s). Grant from Province comprises 61.6% of Revenues (representing an increase from 61.3% in prior year and a decrease from 66.1% in 2013). Tuition and fees, which are also subject to ministerial approval, comprise 21.1% of Revenues (representing a decrease from 21.3% in prior year and an increase from 14.3% in 2013).

EXPENSES (\$ MILLIONS)

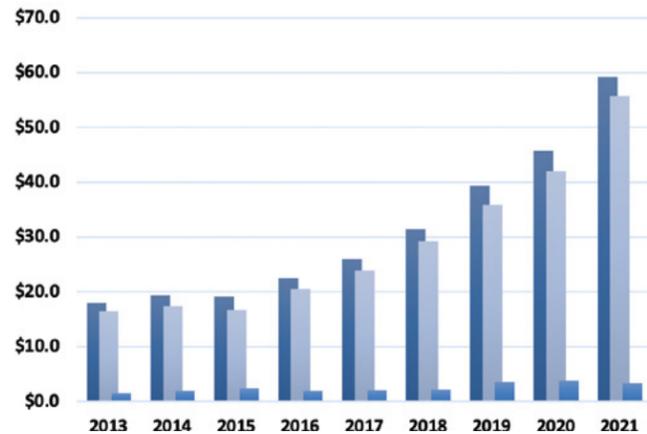


Expenses decreased by \$3.0M (or 3.6%) in 2021. This is primarily attributed to decreases over prior year in Services (\$2.2M or 22.2%); Supplies (\$1.2M or 25.7%); Cost of goods sold (\$0.5M or 24.9%); Repairs and maintenance (\$0.3M or 34.6%); and Small tools and equipment (\$0.2M or 8.7%). The above is partially offset by an increase in Salaries and benefits (\$1.4M or 2.1%).

Trend: Expenses increased from \$74.2M in 2013 to \$82.0M in 2021 (representing an increase of \$7.8M and 10.5%). While overall growth in expenses appear to be occurring at a rate lower than revenue growth it should be noted that 2021 expenses were lower than expected due to the impacts of COVID-19. Salaries and benefits comprised 78.4% of Expenses (74.0% in prior year and 72.7% in 2013) due to lower non-salary spending.

STATEMENT OF FINANCIAL POSITION

ASSETS (\$ MILLIONS)



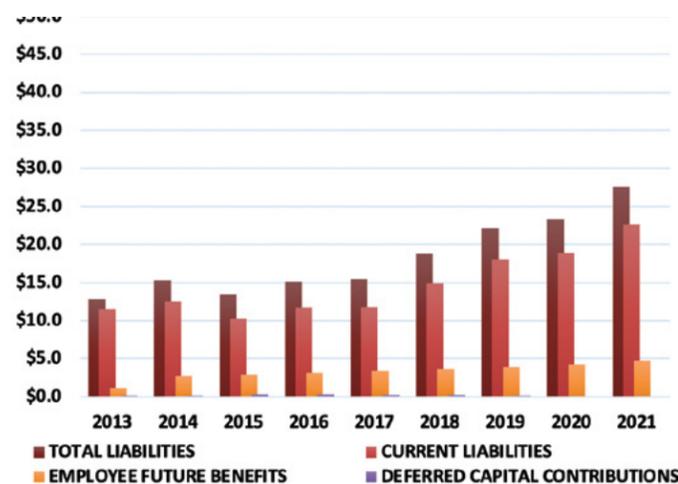
Assets increased by \$13.3M (or 29.1%) in 2021. This is attributed to an increase in Current Assets (i.e., \$13.8M) partially offset by a decrease in Capital Assets (i.e., \$0.5M).

Current Assets increase is attributed to higher Due from Province (i.e., \$14.6) partially offset by \$0.9M decrease in Accounts receivable.

Trend: Assets have increased consistently each year (i.e., from \$18.0M in 2013 to \$59.2M in 2021 representing an increase of \$41.2M and 228.8%) driven by positive cash flows from operations.

This is primarily attributed to cumulative increases in Due from Province (\$38.7M or 269.1%) and Capital Assets (\$1.9M or 121.3%).

LIABILITIES (\$ MILLIONS)



Liabilities increased by \$4.2M (or 18.1%) in 2021. This is primarily attributed to increases in Current Liabilities (i.e., \$3.8M) and Employee future benefits (i.e., \$0.5M).

Current Liabilities increase is primarily attributed to higher Accounts payable and accrued liabilities (i.e., \$2.1M) and Deferred revenue (i.e., \$1.1M); as well as higher Accrued salaries and benefits (i.e., \$0.5M) regarding one additional day in the final pay period and vacation pay resulting from lower vacation usage (i.e., COVID-19 impact).

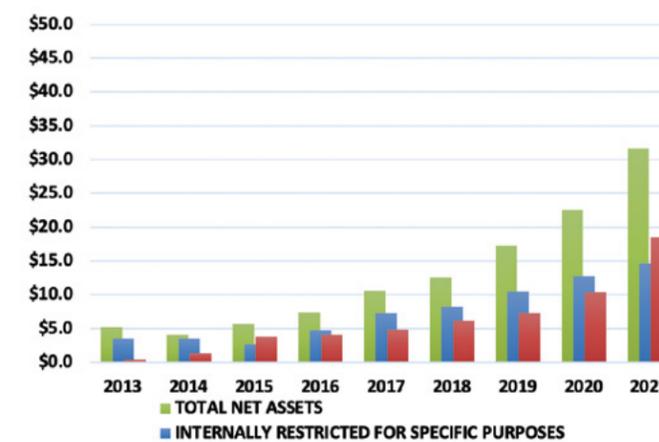
LIABILITIES (\$ MILLIONS), CONTINUED

Employee future benefits increased due to assumption updates for Sick Leave and WorkSafeNB liabilities as part of NBCC's tri-annual actuarial valuation which occurred at March 31, 2021.

Trend: Total liabilities have increased from \$12.8M in 2012-13 to \$27.5M in 2020-21 (representing an increase of \$14.7M and 115.3%). 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.

Employee future benefits have increased from \$1.2M in 2012-13 to \$4.7M in 2020-21 (representing an increase of \$3.6M and 306.8%). It should be noted that in 2012-13, the College's audited financial statements reflected only the future obligations arising from accumulated, non-vested sick leave as an employee future benefit (i.e., \$2.3M in 2020-21). Effective 2015, and in accordance with PSAS-NPO accounting standards, the College reflected the estimated future obligations for claims under WorkSafeNB as well (\$2.5M in 2020-21).

NET ASSETS (\$ MILLIONS)



NBCC's **Excess of Revenue over Expense** resulted in a **Net Assets** increase of \$9.1M (or 40.5%) in 2021. This increase supported growth in funds **Internally restricted for specific purposes** (i.e., \$5.9M) and **Accumulated operating surplus** (i.e., \$4.1M). These increases were partially offset by a decrease of \$0.4M in Net assets used to acquire capital assets and a \$0.5M increase in NBCC's **Unfunded future employee benefits**.

Trend: Net Assets increased from \$5.2M in 2013 to \$31.6M in 2021 (or \$26.4M and 507.4%).

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 2020-21, 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 \$9.1M (or 10.0%) in 2021.

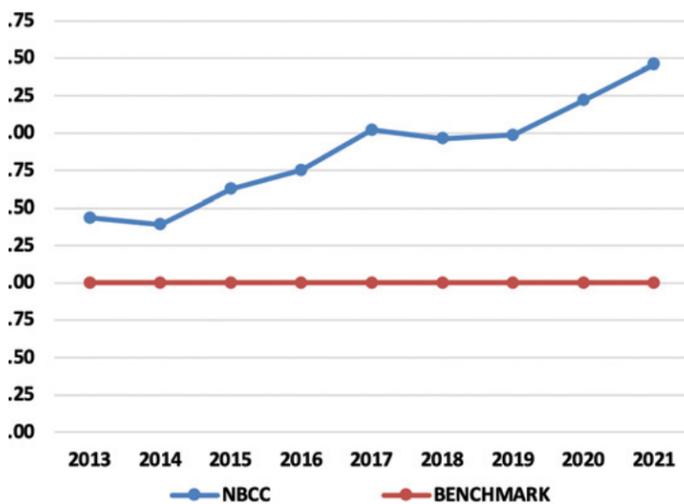
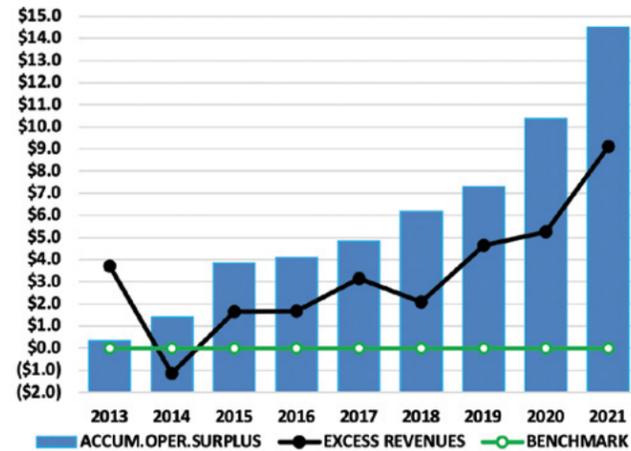
A benchmark of \$0 (i.e., breakeven) is typical as deficiencies may indicate a decline in financial health.

NBCC has experienced positive Excess Revenues in all but one fiscal year since inception including the last seven 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 \$0.3M in 2013 to \$14.5M in 2021.



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 2021 result of 2.5.

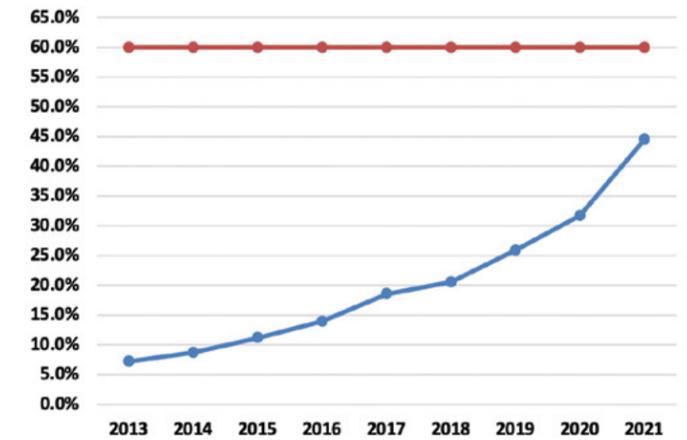
NET ASSETS TO EXPENSES RATIO

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, it is likely that NBCC will take several years to reach the 60% benchmark. Significant progress has been made, however, NBCC has steadily increased this ratio from 7.2% in 2013 to 44.5% in 2021.

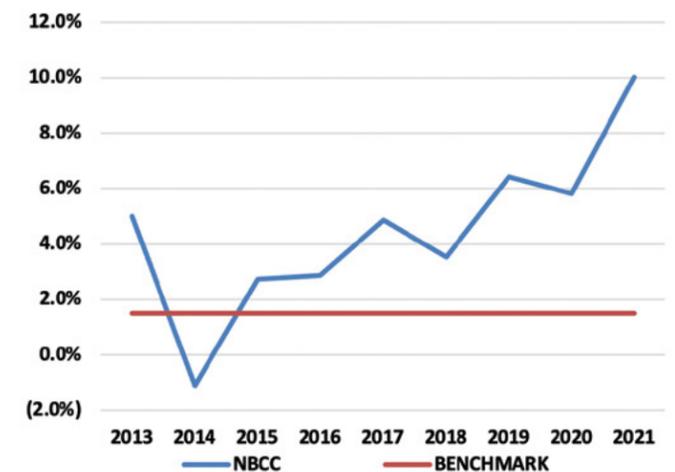


EXCESS (DEFICIENCY) TO REVENUES RATIO

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 10.0% in 2021, and has consistently achieved greater than 1.5% with the exception of 2014.



DEFERRED MAINTENANCE & REPAIRS

Maintenance and repair activities are directed towards keeping capital assets in an acceptable operating condition. Such activities may include preventative maintenance, replacement of parts, systems or major components as well as activities which preserve capital assets.

Deferred maintenance and repairs ('deferred maintenance') are those maintenance and repair activities which were not performed during prior fiscal periods as required or scheduled, usually due to financial constraints, but which remain outstanding in order 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 approximately 126,500 m² 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 order to gain context, NBCC engaged a non-invasive assessment of facilities in September 2014. This report originally identified over \$25M in Priority 1¹ projects and did not include the areas which were already subject to regular DTI inspection, such as roofing. While NBCC updates significant priority projects as they arise for assumptions regarding inflation and detail, this list continues to form the basis of our estimated deferred maintenance².

It is important to note that aging infrastructure and equipment remain one of only four reportable risks (due to its evaluation as a "high or extreme risk") on NBCC's Risk Register for 2021-22 due to the fact that "continued deterioration of major systems and infrastructure could affect program quality, student/staff experience and enrolments (effect)."

Through PETL, NBCC annually requests a capital grant to address deferred maintenance. For 2020-21, NBCC submitted a request for \$7.0M in Priority 1 projects. NBCC received PETL approval for \$2.3M in 2021-22 (having received \$2.4M in the prior year). It is important to note that amounts and projects approved by PETL are administered by DTI and do not represent Revenues or Expenses of the College and therefore do not appear in our audited financial statements.

In addition to PETL-funded projects, NBCC is committed to budgeting up to 2.5% of annual revenue toward capital repairs and maintenance- which is expected to help address deferred maintenance. NBCC has steadily increased this percentage over recent years and continues to progress toward this target. In 2020-21, NBCC budgeted \$3.4M (or 3.7% of budgeted Revenues) toward such capital projects. Due to the unknown impact of the COVID-19 pandemic on NBCC's financial sustainability, \$1M of that budget was held unspent during 2020-21 and is being returned to capital repairs and maintenance in 2021-22 as Net assets internally restricted for specific purposes (see Note 9).

In 2020-21, approximately \$1.6M was primarily expended on repairs and maintenance comprising \$750K of Transfer of assets to Province (Note 14); \$575K of Repairs and maintenance; and \$100K of Supplies. Collectively, these amounts represent spending of 1.8% of Revenues.

FINANCIAL STATEMENTS

MARCH 31, 2021

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.
2. In 2021, an updated facilities assessment was initiated to inform NBCC's developing Strategic Facilities Master Plan. This work will be completed by October 2021 and will inform NBCC's 2023-24 Capital Budget Submission.



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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.



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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.

Auditors' 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 auditors' 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.



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- 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 auditors' 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 auditors' 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.

Chartered Professional Accountants

Fredericton, Canada

June 10, 2021

STATEMENT OF FINANCIAL POSITION

	2021	2020
ASSETS		
Current Assets		
Cash (Note 2c)	\$ 15,525	\$ 16,725
Due from Province (Note 2c)	53,126,133	38,483,491
Accounts receivable (Note 3)	1,208,337	2,082,180
Inventories (Note 4)	942,413	940,056
Prepaid expenses	499,656	474,683
	<u>55,792,064</u>	<u>41,997,135</u>
Capital Assets (Note 5)	3,385,351	3,845,379
	<u>\$ 59,177,415</u>	<u>\$ 45,842,514</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 6,681,555	\$ 4,533,210
Accrued salaries and benefits	6,208,583	5,685,429
Deferred revenue (Note 6)	9,774,268	8,682,540
	<u>22,664,406</u>	<u>18,901,179</u>
Long Term Liabilities		
Deferred capital contributions (Note 7)	147,763	178,225
Employee future benefits (Note 8)	4,729,500	4,247,400
	<u>4,877,263</u>	<u>4,425,625</u>
	<u>27,541,669</u>	<u>23,326,804</u>
NET ASSETS		
Invested in capital assets	3,237,588	3,667,154
Internally restricted for specific purposes (Note 9)	18,608,465	12,732,516
Unfunded employee future benefits (Note 8)	(4,729,500)	(4,247,400)
Accumulated operating surplus	14,519,193	10,363,440
	<u>31,635,746</u>	<u>22,515,710</u>
	<u>\$ 59,177,415</u>	<u>\$ 45,842,514</u>

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

Lindsay Bowman
Board Chair, Board of Governors

Mary Butler
President and CEO

STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED OPERATING SURPLUS

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Grant from Province (Note 14)	\$ 55,794,035	\$ 56,149,917	\$ 55,367,645
Tuition and fees	19,216,187	19,220,095	19,252,868
Sales	3,753,746	2,724,042	3,838,721
Apprenticeship and cost recoveries (Note 14)	5,715,329	7,848,646	6,120,410
Contract training	5,185,610	3,949,926	4,231,089
Applied research	900,000	780,335	926,613
Other grants	212,000	306,369	269,701
Amortization of deferred capital contributions (Note 7)	115,000	64,963	83,726
Other (Note 11)	77,715	70,450	174,133
	<u>90,969,622</u>	<u>91,114,743</u>	<u>90,264,906</u>
EXPENSES			
Salaries and benefits	66,639,065	64,300,480	62,947,438
Services	13,243,107	7,862,690	10,105,623
Supplies	5,210,784	3,436,308	4,625,425
Cost of goods sold	2,168,433	1,638,304	2,181,317
Small tools and equipment	3,943,696	1,979,429	2,167,208
Amortization of capital assets	980,000	1,074,763	1,002,377
Repairs and maintenance	1,282,439	575,110	879,088
Transfer of assets to Province (Note 14)	-	750,000	389,768
Grants and payments	216,920	274,074	389,794
Bank fees and miscellaneous	50,483	39,936	60,559
Bad debt	74,000	13,664	188,510
Inventory obsolescence and adjustments	66,200	49,949	76,802
	<u>93,875,127</u>	<u>81,994,707</u>	<u>85,013,909</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (2,905,505)	\$ 9,120,036	\$ 5,250,997
Changes in accumulated operating surplus			
Net assets used to acquire capital assets (Note 10)	136,000	429,566	(323,078)
Change in net assets internally restricted for specific purposes	3,076,005	(5,875,949)	(2,223,948)
Unfunded future employee benefits	(306,500)	482,100	348,000
	<u>\$ -</u>	<u>\$ 4,155,753</u>	<u>\$ 3,051,971</u>
INCREASE IN ACCUMULATED OPERATING SURPLUS			

STATEMENT OF CHANGES IN NET ASSETS

	2021				Total	2020
	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	\$ 10,363,440	\$ 3,667,154	\$ 12,732,516	\$ (4,247,400)	\$ 22,515,710	\$ 17,264,713
Changes during the year						
Excess (deficiency) of revenues over expenses	10,303,458	(429,566)	(271,756)	(482,100)	9,120,036	5,250,997
Transfer to Internally Restricted for Specific Purposes	(6,147,705)	-	6,147,705	-	-	-
Net change during the year	4,155,753	(429,566)	5,875,949	(482,100)	9,120,036	5,250,997
NET ASSETS (LIABILITIES), END OF YEAR	\$ 14,519,193	\$ 3,237,588	\$ 18,608,465	\$ (4,729,500)	\$ 31,635,746	\$ 22,515,710

STATEMENT OF CASH FLOWS

	2021	2020
Operating Activities		
Excess of revenue over expense	\$ 9,120,036	\$ 5,250,997
Add (deduct) non-cash items		
Amortization of capital assets	1,074,763	1,002,377
Amortization of deferred capital contributions	(64,963)	(83,726)
Bad debt	13,664	188,510
Inventory obsolescence and adjustments	49,949	76,802
Employee future benefits	482,100	348,000
	<u>1,555,513</u>	<u>1,531,963</u>
Add (deduct) changes in non-cash working capital		
Accounts receivable	860,179	810,961
Inventories	(52,306)	(188,786)
Prepaid expenses	(24,973)	(148,691)
Accounts payable and accrued liabilities	2,148,345	(1,366,311)
Accrued salaries and benefits	523,154	1,037,502
Deferred revenue	1,091,728	1,192,025
	<u>4,546,127</u>	<u>1,336,700</u>
Add (deduct) capital activities		
Acquisition of capital assets	(580,234)	(1,241,729)
	<u>(580,234)</u>	<u>(1,241,729)</u>
INCREASE TO CASH AND CASH EQUIVALENTS	14,641,442	6,877,931
Add: Cash and cash equivalents, beginning of year	\$ 38,500,216	\$ 31,622,285
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 53,141,658</u>	<u>\$ 38,500,216</u>
CASH AND CASH EQUIVALENTS REPRESENTED ON STATEMENT OF FINANCIAL POSITION BY:		
Cash (Note 2c)	\$ 15,525	\$ 16,725
Due from Province (Note 2c)	53,126,133	38,483,491
Cash and cash equivalents, end of year	<u>\$ 53,141,658</u>	<u>\$ 38,500,216</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 (e.g. Grant from Province) is recognized in the period when received or receivable. Unrestricted operating grant received for a future period is reported as unearned (i.e. deferred) revenue.
- Externally restricted operating grants (e.g. research or other special purpose funding) and capital contributions are deferred until the period that the expenditure occurs. Externally restricted amounts may only be used for purposes designated by the funder.

Contributions restricted for the purchase of capital assets 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 and cost recoveries, 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 are reported as unearned (i.e. deferred) revenue.

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.

NOTES TO FINANCIAL STATEMENTS

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. See Note 7 for donated capital assets recorded as deferred capital contributions during the period. 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.

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

NOTES TO FINANCIAL STATEMENTS

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 \$4,015,474 in 2021 (\$3,760,614 in 2020).

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.

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;

NOTES TO FINANCIAL STATEMENTS

- Useful life of capital assets;
- Accrued liabilities related to sick leave obligation;
- Accrued liabilities related to WorkSafeNB obligation; and,
- Deferred revenue.

3. ACCOUNTS RECEIVABLE

	2021	2020
Tuition and fees	\$ 605,753	\$ 943,122
Organizations other than the Province	521,166	504,387
Province	92,573	826,542
Advances and other	157,816	37,889
ACCOUNTS RECEIVABLE (GROSS)	1,377,308	2,311,940
Allowance for doubtful accounts	(168,971)	(229,760)
ACCOUNTS RECEIVABLE (NET)	\$ 1,208,337	\$ 2,082,180

Accounts Receivable (Gross) comprises the following categories:

	Tuition and fees	Organizations other than the Province	Province	Advances and other	Total
0-30 days	\$ 132,086	\$ 416,688	\$ 92,573	\$ 157,816	\$ 799,163
31-60 days	573	31,110	-	-	31,683
61-90 days	293,992	340	-	-	294,332
91-180 days	1,925	-	-	-	1,925
181-360 days	103,178	1,165	-	-	104,343
361+ days	73,999	-	-	-	73,999
Other adjustments	-	71,863	-	-	71,863
Accounts Receivable (Gross)	\$ 605,753	\$ 521,166	\$ 92,573	\$ 157,816	\$1,377,308
Allowance for doubtful accounts	(168,971)	-	-	-	(168,971)
Accounts Receivable (Net)	\$ 436,782	\$ 521,166	\$ 92,573	\$ 157,816	\$1,208,337

At March 31, 2021, other adjustments include \$100,818 in credits receivable from vendors of the College partially offset by \$28,955 in amounts related to sponsored students.

NOTES TO FINANCIAL STATEMENTS

4. INVENTORIES

	2021	2020
Textbooks for resale	\$ 759,913	\$ 717,043
Stationery and supplies for resale	107,946	132,276
Clothing and other items for resale	74,554	90,737
INVENTORIES	\$ 942,413	\$ 940,056

5. CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	\$ 1,327,515	\$ 1,090,214	\$ 237,301	\$ 352,632
Furniture and equipment	9,830,728	6,682,678	3,148,050	3,492,747
	\$11,158,243	\$ 7,772,892	\$ 3,385,351	\$ 3,845,379

6. DEFERRED REVENUE

	2021	2020
Student tuition	\$ 4,301,272	\$ 4,745,703
Confirmation fees	1,701,273	1,056,330
Student development grants	1,741,015	1,027,234
Contract training	623,675	676,866
Applied research	1,028,070	661,733
Technology and learning resource fee	289,449	313,873
Other	89,514	200,801
DEFERRED REVENUE	\$ 9,774,268	\$ 8,682,540

NOTES TO FINANCIAL STATEMENTS

7. DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
Deferred capital contributions, beginning of year	\$ 178,225	\$ 159,853
Contributions during the year	34,501	102,098
Amortization during the year	(64,963)	(83,726)
DEFERRED CAPITAL CONTRIBUTIONS, end of year	\$ 147,763	\$ 178,225

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. The liabilities are based on valuations of the expected future utilization of the accumulated sick leave benefit as March 31, 2021. The accrued sick leave obligation and the expense related to the accrued sick leave obligation are as follows:

	2021	2020
Accrued sick leave obligation, beginning of year	\$ 2,013,800	\$ 1,771,000
Expense related to accrued sick leave obligation:		
Current period benefit cost	422,900	409,000
Amortization of actuarial losses	153,200	152,400
Sick leave benefit interest expense	79,900	79,600
	<u>656,000</u>	<u>641,000</u>
Employer benefit payments	(415,600)	(398,200)
ACCRUED SICK LEAVE OBLIGATION, END OF YEAR	\$ 2,254,200	\$ 2,013,800

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:	2.80% 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, 2020:

Number employees:	804	Average age of employees:	50.1 years	Discount rate:	2.80% per annum
Expected Average Remaining Service Life of employees:	10 years	Average service of employees:	10.3 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. The liability is based on valuations of the benefits administered under the Workers Compensation Act as of March 31, 2021. The accrued WorkSafeNB obligation and the expense are as follows:

	2021	2020
Accrued WorkSafeNB obligation, beginning of year	\$ 2,233,600	\$ 2,128,400
Expense related to accrued WorkSafeNB obligation:		
Current period benefit cost	382,400	362,100
Amortization of actuarial losses (gains)	15,800	5,700
WorkSafeNB benefit interest expense	68,400	63,300
	466,600	431,100
Employer benefit payments	(224,900)	(325,900)
ACCRUED WORKSAFENB OBLIGATION, END OF YEAR	\$ 2,475,300	\$ 2,233,600

Annual claim payments are expensed by the College and are included in salaries and benefits in the Statement of Operations. 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	1.6% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	2.8% 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, 2020:					
Inflation	1.20% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	2.80% per annum
Inflation on Medical Aid:	4.25% per annum	Average age of Extended Wage Loss Benefits in Pay:	60.65 years	Assumed average age at Accident	39 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:

	2021	2020
Executive Director Strategic and Integrated Engagement		
Enrolment Management	\$ 296,714	\$ 336,479
Strategic Partnerships	45,236	47,423
Marketing and Creative Services	15,500	-
	357,450	383,902
President and CEO Advancement	542,752	685,523
Vice-President Academic and Research		
Academic Planning and Evaluation	1,843,384	1,977,632
Professional and Part-time Learning	1,326,822	762,073
Academic Development	1,107,223	430,221
Research, Innovation and Experiential Learning	551,934	721,187
Student Development	369,566	319,853
School of Trades	173,642	156,030
School of Engineering Technologies	112,465	2,007
School of Business, Hospitality and Tourism	100,048	19,390
School of Information Technology and Natural Resources	54,233	5,705
School of Arts, Community and Protective Services	17,895	38,678
School of Health and Wellness	2,133	1,911
	5,659,345	4,434,687
Vice President Finance and Administration		
Facilities and Ancillary Services	4,784,015	2,461,692
Information Technology	2,697,492	1,090,844
Capital Investment Fund	2,000,000	1,000,000
Strategic Initiative Fund	1,186,207	1,427,778
College-wide Contingency	1,000,000	1,000,000
Employee Engagement and Culture	119,524	119,524
Operational Excellence	103,547	-
Finance	71,218	128,566
All other	86,915	-
	12,048,918	7,228,404
Net assets internally restricted for specific purposes	\$ 18,608,465	\$ 12,732,516

NOTES TO FINANCIAL STATEMENTS

10. NET ASSETS INVESTED IN CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Capital assets (net book value) (Note 5)	\$ 3,385,351	\$ 3,845,379
Capital assets funded from capital contributions (Note 7)	(147,763)	(178,225)
NET ASSETS INVESTED IN CAPITAL ASSETS	\$ 3,237,588	\$ 3,667,154

The change in Net Assets Invested in Capital Assets comprises:

	<u>2021</u>	<u>2020</u>
Capital asset additions (net of donated assets):		
Additions per Statement of Cash Flows	\$ 580,234	\$ 1,241,729
Other:		
Amortization of capital assets	(1,074,763)	(1,002,377)
Amortization of deferred capital contributions	64,963	83,726
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS	\$ (429,566)	\$ 323,078

11. OTHER REVENUE

	<u>2021</u>	<u>2020</u>
Facility and related rentals	\$ 28,935	\$ 54,601
Other	41,515	119,532
	<u>\$ 70,450</u>	<u>\$ 174,133</u>

NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS

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

	<u>2021</u>	<u>2020</u>
2020-21	\$ -	\$ 893,541
2021-22	1,236,601	479,885
2022-23	636,059	373,379
2023-24	387,495	349,686
2024-25	344,279	318,153
2025-26	304,917	-
	<u>\$ 2,909,351</u>	<u>\$ 2,414,644</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

d. Impact of coronavirus COVID-19 pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of this, on March 19, 2020, the government of New Brunswick’s Minister of Public Safety issued a Mandatory Order declaring a State of Emergency. This Mandatory Order is renewed frequently by the Minister to reflect evolving conditions and mitigating measures. In addition, the Canadian and provincial government have imposed travel restrictions to Canada and New Brunswick on several occasions which impact both staff and students.

In response to the Mandatory Order of March 19, 2020 (which stated that schools, colleges, universities and private schools must be closed to students but that online course delivery may continue), the College closed its facilities to the public, students and employees (except those required for the maintenance or repair of critical physical or technology infrastructure). These restrictions have evolved considerably during the fiscal year and current guidance for the ‘yellow’ and ‘orange’ alert levels indicate “post-secondary educational institutions may operate” while meeting or exceeding guidelines issued by the provincial Department of Public Safety and WorkSafeNB. Within the ‘red’ alert levels of recovery, post-secondary institutions may continue to operate “in-person for all practical programs” with the expectation of virtual delivery for other instruction. Only during a ‘lockdown’ alert level is instruction at post-secondary institutions limited solely to virtual delivery.

During all alert levels, NBCC is permitted to admit employees (while meeting or exceeding guidelines issued by the provincial Department of Public Safety and WorkSafeNB) to its facilities in order to support online/remote delivery of courses.

A significant number of employees continue to work from home. The College’s instructional plan for the fall semester will be between 40-80% blended delivery (dependent on the specific needs of each program). Professional and Part-time learning opportunities during the summer and fall will also respect guidelines for any face-to-face instruction contracted by third parties.

COVID-19 could have implications on future enrolment and therefore tuition and ancillary revenues. A significant portion of the College’s tuition revenues is derived from international students. Federal and provincial travel restrictions and quarantine/isolation protocols may influence the recruitment and/or retention of students. In the coming fiscal year, NBCC retains flexibility to withdraw one-time spending allocations (such as capital project funding), access \$1 Million in college-wide contingency (see Note 9) or Accumulated Operating Surplus to counter these short-term impacts should they occur.

Management continues to actively monitor the effect on its financial condition, liquidity, operations, suppliers, and employees. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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.

NOTES TO FINANCIAL STATEMENTS

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:

- \$56,149,917 in grants from the Province (\$55,367,645 in 2020);
- \$7,848,646 in revenues from departments of the Province regarding Apprenticeship and cost recoveries (\$6,120,410 in 2020).

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,
- Payroll and financial system services.

During the period, the College transferred \$750,000 (\$389,768 in 2020) 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, 2021 total \$92,573 (\$826,542 in 2020) 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.

b. Collective bargaining

The College is party to five collective agreements expired on or before March 31, 2021. 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. 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

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Tuition and fees	\$ 19,216,187	\$ 19,220,095	\$ 19,252,868
Contract training	5,185,610	3,949,926	4,231,089
Sales	3,753,746	2,724,042	3,838,721
Applied research	900,000	780,335	926,613
Other grants	212,000	306,369	269,701
Other (Note 7 and Note 11)	192,715	135,413	257,859
	<u>29,460,258</u>	<u>27,116,180</u>	<u>28,776,851</u>
Apprenticeship and cost recoveries (Note 14)	5,715,329	7,848,646	6,120,410
Grant from Province (Note 14)	55,794,035	56,149,917	55,367,645
	<u>90,969,622</u>	<u>91,114,743</u>	<u>90,264,906</u>
EXPENSES			
Direct program	\$ 34,911,206	\$ 33,317,087	\$ 33,406,672
Educational support	16,870,856	14,248,131	15,120,024
Management and administrative services	28,661,799	22,579,444	24,327,784
Apprenticeship and cost recoveries	5,352,033	5,742,821	5,011,162
Contract training	5,910,800	4,468,920	4,966,950
Cost of goods sold	2,168,433	1,638,304	2,181,317
	<u>\$ 93,875,127</u>	<u>\$ 81,994,707</u>	<u>\$ 85,013,909</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ (2,905,505)</u>	<u>\$ 9,120,036</u>	<u>\$ 5,250,997</u>

APPENDICES

APPENDIX A:

PERFORMANCE MEASUREMENT FRAMEWORK

	Item	2015-16 Baseline	2021-22 (Year 5) Target	2017-18 (Year 1) Results	2018-19 (Year 2) Results	2019-20 (Year 3) Results	2020-21 (Year 4) Target	2020-21 (Year 4) Results
1. KEY PERFORMANCE INDICATORS								
1.1	Annual Graduation (%)	78.8%	79.0%	81.2%	80.7%	83.6%	80.0%	78.7%
1.2	Graduate Satisfaction (%)	90.0%	90.0%	86.7%	84.1%	86.0%	90.0%	86.0%
1.3	Overall Graduate Employment (%)	90.0%	90.0%	90.4%	90.9%	89.0%	90.0%	91.0%
1.4	Graduate Employment in Related Field (%)	83.0%	83.0%	83.7%	83.4%	85.0%	83.0%	82.0%
1.5	Student Retention (%)	81.3%	83.0%	84.7%	81.6%	89.9%	83.0%	78.2%
1.6	Graduate Employment in NB (%)	90.0%	90.0%	94.0%	91.9%	94.2%	90.0%	93.8%
2. WELCOME MORE LEARNERS								
2.1	Total Learners Index	7,950	11,187	8,683	9,361	9,609	10,016	10,247
2.2	Recruitment Index	-	33,850	36,823	37,398	40,421	33,419	42,753
	2.21 International Learners (#)	122	-	255	537	995	-	1044
	2.22 Indigenous Learners (#)	174	-	182	285	292	-	306
2.3	Student Satisfaction Index	-	79.5%	-	77.7%	80.2%	79.4%	75.1%
2.4	Student Financial Support Index	711	1,477	1,137	1,273	1,781	1,310	1,368
2.5	Student Services Utilization Index	-	12.0%	18.2%	14.4%	14.9%	9.3%	14.2%
3. BUILD OUR CAPACITY TO GROW								
3.1	Employee Engagement Index	-	76.9%	-	-	73.5%	76.1%	73.8%
3.2	Professional Development Investment (%)	0.6%	1.0%	0.7%	0.9%	0.6%	0.9%	0.3%
3.3	Continuous Improvement Index	-	179	-	-	40	112	138
3.4	Financial Sustainability Index	-	24.3	10.1	12.9	17.7	21.2	23.0

By aligning resources to better serve its learners and communities, NBCC's Quest for Continuous Improvement is moving the College closer to its priority initiatives, to identify and implement a continuous improvement approach to further our strategic goals.

APPENDIX B:

NBCC FULFILMENT OF 2020-2021 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 Postsecondary 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 2020-2021.

NBCC-SPECIFIC EXPECTATIONS	STATUS
<p>MANDATE</p> <p>NBCC will provide world-class education in support of an energized private sector by accelerating the transformation of programs and services to meet the identified needs of the labour market. This includes accelerating the implementation of educational programs and courses that maximize flexibility in duration, content, entry requirements, methods of delivery and instructional approaches. NBCC will collaborate with government to develop a more timely and responsive practice of program approvals consistent with Section 20 of the New Brunswick Community Colleges Act.</p> <p>2020-2021 Results: In 2020, NBCC moved to a school-based structure as a foundation for future innovations to support greater flexibility for learners; enable us to better meet the needs of the labour market; strengthen our presence as a provincial institution and allow us to continuously improve our academic programming. These schools and their programming are aligned to the economic sectors in New Brunswick.</p> <p>The vast majority of employed NBCC graduates work in New Brunswick (94%) and most are working in fields related to their education (90%), which suggests good matches between NBCC programming and in-demand skills.</p> <p>Professional and Part-time Learning enrolment increased 14.5% in 2020-2021 compared to 2019-2020 indicating the important role of continuing education in reskilling and upskilling New Brunswick's workforce.</p> <p>NBCC has collaborated with PETL and CCNB on the Joint Workforce Development Initiative which has resulted in the development of new skills training opportunities across numerous sectors including trades, social services, hospitality and tourism, early childhood education, aquaculture and business. Numerous other collaborations are underway including essential skills pathways from high schools and community deliveries in First Nations.</p>	ON-TRACK AND ONGOING
<p>NBCC will welcome more learners to grow the labour force by reducing institutional and occupational barriers impeding the participation of prospective and current learners, particularly among mature learners, immigrants and newcomers, individuals who are "non-completers" and/or have transferred from another post-secondary institution, and individuals living in rural and/or remote communities. Government will collaborate with NBCC initiatives which support its commitment to serving more learners through greater flexibility and student-focus.</p> <p>2020-2021 Results: Between 2015-2016 and 2019-20, NBCC's enrolment grew by 20 per cent, driven by significant growth in professional and part-time learning (47.9%) as well as a 14 per cent increase in government-funded programs. While we initially projected a steep decrease in 2020-21 enrolment in government-funded programs based on pandemic impacts, the college actually exceeded its 2020-2021 enrolment target by 2.3% through a significant increase in professional and part-time learning. NBCC continues to expand its reach, prioritizing learners from under-represented groups who have not traditionally participated in post-secondary education at NBCC: mature learners; rural and remote learners; immigrants and newcomers; and non-completer and transfer learners.</p>	ON-TRACK AND ONGOING

NBCC will continue to enrich the NBCC Advantage to inspire a new generation of problem-solvers, entrepreneurs and community connectors. Through investments and initiatives in applied research, entrepreneurship and community leadership, NBCC will continue to contribute to vibrant communities.

2020-2021 Results: While the public health guidelines related to the pandemic created challenges for some of our in-person activities and projects, NBCC has adapted to provide safe service learning opportunities, virtual entrepreneurship development sessions and applied research projects. In fact, some of our recent applied research projects specifically responded to the pandemic including supporting the production of PPE and developing apps to help navigate line-ups related to occupancy limits in stores.

ON-TRACK AND ONGOING

NBCC has demonstrated good stewardship of taxpayers' funding, and tuition fees from students, as reflected by budget surpluses over each of the last five years. I expect NBCC to continue to be a leader in accountability, governance and stewardship as part of an affordable and sustainable government.

2020-2021 Results: As outlined in our annual audited financial statements, NBCC has achieved an Excess of Revenues over Expenses for the last seven consecutive years (and eight of nine years since our initial financial statements as a Crown corporation in 2012-2013). NBCC continues to earmark a portion of its Excess of Revenues over Expenses toward investments that support the achievement of its strategic objectives. Instead of requesting additional support from the government and taxpayers, NBCC has deployed these investments as multi-year funding in support of major academic model and program redesign, related information technology and equipment, deferred maintenance of physical infrastructure, NBCC's first fundraising campaign and implementation of an ongoing approach for continuous improvement.

ON-TRACK AND ONGOING

NBCC will continue to build its capacity to grow as a high-performing organization through investments in its workforce particularly related to change leadership and serving diverse learner needs.

2020-2021 Results: Significant professional development opportunities have been provided throughout recent months related to serving learners in a new virtual environment and managing the significant changes in our work. In addition to offering well-attended weekly professional development sessions for faculty to support the new virtual learning environment, NBCC offered 22 sessions with Homewood Health to support managers and their teams in navigating these changing environments. Nearly 100 employees participated in these sessions on average. Additionally, 222 NBCC employees have participated in LinkedIn Learning sessions as part of NBCC's partnership with the company.

ON-TRACK AND ONGOING

Accountability and Transparency

MANDATE	STATUS
NBCC's 2020-2021 annual business plan is submitted to Minister no later than December 31 st , 2019	COMPLETE
NBCC's 2019-2020 annual financial statement is submitted to Minister no later than June 30 th , 2020, as stated in the NBCC Act	COMPLETE
NBCC's 2019-2020 annual report is submitted to Minister no later than September 30 th , 2020.	COMPLETE
That NBCC's Five-Year Organizational and Operational Review 2015-2020 is submitted to Minister no later than September 30 th , 2020.	COMPLETE
Pursuant to the requirements of the <i>Accountability and Continuous Improvement Act</i> , and in accordance to the terms outlined in the current Memorandum of Understanding (MOU) between the Department of Post-Secondary Education, Training and Labour (PETL) and the New Brunswick Community College (NBCC), please ensure that an MOU is updated for Minister's signature by the conclusion of the fiscal year (March 2021) that articulates the elements as prescribed in the Act	COMPLETE

