ANNUAL REPORT
2021-2022

NBCC
COLLEGEWORKS

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**

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

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MESSAGE FROM THE NBCC BOARD CHAIR

On behalf of NBCC's Board of Governors, I am pleased to present the 2021-22 Annual Report. The annual reporting process is a key accountability mechanism, providing important information to the public and the government about NBCC's progress in meeting strategic goals and managing its finances.

As the Chair of the Board of Governors, I am accountable for the preparation of the annual report; however, the report itself and the results herein are reflective of a collective effort, the result of significant time and energy from the whole NBCC team.

NBCC experienced significant growth in 2021-22, welcoming more learners than ever before, expanding program offerings, and diversifying academic delivery to meet a variety of student needs. Against the backdrop of the continuing COVID-19 pandemic, the College's progress towards its Key Performance Indicators (page 5), as set out by government, is notable.

The Financial Discussion and Analysis section of this report provides clear evidence of NBCC's continuing record of sound financial management. The College has once again met or exceeded three of four Key Financial Health Indicators with continuing progress on the fourth.

NBCC's Going Beyond campaign to transform New Brunswick's workforce is new territory for the College, but its early achievement of more than 80% of its fundraising target bodes well for its success. The impact of this unprecedented investment in NBCC's tools, technologies, spaces, and students will continue to be felt long after its conclusion.

I am humbled to be part of such an inspiring group of College Governors. Their engagement has propelled us through a challenging year. As a Board, we are immensely proud of our President & CEO, Mary Butler. She and her senior leaders as well as the wider NBCC team have done a tremendous job of leading the College this past year. Thanks also to the engagement and support of our strategic partners - we have listened in order to serve you better.

As we come to the end of our five-year strategic plan Together We Rise, I'm excited to discover what the next five years will bring. With strong leadership and hardworking staff devoted to student success, I am very confident that NBCC will continue to drive economic and social development in New Brunswick.

Mark Flint
Chair, NBCC Board of Governors

NBCC 2021-2022 BOARD OF GOVERNORS
Mark Flint (Chair); Lindsay Bowman; Jocelyn Chan; Lori Clark; Aynslie Croney; Mark Crowley; Rick Hancox; Catherine Lawrence; Lisa Neufville; Kurtis Sisk; Jill Stairs; Justin Stoodley; Mike Walsh; and Beth Watters-Gray.

MESSAGE FROM THE NBCC PRESIDENT & CEO

The last 12 months have been eventful ones for New Brunswick, as our provincial economy continues its rebound from the disruption of the COVID-19 pandemic, and NBCC is no exception.

Since the publication of our last Annual Report, NBCC has launched a new platform to assess the skills of newcomers and match them with employers; signed new agreements with industry and post-secondary partners to enhance our academic offerings; launched a new Centre of Excellence in Community and Protective Services; celebrated the 10th anniversary of our Applied Research and Innovation department; and been named one of Atlantic Canada's Top Employers for the seventh year in a row.

We've also undertaken an extensive engagement process for the development of our next Strategic Plan, hearing from 1,200 students, alumni, employees, industry, and community partners and collecting 3,000 qualitative data points and 12,000 quantitative data points. We heard consistently that NBCC is an important driver of economic and social wellbeing in New Brunswick.

One of our biggest projects of the last year has been the official launch of the Going Beyond campaign to transform New Brunswick's workforce. Our first fundraising campaign is aimed at accelerating skills development, innovating educational delivery, and reaching unprecedented numbers of learners through strategic investments in technology, learning spaces, and students.

Our proudest achievement of the last year, though, is our success in reaching more learners than ever before, exceeding our Year 5 enrolment target of 11,000 learners. In 2021-22, NBCC welcomed an incredible 12,460 students, a 21.6% increase over 2020-21. Our school of Professional and Part-time Learning led the way with a nearly 50% increase in enrolment this year, and all but one of NBCC's seven Schools achieved year over year increases.

Through sound financial management, NBCC has experienced an excess of revenue over expenditures for several consecutive years. We have been very intentional in the allocation of these funds, balancing the need to reinvest in aging physical and technical infrastructure; invest in new technologies and support services for students and staff; and safeguard the College against future disruptions, as represented by our accumulated operating surplus. These reinvestments are further detailed on page 12 of this Report.

As labour shortages in several sectors continue to impact our economy, NBCC's role of providing quality-assured, relevant skills training is more important than ever. In the year ahead, we will continue to be a catalyst for New Brunswick's social and economic resilience and growth

Mary Butler,
President and CEO

NBCC SENIOR EXECUTIVE TEAM
ANN DRENNAN, Vice President, Academic, Innovation, and Student Affairs
HEATHER ALLABY, Vice President, Engagement and Experience
TIM WALKER, Vice President, Finance and Administration

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. 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.

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 2021-22 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.

In addition to fulfilling its regular responsibilities over the course of 2021-22, the Board also focused on the development of NBCC's new five-year strategic plan. The NBCC Board of Governors, in collaboration with the Senior Executive Team, participated in a thorough consultative process drawing on the collective wisdom, experience, and vision of the Board, faculty and staff, students, alumni, government and industry and community partners. This process resulted in a review of the College's vision, purpose, and values, as well as the high-level design of strategic objectives and performance indicators.

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 2021-22, 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 currently have no outstanding recommendations from the Office of the Auditor General.

I am humbled to be part of such an inspiring group of College Governors. Their engagement has propelled us through a challenging year... I'm excited to discover what the next five years will bring. With strong leadership and hardworking staff devoted to student success, I am very confident that NBCC will continue to drive economic and social development in New Brunswick.

MARK FLINT
Chair, NBCC Board of Governors

My biggest motivator and what I'm always focused on is what I can do to improve the experience of our students and our faculty. I'm a helper at heart, so I want to know what you need and how I can support you to do your best work.

HEATHER FOWLER
Academic Chair, School of Arts and Community and Protective Services

Read more at NBCCStories.ca

KEY PERFORMANCE INDICATORS

76.8%
Annual Graduation Rate
2021-2022 Target 79%
Baseline 78.8% Benchmark 60%

76%
Annual Graduate Employment Rate in Field Related to Training
2021-2022 Target 83%
Baseline 83% Benchmark 78%

86%
Annual Student Retention Rate
2021-2022 Target 83%
Baseline 81.3% Benchmark 83%

90%
Annual Graduate Employment Rate
2021-2022 Target 90%
Baseline 90% Benchmark 80%

92%
Annual Graduate Employment in New Brunswick
2021-2022 Target 90%
Baseline 90%

82.7%
Annual Graduate Satisfaction Rate
2021-2022 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.

While NBCC continues to demonstrate strong performance across all six indicators, we have not achieved our stretch targets in three of them for 2021-2022.

At 90%, NBCC's Graduate Employment Rate remains well above the benchmark of 80%, though the Employment in Related Fields rate has declined. Our early analysis indicates that directly related employment decreased while indirectly related employment increased over previous years. This may be due to the continued disruptions in the labour market during 2021-22, record high job vacancies, and high levels of skills transferability possessed by NBCC graduates. Enhanced ways of measuring related employment are currently under development.

Furthermore, as part of our culture of continuous improvement, we are committed to finding effective and efficient solutions that will improve outcomes for students on measures of Graduation and Graduate Satisfaction.

Benchmarks are established by Government of New Brunswick.
Baselines are based on 2015-16 results.

WELCOMING MORE LEARNERS

Five years ago, NBCC set an ambitious goal of welcoming more than 11,000 learners annually by 2022. Starting from a baseline of 7,950, we made steady progress towards our target.

The COVID-19 pandemic and the impact of its resulting public health restrictions raised the possibility that we may not reach our target. But the NBCC team refused to let the pandemic deter them; not only have we reached our target, but we have exceeded it by 1,273 students, welcoming 12,460 learners in 2021-22. All but one of our seven Schools experienced increased enrolment, with the School of Professional and Part-time Learning leading the way with a 49.6% increase.

With an increase in learner participation, NBCC remains focused on student satisfaction. Additionally, in 2021-22, we experienced our highest response rate to date for this year's Student Satisfaction survey, with 52% of learners participating. For the first time, the survey was open to all learners, including those in Apprenticeship and Professional and Part-time Learning programs. While the overall satisfaction rate went down in a few categories, this was due to an increase of neutral responses, with consistent year-over-year percentages of students who were satisfied or highly satisfied across most areas.

As NBCC seeks to extend its reach, ensuring every New Brunswicker has access to quality-assured, relevant training opportunities, we are identifying new ways to expand skills development – community deliveries, targeted programming for under represented groups, and industry partnerships. Microcredentials, prior learning recognition, mobile training, and new technology will enable us to meet learners where they are with training, upskilling, and reskilling opportunities.

ONE COLLEGE, SEVEN SCHOOLS

Arts, Community and Protective Services

Business, Hospitality and Tourism

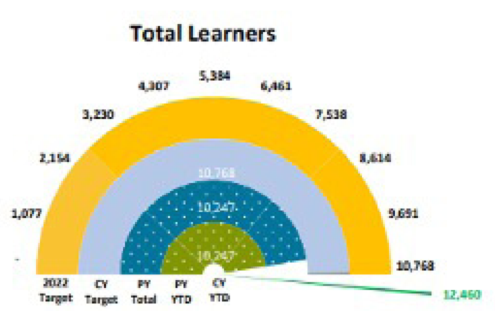
Engineering Technologies

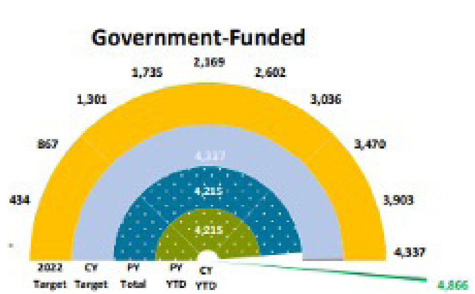
Health and Wellness

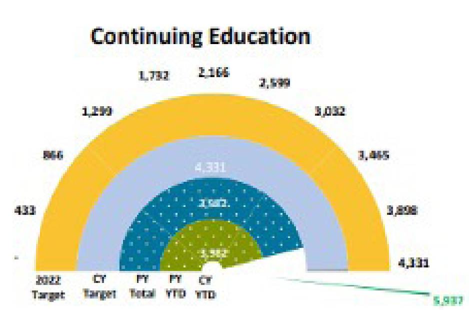
Information Technology

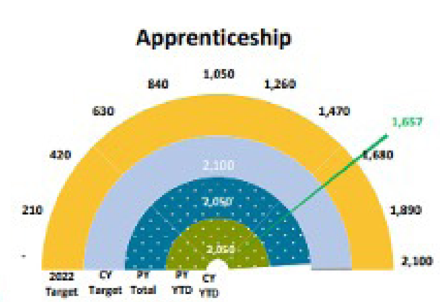
Trades and Apprenticeship

Professional and Part-time Learning









2021-2022 WELCOMING MORE LEARNERS

Total Learner Index:
12,460
2021-2022 Target: 11,187

Recruitment Index:
53,299
2021-2022 Target: 33,850

Student Satisfaction Index:
77.6%
2021-22 Target: 79.5%
See previous page

Student Financial Support Index:
1,649
2021-22 Target: 1,477

Student Services Utilization Index:
16.5%
2021-22 Target: 12.0%

Indigenous Learners:
293
2021-22 Target: 235

International Learners:
1,837
2021-22 Target: 800

I studied really hard and got good grades. This was in part because of my efforts but also because of how good the teachers are. I have nothing but amazing things to say about my NBCC experience.

KAT MESONES,
Class of 2022, Business Administration: Managementt

Read more at NBCCStories.ca

ENRICHING THE NBCC ADVANTAGE

NBCC students enjoy a college experience enhanced by opportunities for research, innovation, work-integrated learning, entrepreneurship, and community leadership, making up the NBCC Advantage. It's what sets our graduates apart in the workplace.

In our final year of the five-year strategic plan Together We Rise, NBCC has sought to further articulate the NBCC Advantage, examining the value-added impact our students have on, and in, communities. A new Experiential Learning Project Specialist has been hired, to work closely with faculty and learning design consultants to identify more opportunities for experiential learning and embed those opportunities in program curriculum.

This year also marks the 10th anniversary of NBCC's Applied Research and Innovation unit, recognizing a decade of enriched learning, community problem-solving, and industry support. Over the last 10 years, 2,600 NBCC students and staff have been engaged in applied research projects that have advanced solutions for hundreds of businesses and community organizations. Last year alone, NBCC collaborated on 95 applied research projects with 115 partners, with 57 staff and 364 students taking part. We were also awarded more applied research funding this year than ever before, at more than $3 million, facilitating research in care services navigation for seniors, economic development through digital transformation, mobile and ubiquitous computing, and social innovation.

We talked about a model where throughout a student's education they had multiple points to inject themselves into a company so that company could be part of their education. The win for the company would be that they'd get an opportunity to nurture a talented, dedicated student throughout their whole educational journey. To me, that's the ultimate experiential learning.

KAREN CAMPBELL
Instructor, Information Technology

Read more at NBCCStories.ca

NBCC's approach of blended delivery due to COVID was extremely beneficial for my schedule which always seemed to be in flux due to the move back to NB, kids' sports, and school schedules. Recorded online classes were one of the "levers" that allowed me flexibility to attend to familial needs and not miss any of the course delivery.

SCOTT COOPER
Class of 2022, Process Control Technician

Read more at NBCCStories.ca

BUILDING OUR CAPACITY TO GROW

Strong financial stewardship, a focus on continuous improvement, and a firm commitment to investing in the people who make up our team, are NBCC's priorities as we continue building our capacity to grow.

In this final year of our five-year strategic plan, NBCC has moved closer to our targets in Employee Engagement, Continuous Improvement, and Financial Sustainability indices.

Our Employee Engagement Index is driven by several metrics, including results of employee engagement surveys (last conducted in 2020-21), employee attendance and retention, as well as 360 review response rates, internal work opportunities, and vacant position up-time. While employee attendance and retention exceeded 98%, other metrics in the index were lower than anticipated, and we fell just short of our target.

Continuous improvement projects across the college are resulting in efficiencies in our processes and enhancing the NBCC experience for students and staff. From funding student bursaries with recycling efforts that improved our waste collection process to simplifying the new staff onboarding process, NBCC continues to seek ways to reduce inefficiencies and improve quality. In 2021-22, NBCC made significant progress in increasing engagement and involvement in continuous improvement initiatives, creating internal capacity and advancing our Lean maturity, however, we were not successful in reaching an ambitious Year 5 target.

The Financial Sustainability Index similarly showed growth from last year but fell just short of the Year 5 target. NBCC has assumed an ongoing increase in deferred maintenance as our ability to obtain project managers and contractors to complete work has been challenged by the surge in demand following the pandemic. Costs for labour and materials have also increased considerably for this reason. While the college remains in a secure and solid financial position, efforts to address deferred maintenance will continue as we move into our next strategic plan.

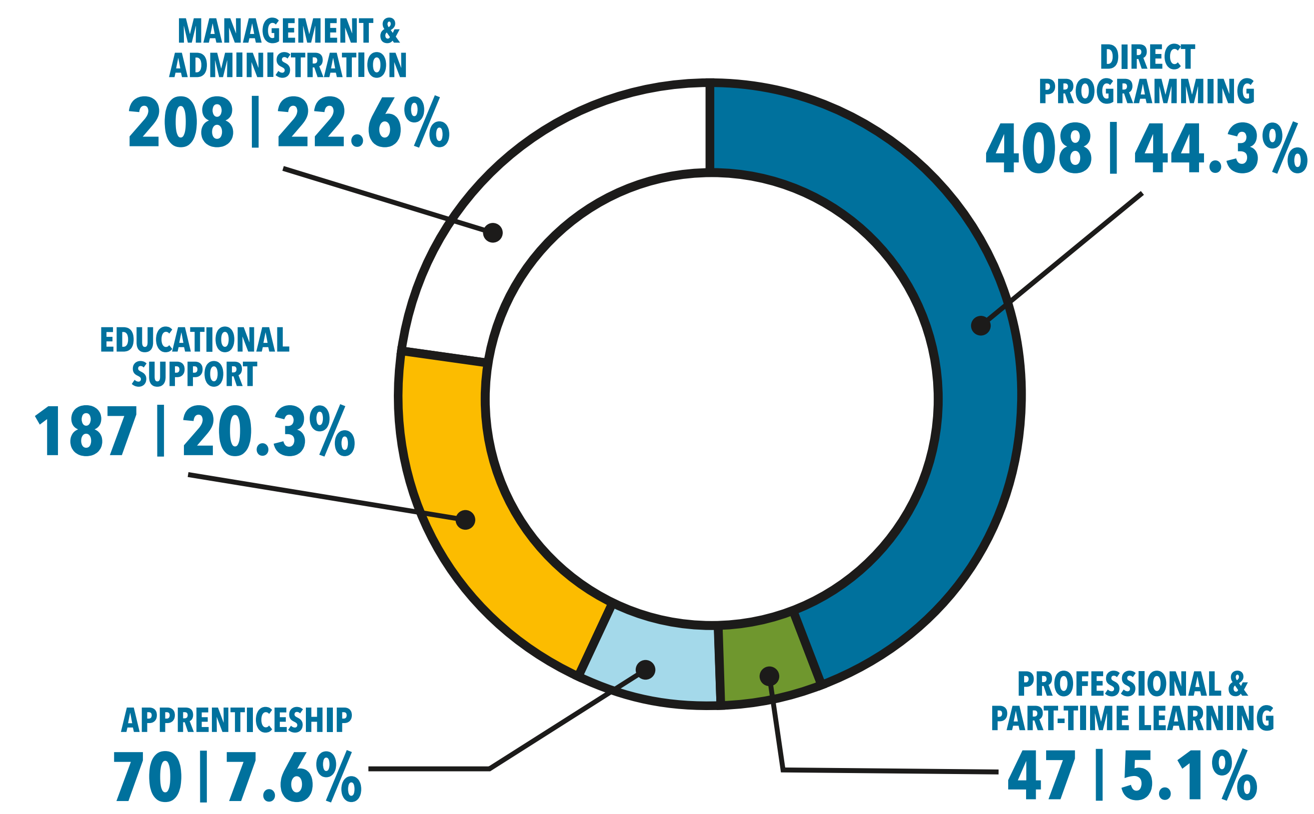
BUILDING OUR CAPACITY TO GROW

Employee Engagement Index:
74.3%
2021-22 Target: 76.9%

Financial Sustainability Index:
23.4
2021-22 Target: 24.3

Continuous Improvement Index:
155
2021-22 Target: 179

NBCC EMPLOYEES



> **I love the culture at NBCC; it's a great place to work and I'm passionate about my job. What gets me up in the morning is knowing that I'm helping our instructors and students succeed.**

KEVIN CORMIER
Lead, IT Training and Support

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. NBCC remains in a strong position with key financial health indicators trending in a positive direction.

Through sound financial management, NBCC has experienced an excess of revenue over expenditures for several consecutive years. NBCC takes a very intentional approach to the allocation of these savings, balancing the need to build a "general contingency" for unexpected expenses, as represented by an Accumulated Operating Surplus, against the need to reinvest in projects and initiatives that support our current and upcoming strategic plans. To that end, a portion of the funds have been designated, or internally restricted, for specific spending purposes in future years.

NBCC's internally restricted net assets help us address deferred maintenance in curriculum, processes, equipment, information technology, and facilities that help us welcome more learners and meet the province's labour market needs, including:

- $8.1 million in capital projects
- $6 million capital investment fund, to match funds to significant capital contributions
- $2.6 million in curriculum development and equipment
- $2.3 million in IT projects supporting academic endeavours
- $1 million to the purchase and fitting of a Mobile Training Unit
- $800,000 for student-facing pilots
- $500,000 in Going Beyond Campaign administration costs
- $1 million in general contingency funding.

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, 2022.

FINANCIAL DISCUSSION & ANALYSIS

MARCH 31, 2021

EXECUTIVE SUMMARY

For the fiscal year ended March 31, 2022, 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 $8.6M representing 8.3% of revenue. This compares to $9.1M (or 10.0% of revenue) in prior year and comprises:
  - » Year-over-year increase in Revenues of $13.0M (or 14.2%). This compares to a $0.8M (or 0.9%) year-over year increase in 2021; and,
  - » Year-over-year increase in Expenses of $13.5M (or 16.4%). This compares to a $3.0M (or 3.6%) year-over-year decrease in 2021.

- Excess of Revenues over Expenses resulted in an increase in Net Assets of $8.6M also representing 8.3% of revenue includes:
  - » $7.1M increase in Change in net assets internally restricted for specific purposes.
  - » $2.4M Increase in Accumulated Operating Surplus; and

  The above are partially offset by:
  $0.5M decrease in Net assets used to acquire capital assets
  $0.4M increase in NBCC's Unfunded future employee benefits liability.

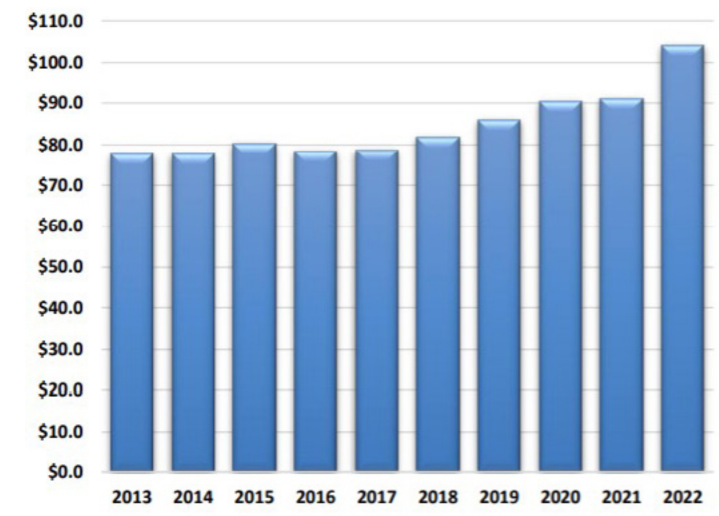
- Key Financial Health Indicators are currently positive and trending in a positive direction.

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 it 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)

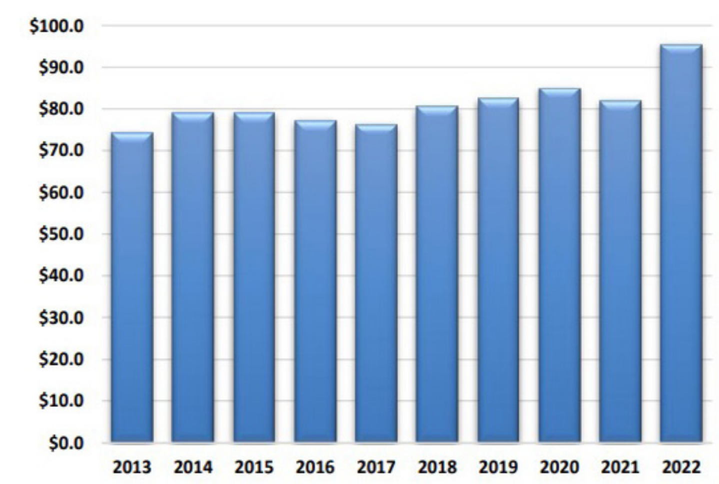


Revenues increased by $13.0M (or 14.2%) in 2022. This is primarily attributed to increases over prior year in Grant from Province ($4.4M); Tuition and fees ($3.7M); Cost recoveries ($2.4M); Contract training ($1.6M); Sales ($0.8M); and College application fees ($0.7M). The above is partially offset by a decrease in Apprenticeship ($0.6M).

Trend: Revenues increased from $77.9M in 2013 to $104.1M in 2022 (representing an increase of $26.2M and 33.6%).

This increase is primarily attributed to cumulative growth in Tuition and fees ($11.8M); Grant from Province ($9.0M); Contract training ($3.1M); Cost recoveries ($1.3M); and College application fees (1.0M).

NBCC places significant reliance on revenues subject to provincial approval(s). Grant from Province comprises 58.1% of Revenues (representing a decrease from 61.6% in prior year and a decrease from 66.1% in 2013). Tuition and fees, which are also subject to ministerial approval, comprise 22.1% of Revenues (representing an increase from 21.1% in prior year and an increase from 14.3% in 2013).



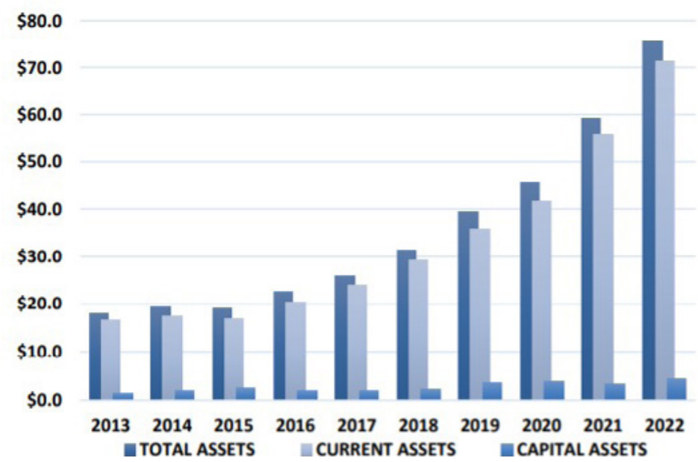
·EXPENSES ($ MILLIONS)

Expenses increased by $13.5M (or 16.4%) in 2022. This is primarily attributed to increases over prior year in Salaries and benefits ($9.7M); Services ($3.0M); Supplies ($0.4M); and Cost of goods sold ($0.4M).

Trend: Expenses increased from $74.2M in 2013 to $95.5M in 2022 (representing an increase of $21.3M and 28.7%). This is consistent with revenue growth. Expenses by category remain consistent e.g., Salaries and benefits comprise 77.5% of Expenses (78.4% in prior year and 72.7% in 2013).

STATEMENT OF FINANCIAL POSITION

ASSETS ($ MILLIONS)

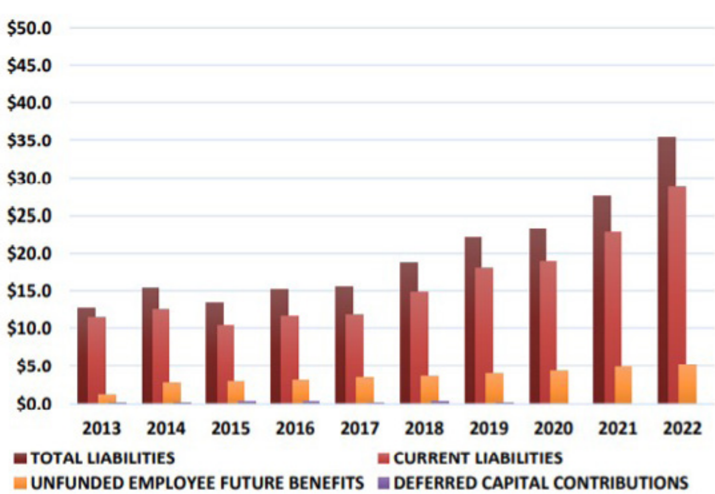


Assets increased by $16.6M (or 28.0%) in 2022. This is attributed to increases in both Current Assets (i.e., $15.6M) and Capital Assets (i.e., $1.0M).

Current Assets increase is primarily attributed to higher Due from Province ($14.4); Prepaid expenses (0.5M); and Accounts receivable and accrued revenue ($0.4M).

Trend: Assets have increased consistently each year (i.e., from $18.0M in 2013 to $75.8M in 2022 representing an increase of $57.8M and 320.9%) driven by positive cash flows from operations.

LIABILITIES ($ MILLIONS)



Liabilities increased by $8.0M (or 28.9%) in 2022. This is attributed to increases in Current Liabilities (i.e., $6.1M); Deferred capital contributions ($1.5M); and Unfunded employee future benefits (i.e., $0.4M).

Current Liabilities increase is attributed to higher Deferred revenue ($3.2M); and Accounts payable and accrued liabilities (i.e., $2.0M); as well as higher Accrued salaries and benefits (i.e., $0.8M) regarding increase $2.8 accrual for impact due to collective agreements offset by $1.8M decrease in payroll accrual for final pay period.

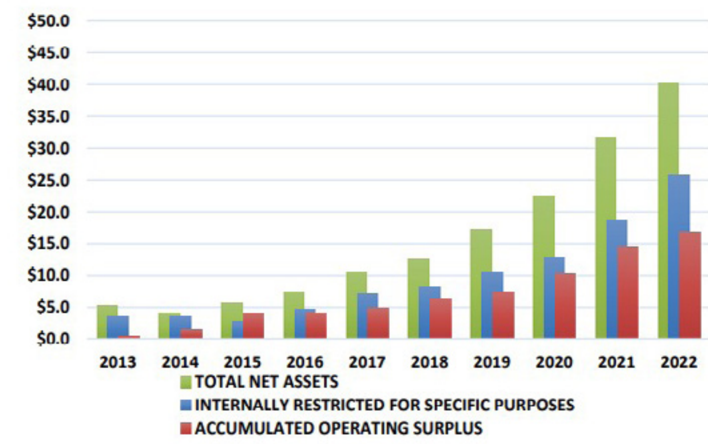
LIABILITIES ($ MILLIONS), CONTINUED

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

Trend: Total liabilities have increased from $12.8M in 2013 to $35.5M in 2022 (representing an increase of $22.7M and 177.6%). 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 $1.2M in 2013 to $5.1M in 2022 (representing an increase of $4.0M and 341.9%). It should be noted that in 2013, the College's audited financial statements reflected only the future obligations arising from accumulated, non-vested sick leave as an unfunded employee future benefit ($2.4M in 2022). Effective 2015, and in accordance with PSAS-NPO accounting standards, the College reflected the estimated future obligations for claims under WorkSafeNB as well ($2.8M in 2022).

NET ASSETS ($ MILLIONS)



NBCC's ***Excess of Revenue over Expense*** resulted in a ***Net Assets*** increase of $8.6M (or 27.2%) in 2022. This increase supported growth in funds ***Internally restricted for specific purposes*** ($7.1M) and ***Accumulated operating surplus*** ($2.4M). These increases were partially offset by a decrease in Net assets used to acquire capital assets (0.5M) and an increase in NBCC's ***Unfunded future employee benefits*** liability ($0.4M).

Trend: *Net Assets* increased from $5.2M in 2013 to $40.3M in 2022 (or $35.0M and 672.8%).

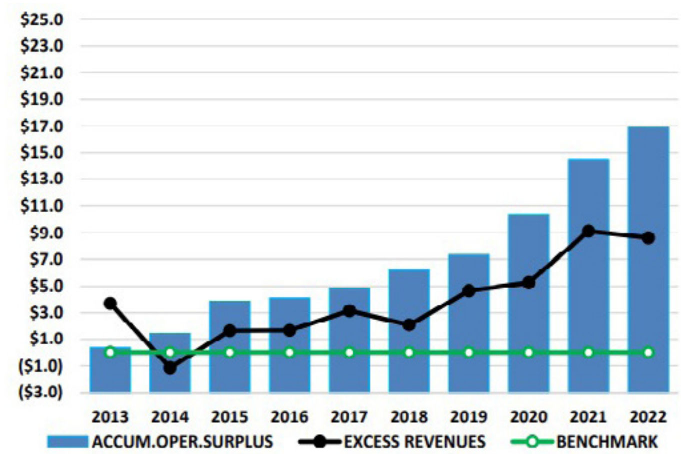
KEY FINANCIAL HEALTH INDICATORS

INTRODUCTION

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

For 2022, 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 $8.6M (or 8.3%) in 2022.

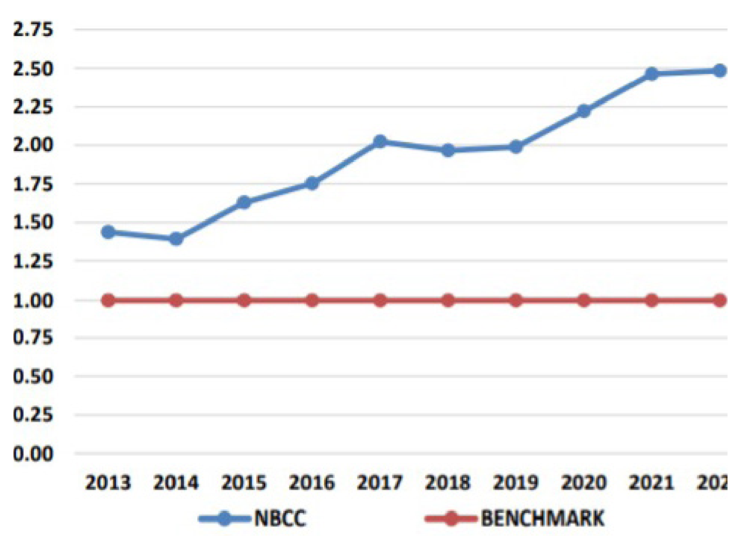
A benchmark of $0 (i.e., breakeven) is typical as deficiencies may indicate a decline in financial health

NBCC has experienced positive Excess Revenues in all but one fiscal year since inception including the last eight 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 $16.9M in 2022.

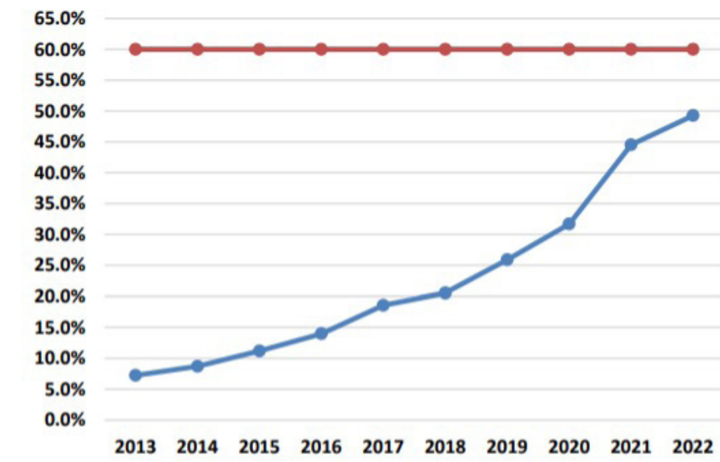


QUICK RATIO

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 2022 result of 2.5.

NET ASSETS TO EXPENSES RATIO



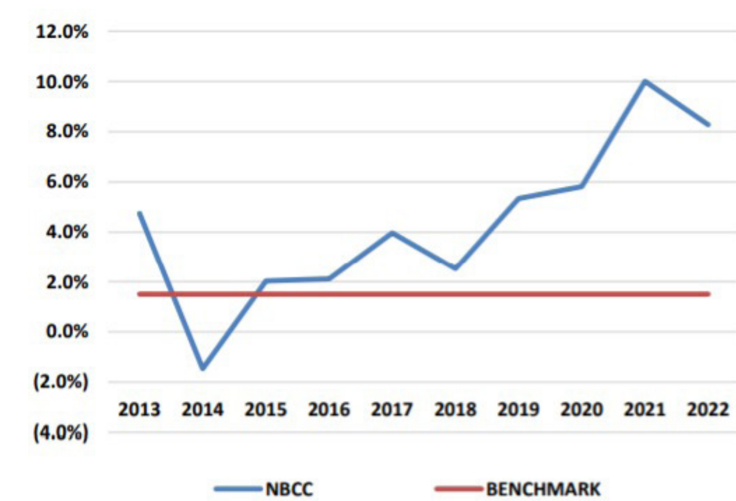
Net Assets to Expenses Ratio measures the organization's ability to continue operations in the event of a delay or reduction in revenue.

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 49.3% in 2022..

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 8.3% in 2022, and has consistently achieved greater than 1.5% with the exception of 2014.

DEFERRED MAINTENANCE & REPAIRS

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 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 1.5M 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 and informed NBCC's 2023-24 Capital Budget Submission as well as its 10-year capital planning. This assessment shows NBCC has approximately $36.9M in Priority 1[1] projects (excluding areas already subject to regular DTI inspection, such as roofing), $12.8M of which is identified as requiring "immediate" remediation and $24.1M required as soon as possible within the next five to ten years.

NBCC's Enterprise Risk Management Report (2021-22) included the following Reportable Risk:

"***Aging infrastructure and accumulated deferred maintenance*** – Fiscal restrictions limit the amount of preventative maintenance and capital planning (fact). Aging equipment and infrastructure may continue to deteriorate (risk). Program quality, student/staff experience, and enrolments will be affected (effect)."

This risk has consistently been ranked "High" and is the only Reportable Risk included on NBCC's Risk Register regarding capital and infrastructure. As such, considerable effort has been made to mitigate this risk in recent years.

Through PETL, NBCC annually requests a capital grant to address deferred maintenance. For 2021-22, NBCC submitted a request for $6.8M in Priority 1 projects and NBCC received approval for $2.3M ($2.4M in 2020-21). It is important to note that amounts 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 to help address deferred maintenance. NBCC has steadily increased this percentage over recent years and continues to progress toward this target.

In 2021-22, NBCC budgeted $3.4M (or 3.8% of budgeted Revenues) toward capital projects. Approximately $3.1M (or 3.0% of Revenues) was actually expended on repairs and maintenance (comprising $0.9M of Transfer of assets to Province (Note 14); $1.3M of Services; and $0.8M of Small tools and equipment).

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.

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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, 2022
- 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, 2022, 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.

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.

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 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.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

June 16, 2022

STATEMENT OF FINANCIAL POSITION

	2022	2021
ASSETS		
Current Assets		
Cash (Note 2c)	$ 15,525	$ 15,525
Due from Province (Note 2c)	67,499,329	53,126,133
Accounts receivable (Note 3)	1,584,373	1,208,337
Inventories (Note 4)	1,256,953	942,413
Prepaid expenses	1,011,985	499,656
	71,368,165	55,792,064
Capital Assets (Note 5)	4,401,640	3,385,351
	$ 75,769,805	$ 59,177,415
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 8,693,319	$ 6,681,555
Accrued salaries and benefits	7,040,908	6,208,583
Deferred revenue (Note 6)	13,003,085	9,774,268
	28,737,312	22,664,406
Long Term Liabilities		
Deferred capital contributions (Note 7)	1,640,411	147,763
Employee future benefits (Note 8)	5,137,100	4,729,500
	6,777,511	4,877,263
	35,514,823	27,541,669
NET ASSETS		
Invested in capital assets	2,761,229	3,237,588
Internally restricted for specific purposes (Note 9)	25,739,483	18,608,465
Unfunded employee future benefits (Note 8)	(5,137,100)	(4,729,500)
Accumulated operating surplus	16,891,370	14,519,193
	40,254,982	31,635,746
	$ 75,769,805	$ 59,177,415

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

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED OPERATING SURPLUS

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Grant from Province (Note 14)	$ 56,076,170	$ 60,520,506	$ 56,149,917
Tuition and fees	16,706,026	22,969,005	19,220,095
Contract training	5,744,171	5,525,496	3,949,926
Apprenticeship (Note 14)	5,500,000	5,215,386	5,838,494
Sales	3,590,124	3,171,540	2,399,462
Applied research	900,000	734,161	780,335
Cost recoveries (Note 14)	881,071	4,390,054	2,010,152
College application fee	-	987,000	324,580
Other grants	244,000	341,702	306,369
Amortization of deferred capital contributions (Note 7)	81,000	122,307	64,963
Other (Note 11)	73,675	119,114	70,450
	89,796,237	104,096,271	91,114,743
EXPENSES			
Salaries and benefits	67,604,457	74,027,630	64,300,480
Services	14,686,243	11,403,680	8,437,800
Supplies	5,441,908	3,810,426	3,436,308
Small tools and equipment	4,036,491	1,513,236	1,979,429
Cost of goods sold	2,168,433	2,042,197	1,638,304
Amortization of capital assets	1,114,000	1,140,126	1,074,763
Transfer of assets to Province (Note 14)	-	894,990	750,000
Grants and payments	290,156	334,326	274,074
Bank fees and miscellaneous	40,483	140,006	39,936
Bad debt	69,000	98,204	13,664
Inventory obsolescence and adjustments	66,200	72,214	49,949
	95,517,371	95,477,035	81,994,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (5,721,134)	$ 8,619,236	$ 9,120,036
Changes in accumulated operating surplus			
Net assets used to acquire capital assets (Note 10)	82,000	476,359	429,566
Change in net assets internally restricted for specific purposes	4,018,643	(7,131,018)	(5,875,949)
Unfunded future employee benefits	(279,834)	407,600	482,100
INCREASE IN ACCUMULATED OPERATING SURPLUS	$ (1,900,325)	$ 2,372,177	$ 4,155,753

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN NET ASSETS

	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)	Total	2021
NET ASSETS (LIABILITIES), BEGINNING OF YEAR	**$ 14,519,193**	**$ 3,237,588**	**$ 18,608,465**	**$ (4,729,500)**	**$ 31,635,746**	**$ 22,515,710**
Changes during the year						
Excess (deficiency) of revenues over expenses	10,747,280	(1,017,819)	(702,625)	(407,600)	8,619,236	9,120,036
Net change in investment in capital assets	(541,460)	541,460	-	-	-	-
Transfer to Internally Restricted for Specific Purposes	(7,833,643)	-	7,833,643	-	-	-
Net change during the year	2,372,177	(476,359)	7,131,018	(407,600)	8,619,236	9,120,036
NET ASSETS (LIABILITIES), END OF YEAR	**$ 16,891,370**	**$ 2,761,229**	**$ 25,739,483**	**$ (5,137,100)**	**$ 40,254,982**	**$ 31,635,746**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF CASH FLOWS

	2022	2021
Operating Activities		
Excess of revenue over expense	$ 8,619,236	$ 9,120,036
Add (deduct) non-cash items		
Amortization of capital assets	1,140,126	1,074,763
Amortization of deferred capital contributions	(122,307)	(64,963)
Bad debt	98,204	13,664
Inventory obsolescence and adjustments	72,214	49,949
Unfunded employee future benefits	407,600	482,100
	10,215,073	10,675,549
Add (deduct) changes in non-cash working capital		
Accounts receivable	(474,240)	860,179
Inventories	(386,754)	(52,306)
Prepaid expenses	(512,328)	(24,973)
Accounts payable and accrued liabilities	2,011,764	2,148,345
Accrued salaries and benefits	832,325	523,154
Deferred revenue	3,228,816	1,091,728
	4,699,583	4,546,127
	14,914,656	15,221,676
Add (deduct) capital activities		
Deferred capital contributions	1,614,955	34,501
Acquisition of capital assets	(2,156,415)	(614,735)
	(541,460)	(580,234)
INCREASE TO CASH AND CASH EQUIVALENTS	14,373,196	14,641,442
Add: Cash and cash equivalents, beginning of year	$ 53,141,658	$ 38,500,216
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 67,514,854	$ 53,141,658

CASH AND CASH EQUIVALENTS REPRESENTED ON STATEMENT OF FINANCIAL POSITION BY:

	2022	2021
Cash (Note 2c)	$ 15,525	$ 15,525
Due from Province (Note 2c)	67,499,329	53,126,133
Cash and cash equivalents, end of year	$ 67,514,854	$ 53,141,658

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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 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 of the goods or services being provided 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. 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

NEW BRUNSWICK COMMUNITY COLLEGE | YEAR ENDED MARCH 31, 2022

NOTES TO FINANCIAL STATEMENTS

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 $4,090,710 in 2022 ($4,015,474 in 2021).

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.

3. ACCOUNTS RECEIVABLE

	2022	2021
Tuition and fees	$ 725,682	$ 605,753
Organizations other than Province	546,484	521,166
Province	-	92,573
Advances and other	498,930	157,816
ACCOUNTS RECEIVABLE (GROSS)	1,771,096	1,377,308
Allowance for doubtful accounts	(186,723)	(168,971)
ACCOUNTS RECEIVABLE (NET)	1,584,373	$ 1,208,337

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	Total
0-30 days	$ 266,076	$ 488,053	$ -	$ 498,930	$ 1,253,059
31-60 days	133,693	3,146	-	-	136,839
61-90 days	129,699	10,687	-	-	140,386
91-180 days	922	20,199	-	-	21,121
181-360 days	100,334	-	-	-	100,334
361+ days	94,958	-	-	-	94,958
Other adjustments	-	24,399	-	-	24,399
Accounts Receivable (Gross)	$ 725,682	$ 546,484	$ -	$ 498,930	$ 1,771,096
Allowance for doubtful accounts	(186,723)	-	-	-	(186,723)
Accounts Receivable (Net)	$ 538,959	$ 546,484	$ -	$ 498,930	$ 1,584,373

At March 31, 2022, other adjustments include $45,432 in credits receivable from vendors of the College partially offset by $21,033 in amounts related to sponsored students.

4. INVENTORIES

	2022	2021
Textbooks for resale	$ 1,062,588	$ 759,913
Stationery and supplies for resale	121,607	107,946
Clothing and other items for resale	72,758	74,554
INVENTORIES	$1,256,953	$ 942,413

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

	2022			2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	$ 1,847,167	$ 1,253,466	$ 593,701	$ 237,301
Furniture and equipment	10,715,997	7,659,552	3,056,445	3,148,050
Assets under construction	751,494	-	751,494	-
	$ 13,314,658	$ 8,913,018	$ 4,401,640	$ 3,385,351

6. DEFERRED REVENUE

	2022	2021
Student tuition	$ 5,191,973	$ 4,301,272
Confirmation fees	3,161,388	1,701,273
Student development grants	1,968,392	1,741,015
Applied research	1,686,278	1,028,070
Contract training	571,505	623,675
Technology and learning resource fee	299,729	289,449
Other	123,820	89,514
DEFERRED REVENUE	$ 13,003,085	$ 9,774,268

7. DEFERRED CAPITAL CONTRIBUTIONS

	2022	2021
Deferred capital contributions, beginning of year	$ 147,763	$ 178,225
Contributions during the year	1,614,955	34,501
Amortization during the year	(122,307)	(64,963)
DEFERRED CAPITAL CONTRIBUTIONS, end of year	$ 1,640,411	$ 147,763

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, 2022, the accrued sick leave obligation and the expense related to the accrued sick leave obligation are as follows:

	2022	2021
Accrued sick leave obligation, beginning of year	$ 2,254,200	$ 2,013,800
Expense related to accrued sick leave obligation:		
Current period benefit cost	524,700	422,900
Amortization of actuarial losses	198,900	153,200
Sick leave benefit interest expense	94,000	79,900
	817,600	656,000
Employer benefit payments	(695,900)	(415,600)
ACCRUED SICK LEAVE OBLIGATION, END OF YEAR	$ 2,375,900	$ 2,254,200

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:	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

Comparative information reported for the year ended March 31, 2021:

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

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, 2022, the accrued WorkSafeNB obligation and the expense related to the accrued WorkSafeNB obligation are as follows:

	2022	2021
Accrued WorkSafeNB obligation, beginning of year	$ 2,475,300	$ 2,233,600
Expense related to accrued WorkSafeNB obligation:		
Current period benefit cost	409,100	382,400
Amortization of actuarial losses (gains)	65,300	15,800
WorkSafeNB benefit interest expense	88,300	68,400
	562,700	466,600
Employer benefit payments	(276,800)	(224,900)
ACCRUED WORKSAFENB OBLIGATION, END OF YEAR	$ 2,761,200	$ 2,475,300

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	1.90% 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

Comparative information reported for the year ended March 31, 2021:

Inflation	1.60% 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:	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:

	2022	2021
Executive Director Strategic and Integrated Engagement		
Strategic Partnerships	$ 125,588	$ 45,236
Enrolment Management	74,815	296,714
Marketing and Creative Services	5,000	15,500
	205,403	357,450
President and CEO		
Advancement	470,585	542,752
Vice-President Academic and Research		
Professional and Part-time Learning	2,630,563	1,326,822
Academic Development	2,113,673	1,107,223
Academic Planning and Evaluation	759,476	1,843,384
Student Development	470,869	369,566
Research, Innovation and Experiential Learning	288,121	551,934
School of Trades	135,181	173,642
School of Engineering Technologies	78,889	112,465
School of Arts, Community and Protective Services	77,090	17,895
School of Business, Hospitality and Tourism	45,919	100,048
School of Information Technology and Natural Resources	24,405	54,233
School of Health and Wellness	3,849	2,133
	6,628,035	5,659,345
Vice President Finance and Administration		
Facilities and Ancillary Services	8,148,875	4,784,015
Capital Investment Fund	6,000,000	2,000,000
Information Technology	2,336,304	2,697,492
College-wide Contingency	1,000,000	1,000,000
Strategic Initiative Fund	758,456	1,186,207
Employee Engagement and Culture	102,357	119,524
All other	80,968	86,915
Operational Excellence	8,500	103,547
Finance	-	71,218
	18,435,460	12,048,918
Net assets internally restricted for specific purposes	$ 25,739,483	$ 18,608,465

NOTES TO FINANCIAL STATEMENTS

10. NET ASSETS INVESTED IN CAPITAL ASSETS

	2022	2021
Capital assets (net book value) (Note 5)	$ 4,401,640	$ 3,385,351
Capital assets funded from capital contributions (Note 7)	(1,640,411)	(147,763)
NET ASSETS INVESTED IN CAPITAL ASSETS	$ 2,761,229	$ 3,237,588

The change in Net Assets Invested in Capital Assets comprises:

	2022	2021
Net change in investment in capital assets:		
Acquisition of capital assets	$ 2,156,415	$ 614,735
Amount funded by deferred contributions	(1,614,955)	(34,501)
	$ 541,460	$ 580,234
Excess (deficiency) of revenues over expenses:		
Amortization of capital assets	(1,140,126)	(1,074,763)
Amortization of deferred capital contributions	122,307	64,963
	(1,017,819)	(1,009,800)
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS	$ (476,359)	$ (429,566)

11. OTHER REVENUE

	2022	2021
Facility and related rentals	$ 31,675	$ 28,935
Other	87,439	41,515
	$ 119,114	$ 70,450

NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS

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

	2022	2021
2021-22	$ -	$ 1,236,601
2022-23	901,024	636,059
2023-24	429,176	387,495
2024-25	355,746	344,279
2025-26	313,907	304,917
2026-27	233,000	-
	$ 2,232,853	$ 2,909,351

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:

- $60,520,506 in grants from the Province ($56,149,917 in 2021);
- $4,390,054 in revenues from departments of the Province regarding cost recoveries ($2,010,152 in 2021); and,
- $5,215,386 in revenues from departments of the Province regarding Apprenticeship ($5,838,494 in 2021).
- $1,382,885 in capital contributions from departments of the Province which have been recorded in deferred capital contributions ($nil in 2021).
- $500,000 in grants from the Province of which $390,461 have been recorded in deferred revenues and $109,539 in Applied research.

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 $894,990 ($750,000 in 2021) 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, 2022 total $nil ($92,573 in 2021) 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, 2022. 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

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Tuition and fees	$ 16,706,026	$ 22,969,005	$ 19,220,095
Contract training	5,744,171	5,525,496	3,949,926
Sales	3,590,124	3,171,540	2,399,462
Applied research	900,000	734,161	780,335
College application fee	-	987,000	324,580
Other grants	244,000	341,702	306,369
Other (Note 7 and Note 11)	154,675	241,421	135,413
	27,338,996	33,970,325	27,116,180
Apprenticeship and cost recoveries (Note 14)	6,381,071	9,605,440	7,848,646
Grant from Province (Note 14)	56,076,170	60,520,506	56,149,917
	89,796,237	104,096,271	91,114,743
EXPENSES			
Direct program	34,445,574	35,810,648	33,317,087
Educational support	17,348,099	16,673,221	14,248,131
Management and administrative services	29,344,791	26,806,761	22,579,444
Apprenticeship and cost recoveries	5,702,690	8,937,189	5,742,821
Contract training	6,507,784	5,207,019	4,468,920
Cost of goods sold	2,168,433	2,042,197	1,638,304
	95,517,371	95,477,035	81,994,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (5,721,134)	$ 8,619,236	$ 9,120,036

APPENDICES

APPENDIX A:

PERFORMANCE MEASUREMENT FRAMEWORK

Throughout 2021-22, NBCC continued to make progress towards its goals, as measured by the performance measurement framework. In reference to year 5 stretch targets, the college achieved favourable results on two of the six key performance indicators. NBCC also achieved favourable results on four of the five performance indicators under Welcome More Learners. Despite strong year-over-year improvements in each of the three objectives under *Build Our Capacity to Grow*, stretch targets were not attained. For measures that did not surpass year 5 targets, NBCC is conducting a review to determine contributing factors, and areas for improvement.

Item No.	Item Description	Baseline	2021-22 (Year5) Target	2017-18 (Year 1) Results	2018-19 (Year 2) Results	2019-20 (Year 3) Results	2020-21 (Year 4) Results	2021-22 (Year5) Results
	1. KEY PERFORMANCE INDICATORS							
1.1	Annual Graduation (%)	78.8%	**79.0%**	81.2%	80.7%	83.6%	78.7%	76.8%
1.2	Graduate Satisfaction (%)	90.0%	**90.0%**	86.7%	84.1%	86.0%	86.0%	82.7%
1.3	Overall Graduate Employment (%)	90.0%	**90.0%**	90.4%	90.9%	89.0%	91.0%	90.0%
1.4	Graduate Employment in Related Field (%)	83.0%	**83.0%**	83.7%	83.4%	85.0%	82.0%	76.0%
1.5	Student Retention (%)	81.3%	**83.0%**	84.7%	81.6%	89.9%	87.5%	86.0%
1.6	Graduate Employment in NB (%)	90.0%	**90.0%**	94.0%	91.9%	94.2%	93.8%	92.0%
	2. WELCOME MORE LEARNERS							
2.1	Total learners index	7,950	**11,187**	8,595	9,201	9,531	10,247	12,460
2.2	Recruitment index	-	**33,850**	36,823	37,398	40,421	42,753	53,299
	2.21 International Learners (#)	122	**800**	255	537	995	1,044	1,837
	2.22 Indigenous Learners (#)	174	**235**	182	285	292	306	293
2.3	Student satisfaction index	-	**79.5%**	-	77.7%	80.2%	75.1%	77.6%
2.4	Student financial support index	711	**1,477**	1,137	1,273	1,781	1,368	1,649
2.5	Student services utilization index	-	**12.0%**	18.2%	14.4%	14.9%	14.2%	16.5%
	3. BUILD OUR CAPACITY TO GROW							
3.1	Employee engagement index	-	**76.9%**	-	-	73.5%	73.8%	74.3%
3.3	Continuous Improvement Index	-	**179**	-	-	40	138	155
3.4	Financial Sustainability Index	-	**24.3**	10.1	12.9	17.7	22.5	23.4

APPENDIX B:

NBCC FULFILMENT OF 2021-2022 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) outlining the expectations for the college for the coming year. The following table summarizes NBCC's progress related to the mandate outlined for 2021-2022.

COVID-19 OPERATIONAL PLAN: *A COVID-19 Operational Plan is developed in accordance with Public Health guidelines/directives, implemented and updated in a timely manner.* **2021-22 Results:** Throughout 2021-2022, NBCC continued to update its COVID-19 Operational Plan based on operational considerations and the directives and guidelines put in place by Public Health.	COMPLETE
CLIMATE CHANGE STRATEGY: *As per Action 4 of the 2016 Transitioning to a Low Carbon Economy, 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.* **2021-22 Results:** NBCC's inaugural Climate Action Strategy was sent by Minister Holder on March 22, 2022. This strategy was developed through a college-wide consultation process with input from staff and student representatives.	ON-TRACK AND ONGOING
DUTY TO CONSULT: *Analyze areas for potential duty to consult and develop a policy/process that respects the crown corporation's duty to consult obligations in terms of activities that could have an impact on or could be an area of concern for Indigenous peoples.* **2021-22 Results:** Truth and Reconciliation Working Group meets assess NBCC's engagement with Indigenous communities and partners. The group is also develops recommendations around reconciliation, including duty to consult. Consultations regarding duty to consult with the First Nations Education Initiative Incorporated (FNEII) are also being planned.	ON-TRACK AND ONGOING
WAGE MANDATE: *That the wage mandate direction be followed:* For collective bargaining: • *Collective agreements with terms of four years in duration; and* • *Annual compensation increases of one percent per year except for a wage freeze in the 2020-2021 fiscal year for total wage increases of three percent over four years.* For management and non-union employees: • *A four-year pay plan with annual economic increases of 1% in each year of the plan except for the current fiscal year (April 1, 2020 to March 31, 2021) for total increases of three percent over four years.* **2021-22 Results:** NBCC's changes to compensation and collective agreements in 2021-22 have been consistent with the revised compensation directive (March 2, 2022) for management, non-union and unionized employees in Part IV. A new collective agreement between NBCC and CUPE 5017 was signed on Feb 23, 2022 and adheres to both the term length and the annual general economic increases.	ON-TRACK AND ONGOING
AGENCIES, BOARD, AND COMMISSIONS: *Participate in a mandate review of agencies, boards, and commissions.* **2021-22 Results:** NBCC was not engaged in a mandate review of agencies, boards, and commissions in 2021-22.	PENDING INVITATION FROM GNB
2021-22 Annual Business Plan is submitted to Minister no later than December 31st, 2020	COMPLETE
2021-2022 Accountability Framework and Reporting Guide to Government is submitted to Minister no later than May 30, 2021	COMPLETE
2020-2021 Audited Financial Statements is submitted to Minister no later than June 30, 2021.	COMPLETE
2021-22 Annual Report is submitted to the Minister no later than September 30, 2021.	COMPLETE

NOTES

NBCC COLLEGEWORKS