

rpc

RELIABLE.
ACCURATE.
INNOVATIVE.



ANNUAL REPORT

2023-2024

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PROGRESS AND PRODUCTIVITY: A YEAR OF GROWTH AND RENEWAL

EXECUTIVE SUMMARY

DEAR VALUED READERS,

It is with privilege that we present to you our 2023-2024 Annual Report. Our theme for the year was “rebounding and renewing” which we embraced wholeheartedly. This year, we celebrated many successes that translated into our clients’ achievements. It was a rewarding year as we enabled innovation and economic growth across New Brunswick (NB). Our skills were once again put to the test as we delivered technical projects that supported our governments, municipalities, the public and our valuable industries.

Being a research and technology organization highly interfaced with industry, our projects spanned energy and environmental research, productivity enhancements, health, nuclear energy, climate change, bioanalytical research, analytical chemistry and mining. Each of our endeavors reflect the passion our employees and clients have for creating a healthier, more sustainable future. Our clients are unique thinkers, risk-takers and are keen to innovate. Our employees are eager to explore and apply new ideas; together we learn and build. It is a privilege to work in this capacity.

In addition to applied industrial and scientific research, we conducted world-class analytical chemistry and biochemical analyses on over 400,000 samples, supporting more than 1000 clients.

Along with the pursuit of client-led projects, our employees sought internal research opportunities that contributed to the health and well-being of New Brunswickers. We conducted research to understand sources of microbial contaminants on our beaches, developed rapid methods for Legionella testing, and carried out a pilot study to better understand Legionella bacteria in NB cities. We worked to develop cyanotoxin and cyanobacteria testing capabilities for Atlantic Canadians and collaborated with research institutions to co-publish papers and mentor students. Our employees were eager to undertake intentional research and they exceeded all expectations.

We are energized for the year ahead and look forward to supporting our valuable stakeholders as they continue to push the boundaries of productivity and innovation.

Dr. Shelley Rinehart
Chairperson

Dr. Diane Botelho
Executive Director/CEO



2020-2025 STRATEGIC CORPORATE OBJECTIVES

Strategic targets are intended to challenge the organization and provide a basis for planning. The strategic plan provides direction for the organization and has been endorsed by RPC's Board of Directors and the Minister Responsible for RPC.

Sustainable Growth

RPC will continue to diversify and expand its expertise and capacity to deliver excellent service and value for its clients and stakeholders in a fiscally responsible way. Specifically, this means:

- Striving to be operationally self-sustaining
- Monitoring and anticipating strategic technologies
- Growing revenue
- Connecting with clients, adding capability and business development

Effective Communications

RPC will maintain a high level of effective communication with all stakeholders, including clients, the general public and local, provincial and federal government agencies ensuring an increased overall awareness of RPC's capabilities. Specifically, this means:

- Enhancing strategic communications, formalizing a communications plan and implementing a communications strategy
- Acting responsibly, with integrity and with respect for our clients' confidentiality
- Highlighting successes in a way that inspires confidence and showcases New Brunswick's capabilities
- Continuing to be an active participant and an effective listener with industry and government
- Recognizing our role to communicate about science and innovation as key to a prosperous economy

Operational Excellence

RPC will carry out its mandate with appropriate facilities, equipment, people, procedures and fiscal management while maintaining a culture of innovation and quality. Specifically, this means:

- Developing and executing on a plan for our Fredericton facility to resolve end of life infrastructure, and capacity challenges

- Providing a safe work environment and emphasizing our safety culture
- Sustaining our commitment to quality, including enhancing our accredited services, seeking other accreditations
- Continuing to invest in leading-edge facilities and equipment
- Completing our new Moncton laboratory and building on capabilities
- Striving for operational efficiencies
- Working to offer a wide scope of services to retain work within New Brunswick
- Employing best practices in fiscal management
- Continuing improvement in our efforts to attract and retain highly qualified personnel by providing meaningful employment

Corporate Social Responsibility (CSR)

RPC will continue to be a good corporate citizen, striving to be environmentally conscious, fair with employees, suppliers and stakeholders and supportive of New Brunswick's communities. Specifically, during the planning period, this means:

- Giving back to the community through experiential learning, and charitable efforts
- Being environmentally conscious
- Recruiting top talent
- Complying with laws and implementing an equity, diversity and inclusion (EDI) policy
- Actively reviewing employee feedback and acting on ideas and concerns to sustain an effective corporate culture
- Sustaining an emergency response capability
- Continuous commitment to good corporate governance



OUR VISION

For science and technology to drive smart decisions that promote a prosperous and sustainable New Brunswick.



OUR MISSION

To deliver science and technology solutions for the prosperity of New Brunswick.



OUR VALUES

Safety
Quality
Service
Integrity
Socially Responsible
Customer Focused
Results Driven

KEY ACHIEVEMENTS AND MILESTONES

Some most notable achievements the past year included:

- Strong business development, including the development of marketing and communications strategies
- We provided response services to support emergency testing needs
- We enhanced internal research efforts
- Cyanotoxin testing capabilities were developed to support Atlantic Canadians
- We enhanced analytical methods to be environmentally friendly and cost-efficient
- Secured funding for infrastructure improvements
- Automated several data processing procedures to improve productivity
- Launched Future Factory Simulation & Lidar Services to support productivity



RESEARCH AND TECHNOLOGY ORGANIZATIONS (RTOs)

Research and Technology Organizations (RTOs) serve as catalysts for innovation, employing science and technology to tackle society's most pressing challenges. In an era defined by climate change, antimicrobial resistance, energy transition, food security, and emerging pathogens, the global importance of RTOs has become increasingly evident.

RTOs are unique because they not only provide technical services, but also fulfill their mandate to build economies and improve quality of life. This dual societal function makes RTO's both unique and critically important as we navigate uncertainties of the future.



OUR MANDATE

The New Brunswick Research and Productivity Council’s (RPC’s) organizational planning involves a strategic planning cycle spanning a 5-year period. We are in the last year of our current strategic cycle and are eager to embark on our 2025-2030 strategy.

RPC reports to the Minister responsible for Post-Secondary Education, Training and Labour (PETL). As New Brunswick’s only provincial research organization (PRO) we are provided a mandate letter every two years by our Minister. Our Mandate letter outlines expectations of our organization with the purpose of maintaining alignment with the Research and Productivity Council Act, an Act created by the New Brunswick Government in 1962 to define RPC’s roles and responsibilities for leading and executing innovative projects to support economic growth.

The Research and Productivity Council Act specifies that the objects of the Council are to:

“Promote innovation through the use of science and technology for the purposes of improving quality of life and building economic viability and competitiveness in the province, and in so doing:

- (a) *to undertake, assist or promote scientific research, including technical and engineering research,*
- (b) *to provide services, including analyses, tests, inspections, investigations, and evaluations,*
- (c) *to design, develop and test equipment, products or processes,*
- (d) *to improve scientific processes and methods, and*
- (e) *to carry out any other activities or duties that the Lieutenant-Governor in Council directs.”*



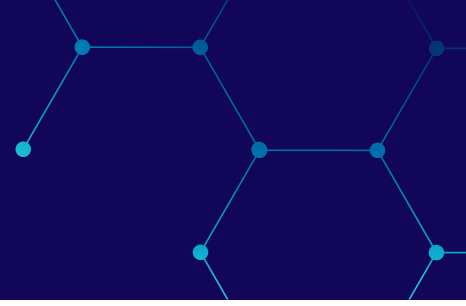
Exitus Acta Probat: “The Results Validate the Deeds”

We have a societal role as a connector, integrator, problem solver and enabler of innovation. We facilitate valuable relationships, employ technologies to create opportunities, promote collaborations, help industries be competitive, and assist with analytical support to keep our communities safe.

RPC’s 2023-2025 mandate letter outlines the following priority areas:

Priority Area	Expected Outcome/Result	Timeline
Operational Excellence	Continue to develop business systems and processes to operate efficiently and effectively and report a positive net income by March 31, 2025.	March 31, 2025, with targets established by fiscal.
Sustainable Growth	Continue to grow by diversifying business activity to grow 3 new services.	March 31, 2025, with targets established by fiscal.
Marketing and Business Development	Develop and implement more assertive communications and sales efforts to raise RPC’s profile and increase sales through strategic marketing and communications activities.	March 31, 2025, with targets established by fiscal.
Effective Communications	Work with senior leaders within Government to raise the profile of RPC within departments and ensure RPC is considered as a delivery arm for relevant work. Working together with senior leaders within Government to strengthen relationships and increase knowledge of RPC capability and capacity to support pursuit of win-win opportunities, particularly as they relate to providing technical support and expertise.	March 31, 2025, with targets established by fiscal.
Corporate Social Responsibility	Publish ESG (Environmental, Social, and Governance) Report	Annual

PRIORITY AREAS



OPERATIONAL EXCELLENCE

GETTING STARTED | MAKING PROGRESS | GOAL ACHIEVED

Operational excellence remained a key focus for the organization as our teams continued to increase cross training efforts and progress initiatives such as pursuing greener chemistry methods, addressing operational bottlenecks, pursuing additional ISO 17025 accreditations, converting to rapid methods, and progressing implementation of a new laboratory information management systems (LIMS). Additionally, we sought to implement 5S practices in workspaces and continued to pursue efficiency opportunities across all workflows.

Key Performance Indicators outlined for these objectives included:

- I. Achieve budgeted net earnings
- II. Complete 50% of LIMS implementation
- III. Expand offerings to include 5 new tests or services
- IV. 100% implementation of 5S

We did not achieve budgeted results in large due to the fact that we were not successful in reinstating operational funding during the 2024 fiscal year. However, we are encouraged this objective will be met for the upcoming year as we continue to pursue impactful projects.

LIMS rollout was delayed slightly, albeit significant progress was achieved, with the project expected to be 55% complete by Fall 2024. We surpassed five new service offerings and are on track to achieve 5S objectives with 74% completion. Overall, the organization made significant progress in operating with excellence, and we continue to remain committed to this objective.



*“I think of RPC more like a partner than a vendor.
Thank you for working with me all these years, it has meant a lot.”
– PEI Dept of Housing, Land and Communities*

SUSTAINABLE GROWTH

GETTING STARTED | MAKING PROGRESS | GOAL ACHIEVED

The organization had a successful year delivering several new tests and research projects spanning both industrial and scientific research. We also added several new tests to our scope of accreditation.

Key Performance Indicators outlined for these objectives included:

- I. Achieve budgeted results
- II. Establish an operational and capital funding model with GNB
- III. 50% increase in social media traffic compared to previous year
- IV. Increase revenue at Moncton laboratory by 20% compared to previous year

As previously mentioned, with lack of operational support we were not able to achieve our target budget. Our social media traffic increased significantly and continues to expand; however, we did not achieve a 50% increase and will continue to increase efforts in this area. Our Moncton laboratory met their objective with several more objectives planned in the upcoming year.

PRIORITY AREAS

MARKETING AND BUSINESS DEVELOPMENT

GETTING STARTED | MAKING PROGRESS | GOAL ACHIEVED

Significant progress was made with the formalization of our Business Growth and Excellence Team. The team, composed of highly skilled individuals, hit the ground running with ambitious marketing, communications and business development strategies.



EFFECTIVE COMMUNICATIONS

GETTING STARTED | MAKING PROGRESS | GOAL ACHIEVED

We continued to strengthen communication efforts via social media outlets, engaging with stakeholders and hosting tours. We opened our doors to many visitors this year, contributing significantly to enhanced networking and collaboration. As we connected and networked, it became evident that New Brunswick has a wide array of skilled individuals with a passion for productivity and innovation. We look forward to continuing our contribution to this talented ecosystem.

Key Performance Indicators included:

- I. Successful implementation and action of a communications plan with required resources
- II. 50% increase in click rates on social media platforms compared to previous years
- III. Increase social media followers by 15% compared to previous year
- IV. 75% top box score on employee engagement surveys

We made tremendous progress on all initiatives listed above and plan to continue with these goals in the upcoming year.

“EXCELLENT Service...had some technical questions of staff at your Moncton office; answered very appropriately and of great assistance.”
– Moncton Resident

CORPORATE SOCIAL RESPONSIBILITY

GETTING STARTED | MAKING PROGRESS | GOAL ACHIEVED

Corporate social responsibility initiatives include completion of an ESG report on an annual basis. Our inaugural 2022 ESG report was published last year with our 2023 report arriving hot off the press.

Social responsibility is a value we all embrace at RPC, we encourage you to read our ESG report which dives into the impressive ESG activities conducted over the year. You can find our ESG report on our website (www.rpc.ca).

Key Performance Indicators outlined in Annual Plan:

- I. Annual ESG report published
- II. Publish and Equity, Diversity and Inclusion policy
- III. Complete plastics recycling project
- IV. 50% of employees volunteering to charitable organizations

Publication of our ESG report was slightly delayed, however our second edition is scheduled for release in Fall 2024. While we did not achieve target volunteering goals, we are working to encourage our employees to take one day of leave with pay to volunteer in our communities. Other objectives listed above were achieved.



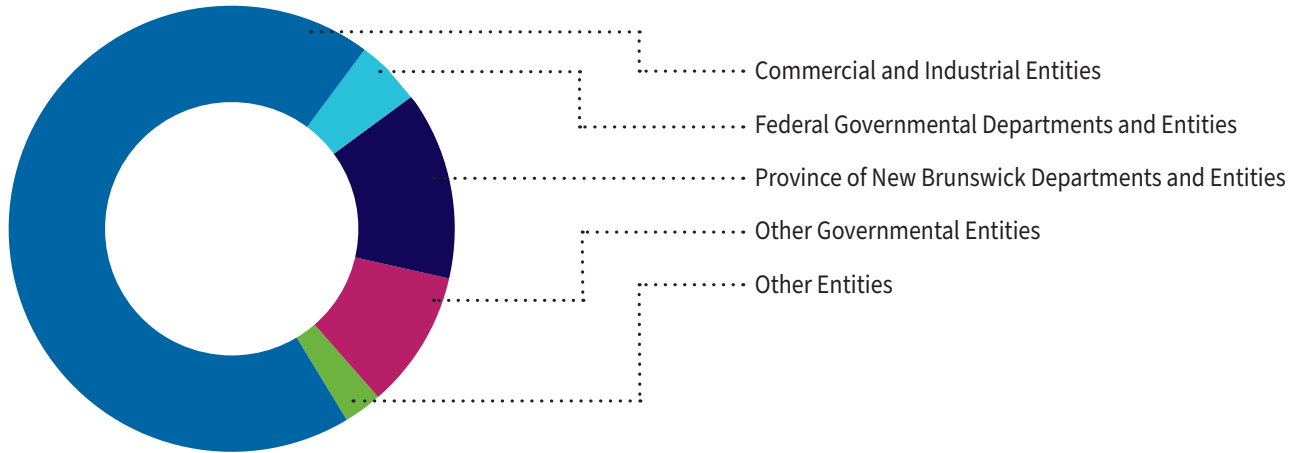
“We were looking for accuracy and in-depth analysis of a severe drinking water issue, the team there was very quick to respond with the detailed results we were hoping for. Great laboratory great staff.”

– Moncton Homeowner



FINANCIAL PERFORMANCE

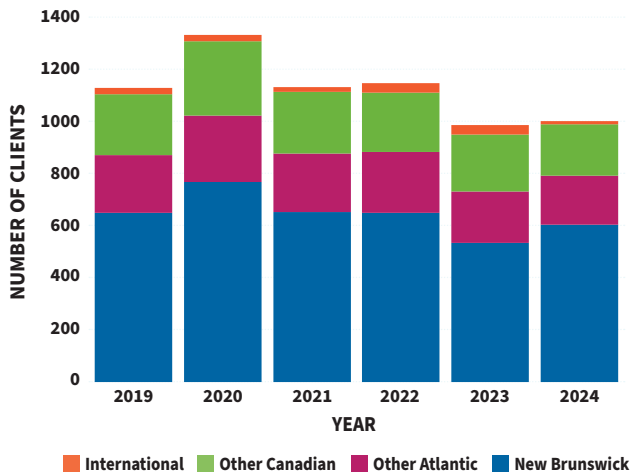
SOURCES OF REVENUE



	2023-2024	2022-2023
Commercial and Industrial Entities	\$ 11,989	\$ 13,189
Federal Governmental Departments and Entities	832	774
Province of New Brunswick Departments and Entities ¹	2,342	2,261
Other Governmental Entities	1,770	1,520
Other Entities	443	451
Total	\$ 17,376	\$ 18,195

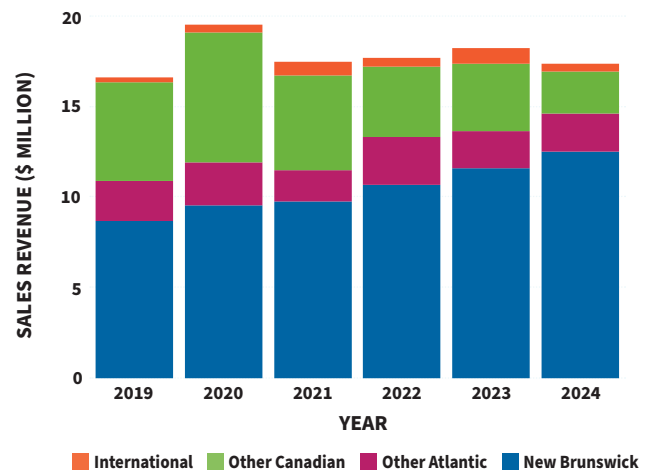
¹ Province of New Brunswick contracts only.

CLIENTS BY LOCATION



Note: Location data is by billing address.

CLIENTS SERVED BY REVENUE



EMPLOYEES, ACHIEVEMENTS AND RECOGNITION

2023-2024 EMPLOYEE CAREER MILESTONES

Employees are the backbone of our organization, driving our growth and success. Their skills, dedication, and creativity fuel the organization's innovation and productivity, enabling goals to be achieved. When an employee becomes a permanent employee at RPC, their years of service are celebrated in 5-year milestones.

This year we had the opportunity to celebrate many employees:

5 Year Recipients

Pauline Deschene
 Jacob Kennedy
 Vanessa Schriver
 Vanessa Perez-Michaud
 Sandy Hollins
 Morgan Armour
 Janki Davda
 Jaydon Little
 Luc LeBoutillier
 Adrienne Fortin

10 Year Recipients

Mike Connor
 Scott Sanford

15 Year Recipients

Tony Manning
 Bryan Bourque
 Jessica Storey
 Gillian Travis

25 Year Recipients

Eric Johnsen
 Lisa Ferrish
 Rebecca Liston
 Karen Broad

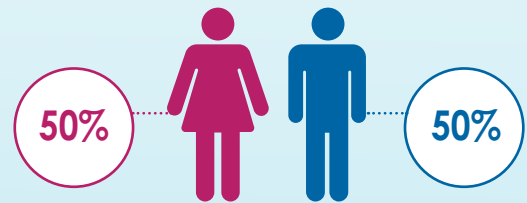
30 Year Recipients

Nigel Skinner
 Tracy Lean

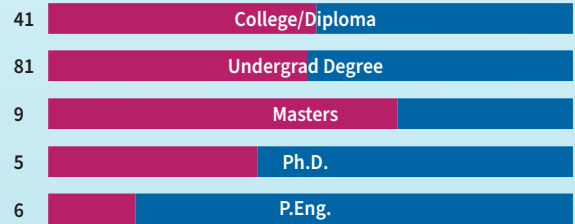
35 Year Recipients

Angela Colford

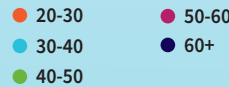
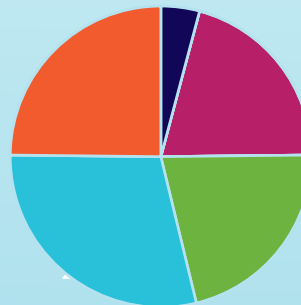
EMPLOYEE DEMOGRAPHICS



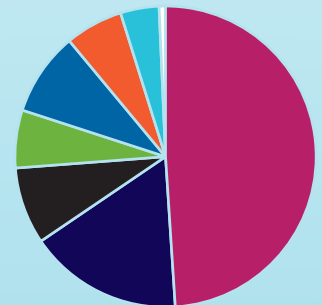
EDUCATION



AGE



YEARS OF SERVICE



DIVERSITY



LANGUAGE



EMPLOYEES, ACHIEVEMENTS AND RECOGNITION

2023-2024 RPC MERIT AWARDS

Each year RPC acknowledges individuals or teams who have achieved remarkable feats for RPC or our clients. We had co-recipients this year, both with the theme of productivity. One project centred on enhancing internal productivity while the other aimed to boost productivity for a client.

Our recipients this year were the Cannabis Efficiency Team, recognized for their outstanding work on an internal efficiency improvement project, and our Engineering Team for their design and manufacturing of an automated press for steel shingle production.

These projects highlight our commitment to productivity; whether it's benefiting our clients or enhancing our internal processes, productivity remains a top priority for the organization.

INTERNAL PRODUCTIVITY: CANNABIS EFFICIENCY/IMPROVEMENT PROJECT

A team of our scientists along with IT support began working on a series of productivity improvements to reduce operational costs associated with providing this service. Over the next several months, all data transfer was digitized, eliminating the need for manual data entry by technicians as well as the need for paper to transfer and store the data. Over the next 12 months, these process improvements saved approx. 2300 hours of data entry time by technicians, while also eliminating the potential for data entry/transcription errors. The elimination of paper printouts reduced paper consumption by ~13 boxes while also reducing printer and toner use, time required to store paper records, and eliminating the cost of archiving and destruction.

The project also saw a significant investment in time to reform the workflows of the Cannabis team. Improvements resulted in a significant reduction in the number of hours required to complete analyses of tests through improved planning and task management as well as with the implementation of greener and more efficient analytical methods. The work that was accomplished has provided opportunities for RPC to keep pace with a rapidly changing market and more importantly, for our organization to pass cost savings on to our cannabis clients.



2023-2024 Merit Award Team Members (L-R):

Back: Devin Jacob, Geoff Hebb, Allan Razon, Matthew Norman, Peter Crowhurst, Andrien Rackov, Mike Connor, Lucas Clark
Middle: Brittany Steen, Jeremiah Kehinde, Nichola Smith, Brandon Fillmore, Candice Inman, Troy Smith
Front: Setareh Pourkhanjani, Claire Rideout, Lauren Shaw, Kevin Patel, Lennie Genterolizo

INCREASING PRODUCTIVITY FOR A CLIENT: DESIGN AND MANUFACTURE AN AUTOMATED PRESS FOR STEEL SHINGLE PRODUCTION

A New Brunswick roofing company approached RPC for help to repair a die in their manual shingle press. During the repair our engineers identified an opportunity to assist with increasing the productivity of this client via automation. The team helped the client apply to NBIF to fund a project to design and build a fully automated shingle press. Phase 1 was to design a safe, reliable, and accurate hydraulic press that could replace the old one. The newly designed press uses a complex system of dies that close on the raw sheet metal while simultaneously moving horizontally as the sheet width gets shorter. The engineering team designed a completely new control system with touch screen and safety operation. The new press produces over 20,000 lbs of force and can make 200 shingles/hr. For comparison, the old press struggled to produce 60 shingles/hr. A Phase 2 project will see the addition of a robot to load/unload the press at a rate of 300 shingles/hr and will be completely automated. What does this mean for our NB company? The new press is a game changer, with the ability to make shingles much faster, safer and the quality of every shingle being very consistent with almost zero rejects. The company owns the technology developed and has plans to develop a franchise service in Atlantic Canada, where the robot cells are sold to producers.



2023-2024 Merit Award Team Members (L-R):

John King, Troy Young, Chris Davenport, John Aikens, Brian Bell, Mark MacLean

RPC SENIOR MANAGEMENT TEAM (AS OF AUGUST 2024)

Executive Management

Dr. Diane Botelho,
Executive Director/Chief Executive Officer

Steve Holmes,
Chief Operating Officer

Directors

Shawn Wood, Director of Finance and Administration
 John Aikens, Director of Engineering Services
 Matt Ashfield, Director of Information Technology
 Dr. Attiq Rehman, Director of Biosciences
 Shelley Janes, Director of Human Resources
 Leo Cheung, Director of Process Engineering
 Sara Cockburn, Director of Business Growth and Excellence
 Peter Crowhurst, Director of Inorganic Analytical Services
 Bruce Phillips, Director of Organic Analytical Services
 Dr. Andrien Rackov, Director of Research and Controlled Substances

MENTORSHIP AND COMMUNITY OUTREACH

We were pleased to mentor another university student for their honours research program. Nick Armstrong joined us from UNB's department of chemistry to work with our research scientists for the academic year. Nick's thesis was titled: "Qualitative Analysis of Solid and Liquid Phase Particulate in Cannabis Aerosol via Two Delivery Methods". Nick successfully defended his thesis during the spring of 2023 and is motivated to pursue a medical degree. We wish Nick the very best of luck in this next chapter!



"I am grateful for the time I got to spend at RPC for my senior research project. Being exposed to a legitimate workplace outside of the university was a valuable experience. The opportunity to work in the environment and use the provided equipment helped ease my nerves about potentially starting a career in research. Above all else, I must underline how welcoming all the staff were. My supervisors and the people I worked closely with were always prepared to answer my questions. Even people I would pass in the halls were friendly and interested in what I was working on." – Nick Armstrong



We also had the opportunity to host students from the University of New Brunswick, Dalhousie University and Saint Mary's university for a full day of applied learning. The students enjoyed conducting experiments pertaining to real world problems as well as learning about science and engineering activities conducted at a research and technology organization highly engaged with industry. We thoroughly enjoyed hosting the students and look forward to the next event.



Our engineers were proud to assist Faith Howe (Boundless Bricks) with official measurements for submission to the Guinness Book of World Records for the largest playing card ever constructed with Lego!

Congratulations Faith Howe!



RPC Fish Health Technologist, Jessica Storey, attended the Barker's Point Elementary School career fair.



RPC supporting a radon awareness campaign in New Brunswick.

FUTURE OUTLOOK

As we conclude another year, we reflect on the progress made strengthening relationships with government, academia, the public and our valuable industries. Our scientists and engineers pushed boundaries and established new benchmarks, for that we are proud. We are especially proud of our clients who approach us with challenges and ideas, and who work alongside us as we innovate together.

Looking ahead, we are energized as we continue to build momentum for our clients and the Province of New Brunswick. We are eager to fulfill our mandate as New Brunswick's Provincial Research Organization, remaining committed to exploring opportunities, innovating with purpose, and pursuing intentional research.

FROM OUR CEO: NOTES OF APPRECIATION

I extend my deepest gratitude to our employees who remain focused on the success of our clients and wellbeing of our communities. I also extend gratitude to our Board of Directors, academic and industrial collaborators, regulators, educators, and the Government of New Brunswick.

Without our clients, we would not exist. We appreciate the trust put in our organization to pursue ideas and support analytical needs. We are grateful for these relationships and look forward to enhancing these connections and building new ones. We remain dedicated to enabling innovation for New Brunswickers and Atlantic Canadians. We anticipate another year of success, thank you for being a part of our journey.

RPC BOARD OF DIRECTORS

(as of June 1, 2024)



Dr. Shelley Rinehart
Chairperson,
Director MBA Program, UNB Saint John



Ms. Annette Comeau
Chief Executive Officer,
LearnSphere Canada



Dr. Laurier Schramm
President and CEO,
Laurann Ventures Inc.



Ms. Jennifer Hubbard
President and CEO,
Polar Knowledge Canada



Mr. Dan Mills
Deputy Minister,
NB Dept. of Post Secondary Education,
Training and Labour



Ms. Traci Simmons
Chief Executive Officer,
Opportunities New Brunswick



Mr. Kent Estabrooks
Coach,
Future Path Compass Coaching



Dr. Levi Hargrove
Director & Assistant Professor,
Center for Bionic Medicine,
Northwestern University



Ms. Cathy LaRochelle
Deputy Minister,
NB Dept. of Agriculture, Aquaculture and
Fisheries



Ms. Irene McCardle, CPA, CMA, CFP
Irene McCardle Accounting



Ms. Meaghan Seagrave
Executive Director,
Bioindustrial Innovation Canada (BIC)



Mr. Shawn Wood
Treasurer
(Non-voting)

GOVERNANCE

RPC is a New Brunswick Provincial Crown Corporation, created with the Research and Productivity Act on April 13, 1962. On April 1, 2017, Bill 36 identified RPC as a Part IV Crown Corporation.

RPC reports to the Government of New Brunswick through the Minister Responsible and receives a mandate letter every two years. The mandate letter content complements our 2020-2025 Strategic Plan.

RPC is governed by a Board of Directors who provide oversight and strategic input. Directors are appointed based on professional skills in accordance with the *Research and Productivity Council Act*. The Board has input and approves the Strategic and Annual Plans. Financial statements are audited by an independent accounting firm approved by the Office of the Auditor General, reviewed by the Audit Committee, approved by the RPC Board and provided to the Auditor General's and Comptroller's offices.

Links to the RPC Act, Mandate Letter, Strategic Plan, Annual Plan, Annual Report and current list of Board of Directors are included on the RPC website www.rpc.ca under the About RPC – Governance section.

RPC also reports to the Standing Committee on Crown Corporations as called.

ACCOUNTABILITY

The Accountability and Continuous Improvement Act requires that the Minister of the Crown or the Chair of the Crown entity, as the case may be, is accountable for the preparation of the annual report and for achieving the specific goals and objectives of the report. In RPC's case, the Chair, working with the Executive Director, Audit and Risk Committee and Minister Responsible for RPC, is accountable for the preparation of the annual report.

Status of Implementation of Recommendations from the Auditor General's Report

The Auditor General has recommended Crown agencies report on the status of audit recommendations made by the Office of the Auditor General in their annual reports, specifically the progress of implementation and implementation status.

The following is a status report on the Recommendations from the Auditor General's Report within the last 5 years:

1. There are no outstanding Auditor General recommendations made specifically to RPC.
2. In October of 2021, the Auditor General released Volume 1. Chapter 4 discusses government oversight of crown agencies. Relevant observations made to the Executive Council Office (ECO) included:
 - 2.1. RPC did not receive a mandate letter.
 - 2.2. Status: This was a timing issue as RPC transitioned to a Part IV crown corporation. We have worked with ECO, have a designated Minister responsible for RPC, and receive mandate letters. Mandate items are incorporated in our annual plan which are reported on regularly. All materials are posted on our web site under the governance section.
3. In February of 2022, the Auditor General released Volume II of their Performance Audit which included a review of the salary and benefits practices of crown corporations. The report recommended that Executive Council provide crown corporations with expectations related to salary and benefits.
Status: RPC will review these expectations/guidelines when received.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements contained in this annual report in accordance with Canadian public sector accounting standards applicable to government not-for-profit organizations, and the integrity and objectivity of the data in these financial statements are Management's responsibility. The financial statements include some amounts based on Management's estimates and judgment. Financial information presented throughout the annual report is consistent with the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements.

The Council's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board has established an Audit and Risk Management Committee in accordance with the Council's bylaws. Management does not sit on the Audit and Risk Management Committee; however, the Committee meets with Management and the independent external auditor to review the manner in which the responsibilities for financial statements are being performed and to discuss auditing, internal controls and other relevant financial matters. The Audit and Risk Management Committee has reviewed the financial statements with the external auditor. On the recommendation of the Audit and Risk Management Committee, the Board has approved the financial statements contained in this report.

The financial statements have been audited by KPMG LLP, independent external auditors. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Council's financial statements.



Dr. Diane Botelho
Chief Executive Officer



Shawn Wood, CPA, CA
Director of Finance and Administration

July 2, 2024



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77 Westmorland Street, Suite 700
Fredericton, NB E3B 6Z3
Canada
Telephone 506 452 8000
Fax 506 450 0072

INDEPENDENT AUDITOR'S REPORT

To the Honorable Greg Turner and the Chairperson and Members of the New Brunswick Research and Productivity Council

Opinion

We have audited the financial statements of New Brunswick Research and Productivity Council, (the Council), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of remeasurement gains and losses 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 Council as at March 31, 2024, and its results of operations, its remeasurement gains and losses, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Council 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.



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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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- 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 Council's internal control.



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- 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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Fredericton, Canada

July 2, 2024

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(in thousands)

	2024	2023
Assets		
Current assets		
Accounts receivable (Note 5)	\$ 3,493	\$ 2,520
Work in progress	121	213
Prepaid expenses	390	506
	<u>4,004</u>	<u>3,239</u>
Investments (Note 6)	3,714	4,508
Capital assets (Note 7)	9,482	9,857
	<u>\$ 17,200</u>	<u>\$ 17,604</u>
Liabilities		
Current liabilities		
Bank indebtedness (Note 8)	\$ 489	\$ 64
Accounts payable and accrued liabilities	1,493	1,499
Deferred revenue	851	530
Demand loan (Note 8)	175	245
	<u>3,008</u>	<u>2,338</u>
Deferred capital contributions (Note 9)	2,701	2,666
Employee future benefits (Note 10)	1,512	1,497
Asset retirement obligations (Note 11)	177	170
	<u>7,398</u>	<u>6,671</u>
Net assets		
Unrestricted	\$ 528	\$ 312
Internally restricted (Note 12)	2,845	3,845
Invested in capital assets	6,429	6,776
	<u>9,802</u>	<u>10,933</u>
	<u>\$ 17,200</u>	<u>\$ 17,604</u>

Contractual obligations (Note 13)

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

Approved on behalf of the Council

 _____ Chairperson

 _____ Executive Director

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED MARCH 31

(in thousands)

	2024 Budget	2024 Actual	2023 Actual
Revenues			
Operations (Note 14)	\$ 18,561	\$ 17,376	\$ 18,195
Amortization of deferred capital contributions	553	511	568
Investment	100	556	95
Government assistance (Note 9)	-	147	155
Foreign exchange gain	-	42	53
Sundry	-	17	27
	<u>\$ 19,214</u>	<u>\$ 18,649</u>	<u>\$ 19,093</u>
Expenses (Note 15)			
Operations	\$ 13,112	\$ 13,116	\$ 12,770
Administration	5,303	4,910	4,985
Amortization of capital assets	1,590	1,424	1,557
Bad debts	9	72	269
Accretion of asset retirement obligations	-	11	4
Loss on disposal of capital assets	-	-	53
Loss on transfer of facility	-	-	1,539
	<u>20,014</u>	<u>19,533</u>	<u>21,177</u>
Deficiency of revenues over expenses	<u>\$ (800)</u>	<u>\$ (884)</u>	<u>\$ (2,084)</u>

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEARS ENDED MARCH 31

(in thousands)

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 995	\$ 1,153
Unrealized gains (losses) attributable to investments	187	(181)
Realized (gains) losses reclassified to the statement of operations	<u>(434)</u>	<u>23</u>
Change in accumulated remeasurement gains and losses	<u>(247)</u>	<u>(158)</u>
Accumulated remeasurement gains, end of year	<u>\$ 748</u>	<u>\$ 995</u>

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED MARCH 31

(in thousands)

	Unrestricted	Internally Restricted	Invested in Capital Assets (Note 17)	2024	2023
Balance, beginning of year	\$ 312	\$ 3,845	\$ 6,776	\$ 10,933	\$ 13,175
Excess (deficiency) of revenues over expenses	40	-	(924)	(884)	(2,084)
Change in accumulated remeasurement gains and losses	(247)	-	-	(247)	(158)
Net change in investment in capital assets	(577)	-	577	-	-
Transfers	1,000	(1,000)	-	-	-
Balance, end of year	\$ 528	\$ 2,845	\$ 6,429	\$ 9,802	\$ 10,933

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

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(in thousands)

	2024	2023
Cash provided by (used for):		
Operating activities		
Deficiency of revenues over expenses	\$ (884)	\$ (2,084)
Items not involving cash:		
Unrealized foreign exchange losses (gains)	3	(58)
Loss on disposal of capital assets	-	53
Non-cash component of loss on transfer of facility	-	1,525
Realized (gains) loss on investments	(434)	23
Amortization of capital assets	1,424	1,561
Accretion of asset retirement obligations	11	-
Amortization of deferred capital contributions	(511)	(568)
Net accrual of employee future benefits	15	(44)
Net changes in non-cash working capital	(340)	(357)
	<u>(716)</u>	<u>51</u>
Capital activities		
Purchase of capital assets*	(956)	(825)
	<u>(956)</u>	<u>(825)</u>
Financing activities		
Repayment of demand loan	(70)	(70)
Capital contributions*	339	805
	<u>269</u>	<u>735</u>
Investing activities		
Purchase of investments	(643)	(1,027)
Proceeds on disposal of investments	1,621	1,003
	<u>978</u>	<u>(24)</u>
Net decrease in cash	(425)	(63)
Bank indebtedness, beginning of year	(64)	(1)
Bank indebtedness, end of year	<u>\$ (489)</u>	<u>\$ (64)</u>
Supplemental information:		
Interest paid	\$ 36	\$ 18

*Purchase of capital assets in the amount of \$93 (2023 - Nil) is included in accounts payable and accrued liabilities at year end. Capital contributions of \$284 (2023 - \$77) are included in accounts receivable at year end.

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

1. PURPOSE OF THE ORGANIZATION

The New Brunswick Research and Productivity Council (the Council) is a government not-for-profit organization incorporated under the *Research and Productivity Council Act* 1962. The objectives of the Council are to promote, stimulate and expedite continuing improvement in productive efficiency and expansion in the various sectors of the New Brunswick economy. The Council provides independent research, testing and technical services to enterprises primarily within New Brunswick on a fee-for-service basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. A summary of the significant accounting policies used in the preparation of these financial statements are as follows:

(a) Cash and cash equivalents

Cash consists of cash in banks and includes bank indebtedness. Short term use of the Council's demand operating credit line is considered bank indebtedness. Cash and bank indebtedness are recorded at cost, which approximates market value.

(b) Revenue recognition

Revenues from analytical services, time and materials service or consulting contracts include performance obligations to deliver scientific analysis, inspection, testing, specific technical or consulting services, or consulting resources. Revenues from these contracts are recognized at a point in time when the services are complete and the results of the analysis or services are delivered to the customer. Invoices are generally issued upon completion of the services, and payment terms are generally between 30-90 days according to the contract terms.

Revenues from product sales and contracted manufacturing are recognized at a point in time when the goods are shipped to the customer. Invoices are generally issued as the product is shipped and payment terms are generally 30-90 days according to the contract terms.

Amounts received for which the performance obligations in the contract have not been satisfied are reported as deferred revenue.

Revenues from research and engineering projects include performance obligations to deliver specific research or prototyping services, and/or assist with the design, testing and manufacturing of specific engineering solutions. Invoices are issued according to billing milestones throughout the lifecycle of the project including upfront payments in accordance with the contract terms. Payment terms are generally 30 days from the issuance of an invoice. Revenues from these contracts are recognized over time, under the percentage of completion method based on the percentage of costs incurred to date compared to total estimated costs of fulfilling the associated performance obligation. Costs used to determine progress toward completion include direct labour costs, subcontractors and materials specific to the relevant performance obligation in the customer contract.

Total estimated costs of fulfilling remaining performance obligations are estimated by forecasting the amount of direct labour, subcontractors and materials expected to be required to complete the deliverables and render the services that form the performance obligation included in the corresponding contract. The Council uses its experience with similar performance obligations and comparable contracts and the history of costs incurred to date relative to progress achieved in comparison to the original expectations for the contract to inform these forecasts.

The percentage of completion of method requires management to make estimates of the extent of progress towards completion and may involve estimates on the scope of services required to fulfill the associated performance obligations. These estimates include total estimated costs, technical risks and other judgments. Changes in estimates may lead to an increase or decrease of the amount and timing of revenue.

Amounts received from contracts in excess of revenue recognized are reported as deferred revenue.

Investment income includes dividends, interest, and realized gains and losses on investments. All investment income is recognized as revenue in the year it is earned.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(b) Revenue recognition (continued)

The Council follows the deferral method of accounting for grants received for operations and specific projects. Grants to be used for restricted purposes are recognized as revenue in the period in which the related expenditures are incurred. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Contributions restricted for the purchase of capital assets are deferred and amortized into revenues on a straight-line basis corresponding with the amortization rates of the related assets. Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants approved but not yet received at the end of an accounting period are accrued.

(c) Work in progress

Work in progress consists of: a) the portion of revenue recognized from contracts where revenue is recognized over a period of time not yet collected from progress billings and b) direct costs associated with non-short term contracts where revenues are recognized at a point in time, including direct labour, materials, subcontractors and travel until such time the revenue is recognized.

(d) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives of assets, as follows:

Amortization rates:	
Buildings	25-33 years
Operating equipment	8 years
Business management systems	8-15 years
Computer equipment	4 years
Vehicle	4 years
Leasehold improvements	15 years

When a capital asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

(e) Financial instruments

Financial instruments are contracts that establish rights and obligations to receive or deliver economic benefits. Financial assets consist of accounts receivable, investments, and financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities, and demand loan. Cost approximates the fair value of the Council's financial instruments, due to their short-term maturities except for investments further described below.

Financial instruments are recorded at fair value on initial recognition. Investments quoted in an active market are measured at fair value. All other financial instruments are measured at cost or amortized cost unless management has elected to carry the instrument at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Financial instruments measured at fair value are classified as Level 1, 2 or 3 for purposes of describing the basis of the inputs used to measure the fair values of the financial instruments in the fair value measurement category, as described below:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3 – inputs for the assets or liabilities that are not based on observable market data.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses to the Statement of Operations. Transaction costs for financial instruments measured at fair value are expensed. Financial assets are assessed annually to determine whether there is any objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transactions.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Realized and unrealized foreign exchange gains and losses are recognized in the Statement of Operations.

(g) Investments

Investments held by the Council include publicly traded short and long-term fixed income and equity securities. Interest on fixed income securities is accrued as earned and reported on the Statement of Operations along with dividends and other investment income. Equity securities are classified as Level 1 according to the fair value hierarchy and are valued at year end quoted closing prices where available. Fixed income securities are classified as Level 2 according to the fair value hierarchy and are valued at year end quoted closing prices where available. Where quoted prices are not available estimated fair values are calculated using comparative securities.

(h) Employee future benefits

i) Pension

Qualifying employees of the Council are members of the New Brunswick Public Service Pension Plan. The plan is a Shared Risk Plan under which contributions are made by both the Council and its employees. The Council is not responsible for any unfunded liability in the plan nor does it have access to any plan surplus. The Council's cost is limited to its annual contributions which were \$1,088 for the year ended March 31, 2024 (2023 - \$1,084).

Pension administration services are provided by Vestcor Pension Services Corporation at no cost to the Council.

ii) Retirement allowances

Employees who began full-time employment prior to April 1, 2011 are entitled to retirement allowance benefits. The Council recognized a liability and an expense in the period in which employees render services in return for the benefits. The accrued liability for this retirement allowance benefit was determined by an actuarial valuation. The last full actuarial valuation was carried out as of March 31, 2023 and has been extrapolated to March 31, 2024.

iii) Accrued sick pay benefits

The Council provides sick leave benefits to employees that is earned at a rate of 1.25 days per month, up to a maximum of 240 days. Unused leave can be carried forward to future periods but do not vest. There is no payout of remaining accumulated sick leave when an employee retires or terminates. The Council recognized a liability and an expense in the period in which employees render services in return for the benefits. The accrued liability for this benefit was determined by an actuarial valuation. The last full actuarial valuation was carried out as of March 31, 2023 and has been extrapolated to March 31, 2024.

(i) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in buildings owned by the Council has been recognized based on estimated future expenses on removal, expected refurbishment or closure of the buildings.

The liability is discounted using a present value calculation, revalued annually, and adjusted yearly for accretion expense. The recognition of a liability results in an accompanying increase to the respective capital asset. The increase to the capital asset is being amortized in accordance with amortization accounting policies outlined in (d).

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Significant estimates included in these statements include assumptions used in:

- determining liabilities for retirement allowance and sick pay benefits;
- accounts receivable which are, or may become uncollectible;
- percentage of completion of revenue contracts where revenue is recognized over time and the corresponding amounts of work in progress and deferred revenue;
- asset retirement obligations;
- the carrying value of capital assets and
- the useful life over which capital assets and deferred capital contributions are amortized.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information. Actual results could differ from these estimates.

3. CHANGE IN ACCOUNTING POLICIES

PS3400 – Revenue Recognition:

On April 1, 2023 the Council adopted Public Accounting Standard PS3400 - Revenue Recognition. The new standard provided updated guidance on how to account for revenue, specifically differentiating between revenue arising from transactions that include performance obligations (exchange transactions) and those that do not include performance obligations (non-exchange transactions). The standard also includes guidance for recognizing revenue either at a point in time or over time. The Council revenue recognition policies are described in Note 2. The implementation of this standard did not require the Council to reflect any adjustments in these financial statements.

4. RISK MANAGEMENT

An analysis of significant risks from the Council's financial instruments is provided below:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Council manages this exposure through credit approval procedures for new customers and obtaining advanced payment from high-risk customers. The Council's maximum exposure to credit risk is equal to the receivables balance of \$3,493 at March 31, 2024 (2023 - \$2,520). The total receivables balance is net of an estimated allowance for doubtful accounts of \$129 (2023 - \$63).

As of March 31, 2024, \$1,176 (2023 - \$861) of accounts receivable were past due, but not impaired. An analysis of the age of the amounts past due but not impaired is as follows:

Past due by not impaired	2024	2023
Up to 30 days	\$ 478	\$ 552
Up to 60 days	262	133
More than 60 days	436	176
Total	\$ 1,176	\$ 861

The Council is also exposed to credit-related risk in the event the counterparty to a fixed income security defaults or becomes insolvent. The Council manages this risk by dealing only with reputable banks and financial institutions and following a conservative framework governing eligible investments, including a required credit rating of A or higher for bond issuers. The maximum exposure to investment credit risk is outlined in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

4. RISK MANAGEMENT - CONTINUED

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

The Council follows a conservative investment policy to mitigate financial risks. The Council has no derivative investments and has not entered into hedging transactions to manage risk.

The Council is continually monitoring the impact of market volatility on its financial instruments and will adjust investment strategies as required to reduce the risk on the Council's operations and financial position.

c) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or fair values of financial instruments. The Council's investments in fixed-income securities bear interest at coupon rates, reducing the impact of rate fluctuations on cash flows. Changes in interest rates can affect the fair value of Council's investments.

The line of credit and demand loan bear interest at variable rates, which subjects the Council to interest rate risks.

d) Currency risk

Currency risk arises on financial instruments denominated in a foreign currency. A portion of the Council's investments are equity securities denominated in U.S. Dollars as well as a portion of accounts receivable and accounts payable and accrued liabilities. The impact of a change in currency rate at March 31, 2024 would be limited to these balances (in U.S. Dollars):

	<u>2024</u>	<u>2023</u>
Cash	\$ 57	\$ 45
Accounts receivable	84	58
Investments	456	591
Accounts payable and accrued liabilities	<u>(7)</u>	<u>(11)</u>
	<u>\$ 590</u>	<u>\$ 683</u>

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Company's cash requirements. Additional cash requirements are met using the available operating line of credit and bank borrowing (note 8) and access to investment reserves described in note 6 which are readily convertible to cash. The Company's borrowing arrangements are concentrated with a single Canadian financial institution.

5. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Trade	\$ 3,333	\$ 2,388
Government assistance and capital contributions	284	184
Accrued investment interest	<u>5</u>	<u>11</u>
	3,622	2,583
Less allowance for doubtful accounts	<u>(129)</u>	<u>(63)</u>
	<u>\$ 3,493</u>	<u>\$ 2,520</u>

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

6. INVESTMENTS

Investments in the fair value category	Fair value hierarchy level	<u>2024</u>	<u>2023</u>
Equity securities	Level 1	\$ 1,718	\$ 2,287
Fixed income securities	Level 2	<u>1,996</u>	<u>2,221</u>
		<u>\$ 3,714</u>	<u>\$ 4,508</u>

There were no transfers between Level 1 and Level 2 during the year. Fixed income securities have interest rates between 1.1% to 4.4% (2023 – 1.1% to 4.3%) and mature between April 2024 and March 2028.

External restrictions on investments of \$2,000 (2023 - \$2,000) are in place as a security pledge to secure the Council's operating line as further described in Note 8.

7. CAPITAL ASSETS

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 5,707	\$ 2,556	\$ 3,151	\$ 3,297
Operating equipment	10,588	7,047	3,541	4,383
Business management systems	2,099	426	1,673	1,702
Computer equipment	519	471	48	67
Vehicle	112	112	-	-
Leasehold improvements	318	82	236	258
Asset under construction	<u>833</u>	<u>-</u>	<u>833</u>	<u>150</u>
	<u>\$ 20,176</u>	<u>\$ 10,694</u>	<u>\$ 9,482</u>	<u>\$ 9,857</u>

Assets under construction are not subject to amortization until the items in question are production ready and available for use.

8. BANK INDEBTEDNESS AND DEMAND LOAN

The Council has a demand operating credit line available in the amount of \$2,000 for general business purposes at the bank's prime lending rate.

The Council's demand loan bears interest at the bank's prime lending rate plus 1% and is payable in monthly instalments of \$6 through September 2026.

The line of credit and demand loan are secured by a First General Security Agreement and a Pledge agreement in the amount of \$2,000 on the Council's investments.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

9. GOVERNMENT ASSISTANCE AND DEFERRED CAPITAL CONTRIBUTIONS

(a) Government assistance

During the year the Council received government assistance from the Atlantic Canadian Opportunities Agency (“ACOA”) and Regional Development Corporation, Province of New Brunswick (“RDC”), New Brunswick Innovation Foundation (“NBIF”), Province of New Brunswick Environmental Trust Fund (“ETF”), ResearchNB and Province of New Brunswick Department of Post-Secondary Education, Training and Labour (“PETL”) as follows:

	<u>2024</u>	<u>2023</u>
ETF	\$ 107	\$ 64
NBIF	-	30
RDC	6	26
ResearchNB	13	-
PETL	21	20
ACOA	-	15
	<u>\$ 147</u>	<u>\$ 155</u>

(b) Deferred capital contributions

Deferred capital contributions related to capital assets represent the unamortized amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the Statement of Operations.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 2,666	\$ 3,157
Contributions	262	-
Contributions, receivable	284	77
Amounts amortized to revenue	(511)	(568)
Balance, end of year	<u>\$ 2,701</u>	<u>\$ 2,666</u>

Capital contributions of \$546 (2023 – \$64) were received or receivable during the year from RDC related to laboratory and facility refurbishments and specific operating equipment. Capital contributions of \$Nil (2023 – \$13) were received or receivable during the year from ETF related to specific operating equipment.

10. EMPLOYEE FUTURE BENEFITS

(a) Retirement allowances

Those employees who began full-time employment prior to April 1, 2011 are entitled to payment of a retirement allowance based upon one week’s pay for each full year of service to a maximum of 25 years. The retirement allowance is paid upon retirement after the age of 55, at the employee’s final rate of pay. An actuarial valuation was completed at March 31, 2023 and has been extrapolated to March 31, 2024 and forms the basis for the estimated liability reported in these financial statements.

(b) Sick pay benefits

Employees working full-time accumulate sick pay benefits that accumulate at 1.25 days per month and if unused can be carried forward to a maximum of 240 days. An actuarial valuation was completed at March 31, 2023 and has been extrapolated to March 31, 2024 and forms the basis for the estimated liability reported in these financial statements.

Significant economic and demographic assumptions used in the actuarial valuations are:

Discount rate	7.20% (2023- 6.70%)
Salary increases	3.50% (2023 – 3.50%)
Retirement age	Age 60 (2023 – Age 60)
Probability of excess sick usage	7% (2023 – 7%)

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(amounts in thousands)

10. EMPLOYEE FUTURE BENEFITS - CONTINUED

(b) Sick pay benefits - continued

Information about the Council's employee future benefit obligations as reported on the Statement of Financial Position is as follows:

	2024			2023		
	Retirement Allowances	Sick Pay Benefits	Total	Retirement Allowances	Sick Pay Benefits	Total
Accrued benefit obligations, April 1	\$ 1,106	\$ 166	\$ 1,272	\$ 1,572	\$ 251	\$ 1,823
Current service cost	28	38	66	51	49	100
Interest on obligations	72	11	83	41	6	47
Benefit payments	(103)	(30)	(133)	(135)	(86)	(221)
Actuarial (gain) loss	(34)	(4)	(38)	(423)	(54)	(477)
Accrued benefit obligations, March 31	1,069	181	1,250	1,106	166	1,272
Unamortized actuarial loss (gain)	321	(59)	262	296	(71)	225
Total liability	\$ 1,390	\$ 122	\$ 1,512	\$ 1,402	\$ 95	\$ 1,497

11. ASSET RETIREMENT OBLIGATIONS

The Council's asset retirement obligations relate to buildings owned and operated by the Council that are known to have asbestos, which represents a health hazard upon disturbing, renovation, removal of the affected parts of the facility or demotion of the building and there is a legal obligation to remove it. The affected buildings or components of the buildings have an expected remaining useful life of 10 years. Estimated costs have been discounted to the present value using a discount rate of 6.70%.

Changes to asset retirement obligations are as follows:

	2024	2023
Balance, beginning of year	\$ 170	\$ -
Asbestos removal	-	166
Accretion expense	11	4
Retirements	(4)	-
Balance, end of year	\$ 177	\$ 170

12. INTERNALLY RESTRICTED NET ASSETS

The Council's board of directors has internally restricted resources amounting to \$2,845 as at March 31, 2024 (2023 - \$3,845). This internally restricted amount is intended for the acquisition of capital assets and payment of capital obligations and is not available for other purposes without the approval of the board of directors. During the year there were transfers to unrestricted net assets of \$1,000 (2023 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

13. CONTRACTUAL OBLIGATIONS

The Council has entered into facility rental and equipment service agreements. The minimum annual payments under these agreements over the next five years are as follows: 2025 - \$269; 2026 - \$80; 2027 - \$76; 2028 - \$76; and 2029 - \$76.

The Council has entered into agreements with contractors as part of an upgrade to its ventilation systems. The remaining contracted payments related to this upgrade for 2025 is \$7,601. A portion of these capital expenditures are eligible for reimbursement under a capital contribution agreement with RDC. The amount of capital contributions expected as part of this agreement for 2025 is \$5,312.

14. OPERATIONAL REVENUES

Operational revenues by type are as follows:

	2024	2024	2023
	Budget	Actual	Actual
Analytical testing services	\$ 15,138	\$ 13,939	\$ 15,159
Research and engineering projects	2,291	1,990	1,526
Inspection and consulting services	787	1,101	1,161
Product sales and contracted manufacturing	345	346	349
	\$ 18,561	\$ 17,376	\$ 18,195

A portion of operational revenues relate to multi-year framework agreements with customers, but would be considered non-recurring due to cancellation options available to the parties.

The Council has entered into contracts with customers that carry performance obligations, components of which have not yet been fulfilled. The value of contracts allocated to remaining performance obligations at March 31, 2024 is \$2,023. The Council expects to fulfill these performance obligations and recognize the associated revenue within the next 18 months.

15. EXPENSES

Expenses by object are as follows:

	2024	2024	2023
	Budget	Actual	Actual
Personnel	\$ 12,276	\$ 11,599	\$ 11,724
Supplies	3,037	3,273	3,041
Amortization of capital assets	1,590	1,424	1,557
Loss on transfer of facility (Note 14)	-	-	1,539
Facilities	980	974	937
Office	414	461	437
Subcontractors	228	409	238
Shipping and freight	391	372	374
Insurance	244	243	238
Quality	204	177	189
Safety	107	129	100
Other	192	113	195
Professional fees	143	104	114
Rechargeable	96	87	100
Interest and bank charges	102	85	68
Bad debts	10	72	269
Accretion of asset retirement obligation	-	11	4
Loss on disposal of capital assets	-	-	53
	\$ 20,014	\$ 19,533	\$ 21,177

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024
(amounts in thousands)

16. RELATED PARTY TRANSACTIONS

The Council is a Provincial Crown Corporation, established by the Province of New Brunswick (“the Province”) as described in Note 1. As such, all government departments, other crown agencies and corporations of the Province are considered related parties.

During the year, the Council provided services to government departments and crown agencies of the Province. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>2024</u>	<u>2023</u>
Operational revenue from services provided during the year:		
Government departments and other crown agencies	\$ 1,759	\$ 1,397
New Brunswick Power Corporation	411	667
	<u>\$ 2,170</u>	<u>\$ 2,064</u>
Accounts receivable:		
Government departments and other crown agencies	\$ 332	\$ 367
RDC	284	-
New Brunswick Power Corporation	71	23
	<u>\$ 687</u>	<u>\$ 390</u>
Capital contributions:		
RDC	\$ 546	\$ 64
Government departments and other crown agencies	-	13
	<u>\$ 546</u>	<u>\$ 77</u>
Government assistance		
RDC	\$ 6	\$ 26
Government departments and other crown agencies	141	114
	<u>\$ 147</u>	<u>\$ 140</u>

During 2023 the Council transferred ownership of its facility in St. George, New Brunswick to the Province. No consideration was received as part of the transaction and a loss recorded in the Statement of Operations, accordingly.

17. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	<u>2024</u>	<u>2023</u>
Capital assets	\$ 9,482	\$ 9,857
Amounts financed by:		
Deferred capital contributions	(2,701)	(2,666)
Demand loan	(175)	(245)
Asset retirement obligations	(177)	(170)
	<u>\$ 6,429</u>	<u>\$ 6,776</u>

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(amounts in thousands)

17. INVESTMENT IN CAPITAL ASSETS - CONTINUED

b) Change in net assets invested in capital assets is calculated as follows:

	<u>2024</u>	<u>2023</u>
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 511	\$ 568
Amortization of capital assets	(1,424)	(1,557)
Loss on disposal of capital assets	-	(53)
Loss on transfer of facility	-	(1,525)
Accretion of asset retirement obligation	(11)	(4)
	<u>\$ (924)</u>	<u>\$ (2,571)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 1,049	\$ 991
Amounts funded by:		
Deferred capital contributions	(546)	(77)
Asset retirement obligations	-	(166)
Retirement of asset retirement obligations	4	
Repayment of demand loan	70	70
	<u>\$ 577</u>	<u>\$ 818</u>

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.