



rpc

RELIABLE.
ACCURATE.
INNOVATIVE.



ANNUAL REPORT

2024-2025

A decorative graphic consisting of a grid of blue dots, arranged in 5 columns and 4 rows.

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EXECUTIVE SUMMARY

DEAR VALUED READERS,

We are pleased to present our annual report for 2024-2025, reflecting on a year marked by substantial achievements and momentum for our organization and the regions we serve. Throughout the year, our dedication to innovation and collaboration across Atlantic Canada led us to transform many challenges into opportunities. Notably, we launched our ambitious new 2025–2030 strategy, framing our vision to become the preferred hub for innovative solutions and setting the stage for continued impact over the next five years and beyond.

Over the past year our teams successfully launched several new tests and attained ISO 17025 accreditations, reflecting our commitment to quality. Our Bioscience Team secured important funding to develop rapid technologies for fish health diagnostics, while our Business Growth and Excellence Team achieved many successes through refreshed branding, marketing, and business development initiatives, resulting in a significant increase in our follower base.

We contributed as co-authors to multiple research publications and released a second phase illicit cannabis study. We launched an Outreach Champions initiative, engaging school-aged children in STEM activities, and expanded our engagement with high schools by mentoring several students on site for the first time. Our participation in numerous event panels and a record number of conference presentations enhanced our visibility and connections.

We have been recognized, alongside the New Brunswick Innovation Foundation and Research New Brunswick as one of the three leading entities in New Brunswick's new Innovation and Research Strategy and have been reembraced as New Brunswick's provincial research organization (PRO). We have begun steps toward a renewed facility, reinforcing RPC's role as a provincial leader in research, innovation, and technical services. Furthermore, our profile was elevated through news interviews about our services, further affirming our growing influence in a variety of sectors.

These accomplishments are milestones in the ongoing growth of our organization, our province, and the communities we serve. Our mandate includes supporting communities, providing emergency response services, and ensuring the essential needs of our province, communities, and government are met. For that we are extremely proud.

Dr. Shelley Rinehart
Chairperson

Dr. Diane Botelho
Executive Director/CEO



GUIDING PRINCIPALS FOR SUCCESS



OUR VISION

To be the preferred hub for innovative solutions.



OUR MISSION

To support public health, facilitate innovation, drive economic growth and deliver solutions to complex challenges.



OUR VALUES

As a high-performing science and engineering organization, we conduct business with the following core values:



- **Safety:** RPC is committed to prioritizing a safe working environment.
- **Quality:** RPC is committed to excellence in the work we perform.
- **Impact-Driven:** We are committed to assisting clients with solving challenges and scaling operations in a productive way. We will balance our not-for-profit mandate with the goal of driving innovation and economic growth in NB and beyond.
- **Integrity:** RPC is committed to treating employees, clients, suppliers, and all stakeholders including valued partners with respect, honesty, and fairness. We hold ourselves accountable for our actions and the results we deliver, exuding integrity in every aspect of our work.
- **Environmental and Social Responsibility:** RPC is committed to responsibly managing the social, environmental and economic impacts of our operations. Our goal is to have a positive impact on the community and provide a workplace of which employees can be proud.
- **Client-Focused:** Essential to our success is our clients' success. We will continue to deliver trusted results at the speed businesses require.

KEY ACCOMPLISHMENTS

Throughout the year, we introduced our new 2025–2030 strategy, articulating a vision to become the preferred hub for innovative solutions and anchoring our direction in the strategic pillars of Resilience, Productivity, Discovery, and Empowerment for the next five years. We set challenging strategic targets to guide planning. The strategic plan, approved by RPC's Board of Directors and the Minister Responsible for RPC, outlines the organization's direction.



2020-2025 STRATEGIC PLAN OBJECTIVES

This report marks the conclusion of our 2020-2025 strategic window. RPC's 2020-2025 strategic plan was built off pillars of **Sustainable Growth**, **Effective Communications**, **Operational Excellence** and **Corporate Social Responsibility** and we are proud to report against these metrics in the following report.

SUSTAINABLE GROWTH

EFFECTIVE COMMUNICATIONS

OPERATIONAL EXCELLENCE

CORPORATE SOCIAL RESPONSIBILITY

rpc

KEY ACCOMPLISHMENTS

SUSTAINABLE GROWTH

This year, we focused on sustainable growth and organizational excellence by launching new tests for cyanobacteria, cyanotoxins, cannabis, and factory simulation services. We continue to improve our offerings and introduce new services, while providing technical leadership in a wide array of sectors. Below are key achievements that demonstrate our commitment to expanding capabilities and fostering strong client and stakeholder relationships:

- Strived to be operationally sustainable
- Monitored and anticipated strategic technologies
- Diversified revenue profiles
- Connected with clients, added capability and developed new business relationships

Our 2024-2025 Annual Plan sets these KPIs as measures of success in our sustainable growth initiatives:

- ☐ Achieve budgeted results
- ☒ A minimum of three new ISO 17025 accreditations
- ☒ At least one RPC-led research project related to climate change, environment or human health
- ☐ A minimum of five new productivity/automation clients



KEY ACCOMPLISHMENTS

EFFECTIVE COMMUNICATIONS

RPC communicated effectively with clients, the public, and all levels of government to raise awareness of our capabilities. By collaborating with government agencies and hosting client engagement sessions, we aligned our goals with industry and government needs. These efforts strengthened relationships and promoted RPC's expertise.

Specifically, this meant we:

- Enhanced strategic communications, a formalized communications plan, and implemented of a communications strategy
- Acted responsibly, with integrity and with respect for clients' confidentiality
- Highlighted successes in a way that inspired confidence and showcased RPC and New Brunswick's capabilities
- Continued to be an active participant and an effective listener with industry and government
- Recognized our role to communicate about science and innovation as key components to a prosperous economy
- Actively engaged with employees to ensure communication channels were effective

According to our 2024-2025 Annual Plan, the following areas were identified as priorities for effective communications:

- ✓ Reinstatement of an optimal financial model as a PRO
- ✓ Stakeholder engagement sessions completed with provincial government departments
- ✓ Stakeholder engagement sessions completed with industry



To enhance our marketing and communications efforts, we developed a comprehensive marketing strategy and engaged with the community through events and partnerships.

Our 2024-2025 Annual Plan established the following KPIs as measures of success with business development and marketing efforts:

- ✓ Marketing Plan completed
- ✓ Communications and Business Development Plan completed
- ✓ New RPC logo and/or tagline(s) deployed



KEY ACCOMPLISHMENTS

OPERATIONAL EXCELLENCE

RPC's dedication to operational excellence is clearly reflected in the initiatives described below. By prioritizing safety, investing in updating our facilities, and promoting a supportive and inclusive work environment, RPC not only ensured the highest quality of service to our clients but also demonstrated its ongoing commitment to innovation and the well-being of both its employees and the broader community. This year, we continued to prioritize operational excellence by optimizing internal processes, reducing operational costs, and maximizing resource utilization. Key initiatives included green chemistry projects, addressing operational bottlenecks, and progressing with the implementation of our new laboratory information management systems (LIMS). We also focused on retaining talent by investing in professional development and creating a positive work environment. Facility upgrades were also undertaken to modernize our infrastructure and ensure safety and accessibility.

In particular, we undertook the following:

- Developed and executed a plan for the Fredericton facility to resolve end-of-life infrastructure and capacity challenges
- Continued to prioritize a safe work environment and emphasized our safety culture
- Sustained our commitment to quality, including enhancing accredited services and seeking additional accreditations
- Continued to invest in leading-edge facilities and equipment
- Continued to identify and act on operational efficiencies
- Worked to offer a wide scope of services to retain as much work as possible within New Brunswick
- Employed best practices in fiscal management
- Continued improvement in efforts to attract and retain highly qualified personnel by providing meaningful employment

Key Performance Indicators outlined for these objectives included:

- ☐ Achieve budgeted results
- ☒ Complete LIMS implementation of all cannabis related tests
- ☒ Convert a minimum of one analytical method to a greener/more efficient method
- ☒ 100% 5S sustainable level achieved organization-wide
- ☐ Host a minimum of 6 lunch and learn activities per year
- ☒ Provide a minimum of one professional development activity for employees
- ☒ Long term facility master plan drafted



KEY ACCOMPLISHMENTS

CORPORATE SOCIAL RESPONSIBILITY (CSR)

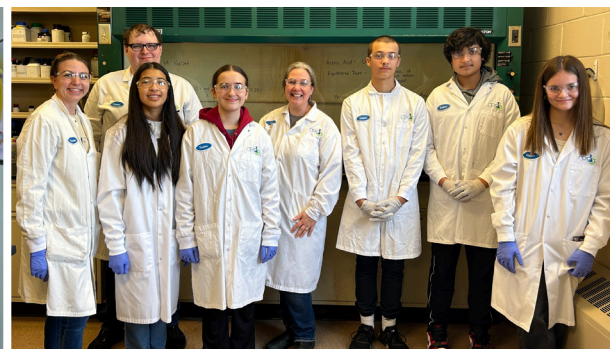
RPC continued to be a model corporate citizen, aiming to be continuously environmentally conscious, fair with employees, suppliers, and stakeholders, and supportive of New Brunswick's communities. Our CSR initiatives included fostering STEM experiential learning, resourcing to support applied research, and maintaining capacity to respond rapidly to emergencies. We established a formal mentorship program, promoted knowledge sharing, and collaborated with universities and research institutions.

Specifically, during the planning period, this meant we:

- Gave back to the community through experiential learning and charitable efforts
- We offered 1 day leave per employee to volunteer at a charitable organization
- Continued to be environmentally conscious
- Recruited top talent
- Actively reviewed employee feedback and acted on ideas and concerns to sustain an effective corporate culture
- Sustained an emergency response capability
- Maintained a continuous commitment to good corporate governance
- Participated in community outreach for radon awareness

Our 2024-2025 Annual Plan sets the following KPIs as measures of success with CSR efforts:

- ✓ Annual ESG report published
- ✓ Development and deployment of formal mentorship and training program
- ✓ Minimum of one university student mentored for thesis or research work
- ✓ Maintained emergency response line



OUR MANDATE

As New Brunswick's only provincial research organization (PRO), we are guided by the *Research and Productivity Council Act*, which defines our roles and responsibilities in leading and executing innovative projects to support economic growth in New Brunswick and Atlantic Canada. We are also guided by a mandate letter provided by our Minister Responsible which keeps our organization aligned with government priorities.

RPC'S MANDATE LETTER

PRIORITY AREAS	EXPECTED RESULT / OUTCOME
Trusted leadership <i>Operational excellence</i>	Continue to develop business systems and processes to operate efficiently and effectively and report a positive net income.
Trusted leadership <i>Effective communications</i>	Work with senior leaders within government to raise the profile of RPC within the 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. Additionally, continue to provide mandated services to government and industries including but not limited to, fish health diagnostic testing, drinking and beach water microbiological testing, dairy testing, and industrial hygiene services.
Trusted leadership <i>Communicable disease operational plans (where applicable)</i>	RPC to maintain a communicable disease operational plan that allows essential services to continue to be offered to businesses, governments, and the general public. RPC will assist government departments and New Brunswick entities where possible via testing and engineering support to also ensure they are operating in safe workspaces.
The economy <i>Sustainable growth</i>	Continue growth by diversifying business activity to launch new science and engineering services.
The economy <i>Corporate social responsibility</i>	<ul style="list-style-type: none">• <u>Continue</u>: investing in the right services for key sectors including in energy, technology, agriculture, and manufacturing.• promoting an environment that promotes equity, diversity, and inclusion as well as opportunities for experiential learning and mentorship.
The economy <i>Marketing and business development</i>	Development and implement more assertive communications and sales efforts to raise RPC's profile and increase sales through strategic marketing and communications activities.
Environment	RPC will support government's commitment to ensure good indoor air quality in government owned buildings.

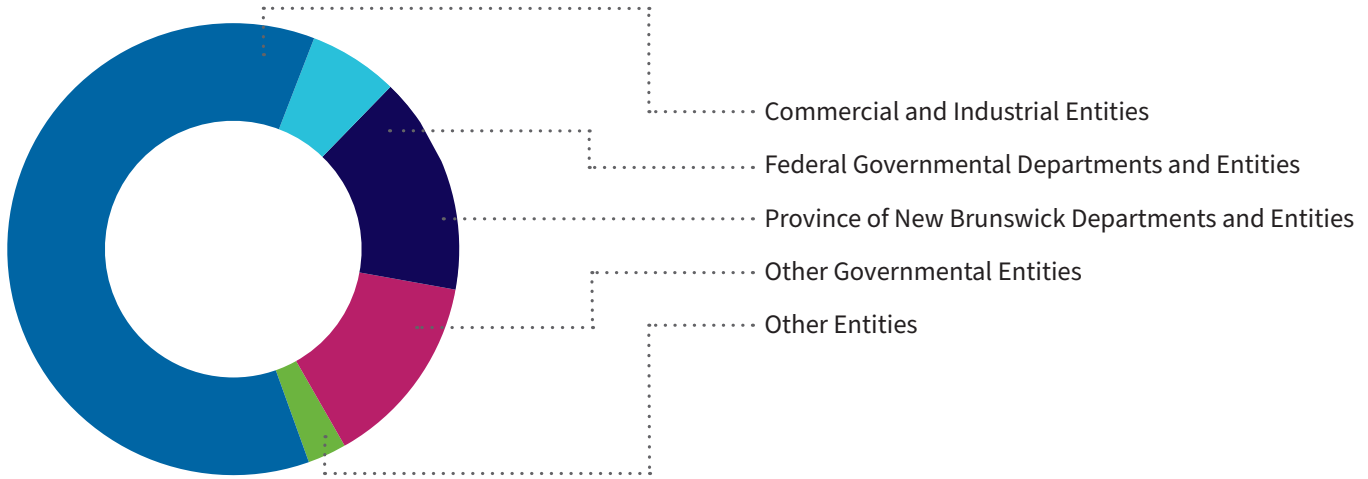
OUR MANDATE

“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,”
- RPC Act

PRIORITY AREAS	EXPECTED RESULT / OUTCOME
Business plan	Ensure that your business plan is presented to me no later than March 15 th of each year. As per the <i>Accountability and Continuous Improvement Act</i> you will ensure that it is published on your website within 3 months of my approval.
Annual report	Ensure that your annual report is approved by me by October 31 st of each year for my approval. You will ensure that it is filed with the Clerk of the Legislative Assembly within 30 days of my signature and published online as soon as possible after filing.
Duty to consult	<p>Decisions by RPC may trigger the Crown’s duty to consult with First Nation communities. Where there is a potential impact on Aboriginal or treaty rights, RPC should work with the Department of Indigenous Affairs for guidance on next steps. Material agreements with Indigenous communities may require approval of the Province as shareholder prior to the creation of binding obligations on the Province and to ensure its interests are properly considered.</p> <p>Further, we expect RPC to seek opportunities and to conduct itself in a manner that support the Crown’s efforts in fostering meaningful relations with First Nation communities, upholding the honour of the Crown, and advancing reconciliation.</p>
Procurement	<p>Procurement is an important tool for the provincial government to secure quality products and services at the best possible price. Procurement is also a lever for economic development by supporting local businesses in purchasing decisions, where possible.</p> <p>RPC will work with Service New Brunswick, the Department of Transportation and Infrastructure and Finance and Treasury Board where appropriate to maximize economies of scale and ensure contracts consider the overall public interest.</p>
Diversity representation	<p>Government is committed to ensuring diverse representation on provincial agencies, boards, and commissions (ABCs). In addition to skills and experience, diversity factors such as gender, linguistic, geographic, and cultural backgrounds are considered when making appointments.</p> <p>It is expected that this commitment to diverse representation will be reflected when making nominations for consideration of appointment.</p>

FINANCIAL HIGHLIGHTS

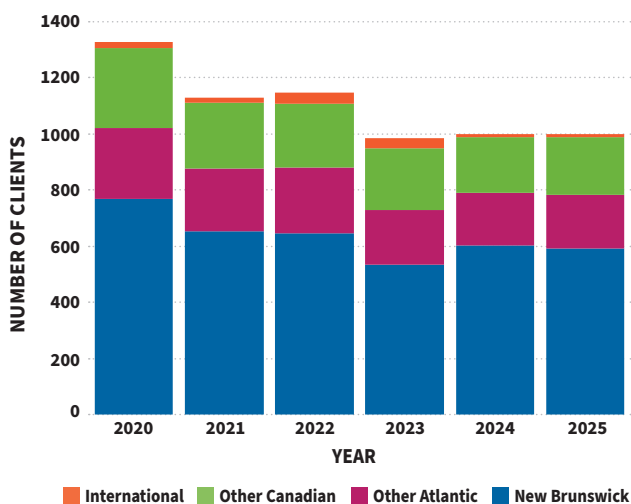
SOURCES OF REVENUE



	2024-2025	2023-2024
Commercial and Industrial Entities	\$ 10,661	\$ 11,989
Federal Governmental Departments and Entities	1,086	832
Province of New Brunswick Departments and Entities	2,702	2,342
Other Governmental Entities	2,395	1,770
Other Entities	461	443
Total	\$ 17,305	\$ 17,376

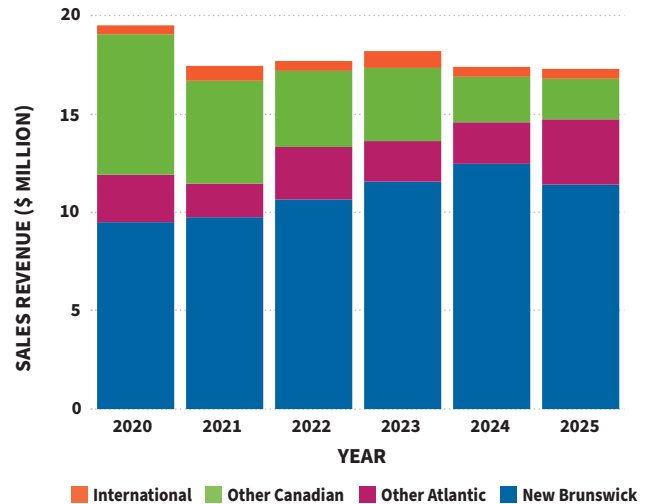
(in thousands)

CLIENTS BY LOCATION

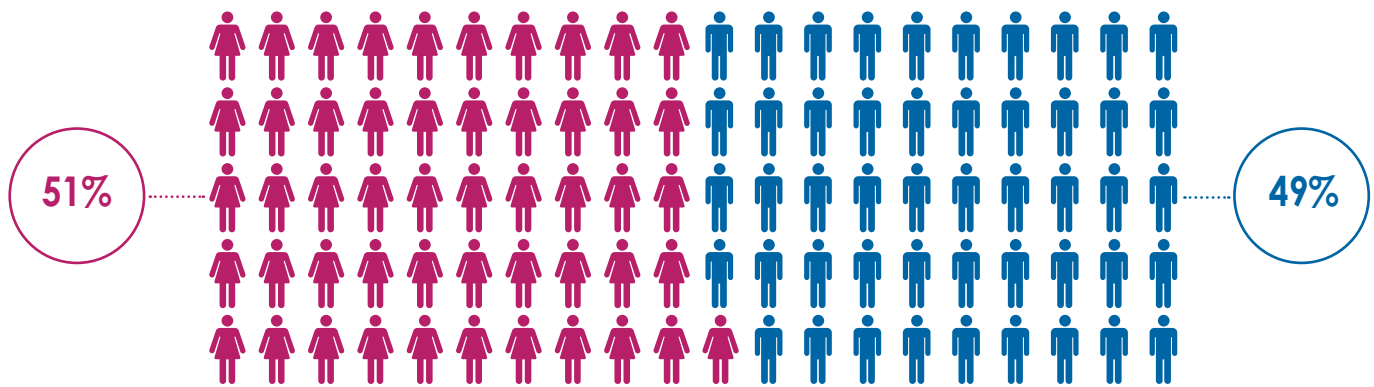


Note: Location data is by billing address.

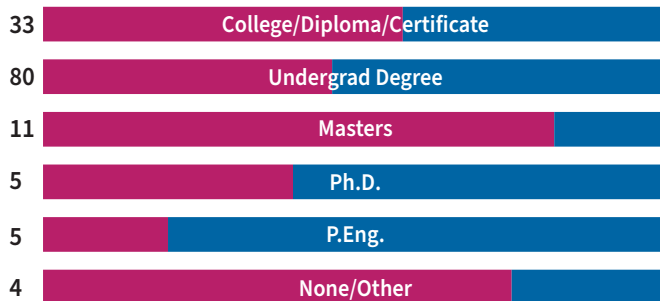
CLIENTS SERVED BY REVENUE



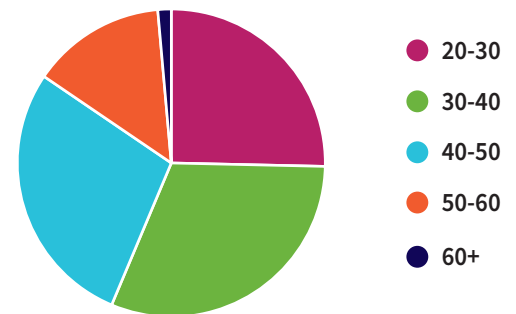
RPC EMPLOYEE DEMOGRAPHICS



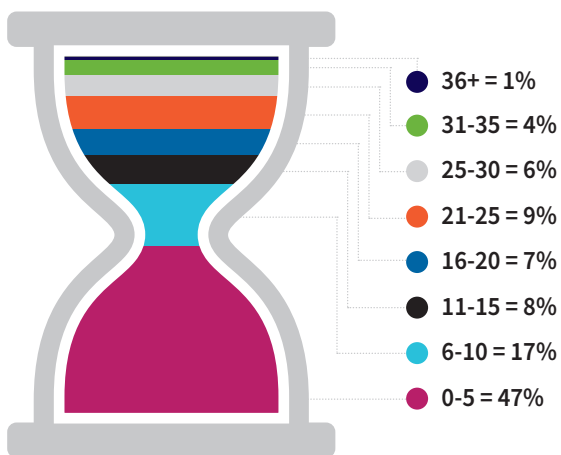
EDUCATION



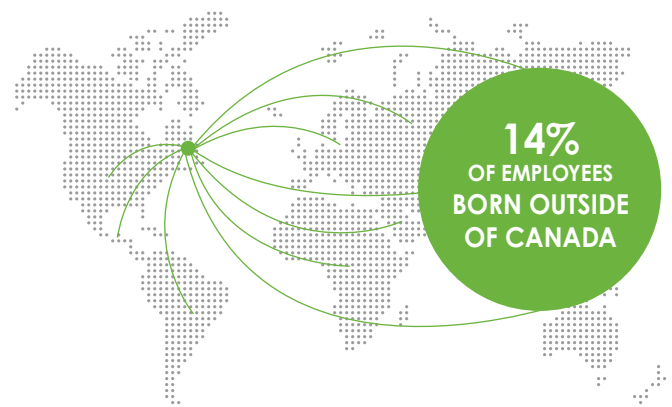
AGE



YEARS OF SERVICE



DIVERSITY



LANGUAGE



EMPLOYEES: ACHIEVEMENTS AND RECOGNITION

2024-2025 RPC MERIT AWARD

Each year, RPC recognizes individuals or teams who have accomplished outstanding achievements. This year, we had a record-breaking number of nominations, each one being a testament to the impressive talent and dedication across our organization.

This year, RPC's Merit Award was awarded to the Fish Health Diagnostics Team. The Fish Health Diagnostics team played a pivotal role in combatting the MSX outbreak, which had devastating impacts on the oyster industries in New Brunswick and across Atlantic Canada. The team's rapid response led to the development of multiplex quantitative PCR testing capabilities, reducing test wait times from 4-5 days to just 24-48 hours.

The team's recent achievement of ISO17025 accreditation for ISAV reinforced their dedication to excellence and laboratory credibility. Their completion of 5S methodologies amid extremely busy times also enhanced efficiency and operational effectiveness, carving more capacity for the organization. These milestones reflected their dedication to strengthening RPC, industry resilience, and shaping the future of aquatic diagnostics.



The Team Behind the Success (L-R):

Jessica Storey, Nara Surt, Sherry Binette, Eric Johnsen, Attiq Rehman, Rebecca Liston, Nolan Doak, and Becky Jensen have shown dedication, teamwork, and excellence.

EMPLOYEES: ACHIEVEMENTS AND RECOGNITION

2024-2025 EMPLOYEE CAREER MILESTONES

5 Year Recipients

Daniel Schriver
Alison Strang
Melissa Lalla
Lennie Genterolizo
Brett McKinley
Sophie Skinner
Allan Razon
Geoffrey Hebb
Claire Rideout
Sarah Walker
JC Albert Dumosdos

10 Year Recipients

Candice Inman
Chris Davenport

15 Year Recipients

Megan Ashworth
Lisa Banks

20 Year Recipient

Katie Cogle

25 Year Recipients

Sherry Binette
Jennifer Doucette
Amy Brown



Sherry Binette - 25 Year Recipient



Jennifer Doucette - 25 Year Recipient



Amy Brown - 25 Year Recipient

RPC SENIOR MANAGEMENT TEAM (AS OF AUGUST 2025)

EXECUTIVE MANAGEMENT

Dr. Diane Botelho,
Executive Director/Chief Executive Officer

Steve Holmes,
Chief Operating Officer

DIRECTORS

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

CONCLUSION

We are energized, eager and ready to help our government, municipalities, communities and industries turn a year of challenges into opportunities. Our commitment to wisdom and resourcefulness, symbolized by our Coat of Arms (right), continues to drive our efforts to provide impactful work to our communities.

As we celebrate our dedicated team, we recognize the remarkable achievements of our employees, particularly those who have reached significant milestones.

Our employees, through their daily efforts, dedication and passion, have shaped our workplace culture and elevated our capacity to serve. Their milestones remind us that our success is built on the foundation of individual contributions. We honour their accomplishments and look forward to promoting an environment in which every employee is empowered to reach new heights.



FROM OUR CEO: NOTES OF APPRECIATION

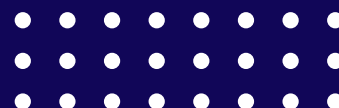
I would like to extend my deepest gratitude to the Government of New Brunswick who continues to recognize the impact our organization has on the province and beyond. I extend my deepest gratitude to our employees who remain focused on the success of our clients and wellbeing of our communities. I also extend gratitude to our Board of Directors, academic and industrial collaborators and regulators. Thank you to NBIF and RNB for a year of close collaboration and mutual learning, our combined efforts have made us stronger and more impactful.

Finally, our clients are fundamental to our existence. We sincerely appreciate the confidence placed in our organization to advance innovative ideas and meet technical requirements. We value these partnerships and remain committed to strengthening existing relationships while cultivating new ones.

We remain committed to driving innovation for New Brunswickers and Atlantic Canadians. We look forward to another successful year and thank you for being an integral part of our continued journey.

Diane Botelho

Dr. Diane Botelho
Executive Director/CEO



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. 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 and Risk Management 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.

RPC BOARD OF DIRECTORS (as of June 1, 2025)



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)

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 Management 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:

RPC did not receive a mandate letter. 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, 2025

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 that are necessarily 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 BDO LLP, independent external auditors. The accompanying Auditors' 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 30, 2025



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BDO Canada LLP
1111 Main Street
Moncton, NB
E1C 1H3

Independent Auditor's Report

To the Directors of the New Brunswick Research and Productivity Council

Opinion

We have audited the financial statements of the New Brunswick Research and Productivity Council (the "Council"), which comprise the statement of financial position as at March 31, 2025, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2025, and its results of operations 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 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 ethical 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.

Other Matter

The financial statements of the Council for the year ended March 31, 2024 were audited by a predecessor auditor who expressed an unqualified opinion on those financial statements on July 2, 2024.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 these 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.
- 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Moncton, New Brunswick
August 1, 2025

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

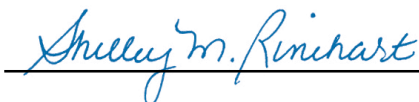
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31
(in thousands)

	2025	2024
Assets		
Current assets		
Cash	\$ 600	\$ -
Accounts receivable (Note 4)	3,091	3,493
Work in progress	34	121
Prepaid expenses	332	390
	<u>4,057</u>	<u>4,004</u>
Investments (Note 5)	3,884	3,714
Capital assets (Note 6)	15,136	9,482
	<u>\$ 23,077</u>	<u>\$ 17,200</u>
Liabilities		
Current liabilities		
Bank indebtedness (Note 7)	\$ -	\$ 489
Accounts payable and accrued liabilities	1,433	1,493
Deferred revenue	1,106	851
Demand loan (Note 7)	105	175
	<u>2,644</u>	<u>3,008</u>
Deferred capital contributions (Note 8)	9,554	2,701
Employee future benefits (Note 9)	1,450	1,512
Asset retirement obligations (Note 10)	157	177
	<u>13,805</u>	<u>7,398</u>
Net assets		
Unrestricted	\$ 1,107	\$ 528
Internally restricted (Note 11)	2,845	2,845
Invested in capital assets	5,320	6,429
	<u>9,272</u>	<u>9,802</u>
	<u>\$ 23,077</u>	<u>\$ 17,200</u>
Contractual obligations (Note 12)		

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

Approved on behalf of the Council



Chairperson



Executive Director

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED MARCH 31
(in thousands)

	2025	2025	2024
	Budget	Actual	Actual
Revenues			
Operations (Note 13)	\$ 18,635	\$ 17,305	\$ 17,376
Amortization of deferred capital contributions	551	383	511
Investment	100	111	556
Government assistance (Note 8)	1,000	1,023	147
Foreign exchange gain	-	45	42
Sundry	-	18	17
	<u>\$ 20,286</u>	<u>\$ 18,885</u>	<u>\$ 18,649</u>
Expenses (Note 14)			
Operations	\$ 12,793	\$ 12,183	\$ 13,116
Administration	5,965	5,985	4,910
Amortization of capital assets	1,505	1,398	1,424
Bad debts	9	(39)	72
Accretion of asset retirement obligations	14	13	11
Loss on disposal of capital assets	-	19	-
Loss on transfer of facility	-	-	-
	<u>20,286</u>	<u>19,559</u>	<u>19,533</u>
Deficiency of revenues over expenses	<u>\$ -</u>	<u>\$ (674)</u>	<u>\$ (884)</u>

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

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEARS ENDED MARCH 31
(in thousands)

	2025	2024
Accumulated remeasurement gains, beginning of year	\$ 748	\$ 995
Unrealized gains attributable to investments	139	187
Realized losses (gains) reclassified to the statement of operations	5	(434)
Change in accumulated remeasurement gains and losses	144	(247)
Accumulated remeasurement gains, end of year	\$ 892	\$ 748

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

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED MARCH 31
 (in thousands)

	Unrestricted	Internally Restricted	Invested in Capital Assets (Note 16)	2025	2024
Balance, beginning of year	\$ 528	\$ 2,845	\$ 6,429	\$ 9,802	\$ 10,933
Excess (deficiency) of revenues over expenses	373	-	(1,047)	(674)	(884)
Change in accumulated remeasurement gains and losses	144	-	-	144	(247)
Net change in investment in capital assets	62	-	(62)		-
Transfers	-	-	-	-	-
Balance, end of year	\$ 1,107	\$ 2,845	\$ 5,320	\$ 9,272	\$ 9,802

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

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

	2025	2024
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (674)	\$ (884)
Items not involving cash:		
Unrealized foreign exchange (gains) losses	(38)	3
Loss on disposal of capital assets	19	-
Realized loss (gains) on investments	5	(434)
Amortization of capital assets	1,398	1,424
Accretion of asset retirement obligations	13	11
Amortization of deferred capital contributions	(383)	(511)
Net accrual of employee future benefits	(62)	15
Net changes in non-cash working capital	1,046	(340)
	<u>1,324</u>	<u>(716)</u>
Capital activities		
Purchase of capital assets*	(7,064)	(956)
Extinguishment of asset retirement obligations	(33)	-
	<u>(7,097)</u>	<u>(956)</u>
Financing activities		
Repayment of demand loan	(70)	(70)
Capital contributions*	6,925	339
	<u>6,855</u>	<u>269</u>
Investing activities		
Purchase of investments	(664)	(643)
Proceeds on disposal of investments	671	1,621
	<u>7</u>	<u>978</u>
Net increase (decrease) in cash	1,089	(425)
Bank indebtedness, beginning of year	(489)	(64)
Cash (bank indebtedness), end of year	<u>\$ 600</u>	<u>\$ (489)</u>
Supplemental information:		
Interest paid	<u>\$ 22</u>	<u>\$ 36</u>

*Purchase of capital assets in the amount of \$100 (2024 - \$93) is included in accounts payable and accrued liabilities at year end. Capital contributions of \$595 (2023 - \$284) are included in accounts receivable at year end.

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

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(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 line of credit 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, subcontractors and materials specific to the relevant performance obligation in the customer contract.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

2. Summary of significant accounting policies - continued

(b) Revenue recognition (continued)

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 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.

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 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 the 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.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(amounts in thousands)

2. Summary of significant accounting policies - continued

(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.

(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.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(in thousands)

2. Summary of significant accounting policies - continued

(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 \$1,056 for the year ended March 31, 2025 (2024 - \$1,088).

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, 2025.

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, 2025.

(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).

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(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. Risk management

The Council has exposure to credit risk, market risk and liquidity risk. 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 \$3,091 at March 31, 2025 (2024 - \$3,493). The total receivables balance is net of an estimated allowance for doubtful accounts of \$52 (2024 - \$129).

As of March 31, 2025, \$623 (2024 - \$1,176) 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 but not impaired	2025	2024
Up to 30 days	\$ 369	\$ 478
Up to 60 days	160	262
More than 60 days	94	436
Total	\$ 623	\$ 1,176

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.

There have been no significant changes to the credit risk exposure from 2024 or the methods used to measure and manage the risk.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31

(in thousands)

3. Risk management - continued

b) Market risk:

Market risk is the risk that the fair value, income or cash flows from the Council's financial instruments will fluctuate due to changes in market prices, foreign exchange rates or interest rates. 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 and uses a professional financial manager to manage its investments in accordance with its policy. 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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council is exposed to other price risk through its investment in debt and equity instruments traded in active markets. A 10% increase in the market value of the equity securities in its investments would increase the Council's accumulated remeasurement gains by \$175 (2024 - \$159). There have been no significant changes to the Council's exposure to other price risk from 2024.

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 Council's demand operating line of credit and demand loan bear interest at variable rates, which subjects the Council to interest rate risks. A 1% increase in interest rates would increase the Council's interest expense approximately \$1. There have been no significant changes to the interest rate risk exposure from 2024 or the methods used to measure and manage the risk.

The Council is exposed to risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Council makes purchases and sales in U.S. Dollars. The Council does not currently enter into forward contracts to mitigate this risk. A portion of the Council's investments are securities denominated in U.S. Dollars as well as a portion of accounts receivable and accounts payables and accrued liabilities. The impact of a change in currency rate at March 31, 2025 would be limited to these balances (in U.S. Dollars):

	<u>2025</u>	<u>2024</u>
Cash	\$ 13	\$ 57
Accounts receivable	67	84
Investments	482	456
Accounts payable and accrued liabilities	(20)	(7)
	<u>\$ 542</u>	<u>\$ 590</u>

As at March 31, 2025 had foreign exchange rates increased by 1%, with all other variable held constant, the estimated impact would increase the Council's foreign exchange gain by \$6. There have been no significant changes to the foreign exchange risk exposure from 2024 or the methods used to measure and manage the risk.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(amounts in thousands)

3. Risk management - continued

c) Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Council's cash requirements. Additional cash requirements are met using the available operating line of credit and bank borrowing (Note 7) and access to investment reserves described in Note 5 which are readily convertible to cash. The Council's borrowing arrangements are concentrated with a single Canadian financial institution.

There have been no significant changes to the liquidity risk exposure from 2024 or the methods used to measure and manage the risk.

4. Accounts receivable

	2025	2024
Trade	\$ 2,545	\$ 3,333
Government assistance and capital contributions	595	284
Accrued investment interest	3	5
	3,143	3,622
Less allowance for doubtful accounts	(52)	(129)
	<u>\$ 3,091</u>	<u>\$ 3,493</u>

5. Investments

Investments in the fair value category	Fair value hierarchy level	2025	2024
Equity securities	Level 1	\$ 1,746	\$ 1,718
Money market instruments	Level 2	123	-
Fixed income securities	Level 2	2,015	1,996
		<u>\$ 3,884</u>	<u>\$ 3,714</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% (2024 - 1.1% to 4.3%) and mature between April 2025 and September 2029.

External restrictions on investments of \$2,000 (2024 - \$2,000) are in place as a security pledge to secure the Council's demand operating line of credit as further described in Note 7.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

6. Capital assets

	2025			2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 5,707	\$ 2,718	\$ 2,989	\$ 3,151
Operating equipment	10,954	8,000	2,954	3,541
Business management systems	2,527	602	1,925	1,673
Computer equipment	525	501	24	48
Vehicle	155	121	34	-
Leasehold improvements	318	103	215	236
Asset under construction	6,995	-	6,995	833
	<u>\$ 27,181</u>	<u>\$ 12,045</u>	<u>\$ 15,136</u>	<u>\$ 9,482</u>

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

7. Bank indebtedness and demand loan

The Council has a demand operating line of credit available in the amount of \$2,000 for general business purposes at the bank's prime lending rate. At March 31, 2025, the balance owing on the demand operating line of credit was \$Nil (2024 - \$489).

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 scheduled repayments over the next two years are 2026 - \$72; 2027 - \$33.

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.

8. Government assistance and deferred capital contributions

a) Government assistance

During the current and prior years, the Council received government assistance from Province of New Brunswick Department of Post-Secondary Education, Training and Labour ("PETL"), Province of New Brunswick Environmental Trust Fund ("ETF") and other governmental entities as follows:

	2025	2024
ETF	\$ -	\$ 107
PETL	1,000	21
Other	23	19
	<u>\$ 1,023</u>	<u>\$ 147</u>

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(amounts in thousands)

8. Government assistance and deferred capital contributions (continued)

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>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 2,701	\$ 2,666
Contributions	6,764	262
Contributions, receivable	472	284
Amounts amortized to revenue	(383)	(511)
Balance, end of year	<u>\$ 9,554</u>	<u>\$ 2,701</u>

Capital contributions of \$6,063 (2024 – \$546) and \$1,000 (2024 – Nil) were received or receivable during the year from Regional Development Corporation, Province of New Brunswick (“RDC”) and New Brunswick Power Corporation (“NBP”), respectively, related to facility refurbishments and upgrades. Capital contributions of \$86 (2024 – Nil) and \$87 (2024 – Nil) were received from Province of New Brunswick Department of Agriculture, Aquaculture and Fisheries (“NBDAAF”) and Government of Canada Department of Fisheries and Oceans, respectively, related to specific operating equipment.

9. 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, 2025 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, 2025 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	4.95% (2024- 7.20%)
Salary increases	3.50% (2024 – 3.50%)
Retirement age	age 60 (2024 – age 60)
Probability of excess sick usage	7% (2024 – 7%)

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

9. Employee future benefits (continued)

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

	2025			2024		
	Retirement Allowances	Sick Pay Benefits	Total	Retirement Allowances	Sick Pay Benefits	Total
Accrued benefit obligations, April 1	\$ 1,069	\$ 181	\$ 1,250	\$ 1,106	\$ 166	\$ 1,272
Current service cost	23	33	56	28	38	66
Interest on obligations	72	13	85	72	11	83
Benefit payments	(165)	(36)	(201)	(103)	(30)	(133)
Actuarial (gain) loss	161	22	183	(34)	(4)	(38)
Accrued benefit obligations, March 31	1,160	213	1,373	1,069	181	1,250
Unamortized actuarial loss (gain)	150	(73)	77	321	(59)	262
Total liability	\$ 1,310	\$ 140	\$ 1,450	\$ 1,390	\$ 122	\$ 1,512

The total expense related to retirement allowances and sick pay benefits include the following components:

	2025			2024		
	Retirement Allowances	Sick Pay Benefits	Total	Retirement Allowances	Sick Pay Benefits	Total
Current period service cost	\$ 23	\$ 33	\$ 56	\$ 28	\$ 38	\$ 66
Amortization of actuarial losses (gains)	(10)	8	(2)	(9)	8	(1)
Interest on obligations	72	12	85	72	11	83
Total expense related to the obligation	\$ 85	\$ 53	\$ 138	\$ 91	\$ 57	\$ 148

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(amounts in thousands)

10. 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 demolition 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 9 years. Estimated costs have been discounted to the present value using a discount rate of 7.20%.

Changes to asset retirement obligations are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 177	\$ 170
Asbestos removal	-	-
Accretion expense	13	11
Retirements	(33)	(4)
Balance, end of year	<u>\$ 157</u>	<u>\$ 177</u>

11. Internally restricted net assets

The Council's board of directors has internally restricted resources amounting to \$2,845 as at March 31, 2024 (2023 - \$2,845). 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. There were no transfers during the year to unrestricted net assets.

12. 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: 2026 - \$140; 2027 - \$98; 2028 - \$97; 2029 - \$87; and 2030 - \$87.

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 2026 is \$1,440. 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 2026 is \$601.

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

13. Operational revenues

Operational revenues by type are as follows:

	2025 Budget	2025 Actual	2024 Actual
Analytical testing services	\$ 14,537	\$ 13,898	\$ 13,939
Research and engineering projects	2,732	2,057	1,990
Inspection and consulting services	966	939	1,101
Product sales and contract manufacturing	400	411	346
	\$ 18,635	\$ 17,305	\$ 17,376

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, 2025 is \$1,703 (2024 - \$2,023). The Council expects to fulfill these performance obligations and recognize the associated revenue within the next 18 months.

14. Expenses

Expenses by object are as follows:

	2025 Budget	2024 Actual	2024 Actual
Personnel	\$ 12,106	\$ 11,787	\$ 11,599
Supplies	3,135	2,875	3,273
Amortization of capital assets	1,505	1,398	1,424
Facilities	1,217	1,210	974
Office	462	454	461
Shipping and freight	363	399	372
Subcontractors	343	319	409
Insurance	254	255	243
Quality	192	222	177
Rechargeable	128	167	87
Other	236	138	113
Professional fees	143	134	104
Safety	117	120	129
Interest and bank charges	62	88	85
Loss (gain) on disposal of assets	-	19	-
Accretion of asset retirement obligation	14	13	11
Bad debts	9	(39)	72
	\$ 20,286	\$ 19,559	\$ 19,533

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

(amounts in thousands)

15. 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.

Related party transactions during the year not separately disclosed in the financial statements include the following:

- (a) Government assistance of \$1,000 (2024 – \$21) was received during the year from PETL.
- (b) Capital contributions and government assistance were received or receivable from RDC totaling \$6,063 (2024 – \$546) and \$6 (2024 – \$26), respectively.
- (c) Capital contributions of and government assistance were received from NBP totaling \$1,000 (2024 – Nil) and \$5 (2024 – Nil), respectively.
- (d) Capital contributions of \$87 (2024 – Nil) were received during the year from NBDAAF.

16. Investment in capital assets

- a) Investment in capital assets is calculated as follows:

	2025	2024
Capital assets	\$ 15,136	\$ 9,482
Amounts financed by:		
Deferred capital contributions	(9,554)	(2,701)
Demand loan	(105)	(175)
Asset retirement obligations	(157)	(177)
	<u>\$ 5,320</u>	<u>\$ 6,429</u>

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

	2025	2024
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 383	\$ 511
Amortization of capital assets	(1,398)	(1,424)
Loss on disposal of capital assets	(19)	-
Accretion of asset retirement obligations	(13)	(11)
	<u>\$ (1,047)</u>	<u>\$ (924)</u>

NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31
(in thousands)

16. Investment in capital assets (continued)

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

	<u>2025</u>	<u>2024</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 7,071	\$ 1,049
Amounts funded by:		
Deferred capital contributions	(7,236)	(546)
Asset retirement obligations	-	-
Retirement of asset retirement obligations	33	4
Repayment of demand loan	70	70
	<u>\$ (62)</u>	<u>\$ 577</u>

17. Comparative figures

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