

**NEW BRUNSWICK ENERGY AND UTILITIES BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

MARCH 31, 2022

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## INDEPENDENT AUDITORS' REPORT

To the Acting Chairperson and Members of the New Brunswick Energy and Utilities Board

### *Opinion*

We have audited the financial statements of the New Brunswick Energy and Utilities Board (the "Board"), which comprise the statement of financial position as at March 31, 2022, and the statements of change in accumulated surplus by sector, change in net financial assets, operations and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2022, and the results of its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

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

Saint John, N. B.  
June 20, 2022

  
CHARTERED PROFESSIONAL ACCOUNTANTS

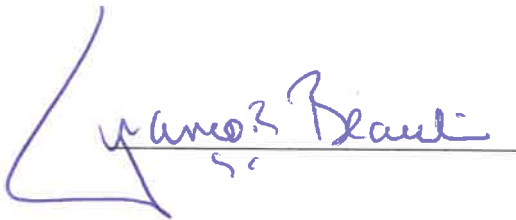
# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 944,832	\$ 1,580,020
Accounts receivable (Note 4)	<u>218,850</u>	<u>39,877</u>
	<u>1,163,682</u>	<u>1,619,897</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Notes 5 and 11)	277,026	251,876
Reserve for future hearings and service to the sector (Note 12)	<u>541,078</u>	<u>529,108</u>
	<u>818,104</u>	<u>780,984</u>
<b>NET FINANCIAL ASSETS</b>	<u>345,578</u>	<u>838,913</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	26,904	52,826
Prepaid expenses	<u>230,915</u>	<u>185,383</u>
	<u>257,819</u>	<u>238,209</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 603,397</u>	<u>\$ 1,077,122</u>
<b>COMMITMENTS (Note 14)</b>		

**APPROVED ON BEHALF OF THE BOARD:**

  
Chairperson

**NEW BRUNSWICK ENERGY AND UTILITIES BOARD**

**STATEMENT OF CHANGE IN ACCUMULATED SURPLUS BY SECTOR**

**FOR THE YEAR ENDED MARCH 31, 2022**

	<b>Balance at Beginning of <u>Year</u></b>	<b>Surplus (Deficit)</b>	<b>Balance at End of <u>Year</u></b>
<b>ELECTRICITY SECTOR</b>	\$ 936,959	\$ (357,334)	\$ 579,625
<b>NATURAL GAS SECTOR</b>	10,108	(69,984)	(59,876)
<b>PIPELINE SECTOR</b>	130,055	(46,407)	83,648
<b>PETROLEUM SECTOR</b>	-	-	-
<b>MOTOR CARRIER SECTOR</b>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,077,122</u>	<u>\$ (473,725)</u>	<u>\$ 603,397</u>

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

AS AT MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
Surplus (deficit) of revenue over expenses	\$ (473,725)	\$ 498,072
Purchase of tangible capital assets	-	(12,805)
Proceeds on disposal of tangible capital assets	-	818
Amortization of tangible capital assets	25,923	27,048
Loss (gain) on sale of tangible capital assets	<u>-</u>	<u>5,449</u>
	(447,802)	518,582
Increase (decrease) in prepaid expenses	<u>(45,533)</u>	<u>18,047</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(493,335)	536,629
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<u>838,913</u>	<u>302,284</u>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<u>\$ 345,578</u>	<u>\$ 838,913</u>

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## STATEMENT OF OPERATIONS

**FOR THE YEAR ENDED MARCH 31, 2022**

	<u>2022</u> Budget	<u>2022</u> Actual	<u>2021</u> Actual
<b>REVENUE</b>			
Electricity Sector (Note 7)	\$ 2,868,519	\$ 1,944,757	\$ 2,683,471
Natural Gas Sector (Note 8)	495,217	486,080	239,252
Pipeline Sector (Note 9)	581,574	453,423	438,813
Petroleum Sector (Notes 10 and 12)	<u>924,760</u>	<u>711,473</u>	<u>817,419</u>
	<u>4,870,070</u>	<u>3,595,733</u>	<u>4,178,955</u>
<b>DIRECT EXPENSES</b>			
Electricity Sector	1,187,699	721,304	750,276
Natural Gas Sector	84,529	176,441	26,869
Pipeline Sector	47,946	13,625	7,056
Petroleum Sector (Note 12)	<u>244,840</u>	<u>87,807</u>	<u>153,518</u>
	<u>1,565,014</u>	<u>999,177</u>	<u>937,719</u>
<b>NET REVENUE BEFORE COMMON EXPENSES</b>	<u>3,305,056</u>	<u>2,596,556</u>	<u>3,241,236</u>
<b>COMMON EXPENSES</b>			
Salaries and benefits	2,569,216	2,426,974	2,231,666
Office and administration (Note 14)	642,400	584,120	462,879
Training	60,000	33,264	21,571
Amortization	<u>33,440</u>	<u>25,923</u>	<u>27,048</u>
	<u>3,305,056</u>	<u>3,070,281</u>	<u>2,743,164</u>
<b>SURPLUS (DEFICIT) OF REVENUE OVER EXPENSES</b>	<u>\$ -</u>	<u>\$ (473,725)</u>	<u>\$ 498,072</u>



# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<b>CASH PROVIDED BY (USED IN)</b>		
Operating activities		
Surplus (deficit) of revenue over expenses	\$ (473,725)	\$ 498,072
Item not involving cash		
Amortization	<u>25,923</u>	<u>27,048</u>
	(447,802)	525,120
Changes in non-cash working capital balances		
Accounts receivable	(178,973)	19,076
Prepaid expenses	(45,533)	18,047
Accounts payable and accrued liabilities	25,150	(5,443)
Reserve for future hearings and service to the sector	<u>11,970</u>	<u>(128,763)</u>
	<u>(635,188)</u>	<u>428,037</u>
Investing activities		
Purchase of tangible capital assets	-	(12,805)
Proceeds on disposal of tangible capital assets	-	818
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>5,449</u>
	<u>-</u>	<u>(6,538)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(635,188)	421,499
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,580,020</u>	<u>1,158,521</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 944,832</u>	<u>\$ 1,580,020</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest received	<u>\$ 15,100</u>	<u>\$ 17,300</u>

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 1. PURPOSE OF THE ORGANIZATION

The Board is comprised of five full time members, however, due to a retirement in October of the prior year, it is now comprised of three full time members until two new members are appointed. There are currently two vacant positions and the Vice-Chairperson is acting in his capacity and also performing the duties and exercising the powers of the Chairperson and the Chief Executive Officer. The Board has regulatory responsibilities under various Acts primarily involving electricity, pipelines, natural gas, petroleum products and public motor carriers. The Board operates with funds received from the industries it regulates. The Board is exempt from income tax under paragraph 149(1)(d) of the *Income Tax Act*.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards ("PSAS").

#### Tangible Capital Assets

Tangible capital assets are recorded at cost. Minor expenditures for furniture and fixtures are expensed in the year of acquisition. Amortization is recorded using the straight-line method at the following annual rates:

Computer equipment	33 1/3%
Vehicles	20%, 25%

#### Revenue Recognition

The Board follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest revenue is recorded on an accrual basis.

#### Common Expense Allocations

In determining the surplus (deficit) for each of the sectors, common expenses have been allocated based on management's best judgment and actual activity during the year.

#### Direct Expenses

Direct expenses may include consultants' fees, hearing costs, travel, training, out of pocket expenses and assessments from the North American Electric Reliability Corporation ("NERC") directly attributable to a specific area of regulatory responsibility.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Board considers cash on hand and balances with banks, net of overdrafts, as cash or cash equivalents.

#### Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Examples of significant estimates include:

- the estimated useful lives of assets; and
- the recoverability of tangible capital assets.

### 3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of March 31, 2022:

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is subject to credit risk through accounts receivable. The Board minimizes its credit risk through ongoing credit management. The Board does not have significant credit risk exposure to any individual customer.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its receipt of funds from the sectors it regulates and other related sources, accounts payable and accrued liabilities and other obligations.

#### Currency Risk

Currency risk is the risk to the Board that may arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Board is exposed to foreign currency exchange risk for expenses incurred in U.S. dollars.

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 3. FINANCIAL INSTRUMENTS (cont'd)

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is not exposed to interest rate risk as it does not have any interest bearing debt.

### 4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 11,183	\$ 1,527
HST receivable	33,571	35,491
Public intervenor assessments (Note 11)	173,084	-
Due from Province of New Brunswick	-	1,906
Travel advances	<u>1,012</u>	<u>953</u>
	<u>\$ 218,850</u>	<u>\$ 39,877</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade accounts payable	\$ 133,193	\$ 101,536
Due to Province of New Brunswick	-	680
Wages and benefits	<u>143,833</u>	<u>149,660</u>
	<u>\$ 277,026</u>	<u>\$ 251,876</u>

### 6. TANGIBLE CAPITAL ASSETS

	<u>2022</u>			<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 40,399	\$ 29,108	\$ 11,291	\$ 24,757
Vehicles	<u>83,912</u>	<u>68,299</u>	<u>15,613</u>	<u>28,069</u>
	<u>\$ 124,311</u>	<u>\$ 97,407</u>	<u>\$ 26,904</u>	<u>\$ 52,826</u>

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 7. ELECTRICITY SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, certain corporations are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2022</u>	<u>2021</u>
Estimate of common expenses	\$ 1,680,820	\$ 1,757,527
Estimate of direct expenses	<u>1,187,700</u>	<u>1,165,000</u>
	2,868,520	2,922,527
Surplus from prior year	<u>(936,959)</u>	<u>(248,912)</u>
Assessment of electric utilities	1,931,561	2,673,615
Add: other income (expenses)	-	(1,969)
Add: interest income	<u>13,196</u>	<u>11,825</u>
	<u>\$ 1,944,757</u>	<u>\$ 2,683,471</u>

### 8. NATURAL GAS SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, natural gas distributors are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2022</u>	<u>2021</u>
Estimate of common expenses	\$ 410,688	\$ 418,521
Estimate of direct expenses	<u>84,529</u>	<u>20,000</u>
	495,217	438,521
Surplus from prior year	<u>(10,108)</u>	<u>(204,608)</u>
Assessment of natural gas distributors	485,109	233,913
Add: other income	971	2,500
Add: interest income	<u>-</u>	<u>2,839</u>
	<u>\$ 486,080</u>	<u>\$ 239,252</u>

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 9. PIPELINE SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, certain pipeline owners are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget.

	<u>2022</u>	<u>2021</u>
Estimate of common expenses	\$ 533,628	558,589
Estimate of direct expenses	<u>47,946</u>	<u>6,600</u>
	581,574	565,189
Surplus from prior year	<u>(130,055)</u>	<u>(125,530)</u>
Assessment of pipeline owners	451,519	439,659
Add: other income (expense)	-	(3,481)
Add: interest income	<u>1,904</u>	<u>2,635</u>
	<u>\$ 453,423</u>	<u>\$ 438,813</u>

### 10. PETROLEUM SECTOR REVENUE

Section 26 of the *Petroleum Products Pricing Act* (the "PPP Act") requires each wholesaler, as defined in the *Gasoline and Motive Fuel Act*, to pay an annual levy to the Board. Per amended legislation passed in September 2014, the levy shall be based on the volume of gasoline and motive fuel, as defined by the *Gasoline and Motive Fuel Tax Act*, or based on each litre of gasoline and motive fuel sold in the twelve month period ending October 31st preceeding the calendar year for which its wholesaler's license was issued. The levy is used to defray the Board's expenses under the PPP Act as well as defraying the expenses incurred by the Public Intervener for the Energy Sector as a result of a review conducted by the Board under subsection 14(1).

### 11. ASSESSMENT FOR PUBLIC INTERVENER

Pursuant to section 10 of the *Act Respecting a Public Intervener for the Energy Sector*, costs incurred by the Public Intervener are to be included in the annual expenses of the Board for the purposes of assessment under section 50 of the *Energy and Utilities Board Act* and remitted to the Minister of Finance. During the year, \$267,710 (2021 - \$442,207) was remitted to the Minister of Finance. The funds remitted consisted of direct assessments collected from the Electricity, Natural Gas and Pipeline Sectors totaling \$263,285 (2021 - \$403,127), and \$4,425 (2021 - \$39,080) collected from the Petroleum Sector via levies. The amounts directly assessed to the Electricity, Natural Gas and Pipeline Sectors are not included in the revenue and expenses of the Board. There was no amount (2021 - \$nil) due to the Minister of Finance as at March 31, 2022. There were \$173,084 of assessments due to the Board at March 31, 2022.

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 12. RESERVE FOR FUTURE HEARINGS AND SERVICE TO THE SECTOR

The Board has established a reserve to assist in the cost of future hearings and service to the sector in the Petroleum Sector. The levies received to cover the costs of such hearings are included in the reserve and will be recognized when the hearing costs are incurred. The activity during the year was as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 529,108	\$ 657,871
Add: levies contributed to the reserve	11,970	-
Less: hearing costs during the year	<u>-</u>	<u>128,763</u>
Balance at end of year	<u>\$ 541,078</u>	<u>\$ 529,108</u>

### 13. PENSION PLAN

On January 1, 2014, the Province replaced the *Public Service Superannuation Act* with the Public Service Shared Risk Plan, which is now known as the New Brunswick Public Service Pension Plan ("NBPSPP"). For pension entitlements earned after January 1, 2014, the employer will make defined contributions to the plan, with no guarantee of the benefit payout at retirement. The NBPSPP will pay cost of living increases and other ancillary benefits only to the extent that funds are available for such benefits. The NBPSPP is governed by an independent board of trustees. Other changes include retirement age as well as increases in pension reduction for early retirement.

### 14. COMMITMENTS

#### Saint John

The Board signed a lease extension for its office premises for an additional forty-one month period commencing February 28, 2021 and expiring July 31, 2024.

The minimum annual lease payments due over the next three fiscal years are as follows:

2023	\$ 176,160
2024	176,160
2025	<u>58,720</u>
	<u>\$ 411,040</u>

In 2017, the Board committed to Konica Minolta Business Solutions, \$212 payable each month over 60 months for office equipment. During the year, total payments of \$2,542 were made. The minimum annual lease payment due within the next fiscal year is \$1,483.

# NEW BRUNSWICK ENERGY AND UTILITIES BOARD

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

### 14. COMMITMENTS (cont'd)

#### Fredericton

The Board signed a lease for its office premises for a five year period commencing March 1, 2019 and expiring February 28, 2024. The minimum annual lease payments due within the next two fiscal years are as follows:

2023	\$	37,144
2024		<u>34,048</u>
	\$	<u>71,192</u>

### 15. MANAGER- FINANCE

Internal financial accounting and reporting is completed under my supervision as Manager- Finance for the Board. I confirm that the audited financial statements as at March 31, 2022, as prepared by Teed Saunders Doyle accurately report the financial results of the Board for the fiscal year 2021-2022.



Michael Dickie CPA, CGA  
Manager- Finance