



VESTCOR^{CORP}

2023

ANNUAL REPORT

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Who We Are

Vestcor Corp. was established pursuant to the Vestcor Act which was proclaimed on July 8, 2016. Vestcor Corp.'s mandate is to provide, through its wholly owned subsidiary, Vestcor Inc., a cost effective, integrated investment management, pension and benefit service delivery platform to public sector entities.

Board of Directors

Robert Fitzpatrick

Presiding Co-Chair

Mark Gaudet

Co-Chair

Marilyn Quinn

Director

Larry Jamieson

Director

Leonard Lee-White

Director

Marcel Larocque

Director

Susie Proulx-Daigle

Director

Sébastien Deschênes, DBA, CFA, CPA, ICD.D

Director

Corporate Officers

John A. Sinclair

Chief Executive Officer

Brent Henry, CPA, CA

Chief Financial Officer

Jennie Noel-Thériault, GPC.D

Secretary of the Vestcor Corp.
Board of Directors

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Message from the Co-Chair

On behalf of the Vestcor Corp. Board of Directors, we are pleased to present our seventh annual report. This report provides a summary of our activities in 2023 in overseeing our operating company subsidiary, Vestcor Inc. It also includes audited non-consolidated financial statements for Vestcor Corp. in our role as shareholder of Vestcor Inc. Vestcor Inc. publishes a separate annual report of its operations – available at vestcor.org/annualreports.

Vestcor Corp. is governed by a Board of Directors (Board). Directors are appointed equally by our Founding Members: the New Brunswick Public Service Pension Plan (NBPSPP) and the New Brunswick Teachers' Pension Plan (NBTPP). Our subsidiary, Vestcor Inc., is governed by an independent Board of Directors appointed by Vestcor Corp.

Recent Activities

The Board met twice in 2023. A list of our accomplishments is available on page 7. Of note was the reappointment of two Vestcor Inc. Directors, whose terms were expiring: Michel Allain and Timothy Mawhinney; and the appointment of three new Directors: Courtney Pringle-Carver, Steven Wolff and Suzanne Young.

On behalf of the Board, we wish to thank the employees, management team and Board of Vestcor Inc. for another successful year. Together, they delivered prudent and cost-effective investment and administration services to clients and their members, while encountering external challenges. Faced with significant inflation, market volatility, and substantial member service and application volumes, the team continued to meet the long-term goals of clients and deliver on the organization's corporate purpose: a partner in creating and delivering sustainable financial security.

I would like to take a moment to recognize the diligent service of Mark Gaudet, my former Co-Chair, whose final term with the NBPSPP Board of Trustees expired on January 31st, 2024. With that, his term with Vestcor Corp. also expired.

We trust this annual report to Members provides a thorough account of our activities in 2023.

[signed by]

Robert Fitzpatrick
Presiding Co-Chair

June 17, 2024
Fredericton, New Brunswick

Corporate Governance

Under the *Vestcor Act*, Vestcor Corp. is established as a non-share, not-for-profit corporation that is owned by its Members, currently the New Brunswick Public Service Pension Plan (NBPSPP) and the New Brunswick Teachers' Pension Plan (NBTPP), referred to as "the Founding Members". Vestcor Corp.'s purpose is to be a holding company for Vestcor Inc.

Vestcor Corp. and Vestcor Inc. (collectively the "Vestcor Group"), operate on a commercial basis using sound business practices. The *Act* also requires that each Member of Vestcor Corp. be a client of Vestcor Inc.

The *Act* provides for the Board of Directors of Vestcor Corp. (or "Board") to consist of a minimum of eight Directors, four of whom are appointed by the NBPSPP and four by the NBTPP. The Board may be increased by up to another four potential seats in the event new Members are admitted.

Each Director is appointed for a term of three years and may be reappointed at the discretion of the appointing Member. The Board will elect two Directors to be Co-Chairs. The Co-Chairs will preside over Board affairs on an alternating twelve-month basis.

The Members' Agreement between the NBTPP and NBPSPP further describes the decision-making process that will be followed for the oversight of the Vestcor Group.

The *Act* and the Members' Agreement requires the approval of the Members for the admission of any new Member, any amalgamation, restructuring or dissolution of any of the Vestcor Group of companies, any changes to the by-laws of each company in the Vestcor Group and the appointment or dismissal of the external independent auditor.

The Board is mandated under the *Act* or the Members' Agreement to:

- Approve the by-laws and any changes to the by-laws for each company in the Vestcor Group;
- Approve the remuneration and travel expense policy for Directors of the Vestcor Group;
- Appoint an independent Board of Directors for Vestcor Inc., the operating company;
- Approve the annual operating and capital expenditure budgets for Vestcor Inc.; and
- Provide an annual report of Vestcor Corp.'s activities to its Members.

The *Vestcor Act* and the Members' Agreement can be found at vestcor.org/vestcorcorp.

Vestcor Corp. Directors are subject to a Code of Ethics and Business Conduct that requires each Director to confirm, by signing and submitting an Annual Confirmation, their ongoing awareness of the Code and its provisions and their compliance during the past year. The applicable Annual Confirmation was received from each Director during the year.

Corporate Governance

Board Attendance

The Board was appointed by the Members to be effective upon proclamation of the Act. Board members are expected to attend the Board meetings.

The table below provides the number of meetings held and attendance by each of the appointed Directors during the year ended December 31, 2023.

All Directors have completed the Director Orientation Program that assists new Directors in understanding the mandate and stakeholders of Vestcor Corp.

Director	Appointing Member	Meeting Attendance Regular Business
Robert Fitzpatrick, Presiding Co-Chair	NBTPP	2/2
Mark Gaudet, Co-Chair	NBPSPP	2/2
Sébastien Deschênes	NBPSPP	2/2
Susie Proulx-Daigle	NBPSPP	1/2
Marilyn Quinn	NBPSPP	1/2
Marcel Larocque	NBTPP	2/2
Larry Jamieson	NBTPP	2/2
Leonard Lee-White	NBTPP	2/2

Corporate Governance

Director's Remuneration

Directors' remuneration is established in Vestcor Corp.'s by-laws and includes a per diem allowance for meeting attendance and preparation time.

Directors who travel to attend meetings receive a per diem for travel time, reimbursement for reasonable accommodation costs and other out-of-pocket expenses, as well as an automobile expense reimbursement based on the number of kilometers traveled.

The cost of the Board functions for 2023 was \$19,895 as compared to \$18,200 in 2022.

	2023	2022
Meeting and Translation Expenses	\$6,875	\$4,611
Travel and Accommodations	1,820	1,864
Per Diems	11,200	11,725
	\$19,895	\$18,200

Corporate Governance

Board Actions

Major decisions made during the year ended December 31, 2023 and the information reviewed by the Board included:

- Received a Vestcor Inc. governance update and a series of related highlights from the Chairperson of Vestcor Inc. at each meeting;
- Held an in-camera meeting with the Chairperson of Vestcor Inc. at each Board meeting; to continue to foster an effective relationship and to discuss strategic direction and accomplishments;
- Received and approved the 2022 Vestcor Corp. Audit Findings Report from the external auditor;
- Reviewed and approved the Vestcor Corp. audited non-consolidated financial statements for the year ended December 31, 2022;
- Reviewed and approved the Vestcor Corp. Annual Report for the year ended December 31, 2022;
- Received the Vestcor Inc. Annual Report for the year ended December 31, 2022;
- Approved the recommendation from the Vestcor Inc. Ad-hoc Nominating Committee to reappoint Michel Allain and Timothy Mawhinney for three-year terms, and to appoint three new Directors: Courtney Pringle-Carver, Steven Wolff, and Suzanne Young;
- Reconfirmed the appointment of Vestcor Group's external auditor;
- Reviewed and approved the 2023 Vestcor Corp. Audit Plan from the external auditor;
- Reviewed and approved a memorandum from the Chief Financial Officer requesting the renewal of the Vestcor Group insurance program including coverages, deductibles and premiums;
- Reviewed and approved recommended amendments to the Vestcor Corp. Board of Directors Remuneration and Travel Expenses Policy;
- Reviewed and approved the 2024 operating and capital budgets for Vestcor Corp. and for Vestcor Inc.; and
- Conducted the annual review of the Vestcor Corp. Code of Ethics and Business Conduct and received the annual confirmation from each Vestcor Corp. Director.



NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Vestcor Corp.

Opinion

We have audited the non-consolidated financial statements of Vestcor Corp. (the Entity) which comprise:

- the non-consolidated statement of financial position as at December 31, 2023
- the non-consolidated statement of operations and change in net assets for the year then ended
- the non-consolidated statement of cash flow for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2023, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

We are independent of the Entity 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Fredericton, Canada

June 17, 2024

VESTCOR CORP.
Non-Consolidated Statement of Financial Position
As at December 31

	2023	2022
ASSETS		
Current		
Cash	\$ 839	\$ 556
Accounts receivable <i>(note 5)</i>	5,096	6,470
Other receivable	—	400
Current portion of term loan <i>(note 3)</i>	124,845	122,869
Total current assets	130,780	130,295
Investment in subsidiary <i>(note 3)</i>	2,000	2,000
Long-term portion of term loan <i>(note 3)</i>	2,293,937	2,418,782
	\$ 2,426,717	\$ 2,551,077
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities <i>(note 4)</i>	\$ 7,935	\$ 9,426
Current portion of term loan from shareholders <i>(note 5)</i>	124,845	122,869
Total current liabilities	132,780	132,295
Term loan from shareholders <i>(note 5)</i>	2,293,937	2,418,782
Total liabilities	2,426,717	2,551,077
Unrestricted net assets	—	—
	\$ 2,426,717	\$ 2,551,077

See accompanying notes to financial statements

Approved on behalf of the Board:

[signed]

Robert Fitzpatrick
Presiding Co-Chair of the Board

[signed]

Katherine Greenbank
Co-Chair of the Board

VESTCOR CORP.**Non-Consolidated Statement of Operations and Change in Net Assets**
For the year ended December 31

	2023	2022
REVENUE		
Members' contributions <i>(note 5)</i>	\$ 28,426	\$ 25,982
Interest	39,693	41,639
Total revenue	68,119	67,621
EXPENSES		
Board remuneration	11,200	11,725
Board travel	1,820	1,864
Translation	5,517	3,803
Interest	39,693	41,639
Business expenses	1,889	1,090
Professional services	8,000	7,500
Total expenses	68,119	67,621
Excess of revenue over expenses	—	—
Unrestricted net assets, beginning of year	—	—
UNRESTRICTED NET ASSETS, end of year	\$ —	\$ —

See accompanying notes to financial statements

VESTCOR CORP.**Non-Consolidated Statement of Cash Flow**

For the year ended December 31

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ —	\$ —
Changes in non-cash operating working capital:		
Accounts receivable	1,374	1,356
Accounts receivable from Vestcor Inc.	—	—
Other receivable	400	(400)
Accounts payable and liabilities	(1,491)	(412)
Net cash from (used in) operating activities	283	544
INVESTING ACTIVITIES		
Loan payments from Vestcor Inc.	122,869	120,923
Net cash used in investing activities	122,869	120,923
FINANCING ACTIVITIES		
Loan payments to shareholders	(122,869)	(120,923)
Net cash from financing activity	(122,869)	(120,923)
CHANGE IN CASH DURING YEAR	283	544
Cash, beginning of year	556	12
CASH, END OF YEAR	\$ 839	\$ 556

See accompanying notes to financial statements

VESTCOR CORP.
Notes to Non-Consolidated Financial Statements
Year ended December 31, 2023

1. Nature of Operations

Vestcor Corp. (“VCorp.”) was established pursuant to the *Vestcor Act* which was proclaimed on July 8, 2016. VCorp.’s mandate is to provide, through one or more subsidiary corporations, pension and benefits administration, investment management and advisory services and related services to pension, trust, endowment or similar funds within the public sector.

VCorp. is a not-for-profit organization without share capital whose Members consist of the New Brunswick Public Service Pension Plan (“NBPSPP”) and New Brunswick Teachers’ Pension Plan (“NBTPP”).

VCorp. recovers all operating expenses and capital expenditures on a cost recovery basis from its Members. VCorp. is exempt from income taxes under Subsection 149(1)(l) of the *Income Tax Act* (Canada).

2. Significant Accounting Policies

(a) Basis of presentation

These non-consolidated financial statements have been prepared in accordance with CPA Handbook Part III – *Accounting Standards for Not-for-Profit Organizations*. The significant accounting policies used in the preparation of these financial statements are as follows:

(b) Revenue recognition

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. VCorp. follows the deferral method of accounting for contributions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related capital assets.

(c) Financial instruments

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry any such financial instruments at fair value. VCorp. has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, VCorp. determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount VCorp. expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Significant Accounting Policies (*continued*)

(d) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Key items subject to such estimates and assumptions include the net recoverable amount of accounts receivable, determination of the estimated useful life and selection of rates of amortization of capital assets (*note 4*) and deferred contributions (*note 6*).

3. Investment in Subsidiary

VCorp. owns 100% of the issued capital stock of Vestcor Inc. (“Vestcor”), a not-for-profit share capital corporation created on January 1, 2018 following the amalgamation of two predecessor entities, Vestcor Pension Services Corporation and Vestcor Investment Management Corporation. Vestcor offers investment management and pension and benefits plan administration services on a cost recovery basis to public sector entities.

Under an unsecured term loan agreement, Vestcor may draw advances up to a maximum amount of \$3,000,000 for certain capital expenditures including leasehold improvements, furniture and equipment. As of December 31, 2023, the loan receivable was \$2,418,782 (2022 - \$2,541,651). The loan bears interest at a rate of 1.597% per annum and matures on December 31, 2040. It is repayable in equal monthly installments consisting of principal and interest. Expected loan repayments over the next five years are approximately \$162,500 per year.

Vestcor owns 100% of Vestcor Investments General Partner, Inc. As at December 31, 2023, Vestcor Investments General Partner, Inc. is the general partner in six limited partnerships in which the NBPSPP and NBTTP are limited partners: Vestcor Investments Private Real Estate, L.P., Vestcor Investments Private Real Estate 2, L.P., Vestcor Real Estate Fund Limited Partnership, Vestcor Investments Infrastructure, L.P., Vestcor Investments Private Equity, L.P. and Vestcor Alternative Fixed Income L.P.

4. Government remittances

Included in accounts payable and accrued liabilities in the Statement of Financial Position are government remittances at December 31, 2023 which include amounts payable for GST/HST of \$1,866 (2022 – \$1,927).

5. Related Party Transactions and Balances

VCorp. is an organization owned in equal parts by each of the NBPSPP and NBTPP.

VCorp. incurs costs relating to the functioning of its Board of Directors and its investment in Vestcor that are recoverable from its Members, the NBPSPP and NBTPP. For the year ended December 31, 2023, each Member's share of such costs was \$14,213 (2022 – \$12,991) which is included in Members' contributions in the Statement of Operations and Changes in Net Assets. At December 31, 2023, \$2,548 (2022 – \$3,235) from both NBPSPP and NBTPP respectively were recorded in accounts receivable for such costs.

Under an unsecured term loan agreement, VCorp. may draw advances up to a combined maximum amount of \$3,000,000 in equal parts from each Member for certain capital expenditures including leasehold improvements, furniture and equipment. At December 31, 2023, the loan payable to each shareholder, NBPSPP and NBTPP, was \$1,209,391 (2022 - \$1,270,826) respectively. The loan bears interest at a rate of 1.597% per annum and matures on December 31, 2040. It is repayable in equal monthly installments consisting of principal and interest. Expected loan repayments over the next five years are approximately \$162,500 per year.

VCorp. is economically dependent upon the revenue received from its Members by virtue of the cost recovery business model under which it operates.

6. Indemnifications

VCorp. provides indemnifications to its officers and directors pursuant to certain corporate by-laws. VCorp. may be required to compensate these individuals in the event of a claim being made against them. The contingent nature of these indemnification obligations prevents VCorp. from making a reasonable estimate of the maximum potential payments that VCorp. would be required to make. To date, VCorp. has not received any claims nor made any payments pursuant to such indemnifications.

7. Financial Risk

VCorp. has exposure to credit risk. Credit risk arises from the potential that a counterparty will fail to perform its obligations. VCorp. is exposed to credit risk equal to the carrying value of its accounts receivable which have all been collected subsequent to the date of the financial statements.