

COLLEGE OF THE NORTH ATLANTIC
Annual Report 2002-2003



OUR MISSION

College of the North Atlantic is Newfoundland & Labrador's public college. We are committed to providing accessible, responsive, quality learning opportunities that prepare people to become self-sufficient contributors to social and economic development in a global context.

OUR VISION

To fulfill its mission, the public college of Newfoundland & Labrador will:

- Be recognized for satisfied employable graduates whose skills meet industry's standards and respond to the broad range of labour market demands.
- Research and deliver quality programs that are responsive to changing social, personal and economic needs of learners through continuous review and modification of programs.
- Monitor accountability to ensure effectiveness and efficiency.
- Continually enhance learning opportunities by implementing superior methods of instructional delivery.
- Be proactive in the social and economic development of the Province.
- Enhance the capacity of the College and the Province through international initiatives.
- Recognize and respect the value of employees and their contribution to quality programs and services.

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LETTER FROM THE BOARD CHAIR



The Board of Governors of College of the North Atlantic is the legislated owner and final authority for the College, whose assets and operations they hold in trust for the people of Newfoundland and Labrador. The Board of Governors, therefore, is ultimately accountable to the public for how well the College has managed its assets and operations.

As the trustee, the Board is also ultimately responsible for maintaining the overall integrity of the institution. It is the Board's collective duty to insist that the mission and vision of the College is clearly understood by stakeholders and that the organization's major financial and educational decisions are consistent with them. This annual report, in our respectful opinion, provides clear evidence that College of the North Atlantic continues to make considerable progress in this regard. The Board firmly believes that the collective pursuit of the College's mission and vision – as first articulated by the Board in September 1999 – will allow College of the North Atlantic to continue to thrive and excel as it pursues its mandate provincially, nationally and internationally.

The Board recognizes and acknowledges the incredible achievements of the College as an institution, and those of the many outstanding faculty, staff and students who make the College what it is today. We know that exceptional faculty, staff and students are no guarantee of success. However, we also know that any college without exceptional faculty, staff and students cannot achieve the kind of success that ours has.

I am very pleased to report that, like the College, the Board of Governors continues to make considerable progress in our own pursuit of excellence. The Board has adopted and

continually aspires to six overarching good governance principles: leadership and stewardship; empowerment and accountability; communication and transparency; service and fairness; accomplishment and measurement; and continuous learning and growth.

The Board has made a conscious decision to lead and steward the organization by championing the College's strategic planning and accountability initiatives. The wisdom of this decision is already quite evident. We are very confident that the strategic pursuit of our collective mission and vision will lead only to further successes.

We will continue to work with the Government of Newfoundland and Labrador to ensure that the Board is composed of individuals who possess the highest degree of relevant experience, skill and expertise; individuals who are leaders in their respective communities; individuals who reflect the values of the people of Newfoundland and Labrador.

In that regard, the Board is extremely pleased to welcome 10 new Board members. The new Board members come from a wide range of backgrounds and have industry expertise and experience that will benefit the College considerably as it moves forward in fulfillment of its mandate. All of the new Board members were strategically chosen for their expertise and the industry sectors they represent.

The Board of Governors of College of the North Atlantic is very proud of the organization's many achievements over the past 12 months. We continue to believe the College is well positioned to successfully respond to the various challenges it will face in the coming months and years.

Moya Cahill
Board Chair



LETTER FROM THE PRESIDENT

I am pleased to submit this report on the activities and accomplishments at College of the North Atlantic for the 2002-03 operating year. The College continues to be an extremely vibrant and exciting place. The past year has once again witnessed extraordinary achievements by our students, alumni, faculty and staff.

Of course, all of these activities and accomplishments are presented within a context of calls for greater accountability from the public sector. The College has made and will continue to make great progress in this regard. This annual report is but one example of that progress.

The College continues to play a vital leadership role in the communities it serves. Indeed, students, employers and members of the general public increasingly recognize the College's significant contribution to the social and economic development and sustainability of the entire Province of Newfoundland and Labrador.

I would be remiss if I did not acknowledge the tireless

devotion of our faculty, staff and administrators who have endorsed the concept of a student-centred college environment. I pay tribute to their commitment and hard work. I truly appreciate all that they have done, and all that they continue to do.

The College has many community partners who support its mission and vision and who contribute to its many successes. The College works hard to promote partnerships with secondary and post-secondary institutions, government, non-profit organizations and local businesses. I am extremely grateful to the many community partners who continue to enable the College to leverage limited resources in order to provide programming that makes a difference in the lives of so many.

Thanks to the extraordinary efforts and commitment of our students, alumni, faculty, staff, administrators, board members and many friends, I am confident the College is well prepared for whatever challenges may lie ahead.

Sincerely,

Pamela Walsh
President

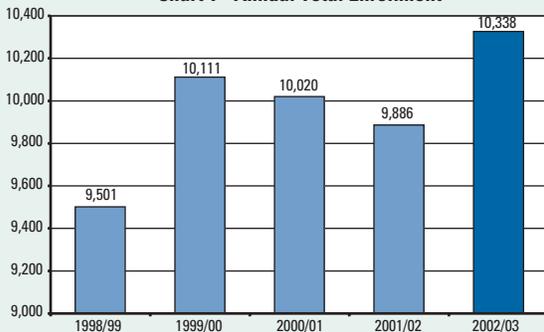
COLLEGE OVERVIEW

College of the North Atlantic (CNA), Newfoundland and Labrador's public college, is one of the largest post-secondary education and training institutions in Canada. Over 20,000 students are enrolled annually in a broad range of full-time and part-time programs.

The College offers more than 90 core training programs leading to certificate, diploma and advanced diploma qualifications. Although the majority of students complete their training on a full-time basis, the College also offers the option of part-time enrollment in the core training programs. In addition to the core training programs, the College delivers more than 300 courses through both Continuing Education and Distance Education. The College also works with a range of public and private organizations, employers and employer associations to develop and deliver programs of customized training and, in cooperation with Memorial University, the College offers the opportunity for completion of the equivalent of a first year of university studies at several of its campuses.

Of approximately 10,000 students enrolled in certificate and diploma programs of one to three years duration (*Chart 1*), as many as 3,000 complete their programs annually and graduate with highly marketable credentials. Most graduates of the certificate and diploma programs take their skills directly to the labour market where the College's reputation for quality training is widely recognized. However, there are also many who choose to build on the strong foundation of skills acquired at the College and continue on to complete degree programs at partner institutions.

Chart 1 - Annual Total Enrollment



Source: College of the North Atlantic

PROVINCIAL ROLE: RESPONSIVENESS AND INNOVATION

College of the North Atlantic, as the province's sole public college, has a mandate to deliver programs and services that make a substantial contribution to the development of the province's workforce and economy. This is a mandate the College has fulfilled for several decades and one it continues to pursue through the development and delivery of high quality skills training programs at its 17 regionally distributed campuses.

The founding principle of the College, and one that remains central to its role as the province's public college, is that programs of training should equip this province's workforce with the knowledge and skills to compete with the best in the provincial, national and international labour markets. The pursuit of this principle has required the College to continuously assess changing labour market needs and to respond in an innovative manner to those needs as articulated by labour market analysts, employers and communities. It has also required that the College work closely with its educational and training partners, as well as the full range of stakeholders, in the development and delivery of training programs.

The College employs up to 1,500 faculty and staff at peak periods. College faculty and staff also play a vital role in the broader development of Newfoundland and Labrador – within their communities and their regions as well as at the provincial level. Acting as representatives of the College, they provide expertise and leadership as members of Regional Economic Development Boards, Labour Market Development Committees and many other local, regional and provincial committees and associations. In some communities, the College's contribution extends to developing and incubating new businesses, developing prototypes, testing and analyzing products and providing much needed access to expertise, technology and state-of-the-art equipment.

"Through a partnership with College of the North Atlantic, the Iron Ore Company of Canada has been very successful in meeting its human resource planning objectives. The College has been the educational partner for the implementation and delivery of numerous training activities to meet the need of the mining industry in Labrador West. The College is very capable of providing training for the current workforce and of preparing individuals for the workforce of the future which is so critical to the success of the Company."

Iron Ore Company of Canada

“Thanks to the innovative programs of College of the North Atlantic, graduates are skilled to meet the maintenance and labour needs of the pulp and paper industry, thus enhancing partnerships so critical to the success of an industry operating in a competitive international environment.”

Abitibi-Consolidated

NATIONAL AND INTERNATIONAL ROLE

Though the College’s mandate remains centrally focused on the training needs of this province’s workforce, it has also played a role in helping to shape the national training agenda and, in recent years, has assumed an international role as well. This involves membership and active participation in a number of national and international organizations including the Association of Canadian Community Colleges and the Canadian Bureau for International Education. The College is a participant in World University Services Canada’s refugee program and is becoming increasingly proactive in the recruitment of international students. The College also seeks opportunities for its students, staff and faculty to take part in international education and contract training initiatives.

The most significant development in the College’s expanding international role has been the establishment of a campus in the State of Qatar in the Arabian Gulf, now beginning its second academic year. CNA has undertaken a 10-year contract to build a comprehensive college of technology in Qatar’s capital city of Doha. Valued at US\$500 million, the Qatar contract represents the largest export contract ever awarded to a Canadian post-secondary educational institution. The College’s success in attaining this contract is testimony to the strength of expertise and experience that has been developed in Newfoundland and Labrador and which has served the residents of this province well for several decades. It is this expertise and experience which will also enable the faculty and staff at College of the North Atlantic-Qatar (CNA-Q) to assist the State of Qatar in providing quality education and training for the achievement of its social and economic goals.

PARTNERSHIP AND COOPERATION: FACILITATING STUDENT ACCESS AND MOBILITY

College of the North Atlantic continuously seeks to ensure that its students benefit from the widest possible educational and training opportunities. It also strives to be responsive to the growing needs of all post-secondary students looking to gain practical skills in order to secure employment. To that end, it has established formal articulation (transfer) agreements with universities in Canada and abroad. These agreements allow students in qualifying programs to transfer seamlessly from a College diploma program to a university degree program with advanced standing. They also allow qualifying university students to transfer to College programs with advanced standing.

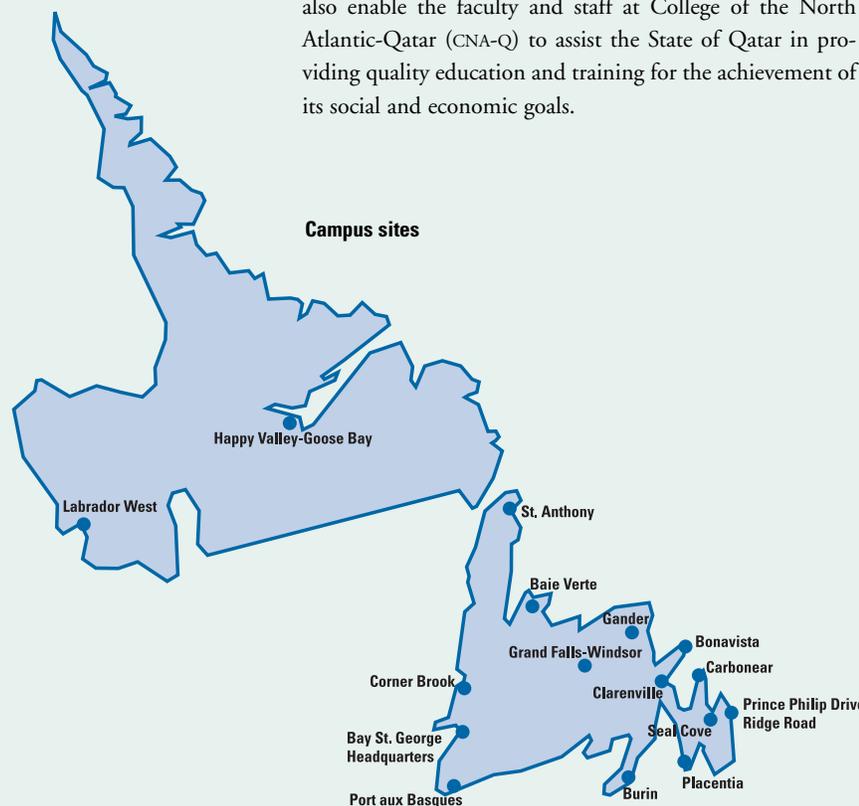
The College has established partnerships and transfer agreements with several Canadian and American institutions, including Memorial University in this province, Lakehead University in Ontario, University College of Cape Breton in Nova Scotia and Northwood University in Michigan. As noted earlier, the College also has an agreement with Memorial University that allows students at several CNA campuses to complete the equivalent of first year university studies.

INSTITUTIONAL STRUCTURE

The development and delivery of high quality programs that are responsive to changing social and labour market needs requires a strong and well-organized institutional structure. It also requires an institutional culture that ensures continuity and encourages innovation. The College’s school-based model provides the structure in which such an institutional culture can flourish. Within this model, programs are organized under the following schools:

- Academic, General, and Transfer Studies
- Applied Arts
- Business Studies
- Engineering Technology
- Health Sciences
- Industrial Trades
- Information Technology
- Natural Resources

As the province’s sole public college, College of the North Atlantic takes seriously its mandate to serve the people of Newfoundland and Labrador and to ensure that access to programs and services is given priority status at all times. The distribution of campuses throughout all regions of the province ensures that, as far as possible, programs and services are responsive to local and regional needs.



THE 2002-03 YEAR IN REVIEW

ACHIEVEMENTS AND ADVANCEMENTS

College of the North Atlantic achieved significant progress in a number of program and service related areas during the 2002-03 academic year. New programs were developed and a number of existing programs were successful in gaining or renewing their national accreditation status. Partnerships with other education and training institutions were extended and existing partnerships strengthened. Student support services were improved and the College's information technology systems were upgraded and enhanced. Also, CNA's research capability and services were expanded. The following provides a sample of the past year's achievements and advancements in these areas:

PROGRAMS

During 2002-03 the following new programs were developed and approved by the College's Academic Council for delivery in 2003-04:

- Film and Video Production
- Cultural Management
- Environmental Health Technology
- Primary Care Paramedicine
- English as a Second Language
- Internet Application Developer

In addition to these new programs, developmental work was initiated in several other program areas. While the work is still ongoing in a number of areas, substantial review and updating has been completed for the following:

- Business Administration/Management
- Community Recreation Leadership
- Community Studies
- Information Technology
- Digital Animation

ACCREDITATION

National and provincial accreditation status provide the assurance that the College's programs meet the rigorous

quality standards set by each profession as represented by the accrediting bodies. They also guarantee that students who graduate from these accredited programs have credentials that are recognized and accepted for their full value by employers and other educational and training institutions across the country.

The following programs were successful in having their national accreditation status renewed by the relevant bodies over the 2002-03 academic year:

- Medical Laboratory Science, accredited by the Canadian Medical Association
- Aircraft Maintenance Engineering, accredited by the Ministry of Transport
- Electronics Engineering Technology, Mechanical Engineering Technology (Co-op), and Electrical Engineering Technology (Industrial Controls), accredited by the Canadian Technology Accreditation Board
- Fish and Wildlife Technician, accredited by the North American Technology Association

In addition to these, two other programs are in the final stages of accreditation:

- Programmer Analyst (Co-op), St. John's
- Programmer Analyst, Grand Falls-Windsor

TRANSFER AGREEMENTS AND COOPERATIVE PARTNERSHIPS

A key element of the College's approach to achieving its educational and organizational objectives is the forging of alliances, partnerships and cooperative agreements with relevant institutions, organizations and agencies. In particular, transfer agreements with other post-secondary institutions in both the college and university sectors are pursued for their value to student mobility and access. In the past year two significant new agreements have been signed. An agreement with the University College of Cape Breton (UCCB) allows College of the North Atlantic Business Management graduates to complete a Bachelor of Business Administration, and

"The Civil Engineering Technology program at College of the North Atlantic not only prepared me for the workplace, it provided me with the knowledge and abilities required to advance technically at Lakehead University in Ontario. The courses I completed in the Engineering Technology program were completely transferable to the engineering program at Lakehead. This enabled me to complete my undergraduate studies in Civil Engineering within two years of graduating from the College."

Lee Bennett, B.Eng., E.I.T. - Project Engineer, Davis Engineering and Associates Limited

Transfer agreements between universities and colleges are “the wave of the future.”

Paul Davenport, President,
University of Western Ontario

“The largest portion of new job creation is expected in occupations that require a community college diploma or trades certificate, such as construction and transportation trades, health and computer sciences, firefighting and police work.”

Dropouts Need Not Apply, The
Ottawa Citizen, August 28, 2000

3D visualization from the
Geospatial Research Facility



Engineering Technology graduates to complete a Bachelor of Technology. An agreement with Memorial University allows College of the North Atlantic Business students to transfer to the University’s Bachelor of Business Administration program.

There have also been reciprocal benefits derived from the College’s cooperation with other organizations during the past year. One notable example has been the College’s support, along with other partners, for the Humber Education Alliance’s opening of an International Student Centre in Corner Brook in January 2003. The Humber Education Alliance was also instrumental in recruiting students from Central America to the College in the 2002-03 academic year.

STUDENT SERVICES

The provision of services and support for students continues to be an area of highest priority. The College works continuously to ensure students in all regions of the province have access to quality post-secondary education, that their experience as students of the College is optimal, and that they are provided the greatest possible opportunity to make a successful transition from their training to the labour market or to further education and training. One especially significant advancement in the area of student services and support during the 2002-03 academic year was the implementation of *Access for Success*, a project designed to improve both access and retention. Resources were also allocated for the improvement of student recruitment processes and strategies, including the more effective use of e-mail.

Another area in which the College has significantly improved access for students has been in the provision of learning opportunities through distance education. Over 200 programs and courses are now available over the Internet through the College’s Distributed Learning Services, 40 of which were newly developed or re-designed during the 2002-03 academic year. The College also provided on-line training in Distributed Learning methodologies to 77 College faculty during the year.

The 2002-03 enrollment in the College’s Distributed Learning courses totaled over 3,200 learners from more than 250 Newfoundland and Labrador communities. The courses were also subscribed to by learners in each of the other nine provinces of Canada.

APPLIED RESEARCH

College of the North Atlantic recognizes the critical importance of applied research to the continued relevancy and currency of many program offerings and, as a public institution, to the College’s role in the communities served. Steps were taken during the 2002-03 academic year to advance the College’s capacity for applied research and a strategy was developed for the establishment of an Office of Applied Research within the College.

The most significant development in respect to the College’s applied research capacity has been the establishment of the Atlantic Canada Opportunities Agency (ACOA)-supported Geospatial Research Facility at its Corner Brook campus. Staffing of this facility began during the 2002-03 academic year, with the first researchers taking up their positions in September 2003. The facility is a key element of the expansion of research and innovation capacity in terrestrial resources sectors (Forestry, Wildlife) in Atlantic Canada. It will utilize multi-agency and multi-disciplinary collaboration in the pursuit of its mandate to assist terrestrial resource sectors in the region in the solution of problems and challenges. Research projects to be undertaken at the facility include:

- Biodiversity Assessment and Modeling
- Three-Dimensional Visualization of Terrestrial Environments
- Landscape-Level Spatial Forest Modeling
- Spatial Data Management and Communications
- Sub-surface Mapping, Modeling and Visualization

TECHNOLOGY

The College is aware of the need to continuously upgrade its information technology infrastructure and to utilize the most efficient software for the achievement of administrative as well as program and service delivery objectives. During the 2002-03 academic year, a number of steps were taken to ensure the optimal use of IT systems to support administrative work, networking and learning/teaching activities. The following improvements and advancements are of particular note:

Administrative

The College is in the process of purchasing an Enterprise Resource Planning system which will replace the existing systems for the running of its institutional affairs – including student administration, finance and human resources. The new system will allow for significant improvements in administrative processes within the College and will provide enhanced capacity for processing business transactions both internally and externally.

Networking

The College's Provincial Network Operating Centre (located at Ridge Road campus, St. John's) has established new hardware and software maintenance agreements, which will ensure that its networking system operates with minimum interruption 24 hours a day, seven days a week. The Centre has also undergone significant upgrading over the past year to achieve the following:

- Increased data storage space
- Better and faster access to data
- Automated tape backup system to enable restoration of data when required

Learning/Teaching

Another important area in which technological advances were made in the 2002-03 academic year was in support of learning and teaching activities through the College's web-based learning environment. Classroom-based teaching, video conferences, web-casts, graduation exercises and a range of other activities can now be recorded for later broadcast, accessible to both students and faculty as required.

"I would recommend College of the North Atlantic to anyone who is looking for a quality education. The College offers a better chance for success because of smaller classes, and because of the quality of instructors – they genuinely care about our success."

Alicia Gillis, Second Year Tourism Studies student and Fairfax Financial Holdings Limited Scholarship winner

"Anyone wishing to attain a solid foundation for their career should attend College of the North Atlantic. The quality of training and instruction, and equally as important, the supportive environment of the College, helped me to attain success in my chosen career."

Kent D. Goobie, Senior Technical Account Manager, Premier Support, Microsoft Canada, and CNA Business Computer Programming graduate

“The government must take the lead nationally to realize college and institute ownership ... and act to facilitate the infrastructure, funding and technological upgrading required to let these institutions do their jobs and stop the erosion of the essential foundations of a strong economy.”

A National Skills Agenda, 2001
Association of Canadian
Community Colleges

CONTINUING TO DIVERSIFY

Over the past year College of the North Atlantic has continued to diversify its programs and services, both proactively and in response to articulated needs. The College works with public and private employers and employer associations, as well as a number of other organizations and agencies throughout the province, to assess the educational and training needs of their staff and members and to develop and deliver appropriate customized programs. In this, the College is at the forefront of a national trend towards an increasingly responsive role for public colleges – a trend which has seen colleges become the largest supplier of adult training and education in Canada (Association of Canadian Community Colleges, *Innovation Strategy*, September 2002).

While much of the impetus towards diversification of programs and services has been consistent with the broader national trend, there are factors specific to Newfoundland and Labrador that require the College to adopt a responsive and innovative approach to the delivery of programs and services. The province’s relatively dispersed population, for example, creates particular challenges for access. The predominance of a regionalized approach to economic development and training initiatives (both provincial and federal) also requires that the College is able to provide a ‘fit’ between the needs as articulated regionally and the programs and services provided in each region. Perhaps the greatest challenge the College faces, however, relates to the continuing problem of out-migration from this province in the wake of the crisis in the fishing industry. Because of an exodus of 98,700 from Newfoundland and Labrador in the period from 1977 and 2002 (Government of Newfoundland and Labrador, *Strategic Social Plan: From the Ground Up*, 2002), College of the North Atlantic recognizes that its mandate to make a substantial contribution to the economic development of this province includes, crucially, playing a role in stemming this tide.

Another direction in which the College has continued to expand and diversify is in the international arena. College of the North Atlantic, like many other Canadian public colleges, has recognized the value of extending its role beyond provincial and national borders in order to attract students

from outside the country. The value of recruiting international students lies not only in increased potential to generate revenues but, perhaps more importantly, in the sharing and exchange of knowledge and expertise with other nations and cultures. The College recognizes that such sharing and exchange benefits all participants, and it is of particular value to the development of world class status for this province’s public college.

Over the past year, efforts to provide diverse and responsive programs and services in order to meet the province’s needs and to achieve the College’s growth objectives in the international arena have included province-wide consultations as well as the creation of several new initiatives and the revision and updating of others. The following brief descriptions give an indication of the direction and scope of these efforts:

REGIONAL CONSULTATIVE PROCESS

As a part of the process of assessing workforce training needs and social and economic development priorities, College of the North Atlantic has organized and conducted a series of regionally-based consultation sessions over the past year. Fifty-three such sessions involving staff and students from the College campuses, members of community economic development agencies, representatives of municipalities and Chambers of Commerce, funding agencies and industry representatives have provided the opportunity for all the stakeholders to participate in the identification of the issues facing communities and regions and the training and economic development needs of their populations. The sessions have also given stakeholders the opportunity to help define the most appropriate role for their public college in addressing those issues and needs, which include (as identified through the consultative process) changing demographics, projected skills shortages, recruitment and retention of students and faculty and physical infrastructure issues.

INCREASING ACCESS AND RESPONSIVENESS

In response to the need for flexibility in the delivery of its programs, the College’s continuing education service has

assumed a central and growing role. In the past academic year, over 450 continuing education courses were delivered throughout the province to more than 5,000 participants.

Responding to the training and developmental needs of the province's workforce, as well as its public and private agencies, organizations and associations, dictates a centrally important role for the College's community and corporate services. These services have been enhanced over the past year. In particular, a revised approach to corporate contract training is intended to ensure the College is able to meet the needs of employers, while at the same time improve its revenue generating capabilities in this area.

EXPANDING THE COLLEGE'S INTERNATIONAL ROLE

In addition to the College's substantial involvement in establishing a fully comprehensive college of technology in the State of Qatar, considerable progress has been made in the past year in extending the College's other international activities and linkages. For example, several new business and research contracts were secured in locations such as Peru, Vietnam and India and 29 Chinese students were recruited to the College's Engineering Technology programs in St. John's. In addition, over 500 students now study College of the North Atlantic's Engineering curriculum at Jilin University and Southern Yangtze University in China.

The College's Distributed Learning Service also provided services in the international arena over the 2002-03 year. These included the creation of a feasibility study for the Caribbean Distance Education Network (for the Institute for Connectivity in the Americas and World Bank) and the establishment of online distance education for fisheries training in Vietnam (for the International Development Research Council).

Significant progress has also been made with respect to planning and strategizing for increased international activities with the finalization of an international business development plan and an international student recruitment strategy.

COLLEGE OF THE NORTH ATLANTIC-QATAR

As stated earlier in this report, the College has entered into a 10-year agreement with the State of Qatar to develop and operate a technical college in that Middle East country.

September 2001 saw this new college, considered College of the North Atlantic's 18th campus, accept its first intake of students.

An average of 269 students enrolled in the expanding range of programming offered at College of the North Atlantic-Qatar in 2001. It is expected the number of students attending this institution will rise each year, reaching a minimum of 3,000 by the end of the contract in 2012.

By all measures, the first year of operations for CNA-Q was

a tremendous success. But this triumph did not come without challenges. The most significant of these was maintaining normal operations during the United States-led war against Iraq.

Qatar is approximately 800 kilometres from Iraq and leading up to the war there was concern for the safety of college personnel at the campus. Prior to the start of the conflict, the college developed and successfully tested an emergency contingency evacuation plan. Also, a warden system was devised to keep all faculty and staff informed of the latest advisories and cautions from the various international embassies located in the Middle East. College employees heeded the advice received through the warden system and as the conflict wore on, employees' concerns about their personal safety were alleviated.

Surprisingly, news reports in Canada and the United States during the war resulted in a greater awareness of Qatar amongst North Americans. This was due to the coalition forces being headquartered at a base in the country's capital city of Doha, the same location as the Qatar campus, and led to increased interest in the project from potential faculty and other staff. As new opportunities were identified and new programs were under development, additional staff was recruited. When the academic year ended, CNA-Q employed 69 people, including 10 managers, 40 instructors, and 19 support staff.

CNA-Q carried out its first year of operations in a temporary facility while its permanent home was being constructed. There were no negative impacts experienced as a result of this temporary set-up, however everyone involved with the project is looking forward to moving into the new location, with classrooms and labs specifically designed to accommodate the College's program offerings. It is expected the permanent facility will be ready for the 2004-05 academic year.

"Our partnership with College of the North Atlantic training departments has been a very successful one. The customizing of courses to meet specific industry needs is a unique service offering that provides real value to an organization like Aliant. Training coordinators and staff of the College have been very accommodating in pursuing solutions for our particular training requirements. We are confident that we can look to College of the North Atlantic to meet similar needs as required."

Aliant



STUDENTS: ACHIEVEMENTS AND CHALLENGES



Student Award of Excellence

Dawn Hamilton began her study of Mining and Mineral Processing in the Winter Semester of 2000 and completed a work term in each of the Mine, Pellet Plant and Concentrator at the Iron Ore Company of Canada. She has earned a certificate for her successful completion of the Youth Project Training Session from the Canadian Injured Workers Alliance.

After getting involved with the Student Activities Council as a member at large in January 2002, Dawn successfully ran for Treasurer in September 2002 and took it upon herself to represent students of the campus on the Hyron Youth Development Committee, which covers the Labrador West and Churchill Falls area.

Dawn was a founding member of the campus graduation committee in the Winter Semester 2002 and was actively involved in many fundraising activities, helping to raise several hundred dollars for the graduating class.

Dawn is currently working with the Iron Ore Company of Canada as a Process Technologist in the Mineral Concentrator. This contractual staff position is for a duration of five months, although hopes are very high for an extension at the end of this period.

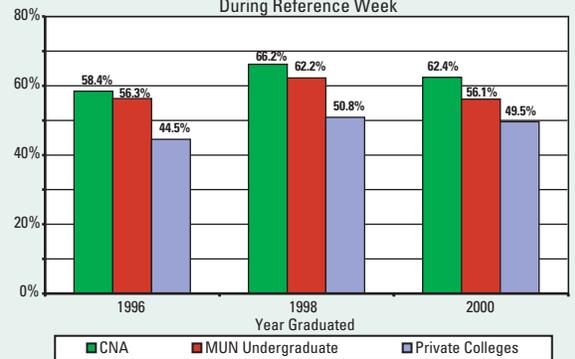
EVIDENCE OF GRADUATE SUCCESS

The overall success of College of the North Atlantic's educational and training capabilities is clearly evidenced in the results of a 2002 study conducted by the Department of Youth Services and Post-Secondary Education, Government of Newfoundland and Labrador. The report on that study, *CareerSearch 2002: Employment Experience and Earnings of 2000 Graduates* provides detailed program-level information on graduate employment, length of job searches, earning levels, and satisfaction with time and money invested in their programs of study.

The study compared graduates from College of the North Atlantic, Memorial University and private colleges in the province. On several measures, College of the North Atlantic graduates reported higher levels of success than either of the other two cohorts – including finding full-time employment (*Chart 2*) and, just as importantly, finding employment directly related to job training (*Chart 3*). Graduates of the College's three-year programs also reported higher earnings than either private college graduates or graduates of Memorial University's four-year degree programs (*Charts 4 and 5*); overall CNA graduates also reported higher levels of satisfaction with the time and money which they had invested in their post-secondary studies (*Chart 6*), a result which may be in part attributed to College of the North Atlantic's relatively low tuition fees. Frozen since 1998, the College's tuition fees are now the lowest in the

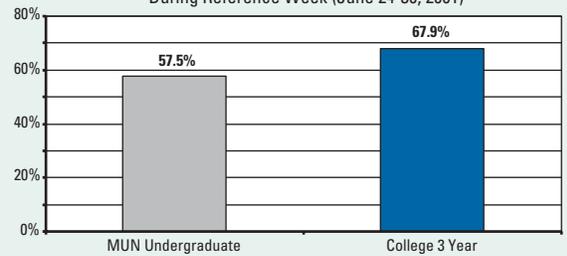
Atlantic region, according to research conducted by the Canada Millennium Scholarship Foundation (*Chart 12, page 17*).

Chart 3 - Job Directly Related to Training
During Reference Week



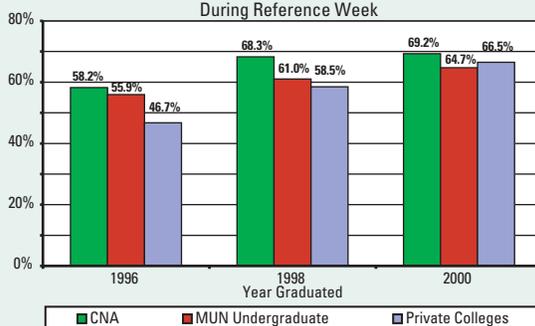
Source: CareerSearch

Chart 4 - Graduate Gross Weekly Wage \$560 or More
During Reference Week (June 24-30, 2001)



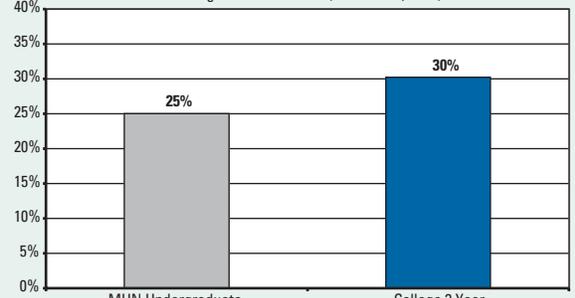
Source: CareerSearch 2002

Chart 2 - Graduates Employed Full Time
(More Than 30 Hours Per Week)
During Reference Week



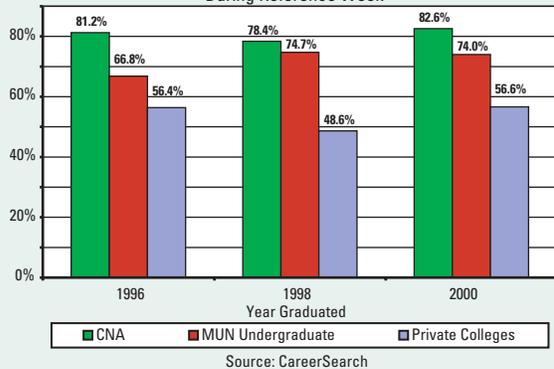
Source: CareerSearch

Chart 5 - Graduate Gross Weekly Wage \$800 or More
During Reference Week (June 24-30, 2001)



Source: CareerSearch 2002

Chart 6 - Graduates Satisfied With Financial Investment During Reference Week



AWARDS AND RECOGNITION FOR COLLEGE OF THE NORTH ATLANTIC STUDENTS

While much of the evidence of student success is provided by surveys and research, there are other indicators of which students, staff and faculty have more direct and immediate knowledge. These indicators range from the many everyday triumphs that students experience as they gain new knowledge and master new challenges, to the annual graduation ceremonies. But they also include, importantly, the awards, medals, outstanding performances, scholarships and bursaries through which the excellence of CNA students is formally recognized. The following list provides a sample of the types of recognition CNA students have achieved over the past academic year:

Scott Anstey, a second year Electronics Engineering Technology student at Corner Brook campus, was one of two students in the country to win the 2002/03 *Canadian Council of Technicians and Technologists/Manulife Financial Scholarship*, valued at \$1,000.

Dena Budd was the first recipient of a new award for graduates of the Medical Radiography program at Prince Philip Drive campus in recognition of excellence in patient care.

Alicia Gillis, of the Tourism Studies program at Bay St. George campus, and **Candace Pilgrim**, of the Early Childhood Education program at Corner Brook campus, each received the national *Fairfax Financial Holdings Limited Award* in November 2002, valued at \$3,500.

Kelly Lambert, a student in Adult Basic Education at Clarenville campus, won the 2002 *Canada Post Individual Literacy Achievement Award*.

Robin Drodge, a Business Administration student at Clarenville campus, was appointed to the Board of Directors for the *National Educational Association of Disabled Students*.

Brian Pretty, a student at Burin campus, won the *R. M. Gooderham Bursary* awarded by the *Canadian Welding Bureau*.

Jason Sparrow, **Michael Greene**, **Jason Conway**, and **Alfred Sanford**, a team of students from Prince Philip Drive campus, won top honours at the *First Annual Skills Canada*

National Manufacturing Team Challenge in May 2003. The team went on to represent Canada at the *37th World Skills Competition* in St. Gallen, Switzerland in June 2003.

College of the North Atlantic students won 16 Gold Medals in the *6th Provincial Skills Canada Competitions* in May 2003. Altogether, College students won 30 medals in 17 categories at the competitions. Winners included: **Mark Butt**, **Conrad Sampson**, **Mark Porter**, **Gerri Coady**, **Randy Stead**, **Nolan Munden**, **Darrell Noseworthy**, **William Scott**, **Keith Bartlett**, **Greg Cook**, **Fraser Rees**, **Robert Terry**, **Cindy Pike**, **Danny Chapman**, **Krista Jostican**, **Douglas Thomas**, **Brian Pretty**, **Glenn Osmond**, **Christopher Russell**, **Wayne Haynes**, **Leo Dillon**, **Darin Dyson**, **Melissa Stockwood**, **Catherine Bennett**, **Tina Smith**, **Roger Torraville**, **Kevin Hillier**, **Bradley Brake**, **Terri Pittman**, **Angela Wyatt** and **Dionne Power**.

Eight College of the North Atlantic students won seven medals, including one Gold, in the *Ninth National Skills Canada Competition* in May 2003. Winners included: **Wayne Haynes**, **Daniel Chapman**, **Melissa Stockwood**, **Gerri Coady**, **Mark Porter**, **Leo Dillon**, **William Scott** and **Dana Young**.

Fifty College of the North Atlantic students each received the *Atlantic Accord Award* valued at \$1,000.

Respiratory Therapy program students achieved a 100% pass rate on the *Canadian Board for Respiratory Care National Certification Examinations* in September 2002, with the highest average marks of any school across Canada in that exam.

ACCESSIBILITY

The College continuously strives to identify and remove barriers to access and, over the 2002-03 academic year made some significant advances in this area. In particular, the College has recognized the need for special attentions and interventions to improve access for students from the following groups:

Adults with Disabilities

As a result of the College's efforts to increase access, many more people with some degree of disability are applying to enter programs. While many services available are of benefit to students with disability, it is recognized that in many cases there may be need for a level of support and a range of services over and above what is available to the general student population. There may also be a need for a variety of accommodations to be made. The College is committed to making the necessary supports and services available wherever possible. Over the 2002-03 academic year, a guiding document was developed to support the transition of students with disabilities into College programs through a comprehensive process aimed at documenting their needs and organizing to meet those needs.



Program Award of Excellence

The Occupational Therapist's Assistant/Physiotherapist's Assistant programs are delivered via the World Wide Web through the Prince Philip Drive campus. Each program consists of 13 courses available on the Internet plus a nine-week field placement. The Distributed Learning format enables learners to take part in education without the restraints of geography and time. Technology enabled learning offers flexibility, collaboration, and interaction without the isolation normally associated with traditional distance education. It also improves access for independent disciplined learners. The first class graduated in 1999 and since then enrollment in the program has continued to grow.



Teaching Award of Excellence

Ben Turpin is a Steamfitting/Pipefitting instructor at Clarenville campus. Ben has been teaching for over 25 years and holds the interprovincial Red Seal Certification, a Diploma of Vocational Education, a certificate of training from the National Engineering Training Association Ltd., and has Offshore Skills Certification.

His commitment to teaching is obvious in the lengths at which he goes to help his students. He is known for embracing new technologies and teaching methodologies to deliver quality education with a positive approach.

He developed a teaching videotape and manual for the Steamfitting/Pipefitting program as well as PowerPoint lectures and a website to reach beyond the classroom.

He's also written a computer program using GWBasic to allow students to provide feedback on his program.

Older Adults

One of the impacts of continued out-migration from Newfoundland and Labrador is that the province's population has a relatively smaller youth cohort than is the case in many other parts of Canada. The College recognizes that a greater proportion of its student population in the future is likely to be older than may be the norm for student populations generally. As older students enter College programs to train or retrain, it will be necessary to make adjustments and accommodations in order to facilitate access and success. Among the efforts the College continued to improve on over the past year are:

- **Prior Learning Assessment and Recognition** – providing students with the opportunity to receive credit for informal learning gained through work and volunteer experience
- **Access to Training and Careers Initiative** – facilitating the transition to College and providing the initial information, guidance and skills needed to make appropriate training and career choices
- **Adult Basic Education Program** – providing high school equivalency for those students who did not complete their initial schooling
- **Part-time and Distributed Learning** – providing opportunities for students to participate in programs while they work or retain full-time homemaking roles

Aboriginal Populations

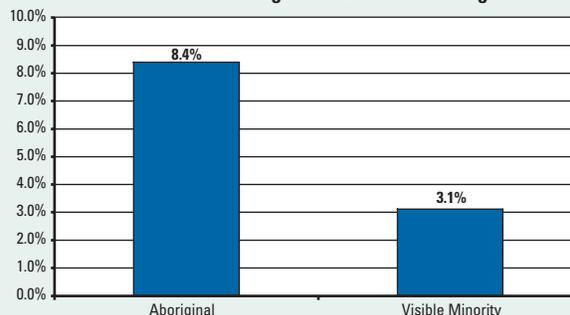
The College recognizes that aboriginal populations in Newfoundland and Labrador may confront unique challenges as they seek to improve their education or gain skills through formal training programs. These challenges range from geographical remoteness to language, literacy and educational attainment barriers. There has been considerable success in overcoming these challenges, however, and a record number of aboriginal students enrolled in College programs at its campuses and learning centres in the 2002-03 academic year (*Chart 7*). Several factors contributed to this success, including the introduction of the College/University Transfer Year, Community Studies, and

the Access to Training and Careers initiative as well as the re-offering of Orientation to Trades and Technology for Women.

Women

Responding to accessibility issues for women interested in pursuing post-secondary skills training is an important dimension of the College's access agenda. It is recognized that many of the initiatives to increase access for the groups listed earlier will be of particular benefit for women who are members of those groups. But it is also recognized that there may be access issues that affect women in particular and the College is committed to identifying and addressing any such issues. One of the most significant achievements in respect to women's access was the establishment of a partnership between College of the North Atlantic and the province's Women in Resource Development Committee. Through this partnership the College hopes to better assist women with developmental issues related to participation in post-secondary, college-level programming.

Chart 7 - Ethnic Origin of Students Attending CNA



Source: College of the North Atlantic

EMPLOYEE AND INSTITUTIONAL ACHIEVEMENTS AND RECOGNITION

The success of College of the North Atlantic owes much to the quality of its leadership as well as its faculty and staff. Over the 2002-03 academic year, there have been many notable achievements at the individual, campus and college levels. There has also been public recognition for the value of the work carried out by the College. It is not possible to list all the distinctions, awards and advances achieved by the College's administration, faculty and staff over the past year. The following is a sample:

EMPLOYEES

Guy Penney, an Instructor in Business Management (Accounting) at Prince Philip Drive campus, received the *2002 Gary Bourne Award* in recognition of his contribution to the Certified General Accountant's Association.

Jim Davis, a Program Development Coordinator at College headquarters, was presented with an *Honorary Life Membership by the Newfoundland and Labrador Association for Adult Education* for his contribution to adult education in the province.

Wade Pinhorn, a Coordinating Instructor in the Music Industry and Performance program at Bay St. George campus, received the *Music Educator of the Year Award* from the Music Industry Association of Newfoundland and Labrador.

Lori Lynn Lynch, an Instructional Assistant at Carbonear campus who is completing a Masters of Engineering degree, received a *Fellow of the School of Graduate Studies Award* from Memorial University.

Cyril Organ, an Associate District Administrator at Bay St. George campus, received a provincial *Community IT Hero Award* for his contribution to the utilization of information technology in his community.

Pamela Walsh, President of College of the North Atlantic, received a *Queen's Golden Jubilee Medal* for her contribution to post-secondary education. She was also recognized as one of the *Top 50 CEOs in Atlantic Canada* by Atlantic Business magazine and was appointed to *Industry Canada's National Selection Committee* for the Broadband for Rural and Northern Development pilot project.

Bob Simms, District Administrator at Happy Valley-

Goose Bay campus, received a *Queen's Golden Jubilee Medal* for his contribution to post-secondary education.

The *Queen's Golden Jubilee Medal* was also awarded to 11 former employees of the College in recognition of their contributions to the province's public college system: **Dorm Chipp, Fintan Costello, Dolorosa Dollard, Kenneth F. Duggan, Doug Fowlow, Fred Green, Donald G. Heale, Newman Kelland, Arend (Art) van Kesteren, Ron Sparkes and Eric G. Yetman.**

CAMPUSES

Corner Brook campus reintroduced the Millwright and Welding programs in the 2002-03 academic year. It also launched the Manufacturing Operations Technology program in 2002 and partnered with the Department of Forest Resources and Agrifoods to establish three laboratories in the region.

Gander campus was recognized during the 2002-03 year by the Lifesaving Society for its contribution to boating safety in the province. It was also recognized by the Government of Newfoundland and Labrador in 2002 for its role in hosting stranded airline passengers following the September 11, 2001 terrorist attacks in the United States.

Port aux Basques campus is one of 10 Non-Destructive Testing examination centres in Canada. In December 2002, the Non-Destructive Testing Certifying Agency (Department of Natural Resources, Canada) gave the Port aux Basques centre the top ranking in the country based on satisfaction surveys of students examined there.

Bay St. George campus enrolled its first student from Mexico through the Humber Education Alliance partnership. Eric Resendiz is a student in the Business program.

Ridge Road campus registered 29 students from China in the Electronics Engineering Technology program.



Staff Award of Excellence

Debbie McCarthy began working with the College in 1986 at the Topsail Road campus as a Laboratory Technologist with the Health Sciences department. She transferred to the Engineering Technology Centre in 1996 and has remained there until present day, working with the various chemistry programs as a Laboratory Technologist II.



Eric Resendiz experiences snow for the first time at the Bay St. George campus.



Leadership Award of Excellence

John King, manager of the Distributed Learning Centre, and now Chair of the Distributed Learning Service, has managed the Distributed Learning Centre in Clarenville since its inception in 1999. In that time, the Centre has been recognized as one of only six Certified WebCT Institutes in Canada and has received the Canadian Association of Distance Education (CADE) Excellence in Partnership award.

John has led the Centre in its development of over 200 online courses, various private sector contracts and international initiatives. In addition to his professional responsibilities John is an active community volunteer. He has served on the Executive of the Clarenville Chamber of Commerce and is the current Vice-Chair of the Terra Nova Heritage Foundation.

COLLEGE

College of the North Atlantic Awards of Excellence (2002) were awarded to **Debbie McCarthy**, Staff; **Ben Turpin**, Teaching; **John King**, Leadership; **Dawn Hamilton**, Student; and **Occupational Therapist's Assistant/Physiotherapist's Assistant**, Program.

College of the North Atlantic, along with the Marine Institute, co-hosted the *Association of Canadian Community College's annual conference* in May 2002 in St. John's. College President, Pamela Walsh, chaired the conference, attended by approximately 1,000 faculty, staff, administrators and students from colleges across the country.

College of the North Atlantic-Qatar campus opened in September 2002. Nearly 300 students successfully completed their first year of studies at CNA-Q in June 2003.

The College's **Board of Governors** was expanded in 2002 to include a broader range of representatives from business and industry.

The College held its first graduation ceremony outside the province in September 2002. Fifty-six students at **Jilin University in Changchun**, China received College of the North Atlantic diplomas in Electronics Engineering Technology.

MANAGEMENT DISCUSSION AND ANALYSIS

College of the North Atlantic headquarters is located in Stephenville, on the west coast of the island portion of the province. Headquarters consists of the President's office, the office of the General Counsel and Corporate Secretary, and the four Executive Divisions: Administration, Programs, Student Services, and Advancement/College Development. Regional administration is provided by each of the College's five District Administrators (one per district) and the 21 Associate District Administrators located throughout the College's 17 campuses.

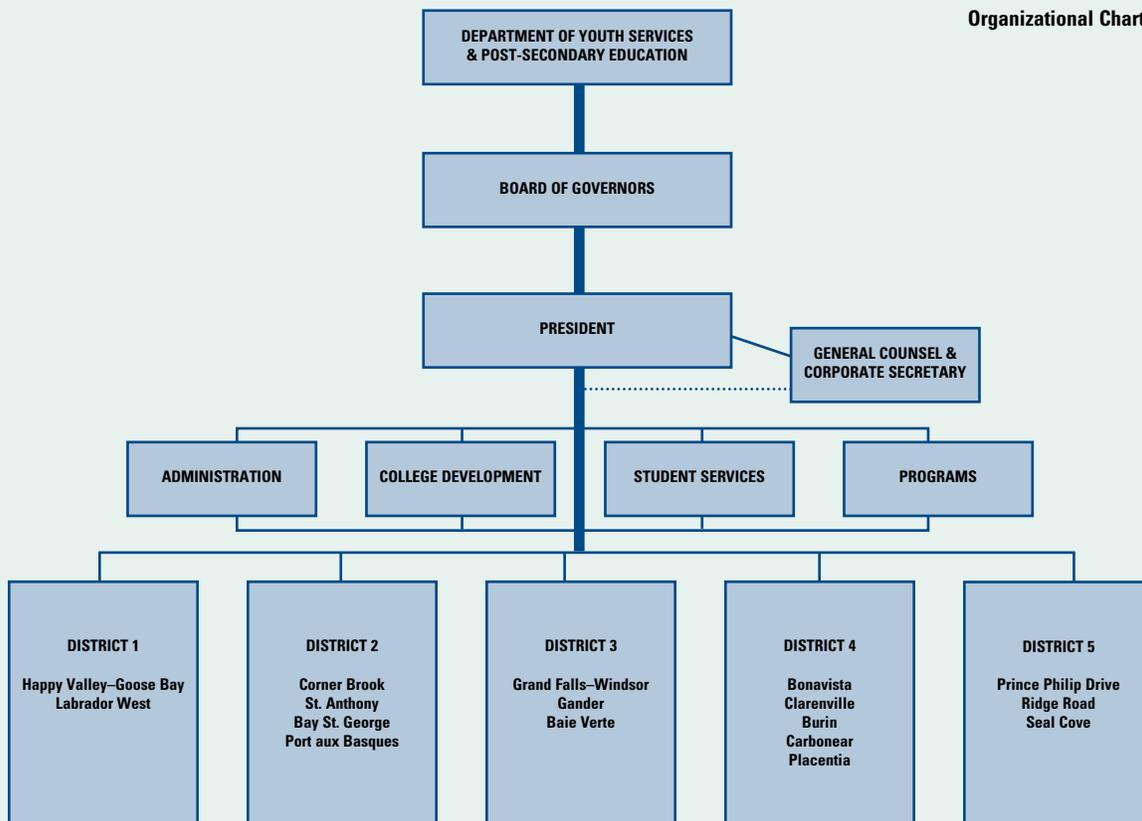
Of the College's approximately \$90 million annual budget, about 50% comes from a provincial government grant. The Management Discussion and Analysis section

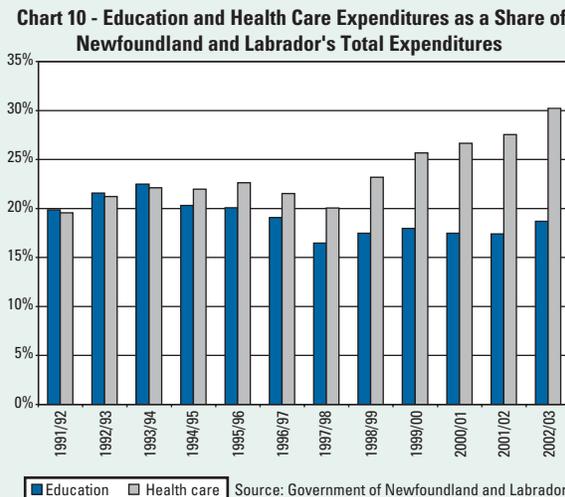
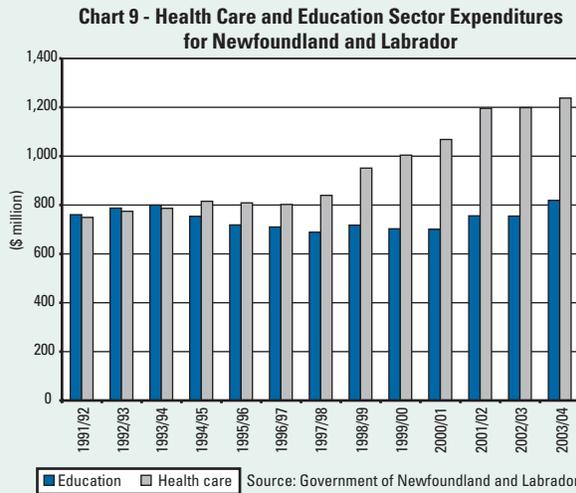
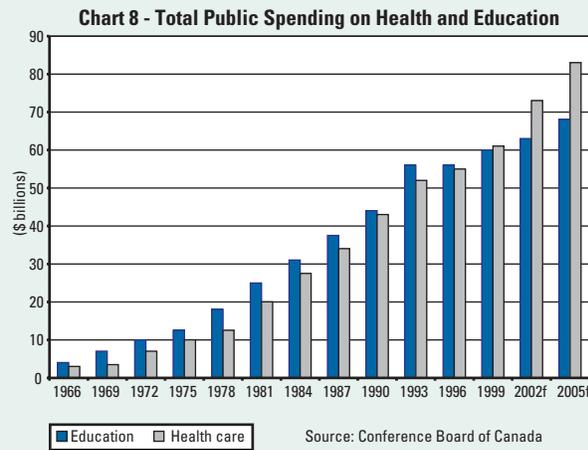
details how the college efficiently uses its revenues and elaborates on the significant challenges and operational issues faced by the institution.

REVENUES

On a national level, the education sector continues to compete for increasingly scarce public sector funds – and it continues to lose ground. For example, from 1998-2002, national health care spending increased by 59% while education spending increased by only 22%. The Conference Board of Canada reports that public health care expenditures will increase from 32.4% of total provincial government expenditures in 2000/01 to 44.8% in 2019/20. At the same

Organizational Chart





time, education expenditures are projected to decline from their current levels of 19.5% to 18.8% over the same period (*Chart 8*).

An analysis of public sector spending in Newfoundland and Labrador continues to yield results that are similar to those found in national studies. As recently as 1993-94 spending on education and health care in this province were virtually identical (*Chart 9*). Since 1993-94, however, spending on education has declined from 22.47% of the provincial government's total expenditures to its current level of 19.2%. At the same time, health care spending has increased from 1993-94 levels of 22.1% of the provincial government's total expenditures to their current levels of 30.7% (*Chart 10*).

Table 1 on the following page lists the sources, source percentage, and percentage change of College revenue (excluding the amortization of deferred capital contributions).

Total revenue, excluding the amortization of deferred capital contributions for fiscal year ending March 31, 2003, was \$90,662,339, compared with \$86,709,111 for fiscal year ending March 31, 2002. This represents a year-to-year increase of 4.56%. The following discussion highlights factors contributing to fluctuations.

Provincial Grant-In-Aid (GIA) contributions continue to represent the single largest source of revenue for the College and have remained relatively constant as a portion of the College's total revenue.

An analysis of GIA contributions (direct subsidies) to the Newfoundland and Labrador public college system (since the 1992-93 fiscal year) reveals that GIA contributions peaked in 1994-95 at \$53 million, declined sharply to \$39.6 million in 1997-98 when the five former regional colleges were amalgamated, and then increased marginally each year to the current allocation of \$47.3 million under the one-college system. However, when the GIA is indexed to inflation, a different picture emerges. In 1994-95 indexed GIA peaked at \$52 million (1992 dollars), declined to \$36.8 million in 1997-98 (1992 dollars) – when the five former regional colleges were amalgamated – increased modestly over the next two years to approximately \$40 million and then remained relatively constant the last four years (*Chart 11*).

Administration includes revenue from interest, facility rentals, and proceeds on disposition of assets. Fiscal year 2003 saw a decrease in interest rates causing the decrease in interest revenue.

Table 1 demonstrates an increase in instructional revenue that is comprised of all revenue sources from regular program offerings according to a predefined program plan. More specifically, this includes tuition, equipment and materials fees, funding provided through the Skills Development Contribution Agreement (SDCA) between the province and the federal government, and sponsorship revenue from

agencies such as the Worker's Compensation Commission, Human Resources & Employment and native groups. Under the SDCA the College invoices for each Human Resources Development Canada sponsored student. While the College was initially limited to \$10 million, this has increased to \$11.2 million. In prior years, the College has received more than the limit due to slippage in other program areas.

As provincial governments, including the Government of Newfoundland and Labrador, struggle to strike a balance between competing demands for their increasingly scarce resources, their educational institutions, including public colleges and universities, are left with few alternatives. Publicly funded educational institutions, especially publicly funded post-secondary educational institutions, must find ways of providing increasingly expensive learning opportunities to the consuming public in an environment of diminishing government support. College of the North Atlantic is no exception.

Many educational institutions have responded to the challenge by making extremely difficult decisions. In some cases they have increased tuition fees, while in others they have searched for more unconventional sources of revenue, often reluctantly settling for a combination of both. CNA has, in collaboration with its provincial government, avoided increasing tuition fees. In fact, in 1998, as part of its mandate to maintain and increase accessibility, the College implemented a voluntary tuition freeze. As a result of that freeze, College of the North Atlantic students now enjoy some of the lowest tuition fees in the country. According to research conducted by the Canada Millennium Scholarship Foundation, as of 2002 College of the North Atlantic's tuition remained the lowest of all the Atlantic Provinces (*Chart 12*).

The revenue implications of this tuition freeze are such that the College has managed to realize modest growth (in real dollars), due to relatively stable enrollment growth, from a low of \$7.33 million in 1998-99 to its current level of \$8.95 million. However, when tuition revenues are indexed to inflation, there is a marked decline in tuition revenue. Indexed tuition revenue peaks in 1999-2000 at \$8.23 million (1992 dollars) and then declines steadily over the next three years to \$7.68 million (1992 dollars) (*Chart 13*).

Application and registration fees are the main component of Student Services revenue. The fiscal year ending March 31, 2002 saw higher than normal revenue due to a change in the timing of acceptance letters being issued and registrations fees assessed. Acceptance letters were historically

Table 1 - Summary of Revenues

Category	March 31, 2003		March 31, 2002		Change
	Amount (\$)	%	Amount (\$)	%	%
Grant-in-aid	47,267,165	52.13	46,602,831	53.75	1.42
Facilities	5,213	0.01	6,614	0.01	-21.18
Administration	199,910	0.22	258,572	0.30	-22.68
Instructional	21,208,223	23.39	19,895,038	22.94	6.60
Student Services	554,924	0.61	658,553	0.76	-15.73
Resale	4,345,543	4.79	4,347,056	5.01	-0.03
Apprenticeship	2,223,929	2.45	2,144,232	2.47	3.71
Contract/Community Ed	9,436,682	10.40	9,439,565	10.88	-0.03
International	1,127,027	1.24	699,329	0.80	61.15
Special Projects	4,293,723	4.73	2,657,321	3.06	61.58
Subtotal	<u>90,662,339</u>	<u>100.00</u>	<u>86,709,111</u>	<u>100.00</u>	<u>4.56</u>
GIA/Functional - Above	90,662,339	97.84	86,709,111	98.49	4.56
Deferred Capital	<u>1,563,403</u>	<u>2.16</u>	<u>1,325,945</u>	<u>1.51</u>	<u>17.91</u>
Total	<u>92,225,742</u>	<u>100.00</u>	<u>88,035,056</u>	<u>100.00</u>	<u>5.26</u>

Chart 11 - Grant-in-Aid Revenues (Actual and Indexed)

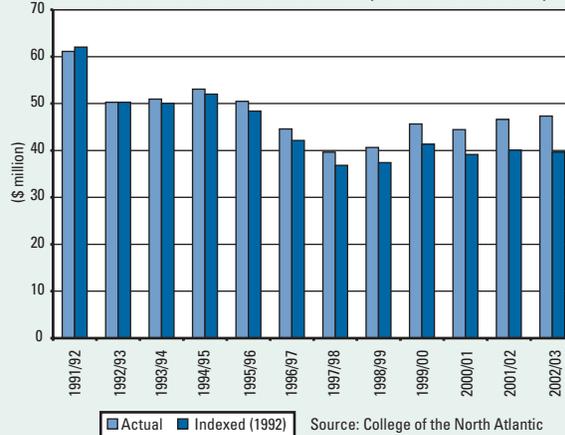
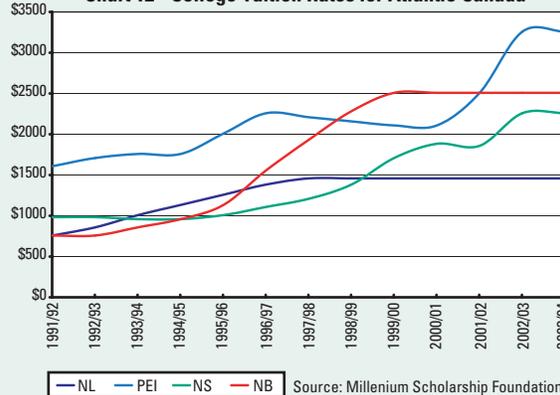
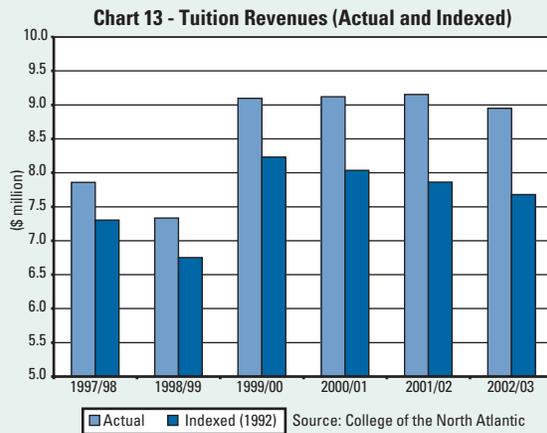


Chart 12 - College Tuition Rates for Atlantic Canada



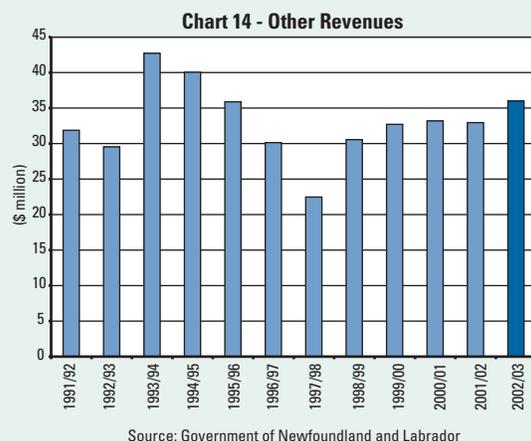


sent to students during the summer months, however in 2002 they were issued in January. This change resulted in a one-time increase in Student Services revenue.

As a result of relatively stagnant revenue streams in the face of escalating operational costs, College of the North Atlantic has been compelled to invest significant energies and resources into the generation of revenue from alternative sources. Today a significant portion of the College's revenues is derived from non-grant-in-aid sources like community, corporate and international training initiatives. While some of these activities have produced tangible results, especially in the international arena, they continue to produce marginal net revenue gains for the College.

Revenue from all other sources including retail (bookstore sales, other sales and community, corporate and international contract training, amongst others) has increased over the past five years. In 1998-99, revenues from all other sources amounted to \$31.2 million. In 2002-03, revenues from all other sources increased to in excess of \$36 million (Chart 14). However as a percentage of total revenues, it remained relatively constant in the 37%– 39% range.

This is further demonstrated by a review of the data in Table 1. Resale, apprenticeship, and contract/community education has remained stable. International revenue has



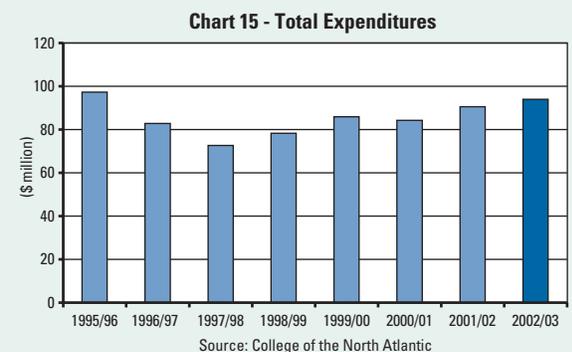
increased due to international tuition received from students involved in the College's China project. In addition, the College is involved in a contract training agreement with Ras Gas Petroleum – an oil and gas company located in Doha, Qatar – whereby Ras Gas employees attend programs at the Seal Cove and Placentia campuses.

In March 2002, the College was able to secure ACOA funding to purchase approximately \$4 million in capital equipment to address the need to upgrade existing programs and to develop new programs. As of the fiscal year ending March 31, 2003 the College was a full year into its agreement with the State of Qatar on the startup of the Qatar campus. These two activities have resulted in an increase to special project revenue.

The amortization of deferred capital contributions increased from \$1,325,945 for fiscal year ending March 31, 2002 to \$1,563,403 for fiscal year ending March 31, 2003. This represents the revenue from grants received by the College to purchase capital items and is directly related to the amortization expense of these same assets.

EXPENDITURES

In a pattern that roughly parallels year-to-year changes in College revenues, total College expenditures have fluctuated over the past eight years. Total expenditures reached a high of \$97.2 million in 1995-96, a low of \$72.6 million in 1997-98, and have increased steadily since, to their current levels of \$93.9 million (Chart 15).



Total expenditures are displayed in the table on the following page. The table breaks down expenditures excluding salaries, benefits, and amortization for each functional area, showing their percentage of the total direct operating cost and percentage change from fiscal year ending March 31, 2002.

Expenditures totaled \$93,964,843 for fiscal year ending March 31, 2003, compared to \$90,542,793 for fiscal year ending March 31, 2002. This represents an increase in expenditures of 3.78%. Of this total, the core functional areas (facilities, administration, instructional, student services, and information technology) totalled \$13,517,640 for fiscal

year ending March 31, 2003 compared to \$14,423,717 for the previous fiscal year. This was a decrease of \$906,077 or 6.28% which is mainly attributable to reductions in spending. As with preceding revenue analysis, the following discussion concerns significant fluctuations only.

Administration captures expenses related to the oversight of campuses as well as the support services provided by College headquarters. It is important to note that this function includes some expenses that have not been allocated to other functional areas (i.e. telephone, office supplies). The decrease experienced in this area is attributable to a number of different factors. First, a planned reduction in travel was achieved. Second, the awarding of the photocopier tender in fiscal year 2002 has seen an annualization of cost savings. Also in the last fiscal year, the College finalized its fixed asset valuation and inventory project and assets are now written off after the conclusion of inventory counts.

Instructional expenses reflect all expenses related directly to the offering of the College's program plan. Primary cost saving components to the reduction in this area relate to a decrease in professional development spending, and achievement of planned reductions in travel. One other area of cost savings was the reduction in project contributions from the instructional budget.

Registrar, counselling, and general inquiry services, along with the executive leadership function, are all areas included under Student Services. While a number of these expenditure areas fluctuated, the main reason for the overall reduction is due to a decrease in general materials and supplies spending as discussed earlier.

Information Technology comprises all expenses related to computer support at the campus and provincial level, local and wide area networks, and Internet access. The increase in spending is attributable to an increase in the tendered amount for Internet access, based on improvements to bandwidth at individual campus levels. All hardware related to the management information system, e-mail and databases is housed in St. John's. These systems are then accessed by all campuses and employees province-wide, including headquarters. Another factor was an increase to minor computer equipment, a result of an increase in the limit of capitalization.

Under the resale function, expenses for bookstores, day-cares, cafeterias, and residences are accumulated. While revenue has remained consistent, there has been a reduction in overall expenses excluding salaries, benefits and amortization (Table 2). The most significant expenses under this category

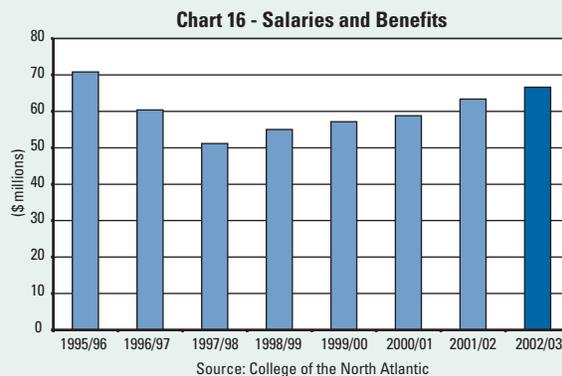
Table 2 - Summary of Expenditures

Category	March 31, 2003		March 31, 2002		Change
	Amount (\$)	%	Amount (\$)	%	%
Facilities	3,203,103	14.06	3,178,383	14.21	0.78
Administration	4,506,110	19.78	4,970,085	22.23	-9.34
Instructional	3,693,660	16.22	4,221,770	18.88	-12.51
Student Services	843,126	3.70	889,599	3.98	-5.22
Information Technology	1,271,641	5.58	1,163,880	5.21	9.26
Resale	3,140,799	13.79	3,237,379	14.48	-2.98
Apprenticeship	432,984	1.90	464,906	2.08	-6.87
Contract/Community Ed	2,549,191	11.19	2,638,545	11.80	-3.39
International	525,151	2.31	440,195	1.97	19.30
Special Projects	2,612,906	11.74	1,155,910	5.16	126.05
Subtotal	<u>22,778,671</u>	<u>100.00</u>	<u>22,360,652</u>	<u>100.00</u>	<u>1.87</u>
Functional Areas - Above	22,778,671	24.24	22,360,652	24.70	1.87
Salaries & Benefits	66,563,654	70.84	63,355,202	69.97	5.06
Amortization	<u>4,622,518</u>	<u>4.92</u>	<u>4,826,939</u>	<u>5.33</u>	<u>-4.24</u>
Total	<u>93,964,843</u>	<u>100.00</u>	<u>90,542,793</u>	<u>100.00</u>	<u>3.78</u>

are the costs of textbooks and food. The reduction in resale expenditures is due primarily to a reduction in cost of textbooks. This can be attributed to higher inventory levels (\$706,643 for March 31, 2003; \$635,488 for March 31, 2002) as a result of lower than expected sales levels for fiscal year ending March 31, 2003.

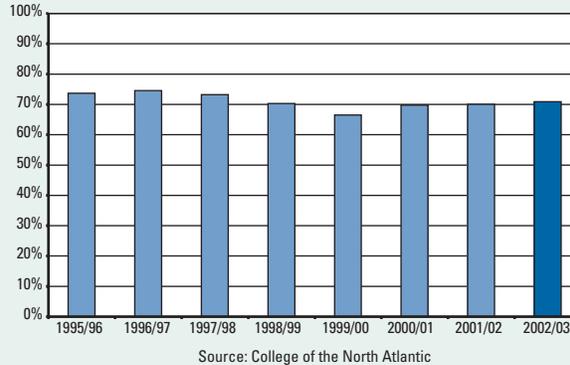
As explained under the revenue discussion, contract/community education, international and special project costs fluctuate depending on the contract/project activity of the current fiscal year. The type of activity will dictate the expenses incurred.

The single largest expenditure item for the College is salaries and related benefits. In 1995-96 salaries and related benefits totaled \$70.8 million. Salaries and related benefits then dropped after amalgamation to a low of \$51.6 million in 1997-98, and have, like total expenditures, increased steadily to their current levels of \$66.56 million (Chart 16). While the increase in salaries and benefits appears significant in terms of dollar values, there is actually very little change in terms of percentage of total expenditures. In fact, since



1996-97, when salaries and related benefits accounted for 73% of the College's total expenditures, salaries and related benefits expenditures have remained relatively stable, accounting for approximately 70% of total expenditures (Chart 17).

Chart 17 - Salaries and Benefits as a Portion of Total Expenditures



As noted previously, salaries and benefits for 2001-02 totaled \$63,355,202 compared with \$66,563,654 for this past fiscal year. This represents a total increase of \$3,208,452 or 5.06%. Salary expenditure increases can be attributed to three variables: negotiated wage settlements with bargaining unit employees, the College's aging workforce, and increases in overall College activity. For example, the number of employees earning over \$50,000 annually has increased from 306 in 1998 to 493 in 2002. Similarly, the number of employees earning less than \$25,000 has decreased from 338

Table 3 - Employee Income Stratification

	1998	1999	2000	2001	2002
Under \$10 000	774	601	1,204	1,139	730
\$10 001 to \$25 000	338	302	251	271	225
\$25 001 to \$50 000	539	520	615	581	562
\$50 001 to \$75 000	299	352	361	429	447
Over \$75 000	7	13	10	19	46

in 1998 to 225 in 2002 (excludes those earning less than \$10,000) (Table 3).

For the past four years, College of the North Atlantic has, in co-operation with the Association of Canadian

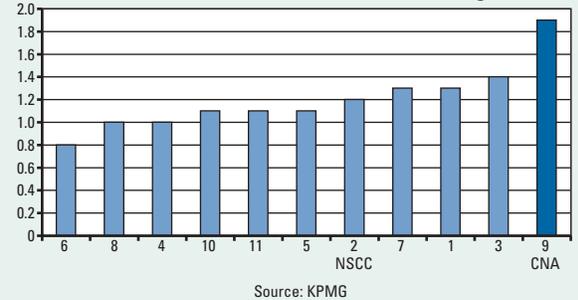
Community Colleges (ACCC), participated in the Financial and Resource Allocation Benchmarking studies being conducted by the national consulting firm KPMG. The last study, conducted in 2002, involved the comparison of 11 colleges located in seven provinces.

The purpose of the study is not to determine which college has the best financial administration or who best allocates resources, but to provide the participant colleges with an opportunity to benchmark their own financial expenditures and to compare them with those of other colleges. In this context, colleges are very different and comparisons can often be quite difficult. There are a number of internal and external variables that determine why one college invests more money in one area and spends less in another. Geography, labour market conditions and government

funding levels are just a few factors that will impact upon resource allocations.

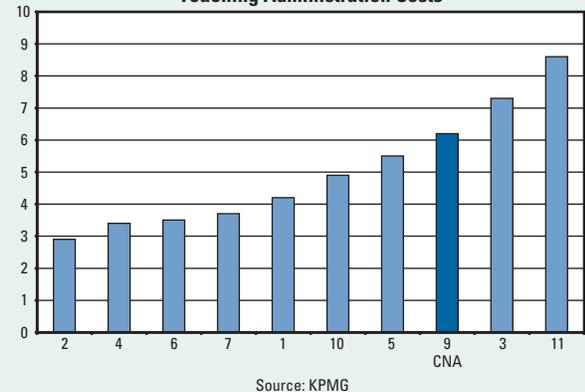
The College's 1.9:1 ratio of faculty full-time employees (FTE) to the total management and support staff FTEs was the highest among the 11 study participants, and almost twice the median of 1.1:1 faculty FTEs to management and support FTEs (Chart 18). Similarly, the study examined the ratio

Chart 18 - FTE Ratios - Instructors to Total Management



of instructional costs to instructional administration and support costs. Again, the College's results appear to be favourable. CNA's expenditure ratio of 6.2:1 instructional dollars for every dollar of instructional administration and support was third best in the study and a full 1.3 dollars above the study median (Chart 19).

Chart 19 - Ratio - Teaching Costs to Teaching Administration Costs



For College of the North Atlantic, the sheer number of campuses, provincial demography and geographical limitations make it very difficult to carry out valid comparisons with other colleges. Nonetheless, KPMG participant Nova Scotia Community College (NSCC) does have a number of similarities with CNA. Its program offerings, administrative structure, and the large number of campuses spread out over a fairly large region allow for some meaningful comparisons.

When compared to NSCC, the College's expenditures appear to be reasonable. In 2002, the College expended 40.1% of its budget on instructional personnel while NSCC expended 38.9%. Similarly, the College expended 29.9% of

its budget on management and administrative support, while NSCC expended 30% of its budget on the same. When facility, ancillary and contracted services costs and large one-time expenditures are excluded, CNA's expenditures levels appear to be even more favourable. (*Chart 20*).

The change in amortization is a reflection of the timing of asset purchase and the method of amortization used. The College uses the straight-line method of amortization where outside of capital improvements, the maximum rate is five years. While the amount spent on fixed assets has remained fairly stable, the major purchase of computer related items in 2000 was completely amortized by the end of fiscal year – March 31, 2003 – accounting for the decrease in amortization expense.

The investment in fixed assets for fiscal year ending March 31, 2003 amounted to \$4.4 million. Normally, funding for fixed assets is from a \$500,000 capital grant from the provincial government, operating savings and contract/project activity. In some years, the College's provincial government allotment has been increased for special purposes. In the fiscal year ending March 31, 2003, there were fewer funds spent on fixed assets from general operating funds due to budget constraints. The main source of funding for the fixed assets purchased was from agreements with ACOA, which contributed \$3.7 million of the total.

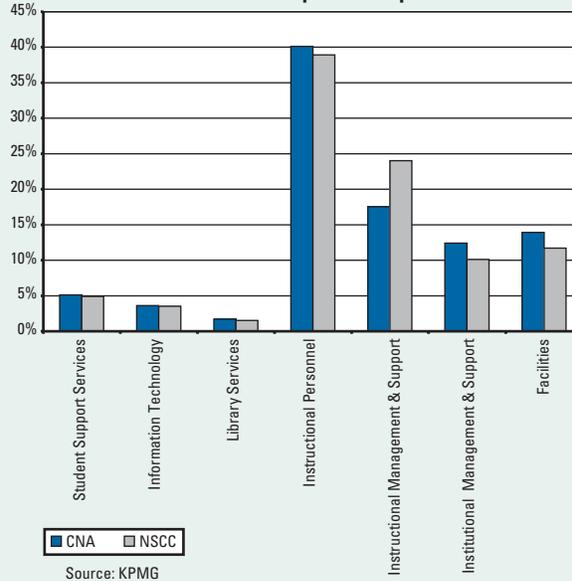
As demonstrated earlier in *Tables 1* and *2*, the College incurred a deficit of \$1,739,101 for fiscal year 2003. After inclusion of unfunded severance and annual leave liabilities this loss per the audited financial statements totaled \$3,728,850.

This total deficit is a combination of operating deficit, capital equity and severance/annual leave deficit. The operating deficit is a representation of the cumulative impact of total revenue and expenses without any impact for capital asset adjustments and severance/annual leave.

Capital equity represents the net book value of assets funded through operating funds. Capital purchased through provincial capital grants and specialized funding (i.e. ACOA), are represented in a deferred capital contributions fund for future revenue recognition as the assets are amortized.

The severance/annual leave deficit represents the cumulative liability which is not part of the College's funding equation from the provincial government.

Chart 20 - 2002 Comparative Expenditures



“Without additional funding for physical infrastructure and learning technology, our colleges and institutes will not be able to provide the highly skilled workforce that is so necessary for our nation’s success and future prosperity.”

ACCC Submission to the Standing Committee on Finance Pre-Budget Consultation, August 2000

CHALLENGES

Despite making advances in technology, learning, and accessibility, CNA has encountered major challenges in responding to and preparing for the highly publicized national skills-shortage forecast to take place over the next 20 years. The federal government’s *2000 Job Futures* manual states that some form of post-secondary education or training will be required for 72% of the 1.3 million new jobs currently being created in the Canadian economy.

In order for College of the North Atlantic to respond to new labour market demands, especially through the provision of new and revised programs, it will be called upon to invest more of its revenues in the area of new program development – whether for new capital acquisitions, construction and infrastructure upgrades, or employee recruitment and professional development. CNA must strengthen its capability to access funding through labour market development agreements designed to support workforce training. The College also must work diligently with employers to raise awareness of their need to invest and reinvest in workforce training.

Without question College of the North Atlantic is concerned about the erosion of its physical infrastructure. Eleven of its buildings will be 40 years old in 2004. Another nine buildings will be at least 30 years old that same year. These buildings require significant infusions of capital for essential maintenance and repairs. In some instances building envelopes are in an advanced state of disrepair and can no longer be maintained. The College has estimated the total replacement cost of the buildings it currently occupies to be approximately \$240 million.

The Association of Canadian Community Colleges (ACCC) has identified deferred maintenance as a pressing national problem, further exacerbated by simultaneous higher student enrollment and retirement of faculty.

Required expansions to existing facilities (\$15,420,000), renovations to existing facilities (\$1,141,000), air quality improvements (\$1,365,000), improvements to environmental conditioning, such as asbestos testing and replacement of carpets and windows (\$3,380,500) and building accessibility improvements (\$360,000) carry hefty price tags, com-

pounding the College’s capital challenges. Replacing capital equipment, such as classroom furnishings, and computer, laboratory and shop equipment is estimated to cost between \$4 and \$5 million annually. The College’s annual capital grant is \$500,000. In addition to growing concerns about the quality of the work and learning environments, air quality issues inhibit the College’s ability to operate effectively in the warmer months of the year and tax the information technology infrastructure.

Timing is critical in the goal of continuing to meet industry standards while attracting national and international stakeholders. Now that College of the North Atlantic has made significant advancements in programming and training, it is imperative that it not lose momentum.

The College is faced with addressing issues in the human resources side of the organization that include compensation packages, recruitment and retirements. One key compensation challenge is the level of faculty salaries under the current faculty classification system. In many instances trades and technology instructors are capable of earning two and three times their instructional salaries while working in their designated trades. This is especially true where specialized knowledge is required.

With regard to employee recruitment, over the past several years the College has experienced an increasing number of situations where positions have been declared hard-to-fill. In some cases, candidates have declined offers due to relocation compensation issues.

CNA has a large number of employees eligible to retire in each of the next 10 years. Within the next four years, a total of 154 employees (approximately 16.5% of the College’s full-time workforce) are eligible to retire. A large number of these employees are faculty (20%). Of the total management pool, 25% are due to retire in the next four years, and of the total support staff, 9% are eligible to retire (*Chart 21*).

Over the past several years, approximately 35 employees have been eligible to retire each year, but only 17 people per year, on average, have actually retired. If that trend continues, there will be a large group of employees still in the College’s workforce who are eligible for retirement. An age

analysis of the College's employees suggests that this trend will continue for the foreseeable future.

Another related challenge is that growth in the province's labour market tends to favour urban economies. The challenge in this context is to provide a meaningful response to these new labour market demands without endangering the College's – and province's – commitment to improving post-secondary education levels in Newfoundland and Labrador's rural areas.

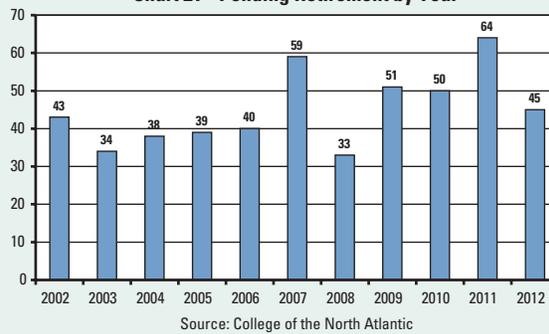
In terms of student recruitment, the province's changing demographics presents a number of challenges. According to the Government of Newfoundland and Labrador's 2003 report entitled *Beyond High School: The Report of the Follow-up Survey of June 2001 High School Graduates*, high school enrollment is declining steadily. For instance, the number of graduates in June 1996, totaling 7,251, had declined to 5,992 by June 2001. This may mean a decline for direct entry high school students enrolling at the College.

There are internal and external challenges facing College of the North Atlantic with respect to the provision of career counselling and related career information to high school students and graduates. These challenges include external factors such as limited access to students while they are enrolled in high school, lack of transitional planning and insufficient career development processes. Access is limited given the increasingly competitive nature of post-secondary education. This competitive environment refers in particular to the number of public and private institutions from within and outside the province attempting to gain an audience with the same high school population.

The College is also faced with addressing internal resource issues when it comes to providing adequate levels of student recruitment and enrollment services. Through these services, CNA strives to ensure that current students and potential students are well informed about the educational programs and services available to them and that they are appropriately supported during their participation. However, even with multiple campus locations across the province, providing an equitable level of such services in various regions is a constant challenge.

As a publicly funded organization, the College is subject to the issues/challenges experienced by the province's government. And while the challenges are significant, the College believes that by working closely with government, industry, and the communities it serves, it can meet and overcome the challenges that lie ahead and help build a better and brighter future for the people of Newfoundland and Labrador.

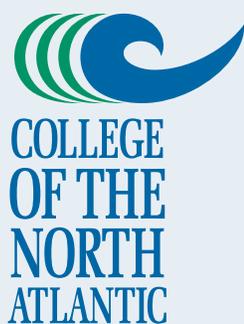
Chart 21 - Pending Retirement by Year



“According to the ACCC, in the next decade the combination of higher enrollments and faculty retirements will create a need for the recruitment of 25,000-30,000 additional professors.”

Knowledge Matters: Skills and Learning for Canadians, National Summit on Innovation and Learning, Government of Canada, 2002

LETTER FROM THE BOARD OF GOVERNORS' AUDIT COMMITTEE



A standing committee of the Board of Governors, the Audit Committee of College of the North Atlantic reviews the audited financial statements of the College prior to their approval by the Board. It reviews and recommends to the Board the appointment of the external auditor and monitors the accounting, financial reporting, control and audit functions of the College.

The Audit Committee reviews the audit plans of the internal and external auditors and meets with them, in each case independently of management. The Committee questions the external auditor and receives a written statement on its independence based on criteria found in the recommendations of the Canadian Institute of Chartered Accountants.

In addition, the Committee reviews the budget of the College prior to its approval by the Board.

All members of the Committee are independent of management and the membership provides for an appropriate level of financial expertise and literacy to conform to the highest standards of governance principles.

A handwritten signature in blue ink that reads "Susan J. Adams".

Submitted by the Chair,
Susan Adams, FCA

AUDITORS' REPORT

To the Board of Governors of the College of the North Atlantic



We have audited the statement of financial position of the College of the North Atlantic as at March 31, 2003 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2003, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Gander, Newfoundland
June 24, 2003

STATEMENT OF FINANCIAL POSITION

March 31, 2003

ASSETS	<u>2003</u>	<u>2002</u>
Current assets		
Cash	\$ 2,266,919	\$ 208,627
Receivables - Note 2	9,639,972	9,425,983
Inventory	706,643	635,488
Prepaid expenses	<u>867,653</u>	<u>899,943</u>
Total current assets	<u>13,481,187</u>	<u>11,170,041</u>
Capital assets - Note 3	9,592,341	9,832,236
Trust accounts - Note 4	374,294	388,706
	<u>\$ 23,447,822</u>	<u>\$ 21,390,983</u>
LIABILITIES AND EQUITY		
Current liabilities		
Payables and accruals - Note 10	\$ 5,918,745	\$ 6,229,435
Deferred revenue	4,631,934	4,225,038
Deferred revenue - Qatar campus	2,159,362	
Accrued vacation - management	1,102,807	972,241
Accrued vacation - other	3,893,473	3,559,107
Current portion of severance	<u>1,000,000</u>	<u>1,000,000</u>
Total current liabilities	<u>18,706,321</u>	<u>15,985,821</u>
Trust and scholarship accounts - Note 4	390,702	396,982
Deferred capital contributions - Note 5	4,489,901	3,073,815
Accrued severance pay	<u>9,873,470</u>	<u>8,218,087</u>
	33,460,394	27,674,705
Surplus (deficit), per accompanying statement	<u>(10,012,572)</u>	<u>(6,283,722)</u>
	<u>\$ 23,447,822</u>	<u>\$ 21,390,983</u>

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2003

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>2003 Total</u>	<u>2002 Total</u>
Balance, beginning	\$ (264,949)	\$ 6,758,421	\$ (12,777,194)	\$ (6,283,722)	\$ (2,604,335)
Capital purchases during year	(4,404,713)	4,404,713			
Amortization of capital assets	4,622,518	(4,622,518)			
Capital grants received during the year	2,979,489	(2,979,489)			
Amortization of deferred capital contributions	(1,563,403)	1,563,403			
Net book value of assets disposed during the year	22,090	(22,090)			
Surplus (deficit) of revenue over expenditure per accompanying statement	<u>(1,739,101)</u>	<u> </u>	<u>(1,989,749)</u>	<u>(3,728,850)</u>	<u>(3,679,387)</u>
Balance, ending	<u>\$ (348,069)</u>	<u>\$ 5,102,440</u>	<u>\$ (14,766,943)</u>	<u>\$ (10,012,572)</u>	<u>\$ (6,283,722)</u>

STATEMENT OF OPERATIONS

March 31, 2003

REVENUE - Schedule 1	<u>2003</u>	<u>2002</u>
Grant-in-aid	\$ 47,267,165	\$ 46,602,831
Facilities	8,328	8,172
Administration	395,966	558,589
Instructional	22,537,371	20,885,781
Student services	564,311	666,642
Information technology	10,069	6,207
Resale	4,347,080	4,348,219
Apprenticeship	2,231,130	2,149,487
Community education	701,728	709,060
Contracts	8,740,291	8,739,692
International	1,127,473	700,842
Special projects	4,294,830	2,659,534
	<u>92,225,742</u>	<u>88,035,056</u>
Total revenue		
	<u>92,225,742</u>	<u>88,035,056</u>
EXPENDITURE - Schedules 2 to 13		
Facilities	4,484,748	4,830,743
Administration	14,785,183	14,950,638
Instructional	43,490,219	42,069,633
Student services	6,264,634	5,996,282
Information technology	3,849,309	3,503,031
Resale	5,055,227	5,004,677
Apprenticeship	1,811,822	1,740,580
Community education	552,741	623,637
Contracts	8,842,417	8,809,893
International	1,074,286	885,596
Special projects	3,754,257	2,128,083
	<u>93,964,843</u>	<u>90,542,793</u>
Total expenditure		
	<u>93,964,843</u>	<u>90,542,793</u>
Surplus (deficit) before unfunded adjustments	(1,739,101)	(2,507,737)
Unfunded adjustments:		
Severance	(1,655,383)	(951,271)
Vacation pay	(334,366)	(220,379)
	<u>(1,989,749)</u>	<u>(1,171,650)</u>
Total unfunded adjustments		
	<u>(1,989,749)</u>	<u>(1,171,650)</u>
Surplus (deficit) of revenue over expenditures	<u>\$ (3,728,850)</u>	<u>\$ (3,679,387)</u>

STATEMENT OF CASH FLOW

March 31, 2003

	<u>2003</u>	<u>2002</u>
Cash flows:		
Surplus (deficit) of revenue over expenditure	\$ (3,728,850)	\$ (3,679,387)
Add items of a non-cash nature:		
Loss of assets	1,233	114,110
Gain on disposal of capital assets	(21,380)	59,549
Amortization	<u>4,622,518</u>	<u>4,826,937</u>
	873,521	1,321,209
Changes in:		
Current assets	(252,854)	(223,579)
Trust accounts	8,132	1,676
Current liabilities	2,720,500	664,594
Accrued severance	<u>1,655,383</u>	<u>961,728</u>
	<u>5,004,682</u>	<u>2,725,628</u>
Financing:		
Change in deferred capital contributions	<u>1,416,086</u>	<u>(298,931)</u>
Investing:		
Proceeds from sale of assets	42,237	70,284
Additions to capital assets	<u>(4,404,713)</u>	<u>(4,602,310)</u>
	<u>(4,362,476)</u>	<u>(4,532,026)</u>
Net increase (decrease) in cash	2,058,292	(2,105,329)
Cash, beginning	<u>208,627</u>	<u>2,313,956</u>
Cash, ending	<u>\$ 2,266,919</u>	<u>\$ 208,627</u>

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2003

AUTHORITY AND PURPOSE

College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities that prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) Revenue recognition

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized. Revenue from contractual services is recognized as the service is delivered.

(b) Basis of accounting

The College follows the accrual basis of accounting.

(c) Inventory

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

(d) Capital Assets

Capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Capital assets acquired

after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

The value of donated artwork has not been recorded in these financial statements. Due to the inability to secure professional appraisal services, an accurate valuation of donated artwork could not be obtained at March 31, 2003.

Minor equipment purchases are charged to operations in the year of acquisition.

On disposal, assets are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) Severance and vacation pay

Severance and vacation pay are recorded on an accrual basis.

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) Foreign Currencies

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

2. RECEIVABLES

	2003	2002
Government of Newfoundland and Labrador	\$ 2,555,946	\$ 1,922,606
HRD Subsidy	3,033,343	2,217,636
Students	1,065,593	780,445
Other	3,471,881	4,912,863
	<u>10,126,763</u>	<u>9,833,550</u>
Less allowance for doubtful accounts	<u>486,791</u>	<u>407,567</u>
	<u>\$ 9,639,972</u>	<u>\$ 9,425,983</u>

3. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	\$ 5,500	\$	\$ 5,500	\$ 5,500
Capital improvements	6,010,419	4,887,604	1,122,815	1,052,712
Computer and peripherals	15,696,047	13,465,522	2,230,525	3,810,501
Furnishings	735,939	634,561	101,378	124,011
Instructional equipment	25,468,702	20,489,389	4,979,313	3,903,193
Other electronic equipment	544,222	436,904	107,318	50,501
Software	394,781	283,814	110,967	173,950
Vehicles	3,356,325	2,421,800	934,525	711,868
	<u>\$ 52,211,935</u>	<u>\$ 42,619,594</u>	<u>\$ 9,592,341</u>	<u>\$ 9,832,236</u>

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4. TRUST ACCOUNTS

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2003	2002
Opening balance	\$ 388,706	\$ 376,477
Deposits	6,050	23,479
Payments	(34,052)	(24,752)
Interest	13,590	13,502
	<u>374,294</u>	<u>388,706</u>
Closing balance	<u>\$ 374,294</u>	<u>\$ 388,706</u>

At year end, the trust accounts were invested as follows:

RB Securities	\$ 374,294	\$ 388,706
Miscellaneous scholarships in general account	16,408	8,276
	<u>\$ 390,702</u>	<u>\$ 396,982</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of capital assets. Changes in the deferred capital contributions balances are as follows:

	<u>2003</u>	<u>2002</u>
Balance, beginning of year	\$ 3,073,815	\$ 3,372,746
Contributions received for capital purposes - Provincial grants	676,831	514,493
- Special projects	2,302,658	563,489
Amortization of deferred capital contributions	<u>(1,563,403)</u>	<u>(1,376,913)</u>
	<u>\$ 4,489,901</u>	<u>\$ 3,073,815</u>

6. PENSIONS

Under Section 26 of the College Act, 1996, College staff are subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

7. LEASE COMMITMENTS

The College leases some equipment under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2003-2004	\$ 389,941
2004-2005	321,603
2005-2006	311,264
2006-2007	164,150
2007-2008	3,122

8. COMPREHENSIVE AGREEMENT WITH THE STATE OF QATAR

The College has a comprehensive agreement with the State of Qatar to establish, staff, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a 10-year period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries.

9. FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

10. RENTAL ACCRUAL

Included in accounts payable is an accrual totaling \$755,518 for unpaid lease payments and related interest for rental of Labrador West campus. The monthly lease amount was raised from \$50,000 to \$80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

11. COMPARATIVE FIGURES

Certain of the 2002 comparative figures have been reclassified to conform to the financial presentation adopted in 2003.

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For additional copies of this report please contact:

Communications & Marketing
College of the North Atlantic
432 Massachusetts Drive
P.O. Box 5400, Stephenville, NL, A2N 2Z6
Canada

Tel: 709 643.7928
Toll free: 1 888 982.2268
Fax: 709 643.7932

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COLLEGE
OF THE
NORTH
ATLANTIC

1 888 982.2268

www.cna.nl.ca

info@cna.nl.ca