ANNUAL REPORT
2018-2019

NBCC
COLLEGEWORKS

Our **Vision**

Transforming Lives and Communities

Our **Purpose**

We are a collaborative, learner-centred college – creatively contributing to social and economic prosperity through applied learning.

Our **Values**

Together We Rise not only by what we do, but also by how we do it. We make a difference every day through a common set of values that guide our relationships, our decision-making, our actions and our accountability.

We learn together to...

- Nurture a culture of belonging
- Embrace innovation
- Encourage, engage and inspire
- Develop strong relationships
- Lead with integrity

TABLE OF CONTENTS

MESSAGE FROM NBCC BOARD CHAIR

NBCC was first established in the 1970s to address the rapidly changing needs of our labour market. Today we stand at another period of significant change wherein technological disruption and demographic challenges are profound and complex realities. It is clear that New Brunswick's ability to respond to emerging challenges and seize new opportunities relies heavily on the strength of the graduates of our public post-secondary education institutions. As we have clearly demonstrated over the past nine years and throughout this year's Annual Report, NBCC is answering relevant calls to action and will continue to do so.

In the lead-up to our second five-year strategic plan, NBCC's Board intensified its strategic outcomes-oriented governance. We engaged communities and stakeholders to develop three outcomes for the College: NBCC learners are exceptional; NBCC is a leading contributor to New Brunswick's prosperity; and NBCC is vibrant and growing. The outcomes provided a foundation for our 2017-2022 strategic plan, *Together We Rise*, and are the touchstone for ongoing strategic discussions and governance.

Now at the mid-way point of *Together We Rise*, progress towards our goals is demonstrated in our performance results and in the focused advancements we've made through six priority strategic initiatives. Most notably, NBCC has achieved a second consecutive year of positive enrollment growth which exceeded the targets set for this year. This means more learners are seizing the educational opportunities which will help them thrive in this changing, global economy.

NBCC's Board of Governors takes its governance responsibilities very seriously to ensure we are accountable and transparent with the public mandate and public investments which have been entrusted to us. On behalf of NBCC's Board of Governors, I am pleased to present this annual report. We proudly demonstrate how NBCC continues to move forward on our commitment to be a significant contributor to New Brunswick's growth.

Patrick Lacroix
Chair, NBCC Board of Governors

MESSAGE FROM NBCC PRESIDENT & CEO

For the final time in my term as President and CEO, I am very pleased to submit this annual report on behalf of New Brunswick Community College (NBCC).

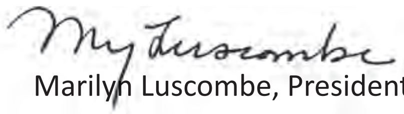
2018-2019 marks the second year of our five-year agenda for growth, *Together We Rise*. This strategic plan sets out three bold goals: welcoming over 11,000 learners annually by 2022, enriching the NBCC Advantage and building our capacity to grow. In 2017, we identified six priority strategic initiatives as the essential foundation from which we would rise to meet these goals. Collaboration across the College has made a real and tangible impact on NBCC's performance. As described in this report, we've improved services, increased our understanding of the needs of our students and our staff, nurtured new relationships and enhanced our ability to lead change and continuously improve our College. Our organizational learning increased, our performance improved and we are better positioned to achieve the goals of our strategic plan.

As you will see from this report, NBCC exceeded performance targets in many areas, including international enrollment, learner participation in applied research and scholarships and bursaries available to NBCC learners.

We have achieved progress while upholding our commitment to accountability and prudent fiscal management, ensuring that the public investments in our College are used wisely and reported on transparently. We have included a discussion and analysis of our financial statements to support this accountability.

In June 2019, NBCC celebrated our largest graduating class since becoming a Crown corporation, ushering nearly 2,200 graduates into the next chapter of their lives. They join thousands of NBCC grads working to grow our Province. Ninety-three percent of NBCC's employed 2017 graduates are in the New Brunswick labour force. Across virtually every sector, our alumni are contributing to growth in our Province. In fact, an estimated $1.5 billion is added to the New Brunswick economy each year by the graduates and operations of NBCC.

I am confident that with the leadership of NBCC's outcomes-focused Board of Governors, our visionary new President and CEO, Mary Butler, and our dedicated and talented staff, NBCC will continue to transform lives and communities across New Brunswick.



Marilyn Luscombe, President and CEO (2011-2019)

OUR PRIORITY INITIATIVES

A shrinking labour force, limited resources and a changing world of work present significant challenges for our province and place new demands on public institutions to step up to bold and optimistic leadership. In September 2017, NBCC answered this call with *Together We Rise, NBCC's 2017-2022 Strategic Plan*. This bold agenda for growth challenged our College to increase our contribution to our province as part of our vision of transforming lives and communities. We established three goals to meet this challenge: welcoming more learners, enriching the NBCC Advantage and building our capacity to grow.

Six strategic priority initiatives were identified for implementation in 2017-2019. These initiatives were expected to have the greatest impact on our growth potential and lay the foundation for future work.

2017-2019 STRATEGIC INITIATIVE: REDUCING BARRIERS

Compared to the national rate of 64.8%, a lower percentage of New Brunswick's population aged 25 to 64 attain a post-secondary education (57.6%) We examined which groups are under-represented at NBCC and what barriers need to be removed in order to welcome them. We identified four groups and implemented action plans for their enrollment growth and support at NBCC: mature learners; immigrant and newcomer groups; individuals who are "non-completers" and/or who have transferred from another post-secondary institution; and individuals living in rural and/or remote communities.

2017-2019 STRATEGIC INITIATIVE: ENHANCING STUDENT SUPPORT

Educational success depends on more than what happens inside the classroom; access to services and resources are also key ingredients for student success. This initiative looked at how we can meet changing learner expectations today and into the future. We identified 26 student-facing support services and determined that 15% of these services are currently accessible online or by telephone, outside of business hours. This inventory is being used to review and evaluate services, including piloting a new approach to tutoring support services.

2017-2019 STRATEGIC INITIATIVE: INCREASING CAREER SUPPORT

Helping learners make program decisions that lead to career opportunities is essential if we want to support student success while also addressing labour shortages in specific regions or sectors. Through this initiative we empowered and enabled prospective learners to make better-informed program decisions before they arrived at NBCC. We developed a new NBCC Career Counselling Framework in consultation with community partners. The new Framework has been established College-wide. NBCC also initiated a specific, targeted transitional support program for single mothers in transition from domestic violence.

2017-2019 STRATEGIC INITIATIVE: BUILDING MORE AUTHENTIC RELATIONSHIPS WITH INDIGENOUS PEOPLES

In 2016, the unemployment rate of the growing Indigenous population in New Brunswick was 20.1%, nearly double the 10.9% unemployment rate for the province's non-Indigenous population. Through learning and engagement, this initiative aimed to create a greater understanding of the environment for the increasing number of Indigenous learners within NBCC. By establishing deeper connections with Indigenous communities across New Brunswick, we will contribute to the national movement toward reconciliation. We have implemented a decolonizing approach to community engagement through community-led content and events. Our integrative approach aims to embrace Wabanaki worldviews, particularly in terms of how Indigenous knowledge can enrich leadership, research, student development and staff learning.

2017-2019 STRATEGIC INITIATIVE: EMPOWERING CHANGE LEADERSHIP

In response to changing needs within the organization, NBCC is committed to developing outstanding employees from within. Succession plans; leadership development programs; professional development activities; and budgets for conference attendance, webinars, and further education can all assist in developing existing employees to their full potentials. We developed an organizational definition for "sense-of-belonging" for NBCC. Our new organizational professional development (PD) plan embraces best practices in change leadership and diverse learner needs including piloting learning opportunities in these areas.

2017-2019 STRATEGIC INITIATIVE: COMMITING TO CONTINUOUS IMPROVEMENT

Public institutions are being asked to meet mounting expectations and increasingly complex challenges but without an equivalent increase in resources. This requires us to be more productive, effective and efficient. The aim of the continuous improvement strategic initiative was to lay the foundation for increased impact by ensuring that each of us can contribute our time and talents in the most meaningful and purposeful ways. In addition to training at least 68 NBCC staff as Lean Six Sigma black belts, yellow belts or executive green belts, NBCC has established criteria for the selection and prioritization of process improvement projects, as well as for the evaluation of candidates wishing to undergo training and conduct those process improvements. The 2019-20 True North and Breakthrough Measures have been established and defined to form a fundamental part of our 2019-20 Performance Measurement Framework.

Now at the mid-way point of Together We Rise, progress towards our goals is demonstrated in our performance results and in the focused advancements we've made through six priority strategic initiatives. Most notably, NBCC has achieved a second consecutive year of positive enrollment growth which exceeded the targets set for this year. This means more learners are seizing the educational opportunities which will help them thrive in this changing, global economy.

PATRICK LACROIX
Chair, NBCC Board of Governors

Ongoing performance measurement and analysis are increasingly important in understanding current progress and identifying future priorities. Six Key Performance Indicators have been established as part of our relationship with Government. These indicators speak to the success NBCC learners in government-funded academic programs and their subsequent employment success.

KEY PERFORMANCE INDICATORS

81%
Annual Graduation Rate
2018-2019 Target 80%
Baseline 79% Benchmark 60%

83%
Annual Graduate Employment Rate in Field Related to Training
2018-2019 Target 83%
Baseline 83% Benchmark 78%

82%
Annual Student Retention Rate
2018-2019 Target 83%
Baseline 81% Benchmark 83%

91%
Annual Graduate Employment Rate
2018-2019 Target 90%
Baseline 90% Benchmark 80%

92%
Annual Graduate Employment in New Brunswick
2018-2019 Target 90%
Baseline 90%

84%
Annual Graduate Satisfaction Rate
2018-2019 Target 90%
Baseline 90% Benchmark 80%

Baseline figures are based on 2015-16 results, if available.

WELCOMING MORE LEARNERS

By focusing on creating more opportunities for learners NBCC contributes to growth in our communities and across the province. More learners at NBCC means more highly-skilled grads in New Brunswick's workforce - 93% of employed NBCC graduates are working in New Brunswick.

By 2022, we will welcome more than 11,000 learners each year through our full-time academic programs, continuing education opportunities and apprenticeship training. This is our true north metric. In 2018-2019, NBCC achieved positive enrollment growth for the second consecutive year. The seven per cent increase brought enrollment to 9,201, exceeding the 2018-2019 target of 8,621.

Notably, NBCC once again saw significant growth in our international learner population, welcoming 485 learners which far exceeded the year's target. This is good news for New Brunswick — four out of five international NBCC learners want to stay and work in New Brunswick after graduation.

2018-2019 PERFORMANCE HIGHLIGHTS

4,028
Learners in full-time academic programs
2018-2019 Target 4,098
Baseline 3,796

3,280
Learners in continuing education
2018-2019 Target 2,524
Baseline 2,165

1,893
Apprentice learners
2018-2019 Target 1,999
Baseline 1,989

193
Indigenous learners
2018-2019 Target 150
Baseline 136

485
International learners
2018-2019 Target 264
Baseline 92

$705,052
value of scholarships and bursaries annually available
2018-2019 Target $480,000
Baseline $304,916

This has been a wonderful experience, not only academically but also personally. We came here for a reason. We have to do whatever we can to make it stronger. We were very fortunate to be able to come here. Not everyone has this opportunity and we need to make the most of it.

After two Master's degrees and a Fulbright Scholarship, SILVIA MORENO of Ecuador graduated from Information Technology: Business Analyst program at NBCC's Fredericton Campus in 2019

Baseline figures are based on 2015-16 results, if available.

ENRICHING THE NBCC ADVANTAGE

The NBCC Advantage goes beyond specific career skills to offer lifelong connections and life-changing experiences which empower NBCC graduates to impact our province as entrepreneurs, innovators and community leaders. Applied research and innovation projects enrich the learning experience while helping businesses and communities solve problems and seize opportunities. As business owners, NBCC graduates employ their neighbours and generate wealth in their communities. Our learners are leaders who contribute to diverse and inclusive communities in New Brunswick and around the world.

2018-2019 PERFORMANCE HIGHLIGHTS

479
Learners exposed to entrepreneurial experiences
2018-2019 Target 500
Baseline 215

421
Learners participating in applied research and innovation
2018-2019 Target 265
Baseline 235 Benchmark 244

86%
Learners report strong sense of belonging
2018-2019 Target 80%
Baseline N/A

72
Alumni exposed to entrepreneurial experiences
2018-2019 Target 100
Baseline 12

95%
Rate of academic programs with work integrated learning
2018-2019 Target 91%
Baseline 92%

NBCC taught me a lot about networking and how to reach out to people. I've learned how to fine tune my writing for social media and how to do a business plan. I love NBCC; the experience I'm getting from running my own business is a great add-on to what I'm learning in class.

NOAH DONOVAN is a Business Administration: Marketing student at NBCC Saint John Campus. He is the founder of Port City Candy Co. and recipient of Start-Up Canada Young Entrepreneur Award (Atlantic Region)

Baseline figures are based on 2015-16 results, if available.

BUILDING OUR CAPACITY TO GROW

By managing our resources wisely and transparently, we have been able to reinvest in strategic initiatives and priorities to move NBCC forward. NBCC offers a solid return on the investment of public dollars in our College. Our operations and graduates inject $1.5 billion into the economy each year. NBCC not only pays its way – we generate revenue. For every dollar invested in NBCC, taxpayers receive $5.40 in added taxes and public sector savings.

Strong partnerships are essential for NBCC's continued growth and contribution to New Brunswick. Our partners demonstrate high levels of satisfaction with NBCC and we continue to work to strengthen these relationships and cultivate new collaborations.

NBCC invests in the development of our employees to align our talents to our strategic goals. In 2019, the College was named one of *Atlantic Canada's Top Employers* for the fourth year in a row.

2018-2019 PERFORMANCE HIGHLIGHTS

38%
Non-grant revenue as a percentage of total revenue
2018-2019 Target: 35%
Baseline 33%

0.9%
Investment in annual PD as percentage of salaries & related expense
2018-2019 Target: 0.76%
Baseline 0.6%

87%
Industry & partner satisfaction
2018-2019 Target: 80%
Baseline N/A

Our partnership with NBCC has been a godsend. NBCC has provided us with sustain-ability; it's good for the students, and it's good for us.

MAJ. P.A. MEANEY is Officer in Command of Army Learning Support Centre (ALSC) Tactics School at 5th Canadian Division Support Base Gagetown. For several years, ALSC has partnered with NBCC to offer graduates of technical programs the opportunity to enhance their skills through an experiential workplace paid internship. In 2018-20109 ALSC was rec-ognized as one of NBCC's Industry Partners of the Year.

Baseline figures are based on 2015-16 results, if available.

STRATEGIC AND ACCOUNTABLE FINANCIAL MANAGEMENT

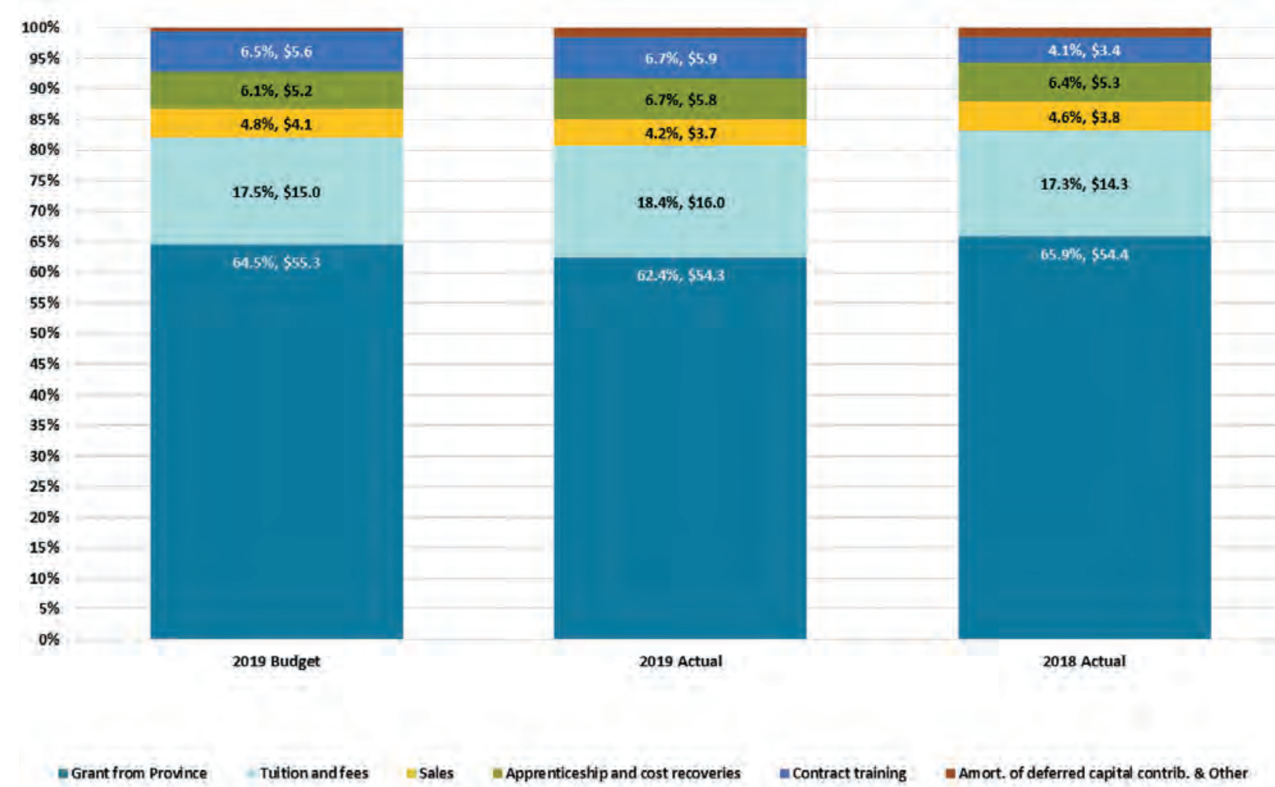
NBCC publishes annual, audited financial statements as part of our accountability as a publicly-funded Crown corporation. By managing our resources wisely and transparently, we are able to reinvest in strategic initiatives and priorities to move NBCC forward. The following analysis provides additional information regarding the College's financial position and operating activities as described in its audited financial statements for the fiscal year ended March 31, 2019. These financial statements are contained in this report and on our public website at nbcc.ca

FINANCIAL ANALYSIS OF OPERATIONS

The Statement of Operations and Changes in Accumulated Operating Surplus presents College revenues and expenses including amounts funded from net assets internally restricted for specific purposes, capital-related funds and changes to the College's unfunded future employee benefits.

Revenue is presented on the statement according to the source of revenue, e.g. grant from Province, tuition and fees, and sales. Expense is presented according to type, e.g. salaries and benefits, services, and supplies.

REVENUES *Exhibit 1: Revenue (% and $Millions, by source)*



The following analysis reflects material variances between approved budget and audited actuals and may not exactly correspond to individual financial statement line items.

Total revenue is $87.0M in 2018-19, representing an increase of $1.4M (or 1.6%) as compared to budget. This increase is primarily attributed to:

- $1.6M greater-than-budgeted tuition and fees related to higher-than-expected enrollment (including international contribution to enrollment);
- $0.6M greater-than-budgeted contract training revenue; and,
- $0.4M unbudgeted revenue regarding agreements to develop and implement centres for excellence regarding early childhood education executed for the first time during 2018-19;
- $0.2M of unbudgeted revenue regarding agreements related to internationalization; and,
- $0.1M of unbudgeted amortization of deferred capital contribution.

The above positive impacts are partially offset by:

- $1.0M less-than-budgeted grant from Province related to amounts requested (but not received) regarding the opening of a new building on the Saint John Campus as well as investment in strategic capital;
- $0.6M less-than-budgeted sales (e.g. bookstores, cafeteria and print centre);
- $0.1M less-than-budgeted apprenticeship revenue.

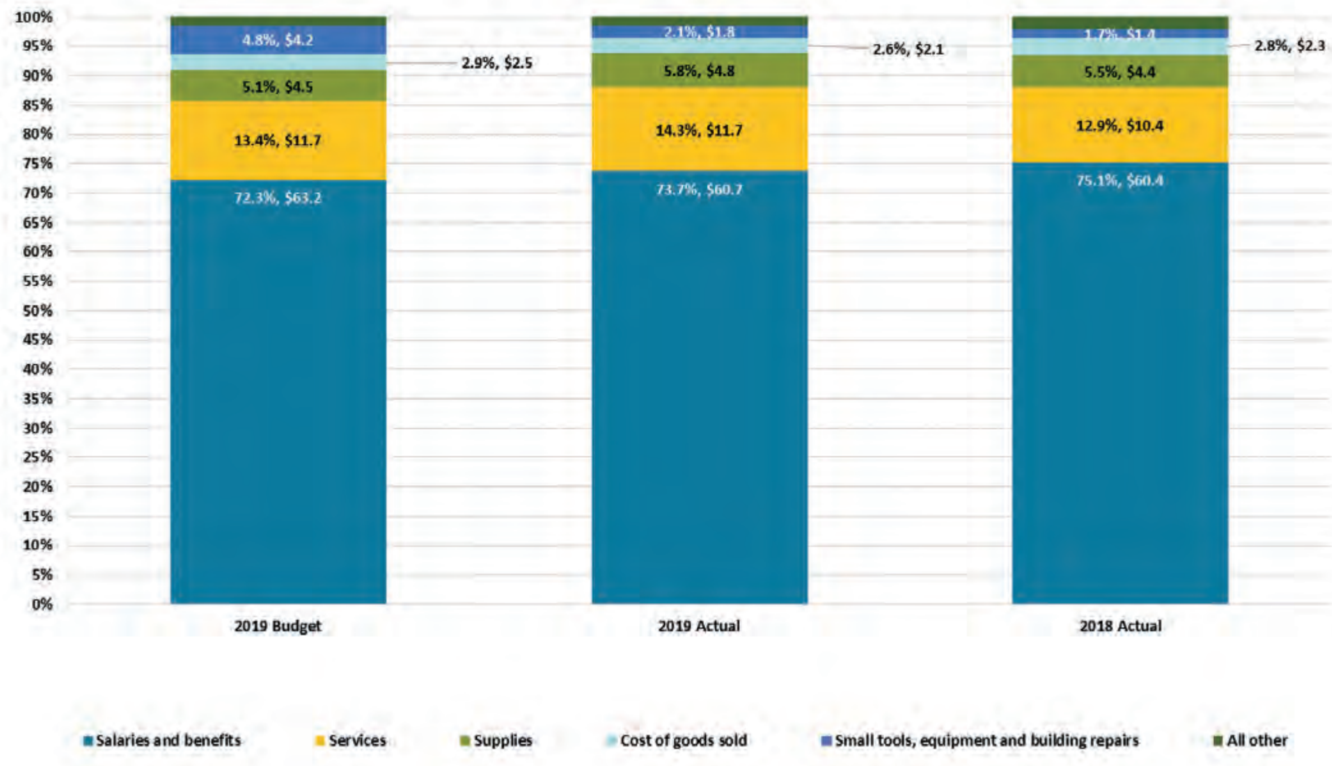
It should be noted that only three categories of revenue significantly varied from prior year.
tuition and fees, apprenticeship and cost recoveries, and contract training.

- $2.4M (or 71.7%) increase over prior year in contract training. This increase is primarily related to new or expanded programs for mechanized forestry operations, heavy equipment operator, mobile burn unit, personal support worker (long term care) and professional truck driver training, as well as expanded offerings of high school and continuing education courses.
- $1.7M (or 12.2%) increase over prior year in tuition and fees related to increased international student enrollment as well as increases to the supplementary international fee;
- $0.5M (or 10%) increase over prior year in apprenticeship and cost recoveries. This increase is primarily attributed to:
- $0.4M regarding agreements to develop and implement centres for excellence in early childhood education executed for the first time during 2018-19; and,
- $0.1M regarding accessibility project funding.

NBCC places significant reliance on revenues subject to provincial approval(s) to fund operations.

As can be seen above, the provincial operating grant comprises 62.4% of total revenues in 2018-19 down from 65.9% in 2017-18. Tuition and fees, which are also subject to ministerial approval, comprise 18.4% of total revenue in 2018-19, up from 17.3% in 2017-18. As part of the College's strategic planning and performance measurement process, NBCC has set a target of increasing revenue derived from sources other than the provincial operating grant to 40% by 2021-2022.

EXPENSES *Exhibit 2: Expenses (% and $Millions, by type)*



The following analysis reflects material variances between approved budget and audited actuals and may not exactly correspond to individual financial statement line items.

Total expense is $82.4M in 2018-19, representing a decrease of $5.1M (or 5.8%) as compared to budget.

This decrease is primarily attributed to:

- $2.5M (or 4.0%) lower-than-budgeted salaries and benefits. This variance is primarily attributed to:
    - » A $1.4M in-year realignment of budgeted salary related to contract training towards the acquisition of equipment related to mechanized forestry operations and a mobile burn unit. This equipment is required for the fulfillment of specific contracted training;
    - » A $0.5M savings of apprenticeship salary budgets as the College revisits its delivery model and deployments of staff between its government-subsidized and apprenticeship programs;
    - » A $0.5M in-year realignment of budgeted salary related to accessibility funding agreements towards the purchase of services, supplies and small tools & equipment in support of those agreements; and,
    - » A $0.4M in-year realignment of budgeted salary related to apprenticeship towards the purchase of services, supplies and small tools and equipment in support of those programs.

- $2.5M (or 58.3%) lower-than-budgeted small tools, equipment and building repairs. This variance primarily comprises:
  - » $2.2M resulting from the classification of equipment budgeted, purchased and expensed during 2018-19 and meeting the College's capitalization threshold, (per Note 2e of our audited financial statements,) from expenses to capital assets;
  - » $1.1M resulting from budgeted spending on capital projects ($1.0M) and equipment for apprenticeship /contract training equipment ($0.1M) planned but not occurring during 2018-19; and,
  - » $0.7M realignment of small tools and equipment budgets (in-year) towards the purchase of services related to capital projects and student-facing technology.

The above positive impacts are partially offset by:

- » $1.7M of greater-than-budgeted spending in contract training regarding the acquisition of equipment related to mechanized forestry operations and a mobile burn unit. As noted above, these were funded by an in-year realignment of Salary budgets.

- $0.4M (or 14.2%) lower-than-budgeted cost of goods sold regarding ancillary operations such as the cafeteria and print shop (Moncton campus) and bookstores. These lower-than-budgeted results were accompanied by lower-than-budgeted revenues for these facilities.

The above positive impacts are partially offset by:

- $0.3M (or 6.9%) greater-than-budgeted spending regarding supplies as compared to budget. This is a nominal change but may be primarily attributed to:
  - » Agreements to develop and implement centres for excellence in early childhood education executed for the first time during 2018-19;
  - » Apprenticeship programs for which salary budgets were realigned to mitigate; and,
  - » Responsiveness agreements for which salary budgets were realigned to mitigate.
- Services did not experience any significant variance as compared to budget (i.e. greater-than-budget by $44K or 0.4%).

It should be noted that only two categories of expense varied significantly from prior year: services and small tools, equipment and building repairs.

- Services increased over prior year by $1.4M (or 13.2%). This increase is primarily attributable to: $0.4M to support the development and implementation of curriculum to accompany higher-than-budgeted Contract training revenue;
  - » $0.3M to support facilities maintenance (i.e. numerous small projects to update equipment or space);
  - » $0.2M to support strategic initiatives related to Together WE RISE;
  - » $0.2M to support facilities operations (e.g. light and power, security services and contractor costs;
  - » $0.1M to support an online registration and payment solution for continuing education; and,
  - » $0.1M for agreements in support of internationalization.

- Small tools, equipment and building repairs increased over prior year by $0.4M (or 29.6%). This increase is primarily attributable to
  - » $0.7M to support the acquisition of furniture and equipment related to NBCC's new building on the Saint John Campus ($0.5M) as well as refresh projects for the Moncton and Saint Andrews Campuses ($0.2M).

The above is partially offset by:

- » $0.5M less in one-time costs related to new program offerings.

FINANCIAL STATEMENTS

MARCH 31, 2019

KPMG LLP
Place Marven's
One Factory Lane, PO Box 827
Moncton NB E1C 8N6
Canada
Tel 506-856-4400
Fax 506-856-4499

INDEPENDENT AUDITORS' REPORT

To Chairperson and Board of Governors

Opinion

We have audited the financial statements of New Brunswick Community College (the College), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in accumulated operating surplus for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2019, and its results of operations and changes in accumulated operating surplus, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

June 13, 2019

STATEMENT OF FINANCIAL POSITION

	2019	2018
ASSETS		
Current Assets		
Cash (Note 2c)	$ 17,325	$ 11,225
Due from Province (Note 2c)	31,604,960	24,383,279
Accounts receivable and accrued revenue (Note 3)	3,081,651	3,698,165
Inventories (Note 4)	828,072	724,287
Prepaid expenses	325,992	430,335
	35,858,000	29,247,291
Capital Assets (Note 5)	3,503,929	2,166,741
	$ 39,361,929	$ 31,414,032
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 5,899,521	$ 2,894,363
Accrued salaries and benefits	4,647,927	6,049,768
Deferred revenue (Note 6)	7,490,515	5,944,199
	18,037,963	14,888,330
Long Term Liabilities		
Deferred capital contributions (Note 7)	159,853	258,236
Employee future benefits (Note 8)	3,899,400	3,655,000
	4,059,253	3,913,236
	22,097,216	18,801,566
NET ASSETS		
Invested in capital assets (Note 10)	3,344,076	1,908,505
Internally restricted for specific purposes (Note 9)	10,508,568	8,177,232
Unfunded future employee benefits (Note 8)	(3,899,400)	(3,655,000)
Accumulated operating surplus	7,311,469	6,181,729
	17,264,713	12,612,466
	$ 39,361,929	$ 31,414,032

For further information with regard to Commitments, see Note 12.
For further information with regard to Contingencies, see Note 15.

Patrick Lacroix
Chair, Board of Governors

Marilyn Luscombe
President and CEO

STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED OPERATING SURPLUS

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Grant from Province (Note 14)	$ 55,272,312	$ 54,292,487	$ 54,440,837
Tuition and fees	14,954,148	16,024,153	14,287,027
Sales	4,137,621	3,670,615	3,833,541
Apprenticeship and cost recoveries (Note 14)	5,203,432	5,835,956	5,306,123
Contract training	5,585,610	5,864,571	3,416,000
Amortization of deferred capital contributions (Note 7)	-	98,383	102,258
Other (Note 11)	499,348	1,228,880	1,189,176
	85,652,471	87,015,045	82,574,962
EXPENSES			
Salaries and benefits	63,245,751	60,708,495	60,448,616
Services	11,693,783	11,737,939	10,373,051
Supplies	4,482,819	4,794,234	4,425,059
Cost of goods sold	2,496,836	2,143,358	2,281,012
Small tools, equipment and building repairs	4,215,557	1,756,638	1,355,825
Amortization of capital assets	785,000	887,513	816,925
Transfer of asset to the Province (Note 14)	-	-	283,080
Grants and payments	257,741	322,036	261,600
Bank fees and miscellaneous	115,684	52,076	104,665
Bad debt (recovery)	74,000	(75,942)	71,597
Inventory obsolescence and adjustments	67,100	36,451	66,970
	87,434,271	82,362,798	80,488,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(1,781,800)	4,652,247	2,086,562
Changes in accumulated operating surplus			
Net assets used to acquire capital assets (Note 10)	-	(1,435,571)	(60,646)
Change in net assets internally restricted for specific purposes	1,781,800	(2,331,336)	(921,135)
Unfunded future employee benefits	-	244,400	247,100
INCREASE IN ACCUMULATED OPERATING SURPLUS	$ -	$ 1,129,740	$ 1,351,881

STATEMENT OF CHANGES IN NET ASSETS

	2019					
	Accumulated Operating Surplus	Invested in Capital Assets (Note 10)	Internally Restricted for Specific Purposes (Note 9)	Unfunded Employee Future Benefits: Sick Leave and WorksafeNB (Note 8)	Total	2018
NET ASSETS (LIABILITIES), BEGINNING OF YEAR	$ 6,181,729	$ 1,908,505	$ 8,177,232	$ (3,655,000)	$ 12,612,466	$ 10,525,904
Changes during the year						
Excess (deficiency) of revenues over expenses	4,684,751	1,435,571	(1,223,675)	(244,400)	4,652,247	2,086,562
Transfer to Internally Restricted for Specific Purposes	(3,555,011)	-	3,555,011	-	-	-
Net change during the year	1,129,740	1,435,571	2,331,336	(244,400)	4,652,247	2,086,562
NET ASSETS (LIABILITIES), END OF YEAR	$ 7,311,469	$ 3,344,076	$ 10,508,568	$ (3,899,400)	$ 17,264,713	$ 12,612,466

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NEW BRUNSWICK COMMUNITY COLLEGE | YEAR ENDED MARCH 31, 2019

STATEMENT OF CASH FLOWS

	2019	2018
Operating Activities		
Excess of revenues over expenses	$ 4,652,247	$ 2,086,562
Add (deduct) non-cash items		
Amortization of capital assets	887,513	816,925
Amortization of deferred capital contributions	(98,383)	(102,258)
Bad debt (recovery)	(75,942)	71,597
Inventory obsolescence and adjustments	36,451	66,970
Employee future benefits	244,400	247,100
	994,039	1,100,334
Add (deduct) changes in non-cash working capital		
Accounts receivable and accrued revenue	692,456	(2,672,772)
Inventories	(140,236)	(48,939)
Prepaid expenses	104,343	33,872
Accounts payable and accrued liabilities	3,005,158	949,974
Accrued salaries and benefits	(1,401,841)	1,877,945
Deferred revenue	1,546,316	238,767
	3,806,196	378,847
Add (deduct) capital activities		
Acquisition of capital assets	(2,224,701)	(775,313)
INCREASE TO CASH AND CASH EQUIVALENTS	7,227,781	2,790,430
Add: Cash and cash equivalents, beginning of year	24,394,504	21,604,074
CASH AND CASH EQUIVALENTS, END OF YEAR	$31,622,285	$ 24,394,504

CASH AND CASH EQUIVALENTS REPRESENTED ON STATEMENT OF FINANCIAL POSITION BY:

Cash (Note 2c)	$ 17,325	$ 11,225
Due from Province (Note 2c)	31,604,960	24,383,279
Cash and cash equivalents, end of year	$31,622,285	$ 24,394,504

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

1. AUTHORITY AND PURPOSE

New Brunswick Community College (the “College”) was established as a post-secondary public education corporation under the authority of the *New Brunswick Community Colleges Act* effective May 29, 2010. The College is exempt from income tax under section 149 of the Income Tax Act.

The College, with campuses located in Fredericton, Miramichi, Moncton, Saint John, St. Andrews and Woodstock, is responsible for enhancing the economic and social wellbeing of the Province of New Brunswick (“Province”) by addressing the occupational training requirements of the population and of the labour market of the Province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian public sector accounting standards for non-profit organizations (PSAS-NPO). The following is a summary of significant accounting policies:

a. Revenue recognition

The College follows the deferral method of revenue recognition for contributions which include donations and government grants.

The College receives grants and donations from a number of different sources for operating, research and capital expenditures.

- Unrestricted operating grant (e.g. Grant from Province) is recognized in the period when received or receivable. Unrestricted operating grant received for a future period is reported as unearned (i.e. deferred) revenue.
- Externally restricted operating grants (e.g. research or other special purpose funding) and capital contributions are deferred until the period that the expenditure occurs. Externally restricted amounts may only be used for purposes designated by the funder.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Amounts received or receivable for tuition and fees and sales are recognized as revenue in the period in which the goods are delivered or the services are provided. Amounts received in advance are reported as unearned (i.e. deferred) revenue.

b. Expense recognition

The College uses the accrual basis of accounting for expenses.

Amounts paid or payable are recognized as expenses in the period in which the goods are delivered or the services are provided to the College. Amounts paid in advance are reported as prepaid expenses.

NOTES TO FINANCIAL STATEMENTS

c. Cash and Due from Province

Cash consists of cash on hand and amounts held by financial institutions.

Amounts due from the Province are cash equivalents. College operational expenses and revenues flow through the Province’s bank account as it is cost effective for the College to employ cash concentration services provided by the Province rather than implement independent banking arrangements.

d. Inventories

Inventories for resale are held by bookstores, copy centres and cafeterias operated by the College. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any applicable costs associated with its sale or disposal. See Note 4 for more information about inventories.

Inventories held for consumption exist in administrative and instructional programs across the College. The value of these inventories is not recognized in these statements.

e. Capital assets

Purchased capital assets are recorded at cost and are amortized on a straight-line basis over the estimated useful lives. See Note 5 for more information about capital assets. Donated capital assets are recorded at fair value at the date the donation was received. Fair value of donated capital assets with a value in excess of $1,000 is established through independent appraisal. See Note 7 for donated capital assets recorded as deferred capital contributions during the period. Disposals of capital assets are removed from the accounts at their net book value.

Repairs and maintenance are charged to operating expense. Betterments which extend the estimated life of an asset owned by the College, (i.e. which increases its service capacity or lower future costs,) are capitalized.

The College operates from land and buildings provided by the Province. A Memorandum of Understanding between the College, the Minister of Transportation and Infrastructure, and the Minister of Post-Secondary Education, Training and Labour outlines the rights and obligations of these parties in relation to their occupancy and use. The Memorandum of Understanding does not constitute a lease or transfer of property to the College. Land, land improvements, buildings and major equipment owned by the Province and occupied or used by the College are therefore not reflected as assets of the College. Betterments made to any asset owned by the Province and used by the College are expensed in the year they occur if they fall below the capitalization threshold.

Asset Class	Cost Thresholds	Estimated Useful Life
Vehicles	$10,000	5–15 years
Furniture and equipment	$10,000	5–10 years

f. Accrued payroll benefits

The College has accrued accumulated vacation pay and non-instructional time for employees. The number of days accumulated for each employee as well as their rate of pay (in accordance with current policy and

NOTES TO FINANCIAL STATEMENTS

collective agreements) has been used to determine the estimated amount of the liability. This liability is recorded in accrued salaries and benefits at a value of $3,502,328 in 2019 ($3,481,700 in 2018).

g. Liability for sick leave obligation

Employees of the College are entitled to sick leave benefits which accumulate but do not vest. Sick leave benefits which accumulate but do not vest are considered obligations. PSAS-NPO related to post-employment benefits and compensated absences require the College to recognize that liability. Note 8c offers more detail regarding the College's liability for sick leave obligation.

h. Liability for WorkSafeNB obligation

Employees of the College are entitled to wage-replacement benefits in the event of illness or injury which can be established occurred as a result of employment at the College through WorkSafeNB. Benefits payable in the future related to claims approved by WorkSafeNB are considered obligations. PSAS-NPO standards related to post-employment benefits and compensated absences require the College to recognize that liability. Note 8d offers more detail regarding Liability for WorkSafeNB obligation.

i. Financial instruments

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

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

j. Accounting estimates

The preparation of financial statements in accordance with PSAS-NPO standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

If actual results differ from management's estimates the impact is recorded in future periods when the difference is known.

The most significant estimates made in the preparation of the financial statements include:

- Allowance for uncollectible (doubtful) accounts receivable;
- Fair value of donated capital assets for which an appraisal is not available;

NOTES TO FINANCIAL STATEMENTS

- Useful life of capital assets;
- Accrued salaries and benefits;
- Accrued liabilities related to sick leave obligation;
- Accrued liabilities related to WorkSafeNB obligation; and,
- Deferred revenue.

k. Accounting changes

On April 1, 2018, the College adopted the following Canadian public sector accounting standards:

- PS 3430 Restructuring Transactions establishes standards on how to account for and report restructuring transactions.

The adoption of this standard did not result in an accounting policy change and did not result in any adjustments to the financial statements as at April 1, 2018.

NOTES TO FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE

	2019	2018
Tuition and fees	$ 599,703	$ 605,190
Organizations other than the Province	1,686,672	737,960
Province	702,228	2,654,350
Advances and other	196,375	13,249
ACCOUNTS RECEIVABLE (GROSS)	3,184,978	4,010,749
Allowance for doubtful accounts	(103,327)	(312,584)
ACCOUNTS RECEIVABLE (NET)	$ 3,081,651	$ 3,698,165

Accounts Receivable (Gross) comprises the following categories:

	Tuition and fees	Organizations other than the Province	Province	Advances and other	ACCOUNTS RECEIVABLE (GROSS)
0-30 days	$ 327,119	$ 1,404,580	$ 698,149	$ 196,375	$ 2,626,223
31-60 days	3,863	9,077	-	-	12,940
61-90 days	155,747	2,005	-	-	157,752
91-180 days	3,774	71	4,079	-	7,924
181-360 days	38,804	-	-	-	38,804
361+ days	70,396	-	-	-	70,396
Other adjustments	-	270,939	-	-	270,939
	$ 599,703	$ 1,686,672	$ 702,228	$ 196,375	$ 3,184,978

At March 31, 2019, other adjustments include $304,087 in credits receivable from vendors of the College partially offset by $33,148 in amounts related to sponsored students.

NOTES TO FINANCIAL STATEMENTS

4. INVENTORIES

	2019	2018
Textbooks for resale	$ 645,740	$ 555,959
Stationery and supplies for resale	111,224	97,572
Clothing and other items for resale	71,108	70,756
INVENTORIES	$ 828,072	$ 724,287

5. CAPITAL ASSETS

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicles	$ 1,211,128	$ 817,365	$ 393,763	$ 529,139
Furniture and equipment	7,988,553	4,878,387	3,110,166	1,637,602
	$ 9,199,681	$ 5,695,752	$ 3,503,929	$ 2,166,741

6. DEFERRED REVENUE

	2019	2018
Student tuition	$ 3,523,949	$ 3,039,047
Confirmation fees	1,045,725	741,928
Student development grants	894,703	886,844
Contract training	880,086	748,813
Research	743,696	146,952
Technology and learning resource fee	269,175	257,044
Other	133,181	123,571
DEFERRED REVENUE	$ 7,490,515	$ 5,944,199

NOTES TO FINANCIAL STATEMENTS

7. DEFERRED CAPITAL CONTRIBUTIONS

	2019	2018
Deferred capital contributions, beginning of year	$ 258,236	$ 218,114
Contributions during the year	-	142,380
Amortization during the year	(98,383)	(102,258)
DEFERRED CAPITAL CONTRIBUTIONS, end of year	$ 159,853	$ 258,236

8. EMPLOYEE FUTURE BENEFITS

a. Pension

Effective January 1, 2014 the Public Service Superannuation Act (the "PSSA") was converted and replaced by the Public Service Shared Risk Plan (PSSRP) by the Act Respecting Pensions under the Public Superannuation Act. The PSSRP is a shared risk pension plan in accordance with New Brunswick's Pension Benefits Act. Certain employees of the College are entitled to receive benefits under the PSSRP. Under the New Brunswick Community Colleges Act, liabilities related to the PSSA were not transferred to the College and are the responsibility of the Province. Obligations under the PSSRP continue to be the responsibility of the Province.

b. Retirement allowance

Certain long serving employees receive a retirement allowance upon retirement from public service. The plan is funded by the Province. The Province made changes to this program in 2013-14 where management and non-union employees of the College no longer accumulate retirement allowance credits. Under the New Brunswick Community Colleges Act, liabilities related to retirement allowances were not transferred to the College and are the responsibility of the Province.

NOTES TO FINANCIAL STATEMENTS

c. Sick leave

Employees of the College are entitled to sick leave benefits which accumulate but do not vest. Sick leave benefits which accumulate but do not vest are considered obligations. PSAS-NPO standards related to post-employment benefits and compensated absences require the College to recognize that liability. Based on an actuarial valuation of the liability at March 31, 2018 and extrapolated to March 31, 2019 the accrued sick leave obligation and the expense related to the accrued sick leave obligation are as follows:

	2019	2018
Accrued sick leave obligation, beginning of year	$ 1,704,700	$ 1,478,700
Expense related to accrued sick leave obligation:		
Current period benefit cost	389,200	394,000
Amortization of actuarial losses	147,600	135,400
Sick leave benefit interest expense	86,000	83,300
	622,800	612,700
Employer benefit payments	(556,500)	(386,700)
ACCRUED SICK LEAVE OBLIGATION, END OF YEAR	$ 1,771,000	$ 1,704,700

The sick leave liability is unfunded. The liability has been determined by an actuarial valuation using management's best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates, as follows:

Number employees:	804	Average age of employees:	50.1 years	Discount rate:	2.90% per annum
Expected Average Remaining Service Life of employees:	10 years	Average service of employees:	10.3 years	Salary escalation:	3.00% per annum

Comparative information reported for the year ended March 31, 2018:

Number employees:	804	Average age of employees:	50.1 years	Discount rate:	3.20% per annum
Expected Average Remaining Service Life of employees:	10 years	Average service of employees:	10.3 years	Salary escalation:	3.00% per annum

NOTES TO FINANCIAL STATEMENTS

d. WorkSafeNB

Employees and students of the College are entitled to wage-replacement benefits in the event of illness or injury which can be established occurred as a result of employment at the College through WorkSafeNB. Benefits payable in the future related to claims approved by WorkSafeNB are considered obligations. PSAS-NPO standards related to post-employment benefits and compensated absences require the College to recognize that liability. The College is self-insured for WorkSafeNB claims. Claim payments are factored into the liability for WorkSafeNB obligation as outlined below. Based on an actuarial valuation of the liability at March 31, 2018 and extrapolated to March 31, 2019 the accrued WorkSafeNB obligation and the expense related to the accrued WorkSafeNB obligation are as follows:

	2019	2018
Accrued WorkSafeNB obligation, beginning of year	$ 1,950,300	$ 1,929,200
Expense related to accrued WorkSafeNB obligation:		
Current period benefit cost	352,900	299,500
Amortization of actuarial losses (gains)	6,700	700
WorkSafeNB benefit interest expense	65,800	61,800
	425,400	362,000
Employer benefit payments	(247,300)	(340,900)
ACCRUED WORKSAFENB OBLIGATION, END OF YEAR	$ 2,128,400	$ 1,950,300

Annual claim payments are expensed by the College and are included in salaries and benefits in the Statement of Operations. The WorkSafeNB liability is unfunded. The liability has been determined by an actuarial valuation using management's best estimate of inflation, discount rate and assumed average age at accident, as follows:

Inflation	1.40% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	2.90% per annum
Inflation on Medical Aid:	3.15% per annum	Average age of Extended Wage Loss Benefits in Pay:	60.65 years	Assumed average age at Accident	39 years

Comparative information reported for the year ended March 31, 2018:

Inflation	1.70% per annum	Extended Wage Loss Benefits in Pay:	4	Discount rate:	3.20% per annum
Inflation on Medical Aid:	3.45% per annum	Average age of Extended Wage Loss Benefits in Pay:	60.65 years	Assumed average age at Accident	39 years

NOTES TO FINANCIAL STATEMENTS

9. NET ASSETS INTERNALLY RESTRICTED FOR SPECIFIC PURPOSES

The College restricts a portion of its net assets for specific purposes. Restrictions are recorded to reflect funds that have been internally restricted for specific projects and purposes including one-time, non-recurring expenditures as approved by the Board. Amounts included in net assets internally restricted for specific purposes include the following categories:

	2019	2018
Strategic Initiatives	$ 2,500,000	$ 1,611,646
Capital Projects	2,446,985	2,334,205
Academic Development	1,376,953	1,450,620
College-Wide Contingency	1,000,000	1,000,000
Information Technology	855,385	681,551
Strategy and Stakeholder Engagement	715,243	362,940
Other	704,138	171,262
Business Development	667,613	307,000
Student Development	175,563	101,681
Applied Research and Innovation	66,688	156,327
	$ 10,508,568	$ 8,177,232

10. NET ASSETS INVESTED IN CAPITAL ASSETS

	2019	2018
Capital assets (net book value) per Note 5	$ 3,503,929	$ 2,166,741
Capital assets funded from capital contributions per Note 7	(159,853)	(258,236)
NET ASSETS INVESTED IN CAPITAL ASSETS	$ 3,344,076	$ 1,908,505

The change in Net Assets Invested in Capital Assets comprises:

	2019	2018
Capital asset additions (net of donated assets):		
Additions per Statement of Cash Flows	$ 2,224,701	$ 775,313
Other:		
Amortization of capital assets	(887,513)	(816,925)
Amortization of deferred capital contributions	98,383	102,258
NET CHANGE IN INVESTMENT IN CAPITAL ASSETS	$ 1,435,571	$ 60,646

NOTES TO FINANCIAL STATEMENTS

11. OTHER REVENUE

	2019	2018
Facility and related rentals	$ 61,076	$ 96,416
Research	745,766	667,118
Other	422,038	425,642
	$ 1,228,880	$ 1,189,176

12. COMMITMENTS

The College is committed to the following lease, maintenance or other agreement payments for future years.

	2019	2018
2018-19	$ -	$ 1,167,707
2019-20	1,053,340	421,786
2020-21	404,277	331,036
2021-22	373,916	326,612
2022-23	313,339	313,339
2023-24	313,339	-
	$ 2,458,211	$ 2,560,480

13. FINANCIAL INSTRUMENTS

a. Fair value of financial assets and financial liabilities

Financial instruments of the College comprise cash and cash equivalents, accounts receivable and accrued revenues, accounts payable and accrued liabilities, as well as accrued salaries and benefits. The carrying value of these financial instruments approximates their fair value due to the relatively short terms to maturity.

b. Credit risk

The College may be exposed to credit-related losses in the event of non-performance by counterparties to its financial instruments including accounts receivable of students, sponsors and other parties contracting for the receipt of instruction. The amounts disclosed in the financial statements are net of an allowance for doubtful accounts, estimated by the College in accordance with its guidelines. The College has a diverse mix of students, sponsors and other parties limiting significant exposure to any individual counterparty.

NOTES TO FINANCIAL STATEMENTS

c. Liquidity risk

The College may be exposed to liquidity risk in the event that its obligations exceed its supply of liquid assets or authorized spending. Through cash concentration services provided by the Province, the College receives adequate liquid assets to fulfill its obligations as they become due. The College also has an internally restricted contingency fund in place to accommodate reasonable unforeseen expenditure.

14. RELATED PARTY TRANSACTIONS

The College was established as a post-secondary public education corporation under the authority of the *New Brunswick Community Colleges Act* to serve as an agent of the Crown. As such, the College and the Province, including its various ministries, departments and other Crown Corporations are related parties.

During the period, the following were received and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties:

- $54,292,487 in grants from the Province ($54,440,837 in 2018);
- $5,835,956 in revenues from departments of the Province regarding Apprenticeship and cost recoveries ($5,306,123 in 2018).

Contributed services are received from the Province for various unallocated operating costs. The College has elected not to recognize these as expenses. The contributed services include:

- Use of buildings at six campuses and corporate offices, having an area in excess of one million square feet;
- Cash concentration services (see Note 2c for more information); and,
- Payroll and financial system services.

During the period, the College transferred nil ($283,080 in 2018) to the Province of New Brunswick's Department of Transportation and Infrastructure related to projects completed during the period.

Amounts owing from the Province at March 31, 2019 total $702,228 ($2,654,350 in 2018) and are included in accounts receivable and accrued revenue (see Note 3).

15. CONTINGENCIES

a. Legal

The College is engaged in various legal proceedings. Potential costs, if any related to claims against the College have not been reflected in the financial statements. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the College that the resolution of these claims will not have a material impact on the financial position of the College. Any loss or gain that may result from these proceedings will be accounted for in the period in which the settlement occurs.

NOTES TO FINANCIAL STATEMENTS

b. Collective bargaining

The College is party to two collective agreements expired on or before March 31, 2019. At the time of issuance of these financial statements, no settlements have been reached. The value of potential settlements cannot be predicted at this time. Accordingly, amounts are expensed in the period that they occur. The Province has traditionally increased the Grant from Province in the amount of economic increases related to approved settlements in the form of an in-year supplementary budget transfer.

SUPPLEMENTARY INFORMATION SCHEDULE A: OPERATIONS BY TYPE

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Tuition and fees	$ 14,954,148	$ 16,024,153	$14,287,027
Contract training	5,585,610	5,864,571	3,416,000
Sales	4,137,620	3,670,615	3,833,541
Other (Note 7 and Note 11)	499,348	1,327,263	1,291,434
	25,176,726	26,886,602	22,828,002
Apprenticeship and cost recoveries	5,203,433	5,835,956	5,306,123
Grant from Province (Note 14)	55,272,312	54,292,487	54,440,837
	85,652,471	87,015,045	82,574,962
EXPENSES			
Direct program costs	31,060,676	32,680,277	32,086,220
Educational support	13,725,169	14,060,480	14,024,822
Management & administrative services	29,117,575	21,793,070	23,177,172
Apprenticeship & cost recoveries	5,008,450	5,006,251	4,846,827
Contract training	6,025,565	6,679,362	4,072,347
Cost of goods sold	2,496,836	2,143,358	2,281,012
	87,434,271	82,362,798	80,488,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ (1,781,800)	$ 4,652,247	$ 2,086,562

 THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

APPENDIX

APPENDIX A:

PERFORMANCE MEASUREMENT FRAMEWORK

	Item	2015-16 Baseline	2021-22 (Year 5) Target	2017-18 (Year 1) Results	2018-19 (Year 2) Target	2018-19 (Year 2) Results
	1. KEY PERFORMANCE INDICATORS					
1.1	Meet or exceed annual graduation rate	78.8%	79.0%	81.2%	80.0%	80.7%
1.2	Meet or exceed annual graduate employment rate (overall)	90.0%	90.0%	90.4%	90.0%	90.9%
1.3	Meet or exceed annual graduate employment rate (related field)	83.0%	83.0%	83.7%	83.0%	83.4%
1.4	Meet or exceed annual graduate employment in NB	90.0%	90.0%	94.0%	90.0%	91.9%
1.5	Meet or exceed annual student retention rate	81.3%	83.0%	84.7%	83.0%	81.6%
1.6	Meet or exceed annual graduate satisfaction rate	90.0%	90.0%	86.7%	90.0%	84.1%
	2. WELCOME MORE LEARNERS					
2.1	Increase enrollment in continuing education	2,165	4,331	2,884	2,524	3,280
2.2	Increase enrollment in apprenticeship	1,989	2,100	1,881	1,999	1,893
2.5	Increase learner participation by Indigenous learners	136	-	142	150	193
2.6	Increase enrollment by international learners	92	-	241	264	485
2.7	Increase enrollment in full-time, academic programs	3,796	4,756	3,830	4,098	4,028
2.8	Increase the conversion of Training Plan seats to Active Capacity	96.3%	100.0%	93.5%	99.0%	98.1%
2.9	Increase percentage of programs having >=80% enrollment	0.0%	0.0%	0.0%	75.0%	54.7%
2.10	Increase percentage of confirmed students that attend (domestic)	81.3%	0.0%	0.0%	80.0%	81.7%
	3. ENRICH THE NBCC ADVANTAGE					
3.1	Increase in learners exposed to entrepreneurial/self-employment experiences	215	1,000	566	500	479
3.2	Increase in alumni exposed to entrepreneurial/self-employment experiences	12	1,000	57	100	72
3.3	Increase learner participation in applied research	235	500	134	265	421
3.4	Maintain full-time, academic programs with work integrated learning opportunities	92.3%	92.0%	95.1%	91.1%	95.1%
3.5	Increase total value of scholarships and bursaries available	$304,916	$800,000	$643,612	$480,000	$705,052
3.6	Learners who report a strong sense of value and belonging	0.0%	0.0%	0.0%	80.0%	85.8%
3.7	Employees who report a strong sense of value and belonging	0.0%	0.0%	0.0%	80.0%	81.6%
3.8	Increase participation in Indigenous learning activities	-	-	134	633	998
3.9	Increase in reported knowledge by participants in Indigenous learning activities	-	0.0%	24.1%	10.0%	46.0%
3.10	Increase in reported knowledge by participants in 'diverse learner needs' learning activities	-	10.0%	0.0%	10.0%	
	4. BUILD OUR CAPACITY TO GROW					
4.1	Maintain non-grant revenue as a percentage of total revenue	33.0%	40.0%	34.1%	35.0%	37.6%
4.2	Maintain the unit cost of delivery per student	$17,514	$13,136	$18,091	$18,034	$17,014
4.3	Increase investment in professional development	0.64%	1.00%	0.70%	0.76%	0.9%
4.4	Increase expenditures in professional development supporting diverse learner needs	-	15.0%	0.0%	10.0%	4.0%
4.5	Increase expenditures in professional development supporting change leadership	-	15.0%	0.0%	10.0%	5.8%
4.6	Meet or exceed staff participation in continuous improvement projects	-	0.0%	2.5%	5.0%	8.8%
4.7	Improve reported efficiency/effectiveness as result of continuous improvement projects	-	10.0%	0.0%	10.0%	
4.8	Increase partner satisfaction	-	80.0%	95.7%	80.0%	86.7%
4.9	Increase industry/employer satisfaction and engagement	-	80.0%	0.0%	80.0%	

APPENDIX B:

YEAR OVER YEAR DATA

MEASURE	PERIOD COVERED	2018-2019	2017-18	2016-17	2015-16	2014-15
Applicants	Academic Year (July 1 - June 30)	8,050	7,459	7,078	6,415	7,126
Student seats (Regular programs) Active Capacity		4,666	4,446	4,275	4,352	4,466
Student seats (Regular programs) Training Plan		4,756	4,756	4,756	4,756	4,756
Students (Regular programs)		4,028	3,830	3,758	3,796	3,823
Enrollment rate (Enrollment as Percent of Active Capacity)		86.3	86.1%	87.9%	87.2%	85.6%
Students (Non-regular programs)		3,280	2,884	2,215	2,165	1,725
Students (Apprenticeship)		1,893	1,881	1,768	1,989	2,092
Graduates (Regular programs)		2,056	2,017	1,971	1,880	1,967
Graduation rate		80.7%	81.2%	80.1%	78.8%	80.1%
Retention rate		81.6%	84.7%	83.5%	81.3%	81.3%
Graduate employment rate in related field (NBCC)	Reference week November 19 - 25, 2017	83.4%	83.7%	80%	83.0%	84.0%
Graduate overall employment rate (NBCC)		90.9%	90.4%	91%	90%	88.0%
Graduate satisfaction rate (Overall)		84.1%	86.7%	89%	90%	87.0%
Graduate satisfaction rate: Program Content		88.20%	91.2%	95%	92.0%	92.0%
Graduate satisfaction rate: Student Services		81.90%	83.4%	81.0%	91.0%	86.0%
Bursaries (Number, Dollars)	Fiscal Year (April 1 - March 31)	568 ($705,052)	494 ($643,612)	404 (395,838)	315 ($304,916)	286 ($263,555)
Donations In-Kind (Number, Dollars)		98 ($892,679)	80 ($1,028,416)	72 ($763,507)	47 ($726,995)	37 ($433,134)
Registered Alumni		12,253	10,384	8,916	6,699	>6,100
Business Development contracts with industry partners (employers)		50	45	36	33	--
Business Development industry partners with which NBCC contracted		46	25	33	47	--
College ratio of non-grant revenue to total revenue		37.6%	34.1%	33.2%	33.3%	36.5%
Contribution margin of Business Development activities		7%	10%	9%	5.0%	10.0%

MEASURE	PERIOD COVERED	2018-2019	2017-18	2016-17	2015-16	2014-15
Domestic recruitment activities: College Preview Day (attendance)	Academic Year (July 1 - June 30)	1,050	955	1,034	1,260	1,559
Domestic recruitment activities: Contacts (phone & email)		15,260	25,223	14,811	15,269	--
Domestic recruitment activities: Open House (attendance)		432	952	1,015	949	952
Domestic recruitment activities: Pre-admission Advising meetings		1,286	1,281	1153	1,357	1,608
Domestic recruitment activities: Exploration Days		21	63	--	--	--
Domestic recruitment activities: Student for a Day (formerly "Test Drive")		200	372	262	309	--
Outreach: College4Kids (Grade 6-8 students)		536	431	249	252	100
Recognition for prior learning rate		67.4%	74.3%	68.6%	74.2%	69.8%
Research engagement (participants in events)		131	293	340	680	521
Research participants (staff)		58	40	34	36	34
Research participants (students)		421	141	149	220	226
Research partners from industry		97	75	28	27	21
Research projects	Fiscal Year (April 1 - March 31)	84	80	50	34	22
Research ratio of investment to revenue		1:328	1:246	1:150	1:141	1:192
Research revenue earned		$759,766	$677,118	$560,050	$501,093	$607,000
Self-identified Aboriginal students (NBCC)	Academic Year (July 1 - June 30)	193 (4.8%)	142 (3.7%)	136 (3.6%)	138 (3.6%)	136 (3.6%)
Staffing: Business Development	Fiscal Year (April 1 - March 31)	8.7%	9.7%	8.5%	9.3%	7.5%
Staffing: Direct Program		45.6%	46.2%	45.9%	44.7%	46.2%
Staffing: Education Support Services		20.9%	19.8%	21.4%	20.8%	21.2%
Staffing: Management & Administrative Support		24.6%	24.3%	24.2%	25.2%	25.2%
Students (international, Regular programs)	Academic Year (July 1 - June 30)	485	241	115	92	94
Student (international) countries represented		49	47	36	36	33
Student recommendation of NBCC	Survey (ISBSB)	88.4%	87.9%	88%	89%	--
Student satisfaction with program content		85.3%	91.0%	93.1%	93.5%	--
Student satisfaction with Student Success Centre		81.2%	93.1%	95.1%	96.2%	--
Students self-identified as having a disability	Academic Year (July 1 - June 30)	546	504	368	424	443
Students supported through learning accommodations		542	504	338	266	--

NBCC
COLLEGEWORKS.