

Annual Report 1999



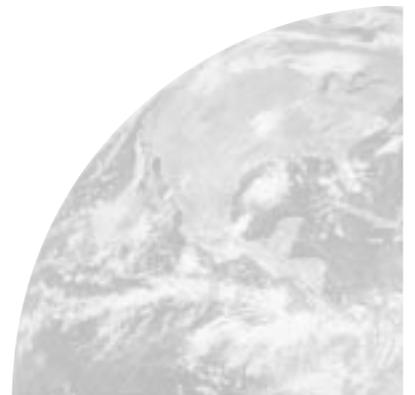
**OLDS
COLLEGE**



Annual Report Contents



- 1. Board Chair's Message and Accountability Statement**
- 2. Message from the President**
- 3. Mandate, Mission, Vision and Quality Statements**
- 4. Institutional Profile**
- 5. 1998-99 Institutional Performance**
- 6. Olds College Audited Financial Statements**





Board Chair's Message and Accountability Statement



June 30, 1999

It is my pleasure to report on my first year as Chair of the Olds College Board of Governors. I am happy to say that the Olds College team continues to be responsive to Alberta's changing learning needs. The past year stands as an excellent example of the kind of dynamic learning that Olds College provides to students, business, industry and society at large. The College, with our sister institutions, continues to make a significant contribution to the three foundations of provincial prosperity: people development, economic diversity and innovation.

To help ensure that Albertans and their government are ready for the next century, the newly created Ministry of Learning is providing a framework for seamlessness in education. Olds College continues to take its place in this evolution. In addition to our traditional strengths in certificate, diploma and degree training, the College facilitates interaction with new and returning students, non-traditional students through distributed learning and a multiplicity of transfer arrangements with sister institutions across Alberta and beyond. Olds College was also active in international consulting in 16 countries this past year.

The College continues to expand its student base and needed facilities. In September, 1998 we opened a new residence townhouse complex. Phase II of the new residence, and two other buildings, are under construction. Enrollment has increased by 7%. We are addressing the Y2K issue and believe that all our systems are sound. We have also put a great deal of effort into the much anticipated opening of the Olds College Centre for Innovation this fall.

As always, our strength at the College is our people. Without our dedicated management, faculty, staff and enthusiastic students we could not have maintained our standing in the highest performance based funding category for the last three years. Olds College is proud of its accomplishments and we all look forward to what the new century will bring.

The Olds College Annual Report for the year ended June 30, 1999 was prepared under my direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Accountability Act. All material economic, environmental or fiscal implications of which I am aware have been considered in preparation of this report.

Jim Smith, P.Ag.
Chair, Olds College Board of Governors





President's Message

Dr. Robert Turner



June 30, 1999

It was another exceptional year for our distinguished institution. Our unique combination of state-of-the-art facilities and leading edge, hands-on training continues to be successful. We train our graduates for today's careers in agriculture, horticulture, environment, land management, agribusiness and rural entrepreneurship.

We continue to rate in the top categories in post-secondary surveys. For the third year in a row, we received the maximum 2.26% additional funding for Key Performance Indicators in employment and satisfaction rates for graduates, enrollment rates, affordability and revenue partnerships. An additional source of pride is our 84% retention rate.

Our passion for academic excellence is evident in the educational warranty we provide to our learners and our increasing enrollment. The College achieved a 7% growth rate over last year. Part of that success comes from listening to our learners, who told us we needed more on-campus residence facilities. In September, 1998 we officially opened a new 96-unit residence complex. Self-funded, it offers more privacy and independence for our senior students. Phase II of our residence expansion, with 88 more single rooms, will open in September, 1999.

In keeping with our entrepreneurial spirit we continue to forge successful partnerships with many private-sector businesses and industries. This helps us ensure that our quality education is as relevant and up-to-date as possible. For example, working with the Royal Bank Financial Group, we now offer an Agricultural Finance Certificate for people working in agricultural finance.

They can continue working at their jobs

and upgrade their skills using distance learning.

Our aggressive Strategic Plan continues to base the success of our institution on "growth" and "quality." A promising future sees continued growth in traditional Certificate, Diploma and Degree programs, as well as leading the way with new innovations like our Precision Farming courses. We are also proposing a new Bachelor of Applied Agricultural Technology and Entrepreneurship degree. We are also expanding non-traditional distance learning methods with new technologies, and in January offered our first Internet-delivered courses.

Our International Education division is thriving and growing, with projects and initial contacts in 16 countries last year. Our Extension department has started several new initiatives, like training staff for new AgPro agricultural service centres across Alberta.

It is our intention to continue to provide responsive education and training excellence on our beautiful, expanding campus to give learners the training necessary for successful careers.

Dr. Robert Turner, President and CEO
Olds College





Mandate Statement

Olds College is a board-governed public College operating under the Alberta Colleges Act, engaged in preparing our learners to contribute provincially, nationally and internationally through careers in agriculture, horticulture, environmental land management, agribusiness, and rural entrepreneurship at the Certificate and Diploma levels. Olds College also awards an Applied Degree and participates with other institutions in offering Post-diploma Degrees.

Mission Statement

Olds College is a responsive, innovative and client-centred learning organization dedicated to excellence in careers education and adult development, performance-based training, applied research and the provision of customized services provincially, nationally and internationally in the fields of agriculture, horticulture, land and environmental management, agribusiness and rural entrepreneurship.

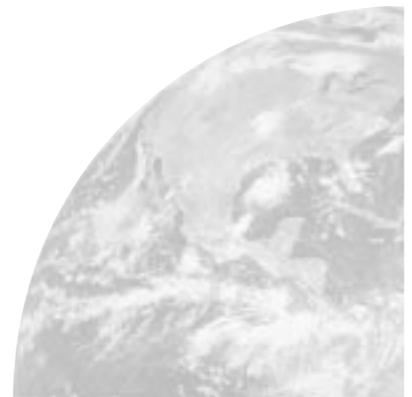
Vision Statement

Olds College shall be the premier comprehensive applied agricultural, horticultural, land and environmental management learning organization in Canada.

Statement Of Quality

Olds College is a client-driven learning organization committed to quality in careers education, adult development, applied research and services.

Olds College will meet the expectations of its clients and warranty the course competencies that are profiled in our education and training initiatives.





Location

Olds College is located in central Alberta, approximately 90 kilometres north of Calgary. It is located in one of the richest farming areas in Alberta, providing an ideal setting for agricultural and horticultural education.

Background

The Alberta Department of Agriculture founded the Olds School of Agriculture and Home Economics in 1913. It became Olds College in 1971 and became board-governed in 1978.

Enrollment and Staff Complement

- Over 1200 full-time students
- 600+ part-time learners in Open Learning Services Programs
- Over 4,000 part-time learners in Extension Education courses
- Over 30,000 conference facility users annually
- 300+ employees

Groups and Affiliated Associations

- Olds College Students' Association
- Olds College Foundation
- Olds College Alumni Association
- Olds College Faculty Association
- Alberta Union of Provincial Employees (Local #71, Chapter #2)
- Olds and District Chamber of Commerce
- Olds College Centre for Innovation

Annual Budget

- \$22 Million

Olds College Board of Governors as of June 30, 1999

- Jim Smith, Chair
- Alice Brown, Vice Chair
- Pat Bidart, Olds College Faculty Association Representative
- Earl Kinsella, Public Member
- Arron McKenzie, Olds College Students' Association Representative
- Stan Mills, Public Member
- Ada Rawlins, Public Member
- Alfred Savage, Public Member
- Tom Seaborn, Public Member
- Dr. Rob Turner, President
- Gayle Veno, A.U.P.E. Representative



Olds College Board of Governors as of June 30, 1999





"We approached Olds College, they listened, they worked with us. I would encourage anybody to work with Olds College."

*Gloria Beck
Parkland Nurseries and
Garden Centre*

"New product development is all about creativity and innovation: taking those dreams and ideas into commercial reality. EcoAg was born out of the work that was done at Olds College on composting and using manure as a fertilizer."

*Peter Morrison
EcoAg Initiatives*

College Enrollment Continues to Grow

Olds College continues to increase enrollment. 1998-1999 enrollment was up 7% over 1997-1998. FLEs rose to 1235. Our retention rate remained strong at 84%.

Olds College Foundation Undergoes Major Changes

1998-1999 marked the retirement of Jim Lore as the Executive Director of the Olds College Foundation. Doug Pearce, the former Dean of Agricultural Technology and College Accessing, is the new Executive Director. Since his arrival the staff have been busy developing a strategic plan for the new millennium. A new communications and marketing initiative is presently underway with a proposed completion date of March, 2000. Fund raising efforts resulted in donations of cash and in-kind contributions totaling over \$912,000. Major in-kind contributions were received from John Deere, Caterpillar, New Holland, Case-International, Wenstrom Equipment and Sunpine Forest Products.

The annual phone-a-thon to alumni raised over \$50,000 for scholarships and bursaries. The 7th annual Golf Classic was well attended and raised \$24,000 to support student welfare. In excess of \$58,000 was raised for the Seed and Grain program. New bursaries included \$40,000 from the Alberta Opportunities Matching Bursary and \$10,000 for the Jim and June Lore Bursary.

New Partnerships with Business, Industry and Educators

A new educational partnership with Fairview College allows for Fairview students enrolled in the two-year Agricultural Technology program to transfer directly to the Olds College Agricultural Production program, and vice-versa. In addition, successful farrier or blacksmithing students from Fairview can take the advanced portion of the farrier program at Olds. New exchange partnerships were also signed with the College of the Rockies in Cranbrook,

British Columbia and Alfred College, in Alfred, Ontario.

New educational partnerships provide increasing access for students. For example, Olds, Fairview and other agricultural colleges already have an agreement with the University of Lethbridge that allows successful students in several programs to transfer into the 3rd year of Lethbridge's BA or BSc Agricultural Studies program. Students can earn diploma and a degree in four years and obtain practical as well as theoretical training.

Olds College also partnered with three major producers in the swine industry and Alberta Advanced Education and Career Development in a pilot project to train swine technicians. Elite Swine, Unipork, and Sunterra Farms Ltd. were involved in the pilot project because their companies are expanding and they are finding it difficult to find trained workers. Unipork is already an Olds College partner, operating the Olds College Farm's swine facility.

Along with Alberta Pork and Alberta Agriculture, Food and Rural Development, Olds College is helping develop an Alberta Centre for Swine Training. An Alberta Centre for Swine Training brings together everyone interested in meeting the training and human resource needs of pork producers. It co-ordinates personnel recruitment and technology transfer while investing in education and training.

Working with the Royal Bank Financial Group, Olds College is offering a new Agricultural Finance Certificate for people working in agricultural finance and credit management. Now agricultural bankers can upgrade their skills and training using distance learning that will help provide better financial services for people in the agriculture sector.

There are only a handful of "horse whisperers" in the world and Olds College's Extension Department is partnered with Chris Irwin, from Swift Current, Saskatchewan. He is known in the horse industry as the "Canadian Horse Whisperer" and is running several courses through the College, in Saskatchewan and British Columbia, as well as Alberta.



Chris Irwin



"We wanted to do large scale research. It was a challenge for Olds College, and we learned a lot. We learned to develop and produce the product the way we wanted it. For us, it was a success."

*Monte Christensen
Sunpine Forest Products Ltd.*

"You need a place that understands your needs, Olds College does a good job of that."

*Bill Quiney
Agro Equipment Ltd.*

Leading the Way with the Olds College Centre for Innovation

Olds College hosted more than 200 industry guests at its gala "Partners in Innovation Appreciation Dinner" in the Alumni Centre, Friday, March 5th, 1999. The guest speaker was Alberta Premier Ralph Klein who praised Olds College for its entrepreneurial drive in finding partners in industry to support new initiatives at the College and for its top-ranked success in annual Key Performance Indicators (KPIs) for post-secondary institutions in Alberta.

At the same event, Olds College President Dr. Rob Turner announced a proposal for an Olds College Centre for Innovation (OCCI). By the end of the financial year approximately \$3.0 million dollars in initial funding was committed for the Centre, including up to \$2.5 million dollars over the next five years from the Alberta Value Added Corporation, which supports innovation in value-added agribusiness.

New Facilities

On September 24, 1998 Olds College officially opened a new \$2.4 million residence. It has 24 units of four single rooms, for a total of 96 spaces, attractively arranged around a central courtyard. The units are more like townhouses than traditional residences. Due to popular demand, the new units are restricted to second year students. Construction is also underway on Phase II of the new residence complex, with 88 single rooms. "One of the secrets of our success at Olds College is that we listen to our students," says Olds College President, Dr. Rob Turner.

"They tell us they need more on campus housing so we took out a mortgage to build the new residence."

International Reputation

Presidents of colleges from around the world visited in July, 1998 to see how Olds College has been so successful in

finding partnerships, increasing funding and developing an entrepreneurial edge in how they do business. More than 30 college presidents, some from as far away as Australia and New Zealand, who were attending the annual Presidents' International Network Conference in Calgary, visited the campus.

Nineteen young people spent six months working in China, Mexico, Brazil, Russia or Hungary, thanks to Olds College and the Canadian Government's new Youth International Internship program. All of them had post-secondary training, but lacked the work experience they needed to find jobs.

The program is funded by Human Resources Development Canada and managed by the International Education department at Olds College. Due to the success of this first program there will be a second intake of young people in 1999-2000.



New Townhouses



"We have an in-house education and development department here at Agricare and they work closely with Olds College in a number of areas just to see what's on the cutting edge and coming forward. We've had assistance from Olds in training our staff to help them do a better job in the field."

Ray Kettenbach
Agricare

"I get to travel the province, the country and indeed, the world and I haven't seen the kind of relationship that exists between a school and the business community and the community at large."

Alberta Premier Ralph Klein

Also Noteworthy

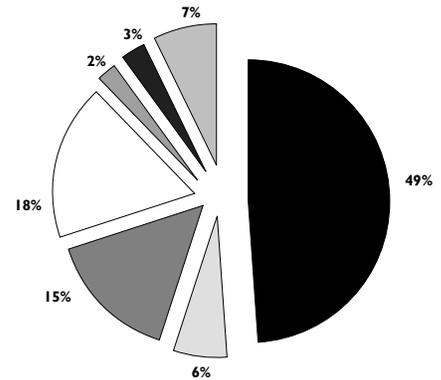
- ◆ Lyle Vanclief, Minister of Agriculture and Agri-Food Canada, visited Olds College in July, 1998 to see how the College is developing its precision farming program, which uses computers and Geographic Positioning Systems (GPS) via satellite for high-tech farming. The Minister toured a display of precision farming equipment and visited College farm demonstration plots using the new technology.
- ◆ Kerry Watkins, a recent graduate of the Turf Management program, is the inaugural winner of the Canadian Golf Superintendents Association/Toro Canada - Future Golf Superintendents Award.

Kerry, now working on his Bachelor of Applied Horticulture Technology degree at Olds College, won over nominees from other Canadian turf programs at other colleges and universities.

- ◆ Olds College is offering an online learning experience that provides farmers, ranchers and agribusiness the opportunity to learn at home or work via the Internet. In partnership with Agri-ville, Your Online Farm Community, and the Canada-Alberta Farm Business Management Program, Olds College offered Introduction to Soils, Weeds and Weed Management and Soil Fertility courses online starting January 18th, 1999.

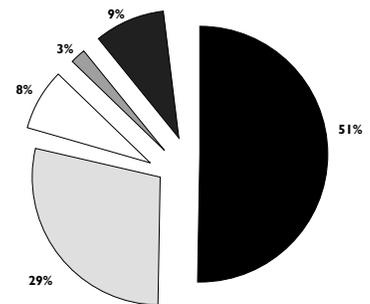
- ◆ Over 200 people attended the 5th Annual Composting Conference at the College April 7th to 9th, 1999.
- ◆ And, if all goes according to plan, the year 2000 will see Olds College launch a Bachelor of Applied Agriculture Technology and Entrepreneurship degree. Agricultural Production, Business and Animal Sciences Dean Rod Reynar says "It will allow people with 2-year agricultural diplomas to develop entrepreneurial and business skills. These skills are in high demand in the fast-changing agricultural industry."

Institutional Sources of Revenue 1998/1999



- Grants, Province of Alberta (49%)
- Other Grants and Contracts (6%)
- Tuition and Related Fees (15%)
- Sales, Rentals and Services (18%)
- Investment Income (2%)
- Donations (3%)
- Amortization of Deferred Contributions Related to Capital Assets (7%)

Institutional Expenses 1998/1999



- Salaries and Benefits (51%)
- Supplies and Services (29%)
- Cost of Goods Sold (8%)
- Utilities (3%)
- Amortization of Capital Assets (9%)



Key Performance Indicators

Olds College Progress Assessment



For the third year in a row, Olds College received the maximum amount of additional funding from Alberta Learning for high scores in provincial Key Performance Indicators. Every year Alberta post-secondary institutions are rated on a variety of indicators, including employment and satisfaction rates for graduates, enrollment rates, administrative costs and enterprise revenues. Olds College achieved 97 points, which provides the institution with a 2.26% increase in government funding.

This year's performance highlights include:

- 95.9% of graduates are satisfied with the overall quality of their education experience
- 90.5% of graduates found employment
- Accessibility remained high at 11.75%
- Enterprise Revenue declined slightly to 38.1%

	1998-99	1997-98	1996-97
Indicator	Points Points Awarded	Points Awarded	Awarded
Responsiveness			
Employment Rate	30/30	30/30	30/30
Student Satisfaction	30/30	30/30	30/30
Accessibility			
Increase in Credit FLEs*	30/30	30/30	30/30
Affordability			
Administrative Expenditures	3/5	3/5	3/5
Enterprise Revenue	4/5	5/5	5/5
TOTAL POINTS AWARDED	97/100	98/100	98/100
PERFORMANCE AWARD ALLOCATION FOR THE NEXT FISCAL YEAR	\$240,529	\$250,570	\$264,563

* Full-load equivalent: A unit of measure of enrollment in which one FLE represents one student for a standard year taking a full load. A full load represents the number of units (credits, contact hours or some other unit) of load required to complete the requirements for a standard year of study (typically September through April) in a specific program.



Olds College

Consolidated Financial Statements

June 30, 1999

Auditor's Report

Consolidated Balance Sheet

Consolidated Statement of Revenue and Expense

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flow

Notes to the Consolidated Financial Statements



Auditor's Report

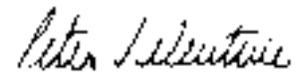
To the Board of Governors
Olds College



I have audited the consolidated balance sheet of Olds College as at June 30, 1999 and the consolidated statements of revenue and expense, changes in net assets and cash flow for the year then ended. These consolidated financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 my opinion, these consolidated financial statements present fairly the financial position of the College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

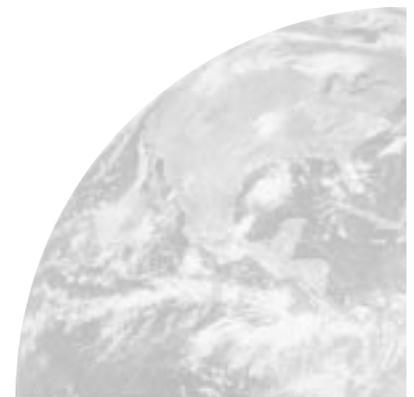


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Auditor General

Edmonton, Alberta

October 19, 1999

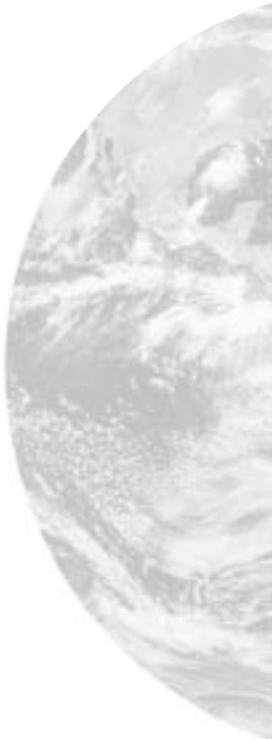




Olds College

Consolidated Balance Sheet

As at, June 30, 1999



	<u>1999</u>	<u>1998</u>
ASSETS		
Current:		
Cash and short-term investments (Note 3)	\$ 2,995,046	\$ 2,798,835
Accounts receivable	1,526,346	1,429,522
Inventories (Note 4)	380,442	477,781
	<u>4,901,834</u>	<u>4,706,138</u>
Long-term investments (Note 3)	5,566,556	5,570,456
Capital assets (Note 5)	29,910,150	29,005,323
	<u>\$ 40,378,540</u>	<u>\$ 39,281,917</u>
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	\$ 707,222	\$ 1,105,441
Current portion of long term debt (Note 6)	72,341	35,349
Deferred revenue (Note 7)	726,179	710,751
Accrued vacation pay	1,158,075	1,039,423
Deferred contributions (Note 8)	1,056,444	716,325
	<u>3,720,261</u>	<u>3,607,289</u>
Long term debt (Note 6)	3,595,880	471,105
Pension liability (Note 9)	181,531	130,440
Deferred contributions related to capital assets (Note 10)	19,552,860	21,455,008
	<u>27,050,532</u>	<u>25,663,842</u>
Net Assets:		
Operating	9,581,887	10,015,394
Endowments	3,746,121	3,602,681
	<u>13,328,008</u>	<u>13,618,075</u>
	<u>\$ 40,378,540</u>	<u>\$ 39,281,917</u>

The accompanying notes are part of these financial statements.



Olds College

Consolidated Statement of Revenue and Expense

For The Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
REVENUE:		
Grants, Province of Alberta	\$ 13,338,774	\$ 13,687,700
Other grants and training contracts	1,728,968	1,295,702
Tuition and related fees	4,036,438	3,652,329
Sales, rentals and other services <i>(Note 12)</i>	4,756,035	4,552,580
Investment income <i>(Note 19)</i>	584,136	575,559
Donations	692,739	716,531
Amortization of deferred contributions related to capital assests <i>(Note 10)</i>	<u>1,907,576</u>	<u>1,855,733</u>
	<u>27,044,666</u>	<u>26,336,134</u>
EXPENSE:		
Salaries and benefits	14,025,971	13,241,344
Supplies and services	8,030,426	8,915,395
Scholarships and bursaries	121,448	101,525
Costs of goods sold	2,194,103	1,323,016
Utilities	684,736	661,251
Amortization of capital assets	2,500,768	2,339,229
Loss (gain) on disposal of capital assets	(130,370)	7,854
Pension adjustment	51,091	(115,560)
	<u>27,478,173</u>	<u>26,474,054</u>
Deficiency of revenue over expense	<u><u>\$ (433,507)</u></u>	<u><u>\$ (137,920)</u></u>



Olds College

Consolidated Statement of Changes in Net Assets

For The Year Ended June 30, 1999



	1999					1998	
	Unrestricted Net Assets	Internally Restricted Net Assets <i>(Note 11)</i>	Investment in Capital Assets	Total Operating Net Assets	Endowments	Total Net Assets	Total Net Assets
Deficiency of revenue over expense	\$ (433,507)	\$ -	\$ -	\$ (433,507)	\$ -	\$ (433,507)	\$ (137,920)
Endowments received	-	-	-	-	90,738	90,738	163,803
Recapitalized Endowment Earnings	-	-	-	-	52,702	52,702	15,240
Board restrictions	546,170	(546,170)	-	-	-	-	-
Internally funded:							
Capital asset acquisitions	(1,104,118)	-	1,104,118	-	-	-	-
Amortization of capital assets	739,168	-	(739,168)	-	-	-	-
Disposal of capital assets	15,255	-	(15,255)	-	-	-	-
Increase (decrease) in net assets	(237,032)	(546,170)	349,695	(433,507)	143,440	(290,067)	41,123
Balance, beginning of year	810,739	2,160,794	7,043,861	10,015,394	3,602,681	13,618,075	13,576,952
Balance, end of year	\$ 573,707	\$ 1,614,624	\$ 7,393,556	\$ 9,581,887	\$ 3,746,121	\$ 13,328,008	\$ 13,618,075



Olds College

Consolidated Statement of Cash Flow



For The Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
Operating activities:		
Deficiency of revenue over expense	\$ (433,507)	\$ (137,920)
Capital contributions earned in the year	(1,907,576)	(1,855,733)
Changes in pension liability	51,091	(115,560)
Amortization of capital assets	2,500,768	2,339,229
Loss (gain) on disposal of capital assets	(130,370)	7,854
	<u>80,406</u>	<u>237,870</u>
Net changes in non-cash operating working capital	<u>76,495</u>	<u>652,956</u>
Cash flow from operations	<u>156,901</u>	<u>890,826</u>
Investing activities:		
Proceeds of long-term investments, net	3,900	860,800
Acquisition of capital assets	(3,566,826)	(2,585,891)
Proceeds from disposal of capital assets	291,601	31,845
Cash applied to investing activities	<u>(3,271,325)</u>	<u>(1,693,246)</u>
Financing activities:		
Mortgage and debenture funds received	3,200,000	500,000
Repayment of mortgage	(38,233)	(18,546)
Capital contributions received	5,428	62,335
Endowments contributions received	143,440	179,043
Cash generated from financing activities	<u>3,310,635</u>	<u>722,832</u>
Increase (decrease) in cash and short-term investments	196,211	(79,588)
Cash and short-term investments, beginning of year	<u>2,798,835</u>	<u>2,878,423</u>
Cash and short-term investments, end of year	<u>\$ 2,995,046</u>	<u>\$ 2,798,835</u>



Olds College Notes To The Consolidated Financial Statements

June 30, 1999

Note 1 Authority

Olds College operates under the authority of the Colleges Act, Chapter C-18, Revised Statutes of Alberta 1980, as amended.

The College is a public institution preparing individuals for business management, production and technical careers in agriculture, horticulture and land management. In addition to granting diplomas and certificates, the College offers other programs in a variety of formats for the learning needs of the greater community.

The College is a registered charity and is exempt from payment of income tax.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Consolidated Statements

These consolidated financial statements include the accounts of the Olds College Foundation, which operates under Part 9 of the Alberta Companies Act.

The Olds College Foundation is a charitable organization whose purpose is to obtain donations on behalf of the College. The Foundation transfers donated funds to the College, but retains administrative control over the use of the funds.

(b) Revenue Recognition

Operating grants are recognized as revenue in the period when receivable. Operating grants received for a future period are reflected as deferred revenue.

Amounts received for tuition fees and sale of goods and services are deferred and recognized as revenue at the time the goods are delivered or the services are provided.

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are

incurred. Externally restricted amounts may only be used for purposes designated by the external party.

Any externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended, including endowments, are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property such as land.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to capital contributions deferred to future years. These amounts are recognized as revenue in the periods in which the related amortization expense of the funded capital assets are recorded. The related portion of amortization expense and capital contributions revenue are matched to indicate that the related amortization expense has been funded externally.

Unrestricted contributions are recognized as revenue when they are received.

Contributions of materials and services that would otherwise have been purchased are recorded at fair value, if reasonably determined.

(c) Inventories

Inventory of bookstore merchandise is maintained using the first-in first-out method, and is valued at the lower of cost and net realizable value. Livestock is valued at net realizable value.

(d) Long-term Investments

Long-term investments are recorded at cost or amortized cost where applicable.



Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(e) Capital Assets

The Province of Alberta, Department of Public Works, Supply and Services transferred land, certain buildings and renovations to the College. The land is recorded at April 1978 fair value and the buildings and renovations and certain library materials are recorded at April 1978 depreciated replacement cost as determined by an independent appraisal. Acquisitions of capital assets since April 1, 1978 are recorded at cost, except for donated capital assets which are recorded at cost as approximated by fair value.

The Province of Alberta has been granted an option to purchase the whole or any part of the transferred land, buildings, and renovations for \$1 per purchase.

Capital assets are amortized on a straight-line basis over the following useful lives:

- Site improvements*
40 years
- Buildings*
15 - 40 years
- Furnishings, equipment and computer hardware*
2 - 15 years
- Library and audio visual materials*
10 years

(f) Pension Costs

Pension costs are included in salaries and benefits and in the pension adjustment.

Pension costs are comprised of the cost of pension benefits earned by employees during the year; interest on the College's share of the unfunded pension liability; the amortization of deferred adjustments over the average expected remaining service life of employees which relate to the long-term; and the effect of the change in the ratio used to allocate the plan's total unfunded liability to participating entities.

Note 3 Cash and Investments

Cash and investments are summarized as follows:

	1999		1998	
	Cost	Market Value	Cost	Market Value
Cash and short term investments	\$ 944,268	\$ 944,268	\$ 2,574,743	\$ 2,567,200
Fixed income - bonds and deposit notes	4,200,805	4,252,615	2,580,123	2,687,009
Equities - stocks	3,416,529	3,374,098	3,214,425	3,524,891
	<u>\$ 8,561,602</u>	<u>\$ 8,570,981</u>	<u>\$ 8,369,291</u>	<u>\$ 8,779,100</u>



Note 3 Cash and Investments (continued)

Maturity dates are summarized as follows:

	Term to Maturity			1999	1998
	Within 1 Year	1 to 5 Years	6 to 10 Years	Total	Total
Bonds and Debentures:					
Province of Alberta	\$ -	\$ 394,632	\$ -	\$ 394,632	\$ 493,591
Other provincial	-	499,036	-	499,036	499,999
Other government and corporate bonds	1,622,364	1,484,962	199,812	3,307,138	2,875,875
	<u>1,622,364</u>	<u>2,378,630</u>	<u>199,812</u>	<u>4,200,806</u>	<u>3,869,465</u>
Yield				5.76%	5.23%
Fair Value				4,252,615	3,968,808
Securities:					
Term deposits	1,300,000	-	-	1,300,000	2,500,000
	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>2,500,000</u>
Yield				4.45%	4.68%
Fair Value				1,300,000	2,500,000
	2,922,364	2,378,630	199,812	5,500,806	6,369,465
Accrued Interest	8,984	45,924	1,656	56,564	33,197
	<u>\$ 2,931,348</u>	<u>\$ 2,424,554</u>	<u>\$ 201,468</u>	<u>\$ 5,557,370</u>	<u>\$ 6,402,662</u>

Realized return includes interest and dividend income and gains and losses on disposal of investments.

The Board of Governors, through its Human Resources, Finance and Facilities Committee, monitors the performance of the investment portfolio. The prime objective and guiding principles of the College's investment policy is to enhance the value of the funds, and at the same time provide a dependable, increasing source of income to support the operating budget, while preventing undue exposure to risk. The four criteria that guide the College's investment policy are safety, growth, liquidity and congruence with our mission. The investments are managed on a day to day basis by College staff and an external investment manager.

The investment fund policy allows for all of the funds to be invested in fixed income, short-term investments and equity investments.



Note 3 Cash and Investments (continued)

The amount held as long-term investments represents funds not available for current operations and includes endowments, deferred contributions externally restricted for capital purposes, and net assets internally restricted for capital purposes.

	<u>1999</u>	<u>1998</u>
Endowments	\$ 3,746,121	\$ 3,602,681
Restricted cash for capital construction	704,487	-
Internally restricted net assets, capital (Note 11)	<u>1,115,948</u>	<u>1,967,775</u>
Held as long-term investments	5,566,556	5,570,456
Cash and short-term investments	<u>2,995,046</u>	<u>2,798,835</u>
Total cash and investments	<u><u>\$ 8,561,602</u></u>	<u><u>\$ 8,369,291</u></u>

Note 4 Inventories

	<u>1999</u>	<u>1998</u>
Livestock, feed and supplies	\$ 261,422	\$ 298,831
Bookstore merchandise and other	<u>119,020</u>	<u>178,950</u>
	<u><u>\$ 380,442</u></u>	<u><u>\$ 477,781</u></u>

Note 5 Capital Assets

	<u>1999</u>			<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,210,776	\$ -	\$ 1,210,776	\$ 1,210,776
Site improvements	2,044,399	385,439	1,658,960	1,409,815
Buildings	47,211,408	23,259,833	23,951,575	23,628,733
Furnishings and equipment	12,440,198	<u>9,351,359</u>	<u>3,088,839</u>	<u>2,755,999</u>
	<u><u>\$ 62,906,781</u></u>	<u><u>\$ 32,996,631</u></u>	<u><u>\$ 29,910,150</u></u>	<u><u>\$ 29,005,323</u></u>



Note 5 Capital Assets (continued)

Capital assets have been funded as follows:		
	<u>1999</u>	<u>1998</u>
Deferred contributions related to capital assets	\$ 19,552,860	\$ 21,455,008
Long term debt	2,963,734	506,454
Investment in capital assets	7,393,556	7,043,861
	<u>\$ 29,910,150</u>	<u>\$ 29,005,323</u>

Note 6 Long Term Debt

The College acquired a mortgage to finance the construction of phase 1 student residence town houses. Construction of these town houses was completed during September 1998 and the college drew upon the mortgage as required during the construction period. The June 30, 1999 outstanding mortgage of \$1,643,221 includes \$34,585 current portion of long term debt. The mortgage is amortized over 25 years and has a fixed interest rate of 5.64% to April 30, 2003 and is subject to renegotiation. Mortgage payments commenced May, 1998 and mortgage drawings totaled \$1,700,000 by October 1998.

Mortgage payment requirements:

2000		\$126,389
2001		\$126,389
2002		\$126,389
2003	(subject to renegotiation April 30, 2003)	\$115,856

On April 1, 1999 the College acquired a \$2,000,000 debenture to finance the construction of the phase 2 student residence town houses. Construction of these town houses was completed during September 1999. The June 30, 1999 outstanding debenture of \$2,000,000 includes \$37,756 current portion of long term debt. The debenture has fixed annual payments of \$152,756 and is amortized over 25 years at a fixed interest rate of 5.75%. Debenture payments commence April 1, 2000.

Debenture payments requirements 2000 to 2024 \$ 152,756

Long term debt includes a note payable of \$25,000 which will be renegotiated October 16, 1999.





Note 7 Deferred Revenue

	<u>1999</u>	<u>1998</u>
Program Delivery/Extension services	\$ 220,025	\$ 288,921
Tuition fees	99,137	88,784
Grants	75,137	107,594
Prepaid lease revenue	177,637	191,520
Other	154,243	33,932
	<u>\$ 726,179</u>	<u>\$ 710,751</u>

Note 8 Deferred Contributions

Deferred contributions represent the unexpended portion of amounts received for specific purposes.

Contributions received during the year:	<u>1999</u>	<u>1998</u>
Donations	\$ 427,547	\$ 283,292
Restricted investment income	217,892	116,565
	<u>645,439</u>	<u>399,857</u>
Transferred to:		
Donations revenue	(217,700)	(123,311)
Investment income revenue	(82,192)	(232,765)
Deferred contributions related to capital assets (<i>Note 10</i>)	(5,428)	(62,335)
	<u>(305,320)</u>	<u>(418,411)</u>
Increase (decrease) during the year	340,119	(18,554)
Balance, beginning of year	716,325	734,879
Balance, end of year	<u>\$ 1,056,444</u>	<u>\$ 716,325</u>
The balance is restricted for:		
Non-capital:		
Endowment scholarship	\$ 429,503	\$ 226,379
Staff development	52,887	60,353
Programs and projects	574,054	429,593
	<u>\$ 1,056,444</u>	<u>\$ 716,325</u>



Note 9 Pension Liability

The College and its eligible employees participate in the Local Authorities Pension Plan. The plan is administered by the Alberta Pensions Administration Corporation and provides pensions for the College's employees based on years of service and earnings. The College had an unfunded pension liability for pre 1992 pensionable service as at June 30, 1999 of \$181,531 (1998 - \$130,440).

The total 1999 unfunded pension liability for pre 1992 pensionable service for the plan was determined by actuarial valuation as at December 31, 1998 extrapolated to June 30, 1999. The 1998 unfunded pension liability for each plan was determined by actuarial valuation as at December 31, 1997 extrapolated to June 30, 1998. The actuarial valuations were determined using the projected benefit method prorated on service. Assumptions used in the valuations are based on the Pension Board's best estimate of future events. The plan's future experience will inevitably vary, perhaps

significantly, from the assumptions. Any difference between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses that relate to the long term are amortized over the expected average remaining service life of the employee group. Gains and losses for which there is reasonable assurance regarding their measurement and realization are recognized in income immediately.

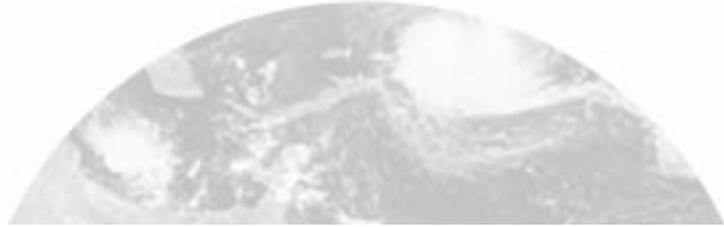
The Public Sector Pension Plans Act specifies the basis to determine the amount of the total unfunded liability for each plan that will be funded by employers. The College's portion of those employers' liabilities for pre 1992 pensionable service was based on the College's percentage of the total pensionable payroll of all employers in the plan.

Note 10 Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent external funding of capital assets which will be recognized as revenue in the future.

	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$ 21,455,008	\$ 23,248,406
Amount transferred from deferred contributions (Note 8)	5,428	62,335
Amount transferred to revenue	<u>(1,907,576)</u>	<u>(1,855,733)</u>
Balance, end of year	<u>\$ 19,552,860</u>	<u>\$ 21,455,008</u>





Note 11 Internally Restricted Net Assets

The Board of Governors has placed internal restrictions on operating net assets as follows:

	<u>1999</u>	<u>1998</u>
Capital:		
Infrastructure renewal	\$ 750,000	\$ 750,000
Farm capital renewal	334,995	642,775
General capital renewal	<u>30,953</u>	<u>575,000</u>
	1,115,948	1,967,775
Non-capital:		
Departmental projects	\$ 31,057	\$ 43,019
Aqua Centre	150,000	150,000
Residence Mortgage Fund	200,000	-
Foundation Projects	<u>117,619</u>	<u>-</u>
	498,676	193,019
	<u>\$ 1,614,624</u>	<u>\$ 2,160,794</u>

The College has pledged \$150,000, as well as land and services, in support of constructing a swimming pool on the campus for use by the College and the community. The pledge is contingent upon the Town of Olds proceeding with the project.



Note 12 Sales, Rentals and Other Services

Sales, rentals and other services revenue are summarized as follows:

	<u>1999</u>	<u>1998</u>
Conference and food services	\$ 1,741,716	\$ 1,425,215
Residence	888,595	648,157
Farm Operations	806,078	990,771
Book Store	627,592	635,948
Academic Programs	170,437	239,237
Retail meat	154,090	174,253
Rentals	91,847	108,173
Other	<u>275,680</u>	<u>330,826</u>
	<u>\$ 4,756,035</u>	<u>\$ 4,552,580</u>

Note 13 Salaries and Benefits

The Treasury Board's Salary and Benefits Disclosure Directive dated December 16, 1998 requires the College to disclose certain salaries and benefits. These salaries and benefits are as follows:

	<u>1999</u>			<u>1998</u>
	<u>Salary</u> ^(a)	<u>Benefits and Allowances</u> ^(b)	<u>Total</u>	<u>Total</u>
Chairman of the Board	\$ 2,687	\$ -	\$ 2,687	\$ 7,839
Board members	14,851	-	14,851	11,708
President ^(c)	101,400	10,811	112,211	112,079
Vice-President, Academic	92,188	10,510	102,698	100,739
Vice-President, Student and Support Services	90,437	10,405	100,842	96,477
Executive Director of Foundation	44,705	5,908	50,613	48,450
Dean, Animal Science	59,335	8,620	67,955	61,683
Dean, Trades and Technologies	73,942	9,364	83,306	83,330
Dean, Land Sciences Centre	80,014	9,768	89,782	85,074
Dean, Extension Services	<u>38,647</u>	<u>5,943</u>	<u>44,590</u>	<u>70,669</u>
	<u>\$598,206</u>	<u>\$71,329</u>	<u>\$669,535</u>	<u>\$678,048</u>

(a) Salary includes regular base pay, overtime, performance bonuses and honoraria.

(b) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental and vision coverage, group life insurance, unemployment insurance, remission of tuition fees and vacation payouts.

(c) Rental housing provided, no amount included in benefits and allowances.





Note 14 Budget

The Board of Governors approved the following budget for the 1998/99 fiscal year on May 19, 1998.

	<u>1999</u>
Revenue:	
Grants, Province of Alberta	\$ 13,893,832
Other grants and training contracts	148,400
Tuition and related fees	4,247,828
Sales, rentals and other services	2,974,251
Investment income	301,000
Donations	178,000
Amortization of deferred contributions related to capital assets	-
Extra ordinary gain	-
	<u>\$ 21,743,311</u>
Expense:	
Salaries and benefits	\$ 13,278,878
Supplies and services	7,537,609
Scholarships and bursaries	-
Cost of goods sold	702,500
Utilities	727,917
Amortization of capital assets	-
Loss on disposal of capital assets	-
Pension adjustment	-
	<u>\$ 22,246,904</u>

Amounts for capital contributions earned in the year, donations, amortization, disposals of capital assets and changes in pension liability, had not formed part of the approved budget.

Note 15 Funds Held on Behalf of Others

Olds College holds funds in trust for several organizations as follows:

	<u>1999</u>	<u>1998</u>
Big Country Educational Consortium	\$ 431,511	\$ 387,142
Student Association	223,366	151,713
Other	141,913	132,049
	<u>\$ 796,790</u>	<u>\$ 670,904</u>



Note 16 Related Party Transactions

Olds College is a Provincial Corporation as all members of the Board of Governors are appointed either by statute or by a combination of orders by the Lieutenant Governor in Council and the Minister of the Department of Learning. Transactions between Olds College and the Province are disclosed in the Consolidated Statement of Revenue and Expense and are as follows:

	<u>Revenue</u>	<u>Unearned Revenue</u>
Operating and performance grant	\$ 11,150,154	\$ -
Access funding	1,019,090	
Extension Services grants	312,631	
Infrastructure renewal	238,271	
NEOS Library grant	94,333	75,137
Adult Development Training grant	159,091	
Learning Enhancement envelope	61,053	
Miscellaneous grants	304,151	
	<u>\$ 13,338,774</u>	<u>\$ 75,137</u>

During the year, Olds College had business transactions with Big Country Educational Consortium, Southern Alberta Institute of Technology, Northern Alberta Institute of Technology, Red Deer College, Lakeland College, University of Calgary, University of Alberta and the University of Lethbridge. These transactions were at market prices on normal terms of purchase and sale.



Note 17 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer programs being written using two digits rather than four to define the appropriate year. Olds College computer programs that have date sensitive software may recognize "00" as the year 1900 rather than 2000, which could result in miscalculations or systems failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of year 2000 issue may be experienced before, on or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failures that could affect the ability to conduct some business operations.

The College is currently working to resolve the potential effect of the year 2000 on the processing of date sensitive information by the College's computerized information systems in a timely manner. Despite the College's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 issue effecting the College, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 18 Comparative Figures

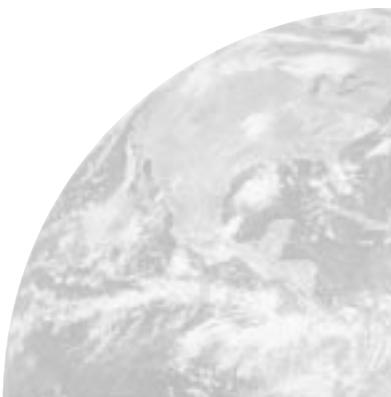
Certain 1998 figures have been reclassified to conform to 1999 presentation.

Note 19 Investment Income

	<u>1999</u>	<u>1998</u>
Restricted investment income on resources held for endowment	\$ 338,017	\$ 106,384
Restricted investment income on resources held for projects	-	25,421
Non-restricted investment income	<u>434,521</u>	<u>342,794</u>
Total investment income	772,538	474,599
Transfer from deferred contributions	-	116,200
Transfer to deferred contributions	(135,700)	-
Amounts credited directly to endowment principal	<u>(52,702)</u>	<u>(15,240)</u>
	<u><u>\$ 584,136</u></u>	<u><u>\$ 575,559</u></u>

Note 20 Approval of Financial Statements

The Board of Governors approved these financial statements.





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