

2002 Annual Report



OldsQuality™ Our Competitive Advantage Is Yours™



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Board Chair's Message and Accountability Statement

In this final term in my position of Board Chair, it is my distinct pleasure to report on an exceptional year of growth and success at Olds College.

Everyone involved with the College



Alfred Savage

Chair, Olds College Board of Governors

is proud of our accomplishments. We have enjoyed an outstanding year of recognition from government, industry, alumni and current students for the leadership we provide. The development of further research facilities, and accomplished

researchers to staff them, have continued in earnest at the Olds College Centre for Innovation. The College has also successfully nurtured further industry partnerships, including the launch of a unique beef feed-monitoring project that has implications to the entire industry. A special ceremony topped the list of expansions, when an agreement was signed between Olds College and the Calgary Exhibition and Stampede to share the expertise and training necessary to build prosperity for Alberta's agriculture and food industry.

The growth of our programs and facilities further enhances the tremendous learning opportunities for our students,

who are our number one priority.

A recent graduate employment survey shows that 96 per cent of respondents in the labour force are employed, with the majority working in their field of study. Our students continue to be in high demand by industry, which is the best measure that Olds College is achieving its goal to be an accessible, responsive, affordable, accountable centre for specialization. Our graduates are making significant contributions locally, nationally and internationally, and we couldn't be more pleased with their achievements.

The Olds College Board of Governors recognizes the creativity and hard work of our outstanding staff. As we continue moving forward with zeal and confidence, I want to wish my Board colleagues and the entire Olds College community my heartfelt congratulations and best wishes for continued success.

The Olds College annual report for the year ended June 30, 2002 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.

President's Message

We have many successes to boast, as everyone touched by the dynamic workings of Olds College prepares to join together in celebration and acknowledgement of our 90th anniversary.



H.J. (Tom) Thompson
President, Olds College

We've identified some of the year's highlights in this report, but there are countless smaller milestones that create the culture of academic excellence that continues to draw more and more students to Olds College. Our instructors excel in their fields and

strive to enhance their own skills to remain current. Through their strong links to industry professionals, they are continually invited to involve students in projects that allow our grads to increase their competitive advantage and start their careers at the top of the list. Olds College students, alumni and staff contribute to the advancement of the agriculture, horticulture, land, environment and applied business sectors locally, nationally and internationally.

We've had the pleasure of watching our campus and programs continue to expand over the past year. The Honourable Shirley McClellan, Deputy Premier and Minister of Agriculture, Food and Rural Development, joined us in the grand opening celebration of the Olds College Centre for Innovation in November. Prior to that, Olds College welcomed the first students in our new Bachelor of Applied Agricultural Technology and Entrepreneurship degree. Add to these accomplishments the refinements made to programs and the improvements made to facilities, and you have a cutting-edge institution that's committed to staying one step ahead of industry needs.

Our commitment to *OldsQuality*[™] makes Olds College a unique centre for specialization. We will continue to provide responsive education and training excellence for our students, effective and involved partnerships with our industry partners, and business leadership in our community.

By holding to our values and defining our outcomes, Olds College is thriving. *Our Competitive Advantage Is Yours*[™].

College Profile

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 Applied Degrees 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.



Institutional Profile

Location

Olds College is located in central Alberta, approximately 90 kilometres north of Calgary. Situated in one of the richest farming areas in Alberta, it provides an ideal location for innovative and entrepreneurial agricultural, horticultural, environmental, land management and agribusiness education.

History

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

Annual Budget

- \$29 million

Enrolment and Staff Complement

- 1,230 full load equivalent students
- 473 faculty and staff including contract and temporary positions
- 470 home study learners
- 3,600 part-time extension learners

Affiliated Associations and Organizations

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

Olds College

Board of Governors as of June 30, 2002

- Alfred Savage, Chair
- Carole Calenso-Fair, Faculty Association
- Melissa Juneau, Student Representative
- Margaret Hoogland, Public Member
- Earl Kinsella, Public Member
- Stirling McLeod, Public Member
- Stanley Mills, Public Member
- Dave Price, Public Member
- Ada Rawlins, Vice-Chair and Public Member
- H.J. (Tom) Thompson, President
- Kim Wickwire, A.U.P.E. Representative



2001-2002 Institutional Performance

College Enrolment

Olds College's student population was approximately 1,230 full time equivalents for 2001-2002, representing a slight increase from the previous year.

Expanding Programs and Options for Students

Olds College welcomed the first students in our new Bachelor of Applied Agricultural Technology and Entrepreneurship degree in September 2001.

Five students from the College's Agricultural Business program garnered a great deal of media attention when they took one of the top five spots in a special province-wide student business plan competition in April 2002. This was a major accomplishment, as the competition had attracted 77 entries and involved 107 students. The Olds College project involved developing a device to sterilize needles between inoculations on cattle.

New Executive Members Lead College Forward

In August 2001, Bob Wilson was officially named Vice-President of Academic Services, after successfully serving in the role of Vice-President of Student and Support Services since his arrival to Olds College in 1997. Wilson has over 25 years of post-secondary experience in Alberta, B.C. and Ontario.

Olds College announced the appointment of Rob Mackenzie to Vice-President of Student and Support Services, on October 25, 2001. Mackenzie followed

several years in business in the Calgary and Red Deer areas by becoming Director of Finance at Lethbridge Community College in 1982. He became Director of Financial Affairs at Grant MacEwan Community College in Edmonton in 1989, and Vice-President of Student and College Services at Keyano College in Fort McMurray in 1995.

Kerry Moynihan joined Olds College on June 10, 2002 to head the newly created External Affairs department. As Executive Director, Moynihan is overseeing a new approach to the delivery of student, communications, research and community-building activities. Prior to his arrival in Olds, he led Canada's national ski team as President and Chief Executive Officer of Alpin Canada. Other national organizations that benefited from Moynihan's executive leadership over the past 20 years include the Canadian Inter-university Athletic Union, Canada Summer and Winter Games, and the Canadian Canoe Association.

Continued Growth for Olds College Centre for Innovation (OCCI)

On September 18, 2001, Jim Smith of Olds was named the new Chair of the OCCI Board of Directors. A former Chair of the Olds College Board of Governors, Smith has over 20 years of wide-ranging experience as a consulting professional agrologist. Olds College President, Tom (H.J.) Thompson, was named to the position of Vice-Chair.

One month later, on October 18, 2001, OCCI's Composting Technology Centre received a Growing Alberta Leadership Award (GALA) in the environment category. The distinguished award, which honours leadership and innovation, is designed to provide examples of excellence for the agriculture and food industry to emulate.

The Honourable Shirley McClellan, Deputy Premier and Minister of Agriculture, Food and Rural Development, joined in the grand opening celebration of OCCI on November 7, 2001.

On January 30, 2002, the Canadian Foundation for Innovation announced the approval of \$1 million funding request to establish a micro-processing facility. The new facility will be established over a two-year period at a total cost of \$3.5 million, so that industry, researchers, faculty and students will have access to state-of-the-art facilities for applied research and development of new, high value-added products. Projects involving applied agriculture, biotechnology, nutraceutical and functional food industries will be conducted at the site, which will provide access to specialized training for Olds College students.

"The micro-processing facility is unique in Alberta and we're pleased it will be housed on our campus," said H.J. (Tom) Thompson, Olds College President. "This will take Olds College and OCCI to a new level of advanced research and development initiatives."

The Olds College Foundation Celebrates 20 Years (1982-2002)

In 2002, the Olds College Foundation celebrated its 20th anniversary of advancing educational objectives at Olds College. This is achieved through solicitation and receipting of donations from corporate partners, alumni, faculty, staff, private foundations, the community and other friends of Olds College.

We are pleased to report that donations and pledges received during the 2001-2002 academic year exceeded \$1.9 million dollars. This included gifts of cash and in-kind contributions. Our annual telephone campaign was moved in-house employing student callers, and this move was extremely well received. Net revenues as a percentage of total revenues were increased by a factor of five. The Foundation continues to seek donations for scholarships and bursaries either via annual gifts or endowments. The 10th annual Golf Classic held in June was a success, netting in excess of \$30,000.

Major initiatives included:

- Practicum Coordinator Applied Degree Programs (sponsored by the RBC Financial Group and an anonymous donor)

New endowments:

- Pat Burton Bursary
- Friends II
- Dr. V. Valli Bursary
- Olds College Foundation 20th Anniversary Bursary
- Margaret Archer Endowment
- Dwight Branson Memorial

Top fifteen donors in 2001-2002:

- SST Development Group Inc.
- Two anonymous donors
- University of Calgary
- RBC Financial Group
- Douglas Mackie
- Federated Co-operatives Ltd.
- City of Calgary
- Banner Pharmacaps (Canada)
- Lynn Branson
- Finning (Canada)
- John Deere (Canada) Ltd.
- Scotiabank
- Gerald C. Archer
- Bank of Montreal

The Olds College Foundation is also engaged in a planned giving program entitled "Legacy Society". Interested parties have the opportunity to leave a charitable gift through a bequest in a will.

A gift to the Olds College Foundation ensures that present and future learners have access to scholarships, bursaries and other awards that lessen their financial burden while attending college. Additionally, financial support ensures that our learners will study in enriched environments with the latest technology available.

Old College Teams up With Calgary Stampede

Enthusiasm was running high when an agreement was signed on December 11, 2001 between Olds College and the Calgary Exhibition and Stampede. The two cultural, community and educational leaders will be working together to

expand education and training opportunities in agriculture, horticulture, land and the environment for people in the Calgary area. The agreement will see a variety of Olds College courses and programs provided at a satellite campus using Stampede facilities.

"The Calgary Exhibition and Stampede is committed to the advancement of agriculture, youth and education," said Roger Jarvis, President. "Olds College, Canada's pre-eminent applied learning institute for agriculture and the land, embraces those same ideals. This new partnership provides both parties with an exciting opportunity to further advance our mandates, expand our agricultural and training services, and maximize use of the facilities in Stampede Park."

Students Benefit from Generous 4-H Scholarships

Twelve students at Olds College received major new scholarship funding from 4-H at a special reception on January 23, 2002. Chosen by the college, they became the first-ever recipients of an annual \$2500 in individual awards. Each of the students display high levels of achievement in community involvement and in their academic programs. The new awards are designed to attract and retain students in agriculture, horticulture and agribusiness programs, in an effort to meet future employment needs in those sectors. It is part of a funding initiative from the 4-H Foundation of Alberta and Alberta Agriculture, Food and Rural Development.

New Pat Burton Wing at Ag Mech Building

A special ceremony, involving Olds College executive, board members, staff, students and alumni, officially dedicated a wing in Olds College's Agricultural Mechanics building in honour of Pat Burton. Burton was an instructor, a manager, and a visionary in the Ag Mech. program from 1962-1980. He led the construction of the current building which opened much larger than originally planned while remaining under budget. During his tenure, Burton expanded programming in the department by moving the two-year Ag Mechanics program from SAIT to Olds College, by organizing the Ag Mechanics apprenticeship program and by initiating the Ag Engineering program. To honour his years of influence and hard work, the east hallway of the Ag Mechanics building officially became The Pat Burton Wing on June 10, 2002.

Long Time Volunteers Inducted into Alumni Hall of Fame

Gerda Neilsen Marriott (class of '51) and Frank Marriott (class of '52), as well as Robert Luce (class of '47), were inducted into the Olds College Alumni Hall of Fame at a special ceremony on July 20, 2001. Gerda and Frank were married in 1953 and began farming that same year. In 1976 they moved to Olds

where they continue to operate a mixed farming operation. The couple has served in a wide variety of community organizations, and both were Honorary President and Class Agents. They hosted several Alumni reunions over the years and their nomination form called them "true ambassadors of Olds College."

Robert, who farms near Ponoka, is a dedicated Olds Alumni supporter, recruiting volunteer alumni and encourages young people to attend Olds College. He and his wife, Donna, hosted many Alumni reunions and served the Alumni Association as a Director, Vice-President, President and Past President between 1989 and 1998, as well as volunteering with a wide variety of community and provincial groups. He is helping his son (an Ag Mech. grad from 1982) on their fourth generation family farm. Nominators describe him as a man of "impeccable character".

Celebrating our Graduates

Olds College celebrated the graduation of 587 students on June 15, 2002. This was an increase of about 30 students over the previous year and included the first graduates of the college's new Land Information Systems program.

AUDITOR'S REPORT

To the Board of Governors of Olds College

I have audited the consolidated balance sheet of Olds College as at June 30, 2002 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2002 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CA
Auditor General

Edmonton, Alberta
September 27, 2002



Olds College Consolidated Balance Sheet

As at June 30, 2002

	2002	2001
Assets		
Current:		
Cash and short-term investments (Note 3)	\$ 4,976,087	\$ 4,106,040
Accounts receivable	1,788,413	1,834,077
Inventories (Note 4)	463,160	394,755
	7,227,660	6,334,872
Long-term contributions receivable	350,000	–
Long-term investments (Note 3)	4,873,050	5,246,634
Capital assets (Note 5)	30,450,948	30,337,878
	\$ 42,901,658	\$ 41,919,384
Liabilities and Net Assets		
Current:		
Accounts payable	\$ 684,609	\$ 1,238,980
Current portion of long-term debt (Note 6)	110,617	105,968
Deferred contributions	1,067,792	67,875
Deferred revenue (Note 7)	1,518,499	1,287,854
Accrued vacation pay	1,313,350	1,301,987
Deferred donations and endowment interest (Note 8)	1,138,099	1,158,442
	5,832,966	5,161,106
Deferred capital contributions (Note 10)	331,609	862,122
Long-term debt (Note 6)	3,331,549	3,416,920
Unamortized deferred capital contributions (Note 11)	19,387,853	18,745,753
	28,883,977	28,185,901
Net Assets:		
Unrestricted	719,223	404,339
Internally restricted (Note 12)	1,385,084	1,200,420
Invested in capital assets	7,620,929	8,069,237
Endowments (Note 13)	4,292,445	4,059,487
	14,017,681	13,733,483
	\$ 42,901,658	\$ 41,919,384

The accompanying notes are part of these consolidated financial statements.

Olds College Consolidated Statement of Operations

For the year ended June 30, 2002

	2002		2001
	Budget (Note 21)	Actual	Actual
Revenue:			
Grants, Province of Alberta (Note 19)	\$ 15,103,541	\$ 16,546,990	\$ 15,281,173
Other grants and training contracts	3,274,309	1,623,627	1,672,505
Tuition and related fees	3,591,201	4,264,946	4,147,696
Sales, rentals and other services (Note 14)	4,110,505	4,888,369	4,706,038
Investment income (Note 18)	325,000	380,340	566,702
Donations	650,000	887,837	709,841
Amortization of deferred contributions related to capital assets (Note 11)	1,700,000	1,877,766	1,716,676
	<u>28,754,556</u>	<u>30,469,875</u>	<u>28,800,631</u>
Expense:			
Salaries and benefits	15,912,137	16,882,752	15,669,838
Supplies and services	7,661,126	7,664,748	7,337,000
Scholarships and bursaries	–	180,600	168,497
Cost of goods sold	1,680,000	1,846,569	1,816,238
Utilities	724,588	987,399	1,222,027
Amortization of capital assets	2,685,000	2,832,584	2,604,567
Loss on disposal of capital assets	–	23,983	64,987
	<u>28,662,851</u>	<u>30,418,635</u>	<u>28,883,154</u>
Excess (deficiency) of revenue over expense	<u>\$ 91,705</u>	<u>\$ 51,240</u>	<u>\$ (82,523)</u>

Olds College Consolidated Statement of Changes in Net Assets

For the year ended June 30, 2002

	2002						2001
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 12)	Investment in Capital Assets	Total Operating Net Assets	Endowments	Total Net assets	Total Net Assets
Excess (deficiency) of revenue over expense	\$ 51,240	\$ -	\$ -	\$ 51,240	\$ -	\$ 51,240	\$ (82,523)
Endowments received				-	216,453	216,453	94,323
Recapitalized endowment earnings				-	16,505	16,505	31,692
Board restrictions	(184,664)	184,664		-		-	-
Internally funded:							
Capital asset acquisitions	(449,771)		449,771	-		-	-
Repayment of long-term debt	(80,722)		80,722	-		-	-
Amortization of capital assets	972,325		(972,325)	-		-	-
Disposal of capital assets	6,476		(6,476)	-		-	-
Increase (decrease) in net assets	314,884	184,664	(448,308)	51,240	232,958	284,198	43,492
Balance beginning of year	404,339	1,200,420	8,069,237	9,673,996	4,059,487	13,733,483	13,689,991
Balance, end of year	\$ 719,223	\$ 1,385,084	\$ 7,620,929	\$ 9,725,236	\$ 4,292,445	\$ 14,017,681	\$ 13,733,483

Olds College Consolidated Statement of Cash Flows

For the year ended June 30, 2002

	2002	2001
Operating activities:		
Excess (deficiency) of revenue over expense	\$ 51,240	\$ (82,523)
Amortization of deferred contributions related to capital assets	(1,877,766)	(1,716,676)
Amortization of capital assets	2,832,584	2,604,567
Loss on disposal of capital assets	23,983	64,987
	1,030,041	870,355
Net changes in non-cash operating working capital (Note 15)	644,470	211,864
Cash flow from operations	1,674,511	1,082,219
Investing activities:		
Proceeds (acquisitions) of long-term investments, net	373,584	404,725
Acquisition of capital assets	(2,969,637)	(2,938,809)
Proceeds from disposal of capital assets	–	36,079
Cash applied to investing activities	(2,596,053)	(2,498,005)
Financing activities:		
Repayment of long-term debt	(80,722)	(73,258)
Contributions receivable	(350,000)	–
Capital contributions received	1,717,059	1,898,976
Donated equipment	272,294	210,815
Endowments contributions received	232,958	126,015
Cash generated from financing activities	1,791,589	2,162,548
Increase in cash and short-term investments	870,047	746,762
Cash and short-term investments, beginning of year	4,106,040	3,359,278
Cash and short-term investments, end of year	\$4,976,087	\$4,106,040

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 1

Authority

Olds College operates under the authority of the Colleges Act, Revised Statutes of Alberta 2000, Chapter C-19.

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) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these statements requires the use of estimates, which may vary from actual results.

(b) Consolidated Statements

These consolidated financial statements include the accounts of the Olds College Foundation, which operates under Part 9 of the Alberta Companies Act and the Olds College Centre for Innovation Inc., a wholly owned subsidiary incorporated under the Business Corporations Act of Alberta.

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.

Olds College Centre for Innovation Inc. was incorporated on April 4, 2001 and commenced operations on July 1, 2001. The Centre was established for the purpose of furthering the amount of participation in applied research undertaken by Olds College students and faculty.

(c) 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 capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. 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.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

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.

(d) 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.

(e) Investments

Long-term investments are recorded at cost or amortized cost where applicable. Gains or losses on investments are recognized at realization, or when there is an other than temporary impairment in value of an investment.

(f) Capital Assets

The Province of Alberta, Department of Infrastructure 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 estimated useful lives:

Site improvements40 years

Buildings15-40 years

Furnishings, equipment and computer hardware2-15 years

Library and audio visual materials10 years

Buildings under construction includes the direct construction and overhead costs directly attributable to the construction.

(g) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The College's portion of the pension plan's deficit or surplus is not recorded by the College.

(h) Financial Instruments

The fair value of the College's accounts receivable, accounts payable, deferred revenue and accrued vacation pay approximate their fair values due to the relatively short periods to maturity for these instruments.

Olds College Notes to the Consolidated Financial Statements

June 30, 2002

Note 3

Cash and Investments

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.

	2002	2001
Endowments	\$ 4,292,445	\$ 4,059,487
Deferred capital contributions (Note 10)	331,609	862,122
Internally restricted net assets, capital (Note 12)	248,996	325,025
Held as long-term investments	4,873,050	5,246,634
Cash and short-term investments	4,976,087	4,106,040
Total cash and investments	\$ 9,849,137	\$ 9,352,674

Cash and investments are summarized as follows:

	2002		2001	
	Cost	Market Value	Cost	Market Value
Cash and short-term investments	\$ (120,059)	\$ (120,059)	\$ 167,391	\$ 167,391
Fixed income - bonds and deposit notes	4,343,765	4,340,384	4,490,975	4,476,640
Equities - stocks	5,625,431	4,978,734	4,694,308	4,180,799
	\$9,849,137	\$9,199,059	\$9,352,674	\$ 8,824,830

Within the investment portfolio, there are securities at costs that are in excess of market value. These securities have not been written down to market value,

because management has concluded, based on review of market information for the securities, that impairment is temporary.

Note 3

Cash and Investments (continued)

Maturity dates are summarized as follows:

	Term to Maturity			2002	2001
	Within 1 Year	1 to 5 Years	6 to 10 Years	Total	Total
Bonds and Debentures:					
Other provincial Other government and corporate bonds	\$ 194,327	\$ 442,843	\$ 303,750	\$ 940,920	\$ 1,438,515
US Corporate Bonds	1,496,080	–	1,560,100	3,056,180	2,852,460
	–	146,665	–	146,665	–
	\$ 1,690,407	\$ 589,508	\$ 1,863,850	\$ 4,143,765	\$ 4,290,975
Yield				6.02%	5.51%
Fair Value				4,140,384	4,276,640
Securities:					
Term deposits	200,000			200,000	200,000
	\$ 200,000	\$ –	\$ –	\$ 200,000	\$ 200,000
Yield				6.25%	6.25%
Fair Value	200,000			200,000	200,000
	1,890,407	589,508	1,863,850	4,343,765	4,490,975
Accrued Interest:	37,117	12,056	43,269	92,442	88,332
	\$ 1,927,524	\$ 601,564	\$ 1,907,119	\$ 4,436,207	\$ 4,579,307

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.

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 4

Inventories

	2002	2001
Livestock, feed and supplies	\$ 346,155	\$ 229,232
Bookstore merchandise and other	117,005	165,523
	\$ 463,160	\$ 394,755

Note 5

Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,210,776	\$ -	\$ 1,210,776	\$ 1,210,776
Site improvements	2,767,238	569,328	2,197,910	1,876,739
Buildings	51,035,664	28,323,106	22,712,558	22,924,378
Buildings under construction	-	-	-	1,008,706
Furnishings and equipment	14,235,325	9,905,621	4,329,704	3,317,279
	\$69,249,003	\$38,798,055	\$30,450,948	\$30,337,878

Capital assets have been funded as follows:

	2002	2001
Deferred contributions related to capital assets	\$ 19,387,853	\$ 18,745,753
Long-term debt	3,442,166	3,522,888
Investment in capital asset	7,620,929	8,069,237
	\$ 30,450,948	\$ 30,337,878

Note 6

Long-term Debt

The College acquired long-term debt to finance the construction of student residence town houses. Construction of these town houses was done in two phases with work being completed during September 1998 for phase one and September 1999 for phase two.

Phase one was partially funded through a mortgage amortized over 25 years. The mortgage has a fixed interest rate of 5.64% to April 30, 2003, at which time it is subject to re-negotiation. Phase two was funded through a debenture that is due April 1, 2024 and has a fixed interest rate of 5.75%.

Note 6

Long-term Debt (continued)

Long-term debt includes a note payable of \$25,000 which will be renegotiated October 16, 2002.

June 30, 2002 Long-term Debt:

	Outstanding Principal		Mortgage Payment Requirements				
	Long-term	Current	2003	2004	2005	2006	2007
Phase One	\$1,496,107	\$ 40,966	\$ 115,856	\$ –	\$ –	\$ –	\$ –
Phase Two	1,835,442	44,651	152,756	152,756	152,756	152,756	152,756
Other	–	25,000	25,000	–	–	–	–
	\$3,331,549	\$ 110,617	\$ 293,612	\$ 152,756	\$ 152,756	\$ 152,756	\$ 152,756

Interest of \$197,385 (2001 - \$202,817) has been charged to expense during the year.

Note 7

Deferred Revenue

	2002	2001
Program delivery/Extension services	\$ 397,468	\$ 275,831
Tuition fees	219,248	129,747
Prepaid lease revenue	119,838	128,393
Research	728,227	740,000
Other	53,718	13,883
	\$ 1,518,499	\$ 1,287,854

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 8

Deferred Donations and Endowment Interest

Deferred donations and endowment interest represent the unexpended portion of amounts received for specific purposes.

	2002	2001
Contributions received during the year:		
Donations	\$ 408,932	\$ 595,812
Restricted investment income	116,452	178,085
	<u>525,384</u>	<u>773,897</u>
Transferred to:		
Donations revenue	(393,080)	(458,601)
Investment income revenue	(152,647)	(200,191)
	<u>(545,727)</u>	<u>(658,792)</u>
Increase (decrease) during the year	(20,343)	115,105
Balance, beginning of year	1,158,442	1,043,337
Balance, end of year	<u>\$ 1,138,099</u>	<u>\$ 1,158,442</u>
The balance is restricted for:		
Endowment scholarships	\$ 271,615	\$ 333,118
Staff development	52,887	52,887
Programs and projects	813,597	772,437
	<u>\$ 1,138,099</u>	<u>\$ 1,158,442</u>

Note 9

Pension Expense

The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of \$617,122 for the year ended June 30, 2002 (2001 - \$579,438).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of \$634,960,000 (2000 - \$883,823,000).

Note 10

Deferred Capital Contributions

	2002	2001
Received during the year:		
Infrastructure renewal grant	\$ 283,330	\$ –
Heavy duty apprentice equipment grant	–	206,000
James Murray building addition grant	503,376	905,000
Furniture, equipment and computers grants	390,776	356,506
Canadian Foundation for Innovation grant	352,581	62,040
Windrow turner grants	–	253,460
Site improvements grant	–	90,219
Animal Health Technician grant	213,334	–
Other buildings	–	33,431
Donated equipment	272,294	210,815
	2,015,691	2,117,471
Transfers to unamortized deferred capital contributions:		
Infrastructure renewal	283,330	207,733
Heavy duty apprentice equipment	198,284	14,415
James Murray building addition	503,237	1,221,104
Furniture, equipment and computers	521,805	283,789
Canadian Foundation for Innovation	322,682	–
Windrow turner	212,000	–
Site improvements	–	90,219
Animal Health Technician grant	206,234	–
Other buildings	–	33,431
Donated equipment	272,294	210,815
	2,519,866	2,061,506
Transfers to revenue:		
Heavy duty apprentice equipment grant	11,670	7,680
Furniture, equipment and computers grants	14,668	–
	26,338	7,680
(Decrease) increase during the year	(530,513)	48,285
Balance, beginning of year	862,122	813,837
Balance, end of year	\$ 331,609	\$ 862,122

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 11

Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions related to capital assets represent external funding of capital

assets which will be recognized as revenue in the future.

	2002	2001
Balance, beginning of year	\$ 18,745,753	\$ 18,400,923
Amount transferred from deferred contributions (Note 10)	2,519,866	2,061,506
Amount transferred to revenue	(1,877,766)	(1,716,676)
Balance, end of year	\$ 19,387,853	\$ 18,745,753

Note 12

Internally Restricted Net Assets

Net assets internally restricted by the Board represent an amount set aside by the College's Board of Governors to be used for designated purposes. These amounts are not available for other

purposes without the approval of the Board. The Board of Governors has placed internal restrictions on operating net assets as follows:

	2002	2001
Capital:		
Farm capital renewal	\$ 248,996	\$ 325,025
Non-capital:		
Departmental projects	31,057	31,057
Residence Mortgage Fund	853,648	636,155
Scholarships	14,000	6,500
Foundation projects	237,383	201,683
	1,136,088	875,395
	\$ 1,385,084	\$ 1,200,420

Note 13

Endowments

Endowments consist of restricted donations to the College, the principal of which is required to be maintained intact in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donors.

Benefactors as well as College policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Note 14

Sales, Rentals and Other Services

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

	2002	2001
Conference and food services	\$ 1,574,619	\$ 1,413,344
Residence	1,146,019	1,055,525
Farm operations	744,944	729,226
Bookstore	680,937	632,538
Academic program ancillary	384,891	410,510
Rentals and other	356,959	464,895
	\$ 4,888,369	\$ 4,706,038

Note 15

Net Changes in Non-cash Working Capital

	2002	2001
Decrease (increase) in accounts receivable	\$ 45,664	\$ (450,990)
(Increase) in inventories	(68,405)	(9,604)
(Decrease) increase in accounts payable	(554,371)	2,205
Increase in deferred contributions	999,917	57,916
Increase in deferred revenue	230,645	445,229
Increase in accrued vacation pay	11,363	52,003
(Decrease) increase in deferred donations and endowment interest	(20,343)	115,105
	\$ 644,470	\$ 211,864

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 16

Salaries and Benefits

The Province of Alberta's Treasury Board 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:

	2002			2001
	Salary ^(a)	Benefits and Allowances ^(b)	Total	Total
Chairman of the Board	\$ 14,960	\$ –	\$ 14,960	\$ 6,892
Board members	26,111	860	26,971	22,625
President ^(c)	121,574	15,879	137,453	136,829
Vice-President, Academic	111,506	11,967	123,473	114,113
Vice-President, Student and Support Services ^(d)	101,756	8,033	109,789	102,392
Executive Director, Olds College Foundation	87,131	11,354	98,485	94,481
Chief Operating Officer, Olds College Centre for Innovation	98,521	12,540	111,061	111,214
Dean, Animal Science	102,047	12,798	114,845	119,279
Dean, Trades and Technologies	84,315	11,136	95,451	90,019
Dean, Land Sciences	89,541	11,892	101,433	95,952
Dean, Extension Services ^(e)	–	–	–	52,657
Dean, Business Development ^(f)	34,324	3,920	38,244	–
	\$ 871,786	\$ 100,379	\$ 972,165	\$ 946,453

- (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, employment insurance, remission of tuition fees and vacation payouts.
- (c) Rental housing provided no amount included in benefits and allowances.
- (d) The position of Vice-President, Student and Support Services had two incumbents during the 2001/2002 fiscal year.
- (e) The position of Dean, Extension Services was vacant from December 20, 2000. This position has been deleted from the College's organizational structure.
- (f) The position of Dean, Business Development was a new position staffed as of February 19, 2002.

Note 17

Funds Held on Behalf of Others

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

	2002	2001
Big Country Educational Consortium	\$ 592,012	\$ 547,686
Student Association	426,464	408,156
Other	95,851	41,654
	\$ 1,114,327	\$ 997,496

Note 18

Investment Income

	2002	2001
Restricted investment income on resources held for endowment	\$ 132,957	\$ 209,777
Non restricted investment income	227,693	366,511
Total investment income	360,650	576,288
Transfer from deferred contributions	36,195	22,106
Amounts credited directly to endowment principal	(16,505)	(31,692)
	\$ 380,340	\$ 566,702

Olds College

Notes to the Consolidated Financial Statements

June 30, 2002

Note 19

Related Party Transactions

The 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 Learning. Transactions between the College and the Province are disclosed in the Consolidated Statement of Revenue and Expense and Consolidated Balance Sheet and are as follows:

	2002		
	Revenue	Deferred Revenue	Deferred Contributions and UDCC
Operating and performance grant	\$ 12,523,212	\$ —	\$ —
Access funding	865,031	—	—
Extension Services grants	218,023	—	—
Infrastructure renewal	760,142	819,000	589,858
Centre for Innovation	827,044	—	—
Miscellaneous grants	1,353,538	233,865	(26,339)
	\$ 16,546,990	\$ 1,052,865	\$ 563,519
	2001		
	Revenue	Deferred Revenue	Deferred Contributions and UDCC
Operating and performance grant	\$ 12,188,544	\$ —	\$ —
Access funding	1,009,755	—	99,212
Extension Services grants	349,536	—	7,112
Infrastructure renewal	547,554	—	822,717
NEOS Library grant	1,683	—	8,276
Learning Enhancement envelope	79,626	—	—
Centre for Innovation	612,951	788,902	177,667
Miscellaneous grants	491,524	30,000	198,320
	\$ 15,281,173	\$ 818,902	\$ 1,313,304

Note 19

Related Party Transactions (continued)

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 and have been included in the Statement of Revenue and Expense.

Note 20

Comparative Figures

Certain 2001 figures have been reclassified to conform to 2002 presentation.

Note 21

Budget

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Alberta Learning. The College budget for the year ended June 30, 2002 was approved by

the Board of Governors on April 26, 2001. The budget for Olds College Centre for Innovation Inc. (OCCI) was approved by the Board of Directors of OCCI on July 30, 2001.

Note 22

Commitments

In order to manage its exposure to the volatility in the electrical industry, the Board of Governors entered into a five year contract to fix its electricity cost at an average of 8.7 cents per kilowatt hour.

This contract will terminate on December 31, 2005. Based on 2002 consumption, the annual costs for the year ending June 30, 2003 are expected to be \$730,000.

Note 23

Approval of Financial Statements

The Board of Governors approved these financial statements.

Notes



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