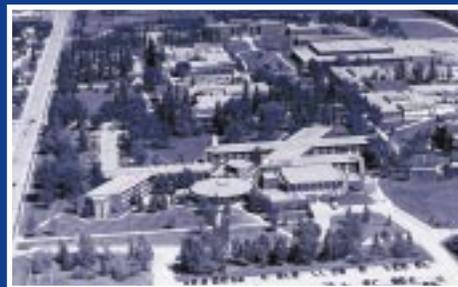


Olds College
Annual Report 2003



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2003 Annual Report

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Board Chair's Message and Accountability Statement

It is my pleasure to report on this exciting and unique year in Olds College's outstanding history.

Olds College has been a leader with far-reaching influence for 90 years. The legacy of Olds College is it is a personal and caring college. We value our graduates and the many contributions they make in their communities and around the world.

Olds College students, alumni, faculty and staff launched the celebration of our 90th anniversary with a hugely successful Gala celebration on April 11. Tuxes, Tractors and Tiaras brought together old friends, industry leaders and government officials for a spectacular evening.

The ten-year Growing the Legacy campaign is designed to raise public awareness of Olds College, and celebrate the college's enormous impact as the premier comprehensive applied agricultural, horticultural, land and environmental management learning organization in Canada.

One of the highlights of the sold-out Gala was the announcement of Olds College's first annual Partner of the Year Award, presented this year to Henry Heuver, owner of Foothills Landscaping in Calgary.

It was a very proud day when the Olds College Board of Governors was successful in their nomination of Stan Price into the Alberta

Agriculture Hall of Fame. The Hall of Fame honours individuals who have made a lifetime contribution to the growth and development of Alberta's agriculture and food industry.

As my second and final term on the Olds College Board of Governors came to an end, it was my distinct pleasure to announce the appointment of Stan Mills to the position of Board Chair on June 24. Mr. Mills, who operates a mixed family farming operation west of Bowden, brings a lifetime of commitment to agriculture and education to his new role.

In this final term in my position of Board Chair, I would like to extend my congratulations to my Board colleagues and the entire Olds College community for the exceptional year we have shared. The Olds College Board of Governors recognizes and appreciates the creativity and hard work of our outstanding staff. It has been my privilege to serve on the Board and I shall miss that role.

The Olds College annual report for the year ended June 30, 2003, 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.



Alfred Savage

Chair, Olds College Board of Governors

Tom Thompson

President and CEO Olds College

President's Message Corporate Annual Report

During a year of unprecedented highlights for Olds College, an outstanding moment took place at Graduation 2003 when the Board of Governors presented an honorary degree to Her Honour, The Honourable Lois Hole, Lieutenant Governor of Alberta.

Her Honour has made many personal and professional contributions to the advancement of horticultural programming at Olds College, which culminated when she officially opened the Olds College Botanic Gardens in July 2002. Through the countless contributions she has made for many years, Her Honour has enriched the lives of individuals in communities throughout Alberta and across the country. The Honourable Lois Hole enjoys the gratitude and admiration of the entire Olds College community.

It has been a year of great pride at Olds College, as we celebrated 90 years of producing leaders. It was a privilege for me to be named County Fair Parade Marshall to commemorate our anniversary, and then a proud moment when the Olds College entry received first place honours in the parade's corporate category.

We have 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 have cultivated strong relationships with industry professionals and involve students in projects that allow our grads to start their careers at the top of the list. To honour the impact members of the Olds College Faculty Association have made over the decades, we were pleased to share in the unveiling of a new Millennium Wall. Housed in the Faculty Centre on campus, the Wall chronicles 445 tenured faculty appointments since Olds College opened its doors in 1913 and provides a visible record of college history.

Olds College is committed to continuing our unique delivery of responsive education and training excellence to our students, effective and involved partnerships with our industry partners, and business leadership in our community. Olds College is the place to go places.



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

- \$30 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, 2003

- 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



2002-2003 Institutional Performance



Olds College Opens Alberta's Newest Botanic Garden

The Honourable Lois Hole, Lieutenant Governor of Alberta, officially opened the Olds College Botanic Gardens on July 25. The multi-million dollar, multi-phase project evolved through the dedication of many people over a dozen years. Soon after the opening ceremony Olds College began planning and research into the final phase of its botanic garden plan, an ambitious undertaking which involves the development of a 40 acre teaching wetland. Once complete, the project will provide unparalleled teaching opportunities in biodiversity, water safety, plant trials and applied research, and further the efforts of provincial and federal governments for sustainability of water resources.

Agricultural Community Leaders Inducted into Alumni Hall of Fame

Nellie (Jarvis) Watson, Home Economic 1946, and Bob Boulton, Agriculture 1949, carried their strong leadership skills and love of the land from their Olds College days through to their present-day farming communities.

"I've only moved four miles in my entire life - I can look out the dinette window and see my childhood home," said Nellie from her home in Evarts, just west of Sylvan Lake. "My husband and I still love to farm and are grateful to have such a rewarding lifestyle."

Bob shares a similarly strong heritage, as his grandsons are the fifth generation of Boultons living on the same farm near Lousana.

"When I arrived to Olds College I was extremely interested in the modern inventions - even tractors were new then! I came home and talked my dad into instigating some of the new ideas I discovered at college, even though I'm sure he thought they were farfetched at the time," recalls Bob. "Olds College has certainly kept on the cutting edge of technology for its students. I've kept a high interest in all the important developments at Olds College over the years, and watched its remarkable growth."

Expanding Programs

The Olds College Office Administration program celebrated 40 years of exceptional program delivery this year. When it was launched in 1962, students in the program learned proper penmanship while using carbon paper. These days they are burning CDs, researching on the Internet, and graduating into office management positions.

Students in the Olds College Western coaching certification program are flourishing under the guidance of their new instructor, Ruth Fowler, who is also the Director of the internationally acclaimed Calgary Stampede Showriders.

A new Agricultural Marketing and Sales major was launched, after industry associations voiced a need for professionally trained, career-minded graduates to join their dealerships and businesses.

The Fashion Production program received a pleasant surprise with the donation of 48 new sewing machines and sergers from Singer Canada Ltd., and a further donation of 32 new machines from PFAFF. It was announced in the spring that the program would accept twice the typical number of students, after the program filled to capacity in record time.

A new Certified Groom Training Program, offered in conjunction with Horse Racing Alberta, is satisfying a growing need for skilled equine workers. At the end of the first session, every graduate was offered a position in the industry.

Olds College is leading the way to providing a culturally responsive workplace and learning environment through the establishment of a Cultural Diversity Steering Committee. Two workshops were held on campus to enhance the visions and values that guide Olds College as it prepares to welcome future learners.

Student Success

The work of Agricultural Business students Melissa and Marika Huston (Sibbald), and Shelli Paulsen (Endiang) won the first business plan competition hosted by Olds College and Farm Credit Canada. They took top place with their plans for a value-added initiative that would convert locally grown and processed food into wholesome, ready to eat homemade meals.

With the exception of one contestant, the 18 top placing farriers at a national competition were all former Olds College students. Students from the Advanced Farrier Science program dominated at competitions and excelled at the highest levels of testing throughout the year.

Third-year students in Olds College's horticulture applied degree program, Marissa Koop and Graeme Norrish, teamed up to develop a landscape master plan to beautify Gasoline Alley, a high-traffic stretch of Highway 2 just south of Red Deer. Many of their ideas have since been incorporated.

For the first time ever, a hard-of-hearing student received her lessons through a network of sophisticated captioning technology in Olds College's Landscape Gardener Apprenticeship program. Carol Armitage helped pioneer the remote wireless program delivery, which hadn't been undertaken in any other post-secondary setting.

Olds College Foundation

During the 2002-2003 academic year donations exceeded \$1.3 million dollars. This amount represents an aggregate of cash and in-kind contributions. The Foundation engaged in a number of activities including: annual telephone campaign with alumni, a golf tournament with major partners from industry represented, Growing the Legacy Gala, major gift acquisition and solicitation of a number of new scholarships and bursaries.

The Growing the Legacy Gala hosted in April was a huge success and sold out. It was the first of ten that will be hosted annually as we count down to our Centennial in 2013.

Major initiatives across campus that were supported by the Foundation include:

- Equipment for use by researchers at the Olds College Centre for Innovation
- The Botanic Gardens and Arboretum
- Botanic Garden Promenade
- Practicum Coordinator Applied Degree Programs
- Fashion Merchandising Laboratories

New endowments for scholarships and bursaries include:

- Resident Council Endowment
- Sam Dixon Scholarship
- Stan D. Davies Bursary
- Wasmuth Family Bursary

Top Twelve Donors in 2002-2003 included:

- Agricore United
- Anonymous Donor
- Alberta Horticultural Research Foundation
- Hole's Greenhouses & Gardens Ltd.
- John Deere (Canada) Ltd.
- RBC Financial Group through RBC Foundation
- Town of Olds
- The Calgary Foundation
- Canada Equipment Dealers Foundation
- Carter Day International Inc.
- New Holland Canada Ltd.
- Sunpine Forest Products Ltd.
- John A. Wasmuth

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. It is our goal to ensure that our learners have access to the best instruction and technologies available in the marketplace.

Advancements at Olds College Centre for Innovation (OCCI)

On July 8, 2002, Dr. Abimbola Abiola was named to the position of Director of College Research and Scientific Leader at OCCI. A highly respected international researcher, Dr. Abiola has instructed courses in Olds College's Land Sciences program for over eight years. Along with conducting his own refined research projects in the field of environmental microbiology and retaining some of his teaching duties, Dr. Abiola will work to expand research opportunities and liaison between students, faculty and industry partners.

In November, Senator Joyce Fairbairn was on campus to announce a \$400,000 contribution from Western Economic Diversification. The funding was partially to assist the OCCI Natural Fibre Centre in equipping a new research lab. Since opening in January 2001, the Natural Fibre Centre has researched and worked to optimize the quality, quantity and consistency of raw products through an enhanced blending and manufacturing process. The Centre aims to become a leader in Canada's emerging natural fibre industry.

By early spring, OCCI was partnering with five other institutions to create an international centre of excellence for research in solid waste and wastewater treatment. The unique partnership encompasses the world's largest variety of leading-edge waste management facilities within a small geographic area. The facilities, located in Edmonton, represent a capital public-private investment of almost \$850 million and include one of the world's most advanced biological wastewater treatment plants, as well as North America's largest co-composting plant.

President Leads National Project

President H.J. (Tom) Thompson was invited to lead a team of business, government and academic professionals to determine a strategy for increasing access to technical and business resources for small and medium sized businesses in Canada. The e-Talent Issues team is one of many projects underway through a new partnership of executives from across the country who have established the Canadian e-Business Initiative.

New Block Transfer Agreement Signed with the University of Alberta

A new block transfer agreement allows grads from 20 different Olds College diploma programs to transfer into several BSc programs in the University of Alberta's Faculty of Agriculture, Forestry and Home Economics. The Honourable Shirley McClellan, Deputy Premier of Alberta, was on campus to witness the signing and celebrate this new opportunity for students who are looking to begin their post-secondary learning in a smaller community.

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, 2003 and the consolidated statements of operations, financial position 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, 2003 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.



The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

Original Signed by Fred J. Dunn, FCA

Edmonton, Alberta
January 21, 2004

Auditor General

Olds College Consolidated Balance Sheet

as at June 30, 2003

	2003	2002
ASSETS		
Current:		
Cash and short-term investments (Note 3)	\$ 3,638,716	\$ 4,976,087
Accounts receivable	2,555,828	1,788,413
Inventories (Note 4)	349,320	463,160
	6,543,864	7,227,660
Long-term contributions receivable	170,000	350,000
Long-term investments (Note 3)	5,761,927	4,873,050
Capital assets (Note 5)	29,636,573	30,450,948
	\$ 42,112,364	\$ 42,901,658
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	\$ 1,403,846	\$ 684,609
Current portion of long term debt (Note 6)	179,582	110,617
Deferred non-capital grants (Note 8)	414,732	1,067,792
Deferred revenue (Note 7)	1,072,061	1,518,499
Accrued vacation pay	1,215,192	1,313,350
Deferred donations and endowment interest (Note 9)	1,243,879	1,138,099
	5,529,292	5,832,966
Deferred capital contributions (Note 11)	930,761	331,609
Long term debt (Note 6)	3,980,860	3,331,549
Unamortized deferred capital contributions (Note 12)	17,598,981	19,387,853
	28,039,894	28,883,977
Net assets:		
Unrestricted	1,027,399	719,223
Internally restricted (Note 13)	451,568	1,385,084
Invested in capital assets	7,877,154	7,620,929
Endowments (Note 14)	4,716,349	4,292,445
	14,072,470	14,017,681
	\$ 42,112,364	\$ 42,901,658

The accompanying notes are part of these consolidated financial statements.

Olds College Consolidated Statement of Operations

For the year ended June 30, 2003

	2003		2002
	Budget	Actual	Actual
	(Note 21)		
Revenue			
Grants, Province of Alberta (Note 20)	\$ 16,127,292	\$ 15,711,802	\$ 15,896,188
Other grants and training contracts	1,861,012	2,433,154	2,242,867
Tuition and related fees	4,542,181	4,563,785	4,264,946
Sales, rentals and other services (Note 15)	4,677,927	5,104,440	4,919,931
Investment income (Note 19)	461,600	541,493	380,340
Donations	799,922	699,784	887,837
Amortization of deferred contributions related to capital assets (Note 12)	1,700,000	2,517,830	1,877,766
	30,169,934	31,572,288	30,469,875
Expense			
Salaries and benefits	16,878,015	17,401,279	16,882,752
Supplies and services	7,424,051	7,435,283	7,664,748
Scholarships and bursaries	177,500	213,788	180,600
Cost of goods sold	1,787,050	1,846,499	1,846,569
Utilities	994,917	1,511,468	987,399
Amortization of capital assets	2,685,000	2,836,385	2,832,584
Loss on disposal of capital assets	—	696,701	23,983
	29,946,533	31,941,403	30,418,635
Excess (deficiency) of revenue over expenses	\$ 223,401	\$ (369,115)	\$ 51,240

Olds College

Consolidated Statement of Financial Position

For the year ended June 30, 2003

	2003					2002	
	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets	Total Operating Net Assets	Total Endowments	Total Net Assets	Total Net Assets
		(Note 13)					
(Deficiency) excess of revenue over expense	\$ (369,115)	\$ —	\$ —	\$ (369,115)	\$ —	\$ (369,115)	\$ 51,240
Endowments received				—	394,421	394,421	216,453
Recapitalized Endowment Earnings				—	29,483	29,483	16,505
Board Restrictions	799,336	(933,516)	134,180	—	—	—	—
Internally Funded:							
Capital asset acquisitions	(1,148,814)		1,148,814	—	—	—	—
Repayment of long-term debt	(81,724)		81,724	—	—	—	—
Amortization of capital assets	1,007,677		(1,007,677)	—	—	—	—
Disposal of capital assets	100,816		(100,816)	—	—	—	—
Increase (decrease) in net assets	308,176	(933,516)	256,225	(369,115)	423,904	54,789	284,198
Balance beginning of year	719,223	1,385,084	7,620,929	9,725,236	4,292,445	14,017,681	13,733,483
Balance, end of year	\$ 1,027,399	\$ 451,568	\$ 7,877,154	\$ 9,356,121	\$ 4,716,349	\$14,072,470	\$ 14,017,681

Olds College

Consolidated Statement of Cash Flows

For the year ended June 30, 2003

	2003	2002
Operating activities:		
(Deficiency) excess of revenue over expense	\$ (369,115)	\$ 51,240
Amortization of deferred contributions related to capital assets	(2,517,830)	(1,877,766)
Amortization of capital assets	2,836,385	2,832,584
Loss on disposal of capital assets	696,701	23,983
	646,141	1,030,041
Net changes in non-cash operating working capital (Note 16)	(1,026,212)	644,470
Cash flow from operations	(380,071)	1,674,511
Investing activities:		
(Acquisitions) proceeds of long-term investments, net	(888,877)	373,584
Acquisition of capital assets	(2,811,950)	(2,969,637)
Proceeds from disposal of capital assets	93,237	-
Cash applied to investing activities	(3,607,590)	(2,596,053)
Financing activities:		
Repayment of long term debt	(81,724)	(80,722)
Long-term debt issued	800,000	-
Contributions receivable	180,000	(350,000)
Capital contributions received	1,243,784	1,717,059
Donated Equipment	84,326	272,294
Endowments contributions received	423,904	232,958
Cash generated from financing activities	2,650,290	1,791,589
(Decrease) increase in cash and short-term investments	(1,337,371)	870,047
Cash and short-term investments, beginning of year	4,976,087	4,106,040
Cash and short-term investments, end of year	\$ 3,638,716	\$ 4,976,087

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

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.

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 the 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.

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Capital Assets (continued)

Capital assets are amortized on a straight-line basis over the following estimated 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

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.

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.

	2003	2002
Endowments	\$ 4,716,349	\$ 4,292,445
Deferred capital contributions (Note 11)	930,761	331,609
Internally restricted net assets, capital (Note 13)	114,817	248,996
Held as long-term investments	5,761,927	4,873,050
Cash and short-term investments	3,638,716	4,976,087
Total cash and investments	\$ 9,400,643	\$ 9,849,137

Cash and investments are summarized as follows:

	2003		2002	
	Cost	Market Value	Cost	Market Value
Cash and short-term investments	\$ 387,333	\$ 387,333	\$ (120,059)	\$ (120,059)
Fixed income - bonds and deposit notes	2,397,523	2,468,961	4,343,765	4,340,384
Equities - stocks	6,615,787	6,273,207	5,625,431	4,978,734
	\$ 9,400,643	\$ 9,129,501	\$ 9,849,137	\$ 9,199,059

Note 3

Cash and Investments (continued)

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.

Maturity dates are summarized as follows:

	Term to Maturity			2003	2002
	Within 1 Year	1 to 5 Years	6 to 10 Years	Total	Total
Bonds and Debentures:					
Other provincial	\$ —	\$ 746,593	\$ —	\$ 746,593	\$ 940,920
Other government and corporate bonds	—	808,804	696,282	1,505,086	3,056,180
US Corporate Bonds	145,844	—	—	145,844	146,665
	\$ 145,844	\$ 1,555,397	\$ 696,282	\$ 2,397,523	\$ 4,143,765
Yield				4.21%	6.02%
Fair Value				2,434,722	4,140,384
Securities:					
Term deposits				—	200,000
	\$-	\$	\$	\$ —	\$ 200,000
Yield				—	6.25%
Fair Value				—	200,000
	145,844	1,555,397	696,282	2,397,523	4,343,765
Accrued Interest					
				48,037	92,442
	\$ 145,844	\$ 1,555,397	\$ 696,282	\$ 2,445,560	\$ 4,436,207

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 Technology 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, 2003

Note 4

Inventories

	2003	2002
Livestock, feed and supplies	\$ 233,978	\$ 346,155
Bookstore merchandise and other	115,342	117,005
	\$ 349,320	\$ 463,160

Note 5

Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,321,348	\$ —	\$ 2,321,348	\$ 1,210,776
Site improvements	2,810,890	639,601	2,171,289	2,197,910
Buildings	49,434,316	29,059,167	20,375,149	22,712,558
Furnishings and equipment	15,477,215	10,708,428	4,768,787	4,329,704
	\$ 70,043,769	\$ 40,407,196	\$ 29,636,573	\$ 30,450,948

Capital assets have been funded as follows:

	2003	2002
Deferred contributions related to capital assets	\$ 17,598,981	\$ 19,387,853
Long term debt	4,160,438	3,442,166
Investment in capital assets	7,877,154	7,620,929
	\$ 29,636,573	\$ 30,450,948

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 is partially funded through a debt instrument amortized over 15 years. This instrument has a fixed interest rate of 5.09% to June 11, 2018. Phase two is funded through a debenture that is due April 1, 2024 and has a fixed interest rate of 5.75%.

The College also purchased 613 acres of farm land during February 2003. This land was partially funded through a 5.625% fixed interest rate debenture that is due February 14, 2018. This loan is secured by the farm land.

Long term debt includes a note payable of \$25,000 which is subject to renegotiation.

Note 6

Long Term Debt (continued)

June 30, 2003 long term debt:

	Outstanding Principal		Mortgage Payment Requirements				
	Long term	Current	2004	2005	2006	2007	2008
Phase One	\$ 1,428,000	\$ 72,000	\$ 80,364	\$ 80,364	\$ 80,364	\$ 80,364	\$ 80,364
Phase Two	1,788,224	47,218	152,756	152,756	152,756	152,756	152,756
Farm land	764,636	35,364	146,600	143,087	138,848	146,870	142,931
Other	—	25,000	—	—	—	—	—
	\$ 3,980,860	\$ 179,582	\$ 379,720	\$ 376,207	\$ 371,968	\$ 379,990	\$ 376,051

Interest of \$199,297 (2002 - \$197,385) has been charged to expense during the year.

Note 7

Deferred Revenue

	2003	2002
Program Delivery/Extension services	\$ 196,872	\$ 397,468
Tuition fees	240,496	219,248
Prepaid lease revenue	85,120	119,838
Research	517,965	728,227
Other	31,608	53,718
	\$ 1,072,061	\$ 1,518,499

Note 8

Deferred Non-Capital Grants

	2003	2002
Infrastructure grant	\$ 374,102	\$ 1,002,682
Extension program delivery grant	8,431	33,977
Research grants	32,199	31,133
	\$ 414,732	\$ 1,067,792

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

Note 9

Deferred Donations and Endowment Interest

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

	2003	2002
Contributions received during the year:		
Donations	\$ 502,964	\$ 408,932
Restricted investment income	193,605	116,452
	696,569	525,384
Transferred to:		
Donations revenue	(393,126)	(393,080)
Investment income revenue	(197,663)	(152,647)
	(590,789)	(545,727)
Increase (decrease) during the year	105,780	(20,343)
Balance, beginning of year	1,138,099	1,158,442
Balance, end of year	\$ 1,243,879	\$ 1,138,099
The balance is restricted for:		
Endowment scholarships	\$ 239,384	\$ 271,615
Staff development	42,548	52,887
Programs and projects	961,947	813,597
	\$ 1,243,879	\$ 1,138,099

Note 10

Pension Expense

The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of \$705,243 for the year ended June 30, 2003 (2002 - \$617,122).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of \$444,980,000 (2001 surplus - \$634,960,000).

Note 11

Deferred Capital Contributions

	2003	2002
Received during the year:		
Infrastructure renewal grant	\$ 3,211	\$ 283,330
James Murray building addition grant	57,678	503,376
Furniture, equipment and computers grants	481,152	390,776
Canadian Foundation for innovation grant	773,709	352,581
Animal Health Technician grant	—	213,334
Donated Equipment	84,326	272,294
	1,400,076	2,015,691
Transfers to unamortized deferred capital contributions:		
Infrastructure renewal	3,211	283,330
Heavy duty apprentice equipment	94,360	198,284
James Murray building addition	57,678	503,237
Furniture, equipment and computers	232,902	521,805
Canadian Foundation for Innovation	250,186	322,682
Windrow turner	2,346	212,000
Animal Health Technician grant	3,949	206,234
Donated Equipment	84,326	272,294
	728,958	2,519,866
Transfers to revenue:		
Heavy duty apprentice equipment grant	—	11,670
Furniture, equipment and computers grants	—	14,668
Canadian Foundation for Innovation grant	68,814	—
Animal Health Technician grant	3,152	—
	71,966	26,338
Increase during the year	599,152	(530,513)
Balance, beginning of year	331,609	862,122
Balance, end of year	\$ 930,761	\$ 331,609

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

Note 12

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.

	2003	2002
Balance, beginning of year	\$ 19,387,853	\$ 18,745,753
Amount transferred from deferred contributions (Note 11)	728,958	2,519,866
Amount transferred to revenue	(2,517,830)	(1,877,766)
Balance, end of year	\$ 17,598,981	\$ 19,387,853

Note 13

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:

	2003	2002
Capital:		
Farm capital renewal	\$ 114,817	\$ 248,996
Non-capital:		
Departmental projects	31,057	31,057
Residence Mortgage Fund	—	853,648
Scholarships	13,000	14,000
Foundation Projects	292,694	237,383
	336,751	1,136,088
	\$ 451,568	\$ 1,385,084

Note 14

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 15

Sales, Rentals and Other Services

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

	2003	2002
Conference and food services	\$ 1,639,944	\$ 1,574,619
Residence	1,136,136	1,146,019
Farm Operations	634,572	709,944
Bookstore	699,637	680,937
Academic Program Ancillary	399,868	384,891
Rentals & Other	594,283	423,521
	<hr/>	<hr/>
	\$ 5,104,440	\$ 4,919,931

Note 16

Net Changes in Non-cash Working Capital

	2003	2002
(Increase) decrease in accounts receivable	\$ (767,413)	\$ 45,664
Decrease (increase) in inventories	113,840	(68,405)
Increase (decrease) in accounts payable	719,237	(554,371)
(Decrease) increase in deferred non-capital grants	(653,060)	999,917
(Decrease) increase in deferred revenue	(446,438)	230,645
(Decrease) increase in accrued vacation pay	(98,158)	11,363
Increase (decrease) in deferred donations and endowment interest	105,780	(20,343)
	<hr/>	<hr/>
	\$ (1,026,212)	\$ 644,470

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

Note 17

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:

	2003			2002
	Salary ^(a)	Benefits and Allowances ^(b)	Total	Total
Chairman of the Board	\$ 15,600	\$ —	\$ 15,600	\$ 14,960
Board members	28,127	841	28,968	26,971
President ^(c)	139,894	13,871	153,765	137,453
Vice-President, Academic	111,528	12,045	123,573	123,473
Vice-President, Student and Support Services	105,404	13,826	119,230	109,789
Executive Director, Olds College Foundation	92,541	12,689	105,230	98,485
Chief Operating Officer, Olds College Centre for Innovation	103,390	13,502	116,892	111,061
Dean, Animal Science	106,354	14,104	120,458	114,845
Dean, Trades and Technologies	95,076	13,019	108,095	95,451
Dean, Land Sciences	93,299	13,121	106,420	101,433
Dean, Business Development	99,089	7,438	106,527	38,244
	\$ 990,302	\$ 114,456	\$ 1,104,758	\$ 972,165

- (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.

Note 18

Funds Held on Behalf of Others

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

	2003	2002
Big Country Educational Consortium	\$ 698,486	\$ 592,012
Student Association	501,000	426,464
Other	108,759	95,851
	<hr/>	<hr/>
	\$ 1,308,245	\$ 1,114,327

Note 19

Investment Income

	2003	2002
Restricted investment income on resources held for endowment	\$ 223,089	\$ 132,957
Non restricted investment income	343,829	227,693
	<hr/>	<hr/>
Total investment income	566,918	360,650
Transfer from deferred donations and endowment interest	4,058	36,195
Amounts credited directly to endowment principal	(29,483)	(16,505)
	<hr/>	<hr/>
	\$ 541,493	\$ 380,340

Olds College

Notes to the Consolidated Financial Statements

June 30, 2003

Note 20

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:

	2003		
	Revenue	Deferred Revenue	Deferred Contributions and UDCC
Operating & Performance grant	\$ 13,802,327	\$ —	\$ —
Access Funding	664,342	—	—
Extension Services grants	161,602	25,546	—
Infrastructure renewal	604,839	608,049	(3,211)
Centre for Innovation	100,665	(9,811)	—
Miscellaneous grants	378,027	20,531	152
	\$ 15,711,802	\$ 644,315	\$ (3,059)

	2002		
	Revenue	Deferred Revenue	Deferred Contributions and UDCC
Operating & 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	176,242	—	—
Miscellaneous grants	1,353,538	233,865	(26,339)
	\$ 15,896,188	\$ 1,052,865	\$ 563,519

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 21

Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 presentation.

Note 22

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, 2003 was approved by the Board of Governors on May 2, 2002. The budget for Olds College Centre for Innovation Inc. (OCCI) was approved by the Board of Directors of OCCI on June 3, 2002.

Note 23

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 2003 consumption, the annual costs for the year ending June 30, 2004 are expected to be \$820,000.

Note 24

Approval of Financial Statements

The Board of Governors approved these financial statements.

Notes



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