

**OLDS COLLEGE CORPORATE ANNUAL REPORT**  
**JULY 1, 2004 – JUNE 30, 2005**

## Mandate

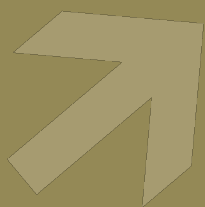
### OLDS COLLEGE MANDATE

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.

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# The place to go places

## OLDS COLLEGE IS THE PLACE TO GO PLACES

Now more than ever, Olds College is the *place to go places!* Since we opened our doors in 1913, we have provided the education and training to launch successful careers for many generations of learners. For the past 94 years, we have followed a vision that has advanced learning and created programs that are renowned as Learning Centres of Excellence. We invite you to discover what Olds College has accomplished on behalf of our students, staff, industry partners, government associates and community neighbours. Discover why Olds College is the place to go places.



### ACADEMIC DESIGNATIONS

- Applied Degrees (four-years)
- Diploma (two-years)
- Certificate (up to one year)

Programs are offered through Olds College's School of Agriculture, Business & Technology, School of Animal Sciences, School of Applied Arts & Career Studies, School of Horticulture and School of Land Sciences.

### ARTICULATION AGREEMENTS

Olds College has articulation agreements with several other post-secondary institutions in Alberta and beyond. University articulation agreements are in effect with the Universities of Alberta, Lethbridge, Athabasca, Royal Roads, and Montana State (Eastern), whereby various credit levels are granted for Olds College's two-year diploma programs. Several long-standing Olds College reciprocal articulation agreements are also in place, allowing transfer opportunities for diploma students.

### PROGRAM DELIVERY

Olds College programs are offered through full or part-time study on campus, as well as through online and distance delivery, including the eCampus.Alberta collaboration and other distance delivery methods.

### OLDS COLLEGE MISSION

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.

### OLDS COLLEGE VISION

Olds College shall be the premier comprehensive applied agriculture, horticulture, 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.

**MESSAGE/ACCOUNTABILITY STATEMENT FROM  
STIRLING MCLEOD, BOARD OF GOVERNORS' CHAIR**

I am pleased to bring greetings from the Olds College Board of Governors and to report on this very exciting year in Olds College's distinguished history. This has been an exceptional year of advancement and achievement, and we are happy to share some highlights with you in this annual report.

Our focus on students continues to be our first and foremost priority and we are pleased with the resulting growth we have achieved. The entire Olds College community works hard to make great things happen for our students, because we all take pride in the contributions our students make both on campus and in the broader community. Olds College students make a substantial impact and I am constantly impressed by the level of hard work and dedication they bring to their pursuits. Their determination to succeed is helping Olds College achieve our vision to be the premier comprehensive applied agriculture, horticulture, land and environmental management learning organization in Canada.

Those achievements would not be possible without the solid education and leadership provided by Olds College's exceptional faculty and staff. The Olds College Board of Governors recognizes the creativity and enthusiasm of our outstanding staff, and appreciates the efforts made by each member of our team for helping us to achieve another year of success.

The Olds College annual report for the year ended June 30, 2005 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.



*Stirling McLeod  
Chair, Olds College Board of Governors*



## Message

### MESSAGE FROM H.J. (TOM) THOMPSON, PRESIDENT AND CEO

#### SEE THE FUTURE. LEAD THE WAY.

It was our distinct pleasure to officially launch the Olds College Capital Campaign in June, 2005. The entire Olds College community is mobilized to transform our campus into a true post-secondary jewel on the North American landscape. Our Campaign Caucus has been formed, the projects have been announced, and we are eager to share in this annual report the large strides Olds College has taken toward reaching our campaign goals.

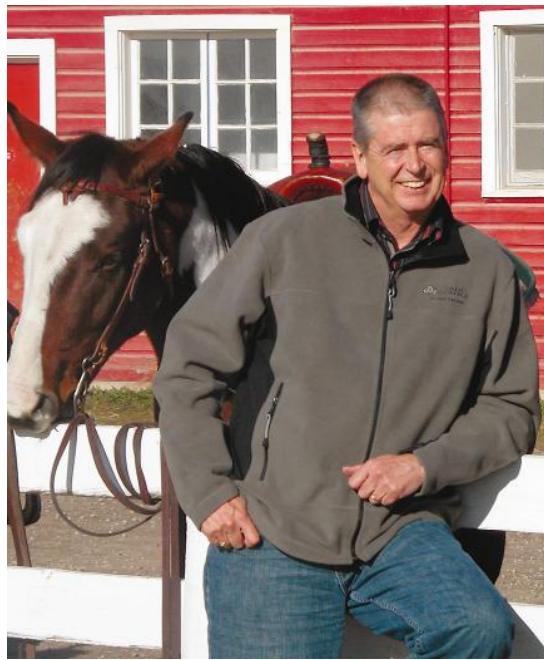
Details of the Olds College Capital Campaign are clearly established in our four-year business plan *Four Horses for the Future*. We are enthusiastic about moving forward and our efforts are keenly focused. We have done our research and gleaned insight from students, staff, industry, the community, and leaders of fellow learning institutions. We have mapped this course with imagination and determination, and we are well on our way. Through our Capital Campaign, Olds College will be recognized both for our bright optimism and for our inherent values.

As we forge ahead, we will create lasting infrastructure and vital program advancements to help our students and industry partners achieve further greatness. *Four Horses for the Future* identifies an extensive advancement of Resources, Environment, Students and Programs that Olds College will harness over the next four years.

This is an unprecedented time of transformation for Olds College, and for learners and industries across Canada. By holding the college's original 1913 values in sharp focus, Olds College continues to see *the future and lead the way*.



H.J. (Tom) Thompson  
President and CEO



### LOCATION

Located 90 kilometres north of Calgary, Olds College is situated in Central Alberta's thriving farming and entrepreneurial districts. This provides an ideal location for innovative learning opportunities in agriculture, horticulture, environment, land management and agribusiness studies.

### HISTORY

Founded in 1913, Olds College has provided far-reaching influence for over 90 years. The outstanding legacy of Olds College is its personal and caring approach to creating leaders.

### ANNUAL BUDGET

\$32 million

### ENROLMENT AND STAFF COMPLEMENT

- 1,304 full load equivalent students
- 400 faculty and staff including contract and temporary positions
- 500 home study/distance learners
- 2,090 part-time extension learners

### BOARD OF GOVERNORS AS AT JUNE 30, 2005

**Stirling McLeod, Chair** – Businessman, founder of Stiridon Systems

**Dave Price, Vice-Chair** – Businessman, part-owner Sunterra group

**H.J. (Tom) Thompson** – President and CEO Olds College

**Cody LaRocque** – President Olds College Students' Association

**Cameron Clark** – Businessman, owner of Cam Clark Ford dealerships

**Glen Fox** – Vice-Chair Olds College AUPE Executive

**Russ Guthrie** – Olds College Faculty Association

**Margaret Hoogland** – Businesswoman, family horticulture operation

**William (Bill) Quinney** – Businessman

**Gary Severtson** – Businessman, former MLA

**Wanda Sunde** – Family farming operation



## Highlights



## RESOURCES

- Olds College's Capital Campaign was propelled forward on June 23, with the announcement of a funding plan in support of a \$37 million commitment by the Provincial Government towards the Community Learning Campus. Total funding for the project is \$47 million, with the additional support to come from various community stakeholders.
- Olds College hired business authority and community leader, Mark McLoughlin, to spearhead a \$26 million capital campaign as part of the new Office of Advancement. Project priorities for the capital campaign include the Community Learning Campus, the School of Innovation, the Canadian Equine Centre of Innovation, the Centre for the Horticulture Industry, the Olds College Calgary Campus, and the Energy Industry Partnership Fund.
- Students in Olds College's School of Agriculture, Business and Technology became the first-ever to be trained on a highly technical automatic steering system, thanks to a donation from Accutrak Systems. The system receives GPS signals from 24 satellites and uses an electrohydraulic steering controller to guide the equipment in a straight line through the field.

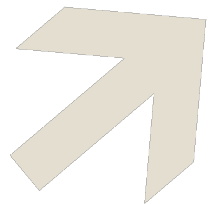
## ENVIRONMENT

- The work of students from Olds College's Landscape Gardener Apprenticeship Program is changing the look of the RCMP Police Dog Service Training Centre near Innisfail. The students created a master landscape design for the facility, which trains officer-dog teams for the entire country.
- A growing partnership between Olds College and the Calgary Exhibition & Stampede created an opportunity for the Calgary Seed Fair & Hay Show to be hosted by Olds for the first time in its 57 year history.
- Agriculture and Agri Food Canada requested the college's assistance in developing and delivering key components of the new 'China-Canada Cooperation in Agriculture' program. The project will cover five provinces in China and include training and technical support in project management, farmers' associations, livestock, food safety, grassland and natural resources management, integrated crop production and the status of Chinese agriculture in the World Trade Organization.
- Two Albertans were acknowledged for their years of hard work at Graduation 2005, when Olds College President H.J. (Tom) Thompson presented Honorary Degrees to The Honourable Shirley McClellan, Deputy Premier and Minister of Finance, and to Aaron Falkenberg, Chair of Growing Alberta.
- As the Town celebrates its Centennial year in 2005, it was named Olds College Partner of the Year.
- A sold-out crowd of 340 guests came together for a dazzling evening at Gala 2005. The Honourable Ralph Klein, Premier of Alberta, was a special guest, and several other government representatives were in attendance. Gross revenue from fundraising activities at the Gala raised nearly \$50,000 to further student opportunities at Olds College.



### STUDENTS

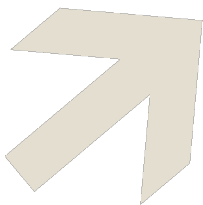
- Mike Bly has been working on the Sahtu Land Use Plan since graduating from the Land Information Systems program in 2004. The extensive plan began in 1999, and covers a broad area that involves five different communities, sacred Native land, and over 20 private companies. His land use map won Best Cartographic Map at a large GeoAlberta 2005 conference.
- The newest, youngest and first female President of the Western Canadian Wheat Growers Association is Cherilyn Jolly, 2002 graduate from the Agricultural Business program.
- Ian and Karilynn Marshall, winners of the 2004 Alberta/Northwest Outstanding young Farmers' program, began their successful venture together when they met at Olds College in the mid-1990s. Ian graduated from Agricultural Mechanics in 1984 and Karilyn completed the Agricultural Business diploma the following year.
- Three former students from Olds College's Fashion Production program were included in the inaugural British Columbia Fashion Week event. Gabrielle Semeniuk, Katherine Olsen and Thomas Lynch qualified to be included in the prestigious event, which showcased some of Canada's top and emerging designers and brought together some of the world's most influential retailers and media.
- The number of students attending Olds College is at a record high, with the full load equivalent (FLE) at 1304. Overall student numbers are estimated to be 5.2 percent higher than last year.
- Highlights from the Student Satisfaction Survey indicate 92 percent of respondents were happy with the quality of teaching and 97 percent were satisfied with the overall quality of their educational experience at Olds College.
- The Olds College Agricultural Advocates earned a Growing Alberta Leadership Award and were honoured in the Youth Leadership category by The Honourable Shirley McClellan, Deputy Premier.
- Danielle Snyder, a student from Ontario taking the Bachelor of Applied Science – Agribusiness program, and Amanda Zaretzki, second year Agricultural Production student from B.C., qualified to attend the International Livestock Congress in Calgary.
- Advanced Farrier Science student Kevin Langevin won the bareback event at the World Indian Finals Rodeo for the third year in a row and officially tied the record for the most consecutive wins at the annual international event.
- Olds College was well represented at the Canadian Plowing Championships in Moncton, New Brunswick, as three competitors were either current or former students. Canadian Junior Champion and Agricultural Production student, Francis Sache, returned to the national competition for the second year.
- The Olds College Rodeo Club won five out of 10 events at the Canadian Intercollegiate Rodeo Finals in Edmonton. Club members also dominated as season leaders, having accumulated most aggregate points over the entire season.





### PROGRAMS

- Lynn McDonald, who has been a carpentry instructor at Olds College for 35 years, was named Olds Rotary Club Citizen of the Year. He has taught generations of families valuable skills and, through both his work and his numerous volunteer initiatives, he has also affected many lives.
- Thousands of students in Alberta will have greater learning opportunities thanks to a new agreement between the University of Alberta and Olds College. The agreement provides students from both schools with greater freedom to transfer, and it allows both students and teachers shared access to research facilities, among other opportunities.
- Olds College redesigned its academic structure to accentuate the exceptional learning opportunities through: the School of Innovation; the School of Agriculture, Business and Technology; the School of Animal Sciences; the School of Horticulture; the School of Land Sciences; and the School of Applied Arts and Career Studies.
- A unique donation of over 6,500 insect samples from the Alberta Research Council will have a major impact on the study of entomology at Olds College. The college's major collection now houses close to 60,000 insect specimens and there is a major demand for access to this resource. Students can investigate a large variety of samples, the international research community will have access to the natural resource and researchers can work together to solve pest problems for growers.
- The Olds College School of Innovation was approved for \$600,000 in funding over three years through the Natural Sciences and Engineering Research Council of Canada. The successful proposal for an "Agri-Health Innovation Centre" was one of six selected from a total of 31 submissions. Focusing on Central Alberta producers and industry partners, OCSI plans to research and strategize a method to refine dark berries for a growing market.
- Olds College launched an intensive study into the feasibility of establishing a National Meat Training Centre, after receiving \$233,250 in funds from Agriculture and Agri-Food Canada. The objective of the Centre would be to strengthen domestic and international market access, increase consumer confidence in Canadian meat products, and create industry profitability and sustainability.
- Robert Horne received a Canadian Society for Agricultural Engineering award for teaching excellence. Horne has been instructing Olds College students in agricultural technology classes for over 30 years.
- The Canadian Golf Superintendent's Association (CGSA) Toro award, recognized as one of the highest levels of turf awards in Canada, was won by Olds College student John Faber. Faber is in his fourth year of the Bachelor of Applied Science, Golf Course Management major.
- Olds College's School of Innovation research competition gave students the opportunity to work with scientists and utilize research labs. The first-place team of Brendan Delhomeau and Colin Clarke studied the effectiveness of various agents in combating fairy rings, while fellow first year students Valerie Benon and Sharon Strom compared various types of compost.
- Olds College's tuition fee revenue is 19.15% of the net operating expenditures, which is below the 30% cap set by the Alberta Advanced Education Provincial Tuition Fee Policy. The Olds College's tuition fee ratio is \$4,627,889 of tuition revenue to \$24,163,199 net operating expenditures. The information was prepared in accordance with Section 3 of the Tuition Fee Regulation. It has been submitted to Alberta Advanced Education and verified by Ministry staff.





**TO THE BOARD OF GOVERNORS OF OLDS COLLEGE**

I have audited the statement of financial position of Olds College as at June 30, 2005 and the 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 financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Original Signed by Fred J. Dunn, FCA*

FCA  
Auditor General

Edmonton, Alberta  
October 7, 2005

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

**Financial  
Statements**

As at June 30, 2005

**STATEMENT OF FINANCIAL POSITION**

	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Current:		
Cash and cash equivalents (Note 3)	\$ 4,439,062	\$ 3,430,031
Accounts receivable	2,728,933	3,020,302
Inventories (Note 4)	371,733	424,786
	<hr/> 7,539,728	<hr/> 6,875,119
Long-term contributions receivable	50,000	100,000
Long-term investments (Note 3)	5,826,694	5,746,107
Capital assets (Note 5)	27,488,536	28,876,488
	<hr/> \$40,904,958	<hr/> \$41,597,714
<b>LIABILITIES AND NET ASSETS</b>		
Current:		
Accounts payable and accrued liabilities	\$ 1,451,436	\$ 1,198,597
Current portion of long-term debt (Note 6)	164,259	159,286
Deferred contributions (Note 9)	548,369	925,529
Unearned revenue (Note 8)	762,866	573,865
Accrued vacation pay	1,470,160	1,340,746
Deferred donations and endowment interest (Note 10)	1,805,688	1,611,671
	<hr/> 6,202,778	<hr/> 5,809,694
Deferred capital contributions (Note 12)	191,361	600,780
Long-term debt (Note 6)	3,657,315	3,821,573
Unamortized deferred capital contributions (Note 13)	15,811,453	16,835,279
	<hr/> 25,862,907	<hr/> 27,067,326
Net assets:		
Unrestricted net assets	1,321,592	875,132
Internally restricted (Note 14)	494,616	478,060
Invested in capital assets	7,855,510	8,060,353
Endowments (Note 15)	5,370,333	5,116,843
	<hr/> 15,042,051	<hr/> 14,530,388
	<hr/> \$40,904,958	<hr/> \$41,597,714

The accompanying notes are part of these financial statements.



## Financial Statements

For the Year Ended  
June 30, 2005

### STATEMENT OF OPERATIONS

	2005		2004
	BUDGET	ACTUAL	ACTUAL
<b>Revenue:</b>			
Grants, Province of Alberta (Note 22)	\$17,178,692	\$17,357,992	\$17,042,252
Other grants and training contracts	1,384,947	1,674,171	2,069,929
Tuition and related fees	5,615,732	5,485,593	4,871,863
Sales, rentals and other services (Note 16)	4,476,497	5,033,979	4,896,399
Investment earnings (Note 21)	526,840	835,371	761,159
Donations	957,175	708,155	872,261
Amortization of deferred capital contributions (Note 13)	1,856,500	1,972,800	1,866,756
	<b>31,996,383</b>	<b>33,068,061</b>	<b>32,380,619</b>
<b>Expense:</b>			
Salaries and benefits	19,314,190	19,618,927	18,746,455
Supplies and services	6,564,054	6,719,398	7,300,206
Scholarships and bursaries	217,500	226,806	221,999
Costs of goods sold	1,882,739	1,845,097	1,804,956
Utilities	1,370,000	1,228,821	1,314,172
Amortization of capital assets	2,947,900	3,079,304	2,866,665
Loss on disposal of capital assets	—	91,535	68,742
	<b>32,296,383</b>	<b>32,809,888</b>	<b>32,323,195</b>
Excess (deficiency) of revenue over expense	<b>\$ (300,000)</b>	<b>\$ 258,173</b>	<b>\$ 57,424</b>

The accompanying notes are part of these financial statements.

**Financial  
Statements**

**For the Year Ended  
June 30, 2005**

**STATEMENT OF CHANGES IN NET ASSETS**

	2005				2004		
	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS <small>(NOTE 14)</small>	INVESTMENT IN CAPITAL ASSETS <small>(NOTE 5)</small>	TOTAL OPERATING NET ASSETS	ENDOWMENTS <small>(NOTE 15)</small>	TOTAL NET ASSETS	TOTAL NET ASSETS
Excess (deficiency) of revenue over expense	\$ 258,173	\$ —	\$ —	\$ 258,173	\$ —	\$ 258,173	\$ 57,424
Endowments contributions	—	—	—	—	197,800	197,800	351,544
Recapitalized endowment earnings	—	—	—	—	55,690	55,690	48,950
Board restrictions	(16,556)	16,556	—	—	—	—	—
Internally funded:							
Acquisition of capital assets	(835,511)	—	835,511	—	—	—	—
Repayment of long-term debt	(159,285)	—	159,285	—	—	—	—
Amortization of capital assets	1,151,646	—	(1,151,646)	—	—	—	—
Disposal of capital assets	47,993	—	(47,993)	—	—	—	—
Increase (decrease) in net assets	446,460	16,556	(204,843)	258,173	253,490	511,663	457,918
Net asset balance, beginning of year	875,132	478,060	8,060,353	9,413,545	5,116,843	14,530,388	14,072,470
Net asset balance, end of year	\$1,321,592	\$494,616	\$7,855,510	\$9,671,718	\$5,370,333	\$15,042,051	\$14,530,388

*The accompanying notes are part of these financial statements.*

## Financial Statements

For the Year Ended  
June 30, 2005

### STATEMENT OF CASH FLOWS

	2005	2004
<b>Operating activities:</b>		
Excess (deficiency) of revenue over expense	\$ 258,173	\$ 57,424
Amortization of deferred capital contributions	(1,972,800)	(1,866,756)
Amortization of capital assets	3,079,304	2,866,665
Loss on disposal of capital assets	91,535	68,742
	1,456,212	1,126,075
Net change in non-cash working capital (Note 17)	732,533	(239,242)
	2,188,745	886,833
<b>Investing activities:</b>		
Proceeds (purchase) of long-term investments, net	(80,587)	15,820
Purchase of externally funded capital assets	(948,977)	(1,103,054)
Purchase of internally funded capital assets	(835,511)	(1,082,769)
Proceeds from disposal of capital assets	1,600	10,500
	(1,863,475)	(2,159,503)
<b>Financing activities:</b>		
Repayment of long-term debt	(159,285)	(179,583)
Decrease in contributions receivable	50,000	70,000
Capital contributions received	539,556	773,074
Endowments contributions received	253,490	400,494
	683,761	1,063,985
Increase (decrease) in cash and cash equivalents	1,009,031	(208,685)
Cash and cash equivalents, beginning of year	3,430,031	3,638,716
Cash and cash equivalents, end of year	\$ 4,439,062	\$ 3,430,031

The accompanying notes are part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 Authority

Olds College (the College) operates under the authority of the *Post-secondary Learning Act*, Statutes of Alberta 2003, Chapter P-19.5.

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 under Section 149 of the *Income Tax Act*.

### 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. Such estimates have been made using judgments determined by management. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

#### **B) STATEMENTS**

The 2004 financial information represents the consolidated accounts of Olds College, 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 and the Olds College Centre for Innovation Inc. became dormant entities effective July 1, 2004 when their activities were transferred to Olds College.

#### **C) REVENUE RECOGNITION**

Operating grants, including grants from the Province of Alberta, are recognized as revenue, either in the period receivable, or where a portion of the grant relates to a future period, the portion is deferred and recognized in the subsequent period.

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 of external contributions invested in 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.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be 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 and Transportation 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 improvements	10-40 years
Buildings	15-40 years
Furnishings, equipment and computer hardware	2-15 years

**Financial  
Statements**

**For the Year Ended  
June 30, 2005**

Note 2

Summary of Significant Accounting Policies and Reporting Practices (*continued*)

**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) FAIR VALUE OF FINANCIAL ASSETS & LIABILITIES**

Fair value of the College's cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and vacation pay approximate their carrying values due to the relatively short periods to maturity for these instruments.

**I) CREDIT, INTEREST RATE AND MARKET RISK**

The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk.

Interest rate risk is the risk to the College's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates.

Market risk is the risk to the College's earnings that arises from the fluctuations and degree of volatility in the market value of its long-term investments.

Note 3

Cash and Investments

The amount held as long-term investments represents funds not available for current operations.

	<b>2005</b>	<b>2004</b>
Endowments (Note 15)	\$ 5,370,333	\$ 5,116,843
Deferred capital contributions (Note 12)	191,361	600,780
Internally restricted net assets, capital (Note 14)	265,000	28,484
Held as long-term investments	5,826,694	5,746,107
Cash and cash equivalents	4,439,062	3,430,031
Total cash and investments	\$10,265,756	\$ 9,176,138

## Financial Statements

For the Year Ended  
June 30, 2005

Cash and investments are summarized as follows:

	2005		2004	
	COST	MARKET VALUE	COST	MARKET VALUE
Cash	\$ (118,136)	\$ (118,136)	\$ (674,709)	\$ (674,709)
Fixed income – bonds and deposit notes	3,262,070	3,428,180	2,862,189	2,946,856
Convertible debt	936,727	973,700	705,532	781,550
Equities and income trusts	6,185,095	6,820,305	6,283,126	6,467,083
	<u>\$10,265,756</u>	<u>\$11,104,049</u>	<u>\$9,176,138</u>	<u>\$9,520,780</u>

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:

	2005		2004	
	1 TO 5 YEARS	5 YEARS OR GREATER	TOTAL	TOTAL
Bonds and Debentures:				
Other provincial	\$ —	\$ 498,870	\$ 498,870	\$ 499,290
Other government and corporate bonds	1,016,030	1,747,170	2,763,200	2,362,899
	<u>\$1,016,030</u>	<u>\$2,246,040</u>	<u>\$3,262,070</u>	<u>\$2,862,189</u>
Yield	—	—	4.01%	4.97%
Fair Value	1,048,936	2,379,244	3,428,180	2,946,856
	<u>\$1,016,030</u>	<u>\$2,246,040</u>	<u>\$3,262,070</u>	<u>\$2,862,189</u>
Accrued Interest	8,506	10,881	19,387	37,825
	<u>\$1,024,536</u>	<u>\$2,256,921</u>	<u>\$3,281,457</u>	<u>\$2,900,014</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 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.

## Financial Statements

For the Year Ended  
June 30, 2005

### Note 4 Inventories

	2005	2004
Livestock, feed and supplies	\$243,537	\$303,926
Bookstore merchandise and other	128,196	120,860
	<u>\$371,733</u>	<u>\$424,786</u>

### Note 5 Capital Assets

	2005		2004	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	\$ 2,338,320	\$ —	\$ 2,338,320	\$ 2,332,859
Site improvements	2,880,205	855,196	2,025,009	2,144,731
Buildings	50,118,967	32,450,069	17,668,898	19,123,006
Furnishings and equipment	13,472,746	8,016,437	5,456,309	5,275,892
	<u>\$68,810,238</u>	<u>\$41,321,702</u>	<u>\$27,488,536</u>	<u>\$28,876,488</u>

Capital assets have been funded as follows:

	2005	2004
Unamortized deferred capital contributions	\$15,811,453	\$16,835,279
Internally funded investment in capital assets	7,855,510	8,060,353
Long-term debt	3,821,573	3,980,856
	<u>\$27,488,536</u>	<u>\$28,876,488</u>

### Note 6 Long-term Debt

The College acquired long-term debt to finance the construction of student residence town houses. Phase one construction was completed during September 1998 and Phase Two was completed in September 1999.

Phase one is partially funded through a debt instrument amortized over 15 years ending June 11, 2018, with a monthly resetting banker's acceptance interest rate. This rate was 2.558% at June 30, 2005 (2004 - 2.055%).

Phase two is funded through a debenture from Alberta Capital Finance Authority 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 from Alberta Capital Finance Authority that is due February 14, 2018. This loan is secured by the farm land.



## Financial Statements

For the Year Ended  
June 30, 2005

The fair value of the phase one loan is equal to its carrying value due to the nature of the loan. The fair values of the phase two and the farm land loans are not readily determinable due to the lack of a market for these loans.

June 30, 2005 Long Term Debt:

	OUTSTANDING PRINCIPAL		MORTGAGE PAYMENT REQUIREMENTS					FUTURE YEARS
	LONG-TERM	CURRENT	2006	2007	2008	2009	2010	
Phase 1	\$1,284,000	\$ 72,000	\$ 139,741	\$146,697	\$142,579	\$140,420	\$145,284	\$1,124,273
Phase 2	1,685,486	52,805	152,756	152,756	152,756	152,756	152,756	2,138,589
Farm land	687,829	39,454	80,364	80,364	80,364	80,364	80,364	642,911
	<u>\$3,657,315</u>	<u>\$164,259</u>	<u>\$372,861</u>	<u>\$379,817</u>	<u>\$375,699</u>	<u>\$373,540</u>	<u>\$378,404</u>	<u>\$3,905,773</u>

Interest of \$221,367 (2004 - \$220,376) has been charged to expense during the year.

### Note 7 Interest Rate Swap

The College entered into an interest rate swap in 2003, a derivative financial instrument, for risk management purposes. The interest rate swap is used to manage the College's exposure to fluctuations in interest rates with its phase one student residence long-term debt. The College is not using hedge accounting for this interest rate swap. Therefore, the interest rate swap is recorded on the statement of financial position at its fair value. Gains or losses are recorded on the statement of operations.

The notional amount of the interest rate swap at June 30, 2005 is \$1,356,000 (2004 - \$1,428,000) at a fixed interest rate of 5.09% which expires in 2018. The fair value of the interest rate swap is a liability of \$77,219 (2004 - asset of \$20,247). Fair value is determined by the College's financial institution which has arranged the interest rate swap.

### Note 8 Unearned Revenue

	2005	2004
Tuition fees	\$358,837	\$312,962
Research	243,185	119,143
Program delivery/Extension services	79,299	49,781
Prepaid lease revenue	42,560	63,840
Other	38,985	28,139
	<u>\$762,866</u>	<u>\$573,865</u>

## Financial Statements

For the Year Ended  
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### Note 9 Deferred Contributions

	2005	2004
Research grants	\$ 380,322	\$ 294,576
Education program delivery grant	168,047	202,953
Infrastructure grant	—	428,000
	<u>\$ 548,369</u>	<u>\$ 925,529</u>

### Note 10 Deferred Donations and Endowment Interest

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

	BALANCE, BEGINNING OF YEAR	CONTRIBUTIONS AND FEES	INVESTMENT REVENUE	EXPENSES	BALANCE, END OF YEAR
Restricted endowment income:					
Student awards	\$ 214,211	\$ —	\$ 201,693	\$ 88,319	\$ 327,585
Programs	115,357	—	86,808	50,204	151,961
Faculty development	—	—	109,067	104,899	4,168
Other	57,135	—	16,408	2,429	71,114
	<u>386,703</u>	<u>—</u>	<u>413,976</u>	<u>245,851</u>	<u>554,828</u>
Restricted donation income:					
Student awards	69,846	131,619	—	119,100	82,365
Programs	528,409	86,890	—	145,703	469,596
Staff development	42,548	—	—	—	42,548
Capital assets	72,089	9,900	—	—	81,989
Other	512,076	208,198	—	145,912	574,362
	<u>1,224,968</u>	<u>436,607</u>	<u>—</u>	<u>410,715</u>	<u>1,250,860</u>
Gifts-In-Kind	—	308,646	—	308,646	—
	<u>\$ 1,611,671</u>	<u>\$ 745,253</u>	<u>\$ 413,976</u>	<u>\$ 965,212</u>	<u>\$ 1,805,688</u>

### Note 11 Pension Expense

The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of \$1,086,374 for the year ended June 30, 2005 (2004 - \$808,981).

At December 31, 2004, the Local Authorities Pension Plan reported a deficiency of \$1,288,924,000 (2003 deficiency - \$1,453,487,000).

Note 12  
Deferred Capital Contributions

	<b>2005</b>	<b>2004</b>
Received during the year:		
School of Innovation capital grants	\$505,186	\$795,084
Donated equipment	35,206	16,201
	540,392	811,285
Transfers to unamortized deferred capital contributions:		
School of Innovation capital	911,976	1,041,477
Heavy duty apprentice equipment	1,792	45,376
Donated equipment	35,206	16,201
	948,974	1,103,054
Transfers to revenue:		
Heavy duty apprentice grant	837	—
Furniture, equipment and computers grant	—	38,212
	837	38,212
(Decrease) increase during the year	(409,419)	(329,981)
Balance, beginning of year	600,780	930,761
Balance, end of year	<u>\$191,361</u>	<u>\$600,780</u>
	<b>2005</b>	<b>2004</b>
The balance is comprised of:		
Agricultural mechanics equipment	\$121,585	\$124,214
School of Innovation buildings and equipment	69,776	476,566
	<u>\$191,361</u>	<u>\$600,780</u>

Note 13  
Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions are amounts of external capital contributions, used to fund capital asset purchases, which will be recognized as revenue in the future.

	<b>2005</b>	<b>2004</b>
Balance, beginning of year	\$16,835,279	\$17,598,981
Amount transferred from deferred capital contributions (Note 12)	948,974	1,103,054
Amortization of deferred capital contributions	(1,972,800)	(1,866,756)
Balance, end of year	<u>\$15,811,453</u>	<u>\$16,835,279</u>

**Financial  
Statements**

**For the Year Ended  
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Note 14  
Internally Restricted Net Assets

Net assets internally restricted are amounts set aside by the College's Board of Governors that are to be used for only designated purposes. The Board has placed internal restrictions on operating net assets as follows:

	2005	2004
Capital:		
Farm capital renewal	\$ 150,000	\$ 28,484
Vehicle capital renewal	115,000	—
	265,000	28,484
Non-capital:		
Foundation projects	179,012	406,519
Departmental projects	—	31,057
Extension program development	39,604	—
Scholarships	11,000	12,000
	229,616	449,576
	<u>\$ 494,616</u>	<u>\$ 478,060</u>

Note 15  
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.

	PRINCIPAL			JUNE 30, 2005 BALANCE	EXPENDABLE INVESTMENT INCOME EARNED	INVESTMENT INCOME EXPENDED
	JUNE 30, 2004 BALANCE	DONATIONS	INVESTMENT INCOME CAPITALIZED			
Student awards	\$2,381,773	\$197,390	\$ 7,849	\$2,587,012	\$201,693	\$ 88,319
Programs	1,083,199	410	20,574	1,104,183	86,808	50,204
Faculty Development	1,525,129	—	27,267	1,552,396	109,067	104,899
Other	126,742	—	—	126,742	16,408	2,429
	<u>\$5,116,843</u>	<u>\$197,800</u>	<u>\$55,690</u>	<u>\$5,370,333</u>	<u>\$413,976</u>	<u>\$245,851</u>



**Note 16  
Sales, Rentals and Other Services**

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

	<b>2005</b>	<b>2004</b>
Conference and food service	\$1,527,779	\$1,549,173
Residence	1,232,830	1,189,852
Bookstore	802,652	743,845
Rentals and other	493,624	554,946
Academic program ancillary	395,589	441,802
Farm operations	581,505	416,781
	<b>\$5,033,979</b>	<b>\$4,896,399</b>

**Note 17  
Net Changes in Non-cash Working Capital**

	<b>2005</b>	<b>2004</b>
Decrease (increase) in accounts receivable	\$291,369	\$(464,474)
Decrease (increase) in inventories	53,053	(75,466)
Increase (decrease) in accounts payable and accrued liabilities	252,839	(205,249)
(Decrease) increase in deferred contributions	(377,160)	23,651
Increase (decrease) in unearned revenue	189,001	(11,050)
Increase in accrued vacation pay	129,414	125,554
Increase in deferred donations and endowment interest	194,017	367,792
	<b>\$732,533</b>	<b>\$(239,242)</b>

**Note 18  
Salaries and Benefits**

The Province of Alberta's Treasury Board Salary and Benefits Disclosure Directive dated July 6, 2004 requires the College to disclose certain salaries and benefits. These salaries and benefits are as follows:

	<b>2005</b>			<b>2004</b>	
	BASE SALARY <sup>(1)</sup>	OTHER CASH BENEFITS <sup>(2)</sup>	OTHER NON-CASH BENEFITS <sup>(3)</sup>	TOTAL	TOTAL
Chairman of the Board	\$ —	\$14,942	\$ 674	\$ 15,616	\$ 7,523
Board members	—	30,767	1,136	31,903	29,385
President	151,421	10,670	27,223	189,314	170,639
Vice-President, Academic	121,629	190	18,480	140,299	132,521
Vice-President, Student and Support Services	119,501	—	16,318	135,819	130,465
Vice-President, Advancement <sup>(4)</sup>	95,981	8,175	17,103	121,259	—
Associate Vice-President <sup>(5)</sup>	48,194	107	14,723	63,024	—
	<b>\$536,726</b>	<b>\$64,851</b>	<b>\$95,657</b>	<b>\$697,234</b>	<b>\$470,533</b>

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include honoraria, car allowances, bonuses, vacation payments and health and wellness allowances.

(3) Other non-cash benefits 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 and tuition fees.

(4) The position of Vice-President Advancement was created as of September 1, 2004.

(5) The position of Associate Vice-President was created as of January 1, 2005.



## Financial Statements

For the Year Ended  
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### Note 19 Funds Held on Behalf of Others

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

	2005	2004
Student Association	\$ 741,734	\$ 574,848
Big Country Educational Consortium	570,068	513,609
Other	225,109	144,702
	<u>\$1,536,911</u>	<u>\$1,233,159</u>

These amounts are not included in the financial statements.

### Note 20 Contingent Losses

The College, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the administration that adequate provision for these proceedings has been made in the College's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the College, however, should any additional loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the College.

### Note 21 Investment Earnings

	2005	2004
Restricted investment income on resources held for endowment	\$ 469,667	\$400,619
Unrestricted investment income	589,520	544,012
Total investment income	1,059,187	944,631
Transfer (to) from deferred donations and endowment interest	(168,126)	(134,522)
Amounts credited directly to endowment principal	(55,690)	(48,950)
	<u>\$ 835,371</u>	<u>\$761,159</u>

### Note 22 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 Advanced Education. Transactions between the College and the Province are disclosed in the Statement of Operations and Statement of Financial Position and are as follows:

## Financial Statements

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2005	REVENUE	DEFERRED CONTRIBUTIONS	DEFERRED CAPITAL CONTRIBUTIONS AND UDCC
Operating and Performance grant	\$15,409,912	\$ —	\$ —
Access Funding	587,600	(47,000)	—
Extension Services grants	286,120	(11,687)	—
Infrastructure renewal	534,000	(428,000)	—
School of Innovation	271,399	85,746	9,603
Miscellaneous grants	268,961	23,781	(837)
	<u>\$17,357,992</u>	<u>\$(377,160)</u>	<u>\$ 8,766</u>

2004	REVENUE	DEFERRED CONTRIBUTIONS	DEFERRED CAPITAL CONTRIBUTIONS AND UDCC
Operating and Performance grant	\$14,734,476	\$ —	\$ —
Access Funding	852,933	122,000	—
Extension Services grants	191,061	57,242	—
Infrastructure renewal	797,101	53,898	—
Centre for Innovation	251,781	(233,201)	108,911
Miscellaneous grants	214,900	23,712	—
	<u>\$17,042,252</u>	<u>\$ 23,651</u>	<u>\$108,911</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 and have been included in the Statement of Operations.

### Note 23 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

### Note 24 Budget

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Advanced Education. The College budget for the year ended June 30, 2005 was approved by the Board of Governors on June 24, 2004.

### Note 25 Approval of Financial Statements

The Board of Governors approved these financial statements.



# OLDS COLLEGE

*The place to go places*

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