

ANNUAL REPORT

OLDS COLLEGE 2003-2004



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OLDS COLLEGE MANDATE

Olds College is a board-governed public college operating under the Post-Secondary Learning 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.

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 Science, School of Applied Arts & Career Studies, School of Horticulture and the 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 (Bozeman), 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 agricultural, horticultural, land and environmental management learning and applied research community 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.

ACCOUNTABILITY STATEMENT

It is my pleasure to report on another outstanding year at Olds College. This has been an exceptional year of growth and success, and we are happy to share some highlights with you in this report.

Olds College takes pride in making great things happen for our students, who also continually make great things happen for us. We are proud of the enthusiasm and many contributions our students make. Their efforts enrich the entire Olds College community and make a vital impact now and into the future. I am constantly impressed with the level of hard work and dedication our students bring to their pursuits while at Olds College. Their determination to succeed is helping us achieve our vision to be the premier comprehensive applied agricultural, horticultural, land and environmental management learning organization in Canada.

Our students' accomplishments would not be possible without the solid education and support provided by our exceptional faculty and staff. The Olds College Board of Governors recognizes the creativity and hard work of our outstanding staff. I thank you for helping us achieve another year of growth and achievement, and wish the entire Olds College community best wishes for continued success.

The Olds College annual report for the year ended June 30, 2004 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.

Stan Mills
Chair, Olds College Board of Governors



Olds College takes pride in making great things happen for our students, who also continually make great things happen for us. We are proud of the enthusiasm and many contributions our students make.

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

**Now more than ever, Olds College is the place to go places!
Pride and energy fills the entire Olds College community, and we invite you
to discover what Olds College has accomplished on behalf of our students, staff, industry
partners, government associates and community neighbours.**

Already the clear authority in advancing Agricareers and creating leaders to transform agribusiness and land-based industries, Olds College is taking our role to a new level through Four Horses for the Future. This business plan launches mighty initiatives by building on our long-standing tradition of Olds College excellence. By holding the college's original 1913 values in sharp focus, Four Horses for the Future identifies an extensive advancement of Resources, Environment, Students and Programs as the achievements Olds College will harness over the coming four years. In the end, Olds College will: be the leading centre of specialization in Agriculture, Horticulture and Land-based education and applied research at the college level; strategically increase access to the College's learning opportunities; anticipate and respond quickly and effectively to opportunities and demands as a result of changes in industry, governments and technology; provide educational programs that are affordable and services that are competitively priced based on the value of the programs and services being offered; and remain fiscally responsible while achieving excellence in educational outcomes.

Our focus on students continues to be our first and foremost priority. Despite our substantial growth, Olds College continues to be a friendly and inviting campus, with small classes and instructors who are ready to welcome each one of our diverse and dynamic students. Students arrive at our campus from across Canada and throughout the world to take advantage of our progressive approach to learning.

As we charge from the gate with Four Horses for the Future, it is clear that Olds College is the place to go places.

*H.J. (Tom) Thompson
President and CEO*



INSTITUTIONAL PROFILE



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 agricultural, horticultural, environmental, 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

- 1,254 full load equivalent students
- 403 faculty and staff including contract and temporary positions
- 357 home study learners
- 2,684 part-time extension learners

OLDS COLLEGE

BOARD OF GOVERNORS AS AT JUNE 30, 2004

- STAN MILLS, Chair
Owner of mixed family farming operation
- H.J. (TOM) THOMPSON
President and CEO Olds College
- MARK KRAHN
President, Olds College Students' Association
- GLEN FOX
Vice-Chair, Olds College AUPE Executive
- RUSS GUTHRIE
Olds College Faculty Association
- MARGARET HOOGLAND
Businesswoman, family horticulture operation
- STIRLING MCLEOD
Businessman, founder of Stiridon Systems
- DAVE PRICE
Businessman, part-owner Sunterra group
- WILLIAM (BILL) QUINNEY
Businessman
- GARY SEVERTSON
Businessman, former MLA
- WANDA SUNDE
Family farming operation

ANOTHER MEMORABLE YEAR



HIGHLIGHTS

- Honorary Degrees were presented to The Honourable Dr. Lyle Oberg (then Minister of Learning for the Province of Alberta) and Gloria Beck (co-owner of Parkland Nurseries & Garden Centre in Red Deer) at Graduation 2004.
- Olympic Gold Medalist Beckie Scott inspired the Class of 2004 when she delivered the keynote address at Olds College Graduation.
- The Honorable Lyle Oberg officially opened The Promenade, a new addition to the Olds College Botanic Garden.
- The latest moth and butterfly research from international experts was presented when Olds College hosted the annual North American Lepidopterists' Society Conference.
- President H.J. (Tom) Thompson attended a special signing ceremony for Olds College and The Chinese Academy of Agricultural Sciences in Beijing.
- Olds College extended its partnership with Japan's Rakuno Gakuen University, continuing student exchanges and international education for another five years.
- Carla Hantelmann (Fashion Production 1999) and Dr. Victor Valli (Agriculture 1953) were nominated for recognition at the Provincial Awards Celebrating Excellence (PACE) event.
- Clara (Storch) Montgomery was inducted into the Olds College Alumni Hall of Fame.



STUDENT SUCCESS

- Agricultural Production student, Joseph Cyr, was one of only 100 students from across the country to receive a "first level" Millennium Excellence award from the federal government.
- A two-student team from the Olds College School of Horticulture took the silver medal at the Skills Canada competition in Winnipeg. Amy Vaughan and Alycia Seely, both in the Landscape Gardener Apprenticeship Program, qualified for the national event after conquering the Skills Alberta provincial competition. Skills Canada works to reposition trades as a first-choice career option for young people.

- The President of the Canadian Junior Angus Association, Dalynn Harris, took up her studies in Olds College's Agricultural Business program.
- One of the top spots in a province-wide business plan competition was secured by Equine Science student Philippa Ruller.
- Katie Housek, an Equine Science student from Saskatchewan, rode her horse for 11 days through two provinces to get to college.



- Garrett Madley paused his Agricultural Production classes briefly to compete with the Canadian Rugby Team in South Africa.

- The Alberta 4-H program's highest honour, the Premier's Award, was bestowed upon Agricultural Business student Robert Dixon.
- Steven Snider, a graduate from both the Agricultural Mechanics and Agricultural Production programs at Olds College, was named Alberta's Outstanding Young Farmer.
- Two dozen students who just graduated from the Agricultural Mechanics program stayed on campus to challenge exams in both the Heavy Equipment Technician and the Agricultural Equipment Technician apprenticeships, through Olds College's unique accreditation with Alberta Apprenticeship and Industry Training.
- Olds College presented 457 awards totaling close to \$370,000 at the annual Student Awards Ceremony.
- The President of the Canadian Junior Angus Association, Dalynn Harris, took up her studies in Olds College's Agricultural Business program.



LEADING THE WAY

- Olds College launched a new rodeo elective, creating the first such credit course in Canada.
- The film crew and hosts of Canadian Geographic Kids arrived at campus in July to film a show on composting.
- After an extensive and independent external audit, Olds College became the only post-secondary institution in Alberta to achieve and maintain a Certificate of Recognition for excellence in occupational health and safety.
- For the second year in a row, Agricultural Production student Francis Sache captured the title at the Canadian Junior Plowing Championship
- Ground-breaking research got underway on campus in partnership with Sundown Livestock Transplant, which will have a profound impact on the emerging science of freezing horse semen.
- When a severe snowstorm closed a major highway, the responsibility of preparing food for 421 unexpected guests fell to Olds College Chartwell's baker, Travis Kinney. He was later chosen from among 16,000 Chartwell's company employees to receive a national award for going above and beyond the call of duty.
- Olds College created a new Veterinary Medical Receptionist certificate program to satisfy a significant need for skilled office personnel.



CONNECTING WITH COMMUNITY

- Olds College launched a video for the United States Department of Agriculture’s public comment period, documenting the effect of the border closure on 30 students and their families.
- John Deere Limited was named Olds College’s 2004 Partner of the Year.
- Eight German shepherd puppies were brought to the college’s Animal Health Technology program facility to test their suitability to become part of the RCMP’s dog service.
- A photography business benefited from the practical research component in Olds College’s Bachelor of Applied Science-Agrribusiness program, which requires students to conduct in depth, real-life customer satisfaction surveys.
- Over 40 first-year Agricultural Production students participated in a ‘first on the scene’ safety course, which has been formally included in the curriculum.
- Candidates traveled from throughout Alberta, Saskatchewan and Manitoba for a series of international tests at Olds College’s Landscape Construction Pavilion, which is currently the only venue hosting this level of testing.
- Olds College made history by webcasting a unique exchange between students and a renowned visionary who is helping shape their future, Dr. Robert Church.
- Five Ornamental Horticulture students presented an information session at a provincial Communities in Bloom workshop.
- Representatives from six organizations held the first official meeting to discuss the concept of creating a Community Learning Campus in Olds.
- Students from Bowden learned some new trades through Olds College’s Agriculture Technology department, in facilities that aren’t available at their high school.
- Fashion Production students appeared in two episodes of a new sewing show launched in Edmonton.
- Students at Delburne School received a donation of 50 surplus computers and monitors from Olds College.
- Jason Heistad, Instruction Assistant in Career and Academic Preparation, was chosen as one of 225 young leaders from across the country to participate in the 2004 Governor General’s Leadership Conference.
- Six Olds College instructors were honoured with Excellence Awards through the National Institute for Staff and Organizational Development (NISOD).
- Gordon Gilchrist, Agricultural Technology instructor, won the 2003 Morgex Award for Innovation in Teaching for his work in creating an independent video learning resource.
- Denis Patry, an instructor in Olds College’s horticulture program for 25 years, received a Certificate of Appreciation from the Alberta Greenhouse Growers Association.

INSTRUCTIONAL EXCELLENCE

- Dr. Russ Guthrie, Olds College Counsellor since 1986, received the Dean Stetson Service Award for his contribution to student services.
- Peggy Johnson, an Olds College instructor for over 20 years, was presented an Alberta Farm Animal Care Award of Distinction in Communication.

BUILDING ON A LONG-STANDING TRADITION OF EXCELLENCE

Olds College is looking ahead at initiatives that will be launched through the new business plan 'Four Horses for the Future'. By building on a long-standing tradition of excellence, Olds College is embarking on a \$26 million capital campaign to further enhance career and training opportunities for learners and the industries the college serves.

As a newly created Office of Advancement prepares to launch the capital campaign, Olds College looks back at the vision and influence the Olds College Foundation has built for students for over 20 years. Friends and Directors of the Olds College Foundation Board have worked hard in their roles of advancing educational objectives at Olds College – and they have achieved enormous success.

Through the efforts of individuals committed to the Foundation, Olds College has reached a new level of excellence. Some of the initiatives undertaken by the Olds College Foundation this year:

- Combining an administrative contribution from the College, the Foundation successfully raising \$1.8 million, at an administrative cost of less than 23 cents on the dollar.
- Celebrating the second annual Olds College Growing the Legacy Gala, which generated revenue for student awards, leadership and institutional greatest need. The Olds College Partner of the Year was awarded to John Deere Ltd. at the Gala.
- Hosting the 12th annual Olds College Golf Classic, which has raised almost \$570,000 since it began in 1993. All funds raised are directed to bursaries, scholarships and enhancing student life.
- Presenting the Philanthropist of the Year honour to Agricore United/Stam D. Davies/Anonymous Donor, who worked together to develop the single largest endowment directed towards student bursaries.
- Receiving a family endowment from Albert Helmer, who bequeathed his estate to Olds College. Mr. Helmer, a longstanding resident in the Sundre area, had been involved with horse and cattle ranching, guiding and outfitting for oil companies and big game hunters.
- Officially registering with CanadaHelps.org. to facilitate online donations on a secure site.



A gift to the Olds College Foundation/Office of Advancement 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 our learners have access to the best instruction and technologies available in the marketplace.

AUDITOR'S REPORT



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

TO THE BOARD OF GOVERNORS OF OLDS COLLEGE

I have audited the consolidated statement of financial position of Olds College as at June 30, 2004 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
October 1, 2004

Original Signed by Fred J. Dunn, FCA
Auditor General

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2004

	2004	2003
ASSETS		
Current:		
Cash and short-term investments <i>(Note 3)</i>	\$ 3,430,031	\$ 3,638,716
Accounts receivable	3,020,302	2,555,828
Inventories <i>(Note 4)</i>	424,786	349,320
	6,875,119	6,543,864
Long-term contributions receivable	100,000	170,000
Long-term investments <i>(Note 3)</i>	5,746,107	5,761,927
Capital assets <i>(Note 5)</i>	28,876,488	29,636,573
	\$ 41,597,714	\$ 42,112,364
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	\$ 1,198,597	\$ 1,403,846
Current portion of long term debt <i>(Note 6)</i>	159,286	179,582
Deferred non-capital grants <i>(Note 9)</i>	925,529	901,878
Unearned revenue <i>(Note 8)</i>	573,865	584,915
Accrued vacation pay	1,340,746	1,215,192
Deferred donations and endowment interest <i>(Note 10)</i>	1,611,671	1,243,879
	5,809,694	5,529,292
Deferred capital contributions <i>(Note 12)</i>	600,780	930,761
Long term debt <i>(Note 6)</i>	3,821,573	3,980,860
Unamortized deferred capital contributions <i>(Note 13)</i>	16,835,279	17,598,981
	27,067,326	28,039,894
Net assets:		
Unrestricted net assets	875,132	1,027,399
Internally restricted <i>(Note 14)</i>	478,060	451,568
Invested in capital assets	8,060,353	7,877,154
Endowments <i>(Note 15)</i>	5,116,843	4,716,349
	14,530,388	14,072,470
	\$ 41,597,714	\$ 42,112,364

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2004

	2004		2003
	Budget	Actual	Actual
	<i>(Note 23)</i>		
Revenue:			
Grants, Province of Alberta <i>(Note 21)</i>	\$ 16,780,623	\$ 17,042,252	\$ 15,711,802
Other grants and training contracts	1,953,072	2,069,929	2,433,154
Tuition and related fees	5,025,598	4,871,863	4,563,785
Sales, rentals and other services <i>(Note 16)</i>	4,766,600	4,896,399	5,104,440
Investment earnings <i>(Note 20)</i>	461,600	761,159	541,493
Donations	769,922	872,261	699,784
Amortization of deferred capital contributions <i>(Note 13)</i>	2,081,956	1,866,756	2,517,830
	31,839,371	32,380,619	31,572,288
Expense:			
Salaries and benefits	18,092,870	18,746,455	17,401,279
Supplies and services	7,158,596	7,300,206	7,435,283
Scholarships and bursaries	146,500	221,999	213,788
Cost of goods sold	1,832,050	1,804,956	1,846,499
Utilities	1,112,929	1,314,172	1,511,468
Amortization of capital assets	3,267,586	2,866,665	2,836,385
Loss on disposal of capital assets	—	68,742	696,701
	31,610,531	32,323,195	31,941,403
Excess (deficiency) of revenue over expense	\$ 228,840	\$ 57,424	\$ (369,115)

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2004

	2004					2003	
	Unrestricted Net Assets	Internally Restricted Net Assets	Investment in Capital Assets	Total Operating Net Assets	Endowments	Total Net Assets	Total Net Assets
	<i>(Note 14)</i>						
Excess (deficiency) of revenue over expense	\$ 57,424	\$ —	\$ —	\$ 57,424	\$ —	\$ 57,424	\$ (369,115)
Endowments contributions				—	351,544	351,544	394,421
Recapitalized endowment earnings				—	48,950	48,950	29,483
Board restrictions	(83,935)	26,492	57,443	—		—	—
Internally funded:							
Capital asset acquisitions	(1,025,324)		1,025,324	—		—	—
Repayment of long-term debt	(179,583)		179,583	—		—	—
Amortization of capital assets	1,000,324		(1,000,324)	—		—	—
Disposal of capital assets	78,827		(78,827)	—		—	—
(Decrease)increase in net assets	(152,267)	26,492	183,199	57,424	400,494	457,918	54,789
Net asset balance, beginning of year	1,027,399	451,568	7,877,154	9,356,121	4,716,349	14,072,470	14,017,681
Net asset balance, end of year	<u>\$ 875,132</u>	<u>\$ 478,060</u>	<u>\$ 8,060,353</u>	<u>\$ 9,413,545</u>	<u>\$ 5,116,843</u>	<u>\$ 14,530,388</u>	<u>\$ 14,072,470</u>

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

	2004	2003
Operating activities:		
Excess (deficiency) of revenue over expense	\$ 57,424	\$ (369,115)
Amortization of deferred capital contributions	(1,866,756)	(2,517,830)
Amortization of capital assets	2,866,665	2,836,385
Loss on disposal of capital assets	68,742	696,701
	1,126,075	646,141
Net change in non-cash working capital (<i>Note 17</i>)	(239,242)	(1,026,212)
Cash flow from operating activities	886,833	(380,071)
Investing activities:		
Proceeds (purchase) of long-term investments, net	15,820	(888,877)
Purchase of externally funded capital assets	(1,103,054)	(728,958)
Purchase of internally funded capital assets	(1,082,769)	(2,082,992)
Proceeds from disposal of capital assets	10,500	93,237
Cash applied to investing activities	(2,159,503)	(3,607,590)
Financing activities:		
Repayment of long term debt	(179,583)	(81,724)
Long-term debt issued	—	800,000
Decrease in contributions receivable	70,000	180,000
Capital contributions received	756,873	1,243,784
Donated Equipment	16,201	84,326
Endowments contributions received	400,494	423,904
Cash generated from financing activities	1,063,985	2,650,290
Decrease in cash and short-term investments	(208,685)	(1,337,371)
Cash and short-term investments, beginning of year	3,638,716	4,976,087
Cash and short-term investments, end of year	\$ 3,430,031	\$ 3,638,716

The accompanying notes are part of these consolidated financial statements.

JUNE 30, 2004

NOTE 1
Authority

Olds College operates under the authority of the Post-secondary Learning Act, Statutes of Alberta 2003, Chapter P19.5.

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 consolidated 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) 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, 2000 and commenced operations on July 1, 2000. 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 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 contributions are recognized as revenue in the period 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

Short-term investments with a maximum of one year are comprised primarily of certificates of deposit, guaranteed investment certificates, government treasury bills and commercial paper. These investments are recorded at the lower of cost or market. Market value generally approximates cost given the short-term nature and high credit quality of the 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.

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

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 and accrued 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 and includes endowments, deferred contributions externally restricted for capital purposes, and net assets internally restricted for capital purposes.

	<u>2004</u>	<u>2003</u>
Endowments	\$ 5,116,843	\$ 4,716,349
Deferred capital contributions (Note 12)	600,780	930,761
Internally restricted net assets, capital (Note 14)	28,484	114,817
Held as long-term investments	5,746,107	5,761,927
Cash and short-term investments	3,430,031	3,638,716
Total cash and investments	<u>\$ 9,176,138</u>	<u>\$ 9,400,643</u>

Cash and investments are summarized as follows:

	2004		2003	
	Cost	Market Value	Cost	Market Value
Cash and short-term investments	\$ (674,709)	\$ (674,709)	\$ 387,333	\$ 387,333
Fixed income – bonds and deposit notes	2,862,189	2,946,856	2,397,523	2,468,961
Convertible debt	705,532	781,550	311,308	314,500
Equities and income trusts	6,283,126	6,467,083	6,304,479	5,958,707
	<u>\$ 9,176,138</u>	<u>\$ 9,520,780</u>	<u>\$ 9,400,643</u>	<u>\$ 9,129,501</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:

	Term to Maturity			2004	2003
	Within 1 Year	1 to 5 Years	6 Years or Greater	Total	Total
Bonds and Debentures:					
Other provincial	\$ —	\$ 303,750	\$ 195,540	\$ 499,290	\$ 746,593
Other government and corporate bonds	114,812	895,401	1,352,686	2,362,899	1,505,086
US Corporate Bonds	—	—	—	—	145,844
	<u>\$ 114,812</u>	<u>\$ 1,199,151</u>	<u>\$ 1,548,226</u>	<u>\$ 2,862,189</u>	<u>\$ 2,397,523</u>
Yield				4.97%	4.21%
Fair Value				2,946,856	2,434,722
	114,812	1,199,151	1,548,226	2,862,189	2,397,523
Accrued Interest	1,002	20,131	16,692	37,825	48,037
	<u>\$ 115,814</u>	<u>\$ 1,219,282</u>	<u>\$ 1,564,918</u>	<u>\$ 2,900,014</u>	<u>\$ 2,445,560</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.

NOTE 4 Inventories

	2004	2003
Livestock, feed and supplies	\$ 303,926	\$ 233,978
Bookstore merchandise and other	120,860	115,342
	<u>\$ 424,786</u>	<u>\$ 349,320</u>

NOTE 5 Capital Assets

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 2,332,859	\$ —	\$ 2,332,859	\$ 2,321,348
Site improvements	2,855,725	710,994	2,144,731	2,171,289
Buildings	49,871,943	30,748,937	19,123,006	20,375,149
Furnishings and equipment	15,759,107	10,483,215	5,275,892	4,768,787
	<u>\$ 70,819,634</u>	<u>\$ 41,943,146</u>	<u>\$ 28,876,488</u>	<u>\$ 29,636,573</u>

Capital assets have been funded as follows:

	2004	2003
Unamortized deferred capital contributions	\$ 16,835,279	\$ 17,598,981
Internally funded investment in capital assets	8,060,353	7,877,154
Long term debt	3,980,856	4,160,438
	<u>\$ 28,876,488</u>	<u>\$ 29,636,573</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 2.055% at June 30, 2004.

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.

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, 2004 long term debt:

	Outstanding Principal		Mortgage Payment Requirements				
	Long term	Current	2005	2006	2007	2008	2009
Phase One	\$ 1,356,000	\$ 72,000	\$ 142,211	\$ 139,741	\$ 146,697	\$ 142,579	\$ 140,420
Phase Two	1,738,290	49,933	152,756	152,756	152,756	152,756	152,756
Farm land	727,283	37,353	80,364	80,364	80,364	80,364	80,364
	<u>\$ 3,821,573</u>	<u>\$ 159,286</u>	<u>\$ 375,331</u>	<u>\$ 372,861</u>	<u>\$ 379,817</u>	<u>\$ 375,699</u>	<u>\$ 373,540</u>

Interest of \$220,376 (2003 – \$199, 297) has been charged to expense during the year.

NOTE 7 Interest Rate Swap

The College has entered into an interest rate swap, 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, 2004 is \$1,428,000 (2003 - \$1,500,000) at a fixed interest rate of 5.09% which expires in 2018. The fair value of the interest rate swap is \$20,247 (2003 – nil). Fair value is determined by the College's financial institution who has arranged the interest rate swap.

NOTE 8 Unearned Revenue

	2004	2003
Tuition fees	\$ 312,962	\$ 258,217
Research	119,143	36,201
Program delivery/Extension services	49,781	187,582
Prepaid lease revenue	63,840	85,120
Other	28,139	17,795
	<u>\$ 573,865</u>	<u>\$ 584,915</u>

NOTE 9 Deferred Non-Capital Grants

	2004	2003
Infrastructure grant	\$ 428,000	\$ 374,101
Research grants	294,576	527,777
Education program delivery grant	202,953	—
	<u>\$ 925,529</u>	<u>\$ 901,878</u>

NOTE 10 Deferred Donations and Endowment Interest

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

	<u>2004</u>	<u>2003</u>
Contributions received during the year:		
Donations	\$ 658,865	\$ 502,964
Restricted investment income	351,670	193,605
	<u>1,010,535</u>	<u>696,569</u>
Transferred to:		
Donations revenue	(425,596)	(393,126)
Investment income revenue	(217,147)	(197,663)
	<u>(642,743)</u>	<u>(590,789)</u>
Increase during the year	367,792	105,780
Balance, beginning of year	1,243,879	1,138,099
Balance, end of year	<u>\$ 1,611,671</u>	<u>\$ 1,243,879</u>
The balance is restricted for:		
Endowment scholarships	\$ 388,315	\$ 239,384
Staff development	42,548	42,548
Programs and projects	1,180,808	961,947
	<u>\$ 1,611,671</u>	<u>\$ 1,243,879</u>

NOTE 11 Pension Expense

The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of \$808,981 for the year ended June 30, 2004 (2003 - \$705,243).

At December 31, 2003, the Local Authorities Pension Plan reported a deficiency of \$1,410,987,000 (2002 deficiency - \$444,980,000).

NOTE 12 Deferred Capital Contributions

	<u>2004</u>	<u>2003</u>
Received during the year:		
Furniture, equipment and computers grants	\$ 560,289	\$ 481,152
Canadian Foundation for Innovation grant	173,867	773,709
James Murray building addition grant	60,928	57,678
Donated equipment	16,201	84,326
Infrastructure renewal grant	—	3,211
	<u>811,285</u>	<u>1,400,076</u>
Transfers to unamortized deferred capital contributions:		
Furniture, equipment and computers	556,289	232,902
Canadian Foundation for Innovation	418,470	250,186
James Murray building addition	60,928	57,678
Heavy duty apprentice equipment	45,376	94,360
Donated equipment	16,201	84,326
Window turner	5,790	2,346
Animal Health Technician grant	—	3,949
Infrastructure renewal	—	3,211
	<u>1,103,054</u>	<u>728,958</u>
Transfers to revenue:		
Furniture, equipment and computers grant	38,212	—
Canadian Foundation for Innovation grant	—	68,814
Animal Health Technician grant	—	3,152
	<u>38,212</u>	<u>71,966</u>
(Decrease) increase during the year	(329,981)	599,152
Balance, beginning of year	930,761	331,609
Balance, end of year	<u>\$ 600,780</u>	<u>\$ 930,761</u>

	<u>2004</u>	<u>2003</u>
The balance is comprised of:		
Agricultural mechanics equipment	\$ 124,214	\$ 169,590
Research equipment	476,566	722,959
Other equipment	—	38,212
	<u>\$ 600,780</u>	<u>\$ 930,761</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.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 17,598,981	\$ 19,387,853
Amount transferred from deferred capital contributions (<i>Note 12</i>)	1,103,054	728,958
Amortization of deferred capital contributions	(1,866,756)	(2,517,830)
Balance, end of year	<u>\$ 16,835,279</u>	<u>\$ 17,598,981</u>

NOTE 14 Internally Restricted Net Assets

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

	2004	2003
Capital:		
Farm capital renewal	\$ 28,484	\$ 114,817
Non-capital:		
Foundation projects	406,519	292,694
Departmental projects	31,057	31,057
Scholarships	12,000	13,000
	<u>449,576</u>	<u>336,751</u>
	<u>\$ 478,060</u>	<u>\$ 451,568</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, 2003 Balance	Donations	Interest Capitalized	June 30, 2004 Balance	Expendable Investment Income Earned	Investment Income Expended
Scholarships	\$ 2,066,090	\$ 350,544	\$ 7,046	\$ 2,423,680	\$ 170,737	\$ 78,861
Faculty Development Fund	1,500,979	—	24,151	1,525,130	96,604	96,604
General	1,149,280	1,000	17,753	1,168,033	84,329	41,682
	<u>\$ 4,716,349</u>	<u>\$ 351,544</u>	<u>\$ 48,950</u>	<u>\$ 5,116,843</u>	<u>\$ 351,670</u>	<u>\$ 217,147</u>

NOTE 16 Sales, Rentals and Other Services

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

	2004	2003
Conference and food services	\$ 1,549,173	\$ 1,639,944
Residence	1,189,852	1,136,136
Bookstore	743,845	699,637
Rentals & other	554,946	594,283
Academic program ancillary	441,802	399,868
Farm operations	416,781	634,572
	<u>\$ 4,896,399</u>	<u>\$ 5,104,440</u>

NOTE 17

Net Changes in Non-cash Working Capital

	2004	2003
(Increase) in accounts receivable	\$ (464,474)	\$ (767,413)
(Increase) decrease in inventories	(75,466)	113,840
(Decrease) increase in accounts payable	(205,249)	719,237
Increase (decrease) in deferred non-capital grants	23,651	(165,914)
(Decrease) in deferred revenue	(11,050)	(933,584)
Increase (decrease) in accrued vacation pay	125,554	(98,158)
Increase in deferred donations and endowment interest	367,792	105,780
	<u>\$ (239,242)</u>	<u>\$(1,026,212)</u>

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:

	2004			2003	
	Base Salary(1)	Other Cash Benefits(2)	Other Non-cash Benefits(3)	Total	Total
Chairman of the Board	\$ —	\$ 7,200	\$ 323	\$ 7,523	\$ 15,600
Board members		28,546	839	29,385	28,968
President	146,297	9,160	15,182	170,639	153,765
Vice-President, Academic	112,543	190	19,788	132,521	127,288
Vice-President, Student and Support Services	110,295	190	19,980	130,465	119,230
Executive Director, Olds College Foundation	93,920	5,000	13,749	112,669	105,230
Chief Operating Officer, Olds College Centre for Innovation	100,272	11,844	22,283	134,399	116,892
	<u>\$ 563,327</u>	<u>\$ 62,130</u>	<u>\$ 92,144</u>	<u>\$ 717,601</u>	<u>\$ 666,973</u>

- (1) Base salary includes pensionable base pay.
- (2) Other cash-benefits include honoraria, car allowances, bonuses, payment of vacation entitlements and health and wellness benefits.
- (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.

NOTE 19 Funds Held on Behalf of Others

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

	2004	2003
Student Association	\$ 574,848	\$ 501,000
Big Country Educational Consortium	513,609	698,486
Other	144,702	108,759
	<u>\$ 1,233,159</u>	<u>\$ 1,308,245</u>

These amounts are not included in the consolidated financial statements.

NOTE 20 Investment Earnings

	2004	2003
Restricted investment income on resources held for endowment	\$ 400,619	\$ 223,089
Unrestricted investment income	544,012	343,829
Total investment income	944,631	566,918
Transfer (to) from deferred donations and endowment interest	(134,522)	4,058
Amounts credited directly to endowment principal	(48,950)	(29,483)
	<u>\$ 761,159</u>	<u>\$ 541,493</u>

NOTE 21 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:

	2004			2003		
	Revenue	Deferred Revenue	Deferred Contributions and UDCC	Revenue	Deferred Revenue	Deferred Contributions and UDCC
Operating & Performance grant	\$ 14,734,476	\$ —	\$ —	\$ 13,802,327	\$ —	\$ —
Access Funding	852,933	122,000	—	664,342	—	—
Extension Services grants	191,061	57,242	—	161,602	25,546	—
Infrastructure renewal	797,101	53,898	—	604,839	608,049	(3,211)
Centre for Innovation	251,781	(233,201)	108,911	100,665	(9,811)	—
Miscellaneous grants	214,900	23,712	—	378,027	20,531	152
	<u>\$ 17,042,252</u>	<u>\$ 23,651</u>	<u>\$ 108,911</u>	<u>\$ 15,711,802</u>	<u>\$ 644,315</u>	<u>\$ (3,059)</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 Revenue and Expense.

NOTE 22
Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

NOTE 23
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, 2004 was approved by the Board of Governors on April 23, 2003.

NOTE 24
Approval of Financial Statements

The Board of Governors approved these financial statements.



4500 – 50th Street
Olds, Alberta Canada T4H 1R6

Telephone:
1-800-661-6537 or (403) 556-8281
TTY: (403) 507-7921

info@admin.oldscollege.ab.ca

www.oldscollege.ca