

2016-2017

# Annual Report

ALBERTA COLLEGE OF ART + DESIGN

# ACAD

Prepared for:

Government of Alberta

The Alberta College of Art and Design acknowledges that it is located on the traditional territories of the Blackfoot and the people of the Treaty 7 region in Southern Alberta. The City of Calgary is also home to Metis Nation of Alberta, Region III.

## Table of Contents

|   |    |
|---|----|
| Accountability Statement                  | 3  |
| Management’s Responsibility for Reporting | 3  |
| Message from the Chair                    | 4  |
| Board of Governors                        | 4  |
| Message from the President and CEO        | 5  |
| Operational Overview                      | 6  |
| Goals, Priorities and Expected Outcomes   | 7  |
| Financial and Budget Information          | 41 |
| Internationalization                      | 53 |
| Information Technology                    | 53 |
| Capital Plan                              | 55 |
| Appendix – Audited Financial Statements   | 57 |

## ACCOUNTABILITY STATEMENT

The Alberta College of Art + Design's Annual Report for the year ended June 30, 2017 was prepared under the Board's direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the Post-Secondary Learning Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

*Original Signed by M. Carol Ryder*  
Chair, ACAD Board of Governors

## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The Alberta College of Art + Design's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the Annual Report including the financial statements, performance results and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained and assets are properly accounted for and safeguarded.

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the Fiscal Planning and Transparency Act and the Post-Secondary Learning Act.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

*Original Signed by Dr. Daniel Doz*  
President + CEO

*Original Signed by Jill Brown*  
Vice President, Administration

## MESSAGE FROM THE CHAIR

The Alberta College of Art + Design turned 91 years old in 2017 and continues to celebrate creativity, innovation, design and art. As returning Board Chair for a second term, I continue to be inspired by what I learn, see and experience at ACAD.

Each member of our Board of Governors feels privileged to serve what is truly a gem for Calgary, Alberta, Canada and internationally. Our dedication is directed by our amazing and gifted students and the passionate and skilled faculty and staff who challenge the next generation of artists, designers and creators each day.

Board Governance of an art, craft and design post-secondary school, has its challenges but ACAD is approaching its future strategically and carefully to become a paradigm pioneer as an academic and educational leader and cultural community builder. ACAD is examining the best ways to promote lifelong learning in the world through undergraduate and graduate degree programs, professional and continuing education programs and global partnerships. Each board member is committed to ensuring ACAD achieves a sustainable and strong financial position so these programs and our world class faculty continue to be accessible to the most talented students in Canada and internationally.

ACAD's alumni have and will continue to contribute to the world around them. This past year alone, the National Gallery of Canada held prestigious exhibits of three notable ACAD alumni. I look forward to seeing our current and future students' accomplishments and how their achievements will shape the world around them and contribute to our society.

*Original Signed by M. Carol Ryder*  
Chair, ACAD Board of Governors

### ACAD Board of Governors\*

Carol Ryder, Chair

Larry Clausen, Vice Chair

Dr. Daniel Doz, President and CEO

Susan Thomas, Public Member

Martin Kratz, Public Member

Reid Cummings, Public Member

Loradonna Botter, Public Member

Natasha Pashak, Public Member

James Stanford, OC, Public Member

Amanda Hu, Public Member

Dale Turri, Public Member

Ian Fitzgerald, Faculty Representative

Donna Barrett, Non-Academic Staff Member

Lisa Sudeikat, Student Member

\*As at June 30, 2017

## MESSAGE FROM THE PRESIDENT + CEO

Arts and culture play an essential role in enriching our lives. Through its mission, the Alberta College of Art + Design is a well-positioned leader in this area.

The study of visual arts, craft and design is a pursuit. It is an exploration of ideas, a celebration of creativity, and an understanding of what connects us to the world. It is a way of seeing, a way of thinking about the tools and materials we use, the clothing we wear, the buildings we inhabit. It is to reflect on both the ordinary and extraordinary moments of our lives. It is about understanding, enriching and educating our community and ultimately ourselves.

Each ACAD school and program is actively engaged in graduating students who become leaders in their fields. This starts with faculty and staff whose expertise, knowledge, and dedication is truly outstanding. To be a part of the Alberta College of Art + Design is to become a member of a passionate, exceptionally talented community of students, faculty and staff.

We have made significant progress during this academic year, including the exciting launch of our Indigenous Resource Center, the Lodgepole Center. This center has quickly become a critical hub for all of our students, and it is poised to expand its role. We also received from the National Association of Schools of Art and Design, a 10-year Substantial Equivalency, a first in Canada.

In the fall of 2016, we proudly submitted our Sustainability Strategic Plan to the Government of Alberta. At the time of writing this annual report, we understand the Provincial Government is not able to support this plan for sustainability through strategic growth. As a result, ACAD must embark on a new path to re-envision its future.

To create a thriving long-term vision, ACAD must shift roles from follower to paradigm pioneer. This long-term vision is articulated around three core notions:

- ACAD as an Academic Leader: We have a responsibility to push the boundaries of knowledge and expression in art, craft and design fields, to lead knowledge exploration and disseminate wise practice, and to prompt innovation through Scholarly Research and Creative activities.
- ACAD as an Educational Leader: We have a responsibility to provide leadership in art, craft and design education to expand Alberta's creative industries, graduate thinkers and creatives who can pilot change and provide a flexible learning environment to the 21st century learner.
- ACAD as a Community Builder: We have a responsibility to all constituents to nurture and promote healthy communities, to support social, economic and cultural prosperity and to embed art and design into defining community character.

I invite you to further engage with the many exciting facets of our institution, as every day there is a new opportunity to discover new forms of creativity, innovation and entrepreneurship.

*Original Signed by Dr. Daniel Doz*

President + CEO

## OPERATIONAL OVERVIEW

Founded in 1926, ACAD has been a major contributor to Canada's visual culture in the 20<sup>th</sup> century, with many of its graduates gaining significant national and international reputations as artists, designers and creative leaders.

ACAD is one of only four art and design schools in the country, and it is the only one in Alberta with a provincial mandate to deliver art and design education. ACAD is also one of the only specialized Canadian art and design higher-education institutions to be granted Substantial Equivalency by the National Association of Schools of Art and Design (NASAD). This international designation opens critical paths for ACAD undergraduate students to seamlessly pursue graduate degrees at other NASAD schools and it brings new students to Alberta.

In 2014, ACAD embarked on a thorough sustainability exercise to ensure its long-term success. While our small, intimate, high-quality educational setting is perfect for students, we lack the economies of scale and ability to generate income from the traditional ancillary avenues that most institutions enjoy. It was believed ACAD could create long-term sustainability by growing its strengths as a creative institution, aligning new program areas with the skills required for the new knowledge economy and transforming current program areas to achieve efficiencies. The result of this exercise was the creation of the ACAD Sustainability Strategic Plan (SSP), which was submitted to the Advanced Education Minister in fall 2016. The projections made in the 2016-2019 CIP were built on the premise that ACAD would receive support and additional funding to realize the goals stated in the SSP. While many of our goals and objectives were met nonetheless, at the end of the fiscal year the Government of Alberta formally acknowledged it was unable to support the SSP and gave further direction to ensure financial sustainability within current resource allocations. This coupled with the continued freeze on tuition rates and rising inflationary expenses, means that many of the goals and priority initiatives stated in the 2016-2019 CIP need to be rethought, revised or abandoned.

ACAD was successful in 2014 in receiving approval and funding to work with Olds College for a collaborative degree offering in Fashion design and intended to submit final plans in June of 2016. However, by September 2016, Olds College had indicated there was no longer an interest in collaborating on this initiative. ACAD does not currently have the resources to offer a Fashion degree autonomously; therefore, we are unable to expand our enrollment in this area.

Similarly, changes in academic leadership at both ACAD and Bow Valley College (BVC) have hindered exploration of a collaborative degree in Design Management, but we continue to examine the virtues of interdisciplinary and visual culture offerings. We were very proud to graduate our first cohort of credentialed ArtStream students (an ACAD/BVC joint program), who were awarded their certificate at our graduation ceremony in May 2017.

# GOALS PRIORITY INITIATIVES, EXPECTED OUTCOMES AND PERFORMANCE MEASURES

## Goal One

### Realizing Student Potential in art, craft and design – Enabling Access

ACAD is recognized as a leader in the quality of the student experience and the opportunity it provides, the engagement it fosters and the success it produces. We equip our students with the skills and passion to learn throughout their lives; with the adeptness not just to navigate constant change, but also to lead and thrive; and with the spirit to find a true sense of social responsibility. Because of the high quality of our student experience, we are the institution of choice for those seeking to pursue a degree leading to a profession in art, craft or design – an institution that is locally diverse and globally connected.

#### Objective 1.A.

Strengthen capacity for student recruitment and retention

| Type                        | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months (July 1, 2016-June 30, 2017)   |
|-----------------------------|--|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |  |             |                                     |  |
| PI 1                        | Develop effective recruitment strategies to increase the number and quality of applicants and target marketing efforts to unique needs, interests, value and motivators of primary student segments. | In progress | Spring 2018 (tbc)                   | ACAD has restructured the student recruitment and admissions areas to create a more effective and integrated approach to managing recruitment and admission.   |
| PI 2                        | Improve the impact and ROI of student recruitment efforts and improve the turnaround time of admission offers.   | In progress | Spring 2019 (tbc)                   | Turnaround time for admission offers has remained constant from 2015-2017. A draft recruitment plan has been created. Finalization and implementation of that plan is tentatively scheduled for 2017-2018 academic year. |



|                             |   |             |                   |   |
|-----------------------------|---|-------------|-------------------|---|
| PI 3                        | Maintain and improve retention rates and engagement for first-year students.  | In progress | Spring 2019 (tbc) | Review and improvement of systems/processes is ongoing. A survey on homework levels was created to more evenly distribute workload and improve the overall first-year experience. First year attrition remained at 30% in 2017. |
| PI 4                        | Build capacity in evidence-based decision making for sustained enrollment success and monitor the impact and ROI.   | In progress | Winter 2018       | Recently activated CRM system is not yet fully implemented. Further development of system is required in 2017-2018.   |
| <b>Expected Outcomes</b>    |   |             |                   |   |
| EO 1                        | As a result of ACAD's improved services to students, its increase in and diversity of scholarships and financial aid to students, and its new program offerings, ACAD has met its identified enrollment goals year over year. ACAD is the institution of choice for those seeking to pursue a degree leading to a profession in art, craft or design. | In progress | 2019              | Enrollment goals of 940 FLE for 2016-2017. Actual achievement was 927FLE.   |
| <b>Performance Measures</b> |   |             |                   |   |
| PM 1                        | Strategic Enrollment Management (SEM) plan is complete and sets targets.  | In progress | Spring 2018       | A draft recruitment plan has been created. Finalization and implementation of that plan is tentatively scheduled for 2017-2018 academic year. This has been delayed due to staff turnover in the area.                          |
| PM 2                        | Response time on student inquiries below 48 hours and with a target of 24 hours.  | In progress | Fall 2018 (tbc)   | Due to limited staff resources this work has been delayed. ACAD expects to develop policy and process around this issue in the 2018-2019 academic year.   |

|      |  |             |             |   |
|------|--|-------------|-------------|---|
| PM 3 | 75% of enrolled students interviewed (in person/virtual) as part of admissions process.                      | In progress | Fall 2018   | Interview guidelines have been developed. Due to limited staff resources, implementation has been delayed.  |
| PM 4 | CRM completed by August 2016.  | In progress | Winter 2018 | Stage 1 of Banner integration and basic lead management is expected to be completed Winter 2018. Currently, all leads are recorded and responded to through the CRM system. |
| PM 5 | Launch (fall 2016) of the Indigenous Resource Center and development of programming to support all students. | Complete    | Ongoing     | ACAD opened its Lodgepole Center in fall 2016. Programming continues to be refined to support all students.   |

**Objective 1.B.**

Internationalization

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |             |                                     |  |
| PI 1                        | Provide opportunities for faculty exchanges and collaborations.         | In progress | n/a                                 | Faculty collaboration to develop 3D ceramic printing capability.   |
| PI 2                        | Expand student exchange programs.                                       | No progress | n/a                                 | The numbers of student exchanges, both into ACAD and out, has increased by 100% from 2015-2016   |
| PI 3                        | Develop international collaborative projects and research partnerships. | No progress | n/a                                 | No progress. Local collaborative and research projects to be developed first prior to expansion internationally. Progress and timing dependent on available resources.                         |
| PI 4                        | Focus international student recruitment efforts by country/region.      | In progress | Spring 2018                         | Launch of new international recruitment initiatives will require additional staff and financial resources. A proposal to outsource international recruitment is currently under consideration. |

| <b>Expected Outcomes</b>    |   |             |             |   |
|-----------------------------|---|-------------|-------------|---|
| EO 1                        | ACAD's increased connection to communities and institutions beyond Canada has strengthened its current international reputation in art, craft and design practices and research. This in turn, better prepares the student to engage and work in a global context as ACAD is an institution that is locally diverse and globally connected. | In progress | 2019        | Details in Performance Measures reporting.  |
| <b>Performance Measures</b> |   |             |             |   |
| PM 1                        | Increase in number of student exchange and travel study programs.   | In progress | 2019        | The numbers of student exchanges, both into ACAD and out, has increased by 100% from 2015-2016  |
| PM 2                        | Increase in faculty exchanges and faculty collaborations with other institutions.   | In progress | Ongoing     | First steps are to create local and provincial collaborations through individual faculty initiatives, building capacity to work toward international collaborations.  |
| PM 3                        | Increase in international research projects/partnerships and collaborations.  | In progress | Ongoing     | First steps are to create local and provincial collaborations through individual faculty initiatives and SSHRC partnership grants, building capacity to work toward international collaborations.   |
| PM 4                        | Increase international student applications.  | In progress | Spring 2019 | Launch of new international recruitment initiatives will require additional staff and financial resources. However, international applications increased by 23% between 2016 and 2017 (but may be, in part, attributed to international political environment). |
| PM 5                        | Virtual recruitment strategy for USA segment.   | In progress | 2019        | To date three Virtual Reality information sessions have been run (55 contacts registered).  |

## Goal Two

### Inspiring creativity and innovation within the communities we engage – Enhancing reputation and building communities

Through the activities and successes of its students, faculty and staff, ACAD inspires creativity and innovation in the communities it serves. ACAD has a strong reputation and resource base through its work in advocating for the vibrancy, value and benefits that innovation, creativity and entrepreneurship bring to the city, province and nation. ACAD is well known to internal stakeholders, the public, contributors, and government as an institution at the center of the country's creative industries – an institution that graduates students who contribute to the economic success and the cultural prosperity of the country.

#### Objective 2.A.

Complete a Brand Strategy

| Type                        | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|--|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |  |             |                                     |  |
| PI 1                        | Analyze research conducted. (market demand, perceptions, competitive analysis, SROI, SNAAP survey results.   | In progress | Fall 2018                           | Early work has been completed. More comprehensive analysis will take place if ACAD is granted university status.   |
| PI 2                        | Finalize ACAD's Vision, Mission, and Values statements.  | Complete    | Complete                            | The Board of Governors approved these statements in the Spring of 2017.  |
| PI 3                        | Complete brand architecture, brand expression, creative concepts and implement brand development plan.   | In progress | Fall 2018                           | Early work has been completed. More comprehensive initiative will take place if ACAD is granted university status. |
| <b>Expected Outcomes</b>    |  |             |                                     |  |
| EO 1                        | The integral role of ACAD and its graduates to social innovation, economic diversification and cultural prosperity is understood and celebrated within the provincial community. | In progress | n/a                                 | We have taken steps to ensuring various stakeholders are aware of ACAD's contributions at home and aboard.         |

| <b>Performance Measures</b> |  |             |           |   |
|-----------------------------|--|-------------|-----------|---|
| PM 1                        | New brand strategy initiated.                                      | No progress | Fall 2018 | ACAD has completed some early work. However, the brand strategy will be initiated if ACAD receives university status. |
| PM 2                        | New vision, mission and values approved by the Board of Governors. | Complete    | Complete  | The Board of Governors approved this document in spring 2017.   |

**Objective 2.B.**

Develop strong relationships between ACAD and external communities

| <b>Type</b>                 | <b>Description</b>   | <b>Status</b> | <b>Expected Completion Date (from CIP)</b> | <b>Progress Made in Last 12 Months</b>  |
|-----------------------------|--|---------------|--|---|
| <b>Priority Initiatives</b> |  |               |  |   |
| PI 1                        | Expand on existing opportunities for collaborative experiences in the classroom.           | In progress   | Ongoing                                    | Classes in public design continue to work with external partners. Professionalization courses designed to allow for collaborative opportunities with external agencies passed by Academic Council and to be piloted in 2017-2018. Practicum agreement signed with the Calgary Board of Education. |
| PI 2                        | Expand on existing opportunity for Alumni at the ACAD (i.e., Alumni Discovery Initiative). | In progress   | n/a  | The Alumni Discovery Initiative was completed in Fall 2016 (results are posted on ACAD's website). The Alumni monthly newsletter was initiated in June 2017. Other new alumni initiatives were placed on hold due to insufficient resources.  |

|                             |  |             |         |   |
|-----------------------------|--|-------------|---------|---|
| PI 3                        | Improve business development opportunities for current and graduating students.  | In progress | Ongoing | Initiatives such as the ATB ArtVault and the KIX artist in residence have provided employment opportunities for current students and alumni. Other key partnerships include Market Collective and the New Craft Coalition.  |
| PI 4                        | Begin to implement a maker space.  | In progress | n/a     | Feasibility study for ACAD Makerspace complete. Hired permanent faculty with focus on Object Design. Development of a 3-D specialized Lab is complete.  |
| <b>Expected Outcomes</b>    |  |             |         |   |
| EO 1                        | ACAD's new partnerships with industry, government and the not for profit sectors are creating new business opportunities for current and graduating students thereby strengthening and improving economic diversification and the creation of new jobs. ACAD is seen as a key player in the new knowledge economy. | In progress | Ongoing | Key partnerships within the Calgary community are beginning to grow. For example, ATB ArtVault, Kix, Market Collective, New Craft Coalition and Honens Festival.  |
| <b>Performance Measures</b> |  |             |         |   |
| PM 1                        | Maintain and increase ACAD partnerships and collaborations with external communities, institutions and organizations.  | In progress | Ongoing | Transfer Articulation agreements struck with College of the Rockies and with North Island College. Partnerships and collaborations at various stages of maturity in development or maintained with such organizations as Rosza Foundation, ACAD's Lodgepole Center's outreach to Indigenous community, Graduate Supervision training facilitated by University of Calgary, ongoing Mobility Exchange programming and ArtStream programming with Bow Valley College. |

|      |  |             |         |   |
|------|--|-------------|---------|---|
| PM 2 | Launch ACAD's Design Centre for Social Innovation.   | In progress | Ongoing | Renamed DAIS, a brief was completed for the Association for the Rehabilitation of the Brain Injured. Design Thinking workshop held for SAIT community was also completed. Further development of this research center is dependent on available resources.  |
| PM 3 | Increase and revise professional practices curriculum.   | In progress | Ongoing | Revision of 200-level professionalization curriculum. Suite of new 300-level courses focusing on studio professionalization, entrepreneurship, and business development created and passed by Academic Council. Planning for 400-level courses underway.  |
| PM 4 | Enable and support faculty applications for external research funding.   | In progress | Ongoing | One (1) application for SSHRC Connection Grant, declined; two (2) applications for SSHRC Insight Grant, both declined. Successful in attracting \$46,037.00 in external grants from Canada Council, Alberta Foundation for the Arts.  |
| PM 5 | Further develop relationships with industry and the community to enable students and alumni to develop and commercialize their work. | In progress | Ongoing | Ongoing support of student Show and Sale, Illingworth Kerr Gallery curatorial guidance, ongoing public design curriculum, CBE practicum agreement signed, developing relationship with c-Space Calgary, Design annual Portfolio Show. Collaborated with New Craft Coalition to teach students how to market and price their work for Show and Sale. |

## Objective 2.C.

Engage provincial wide industries and communities through our lifelong learning programming

| Type                        | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|--|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |  |             |                                     |  |
| PI 1                        | Launch adult and teen programs in satellite locations across Alberta starting with Edmonton.   | No progress | Spring 2019 (tbc)                   | Initiative on hold and revisited once a new Executive Director, Continued Education has been hired.                            |
| PI 2                        | Expand the Pre-college Program to other locations.   | No progress | 2020                                | Program expansion will be developed (along with market study and demand) in 2019-2020 depending on available resources.        |
| PI 3                        | Develop new certificates in the creative industries that have potential for market demand, e.g. creative writing, animation, media production and gaming.  | In progress | Ongoing                             | On track to offer certificate in animation in fall 2018. Other certificates under development are planned to launch fall 2019. |
| PI 4                        | Offer professional development in creativity and design thinking.  | In progress | Fall 2019 (tbc)                     | The launch of this initiative is tentatively planned for fall 2019 based on resources.   |
| <b>Expected Outcomes</b>    |  |             |                                     |  |
| EO 1                        | Establish ACAD's School of Continuing Education and Professional Development as the key provincial provider of lifelong learning programming within the creative industries and quality of life fields. ACAD's enrollment in Continuing Education will increase to 7,500 registrations per year recognizing the critical role that our programs play in meeting lifelong learning needs in this knowledge economy. | In progress | Ongoing                             | Enrollment in these programs increased by 6% in 2016-2017 (1800 registrations).  |
| <b>Performance Measures</b> |  |             |                                     |  |
| PM 1                        | Increased number and type of courses and certificates.   | In progress | Fall 2018 (tbc)                     | 15 new courses were offered in 2016-2017.  |



|      |  |             |     |   |
|------|--|-------------|-----|---|
| PM 2 | Enhanced accessibility through the use of on-line delivery and partnership location provision. | In progress | n/a | While early development of workshops and demonstrations were produced, this initiative is now on hold due to limited resources. |
| PM 3 | Increased enrollments driven by the quality, affordability and relevancy of our programming.   | No progress | n/a | Currently do not have the staff resources to evaluate this.   |

### **Objective 2.D.**

Create greater awareness of the important role of art and design within the community

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |             |                                     |  |
| PI 1                        | Promote the external transfer of knowledge and creative expression.   | In progress | Ongoing                             | Faculty participation in public forums such as DTalks, establishment of an off-site Extended Studies location at C-Space, development of dual-credit design programming with Calgary Board of Education, launch of DAIS. |
| <b>Expected Outcomes</b>    |   |             |                                     |  |
| EO 1                        | The reputation of ACAD is enhanced by making the work of faculty, students and alumni more visible and by enhancing relationships with partners in industry, government and the not-for-profit sectors. | In progress | Ongoing                             | ACAD has focused on highlighting the work of students, alumni, staff and faculty this year through story-telling. A measurement of enhanced reputation has not been completed.   |
| <b>Performance Measures</b> |   |             |                                     |  |
| PM 1                        | Increase dissemination of faculty research and creative activities.   | In progress | Ongoing                             | 37 contributions to books and anthologies, 31 contributions to conferences (presenting papers), 53 contributions to gallery exhibitions (solo and group exhibitions).  |
| PM 2                        | Increase number of faculty participating in and/or presenting at conferences.   | In progress | Ongoing                             | Faculty contributed to participating and presenting at 31 conferences.   |

|      |   |             |         |  |
|------|---|-------------|---------|--|
| PM 3 | Launch ACAD’s Design Centre for Social Innovation.  | In progress | Ongoing | Renamed DAIS, a brief was completed for the Association for the Rehabilitation of the Brain Injured. Design Thinking workshop held for SAIT community. Further research initiatives on hold until further resources are available.   |
| PM 4 | Maintain and increase ACAD partnerships and collaborations with external communities, institutions and organizations. | In progress | Ongoing | Partnerships and collaborations at various stages of maturity in development or maintained with such organizations as Rosza Foundation, ACAD’s Lodgepole Center’s outreach to Indigenous community, Graduate Supervision training facilitated by University of Calgary, ongoing Mobility Exchange programming and ArtStream programming with Bow Valley College. |

**Goal Three**

**Delivering program excellence and pushing boundaries of research and creativity – Internal culture, excellence and research**

By offering diverse and cross-disciplinary programs that prepare students personally, professionally and intellectually for life, that lead in addressing diversity at all levels, and that open a network of opportunities around the world, ACAD is recognized as Canada’s leading art and design post-secondary school. ACAD is recognized as an institution that excels at providing both depth of discipline through the values of the studio environment as well as the breadth, flexibility and scholarly achievement that the 21<sup>st</sup> century demands. The pursuit of knowledge is fundamental to the identity and integrity of post-secondary institutions. By 2020, ACAD is a global contributor of excellence in creative professional practice, research and scholarship. ACAD is seen by the Government of Alberta as a strong partner in delivering on provincial strategies, specifically accessibility, competitiveness and economic development.

**Objective 3.A.**

Provide a dynamic and innovative learning and teaching environment

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |             |                                     |  |
| PI 1                        | Develop and implement ACAD's Enrollment Plan.   | In progress | Fall 2018 (tbc)                     | A phased action plan for implementation is next stage of development. It will be based on available resources.   |
| PI 2                        | Develop new areas of undergraduate programs and areas of specialization.                                | In progress | Ongoing                             | Development of minor program in Object Design. Major overhaul of 300-level curriculum to bring consistency to degree programs and currency to Critical and Creative Studies offerings in preparation for new programs and areas of specialization. Further development dependent on approval of Sustainability Plan. |
| PI 3                        | Develop new graduate programs.  | No progress | 2025                                | ACAD will continue to work with the Government of Alberta to explore new opportunities for Graduate programs.  |
| PI 4                        | Increase faculty appointments and retention to ensure sufficient institutional resources.               | In progress | Ongoing                             | New permanent faculty in Object Design, Advertising, Character Design, Sculpture, Jewellery + Metals, Transmedia Narrative, Photography and Ceramics started in fall 2016. Successful faculty searches in Indigenous Studies and Print were launched in 2016-2017.   |
| PI 5                        | Develop and implement a focused, cost-effective plan for campus facilities maintenance and enhancement. | In progress | n/a                                 | Plan is developed but requires capital funding for implementation. The Sustainability Plan submitted to Government of Alberta in fall 2016 included a comprehensive capital plan, staged over 7 phases.  |

| <b>Expected Outcomes</b>    |   |             |         |   |
|-----------------------------|---|-------------|---------|---|
| EO 1                        | ACAD is committed to maintaining the currency and innovative perspective of its undergraduate, graduate, and continuing education curricula. The institution will also pursue the development of new programs in response to student demand, market opportunities, government priorities, and institutional growth targets. | In progress | Ongoing | Undergraduate and graduate program areas made revisions and updates to more than 50 courses through motions to Academic Council. Completion of the current program revision was in 2016-2017. Further work for other curriculum reviews and new program development is ongoing. |
| <b>Performance Measures</b> |   |             |         |   |
| PM 1                        | Growth at the undergraduate and graduate level, in new programs and streams developed.  | In progress | Ongoing | Development of minor program in Object Design. Major overhaul of 300-level curriculum to bring consistency to degree programs and currency to Critical and Creative Studies offerings in preparation for new programs and areas of specialization.                              |
| PM 2                        | Develop new areas for curriculum development, including thematic minors, and creation of new areas of specialization in art, craft and design study and practice.   | In progress | Ongoing | Minor program in Object Design approved. Minor program in Animation revised. Further development dependent on approval of Sustainability Plan.  |
| PM 3                        | Hire new faculty with specializations that complement and extend the existing breadth and range of expertise.   | In progress | Ongoing | New permanent faculty in Object Design, Advertising, Character Design, Sculpture, Jewellery + Metals, Transmedia Narrative, Photography and Ceramics started in fall 2016. Successful faculty searches in Indigenous Studies and Print were launched in 2016-2017.              |
| PM 4                        | Develop graduate level programs such as new degrees, as well as Professional Graduate Certificates and Diplomas and low residency graduate programs to attract non-traditional learners.  | No progress | 2025    | ACAD will continue to work with the Government of Alberta to explore new opportunities for Graduate programs.   |

**Objective 3.B.**

Provide an inclusive, diverse learning culture in support of educational and organizational excellence

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |             |                                     |  |
| PI 1                        | Implement new curricular models.  | In progress | Ongoing                             | Major program structures revised for internal consistency and for consistency with National Association of Schools of Art and Design accreditation standards at the 300-level. Course Credit Matrix introduced linking credit hours to student workload. Extended Studies piloting blended learning. Pilot courses in a Block Week format. Object Design Minor approved. |
| PI 2                        | Provide learning opportunities in a collaborative environment for students and faculty. | In progress | Ongoing                             | Exploration of interdisciplinary curricular possibilities at strategic level. Internal research exchange in faculty symposium. Curricular collaborations between Print and Design programs.  |

|                          |   |             |         |   |
|--------------------------|---|-------------|---------|---|
| PI 3                     | Promote a respectful, diverse and inclusive culture.  | In progress | Ongoing | Student services programming targeting mental health and sexual assault piloted. Formal opening and promotion of the Lodgepole Indigenous centre and hiring of Indigenous Coordinator. All employees participated in Respective Workplace Training. Mandatory Indigenous Awareness workshop for all ACAD employees was completed. Expansion of Liberal Studies curriculum to include more Indigenous and Asian content. Hiring of Indigenous Studies faculty. Eagle feathers bestowed by Elder to Indigenous students at convocation. |
| PI 4                     | Promote life-long learning by supporting employee development.  | In progress | Ongoing | Formalized professional development programs have been established for all employee groups. Leadership and pedagogy workshops are ongoing. Creation and maintenance of ongoing faculty research funding pools.  |
| <b>Expected Outcomes</b> |   |             |         |   |
| EO 1                     | An inclusive and diverse learning culture in support of educational and organizational excellence will enhance faculty recruitment and retention as well as student success. The ACAD learning and teaching experience will be significantly enhanced by utilizing opportunities afforded by new technologies to increase flexibility of access for students and to enable the adoption of new andragogic strategies. | In progress | Ongoing | Steady progress made in diversifying learning culture as per performance measures, while technological capacity progress is dependent on the Government of Alberta response to the ACAD's Sustainability Plan.  |

| Performance Measures |  |             |         |   |
|----------------------|--|-------------|---------|---|
| PM 1                 | Increase access to a broader range of interdisciplinary and collaborative learning opportunities.            | In progress | Ongoing | Liberal Studies curriculum revised for breadth and interdisciplinarity.   |
| PM 2                 | Increase flexibility within current program structures and across the curriculum.                            | In progress | Ongoing | Consistency developed in Majors curricular structures that allows significantly more student choice among available courses to satisfy degree requirements, especially for BDes students. Block week courses piloted.   |
| PM 3                 | Enhance curricular and extracurricular offerings to reflect diversity and inclusivity.                       | In progress | Ongoing | Liberal Studies curriculum revised to include more Queer, Indigenous, and Asian content. Lodgepole Center launched and developed programming including smudging, book club, and dream catcher workshop.   |
| PM 4                 | Increased diversity in new faculty hires.  | In progress | Ongoing | Re-evaluated advertising venues that have a more diverse reach. Researched and posted opportunities on a wider variety of sites to reach further diverse networks.  |
| PM 5                 | Expand professional development opportunities and recognition programs.                                      | In progress | Ongoing | Professional development opportunities are complete. 25% update for support staff in the PDFC program, 31% uptake for management/exempt staff in MEDAL program and 100% entitlement provided to all faculty under the PERA program. Enhanced recognition programs are awaiting development due to inadequate operating funds. |
| PM 6                 | Launch (fall 2016) of the Indigenous Resource Center and development of programming to support all students. | Complete    | Ongoing | The Lodgepole Center was officially opened in September 2016. Since that time, many programs including traditional workshops, presentations and cultural tours and teachings have taken place.  |

### Objective 3.C.

Enhance our rigorous and innovative research culture that supports and explores art, craft and design practices and scholarship

| Type                        | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|--|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |  |             |                                     |  |
| PI 1                        | Expand support for faculty research.   | In progress | Ongoing                             | Start-up research funds approved to new permanent faculty members. Internal research funds successfully applied for by faculty totaling \$42,483.68. External research funds successfully applied for by faculty totaling \$46,037.00. |
| PI 2                        | Define Measures of success with respect to research.   | In progress | Ongoing                             | New detailed and accurate guidelines developed for reporting of research and professional activities of faculty members now in place.  |
| <b>Expected Outcomes</b>    |  |             |                                     |  |
| EO 1                        | ACAD is a global contributor to excellence in creative professional practice, research and scholarship. It is a platform for research and creative output. | In progress | Ongoing                             | New lab (The Thing Tank) was developed, in addition to 3D printing capabilities in ceramics.   |
| <b>Performance Measures</b> |  |             |                                     |  |
| PM 1                        | Enable and support faculty applications for external research funding.   | In progress | Ongoing                             | New detailed and accurate guidelines developed for reporting of research activities gives a baseline of external grants at \$46,037.00 for 2016-2017.  |
| PM 2                        | Develop milestones and measures for scholarly research and creative activities with respect to further development, achievement and funding.               | In progress | Ongoing                             | New detailed and accurate guidelines developed for reporting faculty research and professional activities gives a baseline which will then guide the development of milestones and measures.   |
| PM 3                        | Increase research opportunities for students.  | In progress | Ongoing                             | MFA program will develop research opportunities for grad students in 2017-2018.  |



|      |  |             |          |  |
|------|--|-------------|----------|--|
| PM 4 | Further integrate faculty research with new and existing curriculum.                             | In progress | Ongoing  | More than 50 motions submitted to Academic Council revising curriculum and written by faculty according to their expertise and research interests. |
| PM 5 | Establish benchmarks to define research success.   | In progress | Ongoing  | New guidelines for reporting faculty research and professional activities establish a benchmark for 2016-2017 and going forward.                   |
| PM 6 | Make ACAD research more visible through focused communications and public engagement activities. | In progress | Ongoing  | Research Symposium planned for 2016-2017, ongoing Research Soirees to present faculty research.  |
| PM 7 | Increase number of faculty participating in and/or presenting at conferences.                    | In progress | Ongoing  | Number of faculty members presenting at conferences in 2016-2017 was 31. This provides a baseline for future measures.                             |
| PM 8 | Recruitment of a Chief Research Officer.   | Complete    | Complete | This position was successfully filled for 2016-2017. Note: due to the departure of the CRO in June 2017 – ACAD will restructure the position.      |

**Objective 3.D.**

Enrich the teaching and learning environment

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|-------------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |             |                                     |  |
| PI 1                        | Develop and integrate digital and blended learning opportunities. | In progress | Ongoing                             | Some digital learning pilots underway in Extended Studies, and improvements made to Learning Management System. Further development of this initiative dependent on the approval of the Sustainability Plan. |

|                             |  |             |         |   |
|-----------------------------|--|-------------|---------|---|
| PI 2                        | Develop new internship, co-op programs, and credit learning opportunities.   | In progress | Ongoing | Dual-Credit programming in progress and Practicum agreement struck with Calgary Board of Education.   |
| PI 3                        | Develop the ACAD Artist in Residency (AiR) program.  | In progress | Ongoing | Summer 2017 residency program piloted and successful, along with Contextural fibre residency and other individual low-cost residencies. Further development of this initiative is dependent on resources and approval of the Sustainability Plan. |
| PI 4                        | Revitalize the ACAD Premier Visiting Artist Program.   | In progress | Ongoing | Funding envelope clarified and dedicated. Selection Committee selected. Longevity of this program dependent on available resources.   |
| <b>Expected Outcomes</b>    |  |             |         |   |
| EO 1                        | ACAD's immersive, inclusive studio-based art, craft and design education supports both professional pursuits and lifelong learning. Central to this is both the studio model and the faculty to student ratio. ACAD will preserve this high degree of faculty-student engagement, while meeting our clear learning outcomes. | In progress | Ongoing | ACAD continues to offer immersive and inclusive studio based art, craft and design education, an enviable student to faculty ratio, and clear learning outcomes.  |
| <b>Performance Measures</b> |  |             |         |   |
| PM 1                        | Adopt innovative education technologies to create interactive, accessible and flexible learning environments where appropriate.  | In progress | n/a     | Blended learning piloted through Extended Studies, Learning Management System revised and improved. Scale of initiative dependent on approval of Sustainability Plan.   |

|      |   |             |          |  |
|------|---|-------------|----------|--|
| PM 2 | Enhance existing and develop new fieldwork, co-op, and internship opportunities, and other and for-credit learning opportunities for ACAD students. | In progress | Ongoing  | CBE Practicum agreement struck, Public Design curriculum engages external clients. Travel course risk management initial investigation undertaken, then paused pending hiring of Risk and Compliance officer.              |
| PM 3 | Develop a best-practices model for student work experience.   | In progress | 2019     | Model will be founded on CBE practicum agreement, but fiscal realities may require reconsideration of institutional short-term priorities.   |
| PM 4 | LOU for on-line learning created and approved.  | Complete    | Complete | Complete.  |
| PM 5 | Enhance relationships with partners in industry, government, and the not-for-profit sector in pursuit of opportunities for ACAD students.           | In progress | Ongoing  | Developed and/or maintained relationships with partners such as Contemporary Calgary, the Rosza Foundation, Critical Mass design; various knowledge exchanges with SAIT, University of Calgary and Mount Royal University. |
| PM 6 | Expand on existing opportunities for collaborative experiences in the classroom.  | In progress | Ongoing  | Developed and maintained collaborative Print/Design curriculum.  |

## Goal Four

### Ensuring sustainability and stewardship of our resources – supportive facilities, internal culture and sustaining revenue.

ACAD is an organization known for implementing the people, processes, skills, strategies, knowledge and plans to guide the institution with confidence as it delivers on its Strategic Plan. ACAD is known for its commitment to maintaining the collegial and supportive culture of the institution in the face of changing demographics. Students, faculty and staff experience state-of-the-art spaces that support exemplary student experience and curriculum development. Through engagement with government, continued stewardship of its current resources and the implementation of new revenue-generation and fundraising initiatives, ACAD has developed sustainable funding that has allowed it to pursue its mandate of excellence in art, craft and design.

**Objective 4.A.**

Develop and execute a strategy to raise significant philanthropic resources for ACAD’s academic activities

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months   |
|-----------------------------|---|-------------|-------------------------------------|---|
| <b>Priority Initiatives</b> |   |             |                                     |   |
| PI 1                        | Hire new Executive Director, Engagement.  | Complete    | August 2016                         | New ED, Engagement started in August 2016.  |
| PI 2                        | Ensure that fundraising is attuned to ACAD’s core business.   | In progress | Ongoing                             | Continue to raise funds for the support of developing student spaces and programs (i.e., Lodgepole Center), exhibitions, and Student Awards.                          |
| PI 3                        | Ensure that fundraising activities support student success.   | In progress | Ongoing                             | Continue to raise funds for the support of developing student spaces and programs (i.e., Lodgepole Center), exhibitions, and Student Awards.                          |
| PI 4                        | Ensure that fundraising expertise is incorporated into the development of research initiatives at ACAD.   | In progress | Ongoing                             | Consulted on the development of the Design Center for Social Innovation and on development of graduate student awards.  |
| <b>Expected Outcomes</b>    |   |             |                                     |   |
| EO 1                        | ACAD has increased its revenue through fundraising activities and as a result, academic/research endeavors and student success are fully supported. | In progress | Ongoing                             | Restructured resources on engagement team to create a position dedicated to fundraising through corporations and foundations.   |
| <b>Performance Measures</b> |   |             |                                     |   |
| PM 1                        | Targets met and stewarding ongoing.   | In progress | Ongoing                             | Funds raised in 2016-2017 were lower than previous year due to leadership transition and a focus on compliance.   |
| PM 2                        | Funds disbursed to students.  | In progress | Ongoing                             | Student awards given out in 2016-2017 were 95% disbursed. Only in cases where funds were insufficient or qualified students did not apply, were awards not given out. |

|      |  |             |          |   |
|------|--|-------------|----------|---|
| PM 3 | Student success stories.   | In progress | Ongoing  | Continue to share the stories of our students with the donors who support them. |
| PM 4 | Explore fundraising opportunities for new endowed and named professorships and chairs. | In progress | Ongoing  | Created a donor proposal for a Professorship in Creative Leadership.            |
| PM 5 | Successful recruitment of an Executive Director, Engagement.                           | Complete    | Complete | New ED, Engagement started August 2016.   |

#### **Objective 4.B.**

Develop a comprehensive facility Master Plan (i.e., functional program and stacking plan)

| Type                        | Description   | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months   |
|-----------------------------|---|-------------|-------------------------------------|---|
| <b>Priority Initiatives</b> |   |             |                                     |   |
| PI 1                        | Identify space needs and strategies to accommodate growth.  | Complete    | n/a                                 | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| PI 2                        | Ensure that facility improvements specifically prioritize academic needs.   | Complete    | n/a                                 |   |
| PI 3                        | Complete design development for the main mall. Timing: Facility Master Plan/Design Development for main mall completed August 2016.                       | Complete    | n/a                                 |   |
| PI 4                        | Prepare 11 acre Perrenoud Ranche (Cochrane, AB), long-term lease from Alberta Government, Ministry of Culture, for use as a satellite operation for ACAD. | In progress | Spring 2018                         | In partnership with the Heritage Division (Alberta Culture), begin to address the occupational readiness of the Ranche to be used for a variety of educational and cultural activities.                       |

| Expected Outcomes |  |             |         |   |
|-------------------|--|-------------|---------|---|
| EO 1              | ACAD's interim and long-term growth is accommodated through the renovation of the current facility. ACAD's facilities support the teaching and learning needs as identified by our core academic business. | No progress | n/a     | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation.   |
| EO 2              | ACAD's physical outreach and engagement grows.   | In progress | Ongoing | With the development of the Perrenoud Ranche, discussions with cSpace (King Edwards School in Calgary) and other venues (in particular through the Continuing Education Unit), the goal is to offer a greater variety to opportunities for engagement to our students and to our surrounding communities as well as fulfill our provincial mandate. |

| Performance Measures |                                      |             |             |   |
|----------------------|--------------------------------------|-------------|-------------|---|
| PM 1                 | Level of engagement.                 | Complete    | n/a         | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| PM 2                 | Plan approved by Board of Governors. | Complete    | n/a         | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| PM 3                 | Perrenoud Ranche is operational.     | In progress | n/a         | Ranche can be fully accessible and used and programming is developed and supported.   |
| PM 4                 | cSpace is operational.               | In progress | Winter 2018 | Continuing Education programming (classes, workshops) is offering through this new venue.   |

**Objective 4.C.**

Complete a site Master Plan

| Type                        | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months   |
|-----------------------------|--|-------------|-------------------------------------|---|
| <b>Priority Initiatives</b> |  |             |                                     |   |
| PI 1                        | Test fit functional program in current and new facilities. | No progress | n/a                                 | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| PI 2                        | Review options for growth including new and leased space.  | No progress | n/a                                 | Leasing options were explored. However, with the Sustainability Plan proposal on hold, this initiative is also on hold.   |

| Expected Outcomes    |   |             |     |   |
|----------------------|---|-------------|-----|---|
| EO 1                 | ACAD's new state of the art facilities are dynamic and flexible and are accommodating new growth. | No progress | n/a | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| Performance Measures |   |             |     |   |
| PM 1                 | Plan identifies growth options based on the requirements of ACAD                                  | Complete    | n/a | The Sustainability Plan submitted to the Government of Alberta in fall 2016 provided a comprehensive capital facilities plan, staged over 7 phases. Lack of capital funds have prevented plan implementation. |
| PM 2                 | Plan approved by Board of Governors.  | Complete    | n/a | Approved by Board of Governors.   |

**Objective 4.D.**

Develop effective, efficient technological and administrative systems that support ACAD's core business

*Along with the technological developments indicated below, ACAD has made changes to its administrative systems to support core business including a reorganization of its reporting structure for the library. ACAD also undertook a major revision of its Academic Council Constitution and Bylaws, and Academic Council's Advisory and Standing Committee structures to allow for more streamlined, accountable, and consultative development of curricular initiatives, and in anticipation of receiving university status. This last is slated for completion in fall 2017.*

| Type                 | Description  | Status      | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|----------------------|--|-------------|-------------------------------------|--|
| Priority Initiatives |  |             |                                     |  |
| PI 1                 | Identify and implement technological changes appropriate to our curricular and administrative needs. | In progress | 2019                                | Further progress is dependent on Government of Alberta response to ACAD Sustainability Plan. Improvements have been made to Learning Management System (Mosaic). Recently acquired sheet metal working equipment to meet curricular needs. |



| <b>Expected Outcomes</b>    |  |             |         |   |
|-----------------------------|--|-------------|---------|---|
| EO 1                        | The teaching and learning environment at ACAD is seen as exemplary as a result of the implementation of new technology and facility upgrades. The new Learning Commons is providing new opportunities for faculty teaching and student learning. | On hold     | 2019    | Further progress is dependent on the Government of Alberta response to ACAD's Sustainability Plan.  |
| <b>Performance Measures</b> |  |             |         |   |
| PM 1                        | Adopt innovative education technologies to create interactive, accessible and flexible learning environments where appropriate.  | In progress | Ongoing | Revisions of and improvements to Learning Management System. Scale uncertain pending approval of Sustainability Plan.   |
| PM 2                        | Provide faculty with greater access to and support for educational technologies.   | In progress | Ongoing | Revisions of and improvements to Learning Management System. Establishment of Thing Tank, an internal tool bank; and enhancement of I/O Lab through combination with Computing and Technological services. Further development in this initiative is pending approval of Sustainability Plan. |
| PM 3                        | Develop online course components and stand-alone online courses where appropriate.   | In progress | Ongoing | Some pilot projects going forward in Continuing Education while possibilities for credit programming are being explored. Scale of this initiative is uncertain pending approval of Sustainability Plan. An LOU for on-line learning has been created and approved.                            |
| PM 4                        | Increase support for the use of educational technologies.  | No progress | n/a     | No progress – pending approval of Sustainability Plan.  |

**Objective 4.E.**

Complete the Sustainability Growth Plan and deliver to government in the fall 2016

| Type                        | Description   | Status   | Expected Completion Date (from CIP) | Progress Made in Last 12 Months  |
|-----------------------------|---|----------|-------------------------------------|--|
| <b>Priority Initiatives</b> |   |          |                                     |  |
| PI 1                        | Make the case for growth-market demand and government alignment.  | Complete | Complete                            | This was included in the Sustainability Plan submitted to the Government of Alberta in fall 2016.  |
| PI 2                        | Identify the number of new student spaces.  | Complete | Complete                            | The Sustainability Plan submitted to the Government of Alberta in fall 2016 identified a target of 2500 FLE's for ACAD to reach economies of scale and sustainability. |
| PI 3                        | Demonstrate affordability of the student experience.  | Complete | Complete                            | This was included in the Sustainability Plan submitted to the Government of Alberta in fall 2016.  |
| PI 4                        | Develop a 12-year operation plan that identifies revenue streams.   | Complete | Complete                            | This was included in the Sustainability Plan submitted to the Government of Alberta in fall 2016.  |
| PI 5                        | Develop a capital plan that supports teaching and learning.   | Complete | Complete                            | This was included in the Sustainability Plan submitted to the Government of Alberta in fall 2016.  |
| <b>Expected Outcomes</b>    |   |          |                                     |  |
| EO 1                        | As a result of the case for support approved by the Board of Governors, the government is working with ACAD to deliver on the its growth plan. ACAD is celebrated as a key player in Alberta's post-secondary system. | n/a      | n/a                                 | Government of Alberta indicated, in June 2017, that it was not able to support the Sustainability Plan submitted by ACAD in fall 2016.                                 |
| <b>Performance Measures</b> |   |          |                                     |  |
| PM 1                        | Government understands our need for growth and accepts our plan for the future.   | n/a      | n/a                                 | Government of Alberta indicated, in June 2017, that it was not able to support the Sustainability Plan submitted by ACAD in fall 2016.                                 |

|      |   |             |             |   |
|------|---|-------------|-------------|---|
| PM 2 | ACAD received immediate base grant increase to reflect need and support growth                                      | In progress | Winter 2018 | Pending funding and tuition reviews currently underway by Government of Alberta.  |
| PM 3 | The community understands the value that ACAD brings to the City and the Province and supports our need for growth. | In progress | 2019        | ACAD continues discussions with the City of Calgary regarding the need to diversify the urban fabric and its creative industry economy. |

## ACCESS + QUALITY

In 2016-2017, ACAD began progress on its recently finalized Academic Strategic Plan, developing areas for curriculum change and growth, increasing faculty appointments, and deploying strategies for faculty retention such as the design of an Assignment, Promotion, and Appeal of Academic Rank procedure developed in consultation with the ACAD Faculty Association.

To support its relatively new academic administrative structure and contribute to the professional development of faculty, ACAD began cultivating leadership, management, conflict resolution, communication, pedagogy, and change-management skills training in its faculty through a series of workshops facilitated by internal and external expertise.

Much of 2016-2017 was devoted to the expansion and implementation of what has come to be called ACAD’s “Majors Model.” The Majors Model is a project whereby ACAD brought greater consistency of distribution of programming across all four years of offerings with a more streamlined progression architecture. Second, it rebalanced the ratio of studio to academic requirements in all programs to comply with the Substantial Equivalency accreditation requirements of the National Association of Schools of Art and Design. This required significant reconfiguration of program structures. It also entailed the revision of most offerings in the School of Critical and Creative Studies along with the creation of new courses to diversity curriculum with respect to inclusivity, introduce more entrepreneurship and business skills training, lay the groundwork for 400-level offerings, create teaching opportunities for graduate students, improve first-year retention, provide greater grounding in writing composition skills, enable some budgetary efficiencies, create more flexibility in degree requirements to allow for more student choice, and orient School curriculum for the development of a degree program in the area.

Several other initiatives were held or curtailed pending the outcome of the Government of Alberta response to ACAD’s Sustainability Strategic Plan. With the news that the Government of Alberta was unable to approve the plan, ACAD will need to seriously reconsider and reconfigure its Academic Strategic and Comprehensive Institutional Plans.

### **Enrollment Plan**

Long-term sustainability continues to be the key factor for ACAD. Over the past year, curriculum reviews and enrollment management have continued to be top ACAD priorities. The development of a comprehensive, long-term Strategic Enrollment Management (SEM) plan has been completed

and we have started to work on developing a phased implementation action plan which identifies the various activities and steps we need to undertake and the resources available for such actions. The focus of enrollment management is the past three years has been on student intake and progression through analysis of application, retention and progression data. This work has proceeded in parallel with a focus on the ACAD student experience, through continued thorough examination of services, delivery, support programming, registration procedures and curriculum and scheduling.

In 2013-2014, the enrollment planning review process identified curricular, delivery, and scheduling considerations that challenged optimization of enrollment, student progression and curricular growth. To address these concerns, in 2014-2015, ACAD initiated an Academic Planning Group, representative of faculty, students, and administration to review curricular principles, structure, content and delivery of ACAD programming. In 2015-2016, ACAD developed a new timetable and completed a strategic enrollment management plan and implementation timeline. In 2016-2017, ACAD implemented the new timetable and developed a recruitment strategic plan from which – once a new recruitment director is hired, an implementation strategy will be developed. From the 2016-2017 implementation, we have adjusted the timetable to address issues brought forward by students and staff. These adjustments have been put in place for 2017-2018.

Spring 2017 saw the successful graduation of our first MFA in Craft Media student cohort.

| <b>Master in Fine Art,<br/>Craft Media</b> | 2016 - 2017<br>(Projections) | 2016 – 2017<br>(Actuals) |
|--|------------------------------|--------------------------|
| FLE Year 1                                 | 6                            | 4                        |
| FLE Year 2                                 | 4                            | 3                        |
| Total students in<br>Program               | 10                           | 7                        |

A continuing focus for ACAD has been on monitoring diversification of enrollment origins and the impact diversification has on the learning experience for all students. Diversification is achieved through balanced enrollment of students from varied backgrounds and populations. The introduction of the new MFA in Craft Media and cohort of graduate students started to support this by providing opportunities for undergraduate students to observe and participate in discussions on research and practices at the graduate level as well as to learn from these advanced students.

ACAD’s current undergraduate student enrollment is dominated by Albertan students, who make up the largest demographic in student population at 86.4% (increase of 1.57% vs. 2015-2016). Enrollment from other Canadian provinces remains stable at 9.2% and international enrollment saw a decrease of 1% to 4.43%. The Indigenous student population decreased from what was reported in previous years to 6.44%. This is in part due the calculation formula used previously. Application from Albertan students represent 73% (a decrease from 77%) of the application pool with 11% originating from rural Alberta in 2016 (a drop from 16%). While enrollment is clearly dominated by Albertan students, ACAD’s future must focus on balancing a diversified population, which

contributes to overall student experience while still supporting our provincial mandate (province-wide catchment area) to provide art, craft and design education.

#### Enrollment (2016-17 – Actuals)

|                          | <b>FLE</b>   | <b>FLE %</b>   | <b>Headcount</b> | <b>Headcount %</b> |
|--------------------------|--------------|----------------|------------------|--------------------|
| Urban Alberta            | 715.3        | 77.1%          | 922              | 77.1%              |
| Canada (outside Alberta) | 90.5         | 9.8%           | 110              | 9.2%               |
| Rural Alberta            | 83.2         | 8.9%           | 111              | 9.3%               |
| International            | 39           | 4.2%           | 53               | 4.4%               |
| <b>Total:</b>            | <b>928.0</b> | <b>100.00%</b> | <b>1196</b>      | <b>100.00%</b>     |

#### Diversification by Indigenous Status - Enrollment Data

|                          | <b>2016-17</b>        | <b>2016-17</b>          | <b>2016-17</b>              | <b>2016-17</b>                |
|--------------------------|-----------------------|-------------------------|-----------------------------|-------------------------------|
|                          | <b>Enrollment FLE</b> | <b>Enrollment FLE %</b> | <b>Enrollment Headcount</b> | <b>Enrollment Headcount %</b> |
| International            | 39                    | 4.2%                    | 53                          | 4.4%                          |
| Indigenous               | 57.9                  | 6.3%                    | 77                          | 6.5%                          |
| Canadian, non-indigenous | 830.9                 | 89.5%                   | 1066                        | 89.1%                         |
| <b>Total:</b>            | <b>927.8</b>          | <b>100.0%</b>           | <b>1196</b>                 | <b>100.0%</b>                 |

To achieve optimal enrollment diversification, the focus is on strategic recruitment activity to generate increases in international students. To achieve the growth target of 10% international enrollment, and in the absence of appropriate resources, we continue to leverage a variety of online tools to help engage with prospective students remotely. Now that we have successfully launched our Indigenous Student Resource Center, the Lodgepole Center, attention must be given to increasing our Indigenous student population to the ideal target of 10%.

## Transfer Students

A continued focus on increasing transfer students with the strategic goal of stabilizing enrollment in upper-level courses in spite of expected attrition is assisting the institution in managing its enrollment. The baseline for this increase is supported by current and recently concluded transfer and articulation agreements and collaborative degree programs. The data below shows a healthy level of transfer students.

### **Applications**

| <b>Category</b>            | <b>2017-2018</b> | <b>2017-2018</b>   |
|----------------------------|------------------|--------------------|
|                            | <b>Headcount</b> | <b>Headcount %</b> |
| Transfer/advanced standing | 321              | 31.8%              |
| Other                      | 687              | 68.2%              |
| <b>Total:</b>              | <b>1008</b>      | <b>100.00%</b>     |

## SEM Goals – Enrollments

|                            | 2016-17      | 2016-17        | 2016-17     | 2016-17        |
|----------------------------|--------------|----------------|-------------|----------------|
|                            | FLE          | FLE %          | Headcount   | Headcount %    |
| Transfer/advanced standing | 225.9        | 24.4%          | 283         | 23.6%          |
| Other                      | 701.9        | 75.6%          | 913         | 76.4%          |
| <b>Total:</b>              | <b>927.8</b> | <b>100.00%</b> | <b>1196</b> | <b>100.00%</b> |

The 2016-2017 Enrollment Goal at the Alberta College of Art and Design was 940 FLE.

|                                    | 2015-2016     |               |              | 2016-2017     |               |              |
|------------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
|                                    | Full Time FLE | Part Time FLE | FLE Total    | Full Time FLE | Part Time FLE | FLE Total    |
| Bachelor of Design                 | 233.4         | 17.2          | 250.7        | 240.5         | 19.6          | 260.2        |
| Bachelor of Fine Arts              | 538.1         | 144.8         | 683.0        | 511.6         | 130.4         | 642.1        |
| Master of Fine Arts in Craft Media | 2.6           | 1.7           | 4.4          | 7.1           | 0.00          | 7.1          |
| Open Studies                       | 0.5           | 15.4          | 15.9         | 1.7           | 16.7          | 18.4         |
| <b>Total (non-duplicated)</b>      | <b>774.6</b>  | <b>179.1</b>  | <b>954.1</b> | <b>761.1</b>  | <b>166.7</b>  | <b>927.8</b> |

## **RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES**

Scholarly research and creative activities is one of four primary goals at ACAD, and resources continue to be dedicated to this goal. ACAD has three internal funds to support faculty research: The Faculty Professional Affairs Fund, The Professional Expense Reimbursement Allowance and the Start-Up Research Fund for new faculty. Faculty research is also developed through the Research Advisory Committee and an annual Research Soiree. Since eligibility was established for the Social Sciences and Humanities Research Council grants, three new grants have become available to faculty; Insights, Connection, and Partnerships. Faculty continue to have much success with Alberta Foundation for the Arts grants and Canada Council grants.

New detailed guidelines for reporting research activities were developed to correctly capture and acknowledge research at ACAD. In 2016-2017 faculty were awarded \$42,483.68 in internal grants and \$46,037 in external grants. Faculty members participated and/or presented in peer reviewed activities including 16 solo shows, 35 group shows, 31 conferences, and 2 residencies, among many other professional events and activities.

## **COMMUNITY**

In its commitment to improving learner outcomes and promoting and supporting diversity in its community and in its curriculum, ACAD created several courses with Asian and Indigenous content. ACAD has created a suite of Indigenous Studies courses and hired a permanent faculty member with specialization in Indigenous Studies.

The Lodgepole Center, an Indigenous resource center, opened in the fall of 2016 and immediately began running programs. The Design Centre for Social Innovation, now called DAIS, began developing relationships with SAIT and providing service to organizations such as the Association for the Rehabilitation of the Brain Injured.

ACAD struck a practicum agreement with the Calgary Board of Education and is in the process of clarifying its own processes for running practicum and internship curriculum. It also began developing a clear, fit-for-purpose travel procedure for field courses, and a block week procedure for an alternative curriculum delivery model, to further enhance learner outcomes.

ACAD continues to build on the piloted Dual Credit initiative with the Calgary Board of Education. ACAD leads an annual art competition called Show Off! for high school students. This competition gives high school students the opportunity to show their work in the Illingworth Kerr Gallery, a professional and internationally recognized gallery.

In 2016-2017 ACAD hosted *Spotlight* for the first time, a well-attended and successful exhibition of Continuing Education students.

ACAD's Public Design course continues to provide service-learning opportunities for students who have worked with over forty different non-profit organizations in developing brands, websites, and promotional materials.



The Illingworth Kerr Gallery continues to bridge internal and external communities, receiving corporate and philanthropic support and serving as a site for hosting educational programs, exhibitions, symposia, artist talks, demonstrations, the MFA thesis exhibition and the Grad Show.

## **CONTINUING EDUCATION + PROFESSIONAL DEVELOPMENT**

A key component in providing lifelong learning to a great variety of constituents (from pre-college to seniors), the School of Continuing Education and Professional Development is in the process of further reaffirming and redefining its role within the institution. Its task is to transform itself from its historically modest role-with limited impact on recruitment, community engagement, revenue and curriculum exploration, to one of critical leadership within all of these areas. Framing this transformation process is a strategic plan (approved in 2016), supported by a marketing plan developed in spring 2017.

Part of the strategic plan was first to provide online registration ability, which would then greatly increase productivity and access. The new system, “Elevate” will be fully operational by fall 2017 and will allow more effective reporting and timetabling management.

A new Executive Director for Continuing Education (start date fall 2017), will be responsible for developing a phased implementation action plan stemming from both the strategic plan and the marketing plan.

Along with its own strategic goals, ACAD has identified Continuing Education as a primary vehicle for achieving ACAD’s Strategic Goal #3: Inspiring creativity and innovation in the communities we engage. It is through Continuing Education that ACAD will meet its objective of engaging province-wide industries and communities through its lifelong learning programming.

Continuing Education will be instrumental in supporting the economic diversification of the institution. It is understood that appropriate resources will need to be identified through the phased implementation action plan so that it can support an aggressive growth strategy.

## FINANCIAL AND BUDGET INFORMATION

### Alberta College of Art + Design Year Ended June 30, 2017

#### Financial Statement Discussion and Analysis

The June 30, 2017 Annual Report includes the financial statements for the Alberta College of Art + Design (ACAD) prepared in accordance with Canadian public sector accounting standards (PSAS).

The Auditor General of Alberta have audited the financial statements and have provided the accompanying independent Auditors' Report. The financial statements and Annual Report satisfy a legislative requirement as set out in the Post-Secondary Learning Act of Alberta. The following financial statement discussion and analysis should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of Management.

This discussion and analysis and the audited financial statements are reviewed and approved by the Board of Governors of ACAD on the recommendation of the Finance and Audit Committee of the Board of Governors.

(All amounts are in thousands of dollars unless otherwise noted).

#### **Significant Trends and Risks**

ACAD operates in a complex environment and must deal with a variety of risks which it manages through its integrated enterprise risk management framework. The major risks that can affect ACAD from a financial perspective are as follows:

##### **1. Budgetary Pressure**

70.0% of ACAD's annual revenues are received from the Government of Alberta; this makes ACAD vulnerable to any decreases in the annual Campus Alberta grant as well as other government funding. Although ACAD has presented a balanced budget for 2017/18, preliminary budgets for 2018/19 and 2019/20 forecast a deficit for both of these years which ACAD is working diligently to address. Although significant efforts are being made to identify and implement operating efficiencies, ACAD has very limited options and alternative resources available to achieve balanced results. Without increases in provincial funding to offset inflationary costs or the ability to increase tuition fees, budgetary pressures represent a significant strategic risk for ACAD.

##### **2. Tuition Fees**

Tuition fees are at risk given the Government's decision to freeze tuition fees and rollback market modifier fees. This puts significant pressure on ACAD to sustain or grow current levels of enrollment without the necessary funding to provide additional support for recruitment or growth of the student population.

##### **3. Negotiations with Collective Bargaining Units**

71.8% of ACAD's annual operating expenses are payroll related costs. ACAD's financial viability is dependent on its ability to negotiate reasonable salary and benefit terms with two bargaining units. The current agreement with Alberta Union of Provincial Employees Local 071/006 expired on June

30, 2017. Negotiations for a new contract will begin in the fall of 2017. A new three year collective agreement with the Alberta College of Art + Design Faculty Association for the period from July 1, 2016 to June 30, 2019 was ratified in September 2016.

#### **4. Information Technology**

ACAD spends approximately \$1,948 of operating funds and internally sourced capital funds per year on information technology to develop and support systems. Although there is a significant operating contribution towards Information Technology, the number of cyber risks including malware and ransomware continue to increase. If ACAD was impacted by one of these cyber risks, there could be significant financial and reputational impact.

### **STATEMENT OF FINANCIAL POSITION - HIGHLIGHTS**

#### **Overall Results**

ACAD's Net Assets (net financial assets, non-financial assets and spent deferred capital contributions) increased by \$1,337 to \$10,874. The change in net assets is due to the annual surplus of \$1,245 plus \$92 in accumulated remeasurement gains.

Net financial asset balance has improved slightly over the past year from \$8,248 to \$9,537. ACAD's presentation of net financial assets includes \$6,091 of portfolio investments that are restricted for endowments. Endowment restricted investments represent contributions from donors that are required to be maintained intact in perpetuity, as well as capitalized investment income that is also required to be maintained in perpetuity to protect the economic value of the endowment. Therefore, these investments cannot be used to pay for liabilities or future operating or capital purchases. Other major components of financial assets are cash, cash equivalents and non-endowment investments of \$12,286.

#### **FINANCIAL ASSETS**

Total financial assets increased by \$239 to \$12,711 at June 30, 2017. An increase of 1.9% from the prior year.

#### **Cash and cash equivalents**

ACAD's cash position comprises cash and temporary investments. Temporary investments are used to ensure that sufficient cash and liquid assets are available to manage the timing of ACAD's operating and capital expenditures. The cash position has decreased by \$321 to \$6,011, a decrease of 5.0% from the prior year. The statement of Cash Flows summarizes the sources and uses of cash in the fiscal year. During the fiscal year, cash was raised from operating transactions \$1,078 and cash decreased due to capital and investing activities \$1,063 and \$389 respectively.

#### **Portfolio investments**

Portfolio investments increased by \$922 to \$12,366 at June 30, 2017. An increase of 8.0% from the prior year. The unrealized gain on unrestricted and restricted investments represents the increase in market value of the investment portfolios during the year (see note 4 of the financial statements for additional information relating to investment holdings and financial risk management).

|  | 2017     | 2016     | Change  |
|--|----------|----------|---------|
| Net transfer from cash and cash equivalents          | \$389    | \$1,153  | (\$764) |
| Unrealized gain (loss) investments                   | 392      | (218)    | 610     |
| Realized gain (loss) on sale of portfolio investment | 141      |          | 141     |
| Change in portfolio investments                      | 922      | 935      | (13)    |
| Portfolio investment, beginning of year              | 11,444   | 10,509   | 935     |
| Portfolio investment, end of year                    | \$12,366 | \$11,444 | \$922   |

## **LIABILITIES - HIGHLIGHTS**

Total liabilities decreased by \$763 to \$9,265 at June 30, 2017. A decrease of 7.6% from the prior year.

### **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities decreased by \$158 to \$2,293 at June 30, 2017. A decrease of 6.4% from the prior year.

### **Deferred revenue**

Deferred revenue consists of the following components (see note 8 of the financial statements for additional information):

|                                       | 2017    | 2016    | Change  |
|---------------------------------------|---------|---------|---------|
| Deferred research and special purpose | \$5,718 | \$6,264 | (\$546) |
| Unspent deferred revenue              | 586     | 1,240   | (654)   |
| Student tuition and fees              | 546     | 11      | 535     |
|                                       | \$6,850 | \$7,515 | (\$665) |

- a) Deferred research and special purpose includes a number of one-time and conditional funding supporting program development, research, capital, scholarships and other operating requirements. This category also includes unrealized investment gains on restricted investments which amounted to \$392 at June 30, 2017.
- b) Unspent deferred capital contributions represent grants and donations received to fund capital acquisitions. At June 30, 2017, \$586 was held for capital purchases that had not yet been made.
- c) Student and tuition fees represent operating revenues received in the current year relating to services which will be provided in the next fiscal year. Registration for the new fiscal year began in July 2016 for the academic year 2016/17 hence there were no deferred credit tuition fees at year end 2015/16. Credit course enrollment began in June 2017 resulting in a balance of deferred credit tuition fees for the 2017/18 academic year being held in deferred revenue as at June 30, 2017.

## **NON-FINANCIAL ASSETS**

### **Tangible capital assets**

Tangible capital assets increased by \$247 to \$5,098 at June 30, 2017. An increase of 5.1% from the prior year (see note 10 in the financial statements for information on the changes during the year), which are summarized below:

|  | <u>2017</u>                  | <u>2016</u>           |
|--|------------------------------|-----------------------|
| Acquisition of tangible capital assets             | <b>\$1,076</b>               | \$1,108               |
| Net book value of assets disposed during the year: |                              |                       |
| Cost   | <b>(189)</b>                 | <b>(161)</b>          |
| Accumulated amortization                           | <u>144</u>                   | <u>161</u>            |
|  | <b>(45)</b>                  | -                     |
| Amortization expense                               | <u><b>(784)</b></u>          | <u><b>(806)</b></u>   |
| Change in tangible capital assets                  | <b>247</b>                   | 302                   |
| Tangible capital assets, beginning of year         | <u><b>4,851</b></u>          | <u>4,549</u>          |
| Tangible capital assets, end of year               | <u><u><b>\$5,098</b></u></u> | <u><u>\$4,851</u></u> |

Acquisition of tangible capital assets includes:

- Furniture and equipment - \$260
- Computer equipment - \$210
- Leasehold improvements - \$606 (of which the most significant purchase was a partial replacement of the roof for \$340 and fourth floor renovations totaling \$174)

### **Spent Deferred Capital Contributions**

Spent deferred capital contributions is comprised of restricted grants and donations spent on tangible capital acquisitions not yet recognized as revenue (see note 9 of the financial statements for additional details).

## **NET ASSET HIGHLIGHTS**

The net assets for ACAD increased by \$1,337 or 14.0% (see note 11 of the financial statements for additional details). Net assets are comprised of the following:

### **Endowments**

Endowment net assets increased by \$162 or 3.4%.

## Accumulated surplus from operations

Accumulated operating surplus increased by \$50 from \$3,073 in 2016 to \$3,123 at June 30, 2017. Changes to accumulated surplus from operations are comprised of the following:

|  | 2017           | 2016           |
|--|----------------|----------------|
| Operating surplus  | \$1,083        | 906            |
| Add back:  |                |                |
| Amortization of internally funded capital assets             | 261            | 273            |
| Operating expenses funded from internally restricted surplus | 249            | 587            |
| Net book value of tangible capital asset disposals           | 1              |                |
|  | <u>1,594</u>   | <u>1,766</u>   |
| Less:  |                |                |
| Net Board appropriation to internally restricted surplus     | (1,223)        | (400)          |
| Adjustments – transfers to spent capital contribution        | (192)          |                |
|  | <u>1,415</u>   | <u>1,366</u>   |
| Capital activities   |                |                |
| Internally funded acquisition of tangible capital assets     | (221)          | (449)          |
| Change in accumulated remeasurement gains                    | 92             |                |
| Change in accumulated surplus from operations                | 50             | 917            |
| Accumulated surplus from operations, beginning of year       | 3,073          | 2,156          |
| Accumulated surplus from operations, end of year             | <u>\$3,123</u> | <u>\$3,073</u> |

## Investment in tangible capital assets

In 2017, capital assets increased by, net of depreciation, \$247. Of this increase, \$180 of assets was internally funded.

|  | 2017         | 2016         | Change       |
|--|--------------|--------------|--------------|
| Investment in tangible capital assets, opening balance | \$500        | \$320        | 180          |
| Amortization of internally funded assets               | (261)        | (273)        | 12           |
| Asset additions  | 328          | 453          | (125)        |
| Net book value of tangible capital asset disposals     | (1)          |              | (1)          |
| Adjustments – transfers to spent capital contributions | 192          |              | 192          |
| Investment in tangible capital assets, ending balance  | <u>\$758</u> | <u>\$500</u> | <u>\$258</u> |

### Internally restricted surplus

Internally restricted surplus represent amounts set aside by ACAD's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Currently, the use of those funds has been appropriated as follows:

|  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| Appropriation for capital activities:      |                 |                 |
| Campus renovations and facility upgrades   | \$ 195          | \$ 258          |
| Equipment, technology and program upgrades | 782             | 331             |
|  | <u>\$ 977</u>   | <u>\$ 589</u>   |
| Appropriation for operating activities:    |                 |                 |
| Operating programs                         | \$ 865          | \$ 655          |
| Sustainability planning                    | 275             | 6               |
|  | <u>1,140</u>    | <u>661</u>      |
| Total                                      | <u>\$ 2,117</u> | <u>\$ 1,250</u> |

### Accumulated remeasurement gains and losses

Accumulated remeasurement gains and losses represent the unrealized gain on unrestricted financial instruments as at June 30, 2017. As at June 30, 2017 ACAD had \$92 (2016 - \$0) accumulated remeasurement gains and losses.

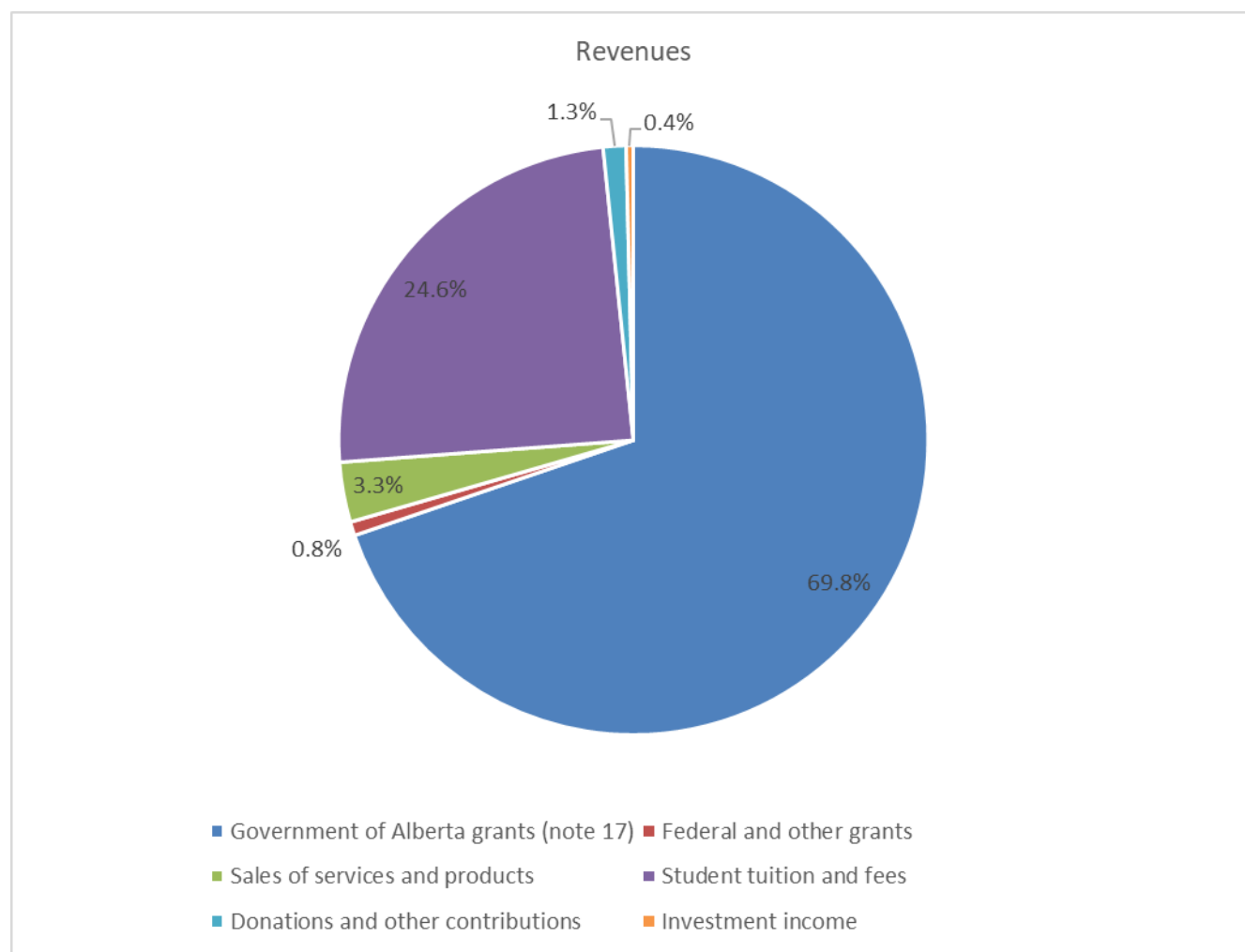
## **STATEMENT OF OPERATIONS**

### Overall Results

Fiscal Year 2017 ended with a final operating surplus of \$1,083 (2016 - \$906). The surplus increased by \$177 from the prior year for the following reasons:

Revenues increased by 6.7% in total; primarily due to grant increases and higher earned capital contributions

## REVENUE HIGHLIGHTS



|                                     | 2017          |               | 2016          |               | Change from 2016 |             |
|-------------------------------------|---------------|---------------|---------------|---------------|------------------|-------------|
|                                     | \$            | %             | \$            | %             | \$               | %           |
| Government of Alberta Grants        | 17,131        | 69.7%         | 15,187        | 66.0%         | 1,944            | 12.8%       |
| Federal and other government grants | 187           | 0.8%          | 220           | 1.0%          | (33)             | (15%)       |
| Student tuition and fees            | 6,029         | 24.5%         | 6,229         | 27.0%         | (200)            | (3.2%)      |
| Sales of services and products      | 806           | 3.3%          | 948           | 4.1%          | (142)            | (15.0%)     |
| Donations and other contributions   | 307           | 1.3%          | 379           | 1.6%          | (72)             | (19.0%)     |
| Investment income                   | 97            | 0.4%          | 58            | 0.3%          | 39               | 67.2%       |
|                                     | <b>24,557</b> | <b>100.0%</b> | <b>23,021</b> | <b>100.0%</b> | <b>1,536</b>     | <b>6.7%</b> |



## Summary of Key Variances

### Revenues

Total revenues for the period ending June 30, 2017 were \$24,557 compared to \$23,021 for the previous fiscal year. This represents an increase of 6.7% in overall revenues. Actual revenues exceeded budgeted revenues by 6.5% or \$1,491. The largest changes to ACAD's revenue base year over year were as follows:

In 2017, ACAD's Campus Alberta Base Grant increased by 2% or \$267. ACAD also received an additional \$342 topping up payments by the Government from April to June 2016 to the rate for the new academic year. Revenue recognized from other Government of Alberta grants for projects outside the scope of the Campus Alberta Base Grant agreement was \$1,099 higher than in 2016. Furthermore, during the course of the year, ACAD identified a number of fully amortized capital assets for which the matching spent deferred capital contributions had never been recognized as revenue. This resulted in an additional \$192 of eligible capital contributions being recognized as revenue in 2016/17.

Student tuition and fees decreased by \$200. The major factor contributing to this decrease was a reduction in credit tuition FLEs from 954 in 2016 to 928 in 2017. Continuing Education and Professional Development enrollment faced another challenging year with the current state of the economy and new leadership in this area.

Sales of services and products were also affected by the reduction in enrollment. Bookstore sales to students and other invoiced services were down by 15% or \$142 year on year.

Revenue released from endowment gifts and donations to pay student awards, bursaries and scholarships remained consistent year over year, but cash and other operating fund donations decreased by \$72.

The largest differences between ACAD's revenue budget and its actual results for the year 2017 were as follows:

|                                     | 2017<br>BUDGET  | 2017<br>ACTUALS | Variance from<br>budget |
|-------------------------------------|-----------------|-----------------|-------------------------|
| Government of Alberta Grants        | \$15,052        | \$17,131        | \$2,079                 |
| Federal and other government grants | 67              | 187             | 120                     |
| Student tuition and fees            | 6,594           | 6,029           | (565)                   |
| Sales of services and products      | 863             | 806             | (57)                    |
| Donations and other contributions   | 400             | 307             | (93)                    |
| Investment income                   | 90              | 97              | 7                       |
|                                     | <u>\$23,066</u> | <u>\$24,557</u> | <u>\$1,491</u>          |

With the exception of the 2% cost of living increment, none of the prior year variances discussed in the preceding section were included in the annual operating budget. Furthermore, tuition freeze funding of \$99k was not included in the budget.

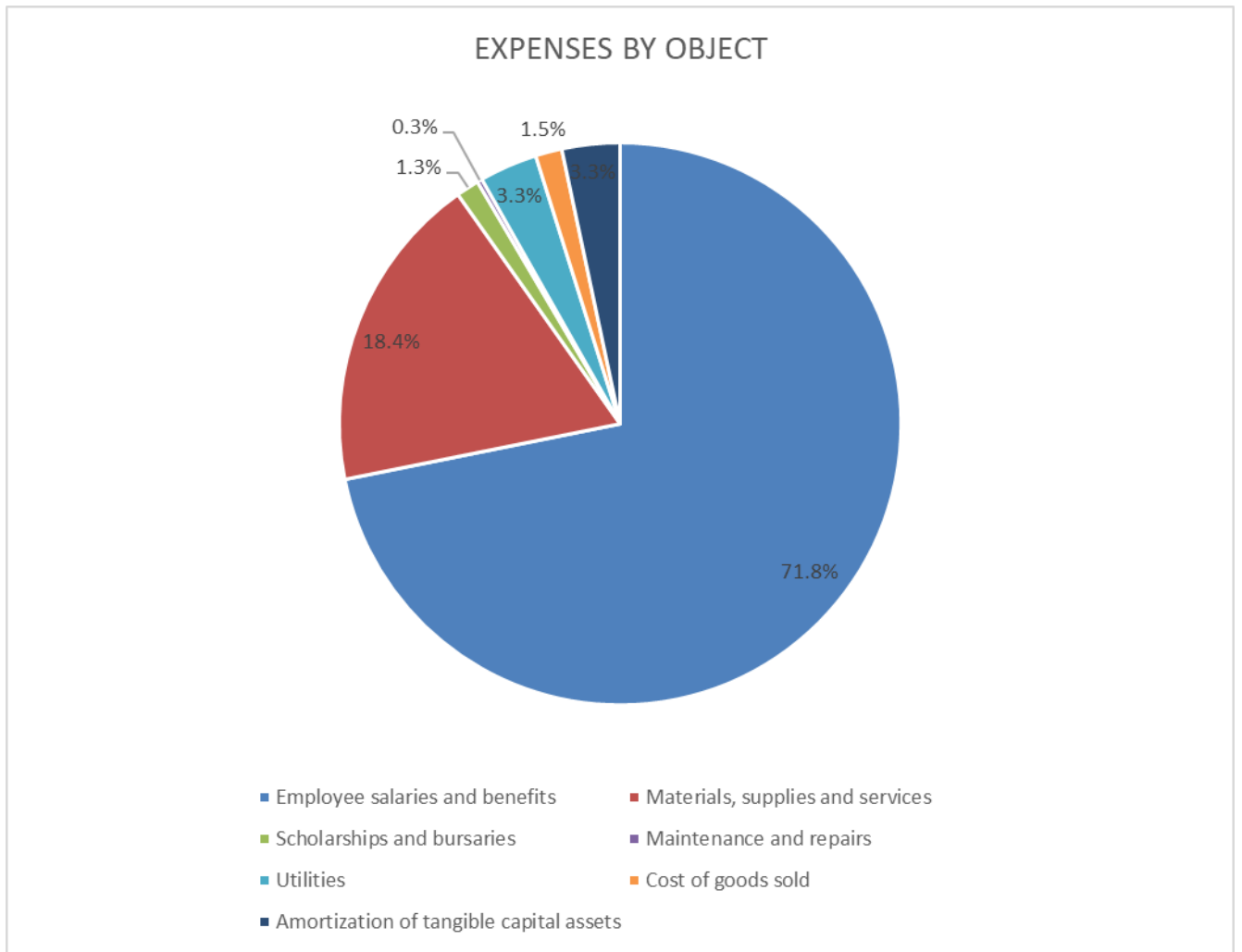
A number of significant non-governmental grants were received from private and corporate donors.

The credit tuition enrollment headcount of full load equivalents was 22 lower than budget.

Aggressive budget targets for Continuing Education could not be met in a market that continues to be challenging. Actual revenues from Continuing Education courses ended the year 42% or \$384 below budget.

## **EXPENSE HIGHLIGHTS**

### **Expenses by object**



|   | 2017          |               | 2016          |               | Change from 2016 |             |
|---|---------------|---------------|---------------|---------------|------------------|-------------|
|   | \$            | %             | \$            | %             | \$               | %           |
| Employee salaries and benefits          | 16,862        | 71.8%         | 15,422        | 69.7%         | 1,440            | 9.3%        |
| Materials, supplies and services        | 4,310         | 18.4%         | 4,371         | 19.8%         | (61)             | (1.4%)      |
| Scholarships and bursaries              | 310           | 1.3%          | 325           | 1.5%          | (15)             | (4.6%)      |
| Maintenance and repairs                 | 68            | 0.3%          | 67            | 0.3%          | 1                | 1.5%        |
| Utilities                               | 782           | 3.3%          | 720           | 3.3%          | 62               | 8.6%        |
| Cost of goods sold                      | 358           | 1.5%          | 404           | 1.8%          | (46)             | (11.4%)     |
| Amortization of tangible capital assets | 784           | 3.4%          | 806           | 3.6%          | (22)             | (2.7%)      |
|   | <b>23,474</b> | <b>100.0%</b> | <b>22,115</b> | <b>100.0%</b> | <b>1,359</b>     | <b>6.1%</b> |

### Comparison to 2016

Total expenses for the period ending June 30, 2017 were \$23,474. This represents an increase of \$1,359 or 6.1% over total operating expenses for the previous year (2016 - \$22,115). The most significant changes were as follows:

The increase of \$1,440 in salaries and benefits year over year is due primarily to a 1% increase negotiated for permanent faculty, a 2% increase negotiated for sessional faculty, and a 2.5% negotiated increase for AUPE support staff as well as grid movement increases for a significant number of faculty and support staff. There were also a significant number of vacancies in management positions in 2015/16 such as the Director, Continuing Education; Director, Communications; Manager IT and a number of part time technician positions became full time. Severance payments for positions that were eliminated at the end of 2016/17 amounted to approximately \$150.

Materials, services and supplies have increased year over year due to the availability of additional funding for special projects sourced from both internally and externally restricted funds. The majority of this pertains to the sustainability plan and Access to the Future project expenditures.

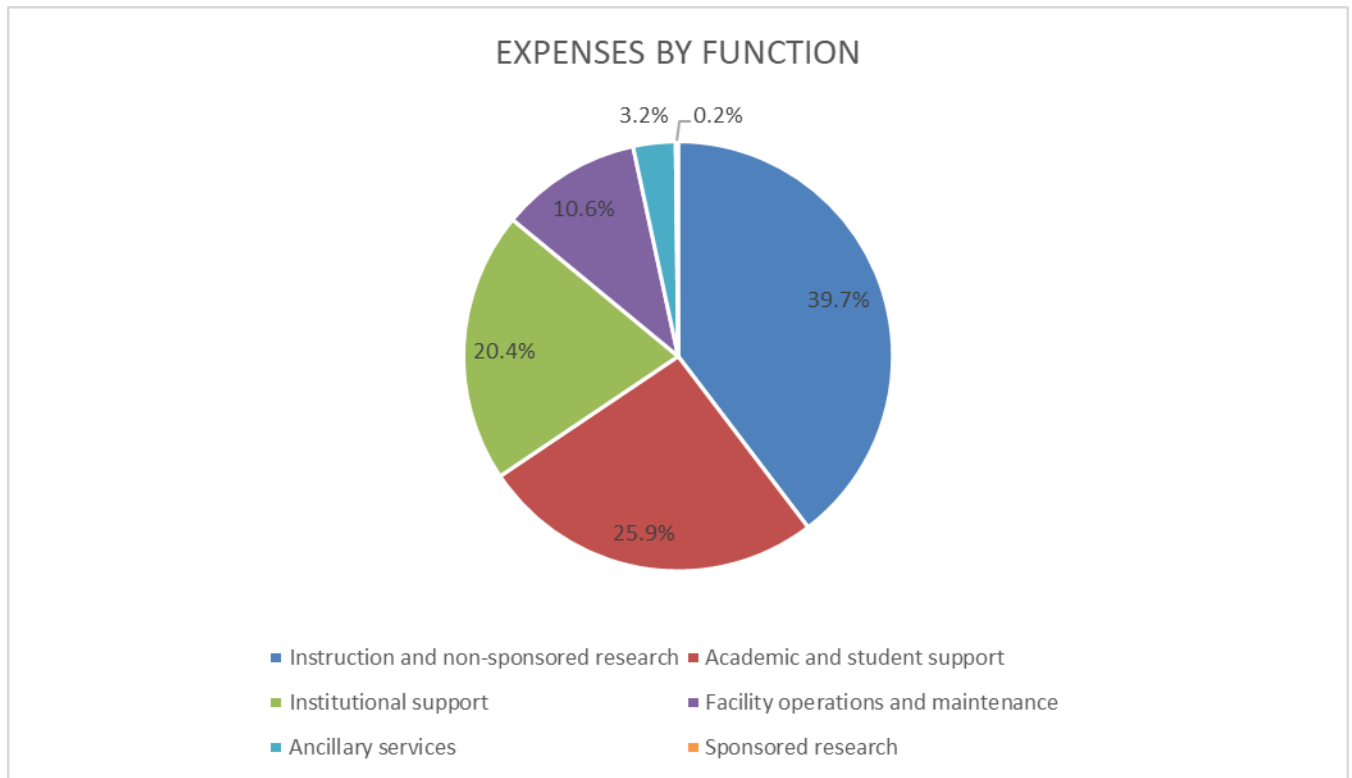
|   | 2017<br>BUDGET  | 2017<br>ACTUALS | Variance from<br>budget |
|---|-----------------|-----------------|-------------------------|
| Employee salaries and benefits          | \$16,478        | \$16,862        | (384)                   |
| Materials, supplies and services        | 4,130           | 4,310           | (180)                   |
| Scholarships and bursaries              | 300             | 310             | (10)                    |
| Maintenance and repairs                 | 74              | 68              | 6                       |
| Utilities                               | 934             | 782             | 152                     |
| Cost of goods sold                      | 387             | 358             | 29                      |
| Amortization of tangible capital assets | 763             | 784             | (21)                    |
|   | <b>\$23,066</b> | <b>\$23,474</b> | <b>(\$408)</b>          |

## Comparison to Approved Operating Budget

The most significant variances to ACAD's operating budget include:

- \$180 negative variance in materials, supplies and services. Much of this expenditure relates to projects funded from internally and externally restricted funds which are not included as part of ACAD's operating budget.
- \$384 negative variance in employee salaries and benefits. A majority of this is due to four non-budgeted positions, funded with restricted funds.
- \$152 positive variance in utilities due to low commodity prices and an unseasonably warm winter season.

## Expenses by Function



|  | 2017          |               | 2016          |               | Change from 2016 |             |
|--|---------------|---------------|---------------|---------------|------------------|-------------|
|  | \$            | %             | \$            | %             | \$               | %           |
| Instruction and non-sponsored research | 9,308         | 39.7%         | 8,736         | 39.5%         | 572              | 6.5%        |
| Academic and student support           | 6,085         | 25.9%         | 5,351         | 24.2%         | 734              | 13.7%       |
| Institutional support                  | 4,789         | 20.4%         | 4,652         | 21.0%         | 137              | 2.9%        |
| Facility operations and maintenance    | 2,499         | 10.6%         | 2,588         | 11.7%         | (89)             | (3.4%)      |
| Ancillary services                     | 750           | 3.2%          | 771           | 3.5%          | (21)             | (2.7%)      |
| Sponsored research                     | 43            | 0.2%          | 17            | 0.1%          | 26               | 152.9%      |
|  | <b>23,474</b> | <b>100.0%</b> | <b>22,115</b> | <b>100.0%</b> | <b>1,359</b>     | <b>6.1%</b> |

### Comparison to 2016

The total increase in expenses year over year was \$1,359. Although salaries and benefits represent a significant portion of this 6.1% increase in overall expenditures; there were increases in other categories of expenditure. Other cost increases are attributable to spending on projects such as the development of ACAD's sustainability plan and projects identified in our comprehensive institutional plan to increase revenue generation and sustainability, conduct scholarly research and creative growth as well as academic growth, reputation enhancement and enhancements to student experience and diversity. These initiatives were funded by allocations from internally restricted reserves as well as grants received from government that did not form part of ACAD's approved operating budget for 2016/17.

### Instruction, Academic and student support and Institutional support:

Instruction, academic and student support and institutional support include expenses related to institutional program delivery, support for instructional program delivery and the student body and institutional wide administrative services. The majority of ACAD's faculty and staff work in these three areas. AUPE and Faculty Collective agreements provided for salary increases for support staff (2.5%), permanent faculty (1%) and sessional faculty (2%), as well as the normal annual increases resulting from grid movement. Internally restricted reserves and externally restricted grants also supported expenditures on a number of important projects in these areas that did not form part of ACAD's annual operating budget.

### Facility Operations and Maintenance:

The expenses in this category relate to the maintenance and renewal of facilities that house teaching, administrative and other areas within ACAD. Expenses include utilities, facilities administration, building maintenance, custodial and security services. The 2015/16 year included project expenditures of \$129 funded with restricted non-operating funds. There were no similar projects in 2017/18.

### Ancillary Services:

Ancillary services relate to services available to students, faculty and staff. They include food services and bookstore operations. The cost of providing these services and the net return from these services did not change significantly year over year.

## **INTERNATIONALIZATION**

ACAD has not expanded its activities internationally at this time.

## **INFORMATION TECHNOLOGY**

Technology is integral to ACAD's success. To reach ACAD's strategic goals robust Information Technology is required. ACAD identifies and prioritizes its needs and allocates resources to move key initiatives forward. Unfortunately, funding is not available to meet all the demands for technology infrastructure, software and services. In 2016/2017, ACAD spent \$ 2,020,000 of its operating budget on Information Technology. An additional \$ 258,000 was allocated for IT related capital expenditures. Initiatives were further supported with \$290,000 from grant funding and an allocation of \$74,000 from ACAD reserves. The lack of funding has increased the risk to ACAD as it endeavors to maintain a secure and modern technology infrastructure.

The priorities for investment reflect the following:

- Ensuring technology tools meet the academic needs of students within the resource constraints of ACAD;

- Supporting technology solutions that offer the benefit of improved service to students in scheduling and degree completion;
- Supporting infrastructure that improves on the reliability and sustainability of services including peering services, business continuity and storage capacity;
- Updating administrative applications for new versions that address productivity and maintenance ease;
- Supporting currency and innovation in the use of technology tools to enhance teaching and learning environments such as digital applications and remote access;
- Providing a balance of outsourcing and insourcing support for the technology investments required for sustainability; and
- Providing collaborative and communication platforms and solutions that are relevant, flexible and usable.

The table below lists a number of the key initiatives at ACAD and the progress that was made in in 2016-17 year.

| <b>Initiative</b>  | <b>Key Activities in 2016-17</b>  |
|--|---|
| Student Program Planning and Audit System.                                     | Completed detailed planning for infrastructure, network and professional services required from 3 <sup>rd</sup> party service providers. Secured funding for the implementation and on-going operations of the solution.  |
| Continuing Education Registration System.                                      | Completed detailed planning for infrastructure, network and professional services required from 3 <sup>rd</sup> party service provider and executed agreement with provider. Completed implementation and configuration of environments for test and production.  |
| Content and Process Delivery for Students on Smart Phones (Mobile Technology). | No change.  |
| Recruitment and Admissions Customer Relationship Management System.            | Completed implementation and configuration of environments for test and production. Applications from ApplyAlberta are synced with ACAD's CRM system enabling the recruitment team to improve targeted communications to prospective students.  |
| Student System Renewal.  | Engaged vendors for professional services to identify 6 system enhancements and initiated a project to implement 4 of them.   |
| Enterprise Resource Planning (ERP) System Review.                              | Established project and governance. Engaged vendors for professional services. Established and engaged working committees. Completed the current state analysis and requirements gathering for HR, Finance and Student Admin areas. A review of Finance Business Processes identified 2 priority initiatives. One was completed in the fiscal year and a 2 <sup>nd</sup> was initiated. |
| Infrastructure Maintenance / Evergreen.  | Acquired and installed important IT and Audio Visual infrastructure and equipment.  |

|  |  |
|--|--|
| Email System Replacement (goal 4, objective D).                                | Secured funding and initiated detailed planning for replacement of aged email system with Office365, allowing greater collaboration amongst faculty, staff, and students, as well as greater student access to information from their mobile devices.  |
| Cyber Security / Endpoint Protection [System Recovery Management Plan (SRMP)]. | Engaged vendors for professional services. Acquired and implemented critical IT equipment and related services. Built out secondary datacenter at the SAIT location for backup purposes to support business continuity. Secured funding for a 3 <sup>rd</sup> phase of risk mitigation activities. |

## CAPITAL PLAN

ACAD prepares a capital budget annually using a process that allocates internal resources to established priorities as identified by all departments in the institution. Priorities are based on life-cycle replacement needs for technology and equipment, health and safety needs, academic and institutional service support needs essential to maintain ongoing services to students and staff, building improvements and enhancements, and research and innovation. When capital requirements are outside the capacity of ACAD to accommodate and fund, application is made to the Province for support. ACAD currently holds a CFEP grant to support the creation of a new, mid-size lecture hall available to ACAD academic programming and the community.

ACAD's 2016-17 consolidated budgets included \$359,000 of internally funded capital expenditures funded from internal reserves and cash flows generated each year from amortization of funded assets. The amount was a 14.5% reduction from expenditure levels for 2015-16. With few dedicated sources of funding for capital replacement, the level of expenditure is expected to remain below required levels and will potentially decline in future years as ACAD's reserves continue to be depleted or used in funding equipment and technology renewal. Support for capital replacement needs has been mostly related to life-cycle and technology upgrades and to meet ACAD's need for safe and functional equipment. During the year, ACAD also provided funding support to further the System Recovery Management Plan with a secondary data centre and accommodate some high priority renovations to the facility.



**Priority Projects**

ACAD had stated its priority preservation and expansion projects with the expectation that its Sustainability Strategic Business plan would garner funding support. Without that support, the planned priority projects have not been realized:

| <b>Type</b>  | <b>Description</b>  | <b>Status/Progress</b>              |
|--------------|---|-------------------------------------|
| Expansion    | Increase facility capacity (Nellie McClung building) to accommodate growth. | Not initiated, no funding received. |
| Expansion    | Building improvements for the Perrenoud Ranche.                             | Not initiated, no funding received. |
| Preservation | Facility upgrade and renewal: Main Mall Reimagine project.                  | Not initiated, no funding received. |

# **APPENDIX**

## Audited Financial Statements

**Alberta College of Art and Design**

**FINANCIAL STATEMENTS**

For the Year Ended

June 30, 2017

**Alberta College of Art and Design**

**FINANCIAL STATEMENTS**

**For the Year ended June 30, 2017**

Independent Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Change in Net Financial Assets

Statement of Remeasurement Gains and Losses

Statement of Cash Flows

Notes to the Financial Statements



## Independent Auditor's Report

To the Board of Governors of Alberta College of Art and Design

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Alberta College of Art and Design, which comprise the statement of financial position as at June 30, 2017, and the statements of operations, change in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta College of Art and Design as at June 30, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

November 18, 2017

Edmonton, Alberta

**ALBERTA COLLEGE OF ART AND DESIGN  
FINANCIAL STATEMENTS  
STATEMENT OF MANAGEMENT RESPONSIBILITY  
YEAR ENDED JUNE 30, 2017**

The financial statements of the Alberta College of Art and Design have been prepared by management in accordance with Canadian public sector accounting standards. The financial statements present fairly the financial position of the college as at June 30, 2017 and the results of its operations, change in net financial assets, remeasurement gains and losses and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that college assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Governors is responsible for reviewing and approving the financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Finance and Audit Committee. With the exception of the President and Chief Executive Officer, the Board Faculty Representative and the Alberta Union of Provincial Employees representative, all members of the Finance and Audit Committee are not employees of the college. The Finance and Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Finance and Audit Committee, with and without the presence of management.

These financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of presentation of the information in the financial statements.

*Original signed by Dr. Daniel Doz*  
President and Chief Executive  
Officer

*Original Signed by Jill Brown*  
Interim Vice-President,  
Administration

**ALBERTA COLLEGE OF ART AND DESIGN  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2017  
(thousands of dollars)**

|   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| <b>Financial assets excluding portfolio investments restricted for endowments</b>     |                  |                  |
| Cash and cash equivalents (note 3)  | \$ 6,011         | \$ 6,332         |
| Portfolio investments – non-endowment (note 4)  | 6,275            | 5,640            |
| Accounts receivable   | 243              | 278              |
| Inventories for resale  | 182              | 222              |
|   | <u>\$ 12,711</u> | <u>\$ 12,472</u> |
| <b>Liabilities</b>  |                  |                  |
| Accounts payable and accrued liabilities  | \$ 2,293         | \$ 2,451         |
| Employee future benefit liabilities   | 7                | -                |
| Debt (note 7)   | 115              | 62               |
| Deferred revenue (note 8)   | 6,850            | 7,515            |
|   | <u>9,265</u>     | <u>10,028</u>    |
| <b>Net financial assets excluding portfolio investments restricted for endowments</b> | <u>\$ 3,446</u>  | <u>\$ 2,444</u>  |
| Portfolio investments – restricted for endowments (note 4)                            | 6,091            | 5,804            |
| <b>Net financial assets</b>   | <u>\$ 9,537</u>  | <u>\$ 8,248</u>  |
| <b>Non-financial assets</b>   |                  |                  |
| Tangible capital assets (note 10)   | \$ 5,098         | \$ 4,851         |
| Inventories of supplies   | 293              | 241              |
| Prepaid expenses  | 171              | 149              |
|   | <u>5,562</u>     | <u>5,241</u>     |
| <b>Net assets before spent deferred capital contributions</b>                         | <u>\$ 15,099</u> | <u>\$ 13,489</u> |
| Spent deferred capital contributions (note 9)   | 4,225            | 3,952            |
| <b>Net Assets</b>   | <u>\$ 10,874</u> | <u>\$ 9,537</u>  |
| <b>Net Assets is comprised of:</b> (note 11)  |                  |                  |
| Accumulated surplus   | \$ 10,782        | \$ 9,537         |
| Accumulated remeasurement gains   | 92               | -                |
|   | <u>\$ 10,874</u> | <u>\$ 9,537</u>  |

Contingent liability and contractual obligations (note 13 and 14)

Approved by the Board of Governors:

*Original signed by M. Carol Ryder*  
Chair, Board of Governors

*Original Signed by Reid J. Cummings*  
Chair, Finance and Audit Committee

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

**ALBERTA COLLEGE OF ART AND DESIGN**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED JUNE 30, 2017**  
(thousands of dollars)

|   | Budget<br>(note 15) | 2017             | 2016            |
|---|---------------------|------------------|-----------------|
| <b>Revenues</b>                                   |                     |                  |                 |
| Government of Alberta grants (note 17)            | \$ 15,052           | \$ 17,131        | \$ 15,187       |
| Federal and other grants                          | 67                  | 187              | 220             |
| Sales of services and products                    | 863                 | 806              | 948             |
| Student tuition and fees                          | 6,594               | 6,029            | 6,229           |
| Donations and other contributions                 | 400                 | 307              | 379             |
| Investment income                                 | 90                  | 97               | 58              |
|   | <u>23,066</u>       | <u>24,557</u>    | <u>23,021</u>   |
| <b>Expenses</b>                                   |                     |                  |                 |
| Instruction and non-sponsored research            | 9,847               | 9,308            | 8,736           |
| Academic and student support                      | 5,617               | 6,085            | 5,351           |
| Institutional support                             | 4,105               | 4,789            | 4,652           |
| Facility operations and maintenance               | 2,692               | 2,499            | 2,588           |
| Ancillary services                                | 805                 | 750              | 771             |
| Sponsored research                                | -                   | 43               | 17              |
|   | <u>23,066</u>       | <u>23,474</u>    | <u>22,115</u>   |
| <b>Annual operating surplus</b>                   | -                   | <b>1,083</b>     | 906             |
| Endowment contributions (note 11)                 | -                   | 67               | 144             |
| Endowment capitalized investment income (note 11) | -                   | 95               | 145             |
|   | <u>-</u>            | <u>162</u>       | <u>289</u>      |
| <b>Annual surplus</b>                             | -                   | <b>1,245</b>     | 1,195           |
| <b>Accumulated surplus at beginning of year</b>   | <u>9,537</u>        | <u>9,537</u>     | <u>8,342</u>    |
| <b>Accumulated surplus at end of year</b>         | <u>\$ 9,537</u>     | <u>\$ 10,782</u> | <u>\$ 9,537</u> |

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



**ALBERTA COLLEGE OF ART AND DESIGN**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED JUNE 30, 2017**  
(thousands of dollars)

|  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| <b>Annual surplus</b>  | <b>\$ 1,245</b> | <b>\$ 1,195</b> |
| Acquisition of tangible capital assets, net of proceeds on disposals | (1,063)         | (1,108)         |
| Amortization of tangible capital assets                              | 784             | 806             |
| Loss on disposal of tangible capital assets                          | 32              | -               |
| Change in inventories of supplies                                    | (52)            | 40              |
| Change in prepaid expenses   | (22)            | (74)            |
| Change in spent deferred capital contributions                       | 273             | (183)           |
| Net accumulated remeasurement gains                                  | 92              | (10)            |
| <b>Increase in net financial assets</b>                              | <b>1,289</b>    | <b>666</b>      |
| <b>Net financial assets, beginning of year</b>                       | <b>8,248</b>    | <b>7,582</b>    |
| <b>Net financial assets, end of year</b>                             | <b>\$ 9,537</b> | <b>\$ 8,248</b> |

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

**ALBERTA COLLEGE OF ART AND DESIGN**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**YEAR ENDED JUNE 30, 2017**  
(thousands of dollars)

|   | <u>2017</u>         | <u>2016</u>        |
|---|---------------------|--------------------|
| <b>Accumulated remeasurement gains, beginning of year</b> | <b>\$ -</b>         | <b>\$ 10</b>       |
| Unrealized gains attributable to:                         |                     |                    |
| Portfolio investments – non-endowment                     | 132                 | -                  |
| Amounts reclassified to the statement of operations:      |                     |                    |
| Portfolio investments – non-endowment                     | (40)                | -                  |
| Change in unrealized losses on foreign exchange           | -                   | (10)               |
| <b>Accumulated remeasurement gains, end of year</b>       | <b><u>\$ 92</u></b> | <b><u>\$ -</u></b> |

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

**ALBERTA COLLEGE OF ART AND DESIGN**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2017**  
(thousands of dollars)

|   | <u>2017</u>     | <u>2016</u>     |
|---|-----------------|-----------------|
| <b>Operating Transactions</b>   |                 |                 |
| Annual surplus  | \$ 1,245        | \$ 1,195        |
| Add (deduct) non-cash items:  |                 |                 |
| Amortization of tangible capital assets   | 784             | 806             |
| Gain on sale of portfolio investments   | (141)           | -               |
| Loss on disposal of tangible capital assets   | 32              | -               |
| Expended capital recognized as revenue  | (503)           | (501)           |
| Decrease (increase) in employee future benefit liabilities                                    | 7               | (10)            |
| Change in non-cash items  | 179             | 295             |
| Decrease in accounts receivable   | 35              | 23              |
| Decrease in inventories for resale  | 40              | 24              |
| (Decrease) increase in accounts payable and accrued liabilities                               | (158)           | 850             |
| Decrease in deferred revenue  | (965)           | (106)           |
| Increase in spent deferred capital contributions, less expended capital recognized as revenue | 776             | 318             |
| (Increase) decrease in inventories of supplies  | (52)            | 40              |
| Increase in prepaid expenses  | (22)            | (74)            |
| <b>Cash provided by operating transactions</b>  | <b>1,078</b>    | <b>2,565</b>    |
| <b>Capital transactions</b>   |                 |                 |
| Acquisition of tangible capital assets  | \$ (1,076)      | \$ (1,108)      |
| Proceeds on sale of tangible capital assets   | 13              | -               |
| <b>Cash applied to capital transactions</b>   | <b>(1,063)</b>  | <b>(1,108)</b>  |
| <b>Investing transactions</b>   |                 |                 |
| Purchase of portfolio investments   | \$ (993)        | \$ (1,815)      |
| Proceeds on sale of portfolio investments   | 604             | 662             |
| <b>Cash applied to investing transactions</b>   | <b>(389)</b>    | <b>(1,153)</b>  |
| <b>Financing transactions</b>   |                 |                 |
| Debt - repayment  | (64)            | (32)            |
| Debt - new financing  | 117             | -               |
| <b>Cash provided by (applied to) financing transactions</b>                                   | <b>\$ 53</b>    | <b>\$ (32)</b>  |
| <b>(Decrease) increase in cash and cash equivalents</b>                                       | <b>(321)</b>    | <b>272</b>      |
| <b>Cash and equivalents, beginning of year</b>  | <b>6,332</b>    | <b>6,060</b>    |
| <b>Cash and equivalents, end of year</b>  | <b>\$ 6,011</b> | <b>\$ 6,332</b> |

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

## **1. Authority and Purpose**

The Board of Governors of the Alberta College of Art and Design is a corporation which manages and operates the Alberta College of Art and Design ("the College") under the *Post-Secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, the College is a specialized arts and culture institution mandated to offer four-year undergraduate and graduate degrees in visual art and design. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

## **2. Summary of Significant Accounting Policies and Reporting Practices**

### **a) General – Public Sector Accounting Standards and Use of Estimates**

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS).

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The College's management uses judgment to determine such estimates. Amortization of tangible capital assets and restricted expended capital recognized as revenue are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

### **b) Valuation of Financial Assets and Liabilities**

The College's financial assets and liabilities are generally classified and measured as follows:

| <u>Financial Statement Component</u>     | <u>Measurement</u>                    |
|--|---------------------------------------|
| Cash and cash equivalents                | Amortized cost                        |
| Portfolio investments                    | Fair value                            |
| Inventories held for resale              | Lower of cost or net realizable value |
| Accounts receivable                      | Amortized cost                        |
| Accounts payable and accrued liabilities | Amortized cost                        |
| Debt                                     | Amortized cost                        |

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the Statement of Remeasurement Gains and Losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations.

Unrealized gains and losses from changes in the fair value of restricted financial instruments are recognized as a liability under deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

The College does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the College's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The College does not have any embedded derivatives that require separate measurement in the financial statements.

### **c) Revenue Recognition**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

#### **Government Grants, Non-government Grants and Donations**

Government Transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with the College's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recorded as revenue when the College is eligible to receive the funds. Unrestricted non-government grants and donations are recorded as revenue in the year received or in the year the funds are committed to the College if the amount can be reasonably estimated and collection is reasonably assured.

In kind donations of services, materials and tangible capital assets are recorded at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded at the carrying value. While volunteers as well as College staff contribute a significant amount of time each year to assist the College in carrying out its mission, the value of their services is not recognized in the financial statements because fair value cannot be reasonably determined.

#### **Endowment Donations**

Endowment donations are recognized as revenue in the Statement of Operations in the year in which they are received, and are required by donors to be maintained intact in perpetuity.

#### **Investment Income**

Investment income includes dividends, interest income, and realized gains or losses on the sale of non-endowment portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as investment income when terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use of the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the Statement of Operations as a component of endowment contributions and capitalized investment income.

### **d) Endowments**

Endowments consist of externally restricted donations received by the College and internal allocations by the College's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as College policy stipulates that the economic value of the endowments must be protected by limiting the amount of income that may be expended and the reinvesting of unexpended income.

Under the *Post-secondary Learning Act*, the College has the authority to alter the terms and conditions of endowments to enable:

- income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

---

- encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

Twenty five percent (25%) of the investment income earned on endowments is re-invested along with the principal donation ("Principal"). The remaining seventy five percent (75%) is held to fund scholarship awards ("Expendable"). During 2016-2017, a small number of individual expendable funds were insufficient to cover the scholarship award. In these cases the College allocated funds from the General Scholarship Endowment Fund for Scholarships to fund the shortfall. The College does not draw against the principal of the endowment to fund student awards.

Endowment contributions, matching contributions, and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the Statement of Operations in the period in which they are received.

**e) Inventories**

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the first in first out (FIFO) method. Inventories of supplies are valued at cost.

**f) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

Capital lease obligations are recorded at the present value of future minimum lease payments at the inception of the lease. Leased equipment is reflected as an asset and a liability in the Statements of Financial Position. The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

|                                |   |
|--------------------------------|---|
| Building improvements          | remaining life of the building (15 years) |
| Furnishings and equipment      | 5 years                                   |
| Computer hardware and software | 3 – 5 years                               |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Assets under capital lease are amortized on a basis that is consistent with the above for purchased assets.

Contributed capital assets are recorded as revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at the carrying value.

Works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets.

**g) Foreign Currency Translation**

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Statement of Operations, and the cumulative amount in the remeasurement gains and losses is reversed in the Statement of Remeasurement Gains and Losses.

#### **h) Employee Future Benefits**

##### **Pension**

The College participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees based on years of service and earnings.

The College does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP is comprised of employer contributions to the plan that are required for its employees during the year; which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

##### **Long-Term Disability**

The College pays or shares the premiums for certain benefits for employees on long-term disability. The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the College's long-term disability plans is charged to expense in full when the event occurs which obligates the College to provide the benefits. The cost of these benefits is determined using the present value of the estimated cost of these premiums and are recorded at the time the College becomes obligated under the plan. Comparative amounts for the liability associated with employees on long-term disability continue to be presented in the Statement of Financial Position as employee future benefit liabilities.

##### **Early Retirement Assistance and Incentive Program**

From time to time, and at the discretion of the College, the College offers an early retirement assistance program for eligible employees who choose to retire before age 65. Participation in this program is voluntary. Early retirement benefits are approved by the President and Chief Executive Officer and calculated using a percentage of an eligible employee's salary and the number of continuous years of service. These benefits are disclosed as part of the salaries and benefits and are charged to expense in full when approved. The last program offering occurred in May 2012.

##### **Other Employee Benefit Plans**

The College also provides employee future benefits in the form of compensated absences for sabbaticals. The cost of providing employee future benefits for compensated absences under the College's sabbatical plan is charged to expense in full when the event occurs which obligates the College to provide the benefits. These benefits are disclosed as part of the salaries and benefits.

##### **Administrative Leave**

Administrative leave relates to one senior executive. This employee is entitled to accumulate one-fifth of a year of administrative leave for each year served. If it is not practical or feasible for this leave to be taken in any given year, this employee is entitled to a payment in lieu on a pro rata basis up to a maximum of fifty percent of the current base pay to be paid at the conclusion of the term of the contract.

#### **i) Expense by Function**

The College uses the following categories of functions on its Statement of Operations:

##### **Instruction and non-sponsored research**

Expenses related to institutional program delivery, both credit and non-credit, and expenses related to scholarly and non-sponsored research activities undertaken by faculty.

##### **Sponsored research**

Expenses for all sponsored research activities specifically funded by restricted grants and donations.

##### **Academic and student support**

Expenses related to the direct support of instructional delivery and the support of the student body.

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

---

**Institutional support**

Expenses related to executive management, corporate insurance premiums, corporate finance, human resources, information technology, communications and fund development, and other institution-wide administrative services.

**Facility operations and maintenance**

Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the College. These include utilities, facilities administration, building maintenance, security, custodial services, as well, as major repairs and renovations.

**Ancillary services**

Expenses related to secondary services available to students, faculty and staff. Services include food services and bookstore operations.

**j) Internally Restricted Funds and Reserves**

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

**k) Future Accounting Changes**

In March 2015, the Public Sector Accounting Board issued PS2200 Related party disclosures and PS3420 Inter-entirety transactions. In June 2015, the Public Sector Accounting Board issued PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual rights, and PS 3430 Restructuring transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017, with the exception of PS 3430, which is effective for fiscal years starting on or after April 1, 2018.

- PS2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS3240 – Inter-entirety transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 – Assets provides guidance for applying the definition of assets set out in PS 1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS 3320 – Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 – Contractual rights defines and establishes disclosure standards on contractual rights.
- PS 3430 – Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

Management is currently assessing the impact of these new standards on the financial statements. The College discloses transactions and balances related to the Government of Alberta in note 17.

**3. Cash and Cash Equivalents**

|                  | <u>2017</u>     | <u>2016</u>     |
|------------------|-----------------|-----------------|
| Cash             | \$ 4,993        | \$ 5,313        |
| Cash equivalents | <u>1,018</u>    | <u>1,019</u>    |
|                  | <u>\$ 6,011</u> | <u>\$ 6,332</u> |

Cash and cash equivalents are comprised of cash on hand and short-term investments with a short maturity within 90 days from the date of acquisition.



**ALBERTA COLLEGE OF ART AND DESIGN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**  
(thousands of dollars)

**4. Portfolio Investments**

|   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| Portfolio investments – non-endowment             | \$ 6,275         | \$ 5,640         |
| Portfolio investments – restricted for endowments | <u>6,091</u>     | <u>5,804</u>     |
|   | <u>\$ 12,366</u> | <u>\$ 11,444</u> |

The composition of portfolio investments measured at fair value is as follows:

|                                   | <u>2017</u>    |                  |                |                  |
|-----------------------------------|----------------|------------------|----------------|------------------|
|                                   | <u>Level 1</u> | <u>Level 2</u>   | <u>Level 3</u> | <u>Total</u>     |
| Pooled investments at fair value: |                |                  |                |                  |
| Portfolio managed money market    | \$ -           | \$ 554           | \$ -           | \$ 554           |
| Portfolio managed fixed income    | -              | 4,536            | -              | 4,536            |
| Portfolio managed equity          | -              | <u>7,276</u>     | -              | <u>7,276</u>     |
|                                   | <u>\$ -</u>    | <u>\$ 12,366</u> | <u>\$ -</u>    | <u>\$ 12,366</u> |

|                                   | <u>2016</u>    |                  |                |                  |
|-----------------------------------|----------------|------------------|----------------|------------------|
|                                   | <u>Level 1</u> | <u>Level 2</u>   | <u>Level 3</u> | <u>Total</u>     |
| Pooled investments at fair value: |                |                  |                |                  |
| Portfolio managed money market    | \$ -           | \$ 773           | \$ -           | \$ 773           |
| Portfolio managed fixed income    | -              | 4,358            | -              | 4,358            |
| Portfolio managed equity          | -              | <u>6,313</u>     | -              | <u>6,313</u>     |
|                                   | <u>\$ -</u>    | <u>\$ 11,444</u> | <u>\$ -</u>    | <u>\$ 11,444</u> |

The fair value measurements are those derived from:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted market prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

The College has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The College's Finance and Audit Committee, a subcommittee of the Board of Governors, has delegated authority for oversight of the College's investments under a Policy of the Board. The Finance and Audit Committee monitors investment manager performance, to ensure compliance with the College's investment guidelines, and to evaluate the continued appropriateness of the College's investment guidelines.

Under the investment policy, the prime objectives of the investment fund are to generate income and to preserve the purchasing power of donated capital, and to generate growth in the capital value of the College's investment funds.

The prime constraints that guide the investment practice are risk aversion and liquidity.

## **5. Financial Risk Management**

The College is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risk. To manage these risks, the College invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long term objective of the College's investment policies is to achieve a long term real rate of return in excess of fees and expenses and maintain the real value of the fund.

The College is exposed to the following risks:

### **Market risk**

The College is exposed to market risk - the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the College has established an investment policy with a target asset mix that is diversified by asset class designed to achieve the optimal returns with an acceptable level of risk.

The following details the College's portfolio sensitivity to a 5.80% increase or decrease in the market prices. The sensitivity rate is determined using the historical standard deviation for the total fund based on a 4 year rolling period as determined by the investment advisor. At June 30, 2017, if market prices had a 5.80% (2016: 5.49%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses, deferred revenue, and endowment net assets – externally restricted contributions for the year would have been a total of \$150 (2016: \$121).

### **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

### **Credit risk**

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the College. The College is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issue limits to manage this risk. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The credit risks on investments held are as follows:

|               | <u>2017</u>          | <u>2016</u>          |
|---------------|----------------------|----------------------|
| Credit rating |                      |                      |
| AAA           | <b>42.8%</b>         | 41.5%                |
| AA            | <b>25.4%</b>         | 25.7%                |
| A             | <b>20.9%</b>         | 21.9%                |
| BBB           | <b>10.9%</b>         | 10.9%                |
|               | <b><u>100.0%</u></b> | <b><u>100.0%</u></b> |

### **Liquidity risk**

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College maintains investments that may not be immediately liquid. This risk is managed through the College's investment guidelines and other internal policies, guidelines and procedures.

**ALBERTA COLLEGE OF ART AND DESIGN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**  
**(thousands of dollars)**

**Interest rate 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. The risk is managed by various banking arrangements and other internal policies, guidelines and procedures.

The maturity and effective market yield of interest bearing investments are as follows:

| Asset class                               | < 1 year | 1 - 5 years | > 5 years | Average effective market yield |
|---|----------|-------------|-----------|--------------------------------|
| Portfolio investments, money market funds | \$ 1,572 | \$ -        | \$ -      | 0.52%                          |
| Portfolio investments, fixed income       | \$ 27    | \$ 1,251    | \$ 3,258  | 2.16%                          |

**Commodity price risk**

The College is exposed to commodity price risk as a result of electricity and natural gas usage required to operate the College's facilities. The College manages these risks by monitoring prices and responding in accordance with internal policies, guidelines and procedures.

**6. Employee Future Benefit Liabilities**

Employee future benefit liabilities are comprised of the following:

|                      | <u>2017</u> | <u>2016</u> |
|----------------------|-------------|-------------|
| Long-term disability | <u>\$ 7</u> | <u>\$ -</u> |

**a) Defined benefit plan accounted for on a defined contribution basis**

**Multi-Employer Pension Plan**

**Local Authorities Pension Plan (LAPP)**

The LAPP is a multi-employer contributory defined benefit pension plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2016, the LAPP reported an actuarial deficiency of \$637,357 (2015: \$923,416 deficiency). An actuarial valuation of LAPP was carried out at December 31, 2015 and then extrapolated to December 31, 2016. The pension expense recorded in these financial statements is \$1,298 (2016: \$1,089). Other than the requirement to make additional contributions, the College does not bear any risk related to the LAPP deficiency.

**b) Long-term disability**

The College provides certain extended health benefits to employees leaving the employment of the College under specific conditions. Liabilities for future benefit payments are recorded by the College in the year the application is approved. The remaining liability recorded in these financial statements is \$7 (2016: \$0).

**c) Administrative leave**

Some executives of the College have administrative leave provided for them under their contract of employment. These employees are entitled to accumulate one-fifth of a year of administrative leave for each year served. If it is not practical or feasible for this leave to be taken, employees are entitled to a payment in lieu on a pro rata basis up to a maximum of fifty percent of current base pay to be paid at the conclusion of the term of employment. A liability is recorded annually equal to the amount of administrative leave accrued to June 30 each year as defined in the employee's terms of employment. The liability recorded in these financial statements is \$63 (2016: \$0).

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

**7. Debt**

The College has obligations under capital lease agreements for the lease of certain copier and printing equipment. The following outstanding amounts relate to these obligations:

|                                  | Interest rate | 2017   | 2016  |
|----------------------------------|---------------|--------|-------|
| Obligations under capital leases | 5%            | \$ 115 | \$ 62 |

Principal and interest repayments are as follows:

|      | Principal | Interest | Total  |
|------|-----------|----------|--------|
| 2018 | \$ 25     | \$ -     | \$ 25  |
| 2019 | 21        | 4        | 25     |
| 2020 | 23        | 3        | 26     |
| 2021 | 24        | 2        | 26     |
| 2022 | 22        | 1        | 23     |
|      | \$ 115    | \$ 10    | \$ 125 |

**8. Deferred Revenue**

Deferred revenue is set aside for specific purposes as required either by legislation, regulation or agreement:

|   | 2017                                  |  |                        | 2016            |                 |
|---|---------------------------------------|--|------------------------|-----------------|-----------------|
|   | Deferred research and special purpose | Unspent deferred capital contributions | Tuition and other fees | Total           | Total           |
| <b>Balance, beginning of year</b>                   | <b>\$ 6,264</b>                       | <b>\$ 1,240</b>                        | <b>\$ 11</b>           | <b>\$ 7,515</b> | <b>\$ 7,839</b> |
| Grants, tuition, donations received during the year | 1,478                                 | 325                                    | 5,868                  | 7,671           | 6,550           |
| Restricted investment income                        | 331                                   | 31                                     | -                      | 362             | 769             |
| Change in unrealized gains                          | 299                                   | -                                      | -                      | 299             | (217)           |
| Transfers to spent deferred capital contributions   | -                                     | (968)                                  | -                      | (968)           | (318)           |
| Recognized as revenue                               | (2,364)                               | (42)                                   | (5,333)                | (7,739)         | (6,776)         |
| Scholarships, bursaries issued                      | (290)                                 | -                                      | -                      | (290)           | (332)           |
| <b>Balance, end of year</b>                         | <b>\$ 5,718</b>                       | <b>\$ 586</b>                          | <b>\$ 546</b>          | <b>\$ 6,850</b> | <b>\$ 7,515</b> |

**9. Spent Deferred Capital Contributions**

Spent deferred capital contributions is comprised of restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

|  | 2017            | 2016            |
|--|-----------------|-----------------|
| <b>Spent Deferred Capital Contributions</b>              |                 |                 |
| Spent deferred capital contributions, beginning of year  | \$ 3,952        | \$ 4,135        |
| Transfers from unspent deferred capital contributions    | 968             | 288             |
| Transfers from deferred research and special purpose     | -               | 30              |
| Adjustments – transfers from accumulated surplus         | (192)           | -               |
| Expended capital recognized as revenue                   | (503)           | (501)           |
| Net change for the year                                  | 273             | (183)           |
| <b>Spent deferred capital contributions, end of year</b> | <b>\$ 4,225</b> | <b>\$ 3,952</b> |

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

**10. Tangible Capital Assets**

|   | 2017                   |                                       |                             | 2016                   |                        |
|---|------------------------|---------------------------------------|-----------------------------|------------------------|------------------------|
|   | Building Improvements  | Furnishings, Equipment <sup>(1)</sup> | Computer Hardware, Software | Total                  | Total                  |
| <b>Cost</b>                                 |                        |                                       |                             |                        |                        |
| Beginning of year                           | \$ 6,438               | \$ 2,803                              | \$ 2,572                    | \$ 11,813              | \$ 10,866              |
| Acquisitions                                | 606                    | 260                                   | 210                         | 1,076                  | 1,108                  |
| Disposals, including write-downs            | -                      | (186)                                 | (3)                         | (189)                  | (161)                  |
|   | <u>\$ 7,044</u>        | <u>\$ 2,877</u>                       | <u>\$ 2,779</u>             | <u>\$ 12,700</u>       | <u>\$ 11,813</u>       |
| <b>Accumulated Amortization</b>             |                        |                                       |                             |                        |                        |
| Beginning of year                           | \$ 2,357               | \$ 2,447                              | \$ 2,158                    | \$ 6,962               | \$ 6,317               |
| Amortization expense                        | 448                    | 166                                   | 170                         | 784                    | 806                    |
| Effects on disposals, including write-downs | -                      | (141)                                 | (3)                         | (144)                  | (161)                  |
|   | <u>\$ 2,805</u>        | <u>\$ 2,472</u>                       | <u>\$ 2,325</u>             | <u>\$ 7,602</u>        | <u>\$ 6,962</u>        |
| <b>Net book value at June 30, 2017</b>      | <u><b>\$ 4,239</b></u> | <u><b>\$ 405</b></u>                  | <u><b>\$ 454</b></u>        | <u><b>\$ 5,098</b></u> |                        |
| <b>Net book value at June 30, 2016</b>      | <u><b>\$ 4,081</b></u> | <u><b>\$ 356</b></u>                  | <u><b>\$ 414</b></u>        |                        | <u><b>\$ 4,851</b></u> |

No interest was capitalized by the College in 2017.

Cost includes work-in-progress at June 30, 2017 totaling \$139 (2016: \$147) comprised of computer hardware, software \$139 (2016: \$81), furnishings, equipment \$0 (2016: \$3) and building improvements \$0 (2016: \$63). These amounts are not amortized as they are not yet available for use.

(1) Included in furnishings, equipment are assets under capital leases that have a cost of \$118 (2016: \$160) and accumulated amortization of \$3 (2016: \$99).

The land and buildings which house the College are owned by SAIT and are occupied by the College under a facility license granted by SAIT. The term of the license is through a renewable contractual agreement between the College and SAIT determined by the Minister of Advanced Education.

The College holds a large number of contemporary works of art including paintings, sculptures, drawings, photographs, prints and other craft media. Due to the subjective nature of the value of these assets, the values are not reported in this note.

**ALBERTA COLLEGE OF ART AND DESIGN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**  
**(thousands of dollars)**

**11. Net Assets**

| <b>2017</b>  |  |  |                                      |                   |                  |
|--|--|--|--------------------------------------|-------------------|------------------|
|  | <b>Accumulated surplus (deficit) from operations</b> | <b>Investment in tangible capital assets</b> | <b>Internally restricted surplus</b> | <b>Endowments</b> | <b>Total</b>     |
| <b>Net assets, opening balance</b>                           | <b>\$ 3,073</b>                                      | <b>\$ 500</b>                                | <b>\$ 1,250</b>                      | <b>\$ 4,714</b>   | <b>\$ 9,537</b>  |
| <b>Annual operating surplus</b>                              | 1,083  | -  | -                                    | -                 | 1,083            |
| <b>Endowments:</b>   |  |  |                                      |                   |                  |
| New donations  | -  | -  | -                                    | 67                | 67               |
| Capitalized investment income                                | -  | -  | -                                    | 95                | 95               |
| <b>Tangible capital assets</b>                               |  |  |                                      |                   |                  |
| Amortization of tangible capital assets                      | 261  | (261)  | -                                    | -                 | -                |
| Acquisition of tangible capital assets                       | (221)  | 328  | (107)                                | -                 | -                |
| Net book value of tangible capital asset disposals           | 1  | (1)  | -                                    | -                 | -                |
| Adjustments – transfers to spent capital contributions       | (192)  | 192  | -                                    | -                 | -                |
| Operating expenses funded from internally restricted surplus | 249  | -  | (249)                                | -                 | -                |
| Net board appropriation to internally restricted surplus     | (1,223)  | -  | 1,223                                | -                 | -                |
| Other transfers  | -  | -  | -                                    | -                 | -                |
| Change in accumulated remeasurement gains (losses)           | 92   | -  | -                                    | -                 | 92               |
| <b>Net assets, end of year</b>                               | <b>\$ 3,123</b>                                      | <b>\$ 758</b>                                | <b>\$ 2,117</b>                      | <b>\$ 4,876</b>   | <b>\$ 10,874</b> |
| <b>Net assets is comprised of:</b>                           |  |  |                                      |                   |                  |
| Accumulated surplus  | \$ 3,031   | \$ 758                                       | \$ 2,117                             | \$ 4,876          | \$ 10,782        |
| Accumulated remeasurement gains and losses                   | 92   | -  | -                                    | -                 | 92               |
|  | <b>\$ 3,123</b>                                      | <b>\$ 758</b>                                | <b>\$ 2,117</b>                      | <b>\$ 4,876</b>   | <b>\$ 10,874</b> |
| <b>2016</b>  |  |  |                                      |                   |                  |
|  | <b>Accumulated surplus (deficit) from operations</b> | <b>Investment in tangible capital assets</b> | <b>Internally restricted surplus</b> | <b>Endowments</b> | <b>Total</b>     |
| <b>Net assets, opening balance</b>                           | <b>\$ 2,166</b>                                      | <b>\$ 320</b>                                | <b>\$ 1,441</b>                      | <b>\$ 4,425</b>   | <b>\$ 8,352</b>  |
| <b>Annual operating surplus</b>                              | 906  | -  | -                                    | -                 | 906              |
| <b>Endowments:</b>   |  |  |                                      |                   |                  |
| New donations  | -  | -  | -                                    | 144               | 144              |
| Capitalized investment income                                | -  | -  | -                                    | 145               | 145              |
| <b>Tangible capital assets</b>                               |  |  |                                      |                   |                  |
| Amortization of tangible capital assets                      | 273  | (273)  | -                                    | -                 | -                |
| Acquisition of tangible capital assets                       | (449)  | 453  | (4)                                  | -                 | -                |
| Net book value of tangible capital asset disposals           | -  | -  | -                                    | -                 | -                |
| Adjustments – transfers to spent capital contributions       | -  | -  | -                                    | -                 | -                |
| Operating expenses funded from internally restricted surplus | 587  | -  | (587)                                | -                 | -                |
| Net board appropriation to internally restricted surplus     | (400)  | -  | 400                                  | -                 | -                |
| Other transfers  | -  | -  | -                                    | -                 | -                |
| Change in accumulated remeasurement gains (losses)           | (10)   | -  | -                                    | -                 | (10)             |
| <b>Net assets, end of year</b>                               | <b>\$ 3,073</b>                                      | <b>\$ 500</b>                                | <b>\$ 1,250</b>                      | <b>\$ 4,714</b>   | <b>\$ 9,537</b>  |
| <b>Net assets is comprised of:</b>                           |  |  |                                      |                   |                  |
| Accumulated surplus  | \$ 3,073   | \$ 500                                       | \$ 1,250                             | \$ 4,714          | \$ 9,537         |
| Accumulated remeasurement gains and losses                   | -  | -  | -                                    | -                 | -                |
|  | <b>\$ 3,073</b>                                      | <b>\$ 500</b>                                | <b>\$ 1,250</b>                      | <b>\$ 4,714</b>   | <b>\$ 9,537</b>  |

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

**12. Internally Restricted Surplus**

Internally restricted surplus represent amounts set aside by the College's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets with significant balances include:

|  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| Appropriation for capital activities:      |                 |                 |
| Campus renovations and facility upgrades   | \$ 195          | \$ 258          |
| Equipment, technology and program upgrades | <u>782</u>      | <u>331</u>      |
|  | <u>\$ 977</u>   | <u>\$ 589</u>   |
| Appropriation for operating activities:    |                 |                 |
| Operating programs                         | \$ 865          | \$ 655          |
| Sustainability planning                    | <u>275</u>      | <u>6</u>        |
|  | <u>\$ 1,140</u> | <u>\$ 661</u>   |
| Total                                      | <u>\$ 2,117</u> | <u>\$ 1,250</u> |

**13. Contingent Liability**

The College is a defendant in a legal proceeding concerning one student. While the ultimate outcome and liability of this proceeding cannot reasonably be estimated at this time, the College believes that any settlement will not have a materially adverse effect on its financial position or the results of operations. The College administration has concluded that the claim does not meet the criteria for being recorded under PSAS.

**14. Contractual Obligations**

The College has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

|            | <u>Service<br/>contracts</u> | <u>Information<br/>systems and<br/>technology</u> | <u>Long-term<br/>leases</u> | <u>Total</u>    |
|------------|------------------------------|---|-----------------------------|-----------------|
| 2018       | \$ 352                       | \$ 500  | \$ 61                       | \$ 913          |
| 2019       | 57                           | 79  | 54                          | 190             |
| 2020       | 32                           | 77  | 22                          | 131             |
| 2021       | 24                           | 22  | 22                          | 68              |
| 2022       | -                            | -   | 20                          | 20              |
| Thereafter | <u>-</u>                     | <u>-</u>  | <u>-</u>                    | <u>-</u>        |
|            | <u>\$ 465</u>                | <u>\$ 678</u>                                     | <u>\$ 179</u>               | <u>\$ 1,322</u> |

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

**15. Budget Figures**

Budgeted figures have been provided for comparison purposes and have been derived from the College's Comprehensive Institutional Plan as approved by the Board of Governors.

**16. Expense by Object**

The following is a summary of expense by object:

|   | 2017      |           | 2016      |
|---|-----------|-----------|-----------|
|   | Budget    | Actual    | Actual    |
| Employee salaries and benefits          | \$ 16,478 | \$ 16,862 | \$ 15,422 |
| Materials, supplies and services        | 4,130     | 4,310     | 4,371     |
| Scholarships and bursaries              | 300       | 310       | 325       |
| Maintenance and repairs                 | 74        | 68        | 67        |
| Utilities                               | 934       | 782       | 720       |
| Cost of goods sold                      | 387       | 358       | 404       |
| Amortization of tangible capital assets | 763       | 784       | 806       |
|   | \$ 23,066 | \$ 23,474 | \$ 22,115 |

**17. Government of Alberta Transactions and Balances**

The College operates under the authority and statutes of the Province of Alberta. Transactions and balances between the College and the Government of Alberta are measured at the exchange amount and summarized below.

|  | 2017      | 2016      |
|--|-----------|-----------|
| Grants from Government of Alberta                      |           |           |
| Advanced Education:                                    |           |           |
| Campus Alberta grant                                   | \$ 14,192 | \$ 13,543 |
| Other grants   | 1,596     | 1,132     |
| Total Advanced Education                               | 15,788    | 14,675    |
| Other Government of Alberta departments and agencies   | 73        | 149       |
| Total grants received                                  | 15,861    | 14,824    |
| Released from (added to) deferred revenue              | 659       | (56)      |
| Add: restricted expended capital recognized as revenue | 611       | 419       |
|  | \$ 17,131 | \$ 15,187 |
| Accounts Payable                                       |           |           |
| Other Post-Secondary Institutions                      | \$ 296    | \$ 118    |



**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

**18. Salary and Employee Benefits**

|   | 2017                       |                                    |  | 2016  |       |
|---|----------------------------|------------------------------------|--|-------|-------|
|   | Base salary <sup>(1)</sup> | Other cash benefits <sup>(2)</sup> | Other non-cash benefits <sup>(3)</sup> | Total | Total |
| <b>Governance<sup>(4)</sup></b>                                       |                            |                                    |  |       |       |
| Members of the Board of Governors                                     | \$ -                       | \$ 1                               | \$ -                                   | \$ 1  | \$ 1  |
| <b>Executive</b>  |                            |                                    |  |       |       |
| President and Chief Executive Officer                                 | 252                        | 17                                 | 83                                     | 352   | 334   |
| Vice-Presidents:  |                            |                                    |  |       |       |
| Vice-President Finance and Corporate Services <sup>(5)</sup>          | 93                         | 36                                 | 18                                     | 147   | 201   |
| Acting Vice-President Research and Academic Affairs <sup>(6)</sup>    | 143                        | 24                                 | 28                                     | 195   | -     |
| Interim Vice-President Administration <sup>(7)</sup>                  | 68                         | 1                                  | 17                                     | 86    | -     |
| Associate Vice-Presidents:  |                            |                                    |  |       |       |
| Associate Vice-President Student Affairs                              | 127                        | 8                                  | 28                                     | 163   | 155   |
| Associate Vice-President Instructional Affairs <sup>(8)</sup>         | -                          | -                                  | -                                      | -     | 148   |
| Associate Vice-President Research and Academic Affairs <sup>(6)</sup> | -                          | -                                  | -                                      | -     | 163   |

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include earnings such as vacation payouts, bonuses, vehicle allowances, honoraria, and cash payments in lieu of pension contributions.

(3) Other non-cash benefits include the College's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee family assistance program, critical illness, supplementary health care, short and long-term disability plans, dental plan, accidental disability, dismemberment, and accumulated administration leave.

(4) The Chair and Members of the Board of Governors, other than the student representative, receive no remuneration for participation on the Board.

(5) This position was occupied by two individuals during the year. The initial Vice-President Finance and Corporate Affairs departed effective August 31, 2016. This position was subsequently filled from September 6, 2016 to January 15, 2017. The position has been vacant since January 15, 2017.

(6) The Associate Vice-President Research and Academic Affairs position was eliminated as of June 30, 2016 and replaced with the position of Acting VP Research and Academic Affairs. The latter position was occupied by two individuals during the year. The first incumbent departed effective May 5, 2017 and this position was subsequently filled effective June 1, 2017.

(7) The position Interim Vice-President Administration was created subsequent to the departure of the Vice-President Finance and Corporate Affairs and was filled with effect from January 23, 2017.

(8) The Associate Vice-President Instructional Affairs position was eliminated effective July 1, 2016.

**ALBERTA COLLEGE OF ART AND DESIGN  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017  
(thousands of dollars)**

---

**19. Approval of Financial Statements**

The financial statements were approved by the Board of Governors of the Alberta College of Art and Design.

**20. Comparative Figures**

Certain comparative figures have been reclassified to conform to current year presentation.