



ACAD

Alberta College of Art + Design Annual Report 2011-2012



ALBERTA COLLEGE OF ART + DESIGN

ACAD

Accountability Statement

December 30, 2012

The Alberta College of Art and Design's annual report for the year ended June 30, 2012 was prepared under the direction of ACAD's Board of Governors, in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental and fiscal information of which we are aware has been considered in the preparation of this report.



James Peacock, Q.C.
Chair, ACAD Board of Governors

Board of Governors

James Peacock, Q.C., Chair
Darren Delichte, Public Member
Dr. Daniel Doz, President and CEO
Dr. Ben Fullalove, Academic Staff Member
Joseph Leung, Public Member
Margaret-Jean Mannix, Public Member
Roxanne McCaig, Public Member
Cynthia P. Moore, Public Member
G. Bradley Moore, Public Member
Sheila O'Brien, Public Member
Dwayne Prazak, Non-Academic Staff Member
Susan Thomas, Public Member
Sue Anne Valentine, Public Member
Kris Weinmann, Student Member

Management Responsibility for Reporting

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

The Annual Report has been developed under the oversight of the Board of Governors and is prepared in accordance with the *Government Accountability Act* and the *Post-Secondary Learning Act*.

The Auditor General of the Province of Alberta, the institution's independent external auditor, who is appointed under the *Auditor General Act*, performs an annual independent audit of the financial statements in accordance with Canadian generally accepted auditing standards.



Dr. Daniel Doz
President and CEO



Donald Dart
Sr. Vice President, Finance
and Administration

A Message from the Board Chair

The Alberta College of Art and Design Annual Report provides an overview of our finances and the significant progress of a number of new initiatives over the last fiscal year. These initiatives reflect a commitment to our enduring values of open, rigorous and creative inquiry. At the same time, these initiatives reflect the ambitions of the College community in seeing their values manifest in new and innovative ways.

ACAD is unique within the current post-secondary system in Alberta as it is the only college with a provincial mandate to provide undergraduate degree programs in art and design. We are proud of our accomplishments and our role within this province and beyond.

The past year has truly been transformational for our institution. Our focus has been on planning for the future. We have undertaken a comprehensive strategic planning process, which included broad input from internal and external stakeholders, in order to develop a vision for the College for the next 10 years. From that consultation process, we have developed a solid draft strategic plan for review and comment.

I know I speak for the Board of Governors when I say that we look forward to the next few years at ACAD as we begin to implement our Strategic Plan.



James Peacock, Q.C.
Chair, Board of Governors

Message from the President

ACAD is a smaller institution but our graduates continue to have major impact on the art, craft and design scenes at local, national and international levels. Our graduates are a strong force in building Alberta's rich and diverse cultural fabric and our institution plays a key role in the development and retention of skilled workers in the province. At ACAD, our students can "make anything out of anything" – this is what they learn, this is how they think, this is what they do. This applies to their craft, their work and their life.

Through our unique studio environment, our students are encouraged to find their own way of thinking, to "see what everybody has seen, think what no one has thought, and build on the works of others". This, we firmly believe, is the basis of creativity and the best foundation for the success of our students and our institution provincially, nationally and internationally.

As I move into my second year at ACAD, I am pleased to report significant progress on a number of transformational initiatives. This past year, we began the process of setting the foundation for implementing our new Strategic Plan. We have much to do but are confident that our efforts this year to set a foundation for our transformation will be time well spent.



Dr. Daniel Doz
President and CEO

Operational Overview

The Alberta College of Art and Design is one of only four degree granting, publicly funded art and design colleges in Canada. Founded in 1926, ACAD has been a major contributor to Canada's visual culture in the 20th century, with many of its graduates gaining significant national and international reputations as artists and designers. With an annual budget approaching \$23 million, while employing over 250 staff, ACAD provides accredited degree-standard education and learning opportunities to more than 1,100 students enrolled in full and part-time studies in a wide range of Art and Design studio disciplines together with academic study in the history of Art and Design, theory and criticism and related subject areas. This past year, approximately 1,800 students were registered in Extended Studies courses.

ACAD has had an important presence in the educational post-secondary sector in Alberta and, in 2011, celebrated its 85th anniversary. Originally part of the Provincial Institute of Technology and Arts (now SAIT Polytechnic), the Alberta College of Art, as it was then known, separated from SAIT in 1985 and was designated by the Alberta Government as an entirely autonomous and freestanding art and design college within the public sector. In 1995 the College amended its name to the Alberta College of Art and Design in order to acknowledge the separateness and importance of design education at the College while recognizing the delivery of bachelor degrees in Fine Arts (BFA) as well as in Design (BDES).

ACAD Vision Statement

The Alberta College of Art and Design will be a preeminent catalyst institution for cultural development locally, provincially, nationally and internationally. We will manifest unconditional excellence in our programs, practices and policies in a laboratory environment that is committed to

unconstrained inquiry and collegiality. As a place of cultural research, we are all colleagues on a journey of discovery while enhancing our leadership role within the cultural field. We aspire only to the highest level of excellence in what we endeavor, measured not by our past accomplishments but by our imaginations and what is humanly possible.

ACAD Mission Statement

The Alberta College of Art and Design is a leading centre for education and research, and a catalyst for creative inquiry and cultural development. We engage the world and create possibilities.

Values

The members of the ACAD community hold a set of complementary values that are fundamental to the College's identity and operations.

- We value the creative process and all that is implied by that.
- We are deeply committed to experimentation, free inquiry, research, and the evolution of culture.
- We demand excellence in our practices, our support for our students, faculty and staff and our external communities.
- Our support for human and professional development is reflected in our policies, practices and programs.
- We value our role in the society; we seek innovative paths for participation for the College, our students, alumni and faculty and staff.
- We value the joy and good humor that derives from being a creative institution; we believe in a celebration of our creative processes.
- We value calculated risk-taking and entrepreneurship.
- We are all learners, working together in a transparent environment that is willing to embrace change.



- We value diversity in all respects, including philosophical, cultural, lifestyle, as well as definitions that are more conventional.

Year in Review 2011-2012

Under the leadership of Dr. Doz the College has undertaken a number of foundational initiatives over this past year. Initiatives, such as the development of a comprehensive strategic plan, repositioning of the Advancement division, restructuring Academic Affairs, preparing for a new Master's program and a renewed focus on the student experience are all fundamental as the College maps out the next ten years.

Strategic Planning

The new strategic plan is essential to the growth of ACAD, and ACAD's role in preparing critical thinkers for Alberta's rapidly expanding creative economy. Interdisciplinarity, efficiency and flexibility to grow are all driving principles identified for ACAD's multi-year plan. It is anticipated that ACAD's new *Strategic Plan: Inspiring Passionate Learning* will be approved in the coming year.

New Vice President Academic Research and Academic Affairs

The Alberta College of Art and Design welcomed a new vice-president of Research and Academic Affairs. Professor Dianne Taylor-Gearing brings a wealth of experience to ACAD. Setting academic standards, developing curricula and serving as a model for academic leadership, Professor Taylor-Gearing was pro vice-chancellor and executive dean at the University for Creative Arts in the U.K., Dean of Fashion design and technology at the London Institute, and vice-president of admissions at the Savannah College of Art and Design in Georgia.

Academic Restructuring

Throughout the years, the structure of the academic leadership has seen several changes. Over the past year, it became apparent that the current structure of the Academic Affairs portfolio did not provide the flexibility needed to implement transformational change within the context of budget uncertainty. A number of town hall meetings and open discussions regarding an academic restructuring plan were undertaken and a new plan was developed and approved for academic leadership at the College. The academic restructuring will see the consolidation of 13 existing departments and related programs of study into four new schools within the College. It is anticipated that changes will be made in the coming year.

Preparation for Master of Fine Arts in Craft Media

As part of the approvals for a new Master's program, ACAD underwent a significant self-study. The study included a review of governance systems, community engagement and involvement, strategic planning, creative research capacity, accountability and information analysis and human resources. The study also included a robust gap analysis. The Self-study was submitted to the Alberta Quality Council. It is expected that members of the Alberta Quality Council will complete a site visit in the coming year to evaluate the merits of the proposal for approval.

New Initiatives

Planning for four new incubators involving community and industry as well as our student and faculty was a focus for this past year. In addition to providing strong inroads into our numerous communities, these new incubators will ensure the relevance of our programs and generate new enterprise opportunities for the College.

- The Alberta College of Art and Design Aboriginal Contemporary Art Incubator



- The Alberta College of Art and Design Career and Leadership Center of Excellence
- The Alberta College of Art and Design Emerging Digital Media Incubator
- The Alberta College of Art and Design Northern Alberta Centre of Excellence

Accreditation

During this past year, the College began preparing for its re-accreditation through the National Association of Schools of Art and Design. The College was granted Foreign-Equivalency Status by NASAD in 2009. By earning this designation, ACAD is recognized by NASAD as having met rigorous qualifications and standards related to educational quality and institutional integrity.

In addition to NASAD accreditation, ACAD is also preparing for membership in the Association of Universities and Colleges in Canada. In addition to being recognized by this Association, membership will allow the College to access important grant funding specific to post-secondary institutions making it a more equal player in Campus Alberta.

Luke Lindoe Library

This year, ACAD's Luke Lindoe Library under the direction of Mireille Perron and Christine Sammon, hosted *Recollections: reading or harvesting again*, a collaboration between ACAD Faculty member Mireille Perron and FINA 450A graduating students. This exhibition is, among others, a way to further a broader sense of community and to re-establish the library as an outstanding space to generate close readings.

The Library continues to be an important component of study at ACAD. This year, the Library served over 57,500 individuals. The collection size for this period was 11,640: 36,368 print books and 76,272 e-books. In addition, the Library developed an extensive digital in-house image bank numbering

40,000 plus contemporary art images to complement the 1 million images from the electronic database ARTstor.

Community Engagement

ACAD's Illingworth Kerr Gallery continues to draw a broader audience to ACAD by offering a number of national and international artist residencies and exhibition opportunities. Attendance at IKG this year was over 40,000 and has shown a pattern of steady growth the past seven years.

International artists such as Brazil's Iran Do Espirito Santo and his retrospective exhibition of large-scale wall drawings covered the walls of the 4,500 square foot gallery. A collaborative exhibition between Shuvina Ashoona and Australian John Noestheden entitled Earth and Sky was also staged at the IKG. This exhibit was unique in that it was the first Inuit and non-Inuit contemporary artist collaboration held in North America.

In January 2012, the IKG hosted a retrospective covering the last 20 years of Montreal painter François Lacasse's work. Sheila Spence, a Winnipeg-based artist and commercial photographer, community activist and printmaker also presented a recent series of large-scale photograph portraits commissioned by the IKG.

ACAD media students Bailey Copithorne and Kris Weinmann worked closely with mentors in the MADT program, Keven Kurytnik and Carol Beecher, to produce a short, inclusive video profile of the Alberta Rural Development Network. The ARDN is a partnership of 21 post-secondary institutions in Alberta that work together to support and enhance rural development.

In addition to exhibitions, visiting scholar talks and gatherings hosted at the IKG, the second annual Bow Emerging Artist Project was held in 2012. It was a great opportunity to have the work of students included in the

permanent collection of one of Calgary's major landmarks - the Bow Building. Kris Weinmann, a graduate with a BFA in Painting, was a winner of the prestigious Bow Emerging Artist Project. Kris's entry was among just 13 pieces selected by a special jury for display.

Student Galleries and Exhibitions

Students at ACAD exhibit their works at a number of galleries within the province. They also exhibit their works regularly in ACAD's main mall. The Alberta College of Art and Design's 26th annual Graduating Student Show was held this past year. It was an exciting chance to view the work of our 2012 graduating students and to meet the graduating artists and designers. This unique exhibition looked at the work of graduating students from ACAD's Ceramics, Fibre, Glass, Jewellery and Metals, Drawing, Media Arts and Digital Technologies, Painting, Photography, Print Media, Sculpture, and Visual Communication Design programs.

Collaborations

ACAD continues to be a key player in Campus Alberta by partnering with other institutions to provide seamless and alternative pathways to learning for non-traditional learners while contributing to the development of a strong living cultural fabric for all Albertans. The Art Stream program, a collaboration with Bow Valley College, allows youth to pursue their dreams of careers in art and design. This year, 28 students participated in the program.

ACAD also reached out to the Calgary Board of Education and developed an art mentor program for schools. The program will create interest in the visual arts amongst primary school children with the placement of four artists' in residence (ACAD Alumni) in studio space in four elementary schools. This past year, more than 300 students in grades 11 and 12 competed to showcase their talent at ACAD's Illingworth Kerr Gallery.

Seventy-five finalists from Alberta, Northwest Territories and Nunavut were selected to be a part of the show. Participating in this exhibition marks the first step in their careers as professional artists and designers. Recipients' respective schools received matching support from ACAD.

Faculty, Alumni and Student Recognition

Through our students, faculty and alumni, ACAD's economic, intellectual and philosophical contributions enhance Alberta's art and cultural context by fostering new ways of thinking, offering creative opportunities and actively contributing to the development of a strong well-rounded knowledge-based economy in Alberta. Our 7,100 strong alumni also ensure that ACAD is a driver in the education of the new creative class and, an incubator for future leaders and contributors to our province.

One of our Jewelry and Metals Faculty members, Charles Lewton-Brain received the prestigious 2012 Governor General's Award in Visual and Media Arts, Saidye Bronfman Award. Charles was honoured for his life-long work in "*form folding*", a technique that he developed during his career.

Part of a continuing series of exhibitions that showcase the diversity of work being produced by ACAD's creative community, this year's exhibition gave students a glimpse of the issues their instructors are currently exploring in their own practices. A broad cross-section of activity was represented, including illustration, sculpture, graphic design, advertising, photography, ceramics, fibre, glass, print media, media art, digital technology, painting, and drawing.

Alex Janvier, an ACAD graduate from 1960 received a lifetime achievement award from the National Aboriginal Achievement Foundation, the Tribal Chiefs Institute and Cold Lake First Nations for his career in promoting art within his culture and for his signature curvilinear style through the past five decades.

Performance Measures and Outcomes

This year ACAD provided educational opportunities for over 1,323 students – 993.35 FLE's. The average age of our students was 23.5 years with a gender distribution of 70 per cent females and 30 per cent males. ACAD employed 258 full and part time staff members.

Time to Complete

Students took on average 4.7 years to complete their degree program.

Undergraduate Retention Rates

The College's retention rate from first to second year students was 89 per cent.

Degrees Awarded in 2012

Like every year, ACAD celebrated the remarkable achievements of our 2012 graduating class of students. The College honoured 215 graduating students from the Bachelor of Design and Bachelor of Fine Arts programs at a convocation ceremony on May 17th at the Southern Alberta Jubilee Auditorium.

Program Area	Graduating Numbers
Ceramics	11
Drawing	35
Fibre	5
Glass	16
Jewelry + Metals	17
MADT	23
Photography	19
Painting	27



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Print Media	6
Sculpture	10
Visual Communication Design	42
Post Diploma	4

Extended Studies

Engagement with our external communities was a focus for ACAD. Extended Studies is an important component of what we do offering 156 different courses and programs. Of interest, 26 ACAD employees took courses through Extended Studies.

Graduate Satisfaction

Eighty-nine per cent of ACAD graduates reported that they would recommend the ACAD program of study to others.

Philanthropy

Two hundred and fifty-one awards, bursaries and scholarships for a total dollar value of \$301,000 were given out to students attending ACAD in 2012. ACAD also recorded an additional \$280,000 in donations and grants for student projects, events, creative projects and student initiatives.

Class Size

ACAD continues to focus on providing an excellent student experience. Our unique studio environment ensures our average studio class size at a student/faculty ratio of 16:1 and average lecture-style class size at 36:5. This low ratio is one of the colleges' key student success factors.

Mobility Exchange Program

Twenty-three students participated in ACAD's Mobility Exchange program over the past year. Students traveled nationally and internationally to study at different art and design schools including The Pacific Northwest College of Art, The Glasgow School of Art, Canberra School of Art and Sydney College



of Art. These are important experiences for our students and open both a world of different perspectives and knowledge sharing with their international peers.

Management's Discussion and Analysis of the Financial Statements of the Alberta College of Art and Design

Introduction

The following discussion and analysis of the financial statements should be reviewed in conjunction with the audited financial statements and accompanying notes to the financial statements. The financial statements represent the financial position and results of operations for the Alberta College of Art and Design for the year ended June 30, 2012.

Statement of Financial Position

Total Assets

Total assets decreased by \$133 thousand from 2011. Cash reduced by \$111 thousand resulting from the full capitalization of investment income. Short-term investments decreased by \$476 thousand and long-term investments increased by \$869 thousand due to investment returns and gains realized from the rebalancing of investment content. Capital assets decreased by \$138 thousand from 2011 due mainly to write-offs of obsolete furnishings, equipment and system assets following a detailed asset count.

Total Liabilities

Total Liabilities decreased by \$659 thousand. Deferred contributions decreased by \$2,014 thousand as a result of using externally restricted grant funding prior to expiry and the reclassification of some funds from operating to capital based on their anticipated usage. Deferred capital contributions also increased by \$1,306 thousand primarily due to the reclassification of

funds from operating to capital. The increase in unamortized deferred capital contributions of \$52 thousand is due to the net increase in capitalization of equipment purchased and building renovations completed during the year.

Total Net Assets

Total net assets increased by \$526 thousand from 2011. Endowments increased by \$172 thousand due mainly to increased investment income capitalized during the year. The investment in capital assets and collections decreased by \$151 thousand from 2011 due mainly to a reduction to the investment in building improvements and acquisition of technology and equipment. Internally restricted funds increased by \$300 thousand following the transfer of funds from unrestricted net assets to support operating and planning support initiatives offset by expenditure of some of the funds. Unrestricted net assets increased by \$236 thousand due mainly to the addition of excess revenues over expenses for the year.

Contributions to Net Assets

ACAD ended the year with excess revenue of \$385 thousand before transfers from net assets, down from excess revenue of \$545 thousand for 2010-2011 fiscal year. As a result this amount has been added to unrestricted net assets leaving \$1,994 thousand in unrestricted reserves at the end of 2011-2012 for use in future periods.

Statement of Operations

Revenues

Overall revenues decreased by \$79 thousand from prior year revenues to \$21,428 thousand. 60 per cent of ACAD's revenues come from Government of Alberta grants that increased by \$373 thousand. This increase was primarily due to the receipt of a one-time grant of \$ 213 thousand and

deferred grant revenues recognized from prior years. These two amounts also resulted in the favorable grant variance compared to budget for the year. Federal and other grants decreased by \$8 thousand.

Tuition and student fee revenues decreased by \$132 thousand due to a decrease in the number of students from 1,003 FLEs (full-time learning equivalents) in 2010-2011 to 994 FLEs in 2011-2012.

General sales of services and products decreased to \$957 thousand compared to 2010-2011 levels of \$1,050 thousand due to reduced bookstore supply and retail sales. Investment income decreased slightly by \$18 thousand from 2010-2011 levels, primarily due to lower interest rates. The College also experienced a lower than expected level of fundraising activities compared to prior year resulting in donations and other contributions being below budget by \$ 313 thousand and last year's actual results by \$84 thousand. Finally, the amortization of deferred capital contributions was \$117 thousand below 2010-2011 levels. This was due to the decreased investment in capital assets and building improvements in addition to changes to the estimated remaining life of the building to 20 years reducing the drawdown of the deferred capital contributions related to these assets. The latter was the main reason for the almost 50 per cent favorable variance in the amortization provision to budget for the year.

Expenses

Overall expenses increased by \$81 thousand to \$21,043 thousand compared to 2010-2011 levels. Salaries and benefits increased by \$340 thousand due primarily to salary increases required by staff and faculty collective bargaining agreements, increases in premiums for both statutory and employee health and related benefits as well as some usage increases during the year. The overall favorable salary and benefit variance to budget reflects a number of unfilled vacancies as well as delayed filling of some vacancies during the year.



Expenses related to the purchase of materials, supplies and services increased by \$61 thousand from 2010-2011 levels resulting primarily from an increase in marketing and advertising expenses. Utilities decreased by \$23 thousand and maintenance and repairs remained the same. Cost of goods sold as a percentage of bookstore sales revenue remained the same at 41 per cent for both 2010-2011 and 2011-2012.

Scholarship, bursaries and awards expense for the year was \$301, representing a decrease of \$98 thousand from 2010-2011. This expenditure was budget and prior year expenditure due to the lower number of qualified student applications received during the year. Finally, amortization expense decreased by \$123 thousand from 2010-2011 levels reflecting changes to the estimated remaining life of the building to 20 years. This change was the primary reason why this expenditure was also well below budget for the year.



Independent Auditor's Report To the Board of Governors of the Alberta College of Art and Design

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta College of Art and Design, which comprise the statement of financial position as at June 30, 2012 and the statements of operations, changes in net assets 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 generally accepted accounting principles, 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 the Alberta College of Art and Design as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, FCA]

Auditor General
October 24, 2012
Edmonton, Alberta



ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012
(thousands of dollars)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ 9,170	\$ 9,281
Short-term investments (note 4)	706	1,182
Accounts receivable	262	213
Inventories and prepaid expenses	518	623
	<u>10,656</u>	<u>11,299</u>
Long-term investments (note 4)	5,287	4,418
Other long-term assets (note 5)	0	221
Capital assets and collections (note 6)	5,490	5,628
	<u>\$ 21,433</u>	<u>\$ 21,566</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,856	\$ 1,750
Current portion of employee future benefit liabilities (note 7)	8	7
Current portion of long-term liabilities (note 8)	41	39
Deferred contributions, research and other (note 9)	972	4,130
Deferred revenue	198	265
	<u>3,075</u>	<u>6,191</u>
Employee future benefit liabilities (note 7)	24	28
Long-term liabilities (note 8)	42	83
Deferred contributions, research and other (note 9)	2,623	1,479
Deferred contributions, capital (note 9)	1,733	427
Unamortized deferred capital contributions (note 10)	4,516	4,464
	<u>12,013</u>	<u>12,672</u>
Net Assets		
Unrestricted		
Accumulated excess of revenue over expenses	1,994	1,758
Accumulated net unrealized gain on investments (note 11)	17	48
Internally restricted (note 12)	2,174	1,874
Investment in capital assets and collections (note 13)	901	1,052
Endowments (note 14)	4,334	4,162
	<u>9,420</u>	<u>8,894</u>
	<u>\$ 21,433</u>	<u>\$ 21,566</u>

Contractual obligations and Contingent liabilities (note 15 and 16)

Approved by the Board of Governors:

Chair, Board of Governors	President



ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012
(thousands of dollars)

	Budget 2012 (note 17)	2012	2011
REVENUE			
Government of Alberta grants	\$ 12,147	\$ 12,839	\$ 12,466
Federal and other government grants	-	236	244
Student tuition and fees	6,249	6,008	6,140
Sales of services and products	1,020	957	1,050
Donations and other contributions	593	280	364
Investment income (note 18)	150	127	145
Amortization of deferred capital contributions (note 10)	1,800	981	1,098
	<u>21,959</u>	<u>21,428</u>	<u>21,507</u>
EXPENSE			
Salaries and benefits	14,278	13,965	13,625
Materials, supplies and services	3,519	3,910	3,849
Utilities	1,107	1,085	1,108
Maintenance and repairs	44	54	54
Cost of goods sold	380	396	472
Scholarships and bursaries	593	301	399
Amortization of capital assets	2,100	1,332	1,455
	<u>22,021</u>	<u>21,043</u>	<u>20,962</u>
EXCESS/ (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ (62)</u>	<u>\$ 385</u>	<u>\$ 545</u>



ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(thousands of dollars)

	2012	2011
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 385	\$ 545
Add (deduct) non-cash items:		
Amortization of capital assets	1,332	1,455
Amortization of deferred capital contributions	(981)	(1,098)
Loss on disposal of capital assets	-	3
Change in employee future benefit liabilities	(3)	-
Total non-cash items	348	360
Net change in non-cash working capital (*)	(1,074)	(296)
	(341)	609
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Purchases of capital assets and collections, net of proceeds from disposals	(1,194)	(2,200)
Purchases of long-term investments, net of sales	(1,310)	170
Endowment Investment earnings	159	26
	(2,345)	(2,004)
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		
Endowment contributions	54	124
Capital contributions	2,560	1,170
Long-term liabilities - new financing, net of repayments	(39)	(36)
	2,575	1,258
DECREASE IN CASH AND CASH EQUIVALENTS	(111)	(137)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,281	9,418
CASH AND CASH EQUIVALENTS, END OF YEAR (note 3)	\$ 9,170	\$ 9,281
(*) Net change in non-cash working capital:		
Decrease (increase) in short-term investments	\$ 476	\$ (329)
(Increase) decrease in accounts receivable	(49)	240
Decrease (increase) in inventories and prepaid expenses	105	(18)
Increase in accounts payable and accrued liabilities	106	64
(Increase) in deferred contributions, research and other	(1,645)	(188)
(Decrease) in deferred revenue	(67)	(65)
	\$ (1,074)	\$ (296)



Financial Statements 2011-2012

**ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(thousands of dollars)**

	Unrestricted Net Assets			Investment in Capital Assets and Collections	Endowments	Total
	Accumulated Excess (Deficiency) of Revenue Over Expenses	Accumulated Net Unrealized Gain (Loss) on Investments	Internally Restricted Net Assets			
NET ASSETS, June 30, 2010	\$ 1,200	\$ 31	\$ 2,167	\$ 772	\$ 4,063	\$ 8,233
Excess of revenue over expense	545	-	-	-	-	545
Investment income (note 14)	-	-	-	-	26	26
Endowment contributions	-	-	-	-	125	125
Unrealized gains (losses) on investments	-	17	-	-	(52)	(35)
Net Transfers	(450)	-	450	-	-	-
Net change in investment in capital assets (note 13)	187	-	(467)	280	-	-
Net expenditures of internally restricted net assets	276	-	(276)	-	-	-
NET ASSETS, June 30, 2011	\$ 1,758	\$ 48	\$ 1,874	\$ 1,052	\$ 4,162	\$ 8,894
Excess of revenue over expense	385	-	-	-	-	385
Investment income (note 14)	-	-	-	-	159	159
Endowment contributions	-	-	-	-	54	54
Unrealized gains (losses) on investments (note 11)	-	(31)	-	-	(41)	(72)
Net Transfers	(575)	-	575	-	-	-
Net change in investment in capital assets (note 13)	187	-	(36)	(151)	-	-
Net expenditures of internally restricted net assets	239	-	(239)	-	-	-
NET ASSETS, June 30, 2012	\$ 1,994	\$ 17	\$ 2,174	\$ 901	\$ 4,334	\$ 9,420



**ALBERTA COLLEGE OF ART AND DESIGN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012
(thousands of dollars)**

1. Authority and Purpose

The Board of Governors of the Alberta College of Art + Design is a corporation which manages and operates Alberta College of Art + 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 Enterprise and 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 public institution for education in visual arts, design and digital media that delivers post-secondary degree programs as well as adult and children's continuing education programs and activities. 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 - GAAP and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. College management uses judgment to determine such estimates. Unamortized deferred capital contributions and amortization of capital assets 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) Financial Instruments

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

Financial Statement Components	Classification	Measurement
Cash and Cash Equivalents	Available for Sale	Fair Value
Investments	Available for Sale	Fair Value
Accounts Receivable	Loans and Receivables	Cost
Other Long-term Assets	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Liabilities	Cost
Long-term Liabilities	Other Liabilities	Amortized Cost

The College's financial instruments are recognized on their trade date and transaction costs related to all financial instruments are included in the carrying amount of the financial instruments as incurred. Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations.

The carrying value of cash, receivables, payables, and accruals approximate their fair value due to the relatively short periods to maturity of the instruments. The fair value of investments is market value.

When the market value of an investment falls below its cost and the decline is determined to be other-than-temporary, the cumulative loss that had been recognized directly in net assets is removed and recognized directly in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available-for-sale are not reversed in subsequent years.



All derivative financial instruments of the College are classified as held for trading. The College does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. Forward contracts are marked to market at the end of each reporting period with any changes in the market value recorded in the statement of operations when the changes occur. As permitted for Not-for-Profit Organizations, the College has elected to not apply the standards on derivatives embedded in non-financial contracts, and the College has elected to continue to follow CICA 3861: *Disclosure and Presentation*. Financial instruments are exposed to market risk, liquidity risk, credit risk, interest rate risk, and commodity price risk.

Market Risk

The College is subject to market risk, foreign currency and interest rate risk with respect to its investment portfolio. To manage these risks, the College has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance.

Liquidity Risk

The College maintains investments available for sale that may not be immediately liquid. This risk is managed through the College's investment guidelines and other internal policies, guidelines and procedures.

Credit Risk

The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.

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.

Commodity Price Risk

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

(c) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at cost or net replacement cost. Cost is determined by first in first out.

(d) Capital Assets and Collections

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 at the pleasure of the Minister of Enterprise and Advanced Education. The facility license providing the right to use the building was recorded as an asset at fair value at the time the license was granted. Fair value was estimated as the building's amortized replacement cost based on an independent appraisal as at April 1982.

Subsequent additions to the facility are recorded as building improvements at cost.

Capital assets purchased are recorded at cost. In-kind contributions are recorded at fair value of capital assets when a fair value can be reasonably determined.

Construction in progress includes the costs directly attributable to the construction including engineering and legal fees.

Capital assets, except for artwork, once placed into service, are amortized on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are as follows:



Facility License	28 years
Building Improvements	remaining life of the building (19 years)
Furnishings, equipment	5 years
Computer Systems	3 – 5 years

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period incurred, if a reasonable estimate of fair value based on the present value of estimated future cash flows can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and amortized over its estimated useful life. No asset retirement obligation exists as at June 30, 2012.

(e) Revenue Recognition

The financial statements record the following items as revenue - at the following times:

- Unrestricted contributions - when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Operating grants - when received or receivable, or where a portion of the grant relates to a future period, it is deferred and recognized in the subsequent period.
- Unrestricted investment income - when earned; this includes interest, dividends, and realized gains and losses.
- Pledges - when collected.
- Revenues received for services and products - when the services or products are substantially provided and collection is reasonably assured.
- Tuition fees - when the instruction is delivered.
- Donations of materials – are recorded at fair value when a fair value can be reasonably determined and when materials would otherwise have been purchased.
- Restricted contributions - based on the deferral method.

Deferral method

Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions, are deferred and recognized as revenue when the conditions of the contribution are met.

Contributions to acquire capital assets with limited lives are first recorded as deferred contributions, capital when received, and when expended they are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

Endowment contributions are recognized as direct increases in endowment net assets. Investment earnings, under agreements with benefactors or the *Post-Secondary Learning Act* allocated to endowment principal, are also recognized as direct increases in endowment net assets. Endowment investment earnings that are allocated for spending are deferred and recognized as revenue when the conditions of the endowment are met.

Contributions restricted for the acquisition of land and permanent collections are first recorded as deferred contributions when received, and when expended, they are recognized as direct increases in investment in capital assets and collections.

(f) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at average weekly exchange rates. Gains or losses from these translations are included in investment income.



(g) 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.

Early Retirement Assistance and Incentive Program

The College maintains an early retirement assistance program for eligible employees who choose to retire before age 65. Participation in this program is voluntary. Early retirement benefits approved by the President and CEO are charged to expense in full when approved. Approved eligible employees include retirements planned between 2012 and 2015. These benefits are disclosed as part of the salaries and benefits.

Other 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.

(h) Capital Disclosures

The College defines its capital as the amounts included in deferred contributions (note 9), endowments (note 14) and unrestricted net assets. The College's capital is derived from Alberta Enterprise and Advanced Education, other government funding agencies, donations and the institution's entrepreneurial activities. The College has investment policies and procedures (note 4), spending procedures, and cash management procedures to ensure the College can meet its capital obligations.

Under the *Post-Secondary Learning Act*, the College must receive ministerial or Lieutenant Governor in Council approval for a deficit budget, mortgage and debenture borrowing and the sale of any land, other than donated land, that is held by and being used for the purposes of the College.

(i) Contributed Services

Volunteers as well as members of the staff of the College contribute an indeterminable number of hours per year to assist the institution in carrying out its mission. Such contributed services are not recognized in these financial statements.

(j) Future Accounting Changes

The Canadian Public Sector Accounting Board (PSAB) has issued a framework of financial reporting for government not-for-profit organizations. The framework will be effective for fiscal years beginning on or after January 1, 2012.

Effective July 1, 2012, the College will adopt the Canadian Public Sector Accounting (PSA) standards without the public sector PS 4200 series. Adopting these new standards will impact the College's financial statements. As a



result, administration has identified the major difference between current and Canadian PSA accounting and reporting standards. Administration is developing a transition plan and continues to work through the remaining differences. The quantitative impact of the transition cannot be fully and reasonably determined at this time.

3. Cash and Cash Equivalents

Cash and cash equivalents of \$9,170 (2011: \$9,281) represents all cash held by the College in its general banking accounts for the ongoing settlement of all current indebtedness and payroll obligations.

4. Investments

As at June 30, 2012, the composition and fair value on investments are as follows:

	2012			2011		
	Cost Base	Unrealized Gain (Loss)	Market Value	Cost Base	Unrealized Gain	Market Value
Money Market & Fixed Income	\$ 2,673	\$ 135	\$ 2,808	\$ 2,819	\$ 160	\$ 2,979
Equity	3,200	(15)	3,185	2,220	401	2,621
	<u>\$ 5,873</u>	<u>\$ 120</u>	<u>\$ 5,993</u>	<u>\$ 5,039</u>	<u>\$ 561</u>	<u>\$ 5,600</u>
Short-term investments	\$ 706	\$ -	\$ 706	1,054	128	1,182
Long-term investments	5,167	120	5,287	3,985	433	4,418
	<u>\$ 5,873</u>	<u>\$ 120</u>	<u>\$ 5,993</u>	<u>\$ 5,039</u>	<u>\$ 561</u>	<u>\$ 5,600</u>

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.

The College's investments are held as available-for-sale investments primarily in Fixed Income and Equity funds.

Short and long-term investments are recorded at market value, with unrealized gains or losses recorded in deferred contributions or net assets. Market value is based upon a quoted market price of the securities. Investments are currently held as fixed income and equity funds comprising money market, bond and equity investments, managed through an investment advisor.

Realized return includes net realized gains on disposal of investments in the underlying pooled funds. In 2012 the realized gain on disposal of assets was 10.45% (2011: 5.03%).

5. Other Long-term Assets

	2012	2011
Receivable from SAIT	\$ 0	\$ 221
Balance, end of year	<u>\$ 0</u>	<u>\$ 221</u>



A change was made in 2010 to have all funds related to the major maintenance of the infrastructure of the building given directly to the College. In prior years, grants were provided directly to SAIT who owns the land and buildings. Government grant funds held by SAIT \$0 (2011: \$221) to be used for the building envelope and utilities infrastructure have been fully expended. Prior year funds have been recorded as a capital contribution receivable. The transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

6. Capital Assets and Collections

	2012			2011		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Buildings, Utilities and Site Improvements	\$ 7,408	\$ 3,901	\$ 3,507	\$ 6,636	\$ 3,567	\$ 3,069
Facility License	12,207	11,771	436	12,207	11,335	872
Furnishings, Equipment and Systems	4,706	3,532	1,174	6,564	5,248	1,316
Art Permanent Collections	373	-	373	371	-	371
Capital Assets and Collections	\$ 24,694	\$ 19,204	\$ 5,490	\$ 25,778	\$ 20,150	\$ 5,628

Included in buildings, utilities and site improvements is \$65 recorded as construction in progress, which is not amortized as the assets are not yet available for use.

Included in furnishings, equipment and system are assets under capital leases that have a cost of \$188 (2011: \$188) and accumulated amortization of \$115 (2011: \$76).

Acquisitions during the year includes in-kind contributions in the amount of \$0 (2011 \$1).

7. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2012	2011
Long-term disability	\$ 32	\$ 35
Less current portion	(8)	(7)
Long-term portion	\$ 24	\$ 28

(a) Defined Benefit

Multi-Employer Pension Plans

The Local Authority Pension Plan (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, 2011, the LAPP reported an actuarial deficiency of \$4,639,390 (2010 - \$4,635,250 deficiency). The pension expense recorded in these financial statements is \$ 854 (2011 - \$858).

**(b) Defined Contribution****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.

8. Long-term Liabilities

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:

	<u>2012</u>	<u>2011</u>
Obligations under capital leases	\$ 83	\$ 122
Less current portion	<u>(41)</u>	<u>(39)</u>
	<u>\$ 42</u>	<u>\$ 83</u>

The minimum annual payments under the capital lease obligation, including interest, are as follows: 2013 - \$41; 2014 - \$42 (leases end in 2014). Interest expense on these long-term obligations is \$3 (2011: \$10).

9. Deferred Contributions

Deferred contributions represent unspent externally restricted grants and donations. Changes in the deferred contributions balances are as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Capital</u>	<u>Other</u>	<u>Capital</u>	<u>Other</u>
Balance, beginning of the year	\$ 427	\$ 5,609	\$ 984	\$ 5,427
Reclassified to Capital	1,377	(1,377)		
Grants and donations received	798	757	425	1,283
Investment income	18	164	-	64
Recognized as revenue	(50)	(953)	(12)	(905)
Transferred to department deposits		(16)		
Returned to the government		(24)		
Transferred to unamortized deferred capital contributions (note 10)	(837)	(196)	(970)	(630)
Net unrealized gains (losses)		(369)	-	370
Balance, end of the year	<u>1,733</u>	<u>3,595</u>	<u>427</u>	<u>5,609</u>
Less amounts included in current liabilities	-	(972)	-	(4,130)
	<u>\$ 1,733</u>	<u>\$ 2,623</u>	<u>\$ 427</u>	<u>\$ 1,479</u>



10. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the unamortized grants and donations received to fund capital acquisitions. The amortization of unamortized deferred capital contributions is recorded as revenue in the statement of operations. The changes in the unamortized deferred capital contributions balance are as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of the year	\$ 4,464	\$ 3,962
Additions from deferred contributions (note 9)	1,033	1,600
Amortization to revenue	(981)	(1,098)
Balance, end of the year	<u>\$ 4,516</u>	<u>\$ 4,464</u>

11. Net Unrealized Gains on Available-For-Sale Investments

	<u>2012</u>	<u>2011</u>
Net unrealized gains on available-for-sale investments	\$ (441)	\$ 456
Net Investment income realized on available-for-sale investments during the year and reported in Statement of Operations	0	(121)
Increase in gains on available-for-sale investments	(441)	335
Balance, beginning of year	561	226
Balance, end of year	<u>\$ 120</u>	<u>\$ 561</u>

Presented as:

	<u>2012</u>				<u>2011</u>
	<u>Recorded in deferred contributions</u>	<u>Recorded in Endowments</u>	<u>Other net assets</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 386	\$ 127	\$ 48	\$ 561	\$ 226
Increase (decrease) during year	(369)	(41)	(31)	(441)	335
Balance, end of year	<u>\$ 17</u>	<u>\$ 86</u>	<u>\$ 17</u>	<u>\$ 120</u>	<u>\$ 561</u>



12. Internally Restricted Net Assets

Internally restricted net assets 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 are summarized as follows:

	Balance at beginning of year	Appropriations from unrestricted net assets	Disbursements during the year	Balance at end of year
Appropriation for capital activities:				
Equipment Renewal Plan	\$ 82	\$ -	\$ (11)	\$ 71
Heating, Ventilation/Air Conditioning	117	-	-	117
Wireless Facility Infrastructure	39	-	-	39
Health and Safety Program	223	-	(17)	206
Equipment & Technology	250	-	-	250
President Excellence	20	-	(1)	19
Capital Projects Initiatives	-	120	(7)	113
	<u>731</u>	<u>120</u>	<u>(36)</u>	<u>815</u>
Appropriation for operating activities:				
Marketing, recruitment and promotion	44	-	-	44
Administrative System	1	-	(1)	-
Utilities	90	-	-	90
Accreditation	37	-	(8)	29
Planning & Facility Planning	10	-	-	10
Centre for the Creative Process	50	-	-	50
Human Resource Infrastructure	495	-	(106)	389
Equipment & Technology	127	-	(4)	123
Awards	100	-	-	100
Administrative Office Renovations	9	-	(1)	8
Planning	100	-	-	100
President Excellence	80	-	(19)	61
Operating Support Initiatives	-	355	(100)	255
Planning Support Initiatives	-	100	-	100
	<u>1,143</u>	<u>455</u>	<u>(239)</u>	<u>1,359</u>
Total	<u>\$ 1,874</u>	<u>\$ 575</u>	<u>\$ (275)</u>	<u>\$ 2,174</u>



13. Investment in Capital Assets and Collections

Net assets invested in capital assets and collections represent the carrying amount (net book value) of capital assets and collections less unamortized deferred capital contributions and any related debt.

	<u>2012</u>	<u>2011</u>
Capital assets and collections at net book value (note 6)	\$ 5,490	\$ 5,628
Less amounts financed by:		
Assets Financed by Capital Lease	(73)	(112)
Unamortized Deferred Capital Contributions (note 10)	<u>(4,516)</u>	<u>(4,464)</u>
Investment in capital assets and collections, end of year	<u>\$ 901</u>	<u>\$ 1,052</u>

	<u>2012</u>	<u>2011</u>
The changes during the year are as follows:		
Investment in capital assets and collections, beginning of year	\$ 1,052	\$ 772
Acquisition of capital assets and collections	161	600
Amortization of investment in capital assets	<u>(312)</u>	<u>(320)</u>
Net investment in capital assets	(151)	280
Contributions of assets not subject to amortization	-	-
Increase/(decrease) for the year	<u>(151)</u>	<u>280</u>
Investment in capital assets and collections, end of year	<u>\$ 901</u>	<u>\$ 1,052</u>

14. 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 stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

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.
- 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 2011-2012 a small number of individual expendable funds were insufficient to cover the scholarship award. In these cases the College allocated deferred Access to the Future Funds for Scholarships to fund the shortfall. The College does not draw against the principal of the endowment to fund student awards.



Financial Statements 2011-2012

The composition of endowments is as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 4,162	\$ 4,063
Endowment Contributions	54	125
Transfer to endowments	-	-
Capitalized interest	159	26
Change in unrealized (losses) gains	<u>(41)</u>	<u>(52)</u>
Balance, end of year	<u>\$ 4,334</u>	<u>\$ 4,162</u>
Cumulative contributions	\$ 3,481	\$ 3,427
Cumulative capitalized income	767	607
Unrealized gain	<u>86</u>	<u>128</u>
	<u>\$ 4,334</u>	<u>\$ 4,162</u>

15. Contractual Obligations

- a) The College has contractual lease obligations on certain capital equipment (copiers and printing equipment) which are commitments that will become liabilities in the future when the terms of the lease agreements are met. Contract obligations are completed in 2014.

	<u>2012</u>	<u>2011</u>
Long-term leases balance, end of year	<u>\$ 86</u>	<u>\$ 131</u>

The estimated aggregate amounts payable for the unexpired terms of these contractual obligations are:

	<u>Long-term Leases</u>
2013	\$ 44
2014	42
	<u>\$ 86</u>

- b) The College has commitments of \$60,025 for various operating and capital projects.

16. Contingent Liability

An arbitrator has been agreed upon to hear an ongoing matter between the College and the Alberta Union of Provincial Employees regarding paid holiday entitlement issues and legal obligations associated with same. It is premature to assess the likely outcome at this time and the liability of these proceedings cannot be reasonably estimated at this time. Administration has concluded that this claim does meet the criteria for being recorded under GAAP.

17. Budget Comparison

The College's 2011-12 budget was approved by the Board of Governors as was presented to the Minister of Enterprise and Advanced Education as part of the College's submission of its 2011-2014 Comprehensive Institutional Plan. Certain budget figures from the College's 2011-2014 Comprehensive Institutional Plan have been reclassified to conform to the presentation adopted in the 2012 financial statements.

**18. Investment Income**

	<u>2012</u>	<u>2011</u>
Gain on investments held for endowments	\$ 73	\$ 90
Gain on other investments	<u>127</u>	<u>145</u>
	200	235
Amounts deferred	<u>(73)</u>	<u>(90)</u>
Investment income	<u><u>\$ 127</u></u>	<u><u>\$ 145</u></u>

19. Related Party Transactions and Balances**(a) Province of Alberta**

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

	<u>2012</u>	<u>2011</u>
Contributions from GOA		
Enterprise and Advanced Education:		
Operating	\$ 12,081	\$ 12,081
Enrollment growth	213	-
Capital	250	425
Infrastructure Maintenance	548	548
International education	14	17
High speed internet	6	6
Access to the Future Fund (matching)	-	425
Disabled students	49	75
Other	1	56
Total Enterprise and Advanced Education	<u>13,162</u>	<u>13,633</u>
Less deferred contributions	812	1,167
GOA contributions recognized	<u><u>\$ 12,350</u></u>	<u><u>\$ 12,466</u></u>

(b) Southern Alberta Institute of Technology

The land and buildings which house the College are owned by SAIT and are occupied by the College under a facility license granted by the Minister of Enterprise and Advanced Education. The College and SAIT are parties to a letter of agreement for the provision of utilities, maintenance and systems support. Amounts paid or payable to SAIT in 2012 for these purposes totaled \$1,675 (2011: \$1,560).

The College received grants of \$548 (2011: \$548) from the province that are designated for the maintenance and upgrade of the building occupied by the College. Government grant funding previously held by SAIT \$0 (2011:\$221) were fully expended in the current year for the building envelope and utilities infrastructure.

Additional transactions with SAIT included \$16 paid and \$2 received relating to miscellaneous room rentals.

These transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

**(c) Bow Valley College**

The College and Bow Valley College collaborate in offering Artstream, a base funded program which provides academic upgrading and foundation art courses to students in preparation for entry into the College's degree programs. Accounts received or receivable from Bow Valley College in 2012 for these purposes totaled \$65 (2011: \$69). These amounts represent the cost of tuition and processing fees, plus fees for City of Calgary Universal Transit Pass, SAIT campus access, Student Association and student network access on a student by student basis.

(d) Southern Alberta Jubilee Auditorium

The College and the Southern Alberta Jubilee Auditorium jointly maintain common use areas of the building. The College and the Southern Alberta Jubilee are parties to a cost sharing agreement for the provision of maintenance services for these common use areas. Amounts receivable from the Jubilee in 2012 for these purposes totaled \$6 (2011: \$5).

(e) Alberta Association of Colleges and Technical Institutes

AACTI is an Alberta not-for-profit society consisting of a consortium of colleges, universities and technical institutes in Alberta. AACTI is related to the College since its members are all related parties to the College. The College, through AACTI, collaborates with other member institutions regarding shared innovative and effective programs and services for Alberta learners. Amounts paid to AACTI in 2012 for memberships and workshops totaled \$17 (2011: \$16).

(f) Alberta Association in Higher Education for Information Technology

AAHEIT is an Alberta not-for-profit society consisting of a consortium of colleges, universities and technical institutes in Alberta. AAHEIT is related to the College since the members of the consortium are all related parties to the College. The College, through AAHEIT, collaborates with other member institutions regarding information and communications technology for education in Alberta. Amounts paid in 2012 for group program fees totaled \$5 (2011: \$3).

(g) Alberta Post-Secondary Application System

APAS is an Alberta not-for-profit society consisting of a consortium of colleges, universities and technical institutes in Alberta. APAS is related to the College since the members of the society are all related parties to the College. APAS operates ApplyAlberta, a secure online application system simplifying and speeding the application process for students to apply to multiple Alberta public post-secondary institutions. Amounts paid in 2012 to support the operation of the society totaled \$13 (2011: \$14).

20. Salary and Employee Benefits

Treasury Board Directive 12-98 under the *Financial Administration Act* of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

	2012				2011
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	Total	Total
Governance (4)					
Members of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President	238	-	38	276	234
Vice-Presidents:					
Provost & Vice President					
Research and Academic (5)	107	50	24	181	152
Senior Vice-President Finance and Corporate Services	142	17	13	172	182



Vice-President Advancement	154	-	24	178	117
Vice-President Student Experience and Admissions	140	-	26	166	159
Director of Human Resources	104	-	21	125	122
Director of Communications	97	-	20	117	113

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include acting pay, vacation payout, 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, and dismemberment. Benefits for some of the executive also include vehicle allowance and professional memberships.
- (4) The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.
- (5) The 2011 total compensation reflects the former incumbent salaries and benefits and acting pay. A new Provost & Vice-President Research and Academic was hired on June 1, 2012. Acting pay for the Provost & Vice-President Research and Academic position from July 1, 2011 to June 1, 2012 is included in the base salary and other cash benefits. Total combined salary and benefits are reported.

21. Canada – Alberta Knowledge Infrastructure Program

The Canada – Alberta Knowledge Infrastructure Program (KIP) was established to provide funding in support of capital projects at post-secondary institutions in order to offset the impact of the global economic recession by providing employment opportunities. Eligible KIP projects received up to 50% of its funding from Government of Canada contributions through direct payments made by the Province. The remaining portion of funding for KIP projects was made up of internal resources, provincial contributions and research grants. The KIP program supports eligible costs incurred from February 24, 2009 to March 31, 2011 with the College having an amended agreement in place that extends KIP from March 31, 2011 to June 30, 2011. KIP funding was fully expended in 2011.

	July 1, 2011 to June 30, 2012	July 1, 2010 to June 30, 2011	July 1, 2009 to June 30, 2010	Total
Contributions	\$ -	\$ 212	\$ 638	\$ 850
Total Eligible Costs	\$ -	\$ 908	\$ 792	\$ 1,700

22. Comparative Figures

Certain 2011 figures have been reclassified to conform to the presentation adopted in the 2012 financial statements.

23. Approval of Financial Statements

The financial statements were approved at the Board of Governors meeting on October 24, 2012.