

Olds College

Annual Report



*Transforming
agriculture for
a better world*

2020-21

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ACCOUNTABILITY STATEMENT

The Olds College Annual Report for the year ended June 30, 2021 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.



Leona Staples, Chair, Olds College Board of Governors

PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

Under the *Public Interest Disclosure (Whistleblower Protection) Act*, Olds College employees can report in good faith when they believe wrongdoing has occurred. This Act protects employees from any reprisals when they make a disclosure of wrongdoing. A requirement of the Act is that Olds College report any disclosures during the year. In 2020-21 we received zero disclosures.

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Olds College'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 *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.



Connie Young, Vice President of Corporate Services and Chief Financial Officer (CFO)

BOARD OF GOVERNORS

July 1, 2020 - June 30, 2021

Gordon Cove

Public Board Member

Stuart Cullum

President

Meghan Dear

Public Board Member

Marnie DesJardins

Alberta Union of Provincial
Employees Representative

Mabel Hamilton

Public Board Member

Anita Heuver

Public Board Member

Donna Maxwell

Public Board Member

Paul McLaughlin

Public Board Member

Ted Menzies

Public Board Member

Leona Staples

Chair Public Board Member

Keith Smyth

Olds College Faculty Association
Representative

Andrew Thurn

Student's Association of Olds
College

Jennifer Wood

Public Board Member



SOCIAL PURPOSE

“Transforming agriculture for a better world.”

At Olds College this is our social purpose. Everything we do at Olds College is done to advance all aspects of the agriculture and agri-food industry. By transforming the agriculture and agri-food industry, we will make the world a better place. All of our programs and actions align to our social purpose. It is the why behind everything we do.

Our mission

is to ensure Alberta’s agriculture community has the talent, knowledge, and thought leadership to lead globally.



MESSAGE FROM THE BOARD CHAIR AND PRESIDENT

At Olds College we believe in the power of innovation and its role in evolving the agriculture and agri-food industry. As Alberta continues to look to diversify our economy to a sustainable future, we know that agriculture and food production play a vital role. As a provincially and industry sector focused institution, Olds College continues to work with our partners to lead the agriculture industry in Alberta through hands-on, high-tech programming and industry-led applied research.

To ensure that Olds College continues to be relevant and a leader in agriculture and agri-food education, Olds College created a Strategic Plan: Growing 2025 in 2018. 2020-21 marked the halfway point of our strategic plan, and allowed us to take time to review the current drivers and progress made to date. Some key highlights that were identified, include:

- Enrolment has increased 12% (compared to 2017-18).
- Annual applied research now exceeds \$6 million.
- 96% of students would recommend Olds College to a friend.
- More than \$74 million in earned revenue and investment (since 2018).
- Established the Werklund School of Agriculture Technology, which now includes six academic programs including our two new ag tech credentials.
- 55% increase in farmland (total of 2,800 acres) since the launch of the Smart Farm in 2018.
- Applied Research grants and funding in excess of \$23 million (since 2018).
- 100% increase in student participation in applied research activities.
- 50% of academic programs have increased capacity (since 2018).
- The Olds College Equity, Diversity and Inclusion committee was established.
- Launched our Indigenous Strategy and signed the CIGan Indigenous Education Protocol, resulting in a 39% increase in self-identified Indigenous Learners.

Important work was also done to create our Work Integrated Learning plan and to update the College's mandate. Knowing that Olds College is a provincially and sector focused institution, our new mandate (approved by the Minister of Advanced Education in June 2021) better reflects the role that Olds College plays in support of Alberta's economic and social prosperity.

Olds College was once again recognized as one of Canada's top 50 research colleges. Dr. Joy Agnew,

Associate Vice President, Applied Research was also recognized in the top 50 most influential people in Canadian agriculture. In 2020-21, the Olds College Centre for Innovation (OCCI) team secured \$9 million in research grants and contracts and recognized \$3.9 million in grant and fee-for-service revenue for applied research; worked on 50+ projects and collaborated with 84 industry partners, 20 public partners, and seven post-secondary institutions; and expanded to 28 dedicated staff. Student participation in applied research also increased with 60 percent of all classes offered in the Werklund School of Agriculture Technology being integrated with the Olds College Smart Farm. OCCI provided work-integrated learning opportunities by employing six directed field study students, 11 summer students, two post-grad interns and one Ph.D. candidate — the first student to be completing his Ph.D. candidacy at Olds College.

The COVID-19 pandemic continued to have negative impacts on the College, with revenues being impacted through public health restrictions on conference services, campus housing and food services. While both domestic and international enrolments exceeded our predictions, international enrolments were down 41 per cent and domestic were down 2 per cent.

In 2020-21, Olds College addressed some long standing business issues by starting the acquisition process of our on campus residences from the original third party operator (official acquisition was subsequent to 2020-21), and creating a new business model to improve our internal controls. These two important steps will help the College better position itself for the future.

Through the ongoing effort to reduce administrative costs and find operational efficiencies, Olds College was able to end the year with a very small deficit.

As we look ahead to 2021-22, Olds College remains positioned to produce excellent learning experiences for our students, and value added applied research for industry. We look forward to opening our new National Meat Training Centre and Ag Tech Learning Hub in 2022, two state-of-the-art facilities that will enhance our campus and learning environments.

As Canada's Smart Agriculture College, Olds College remains committed to fulfilling our social purpose of transforming agriculture for a better world.



Stuart Cullum, President
Olds College



Leona Staples, Chair, Olds
College Board of Governors

NEW OLDS COLLEGE MANDATE

Olds College is a provincially and industry sector focused, board-governed, public post-secondary institution operating in Alberta. It provides apprenticeship technical training, certificates, diplomas, applied degrees, and baccalaureate degrees designed to meet the needs of both learners and the Province of Alberta.

As the expertise and facilities at Olds College are both specialized and unique, including a significant land base for hands-on and work integrated learning, the College draws its student base from across the Province of Alberta, Canada and internationally.

It collaborates with other post-secondary institutions, (through Campus Alberta Central) to support regional access to polytechnic education. It undertakes research and scholarly activities that align with the credentials it offers and are focused on strengthening economic development in the Province.

While the College operates as a specialized agriculture technical institution for the Province of Alberta, it is currently designated as a comprehensive community college under the authority of the Post-secondary Learning Act (PSLA).

Approved by the Minister of Advanced Education on June 14, 2021



OPERATIONAL OVERVIEW

Olds College continued to make progress in achieving our strategic drivers as outlined in our Strategic Plan: Growing 2025 despite the challenges that COVID-19 created. Overall both domestic and international enrolments exceeded our predictions but were down. International enrolments were down 41 per cent due mostly to the travel restrictions put in place to manage the COVID-19 pandemic.

Domestic enrolments were down two per cent, however 2020-21 FLE enrolment growth occurred in several program areas including:

- Agricultural and Heavy Equipment (+15%)
- Pre-Employment Heavy Equipment Technician (+200%)
- Apprenticeship Programs (+19%)
- Bachelor of Applied Science Agribusiness (+35%)

As we look to 2021-22 and beyond, Olds College anticipates a recovery from COVID-19 related impacts and growth in several program areas including:

- Bachelor of Applied Science - Agribusiness
- Agricultural and Heavy Equipment Diploma
- Business Management Diploma
- Horticulture Technologist Diploma
- Agriculture Technology Integration Post-Diploma Certificate
- Precision Agriculture - Techgronomy Diploma
- International student enrolment as pandemic-related impacts lessen

Other key program changes that occurred in 2020-21 include the launch of two new credentials in Agriculture Technology (Precision Agriculture - Techgronomy Diploma and Agriculture Technology Integration Post-Diploma Certificate). Intake remains suspended for the Apparel Technology Diploma, as such, Olds College ended our lease agreement with Bow Valley College and closed our Calgary campus.

In July 2020, Olds College received \$21 million in capital maintenance and renewal funding from the Government of Alberta to redevelop two existing buildings on campus in support of new programming and future growth. Construction of the new Ag Tech Learning Hub commenced in 2020-21, with the new centre scheduled to open in fall 2022. Construction also started on the new Animal Health Education Centre and is on track for completion in 2023.

Olds College did significant work in 2020-21 on developing a Campus Master Plan that will provide long-term direction on how the College can sustainably develop spaces to align with our Strategic Plan: Growing 2025.

Olds College continued to grow our partnerships in 2020-21. In December 2020, Olds College and TELUS Agriculture announced a \$1 million partnership in support of the Olds College Smart Farm. The College also received a donation of 10 Red Angus heifer calves from the Canadian Red Angus Promotion Society in support of livestock research. Other gifts to the College included \$250,000 from TD Bank Group to support autonomous agriculture education and applied research, and a partnership with Cervus Equipment to collaborate in the operation of the Smart Farm.

In January 2021, management of the Field Crop and Development Centre transitioned from Agriculture and Forestry to Olds College. The transfer leverages the strong relationships Olds College has established within the agriculture sector to further align the variety development program with industry partners, and enhance efforts to ensure long-term sustainability. The move also supports Olds College's focus as an agricultural centre of excellence with respect to research and academic programming.

Olds College also signed a memorandum of understanding with Lethbridge College in support of applied agriculture research. Both institutions also signed on to the United Nations Sustainable Development Goals. Olds College also signed a memorandum of understanding with Loyalist College in Ontario to establish new and enhanced work integrated learning opportunities for students between the two institutions, and explore potential areas of collaboration in smart agriculture, vertical farming and aspects of urban planning around farming and food sustainability.

GOALS AND PERFORMANCE MEASURES

In 2018, Olds College produced a seven-year strategic plan: Growing 2025, that positions the College for future growth. The plan is focused around seven strategic drivers that the institution is working to achieve, including:

- Be a college known for academic excellence and student success.
- Achieve 2,000 full load equivalents (FLE's) and increase non-FLE enrolment by 50%.
- Increase applied research activity to \$10 million or greater annually.
- Be a leader in smart agriculture.
- Increase earned revenue/ investment by \$100 million.
- Be recognized as an employer of choice.
- Be a smart and sustainable campus.

Our strategic drivers have been designed to support the Olds College Board of Governors' Ends.

Olds College Board of Governors Ends (written policies) provide meaningful results that the College is trying to achieve.

E1: Learners have the relevant, transferable and diverse skills to achieve success and increase the number of qualified people to serve the global economy.

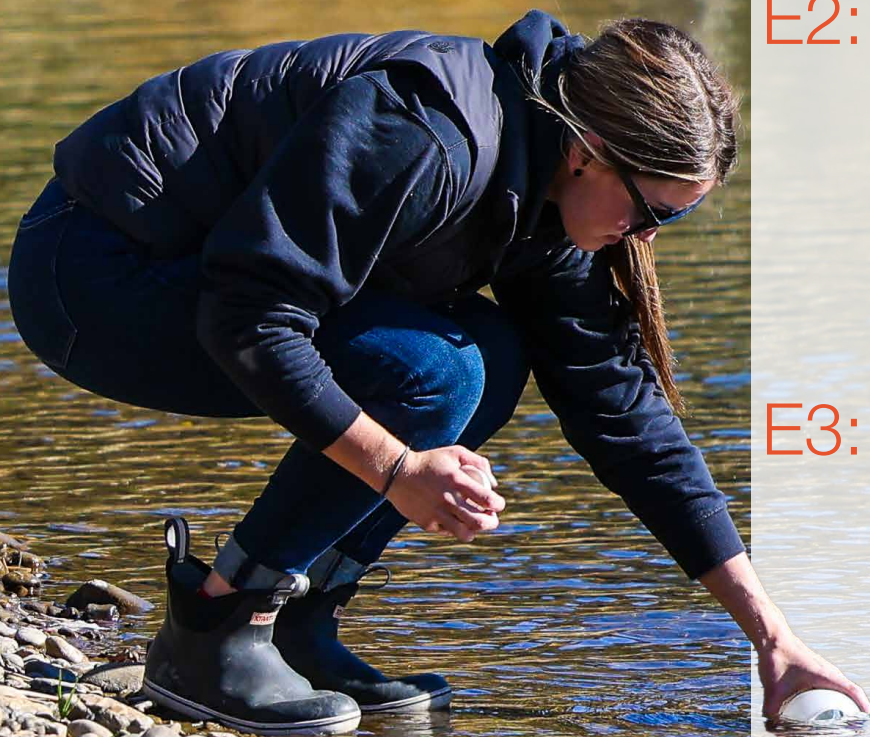
1. Learners are employment ready.
2. Learners have hands-on experience.
3. Learners are connected to industry.
4. Learners have an outstanding and enduring student experience.
5. Learners are equipped for life-long learning.
6. Learners acquire an entrepreneurial mindset.
7. Learners are prepared for next generation agriculture and related industries.

E2: New knowledge, products and technology are created, demonstrated and transferred to industry and learners.

1. Smart Agriculture applied research solutions are created to address the challenges and opportunities in the value chain.
2. Agriculture industry has the skill sets needed to evolve at the pace of change.
3. Agriculture industry has the conditions necessary to adopt change.

E3: Alberta Leads in agriculture.

1. The importance and holistic nature of the agriculture industry is recognized as being essential to the preservation and betterment of life.
2. Alberta is a region for agricultural innovation.
 - 2.1 Alberta leads in Smart Agriculture technology.



GOALS & PERFORMANCE MEASURES

As part of our Strategic Plan: Growing 2025, each strategic driver has been given success measures that Olds College is working to achieve by 2025. In this section we have outlined the progress made in 2020-21 in achieving those success measures.



Strategic Driver #1:

Be a college known for academic excellence and student success.

Greater than 80% of students agree or strongly agree that Olds College campus environment supports their mental health.

- 87.1% of students report agreeing or strongly agreeing that their campus environment is one where their mental health is supported.

90% of instructional staff participate in pedagogy related professional development each year.

- 91% of instructional staff participated in pedagogy related professional development in 2020-21.

92% of students would recommend Olds College to a friend.

- 96% of students would recommend Olds College to a friend according to our student survey conducted in 2021.

40% of students create a co-curricular record.

- The co-curricular program was paused in 2020-21 due to significant COVID-19 impacts. The program will relaunch in 2021-22.

Increase Indigenous learner satisfaction.

- 95% of indigenous students would recommend Olds College to a friend.

80% of our programs will include a Work Integrated Learning opportunity that is available to students.

- 53% of our programs in 2020-21 had a Work Integrated Learning opportunity.

100% of Program Curriculum Committees and Industry Advisory Committees are in operation.

- 100% of programs have a Program Curriculum Committee.
- All programs with the exception of the new Agriculture Technology programs, which will be established in 2021-22, have an Industry Advisory Committee.

Increase student completion by 2%.

- Compared to 2017-18, cohort graduation rates in the most recent reporting period have increased by 2%.



Strategic Driver #2:

Achieve 2,000 Full Load Equivalents (FLEs) and increase Non-FLE enrolment by 50%

Reduce the direct cost of program delivery per FLE.

- New success measures and baseline being established in 2021-22.

Generate 3,500 applications annually.

- We received 2,939 applications in 2020-21, an increase from 2,682 the previous year.

200 international Full Load Equivalents (FLEs).

- We had 83.4 international FLEs in 2020-21. Due to travel restrictions from COVID-19 this number was down from the previous year.

Total number of non-credit registrations exceeds 4,500.

- 3,969 non-credit registrations in 2020-21.

Achieve 2,000 Full Load Equivalents (FLEs).

- 1,394 FLEs in 2020-21 which was an increase compared to 2019-20.

Identify a minimum of 20 prospective programs (credit and non-credit).

- 16 prospective programs identified in 2020-21.



Strategic Driver #3:

Increase Applied Research Activity to \$10 million or greater annually.

100 products or processes developed or improved.

- 49 products or processes developed or improved.

300 companies supported by and/or engaged with OCCI.

- 162 companies supported by and/or engaged with OCCI.

20% of students have an applied research experience.

- 16 Olds College students had a formal experience through paid positions. Approximately 12 additional Olds College students had an informal experience through the co-curricular record or other activities. 60% of all classes offered in the Werklund School of Agriculture Technology are integrated with the Olds College Smart Farm.

Achieve a 3-year rolling average of \$15 million in annual grant and industry solicitations.

- \$24.0 million total grant and industry solicitations generated during the past three years.

Projects with Small to Medium-sized Enterprises (SME's) account for a minimum of 75% of all applied research projects.

- 74% of projects over past two and a half years are projects with SME's

15 applications (annually) to the Olds College faculty applied research seed-fund.

- Planning work will begin in 2021-22 to set up the Olds College faculty applied research seed-fund.

80% of clients would recommend OCCI to another company.

- 61% of SME's who engaged on a project in the past two and a half years were repeat customers.

GOALS & PERFORMANCE MEASURES



Strategic Driver #4:

Be a leader in smart agriculture

Agriculture technology programs launched with three new credentials.

- 2 new ag-tech credentials approved and launched. Third credential is in the Provider and Program Registry System (PAPRS) process for approval.

50 companies collaborating in the Olds College Smart Farm.

- 85 companies have engaged with or worked with the Smart Farm over the past two and a half years.

100% of Olds College employees undertake smart ag professional development.

- Olds College Centre for Innovation launched a lunch and learn program in 2020-21 for staff to attend sessions to learn about the smart ag projects taking place at the College. Normally, staff would have attended AgSmart, our two-day smart ag educational expo focused on data and technology across the agriculture industry. However, due to COVID-19 restrictions AgSmart 2020 was cancelled.

75% of FLEs engaged on the Olds College Smart Farm.

- 61% of FLEs engaged on the Olds College Smart Farm.

100% of smart ag research projects have faculty involvement.

- 50% of OCCI-led research projects during the 2021 growing season had faculty involvement.

Demonstrate increased brand awareness as Canada's Smart Ag College.

- In 2020-21, we saw social engagement and followers grow on all social platforms (LinkedIn, Twitter, Instagram and Facebook). We shared 270 stories through social media and had 2,196 editorial stories during the 2020-21 year. Primary topics included partnerships, the Smart Farm, applied research, and athletics.

Smart ag international presence is demonstrated through staff, faculty, research, industry and student involvement.

- Increased number of connections and invites to participate in student and researcher exchanges with international research facilities and schools. Invite to participate in a Global Smart Farm Network.



Strategic Driver #5:

Increase earned revenue/ investment by \$100 million

Generate \$1.6 million from Conference Services revenue (annual) with a net 10% contribution.

- COVID-19 restrictions had a significant impact on conference services revenue during the 2020-21 fiscal year. We are optimistic that we get back on track this year as restrictions ease.

Achieve a net contribution of 15% from Continuing Education and Corporate Training and contribute at least \$500k.

- Gross Revenue of \$2,745,818 with Net Revenue of \$730,134 for a contribution of 26.59%.

Attract 800 international student applications per year and generate \$2.7 million in tuition revenue.

- 280 applications for 2020-21.
- \$1,025,195 generated in International Student Tuition revenue in 2020-21.

Generate \$40M in cumulative revenue in support of the Smart Farm.

- \$36.4 million in cumulative Smart Farm revenue in 2020-21.

Receive 100 donations/ investments of 100k and greater.

- Received 31 donations (cash, gift-in-kind, pledge) of \$100k and greater in 2020-21. (Note - does not include OCCI gov't grant funding).



Strategic Driver #6:

Be recognized as an employer of choice

Recognized as an employer of choice from an external validator.

- Potential external validators will be assessed in 2022.

Employee engagement and enablement scores greater than 75%.

- Biannual Employee Engagement Survey to launch in October 2021.

Achieve 50th percentile of compensation against comparable employers.

- Progress on this objective has been constrained by the Provincially mandated wage and salary freeze and compensation regulation (RABCCA).

Reduce time lost due to accident, illness and discretionary absence to less than 3%.

- This measure dipped to a very low 1.2% for the fiscal year, likely due to Covid precautions and the number of people working remotely.

20% of College employees are awarded an additional micro-credential certification or designation annually.

- 49 micro-credentials are being developed for launch in September 2021.

100% of our staff will participate in the Respect and Inclusion Program.

- As of the end of the fiscal year 2020/2021, 92% of regular staff have completed the Respect and Inclusion program.



Strategic Driver #7:

Be a smart and sustainable campus

College enterprise and ancillary business services are available online.

- Fusion, a financial and procurement cloud-based Enterprise Resource Planning (ERP) solution was implemented and went live in December 2020. The ERP project improves efficiency, effectiveness and sustainability of financial and procurement business processes across the College.

80% of systems are integrated.

- Vendor selection for a Campus Wide Preventative Maintenance System was completed. Campus data collection to commence October 2021.
- Building Management System Upgrades are 60% complete.

100% of space allocation and bookings are through an integrated space utilization platform.

- All internal and external room bookings, space allocations and academic scheduling are completed through EMS.

Exceed \$50 million in facility development and upgrades.

- We are in the process of executing \$32 Million in facility upgrades, 65% of the target.

100% of facility development and upgrades include building automation systems.

- All Buildings include their own automation systems and 60% of buildings automation systems were upgraded.

New facilities and renovations are designed to LEED standards.

- All new building renovations and improvements that were completed in 2020-2021 have been designed to LEED equivalent standard to reduce energy consumption, save water, and reduce waste.

ALIGNED FOR SUCCESS

STRATEGIC DRIVER	BOARD ENDS	ALBERTA 2030 GOALS
 <p>By 2025 Olds College will be a College known for Academic Excellence and Student Success.</p>	<p>E1 Learners</p>	<p>Improve Access and Student Experience Develop Skills for Jobs Strengthen System Governance</p>
 <p>By 2025 Olds College will have 2,000 full load equivalents (FLE's) and increase non-FLE enrolment by 50 percent.</p>	<p>E1 Learners E2 New Knowledge, Products and Technology E3 Alberta Leads in Agriculture</p>	<p>Improve Access and Student Experience Develop Skills for Jobs Strengthen Internationalization Improve Sustainability and Affordability</p>
 <p>By 2025 Olds College will increase applied research activity to \$10 million or greater annually.</p>	<p>E2 New Knowledge, Products and Technology E3 Alberta Leads in Agriculture</p>	<p>Improve Access and Student Experience Support Innovation and Commercialization Improve Sustainability and Affordability</p>
 <p>By 2025 Olds College will be a leader in smart agriculture.</p>	<p>E1 Learners E2 New Knowledge, Products and Technology E3 Alberta Leads in Agriculture</p>	<p>Improve Access and Student Experience Support Innovation and Commercialization Improve Sustainability and Affordability Strengthen System Governance</p>
 <p>By 2025 Olds College will increase earned revenue/investment by \$100 million.</p>	<p>E1 Learners E2 New Knowledge, Products and Technology E3 Alberta Leads in Agriculture</p>	<p>Support Innovation and Commercialization Improve Sustainability and Affordability Strengthen System Governance</p>
 <p>By 2025 Olds College will be recognized as an employer of choice.</p>	<p>E2 New Knowledge, Products and Technology</p>	<p>Improve Access and Student Experience Support Innovation and Commercialization Strengthen System Governance</p>
 <p>By 2025 Olds College will be a Smart and Sustainable Campus.</p>	<p>E2 New Knowledge, Products and Technology E3 Alberta Leads in Agriculture</p>	<p>Improve student experience and access Support Innovation and Commercialization Improve sustainability and Affordability</p>



CAPITAL PLAN



THE AG TECH LEARNING HUB: The project includes renovating and expanding the existing James Murray Building to 3,084 square meters total area, to accommodate all the agriculture programs and staff/administrative spaces. The Ag Tech Learning Hub will enhance the physical learning environments, including flexible/adaptable space development for current and future technology integration. Chandos Construction was awarded the project in January of 2021 and construction began in March and will continue through to July of 2022.

THE ANIMAL HEALTH EDUCATION CENTRE: The project includes the renovation and expansion of the current facility to house the Animal Health and National Meat Training Centre programs, in order to accommodate increased enrolment and expansion of these programs. The expansion will add 1100 square meters to the complex. Construction was started in April of 2021 by Stanley Construction based out of Edmonton. The other two phases are planned for completion in 2023.



FARM SHOP RENOVATION: The project includes the renovation and expansion of the current farm shop, adding secure storage space. At completion the facility will accommodate both everyday farm and Smart Farm operations in a cleaner and more efficient complex for users and operators. Smart Ag will benefit from the new building that provides specialized shop space with an interior build-out that houses technical spaces and basic facilities for Smart Ag based research and initiatives. Expanded programming uses will include activities related to equipment demonstrations, specialized course activities as they evolve and grow. Project completion is planned for the fall of 2022.

CAPITAL PLAN

Type of Project and Funding

Type:	Project Description	Total project Cost	Funding Sources	Funding Received to Date & Source	Revised Funding Sources
Proposed			% GoA		
New			% GoC		
Expansion			% PSI Funds		
Maintenance			% Donation		
			% Foundation		
			% Industry		
			% Capital Maintenance Renewal (CMR)		
Priority (top 3 capital Priorities)					
Expansion/ Renovation	Ag Tech learning Hub / James Murray Building Renovation Expansion: Repurpose existing 60 year old building to provide learning spaces for new Ag Tech Research and Development. Partial Demolition and renovation will include 2600 m ² and add an additional 400 m ² to the footprint.	\$13.9 Million	GoA 45%, Donation 40%, CMR 15%	95% Funding received, \$6.2 Million from GoA July 2020, \$5.7 Million committed from Donation August 2020, \$1 Million received from IMP 2019-20 (\$1 Million IMP funding 2021-22).	
Expansion/ Renovation	Animal Health Education Centre Renovation Expansion: This project is a three phase renovation & expansion. Construction of an addition to house an expanded National Meat Training Centre program. Renovation of the existing Animal Health Building to accommodate increased enrolment in Animal Health Technology, VMR and VTA.	\$17.95 Million	GoA 85%, PSI 8%, Donation 4%, 3% CMR	Government of Alberta grant funding was approved and received in 2018.	
Maintenance	Utility infrastructure projects: Upgrading aged and deteriorating main campus utility infrastructure, including water mains, electrical distribution, and sanitary, sewer repairs and upgrades.	\$9.6 Million	100% GoA	Grant approved and received 2019.	
OTHER					
Renovation	WJ Elliott / Trades Building, Replacement and addition of core Heating and HVAC units and necessary controls and electrical upgrades for support. Provide a comfortable learning environment for staff and students. Future proof the building for demands of trades programming. Renovations to west wing to provide flexible learning spaces.	\$35.4 Million	90% GoA, 10% Donation	Funding not yet approved.	

Type:	Project Description	Total project Cost	Funding Sources	Funding Received to Date & Source	Revised Funding Sources
Renovation / Expansion	Farm Shop: renovation and expansion of the Smart Farm Centre. Including creating more storage spaces for equipment storage and servicing. Provide new Lab and learning spaces.	\$1.8 Million	56% CFI Grant, 44% CMR	Funding approved.	
Renovation	Learning Resource centre: Redevelop the LRC to provide 24 hour access and appropriate study space. Provide a replacement elevator. Re-develop all study spaces and support spaces including washrooms. Redevelop and expand the student Health and Wellness Centre to accommodate demand.	\$4.9 Million	GoA 92% PSI, Grant 8%	\$400,000 Accessibility grant was used in part to build a new testing centre and additional testing rooms to provide greater flexibility for students who require special accommodations.	
Renovation/ Demolition	Frank Grisdale Hall: Redevelopment of decommissioned residence facility and renovation of the attached Dining Hall and Gymnasium Buildings	\$11.4 Million	GoA 100%	Funding not yet approved.	



CAPITAL PLAN

Project Timelines and Status

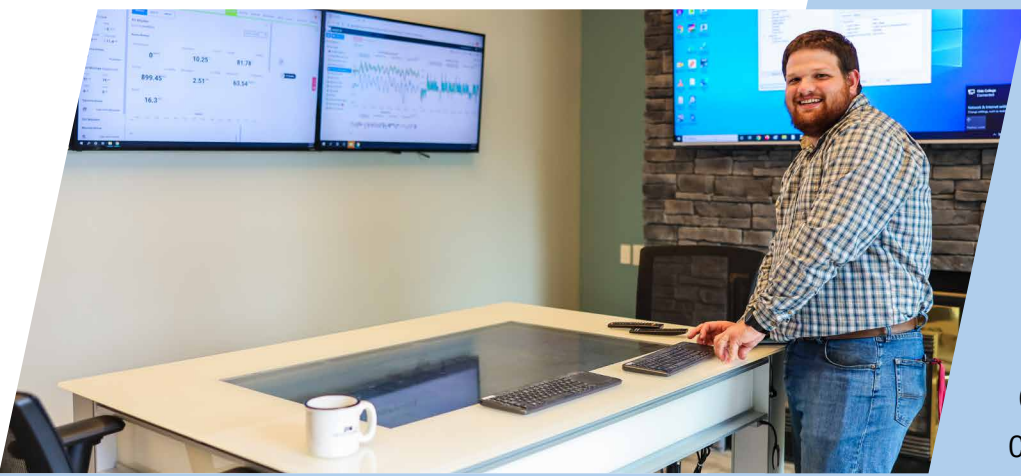
Project Description	Project Timelines	Expected project start	Expected Project Completion	Project Status	Progress made in last 12 Months
AgTech Learning Hub	Fall 2019 to Summer 2022	September 2018	August 2022	In progress	Construction is underway as of March 2021. Expected completion date is August 2022.
Animal Health Education Centre (AHEC)	Summer 2019 to Summer 2023	July 2018	August 2023	In progress	Construction is underway as of April 2021. Expected completion of phase 1 is January 2022, project completion is slated for 2023.
Utility Infrastructure Project	May 2018 to September 2021	May 2018	September 2021	In progress	Phase two of the water/ sewer and sanitary infrastructure upgrades were completed September 2020. Phase 1 of the electrical infrastructure was completed September 2020 with the second phase of electrical work completed Sept 2021. Project is complete as of Sept 2021.
WJ Elliott/ Trades Building	September 2021- September 2022	September 2021	December 2022	In progress	Building assessment report, defining scope of project and cost planning exercise were carried out in the winter of 2020. RFP issued in October, 2021 for consultant selection for programming and planning phase.
Farm Shop	Sept 2021 - September 2022	September 2021	September 2022	In progress	Consultant selection is complete, planning is underway.
Frank Grisdale Hall Demolition	September 2021- June 2022	September 2021	December 2022	In progress	RFP issued in October, 2021 for consultant selection for programming and planning phase.

RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES

July 2020 to June 2021

Introduction

Olds College Centre for Innovation (OCCI) is the applied research division of Olds College. OCCI helps companies develop and test innovative products in specific areas that include field crop production, livestock production, environmental stewardship, barley and triticale variety development, turfgrass management, and smart agriculture technologies and practices. OCCI integrates its applied research activities into work-integrated learning opportunities for students and focuses on practical, industry-driven applied research that is implementable by the agriculture industry.



CANADA'S TOP
50
RESEARCH
COLLEGES
2020 RESEARCH
Infosource Inc.

In December 2020, Olds College was recognized as one of Canada's top 50 research colleges by Research Infosource.

 EST. 1913
OLDS COLLEGE
Centre for Innovation





Smart Agriculture Applied Research

The Olds College Smart Ag Ecosystem is focused on accelerating the progress and innovation needed to grow Canada's ag industry. The Olds College Smart Farm is at the heart of the Smart Ag Ecosystem at the College and has grown to include 2,800 acres of farmland, infrastructure, and staff who are experienced in agricultural technology research and development.

In 2020, Olds College and TELUS Agriculture announced a million dollar partnership in support of the Olds College Smart Farm and the development, acceleration and integration of technology into the global agri-food value chain. On the Smart Farm, TELUS Agriculture has been testing innovations like security solutions, weather stations, variable rate mapping methods, rural connectivity solutions and 5G network — necessary to enhance productivity and sustainability of agtech innovations.

In 2020-21, the smart ag research team worked on 40 projects. Technologies being tested include on-combine NIR (Near Infrared) for real-time grain constituent analysis, in-bin drying sensors and algorithms with mobile connectivity, variable rate prescription mapping using satellite imagery, and optical spot-spray technology. Remotely piloted aircraft structures with cameras measuring NDVI, elevation and multi-spectral imagery are used for applied research projects measuring electrical conductivity of soil and hail damage in crops. During the 2021 growing season, the Smart Farm installed 11 weather stations from five different suppliers, 50 additional soil and climate sensors, insect traps and crop cameras, and 160 livestock sensors and tags. Connectivity, data collection and communications on the Smart Farm includes extensive 5G, Wi-Fi, LoRaWan, and cellular networks.

Smart and precision agriculture are heavily reliant on data — students and partners are presented with learning opportunities about collecting, managing and utilizing on-farm data for evidence-based decision-making. Such applied research projects in 2020-21 include:

- Developing the HyperLayer Data concept which includes the generation and utilization of multiple layers of geospatial data (since 1984) to create predictive algorithms, mapping plant-available soil nutrients, identification of yield limiting factors and grain protein maps.
- Creating a user guide outlining prescription mapping methods from different service providers and the corresponding file formats.
- Using as-applied data to assess overlap reduction with sectional control technologies.
- Compiling training data sets and specific data layers to validate and optimize novel soil and crop mapping techniques.

Introduction

In 2020-21, the OCCI team secured \$9 million in research grants and contracts and recognized \$3.9 million in grant and fee-for-service revenue for applied research; worked on 50+ projects and collaborated with 84 industry partners, 20 public partners, and seven post-secondary institutions; and expanded to 28 dedicated staff including managers, scientists, technicians, support staff, and a dedicated communications advisor building on a strong reputation for leading agricultural applied research with industry in Alberta. Throughout the year, OCCI provided work-integrated learning opportunities by employing six directed field study students, 11 summer students, two post-grad interns and one Ph.D. candidate — the first student to be completing his Ph.D. candidacy at Olds College.

OCCI also received an expansion from the Alberta Government as they moved the management of the Field Crop Development Centre in Lacombe to Olds College, and the College launched the Pan-Canadian Smart Farm Network — leading the network of Smart Farms committed to sharing data and expertise. The AgSmart Educational Expo was cancelled in 2020 due to the COVID-19 pandemic, but the OCCI team was diligently planning throughout the year towards a successful 2021 event (which took place).

Olds College was recognized with a Silver Applied Research and Innovation Excellence award from Colleges and Institutes Canada (CICan) for their innovative creation of the Olds College Smart Farm and Smart Agriculture Ecosystem. In December 2020, Olds College was recognized as one of Canada's top 50 research colleges by Research Infosource, and in February 2021, Dr. Joy Agnew, Associate Vice-President, Applied Research at Olds College was named in the Top 50 most influential people in Canadian Agriculture by Canadian Western Agribition (CWA). Olds College continues its commitment to being a leader in smart agriculture.

TD Bank Group committed \$250,000 to Olds College in support of the continuing operation of the OMNiPOWER Autonomous Platform and the development of the Autonomous Agriculture Education Series. OCCI made two substantial improvements to OMNiPOWER in the second year of operations: a dedicated and expanded team, and increased data capture with new electronic data collection technology. The team is able to run the equipment more efficiently, get more acreage coverage, and improve field efficiencies and uninterrupted hands-off operation. In the 2021 growing season, OMNiPOWER completed 45 missions, spread granular fertilizer on 328 acres, seeded 497 acres, sprayed 2,353 acres, and clocked five hours and 16 minutes as the longest hands off operation.

Livestock Production

The Technology Access Centre for Livestock Production (TACLP) received an additional five years of support from the Natural Sciences and Engineering Research Council of Canada (NSERC) — one of 60 centres across Canada to receive funding towards applied research and innovation. Established in 2016, the TACLP is dedicated to improving animal health and welfare, increasing production efficiency, and enhancing environmental sustainability for beef and sheep production.

The TACLP maintains a 110 head cow calf operation, 130 head sheep flock and a 1,000-head capacity feedlot — and in the fall of 2020, the College received a generous donation of 10 Red Angus heifer calves from the Canadian Red Angus Promotion Society.

In the 2020-21 feeding trial season, the TACLP evaluated a record 1,085 non-college animals through a variety of performance evaluations and research projects at the Olds College Smart Farm. This included ongoing residual feed intake testing using GrowSafe® feeding systems, basic growth and feed conversion tests, behavioural assessments, and a large antimicrobial resistance study collaborating with the University of Calgary.

Off-campus projects with collaborating producers increased to four active studies including a second year of research investigating the impact of handling acclimation to reduce stress and improve reproductive performance in beef heifers. The TACLP continues to implement demonstration and research initiatives related to grazing management practices (continuous vs rotational),

remote pasture monitoring technologies (sensors, management tags), and forage evaluations and extended fall grazing (various crop cocktail varieties).

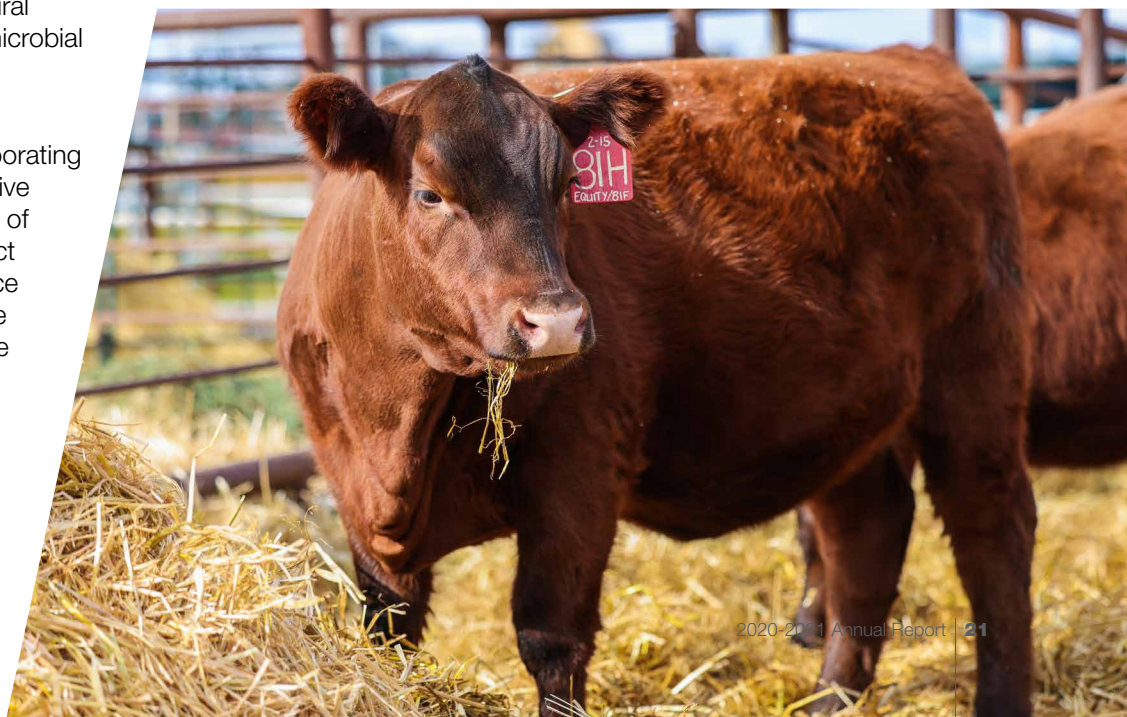
The TACLP also works on project definitions and pilot-scale projects with new and emerging small and mid-size enterprises. These projects focus largely on animal health products, innovative technologies, and animal management procedures where the skilled team provides technical advisory and research services to achieve the clients' objectives. There is also a new research associate specifically supporting sheep research activities for the TACLP.

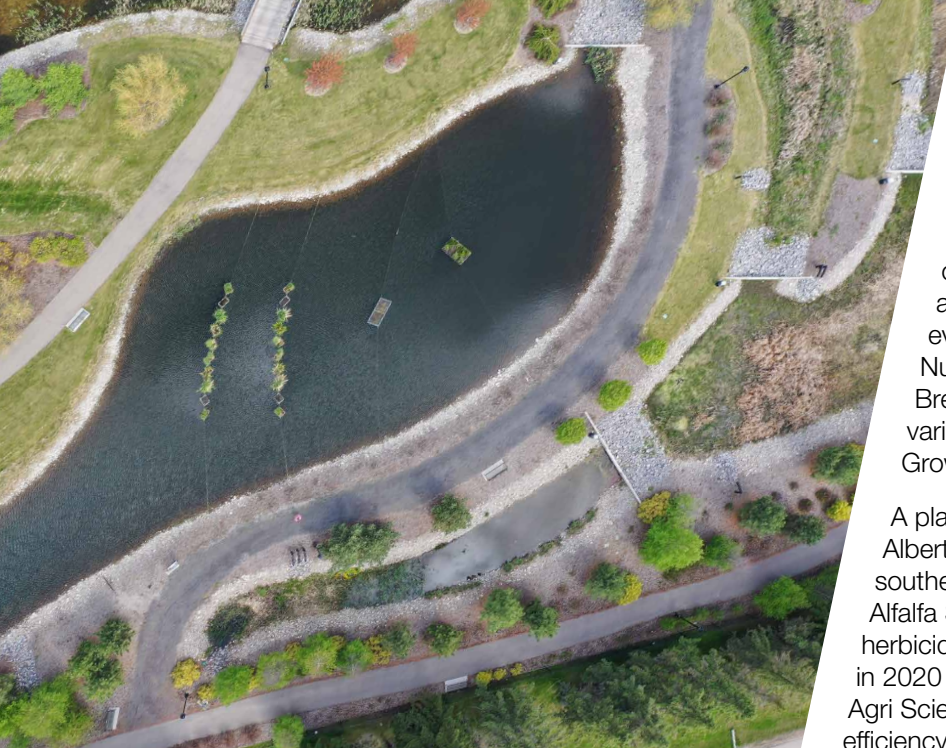
The TACLP is integrated into college academics, supporting knowledge transfer, in-field training and volunteer experiences for students. The TACLP team is currently providing connections to industry partners for Agri-Business Applied Degree students for real world experience projects. Olds College's Agriculture Management and Animal Health Technology programs have also benefited from the TACLP's involvement with over 5,655 student hours contributing directly to TACLP research projects.

Environmental Stewardship

OCCI's water resource management research team continued to explore the merits of phytoremediation — using native wetland plants and floating island technology — towards enabling agricultural and non-agricultural water security and sustainability. With support from numerous funding and multi-disciplinary partnerships, this research aims to provide livestock producers with alternative, natural, low-cost methods of water remediation.

The team completed a second greenhouse research study, prior to commencing a comprehensive, pilot-scale, field research study at four commercial feedlots, including





management, crop rotation, nitrogen use efficiency, and water use efficiency.

In 2020, the crop research team conducted over 2,600 small plot trials; and in 2021, about 1,700 small plot trials. Fees for service evaluations were performed for ADAMA, FMC, NuSeed, NuFarm, Corteva, Belchim, KWS and BrettYoung, to mention a few, while regional variety trials were completed for Alberta Pulse Growers at Three Hills and Olds.

A plant parasitic nematode survey funded by Alberta Wheat Commission was conducted in southern, central and northern Alberta in 2020. Alfalfa Seed Commission funded projects related to herbicide control of kochia weed in southern Alberta in 2020 and 2021. Another year of a 4-year, Canola Agri Science Cluster field study related to nitrogen use efficiency was completed successfully. In addition, the first of two field experiments on the effectiveness of a precision sprayer technology was initiated in 2021; the second experiment will commence in 2022.

the College feedlot. In meeting the College's sponsorship agreement with Alberta Real Estate Foundation (AREF), a research report, financial report and blog related to the greenhouse study were submitted to the project sponsor.

Similarly in 2020, a monitoring report and financial report were submitted to Highfield Investment Group (HIG) in relation to monitoring activities at High Plains Industrial Park (HPIP) — renamed Shuttleworth Conservation Park (SCP) in 2021. In addition, a third year of monitoring water quality in the constructed wetlands at SCP, along with the associated ecological impacts, was completed. This was followed immediately by the commencement of the fourth year of monitoring at SCP.

Field Crops

The majority of the Smart Farm's 2,800 acres of interconnected agricultural operations and in-field applied research is dedicated to crops and forage production. In the 2020-21 crop year, commercial-scale crop production of feed, silage and cash crops covered 1,115 acres, 875 acres of land were dedicated to forage production (hay, forage and pasture), and 160 acres to small plot crop research on oilseeds, cereals and pulses. The remaining 600+ acres located at the College's Field Crop Development Centre (FCDC) in Lacombe, Alberta focused on cereal breeding research, and commercial-scale grain and oilseed production.

Small plot crop research is key to Olds College research portfolio. The crops research team engaged in the evaluation of several emerging agronomic technologies in support of the agricultural sector in Alberta and the Prairies. A broad range of technologies were assessed including different crop cultivars, crop nutrients, pesticides, including herbicides, fungicides, integrated pest management, soil health management, nematode

Turfgrass

The Prairie Turfgrass Research Centre works alongside the Alberta Turfgrass Research Foundation and a number of partners on industry funded projects on applied research for turf. Recent research includes foliar treatments to maximize cold temperature tolerance and spring green up, disease sampling, and preventative fungicide application. The turf green at Olds College is kept to industry standards for year-round studies in order to continue testing products for a variety of diseases.

Olds College students in Turfgrass programs made up two teams finishing in the top ten of an international competition in early 2021 — hosted by the Golf Course Superintendent Association of America — which develops and tests the knowledge identified as critical to the profession in all areas of agronomy, business management, communication, environmental management and leadership.

Field Crop Development Centre

The Field Crop Development Centre (FCDC) officially transitioned from Alberta Agriculture and Forestry to Olds College on January 1, 2021. The centre is located on 600+ acres in Lacombe, Alberta and has been developing enhanced cereal varieties for feed, forage, malt, food and bio-industrial uses since 1972. The transfer of the program from the government included a provincial operating grant of \$10.5 million; it also demonstrates the important role Olds College plays in leading and transforming agriculture and advancing Alberta's economy.

The FCDC is recognized as a world-class research facility that:

- Employs 23 dedicated researchers, technicians and support staff.
- Has over 400 dedicated acres and equipment for plot scale research.
- Planted, analyzed and harvested 40,000 plots in four Alberta locations in 2021.
- Collaborates with research institutions in over 30 countries.
- Has released 50+ barley and triticale varieties to date.

In collaboration with the Olds College Smart Farm, the FCDC aims to streamline the breeding process to develop better barley and triticale varieties faster. The FCDC identifies and measures every characteristic possible, using all types of technology — from molecular markers to Near Infrared Spectroscopy. And while conventional and contemporary plant breeding techniques are used, all of it is cutting-edge science, focused on attaining high yield, improved disease resistance and superior end use quality characteristics.

Since joining Olds College, FCDC has undergone a thorough strategic review in order to effectively and efficiently continue research activities. Fifty interviews were conducted throughout 2021 which included nine people from the Steering Committee, 10 FCDC staff, and 31 external stakeholders. A major findings report with recommendations will guide the development of the strategic plan for FCDC in Fall 2021.

Entrepreneurship and Innovation

OCCI welcomed a new manager of Entrepreneurship and Innovation to ensure Olds College can continue to play a key role in the development of an innovative and entrepreneurial ecosystem for the ag sector to help small to medium sized enterprises develop new products, processes and services.

Olds College co-chairs the Central Alberta Regional Innovation Network (CARIN) and has continued connections with THRIVE by SVG Ventures and the Regional Innovation Networks — which means OCCI provides technical, research and business readiness support, accelerating innovation and commercialization within the agriculture industry.

The second annual UFA Student Pitch competition, a partnership with UFA dedicated to training and supporting the best and brightest future entrepreneurs in agriculture, took place in early 2021. The winner was a recent graduate of the Bachelor of Applied Science program and is now a full-time employee of the Smart Agriculture Applied Research team. This event helps foster entrepreneurship in Agriculture and teaches students many skills, such as performing customer discovery, developing a value proposition, and learning to pitch ideas professionally.



REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING, UNDERREPRESENTED LEARNERS

Underrepresented Learners

Indigenous Learners

The number of self-identified Indigenous Learners increased by 39% year-over-year.

Indigenous Student Enrolment			
	2019-20	2020-21	Change
FLE	77.693	108.003	39.0%
Headcount	105	173	64.8%

In 2020-21, additional steps were taken to advance the College's Indigenous Strategy and Action plan including formal approval and signing onto the CiCan Indigenous Protocol.

Number of Students Registered with Accessibility Services

Number of Students Registered with Accessibility Services					
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
128	156	179	196	160	130

# of students	Type of Disability
65	Students registered with one disability only
29	Students registered with multiple disabilities
10	Students registered without supporting documentation
26	Other (Temporary Accommodations)
130	Total number of registered students

Olds College had 160 students registered with Accessibility Services in 2019-20. This slightly lower trend is due to multiple factors including enrolment and access impacts related to COVID-19. Recently, Accessibility Services moved to the Teaching and Learning Centre of Innovation. By teaming up closely with other academic supports and services, a holistic approach enables the coordination of multiple academic support services from one location.

Regional Stewardship

Campus Alberta Central (CAC) is a joint venture between Olds College and Red Deer Polytechnic that provides post-secondary programs to communities throughout the central Alberta region. The CAC continues to be an innovative and effective way for learners from our region to access post-secondary programming. In 2020-21:

- Students continued to receive quality programming with an 86% successful completion rate.
- 326 unique learners enrolled in CAC supported courses, 71 of them in community-based programs. This equates to 214 full time learner equivalents (FLE).
- CAC partners received a total of 1187 inquiries regarding post-secondary education, 3630 support services were delivered with 6529 regional contacts. Restrictions resulting from the COVID-19 pandemic resulted in programming and student services being delivered through on-line and remote technology throughout the academic year. Despite this, the total student services and inquiries declined only marginally (5837 to 5790), primarily due to cancellation of exam invigilation. Program planning services more than doubled (286 to 599) during this period with site leaders providing services through video conference and telephone.

In the 2020-21 academic year, CAC supported a total of 25 online programs.

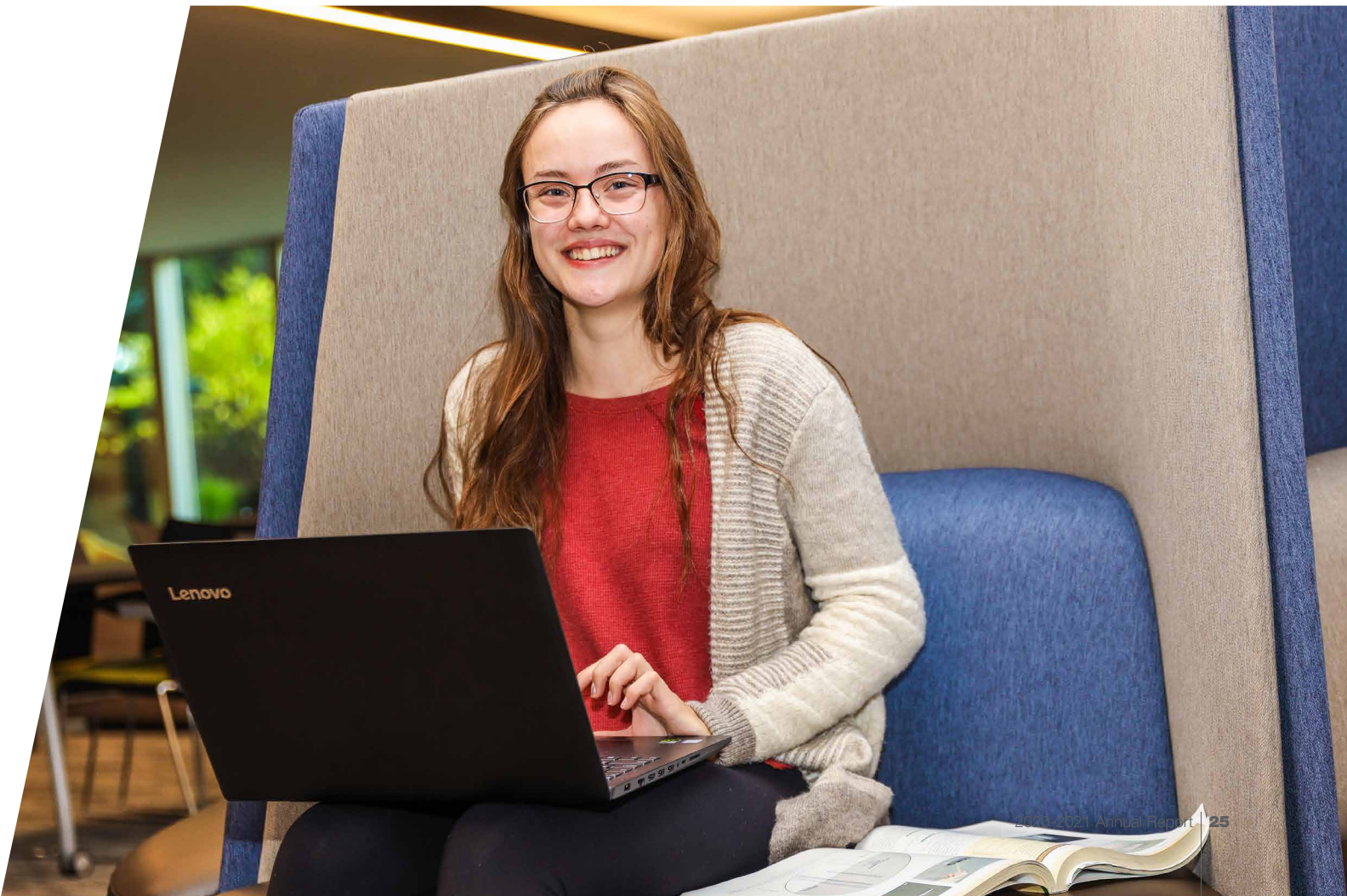
Olds College

- Rural Finance (Agribusiness Finance Certificate)
- Agricultural & Heavy Equipment Technician Certificate - Blended
- Beef Production Certificate
- Cannabis Production Program
- Hospitality & Tourism Diploma
- Introduction to Brewing
- Pre-Apprenticeship Exam Training
- Veterinary Medical Receptionist Certificate Olds College

Red Deer Polytechnic

- Administrative Professional Certificate
- ASCHA Activity Coordinator Certificate
- ASCHA Site Manager Certificate
- Adult and Higher Education Instructor Post-Diploma Certificate
- Business Administration Diploma
- Early Learning and Childcare Certificate
- Early Learning and Childcare Diploma
- Educational Assistant Certificate
- eLearning Post-Diploma Certificate
- Health Care Management Post-Diploma Certificate
- Human Resources Management Graduate Certificate
- Kitchen Management (Management Skills for Commercial Kitchens)
- Management Skills for Supervisors
- Management Certificate
- Pre-Health Science
- Professional Bookkeeping
- University Transfer Courses

Six community based programs were offered in the region (Drumheller, Rocky Mountain House, Ponoka, Stettler, and Sundre). The Community Programs were in two subject areas (Health Care Aide and Practical Nurse), and used a blend of face-to-face and online learning.



Foundational Learning

Dual Credit

Olds College is committed to providing access to quality post-secondary learning opportunities for Alberta's high school students through dual credit course and program offerings.

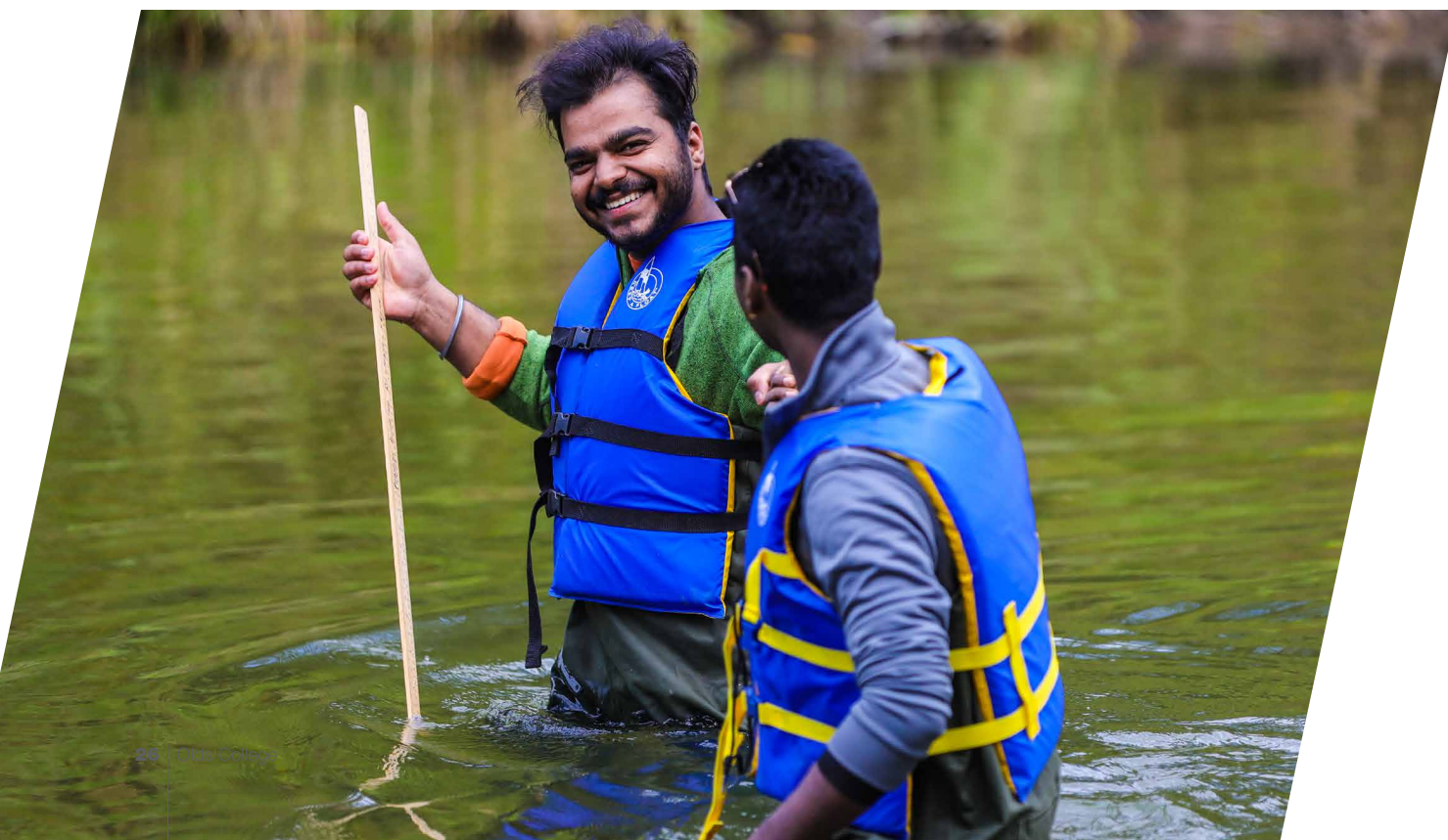
In 2020-21, 419 high school students from across Alberta enrolled in dual credit course offerings from the programs of Meat Processing, Agricultural and Heavy Equipment, Animal Health Technology, Hospitality and Tourism Management, Precision Agriculture, Land and Water Resources, Pre-employment HET and Welder and Veterinary Technical Assistant. In 2020-21, 29 Dual Credit partnerships were in place between Olds College and individual school divisions for the delivery of face-to-face, blended, and online dual credit opportunities.

Dual Credit FLEs		
2019-20 FLE	2020-21 FLE	Change
27.0	68.3	153.0%

Internationalization

Olds College is committed to internationalization, international student mobility, and cultural sensitivity in pursuit of the Growing 2025 goal of 200 International FLEs by 2025. Despite significant COVID-19 related disruptions and a bleak initial forecast, Olds College welcomed 97 international students from over 20 countries.

Actual and Projected International FLE and Headcount			
	2019-20	2020-21	2021-22 Projection
FLE	111.76	83.40	79.8
Headcount	131	97	89



FINANCIAL AND BUDGET INFORMATION

The following information should be read in conjunction with Olds College audited consolidated financial statements and accompanying notes for the year ended June 30, 2021. The College's consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

This discussion and analysis provide an overview in the following areas:

- Economic and Operating environment
- Financial Results
- Net Assets and Net Financial Assets
- Capital Expansion
- Areas of Significant Financial Risk

Economic and Operating Environment

Consistent with Growing 2025, Olds College is focused on strategic growth to advance all aspects of the agriculture industry. Despite restrictions to hands-on learning due to COVID-19, the College achieved stable enrolment and surpassed applied research goals. The College remains committed to ensuring its enrolment and corresponding program suite meets the needs of current and future learners, industry, and community partners.

As the Provincial government continued to experience significant budgetary pressures as oil prices declined amid the widespread economic impact from COVID-19, the tabling of the Provincial government's budget reduced the College's base operating grant by 7.1% over 2019-20 levels, representing a \$2.1 million decline to revenues. In addition, the Ministry of Advanced Education introduced the first stage of a performance-based funding (PBF) model in 2020-21. Five percent of the provincial grant was subject to the PBF, and therefore "at risk" based on the College's achievement of the target in a work integrated learning metric.

Coupled with ongoing public health restrictions to revenue generating activities that both support students and attract visitors and events to the campus, the College constrained spending across all functions to ensure critical student services remained accessible and responsive.

The financial impacts of the COVID-19 pandemic are expected to continue in 2021-22, primarily in self-generating revenue streams for the College. In addition, ongoing reductions to the operating grant, alongside anticipated increases to the proportion of "at risk" funding, pose a revenue threat for the College. Although substantive growth in applied research revenue is anticipated, the net financial impact of this activity is limited, as equal expenditures are needed to support the activity.

To ensure long-term financial sustainability, concentrating on providing impactful student and institutional services, the College made two significant investments. The College

historically offered student residence services through a third-party management company. A lack of direct control over student service offerings, and a contractual revenue guarantee to the management firm did not provide the College with the most advantageous business model. The Board of Governors approved a \$35 million acquisition of the campus residences that was carried out subsequent to the financial statement date.

The College holds a 100% interest in the Olds College Trust. The Trust is a profit-oriented Trust property and exists to advance the interests of its primary beneficiary, the College. The Trust is a limited partner in the Olds Hotel and Convention Centre. The College has responded to cash calls to support the operations of the hotel as needed. The College provided \$2.2 million of funding to the Trust to decrease the Trust's mortgage obligation and the cost of debt servicing. The expected financial support required by the College to provide financial backing to the Trust has been substantially mitigated.

The College has a positive financial outlook for 2021-22, with full control over its residence buildings and related services, significantly reduced risk of responding to cash calls of the Trust, strong enrolment, and an eventual easing of health restrictions on revenue generating activities. The College has planned for a further 3.8% operating grant reduction in the 2021-22 approved budget. Enrolments remain on target for the 2021-22 year, encompassing projections of how the pandemic is expected to impact college operations, alongside forecasted strategies that would lead to expense mitigation, offsetting any anticipated revenue losses.

Financial Results

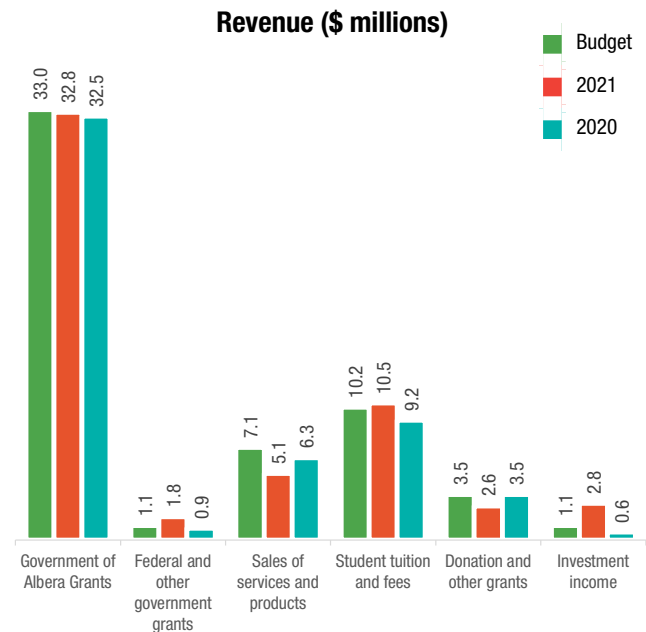
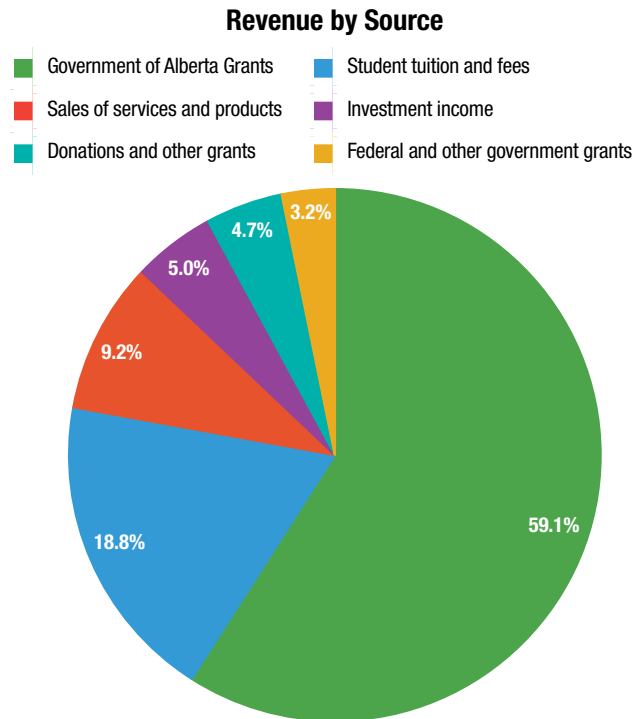
For the year ended June 30, 2021, the College's operating expenses exceeded revenues by \$0.7 million. This annual operating deficit was primarily attributed to \$2.2 million the College provided to the Olds College Trust, enabling the Trust to reduce the ongoing risk of significant debt servicing cost. Offsetting this expense was the removal of \$0.8 million in obligations to the College's third-party residence provider, as the College acquired the residence building and any related liabilities.

Total net assets increased by \$4.6 million from June 30, 2020, as the result of \$0.7 million of annual operating deficit, offset by \$5 million of unrealized gains on portfolio investments as the financial market recovered and \$0.3 million endowment donations.

REVENUE

Total revenues for the year ended June 30, 2021, were \$55.6 million, an increase of \$2.6 million compared to the prior year and \$0.3 million under budget. Revenue from the Government of Alberta represented the College's single largest source of income, at 59% of total College revenue, and played a key role in the ability to fund College activities.

The major components of revenue are as follows:



Grant Funding Streams

The Government of Alberta Provincial grant revenue of \$32.8 million, reflected a 7.1% year-over-year decrease to the College's base operating grant. The general operating grant comprised \$27.9 million of this total. The remaining balance is comprised of grants from other Provincial agencies, many of which were unanticipated, offsetting the reduction in the operating grant level.

Federal and other government grants contributed \$1.8 million to program specific activities, including externally funded research activities. Several successful applied research grants that were unanticipated at the time of budget approval, were the result of the positive budget, and year-over-year positive variance.

Sales of Services and Products

Although the 2020-21 budget anticipated some reduction of revenues in this category because of COVID-19, a greater than expected negative impact to the College's ancillary activities occurred. Campus closures and event cancellations were required to comply with public health restrictions, in addition to limited food service offerings. In 2021-22, some of this activity has

relaunched, while some remain at depressed levels. The College is continually monitoring the financial impact and adopting methods to mitigate the risk.

Student Tuition and Fees

Over 2021-21, the College experienced strong enrolment alongside strong applications. This contributed to the positive tuition and fee revenue over budget. The College continues to focus on increasing enrolment and developing market specific programs and services that contribute to advancing all aspects of the agricultural industry.

Donations and Other Grants

Donations and other grants were \$0.9 million lower than budget and \$0.9 million lower than the prior year due to the impact of COVID-19 on operating activities in areas that rely on donation and grants funding.

Investment Income

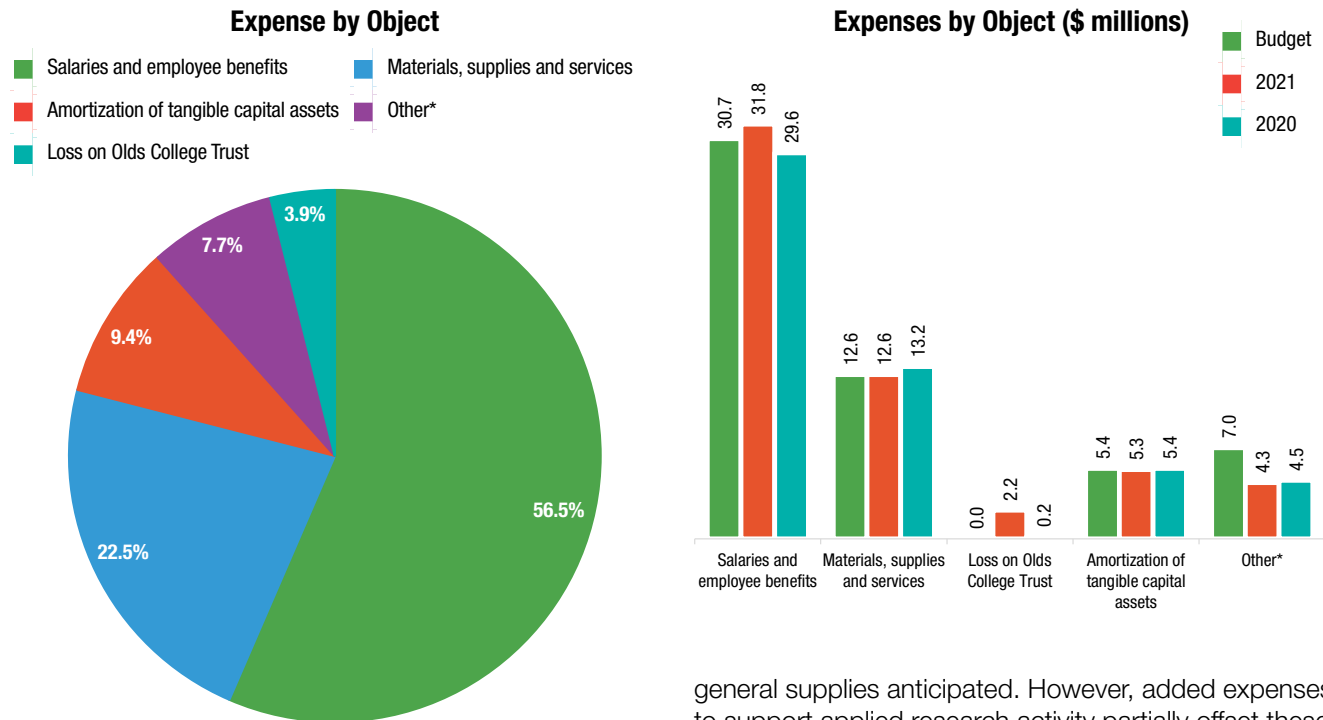
The College decreased its historical budgeted market return on its investment portfolio, as the prior years' results were lower than anticipated. The performance of the investment portfolio exceeded expectations, as strong global economic activity has contributed to large increases in the valuation of global equities and returns on corporate bonds. Global earnings are expected to remain on the increased trajectory in 2021-22.

EXPENSE

For the year ended June 30, 2021, the College recorded \$56.3 million in expenses representing an increase of \$3.4 million (6.4%) over the prior year and \$0.6 million higher than budget (1.1%). Salaries and benefits are the largest expenditure component at the College, representing 56.5% of the College's expenses.

Academic costs and expenses associated with applied research represent the largest functions at the College, totaling 34.5% of the College's expenses. Significantly decreased expenses in ancillary areas and facilities; in addition, \$2.2 million of expense to fund the Olds College Trust's debt reduction are the key variances from budget and the prior year.

The major components of expense are as follows:



*Other expense include: scholarships and bursaries, cost of goods sold, utilities, and maintenance and repairs.

Salary and Benefit Expense

Salaries and employee benefits of \$31.8 million (56.5% of total expenditures) increased by \$2.2 million over the prior year and increased \$1.1 million from budgeted amounts. This was primarily due to the addition of the Field Crop Development Centre (FCDC) in the College's operations. Additional instructional contracts to support new programming for animal health technology, and in the Werklund School of Agriculture Technology.

Materials, Supplies and Services

Materials, supplies and services expenditures represent the second largest expense component for the College with current year costs \$0.6 million lower than the prior year and on par with budget. Reductions in expenses from COVID-19 were factored in the budget through the development processes, with decreases to travel and

general supplies anticipated. However, added expenses to support applied research activity partially offset these savings to achieve the on par to budget result.

Loss on Olds College Trust

Olds College has responded to cash calls as they were received, providing financial support to Olds College Trust, ensuring long term financial sustainability of the Trust's investment in profit generating activity, with the objective of furthering the College's activities. The \$2.2 million payment to the Trust was used to decrease debt servicing costs, facilitating the hotel to rebuild its operational and financial capacity.

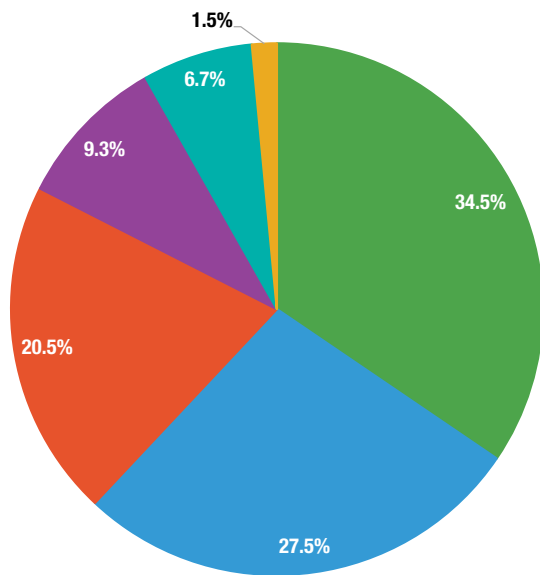
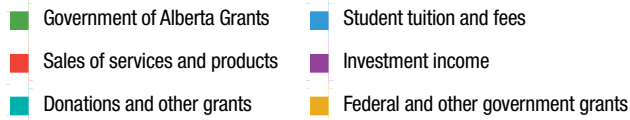
Amortization of Tangible Capital Assets

Amortization of tangible capital assets of \$5.3 million was on par to both the prior year and budget. Capital spending occurred over the fiscal year according to plan. On July 31, 2021, the College acquired campus residences for \$35.2 million. In addition, two major capital expansion projects are in progress. Amortization expense is anticipated to increase in future fiscal years reflecting these additions.

Other

Other expenses totaling \$4.3 million were \$0.2 million lower than prior year and \$2.7 million lower than budgeted amounts. Budget constraints in the current year in response to decreased revenues from COVID-19 impacts resulted in a reduction of related expenses.

Expense by Function



Instruction and Sponsored Research

Delivery of instruction and sponsored expenses exceeded budget by \$2.1 million and was on par to prior year spending. The increase from the budget is primarily due to the College's success in dedicating resources and activities to grow applied research in agriculture. The addition of the Field Crop Development Centre research program was a large contributor to this increase. Instructional costs were \$1.7 million lower than prior year and \$0.2 million lower than budgeted amounts primarily due to decreases in instructional activities for hands-on learning and continuing education programs impacted by COVID-19.

Academic and Student Support

Academic and student support costs of \$11.5 million were on budget and \$0.9 million higher than prior year as certain activities such as athletics programming were able to relaunch.

Facility Operations and Maintenance

Facilities operations and maintenance costs were \$1.7 million lower than budget and \$0.9 million lower than

prior year. The protracted campus closure resulted in savings in utilities and repairs and maintenance activities. As public health restrictions lift, these savings are not expected to continue.

Institutional Support

Institutional support costs were \$2.1 million higher than budget and \$5.0 million higher than prior year as the College made significant improvements to its financial systems through an enterprise resource planning implementation and internal controls improvements. Other professional expenses required to support the purchase of the residence also contributed to this variance. The College's investment in improving systems and processes is needed to ensure a strong internal control framework supports the College's growth.

Ancillary Services

Significantly lower than budget (\$3.7 million) and prior year amounts (\$2.2 million) was the result of restrictions to several revenue generating activities that support the College's students and provide impactful services to faculty, staff, and the community.

Special Purpose and Trust

The negative variance to budget and prior year reflects the College's \$2.2 million payment to the Olds College Trust. Other spending in this category relates to the College's joint ventures. This activity was on par to budget and decreased from prior year levels, as lower expenditures as compared to 2020 were the result of COVID-19 restrictions being in place for the full fiscal year.

Net Assets and Net Financial Assets

Net Assets

The College's net asset balance is an important indicator of financial health for the College. Donor contributions of endowments, fiscal prudence, and strategic decision making contributed to the \$4.6 million increase from the prior year. The College's unrestricted component of net assets is 5.6% of the total and 14% of the College's operations. This indicates the College has adequate resources to respond to risks and opportunities as needed to advance the College's goals.

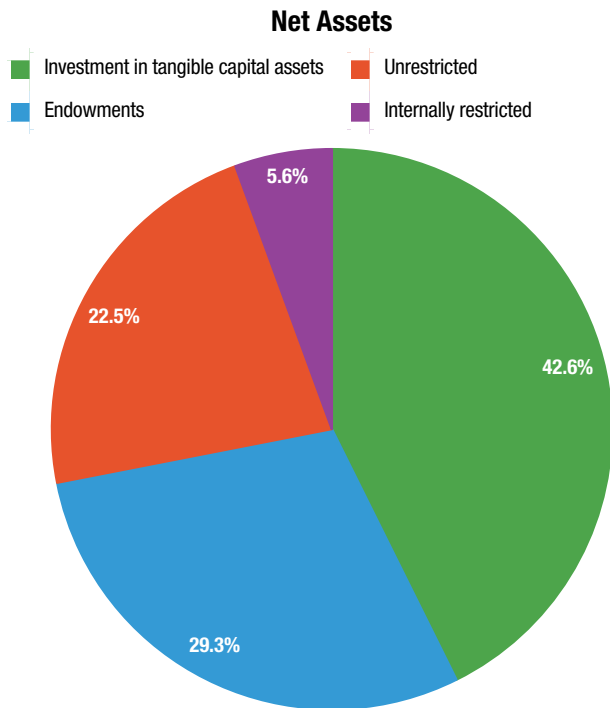
Investment in tangible capital assets represents the amount of College's accumulated surplus that has been invested in capital assets. During the year, there was \$2.3 million of acquisitions and \$1.7 million of amortization related to internally funded tangible capital assets.

Endowments consist of externally restricted donations received by the College, the principal of which is required to be maintained in perpetuity. During the year, \$0.3

million in new donations were received. Investment income earned on endowments is used to fund specific research, scholarship, and donor supported initiatives.

Net assets at June 30, 2021 are comprised of the following balances:

Net Financial Assets



The College's liquidity needs are met primarily through operating cash flows, working capital balances, and capital and grant funding. The Net Financial Asset indicator is intended to identify the availability of net financial resources of an organization to fund future operations after considering liabilities owed to third parties. The College represents the Net Financial Asset indicator in a manner as directed by the Controller of the Province of Alberta. The presentation includes \$12 million of investments that are restricted for endowments. Portfolio investments restricted for endowments must be maintained in perpetuity and are therefore not available to pay for College liabilities, nor can the College use the endowment portfolio investments to pay for future operating or capital purchases. As a result, net financial assets excluding portfolio investments restricted for endowments is presented on the Consolidated Statement of Financial Position.

At June 30, 2021, Net Financial Assets excluding portfolio investments restricted for endowments is \$12.2 million, representing a \$3.7 million increase from the prior year. This increase is primarily due to the increase in cash and an increase in the market value of non-endowed portfolio investments.

Capital Expansion

During the 2020-23 fiscal year, acquisitions of tangible capital assets totalled \$12.8 million. \$7.6 million in capital acquisitions relate to work in progress for two major capital expansion projects: The Ag Tech Learning Hub and the Animal Health Education Centre. The completion of these expansion projects will contribute to enhancing student learning experience and the quality and breadth of program offerings. Other capital acquisitions totalled \$5.2 million for other building projects, computing and other instructional equipment requirements.

Areas of Significant Financial Risk

Budgetary Pressure

Achievement of the College's strategic plan of Growing 2025 is predicated on predictable, stable, and sustained financial support from the Government of Alberta, as the long-term financial impacts of the pandemic pose financial risk, primarily on the revenue generating and ancillary operations of the institution. In the fiscal 2021 year, the College received a 7.1% decrease to its base operating grant, with a subsequent 3.8% decrease in 2022. A 1% change to the College's Campus Alberta base operating grant equates to a \$0.3 million impact to revenue.

Performance based funding metrics and associated "at risk" funding is expected to increase for the post-secondary sector. A targeted 40% of the College's base operating grant by 2023-24 is anticipated to be subject to metrics that the College must achieve outlined targets. The College supports accountability to the Province for its funding, and the risk of any negative impact of these metrics to the College's revenues are dependent on the collaboration to establish purposeful and achievable targets.

Continuation of public health measures, along with the economic impact from COVID-19 threaten the delivery of several services that promote the College's vibrant campus and support the student experience. The College promotes adherence to all safety measures and mitigates the financial and future viability of these activities, as the pandemic continues to place pressure on these revenue streams.

Although the College produced a balanced budget for 2021, Alberta's economy is expected to contract and base funding is expected to decline in response in future periods. The College is committed to work diligently to achieve operating efficiencies and continue to practice prudent fiscal management. Coupled with ambitious targets to increase its own sourced revenues and identify new sources of revenue, the College will continue to work toward mitigating risks to ensure delivery of strategic goals and fulfilling its mandate and social purpose.

Deferred Maintenance

The College has an outstanding deferred maintenance balance of \$31 million. The College relies heavily on the Capital Maintenance and Renewal grant from the Province of Alberta dedicated to address critical deferred maintenance projects. The current level of funding is insufficient to address the College's deferred maintenance requirements, and focus is on ensuring critical areas are prioritized. The Government of Alberta has indicated reductions to his grant will be forthcoming. Coupled with the budgetary pressure, reduced funding could further decrease the College's ability to address deferred maintenance risk appropriately.





***OLDS COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2021

OLDS COLLEGE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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Statement of Management Responsibility

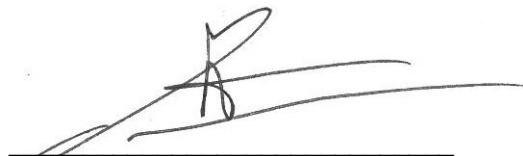
The consolidated financial statements of Olds College (“the College”) have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements present fairly the financial position of the College as at June 30, 2021 and the results of its operations, changes 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 consolidated financial statements.

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

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. With the exception of the President, all members of the Audit Committee are not employees of the College. The Audit Committee meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit Committee, with and without presence of management.

These consolidated 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 consolidated financial statements.



President



Vice-President Corporate Services
and Chief Financial Officer

Independent Auditor's Report



To the Board of Governors of Olds College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Olds College (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2021, 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.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

October 28, 2021
Edmonton, Alberta

Olds College

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

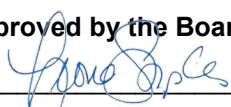
(thousands of dollars)

	2021	2020
		Restated (note 3)
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents	\$ 28,339	\$ 12,761
Portfolio investments - non-endowment (note 4)	31,238	21,158
Accounts receivable (note 6)	2,250	2,081
Inventories for resale	983	815
Commercial/Industrial lots held (note 2)	2,360	2,360
Investment in Olds College Trust (note 7)	-	-
	<u>65,171</u>	<u>39,175</u>
Liabilities		
Accounts payable and accrued liabilities	6,450	7,834
Deferred revenue (note 10)	46,563	22,855
	<u>53,013</u>	<u>30,689</u>
Net financial assets excluding portfolio investments restricted for endowments	<u>12,158</u>	<u>8,486</u>
Portfolio investments - restricted for endowments (note 4)	11,968	11,657
Net financial assets	<u>\$ 24,126</u>	<u>\$ 20,143</u>
Non-financial assets		
Tangible capital assets (note 8)	82,021	74,551
Prepaid expenses	552	457
	<u>82,573</u>	<u>75,008</u>
Net assets before spent deferred capital contributions	<u>\$ 106,699</u>	<u>\$ 95,151</u>
Spent deferred capital contributions (note 11)	65,877	58,936
Net assets (note 12)	<u>\$ 40,822</u>	<u>\$ 36,215</u>
Net assets is comprised of:		
Accumulated surplus	35,303	35,657
Accumulated remeasurement gains	5,519	558
	<u>\$ 40,822</u>	<u>\$ 36,215</u>

Contingent assets and contractual rights (notes 13 and 15)

Contingent liabilities and contractual obligations (notes 14 and 16)

Approved by the Board of Governors:



Chair, Board of Governors



Chair, Audit Committee

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

Olds College

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED June 30, 2021

(thousands of dollars)

	Budget	2021	2020
	(note 24)		Restated (note 3)
Revenues			
Government of Alberta grants (note 20)	\$33,027	\$ 32,815	\$ 32,544
Federal and other government grants (note 20)	1,060	1,774	926
Sales of services and products	7,085	5,133	6,311
Student tuition and fees	10,174	10,450	9,172
Donations and other grants	3,471	2,640	3,522
Investment income	1,055	2,773	551
Gain on disposal of tangible capital assets	-	19	15
	<u>55,872</u>	<u>55,604</u>	<u>53,041</u>
Expenses (note 17)			
Instruction	15,446	15,161	16,945
Academic and student support	11,579	11,531	10,604
Facility operations and maintenance	6,990	5,255	6,236
Institutional support	13,352	15,470	10,460
Ancillary services	4,569	858	3,051
Sponsored research	1,932	4,247	2,687
Special purpose and trust	1,789	3,747	2,897
	<u>55,657</u>	<u>56,269</u>	<u>52,880</u>
Annual operating (deficit) surplus	215	(665)	161
Endowment contributions and capitalized investment income (note 12)		311	1,058
Annual (deficit) surplus	215	(354)	1,219
Accumulated surplus at beginning of year	35,657	35,657	34,438
Accumulated surplus at end of year	<u>\$35,872</u>	<u>\$ 35,303</u>	<u>\$ 35,657</u>

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

Olds College

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEAR ENDED June 30, 2021

(thousands of dollars)

	Budget (note 24)	2021	2020
Annual (deficit) surplus	\$ -	\$ (354)	\$ 1,219
Acquisition of tangible capital assets	(16,098)	(12,769)	(7,344)
Transfer of tangible capital assets		-	2,360
Proceeds from sale of tangible capital assets		19	95
Amortization of tangible capital assets	5,350	5,299	5,402
Gain on disposals of tangible capital assets		(19)	(15)
Change in prepaid expenses		(94)	73
Change in spent deferred capital contributions	10,748	6,940	2,105
Change in accumulated rereasurement gains		4,961	(153)
Increase in net financial assets	-	3,983	3,742
Net financial assets at beginning of year	20,143	20,143	16,401
Net financial assets at end of year	\$ 20,143	\$ 24,126	\$ 20,143

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

Olds College

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED June 30, 2021

(thousands of dollars)

	2021	2020
Operating transactions		
Annual (deficit) surplus	\$ (354)	\$ 1,219
Add (deduct) non-cash items:		
Amortization of tangible capital assets	5,299	5,402
(Gain) Loss on sale of portfolio investments	(1,678)	475
Gain on disposals of tangible capital assets	(18)	(15)
Expended capital recognized as revenue	(3,565)	(3,595)
Loss on investment in Olds College Trust	2,200	220
(Increase) Decrease in accounts receivable	(170)	76
Increase in inventories for resale	(169)	(152)
(Decrease) Increase in accounts payable and accrued liabilities	(1,384)	47
Increase (Decrease) in deferred revenue	21,055	(3,453)
(Increase) Decrease in prepaid expenses	(94)	73
Cash provided by operating transactions	21,122	297
Capital transactions		
Acquisition of tangible capital assets, less in-kind contributions	(12,673)	(7,157)
Proceeds on sale of tangible capital assets	19	95
Cash applied to capital transactions	(12,654)	(7,062)
Investing transactions		
Purchase of portfolio investments	(12,151)	(20,136)
Proceeds on sale of portfolio investments	11,049	20,513
Investment in Olds College Trust	(2,200)	(220)
Cash (applied to) provided by investing transactions	(3,302)	157
Financing transactions		
Increase in spent deferred capital contributions	10,412	5,513
Cash provided by financing transactions	10,412	5,513
Increase in cash and cash equivalents	15,578	(1,095)
Cash and cash equivalents at beginning of year	12,761	13,856
Cash and cash equivalents at end of year	\$ 28,339	\$ 12,761

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

Olds College

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

YEAR ENDED June 30, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
Accumulated remeasurement gains, at beginning of year	\$ 558	\$ 711
Unrealized gains (losses) attributable to:		
Portfolio investments - non-endowment/non-externally restricted	7,337	(165)
Foreign exchange	(512)	134
Amounts reclassified to consolidated statement of operations:		
Portfolio investments - non-endowment/non-externally restricted	(1,860)	(134)
Foreign exchange	(4)	12
Accumulated remeasurement gains, at end of year	<u>\$ 5,519</u>	<u>\$ 558</u>
Accumulated remeasurement gains are comprised of:		
Portfolio investments - non-endowment/non-externally restricted	\$ 5,559	\$ 82
Foreign exchange	(40)	476
	<u>\$ 5,519</u>	<u>\$ 558</u>

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

Olds College

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

1. Authority and Purpose

The Board of Governors of Olds College is a corporation which manages and operates Olds College ("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*, the College is a comprehensive community institution offering mandated credentials and programs. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax. The tax exemption does not extend to its 100% interest in Olds College Trust.

2. Summary of Significant Accounting Policies and Reporting Practices

a. General - Canadian Public Sector Accounting Standards (PSAS) and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated 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 the revenue recognition for expended capital 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 measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Portfolio investments	Fair Value and amortized cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Amortized cost

Unrealized gains and losses from changes in the fair value of unrestricted financial instruments are recognized in the consolidated 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.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recognized in the consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary 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 liabilities. The College does not have any embedded derivatives.

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

Olds College

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

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.

Grants and Donations Related to Land

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased.

The College recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the College cannot determine the fair value, it recognizes such in-kind contributions at nominal value.

Endowment Contributions

Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received, and are required by donors to be maintained intact in perpetuity.

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 (excluding unrealized income) by the endowments in excess of the amount required for spending allocation is capitalized to maintain and grow the real value of the endowments. Benefactors as well as Institution policy stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and by reinvesting unexpended income.

Under the *Post-secondary Learning Act*, the College has the authority to alter the terms of the 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 institution and does not impair the long-term value of the fund.

If included in the terms of the endowment agreement, a portion of annual investment earnings, if any, is allocated to the endowment for the preservation of the endowment's capital purchasing power. Any remaining investment income earned on endowments, after the related spending allocation and capitalization of interest, is deferred. If the investment income earned in the current year and the amounts previously deferred are insufficient to fund the related spending allocation, the College will either reduce the spending allocation, ask the donor to fund the deficiency, fund the deficiency with cumulative capitalized investment income, and/or encroach on the endowment principal. Investment income losses are applied in the following order: first, against accumulated investment earnings that have been previously deferred, second, against accumulated investment earnings that have been previously capitalized, and third, against the endowment principal. Any encroachment on endowment principal is expected to be recovered by future investment income.

Endowment contributions and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the consolidated statement of operations in the period in which they are received.

Olds College

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

Investment Income

Investment income includes dividends, interest income, and realized gains or losses on the sale of 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 the 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 by 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.

e. Inventories held for sale

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

f. Commercial/Industrial lots held

Commercial/Industrial Lots Held are recorded at cost. Carrying costs that are incurred are expensed in the year incurred.

Olds College acquired parcels of land in fiscal 2018-19 with the sole intent to sell the land to realize a benefit. The lots consist of 13 lots zoned Highway Commercial and 5 lots zoned Light Industrial. On May 18, 2020 Olds College received a Ministerial Order which provides Olds College with the required authority to sell the lots. These lots are recorded as financial assets on the consolidated statement of financial position. The College expects that the sale of the lots will occur over a number of years.

g. Tangible Capital Assets

Tangible capital assets are recognized 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.

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:

Buildings & improvements	3 - 40 years
Furniture, equipment & vehicles	2 - 25 years
Computer hardware & software	3 - 10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are recognized as expense.

Intangible assets, works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

h. 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 consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

i. 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

Olds College

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

follows the standards for defined contribution accounting. Accordingly, pension expense recognized 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.

Deferred Salary Leave

This four-for-five leave plan requires participating employees to make contributions of 15% of their salary over a four year period (to a total of 60%). Interest earnings are attributed by the College to the accumulated employee contributions at the end of each month. In the year of leave, the College pays the employee 85% of their salary and the employee also receives eligible benefits. This is funded by the employee's contributions and accumulated interest. When the employee contributions and accumulated interest is depleted, any remaining leave is funded by the College. This is expensed and recorded as a liability in the year the employee is scheduled and approved to take their leave and the option to opt-out is no longer available to the employee.

j. Basis of Consolidation

The proportionate consolidation method is used to record the College's share of each financial statement component of the following joint ventures:

- Community Learning Campus (CLC) (50% interest)

CLC is an innovative approach to high school, post-secondary, and community education, which addresses specific rural needs by sharing resources and working jointly with a variety of community groups and agencies. The CLC is a joint venture between Olds College and Chinook's Edge School Division.

- Campus Alberta Central (CAC) (50% interest)

CAC is a partnership between Olds College and Red Deer College to bring college programming into Central Alberta communities not directly served by either College. Operating through community learning sites, CAC develops programs uniquely tailored to local needs they've identified.

Separate condensed financial information and a description of these joint ventures is presented in note 21.

k. Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Contaminated sites occur when an environmental standard exists and contamination exceeds the environmental standard.

A liability for remediation of contaminated sites from an operation that is in productive use is recognized net of any expected recoveries when all of the following criteria are met:

- College has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the institution have already occurred.

A liability for remediation of contaminated sites from an operation no longer in productive use, and/or an unexpected event occurs resulting in contamination, is recognized net of any expected recoveries when all of the following criteria are met:

- College is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

l. Interest in Olds College Trust

Olds College is a potential beneficiary of the Olds College Trust. Olds College will receive revenue from the Olds College Trust when a disbursement to Olds College has been determined by the Trustees. Contributions to Olds College Trust are evaluated on a case by case basis to determine the appropriate accounting treatment.

Separate condensed financial information and a description of the Olds College Trust is presented in note 7.

m. Expense by Function

The College uses the following function categories on its consolidated statement of operations:

Olds College

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

Instruction

Expenses directly related to the delivery of programming and training within the College, whether for credit or non-credit programs.

Academic and student support

Expenses relating to activities directly supporting the academic functions of the College. This includes items such as libraries and galleries and expenses for Deans. Academic and student support also includes expenses for centralized functions that support individual students or groups of students. Student awards are included in this category.

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, custodial services, landscaping and grounds keeping, as well as major repairs and renovations.

Institutional support

Includes expenses for centralized college-wide administration including executive management, public relations, alumni relations and development, corporate insurance premiums, corporate finance, human resources, centralized and core computing, network and data communications.

Ancillary services

Expenses relating to the College's business enterprises that provide services and products to the College community and to external individuals and organizations.

Sponsored research

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

Special purpose and trust

Expenses for joint venture partnerships and programs, and Olds College Trust.

n. Funds and Reserves

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

o. Future Accounting Changes

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280 Asset retirement obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. Asset retirement obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2018, the PSAB approved PS 3400 Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

In November 2020, PSAB issued PSG-8 Purchased intangibles. This accounting guideline is effective for fiscal years starting on or after April 1, 2023. Purchased intangibles provides guidance on how to account for intangibles.

Management has not yet adopted these standards, and is currently assessing the impact of these new standards on the consolidated financial statements.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

3. Restatement of Prior Period

Upon review of the spent deferred capital contributions it was determined that a balance should have been transferred to revenue in prior periods. The impact on the comparative amounts is a decrease in the opening spent deferred capital contributions and a corresponding increase in accumulated surplus of \$682. This restatement has no net impact on the annual operating surplus.

	2020		
	As previously recognized	Adjustment recognized	As restated
Decrease in opening spent deferred capital contributions	\$ 57,512	\$ (682)	\$ 56,830
Increase in opening accumulated surplus	\$ 34,467	\$ 682	\$ 35,149

4. Portfolio investments

	2021	2020
Portfolio investments – non-endowment	\$ 31,238	\$ 21,158
Portfolio investments – restricted for endowments	11,968	11,657
	<u>\$ 43,206</u>	<u>\$ 32,815</u>

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

	2021			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value:				
Bonds				
Canadian corporate bonds	\$ -	\$ 2,876	\$ -	\$ 2,876
Pooled investment funds	-	4,074	-	4,074
Equities				
Canadian equities	19,999	-	-	19,999
Foreign equities	15,898	-	-	15,898
Other	-	-	359	359
Total portfolio investments	<u>\$ 35,897</u>	<u>\$ 6,950</u>	<u>\$ 359</u>	<u>\$ 43,206</u>
	<u>83%</u>	<u>16%</u>	<u>1%</u>	<u>100%</u>

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

4. Portfolio investments (continued)

	2020			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value:				
Bonds				
Canadian corporate bonds	\$ -	\$ 5,669	\$ -	\$ 5,669
Equities				
Canadian equities	14,847	-	-	14,847
Foreign equities	12,117	-	-	12,117
Other	-	-	182	182
Total portfolio investments	\$ 26,964	\$ 5,669	\$ 182	\$ 32,815
	82%	17%	1%	100%

The fair value measurements are those derived from:

Level 1 – Quoted prices in active markets for identical assets;

Level 2 – Fair value measurements are those derived from inputs other than quoted 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 following table reconciles the changes in fair value of level 3 investments:

	2021	2020
Balance, beginning of the year	\$ 182	\$ 378
Unrealized gains	4	22
Purchases	173	82
Proceeds on sale	-	(300)
Balance, end of year	\$ 359	\$ 182

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

5. Financial risk management

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 mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.

The College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total fund as determined by the investment advisor. At June 30, 2021, if market prices had a 10% (2020 - 10%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and endowment net assets for the year would have been a total of \$1,804 (2020 - \$2,787).

The primary objectives of the College investment activities for operational funds are security, liquidity and return on investment. The primary objective of the investment activities for the funds is to provide a contribution to the current and long term funding requirements of the College.

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 is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The College does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The College's exposure to foreign exchange risk is 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 honor 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 issuer limits to manager 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:

Credit Rating	2021	2020
Bonds		
A+	8.01%	9.80%
A-	11.79%	27.89%
BBB+	69.47%	36.07%
BBB-	10.73%	13.18%
BB+	0.00%	13.06%
	100.00%	100.00%

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College maintains a short-term line of credit that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost effective manner. At June 30, 2021, the College has committed borrowing facilities of \$2,000 (2020 - \$2,000), none of which has been drawn.

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. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the College holds. If interest rates increase by 1.0%, and all other variables are held constant the potential loss in the fair market value to the College would be approximately 0.4% (2020 - 0.8%) of the total investments.

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

	< 1 year	1 to 5 years	> 5 years	Average effective market yield
Canadian Corporate Bonds	\$ -	\$ 1,499	\$ 1,377	3.71%

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

6. Accounts receivable

	2021	2020
Accounts receivable	\$ 2,380	\$ 2,177
Less allowance for doubtful accounts	(130)	(96)
	<u>\$ 2,250</u>	<u>\$ 2,081</u>

Accounts receivable are unsecured and non-interest bearing.

7. Investment in Olds College Trust

The College holds a 100% interest in the Olds College Trust (the "Trust"), a profit-oriented established Trust property to advance the interest of its primary beneficiary, the College. The intent of the Trust is to provide revenue streams for the College from the administration of the Trust property.

The College's investment in the Trust is as follows:

	2021	2020
Balance, beginning of year	\$ -	\$ -
Net loss in Trust in the year	(2,200)	(220)
Additional investment in the trust	2,200	220
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

	2021	2020
Financial Position		
Total assets	<u>\$ -</u>	<u>\$ -</u>

Operations		
Net loss for the year	<u>\$ (2,200)</u>	<u>\$ (220)</u>

Olds College has responded to cash calls as they are received. These amounts are immediately written down as losses. The current year's payment (\$2,200) will be used by the trust to distribute to the hotel to pay down debt.

The term loan due on demand is subject to maintaining a debt equity ratio not to exceed 2:1.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

8. Tangible capital assets

	2021				Total	2020 Total
	Land	Buildings & Improvements	Furniture, Equipment & Vehicles ⁽¹⁾	Computer Hardware & Software		
Cost						
Balance, beginning of year	\$ 3,573	\$ 126,850	\$ 21,613	\$ 9,396	\$ 161,432	\$157,627
Acquisitions	-	10,461	1,329	979	12,769	7,344
Disposals, including write-downs and transfers	-	-	(44)	-	(44)	(3,539)
	3,573	137,311	22,898	10,375	174,157	161,432
Accumulated Amortization						
Balance, beginning of year	\$ -	\$ 63,890	\$ 15,467	\$ 7,524	\$ 86,881	\$82,579
Amortization expense	-	3,204	1,283	812	5,299	5,402
Effects on disposals, including write-downs	-	-	(44)	-	(44)	(1,100)
	-	67,094	16,706	8,336	92,136	86,881
Net book value at June 30, 2021	\$ 3,573	\$ 70,217	\$ 6,192	\$ 2,039	\$ 82,021	
Net book value at June 30, 2020	\$ 3,573	\$ 62,960	\$ 6,146	\$ 1,872		\$ 74,551

Historic cost includes work-in-progress at June 30, 2021 totaling \$7,552 (2020 - \$3,255) comprising of buildings. Work-in-progress is not amortized until projects are completed and the assets are available for use.

Acquisitions during the year include in-kind contributions in the amount of \$93 (2020 - \$187).

(1) Furniture, equipment & vehicles includes heavy equipment, vehicles, office equipment and furniture, and other equipment.

9. Employee future benefit liabilities

(a) Deferred salary leave

This four-for-five leave plan requires participating employees to make contributions of 15% of their salary over a four year period (to a total of 60%). Interest earnings are attributed by the College to the accumulated employee contributions at the end of each month. In the year of leave, the College pays the employee 85% of their salary and the employee also receives eligible benefits. This is funded by the employee's contributions and accumulated interest. When the employee contributions and accumulated interest is depleted, any remaining leave is funded by the College. This is expensed and recorded as a liability in the year the employee is scheduled and approved to take their leave and the option to opt-out is no longer available to the employee. This amount, \$61 (2020 - \$189), is included in the accounts payable and accrued liabilities balance.

(b) Local Authorities Pension Plan

The Local Authorities 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, 2020, the LAPP reported an actuarial surplus of \$4,961,337 (2019 - \$7,913,261 surplus). An actuarial valuation of the LAPP was carried out as at December 31, 2019 and was extrapolated to December 31, 2020. The pension expense recorded in these financial statements is \$2,332 (2020 - \$2,160). Other than the requirement to make additional contributions, the College does not bear any risk related to the LAPP deficit.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

10. Deferred revenue

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

	2021			2020	
	Research and Special Purpose	Unspent Capital Contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$15,009	\$6,359	\$1,487	\$22,855	\$26,557
Grants, tuition, donations received	11,190	23,342	1,289	35,821	7,322
Restricted investment income	706	-	-	706	182
Unrealized gains (losses)	2,653	-	-	2,653	(166)
Transfers to spent deferred capital contributions	-	5,759	-	5,759	(4,808)
Recognized as revenue	(6,447)	-	(397)	(6,844)	(4,958)
Other transfers	(4,368)	(10,020)	1	(14,387)	(1,274)
Balance, end of year	\$18,743	\$25,440	\$2,380	\$46,563	\$22,855

11. Spent deferred capital contributions

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

	2021	2020 Restated (note 3)
Spent deferred capital contributions		
Balance, beginning of year	\$58,936	\$56,830
Transfers from unspent externally restricted grants and donations	10,445	5,679
Expended capital recognized as revenue	(3,564)	(3,595)
Other transfers	60	22
Balance, end of year	\$65,877	\$58,936

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

12. Net assets

	Accumulated surplus from operations Restated (note 3)	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total accumulated surplus
Net assets, as at July 1, 2019	\$5,229	\$17,117	\$2,204	\$10,599	\$35,149
Annual surplus	161	-	-	-	161
New donations	-	-	-	1,047	1,047
Capitalized investment income	-	-	-	11	11
Acquisition of internally funded tangible capital assets	(1,665)	1,665	-	-	-
Net book value of tangible capital asset disposals	13	(13)	-	-	-
Amortization of internally funded tangible capital assets	1,941	(1,941)	-	-	-
Net transfer	(28)	-	28	-	-
Change in accumulated remeasurement gains (losses)	(153)	-	-	-	(153)
Net assets, as at June 30, 2020	\$5,498	\$16,828	\$2,232	\$11,657	\$36,215
Annual deficit	(665)	-	-	-	(665)
New donations	-	-	-	268	268
Capitalized investment income	-	-	-	43	43
Acquisition of internally funded tangible capital assets	(2,324)	2,324	-	-	-
Net book value of tangible capital asset disposals	-	-	-	-	-
Amortization of internally funded tangible capital assets	1,735	(1,735)	-	-	-
Net transfer	(34)	-	34	-	-
Change in accumulated remeasurement gains (losses)	4,961	-	-	-	4,961
Net assets, as at June 30, 2021	\$9,171	\$17,417	\$2,266	\$11,968	\$40,822
Net assets is comprised of:					
Accumulated surplus	\$3,652	\$17,417	\$2,266	\$11,968	\$35,303
Accumulated remeasurement gains and losses	5,519	-	-	-	5,519
	\$9,171	\$17,417	\$2,266	\$11,968	\$40,822

Investment in tangible capital assets represents the amount of the College's accumulated surplus that has been invested in the College's capital assets.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

12. Net assets (continued)

Internally Restricted Surplus

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 with significant balances include:

	July 1, 2020	Appropriations	Disbursements	June 30, 2021
Appropriations for operating activities				
Infrastructure renewal	\$ 406	\$ -	\$ -	\$ 406
Reserve for operational and capital assets	418	-	-	418
Faculty professional development	100	-	-	100
Continuing Education development	74	-	-	74
Community Learning Campus operations	814	-	(54)	760
Scholarships	7	-	-	7
Campus Alberta Central	413	88	-	501
	<u>\$ 2,232</u>	<u>\$ 88</u>	<u>\$ (54)</u>	<u>\$ 2,266</u>

13. Contingent assets

The College, in conduct of its normal activities, initiated legal matters and insurance claims where possible assets are being sought. These contingent assets are not recognized in the financial statements. While the outcomes of these matters cannot be reasonably estimated at this time, the College believes that any settlement will not have a material effect on the financial position or the results of operations of the College.

14. Contingent liabilities

The College, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the College believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the College. Based on legal advice, management has concluded that none of the claims meet the criteria for being recorded under PSAS.

The College has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the College may be required to take appropriate remediation procedures to remove the asbestos. As the College has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The liability related to these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation. In 2015, the College recorded a liability of \$59 for a noxious weed growing on College grounds, this liability still remains as the noxious weed still exists. The College has a potential liability for the reclamation of a borrow pit located on College grounds, however, at this time the potential cost is not determinable. In its normal course of operations the College may incur environmental liabilities, at this time we are not aware of any other environmental liabilities or the measurement.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

15. Contractual rights

Contractual rights are rights of the College to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Operating Leases	Other Contracts	Total
2022	\$131	\$489	\$620
2023	131	468	599
2024	98	456	554
2025	-	56	56
2026	-	1	1
Thereafter	-	-	-
Total at June 30, 2021	\$360	\$1,470	\$1,830
Total at June 30, 2020	\$74	\$2,292	\$2,366

16. 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:

	Service Contracts	Information Systems and Technology	Capital Projects	Long-term Leases	Total
2022	\$ 965	\$ 332	\$ 16,398	\$ 527	\$ 18,222
2023	852	340	6,791	228	8,211
2024	610	58	-	117	785
2025	6	58	-	105	169
2026	-	58	-	4	62
Thereafter	-	-	-	27	27
Total at June 30, 2021	\$ 2,433	\$ 846	\$ 23,189	\$ 1,008	\$ 27,476
Total at June 30, 2020	\$ 110	\$ 900	\$ -	\$ 1,133	\$ 2,143

In 2020-21, the College assessed contracts that were signed in prior fiscal years. As a result of this assessment the College has added \$760 to the prior year amount recorded for Long-term Leases. The amount that was recorded for Long-term Leases in the 2019-20 statements was \$373.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED June 30, 2021 (thousands of dollars)

17. Expense by object

The following is a summary of expense by object.

	2021		2020
	Budget	Actual	Actual
	(note 23)		
Salaries and employee benefits	\$ 30,707	\$ 31,813	\$ 29,634
Cost of goods sold	2,259	1,052	1,075
Materials, supplies and services	12,625	12,646	13,169
Scholarships and bursaries	494	878	765
Maintenance and repairs	2,647	1,090	1,206
Utilities	1,575	1,291	1,409
Loss on Olds College Trust	-	2,200	220
Amortization of tangible capital assets	5,350	5,299	5,402
	\$ 55,657	\$ 56,269	\$ 52,880

18. Salary and employee benefits

	2021				2020
	Base	Other	Other	Total	Total
	salary ⁽¹⁾	cash benefits ⁽²⁾	non-cash benefits ⁽³⁾		
Governance					
Chair of the Board of Governors	\$ -	\$ 8	\$ -	\$ 8	\$ 9
Members of the Board of Governors	-	31	2	33	35
Executive					
President	236	42	31	309	354
Vice-Presidents:					
Vice-President Development & Strategy	206	7	31	244	244
Vice-President Academic and Student	210	7	31	248	249
CFO and Director of Business Services	149	-	28	177	177
Chief Human Resources Officer	108	-	22	130	116

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include earnings such as vacation payouts, honoraria, car allowances and other lump sum payments. No bonuses were paid in 2021.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, employment insurance, short and long term disability plans, professional memberships and tuition fees.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

19. Related parties

The College is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the institution and their close family members are also considered related parties. The College may enter into arm's length transactions with these entities and individuals.

During the year, the College conducted business transactions with related parties, including Ministries of the Government of Alberta, school districts and other public Colleges and Universities. The revenues and expenses incurred for the business transactions have been included in the Statement of Operations but have not been separately quantified.

During the year, the College received the following services at nominal or reduced amounts:

The College occupied space owned by Bow Valley College, an entity subject to common control, at a nominal cost. The cost differs from the estimated fair value of \$517 (2020- \$517) that would have been recorded if the parties were at arm's length.

20. Government transfers

	<u>2021</u>	<u>2020</u>
Grants from Government of Alberta		
Advanced Education:		
Operating	33,742	29,875
Capital	24,028	1,896
Access to the Future Fund	-	2
Total Advanced Education	<u>\$ 57,770</u>	<u>\$ 31,773</u>
Other Government of Alberta departments and agencies		
Alberta Innovates	603	474
Other	479	167
Total other Government of Alberta departments and agencies	<u>\$ 1,082</u>	<u>\$ 641</u>
Total grants received	<u>58,852</u>	32,414
Add: Amortization of spent capital contributions	2,433	2,389
Less: Deferred revenue	<u>(28,470)</u>	<u>(2,259)</u>
	<u>\$ 32,815</u>	<u>\$ 32,544</u>
Federal & Other Government Grants		
Contributions Received	1,836	2,049
Restricted Expended Capital Recognized as Revenue	465	405
Less: Deferred Revenue	<u>(527)</u>	<u>(1,528)</u>
Revenue	<u>\$ 1,774</u>	<u>\$ 926</u>

During the year, Olds College had business transactions with other Alberta post-secondary institutions. These transactions were at market prices and on the same terms as those with non-related parties and have been included on the consolidated statement of operations.

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

21. Joint ventures

a. Community Learning Campus

Community Learning Campus (CLC) is a joint venture of the College and Chinook's Edge School Division to enhance rural learning opportunities by developing an environment that provides students with a seamless transition between high school, college, university, apprenticeship trades and the workplace. CLC facilities consist of a high school, health and wellness facility, fine arts and multi-media center, e-learning center and bus maintenance facility on the College campus. The high school, fine arts and multi-media center and bus maintenance facility are owned by Chinook's Edge School Division. The health and wellness facility, e-learning center and land are owned by the College.

The College consolidates 50% of all operations relating to the CLC. A financial summary of the College's portion of CLC operations as at June 30 for the years ended is as follows:

	2021	2020
Financial Position		
Total assets	\$ 793	\$ 829
Total liabilities	52	15
Net assets	\$ 741	\$ 814
Operations		
Total revenues	\$ 829	\$ 987
Total expenses	883	899
Excess of revenues over expenses	\$ (54)	\$ 88

b. Campus Alberta Central

Campus Alberta Central (CAC) is a joint venture between the College and Red Deer College to form unique partnerships with existing community based learning organizations, as well as a number of post-secondary institutions, allowing access to accredited post-secondary programs and courses in communities throughout rural Central Alberta. The CAC is administered by the College.

A financial summary of the College's share of CAC as at June 30 and for the years then ended is as follows:

	2021	2020 Restated (note 3)
Financial Position		
Total assets	\$ 597	\$ 531
Total liabilities	36	59
Net assets	\$ 561	\$ 472
Operations		
Total revenues	\$ 742	\$ 787
Total expenses	654	847
Excess of revenues over expenses	\$ 88	\$ (60)

Olds College

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED June 30, 2021

(thousands of dollars)

22. Funds held on behalf of others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2021	2020
Community Learning Campus	\$ 743	\$ 776
Campus Alberta Central	490	342
	<u>\$ 1,233</u>	<u>\$ 1,118</u>

23. Subsequent event

On July 31, 2021 the College acquired on campus residences for \$35.2 million. These residences will primarily serve students and will be funded both internally (5%) and by long term debt (95%).

The prior year financial statements included a \$1,877 liability to the third party that operated campus housing. This liability was based on a revenue guarantee for the college residences. Due to the acquisition of the residences in July 2021, all claims related to this liability were removed in this fiscal year period.

24. Budget figures

Budgeted figures have been provided for comparison purposes and have been approved by the Board of Governors.

25. Comparative figures

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

26. Approval of Financial Statements




The consolidated financial statements were approved by the Board of Governors of Olds College.







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Project: Collaborative Development Of Forage Barley Varieties For Western Canada

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