

# ***New Horizons***

Lethbridge College Annual Report  
2007-08





**Dr. Tracy L. Edwards**  
Lethbridge College President & CEO

## *The road to excellence*

At Lethbridge College, we're competing in a triathlon of sorts as we continue advancing on our goal of becoming an institution of excellence by 2011.

Rather than swimming, cycling and running, traditional triathlon segments, our endeavours include the provision of cutting-edge education, bold innovation for the future and a commitment to sustainability. Unlike the aforementioned trio of athletic events that occur consecutively, ours are taking place concurrently. And, unlike the athlete who can envision a finish line, we know our competition will never end as we strive to meet the goals of our learners and the mandates of the province.

We have just completed our first 50 years and the celebration of that half-century, a milestone that, while we took time to properly acknowledge the occasion, is already in our rearview mirror. One dare not stop long for self-congratulation for fear of falling behind in the quick pace the world now demands.

Accomplishments in the past year are tied to the direction set for us by the Alberta government. They involve a continued expansion of global excellence and competitiveness, which we've met, in part, with our German-based certification as a trainer of wind-turbine technicians. We continue to be sought out by students from around the world for our ability to provide education they seek in conjunction with English language training they need. And, our faculty and students are involved in learning endeavours on several other international fronts.

We continue to widen our accessibility with new entrance scholarships, additional distance-learning offerings, the addition of future degree programs and innovations for First Nation, Metis and Inuit learners.

Collaborations continue to expand with other post-secondary institutions and businesses to increase the value of every dollar spent on Lethbridge College. National accreditations enhance our stature and with it the reputation of the education offered in Alberta.

These collaborations are vigorous and include agreements with such varied partners as Maple Leaf Potatoes, the Canadian Professional Golf Association and the International Academy for Professional Driving. These truly are innovative times.

There have been numerous notable partnerships, but perhaps the crowning effort this year was the Living Home project, underway with our students and faculty, the City of Lethbridge and Cedar Ridge Quality Homes. When completed, the home will teach us much about sustainable building practices.

This report will provide greater detail on the type of institution Lethbridge College has become and is dedicated to becoming.

*We know that, like the triathlete, we require an all-around, balanced performance to reach our goals. One discipline will not get us there; we must continue to diversify to succeed.*

## Table of Contents

President's Message .....	1
Accountability Statement .....	2
Board of Governors .....	2
Mission, Vision, Values & Mandate .....	3
Goals and Objectives .....	4 - 8
Operational Overview .....	9 - 10
Financial Information .....	11- 36

## Accountability Statement

The Lethbridge College's Annual Report for the year ended June 30, 2008 was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Accountability Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.



**Keith Dys**  
Chair, Board of Governors  
Lethbridge College



## Board of Governors

Keith Dys - Board Chair  
Douglas Stroh  
Barb Cunningham  
Jennifer Stark  
Mark Lencucha  
Brenda B. Stryker

Dr. Douglas Myhre  
Phillip John Orville Pickett  
Cheryl Pollmuller  
Todd Bowden  
Dr. Tracy Edwards  
Dianne Marcellus-Kerr

## Our vision

*To be recognized as one of Canada's finest comprehensive colleges providing world-class education and training through its commitment to **excellence** and **innovation**.*

## Our mission

*Lethbridge College provides **high quality, innovative** programs and services, enabling learners to achieve their educational and career goals.*

## Values

### People

We value people by:  
... promoting trust and respect among stakeholders  
... supporting their professional development  
... celebrating their accomplishments.

### Excellence

We do things well by:  
... providing exceptional instruction  
... offering effective learner support services  
... remaining responsive and innovative.

### Success

We promote learner success by:  
... offering current and relevant programs  
... using instructional technology creatively  
... employing flexible delivery systems.

## Goals

**Sustainability:** To cultivate a College environment that is positive, collaborative and sustaining.


**Accessibility:** To create and maintain flexible learning pathways that enable students to achieve their educational and career goals.

**Quality:** To ensure the highest standards of performance and innovation in all areas of the institution, including programs, services, applied research and scholarly activity.

**Diversity:** To provide educational opportunities for a diverse population of learners, including Aboriginal and international students.

**Collaboration:** To develop strategic alliances with business, industry, government, agencies and other post-secondary institutions to enhance student learning, mobility and employment.

*The Lethbridge College mandate, which can be found at [lethbridgecollege.ca](http://lethbridgecollege.ca), sets out the parameters for the institution. It outlines program categories, educational delivery methods, geographical area served and its many benefits to the community.*



*Lethbridge College continued to explore and create financial and academic opportunities to increase access to its programs. New entrance scholarships will help ease the economic burden for learners who lack the necessary funds to pursue a post-secondary education. Distributed learning and enhanced degree programs help maximize the investments Lethbridge College has made in its programming by opening access and bolstering attractiveness of a college credential.*

The Bookstore, Intellectual Property/Copyright and Disability Services worked with two publishers and the Alberta Apprenticeship Board to obtain licences for digital format to make them accessible to physically challenged students. The three departments will proceed to approach other publishers, and to have other Alberta post-secondary institutions included in these licensing arrangements.

The Policing program began aggressively pursuing the ability to deliver the entire program online. Five courses were approved for e-campusAlberta development this year; more will be submitted.

The School of Justice Studies explored developing and delivering an applied degree in justice studies. The SJS is in the final stages of becoming an accredited training academy through the Commission for Accreditation for Law Enforcement Agencies.

Corrections continued to make connections with other programs and jurisdictions to bring the program to a greater audience. The school taught a full slate of third-year classes at SIAST's Woodlands campus in Prince Albert, Sask. in two full semesters, provided a third-year course in Maple Creek, Sask., and taught two courses in Grande Cache, one on location, one via video conference.

The Child and Youth Care program initiated conversations to bring MacEwan College's bachelor of child and youth care to Lethbridge College.

The Special Needs Educational Assistant program through e-campusAlberta began developing four courses within its curriculum for September 2009 delivery.

Nursing (NESA) realized its highest first-year enrolment at 187 students, 12 above its target. Seven faculty were fully engaged in master's studies as required by Nursing Education Program Approval Board .

The Disability and Community Rehabilitation program offered its first academic year of the revised Disability and Community Rehabilitation Certificate.

The Fetal Alcohol Spectrum Disorder Education offered a certificate program, fully through distributed learning.

A 25-hour ESL teacher-training contract course was offered successfully to teachers from the Lethbridge Public School District in winter 2007.

Accessibility



# Global Excellence and Competitiveness



*Lethbridge College continued to advance the province's reputation, both as a centre of excellence here and abroad. Inroads into China, continued success of programs and students in international endeavours and triumphs at home have helped promote the school as a significant point of interest on the post-secondary landscape.*

The Centre for Applied Management expanded its expertise in the delivery of wind turbine technician training and partnered with international companies to secure training, equipment and curriculum. It researched the feasibility of establishing an international training centre for alternative energy.

Lethbridge College firmly established a campus at Estar University in Qingdao, China to deliver its Business Administration program. This program is delivered in video format by on-site Chinese instructors. Successful completion of the program will allow students to apply for transfer to the University of Lethbridge. Nearly 200 students are enrolled.

Environmental Science successfully completed the first year of operations in the renovated Cousins Science Building, awarding a new credential in natural resource compliance.

Environmental Science initiated a new proposal for a bachelor of technology in natural resource management, and environmental assessment and restoration.

Lethbridge College became the first in Canada to host the Homicidal Drowning Investigation course; more than 40 officers and EMS personnel attended.

A Lethbridge College instructor led a study trip to Australia in May which resulted in fourth-year credit for the students involved in comparative corrections.

Culinary Arts' Chef Allen Clampitt was voted top instructor in Alberta.

Caitlin Power, a Fashion Design and Merchandising grad, was chosen Best Emerging New Designer at Edmonton Fashion Week in May.

Our Child and Youth Care program lead an international study tour for students to the United Kingdom. Students attended a conference put on by the Scottish Institute of Residential Child Care.

# Excellence

## DIVERSITY

*Lethbridge College continued to reach out to Canada's FNMI community, while welcoming students from around the world. Some 30 countries were represented within the student body during the year. Aboriginal student success was encouraged and celebrated, and wider access developed.*

Jamie Jackson, an aboriginal student in Culinary Careers, won the Sysco recipe challenge and \$1,000.

Two students were enrolled in the CRAA for Aboriginal Learners program. Lethbridge College employs numerous strategies to support and assist the learners.

Lethbridge College has developed programs that link aboriginal learners to off-reserve employment in manufacturing, energy, trades, technology and safety positions. The Integrated Training program prepares individuals to pass the apprenticeship entrance exams to access an apprenticeship or pre-employment programs.

The Kodiaks cross-country teams had success as Ed Kangogo won the ACAC and CCAA championships; Gladys Kochei won the ACAC championship and was the CCAA bronze medalist. Both athletes are from Kenya.



## Collaboration and ALIGNMENT

*Lethbridge College expanded agreements and initiatives with licensing bodies, fellow post-secondary institutions and its stakeholders to increase access to, and opportunities for, its students. These collaborations will serve to enhance the school's position as an innovative force in post-secondary education.*

Ongoing approval was received for the Nursing program's delivery after the seven-year reporting cycle to the Nursing Education Program Approval Board was first submitted in 2000.

An operating room experience was integrated into every nursing student's clinical experience after a hiatus of several years.

Clinical placement was expanded to incorporate other human-service placements and respond to the increase in student numbers in NESA and Practical Nursing.

The School of Justice Studies was in the final stages of becoming an accredited training academy through the Commission for Accreditation for Law Enforcement Agencies.

In a co-operative venture with the University of Lethbridge and Bow Valley College, Lethbridge College representatives travelled to Chile to promote Alberta and our programs. Lethbridge College also participated in the "Studying in Alberta" Education Mission in Korea and China in October.

English for the Workplace contracts were undertaken with Maple Leaf Pork, followed by Maple Leaf Potatoes. Classes were offered on campus to some 85 provincial nominee candidates in those plants and continue at present. Our ESL instructors are all provincially accredited, as required by the Alberta government for language training for workers in the food-processing industry.

The School of Business continued to work closely with the Canadian Professional Golf Association regarding possible changes to their certification process to ensure continued relevance of our Professional Golf Management program.

The Terry Royer Institute established relationships with several new clients to deliver increased volume of customized training. It also established working partnerships with several organizations including Southgrow Regional Economic Development and the provincial and federal governments.

Lethbridge College partnered with the City of Lethbridge and the University of Lethbridge to create the new Alberta Sport Development Centre – Southwest, and was also involved in the creation of the new Lethbridge Sport Council.

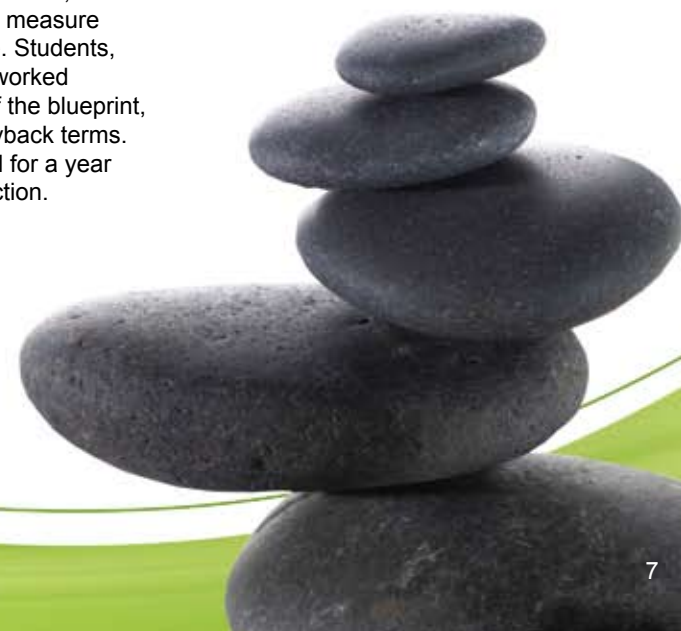
The Mechanics Department hosted the regional Skills Canada event, involving high schools from across southern Alberta. It donated a four-post mechanic hoist to Lethbridge Collegiate Institute. As part of a flourishing partnership, Cummins donated a \$30,000 engine, with scholarships from Cummins and the Auto Dealers Association.

CACJ collaborated with the International Academy for Professional Driving (based in Texas) to deliver an emergency vehicle operations course - instructor level for the Alberta Sheriff in June.

Lethbridge College partnered with the City of Lethbridge, and Cedar Ridge Homes to build the Living Home, which provides direct research on building in southern Alberta. The home uses 'green' techniques in construction, but also has built in monitors to measure the efficiencies of the home. Students, instructors and the builder worked together on development of the blueprint, materials used and real payback terms. The home will be monitored for a year after completion of construction.

The Southern Alberta Self-Help Association and an Interior Design student conducted research on mental health issues and interior design (special needs and design psychology). Space planning, material and finishes, furnishings and fixtures were recommended for changes to the two SASHA residences in Lethbridge.

The Early Childhood Education program partnered with the Parent Preschool Program. Workshops, in-service training and conferences were offered to agencies, employees, and interested organizations.





# Sustainability

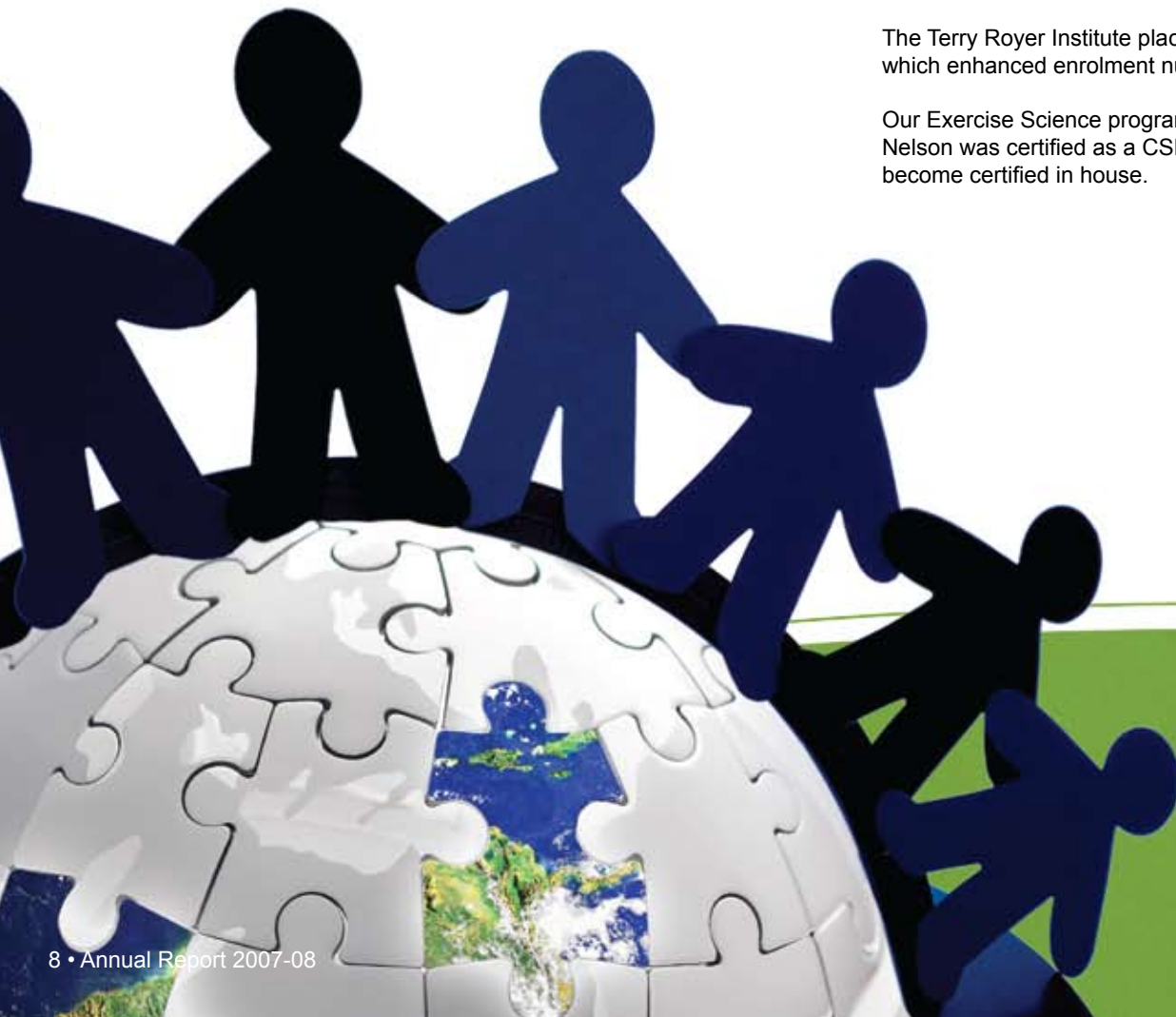
## Sustainability

*The first year of a three-year enhancement of the strategic planning process was completed. The process will move the institution towards being a strategy-focused organization based on a shared understanding of our Vision, Goals and Objectives.*

A new proposal was launched to create bachelor of technology degrees in Natural Resource Management, and Environmental Assessment and Restoration.

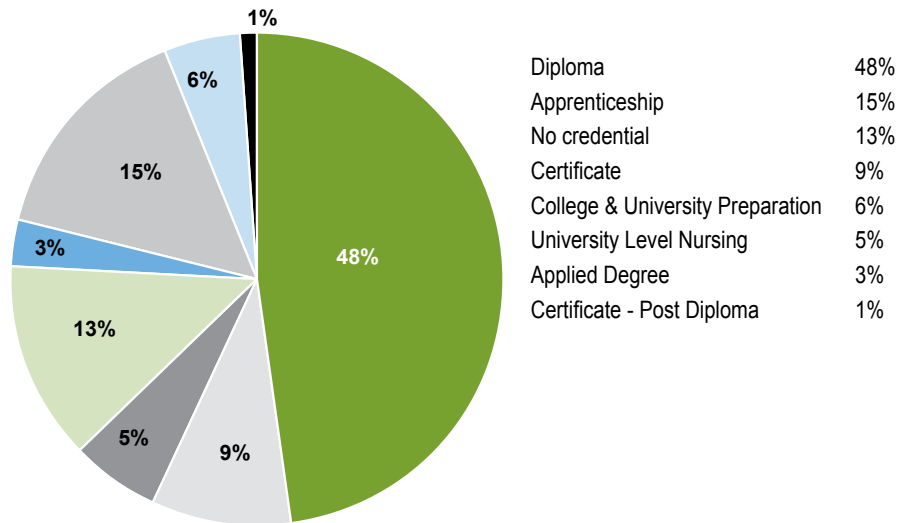
The Terry Royer Institute placed an increased emphasis on core course offerings, which enhanced enrolment numbers and reduced course cancellations.

Our Exercise Science program added labs to two second-year courses; Stacia Nelson was certified as a CSEP-CPT examiner/instructor, allowing students to become certified in house.

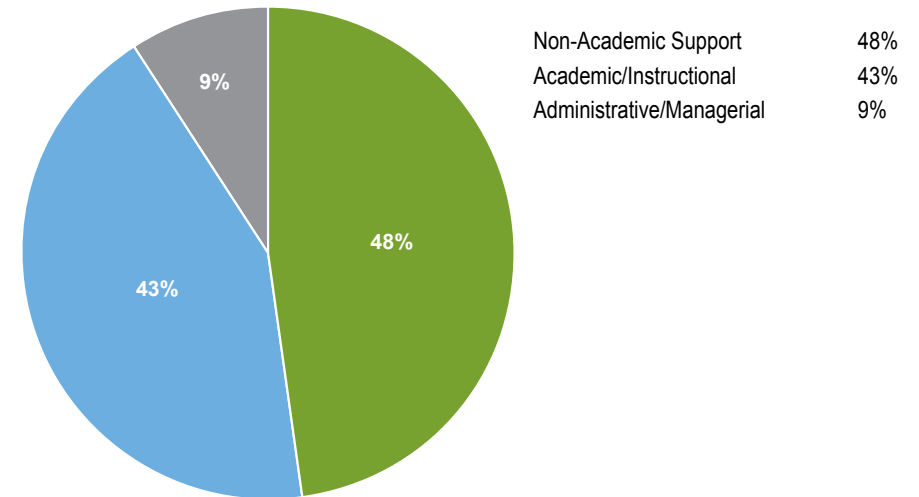


# Operational Overview

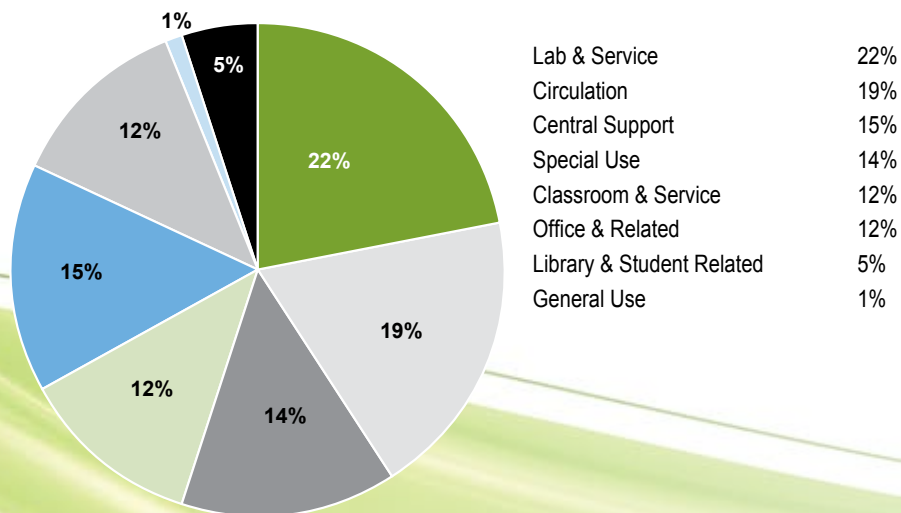
## Enrolment by Area of Study



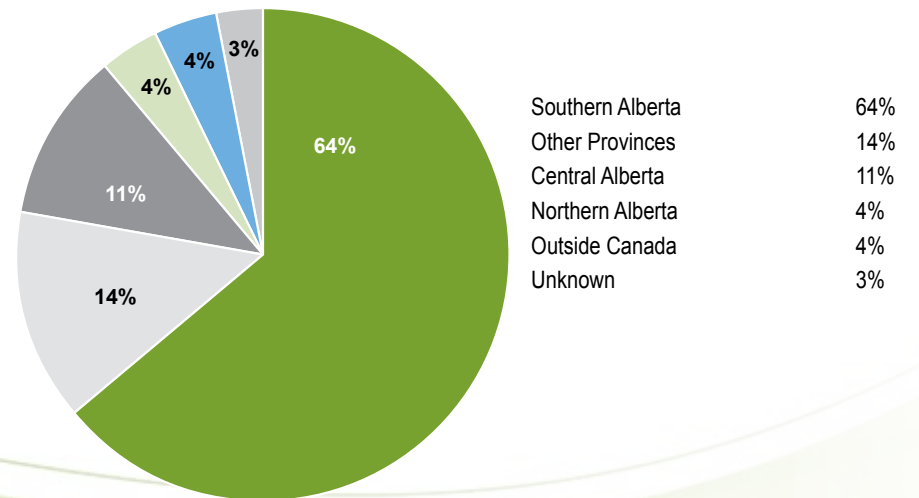
## Human Resource Profile



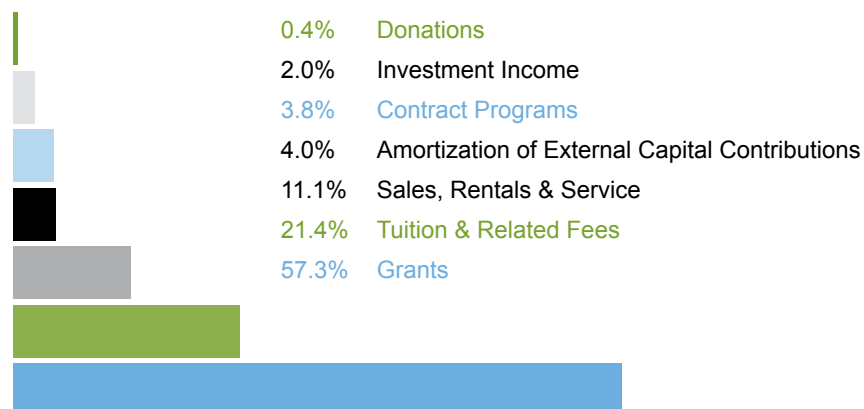
## Facility Usage Profile



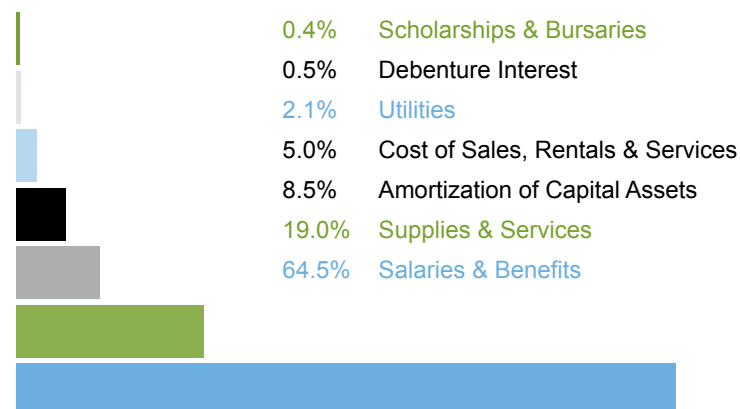
## Geographic Source of Students



## Sources of Revenue



## Sources of Expense



### Schedule of Student Tuition and Related Fees

(as defined by The Alberta Advanced Education and Technology Regulation)

DESCRIPTIONS	2004-05	2005-06	2006-07	2007-08
Tuition & Related Fees	\$15,916,466	\$15,732,472	\$13,682,248	\$14,968,376
Less: Fees not Subject to Tuition Policy	<u>4,719,475</u>	<u>4,719,546</u>	<u>3,515,077</u>	<u>4,517,270</u>
Tuition Fees Subject to Tuition Policy	<u>\$11,196,991</u>	<u>\$11,012,926</u>	<u>\$10,167,171</u>	<u>10,451,106</u>
Total FLE Students	4,097	3,953	3,726	3,669
Less: FLE's not applicable to Tuition Policy	<u>200</u>	<u>293</u>	308	385
Adjusted FLE Under Tuition Policy	<u>3,897</u>	<u>3,660</u>	<u>3,418</u>	<u>3,284</u>
Credit Hour Rate	\$68.00	\$68.00	\$68.00	\$70.25
Total Operating Expenses	\$52,195,675	\$55,718,885	\$64,002,410	\$65,156,888
Less: Expenses not applicable under Tuition Policy	<u>13,102,642</u>	<u>13,956,458</u>	<u>15,701,393</u>	<u>16,229,407</u>
Net Operating Expenses	<u>\$39,093,033</u>	<u>\$41,762,427</u>	<u>\$48,301,017</u>	<u>48,857,481</u>
Tuition Policy Revenue/Expense Ratio	28.6%	26.4%	21.1%	21.4%

# Financial Statements

Lethbridge College

---

Consolidated Financial Statements

June 30, 2008





LETHBRIDGE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Revenue and Expense

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



## Auditor's Report

To the Board of Governors of the Lethbridge College

I have audited the consolidated statement of financial position of the Lethbridge College (the College) as at June 30, 2008 and the consolidated statements of revenue and expense, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*original signed by*  
*Fred J. Dunn FCA*  
Auditor General

Edmonton, Alberta  
September 29, 2008

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current:		
Cash and cash equivalents (Note 3)	\$ 5,561,059	\$ 6,755,827
Accounts receivable (Note 4)	2,530,036	2,568,410
Accrued investment income	77,489	150,605
Inventories (Note 5)	617,739	474,921
Prepaid expenses	<u>532,834</u>	<u>334,116</u>
	9,319,157	10,283,879
Non-current cash and investments (Note 3)	30,594,446	19,402,335
Capital assets (Note 6)	<u>58,995,549</u>	<u>57,285,292</u>
	<u>\$ 98,909,152</u>	<u>\$ 86,971,506</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current:		
Accounts payable and accrued liabilities	\$ 3,744,299	\$ 5,533,996
Accrued vacation pay	955,037	869,426
Unearned revenue (Note 7)	1,587,397	2,107,611
Deferred contributions (Note 8)	3,958,857	2,326,523
Current portion of debenture payable (Note 10)	<u>188,873</u>	<u>169,491</u>
	10,434,463	11,007,047
External capital contributions (Note 8)	8,463,808	2,978,349
Debenture and capital lease payable (Note 10)	5,446,960	5,625,333
Unamortized external capital contributions (Note 11)	<u>43,413,384</u>	<u>40,576,286</u>
	57,324,152	49,179,968
	<u>67,758,615</u>	<u>60,187,015</u>
Net assets:		
Operating:		
Unrestricted		
Accumulated excess of revenue over expense	12,240,268	7,179,059
Accumulated net unrealized gain (loss) on investments (Note 12)	(796,921)	-
Internally restricted (Note 13)	<u>3,713,254</u>	<u>2,758,458</u>
	15,156,601	9,937,517
Investment in capital assets (Note 6)	9,946,332	10,914,182
Endowments (Note 14)	<u>6,047,604</u>	<u>5,932,792</u>
	31,150,537	26,784,491
	<u>\$ 98,909,152</u>	<u>\$ 86,971,506</u>

Commitments and contingencies (Note 22)

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2008

	2008		2007
	Budget	Actual	Actual
	(Note 23)		
Revenue:			
Grants (Note 15)	\$ 39,198,650	\$ 40,303,279	\$ 36,255,034
Tuition and related fees	16,524,664	15,036,458	14,727,733
Sales, rentals and services (Note 16)	7,369,937	7,772,291	7,504,744
Contract programs	1,799,811	2,655,879	1,906,755
Investment income (Note 17)	1,368,273	1,412,480	1,269,064
Donations	274,000	254,835	120,743
Amortization of external capital contributions (Note 11)	2,700,864	2,827,209	2,216,628
	<u>69,236,199</u>	<u>70,262,431</u>	<u>64,000,701</u>
Expense (Note 18):			
Salaries and benefits (Note 19)	43,713,155	42,139,095	43,136,584
Supplies and services	13,297,640	12,347,390	11,105,311
Cost of sales, rentals and services (Note 16)	2,862,384	3,226,186	2,969,727
Utilities	1,662,950	1,341,008	1,416,440
Scholarships and bursaries	226,000	244,613	269,768
Debenture interest	351,473	352,154	361,454
Amortization of capital assets	5,316,056	5,506,441	4,753,086
	<u>67,429,658</u>	<u>65,156,887</u>	<u>64,012,370</u>
Excess (Deficiency) of revenue over expense	<u>\$ 1,806,541</u>	<u>\$ 5,105,544</u>	<u>\$ (11,669)</u>

The accompanying notes are part of these consolidated financial statements.



LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008

	2008						2007
	Unrestricted	Cumulative net unrealized gain (loss) on investments (Note 12)	Internally Restricted (Note 13)	Investment in Capital Assets (Note 6)	Restricted for Endowment Purposes (Note 14)	Total	Total
Balance at beginning of year	\$ 7,179,059	\$ -	\$ 2,758,458	\$ 10,914,182	\$ 5,932,792	\$ 26,784,491	\$ 26,530,280
Adjustment due to change in accounting policy [Note 2(b)]	-	4,355	-	-	-	4,355	-
Balance at beginning of year, as restated [Note 2(b)]	7,179,059	4,355	2,758,458	10,914,182	5,932,792	26,788,846	26,530,280
Excess (Deficiency) of revenue over expense	5,105,544	-	-	-	-	5,105,544	(11,669)
Transfer to net assets internally restricted	(954,796)	-	954,796	-	-	-	-
Capital assets acquired from internal funds	(1,552,391)	-	-	1,552,391	-	-	-
Amortization of internally funded capital assets	2,679,232	-	-	(2,679,232)	-	-	-
Repayment of debenture related to capital assets	(158,991)	-	-	158,991	-	-	-
Transfer to endowments	(57,389)	-	-	-	57,389	-	-
Endowment contributions received	-	-	-	-	57,423	57,423	265,880
Cumulative net unrealized gain (loss) on available- for-sale investments arising during the year	-	(801,276)	-	-	-	(801,276)	-
Balance at end of year	\$ 12,240,268	\$ (796,921)	\$ 3,713,254	\$ 9,946,332	\$ 6,047,604	\$ 31,150,537	\$ 26,784,491

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008

	2008		2007
	Budget	Actual	Actual
	(Note 23)		
Cash flows generated from operating activities:			
Excess (Deficiency) of revenue over expense	\$ 1,806,451	\$ 5,105,544	\$ (11,669)
Amortization of capital assets	5,316,056	5,506,441	4,753,086
Amortization of external capital contributions	(2,700,864)	(2,827,209)	(2,216,628)
	<u>4,421,643</u>	<u>7,784,776</u>	<u>2,524,789</u>
Changes in non-cash working capital:			
Accounts receivable	-	38,374	(538,182)
Accrued investment income	-	73,116	(63,746)
Inventories	-	(142,818)	108,101
Prepaid expenses	-	(198,718)	79,436
Accounts payable and accrued liabilities	-	(1,789,697)	1,774,807
Accrued vacation pay	-	85,611	38,493
Unearned revenue	-	(520,214)	512,682
Deferred contributions	-	1,632,334	109,227
	<u>-</u>	<u>(822,012)</u>	<u>2,020,818</u>
	<u>4,421,643</u>	<u>6,962,764</u>	<u>4,545,607</u>
Cash flows used by investing activities:			
Acquisition of capital assets:			
From internal funds	(2,210,561)	(1,552,391)	(1,983,985)
From external funds	(2,490,000)	(5,664,307)	(7,634,763)
Proceeds from disposal of capital assets	-	-	7,200
Decrease (Increase) in unrealized gain (loss) on available-for-sale investments	-	(796,921)	-
Decrease (Increase) in non-current cash and investments	-	(11,192,111)	(6,129,592)
	<u>(4,700,561)</u>	<u>(19,205,730)</u>	<u>(15,741,140)</u>
Cash flows generated from financing activities:			
Capital contributions received	577,000	11,387,443	6,121,717
Transfer from (to) deferred contributions	-	(237,677)	(582,188)
Debenture principal repayment	(169,461)	(169,491)	(159,708)
Obligations on capital lease, net of repayments	-	10,500	-
Endowment contributions received	500,000	57,423	265,880
	<u>907,539</u>	<u>11,048,198</u>	<u>5,645,701</u>
Increase (Decrease) in current cash and cash equivalents	628,621	(1,194,768)	(5,549,832)
Current cash and cash equivalents, beginning of year	<u>10,460,908</u>	<u>6,755,827</u>	<u>12,305,659</u>
Current cash and cash equivalents, end of year	<u>\$ 11,089,529</u>	<u>\$ 5,561,059</u>	<u>\$ 6,755,827</u>

The accompanying notes are part of these consolidated financial statements.

**LETHBRIDGE COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 1 Authority and Purpose**

Lethbridge College was established as a board governed institution on April 17, 1957. The College operates under the authority of the Post Secondary Learning Act, Chapter P19.5, Statutes of Alberta 2003. The College provides educational programs to serve the career education and training needs of students and employers and to respond to personal and community development needs through an extensive offering of general interest courses and public service outreach activities. The College is a registered charity and is exempt from payment of income tax.

The Lieutenant Governor in Council of the Province of Alberta approved an Order in Council changing the name of Lethbridge Community College to Lethbridge College, effective February 14, 2007.

**Note 2 Significant Accounting Policies and Reporting Practices**

(a) Consolidated Statements

These consolidated financial statements include the accounts of Lethbridge Community College Foundation ("the Foundation"), doing business as Lethbridge College Foundation, which operates under the Companies Act of Alberta. The Foundation is a registered charity and is exempt from payment of income tax. Certain administrative services are provided by the College without charge to the Foundation.

The accounts of the two organizations have been consolidated to reflect the financial position and results of operations as though they were a single economic entity, since the Foundation solicits, receives and administers donations for the advancement of the College. Inter-entity balances and transactions have been eliminated on consolidation.

(b) Financial Instruments – Change in Accounting Policy

Effective July 1, 2007, Lethbridge College implemented new financial instrument standards as described in the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement and Section 3861, Financial Instruments – Disclosure and Presentation. The College does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. As permitted for Not-For-Profit Organizations, the College has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

Certain transitional adjustments have been recorded in opening net assets and deferred contributions as of July 1, 2007 (transitional date) for the change in accounting for financial assets classified as available-for-sale and measured at fair value, rather than cost, as at the commencement of the current fiscal year.

Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in

Net Assets or deferred contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Revenue and Expense.

Upon implementation of the new standards, the College has classified its significant financial assets and financial liabilities as follows:

- Cash and cash equivalents are classified as held-for-trading, and are recorded at fair value with changes in fair value recorded through the excess of revenue over expense in each period.
- Long-term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets or deferred contributions until the asset is removed from the Consolidated Statement of Financial Position. A transitional adjustment as at July 1, 2007 is outlined in Note 3.
- Accounts Receivable are classified as loans and receivable. After initial fair value measurement, they are measured at amortized cost.
- Accounts payable and accrued liabilities and accrued vacation pay are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(c) Financial Instruments**

The fair values of financial assets and liabilities are valued in accordance with the methods as described in Note 2 (b).

Financial instruments of the College are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of the rising costs related to purchase transactions in United States Currency and the reduction of amounts collected for receivables which are due in United States Currency. The market risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of non-current investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

**(d) Revenue Recognition**

Operating contributions, including grants from the Province of Alberta, are recognized as revenue in the period when they become receivable. Operating contributions received for a future period are reported as deferred contributions and recognized as revenue in the subsequent period.

Capital contributions, including capital grants from the Province of Alberta, are

recorded as external capital contributions until the amount is invested in capital assets. Amounts invested representing funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded. The related portion of amortization expense and the external capital contributions revenue are matched to indicate that the related amortization expense has been funded. Capital contributions invested in capital assets that will not be amortized are recognized as direct increases in net assets.

Externally restricted non-capital contributions and externally restricted interest earned on non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by external parties. If the contributors stipulate that the amounts cannot be expended, as is the case with endowments, the contributions are recorded as direct increases in net assets.

Donations, which are not externally restricted, are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Pledges are recorded in the year the donation is received.

Amounts received for tuition fees and sale of goods and services are classified as unearned and recognized as revenue at the

time the goods are delivered or the services are provided.

The College recognizes dividend and interest revenue as earned, and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts recognized through sale of investments and their respective cost base. Unrealized gains (losses) on available-for-sale securities are recorded in non-current cash and investments and deferred contributions on the Consolidated Statement of Financial Position and the Consolidated Statement of Changes in Net Assets until recognized in the Consolidated Statement of Revenue and Expense, when realized.

**(e) Net Assets Internally Restricted**

Net assets internally restricted represent amounts set aside by the College Board of Governors to be used for designated purposes.



**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

(f) Investments

Non-current cash and investments intended to be held for longer term are recorded at their fair values.

The Canadian Institute of Chartered Accountants (CICA) has issued new accounting standards for Financial Instruments. The principal impacts of the standards are outlined in Note 2 (b).

Fixed income, including government and corporate bonds and debentures, and marketable equity securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. Fair values for publicly traded securities are based on the closing market prices. The College utilizes settlement-date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premiums or discounts at date of purchase, and recorded at fair value. Marketable securities are also initially recognized at acquisition cost and subsequently recorded at fair value.

(g) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at the lower of cost and replacement value. Cost is determined using the weighted average method for the Bookstore and the first in, first out method for all other inventories.

(h) Capital Assets

Capital assets are recorded at cost. Donated assets are recorded at fair value at the time of the donation.

Capital assets are amortized on a straight-line basis as follows:

Buildings and site improvements	40 years
Furnishings and equipment	10 years
Library	10 years
Motor vehicles	5 years
Computer equipment and systems software	5 years
Audio and visual equipment	2 years

The permanent art collection is recorded at the appraised value at the time of donation. The permanent art collection is not amortized. The collection is made up of numerous pieces of art that are held for display at the College.

Capital projects in progress are not amortized until the project is complete.

(i) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. 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.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The College's portion of the pension plan's surplus or deficit is not recorded in the accounts.

(j) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(k) Asset Retirement Obligations

Lethbridge College is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the College's facilities, due in part to the College's maintenance procedures, and the fact that the College does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the College's facilities is indeterminate as at June 30, 2008. As a result, the College is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

### Note 3 Cash and Investments

The Board of Governors has approved an investment strategy with primary investment objectives being the preservation of capital and the generation of a competitive total return. The investment policy provides guidelines on the asset mix, diversification, quality and nature of securities, and the term of the fixed income securities. The guidelines are as follows:

#### (a) Asset Class

Cash equivalents	from 0% to 60% of total portfolio
Fixed income securities	from 40% to 80% of total portfolio
Equities	from 0% to 50% of total portfolio

To measure investment performance and identify the return attributed to the asset mix and asset selection decisions, the College has established a portfolio benchmark of 5% cash equivalents, 60% fixed income securities and 35% equities. Further, it measures cash equivalent returns against the return from the historical treasury bill rate over a rolling four year period, fixed income returns against the return for the Scotia McLeod Universe Index, and equity returns against the return for the TSX 300 Index and the Morgan Stanley Capital International, Europe, Australia and Far East Index.

#### (b) Diversification

No more than 10% of the total portfolio will be invested in any one money market issuer other than investments in issuers with a minimum BBB rating as defined by a recognized bond rating service or those guaranteed by the Government of Canada or the Province of Alberta. With these conditions, the maximum investment may be extended to 20% of the total portfolio. No more than 10% of the portfolio will be invested in any one government bond issue other than the Government of Canada or the Province of Alberta. A 30% maximum is placed on any single industry investment and a 4% maximum on any single issuer in the private sector.

#### (c) Quality and Nature of Securities

All money market securities will be rated "R-1" or equivalent by the Canadian Bond Rating or the Dominion Bond Rating Services. All corporate and government bonds will carry a rating of a minimum equivalent BBB rating by a recognized bond rating service.

	2008			2007	
	Carrying Value	Temporary Gain/(Loss)	Fair Value <sup>(i)</sup>	Carrying Value	Fair Value <sup>(i)</sup>
Cash and temporary investments:					
Cash	\$ 5,895,190	-	\$ 5,895,190	\$ 6,918,470	\$ 6,918,470
Short term investments	6,497,299	(2,875)	6,494,424	72,607	72,696
	12,392,489	(2,875)	12,389,614	6,991,077	6,991,166
Fixed income: <sup>(ii)</sup>					
Federal guaranteed bonds	5,964,091	30,003	5,994,094	4,369,961	4,282,655
Provincial guaranteed bonds	582,276	9,472	591,748	1,197,871	1,164,640
Corporate bonds	5,517,214	(224,413)	5,292,801	4,473,226	4,338,803
	12,063,581	(184,938)	11,878,643	10,041,058	9,786,098
Equities:					
Canadian	6,956,912	(187,767)	6,769,145	5,160,014	5,364,521
Foreign	5,848,774	(730,671)	5,118,103	3,966,013	4,014,402
	12,805,686	(918,438)	11,887,248	9,126,027	9,378,923
	37,261,756	(1,106,251)	36,155,505	26,158,162	26,156,187
Less amounts not available for current purposes	31,700,697	(1,106,251)	30,594,446	19,402,335	19,400,360
Cash and cash equivalents	<u>\$ 5,561,059</u>	<u>\$ -</u>	<u>\$ 5,561,059</u>	<u>\$ 6,755,827</u>	<u>\$ 6,755,827</u>

- (i) On July 1, 2007, Lethbridge College adopted the new accounting standards for Financial Instruments [Note 2 (b)]. The new standards require a transitional adjustment for net cumulative unrealized losses on available-for-sale investments, resulting in a decrease in the non-current cash and investment balance as at July 1, 2007 of \$1,975. Of this amount, \$6,330 relates to a loss on investments attributed to endowment net assets and has been recorded as deferred contributions. The balance of \$4,355 relates to a gain to other net assets. Also refer to Notes 8 and 12.
- (ii) The terms of the bond portfolio range from 1 year to 9 years with an average term to maturity of 5 years (2007 - 5 years). The average effective yield on the bond portfolio is 5.31% (2007 - 5.41%)

**Note 4 Accounts Receivable**

	<u>2008</u>	<u>2007</u>
Contract programs	\$ 1,056,470	\$ 805,419
Province of Alberta:		
Alberta Advanced Education	110,098	105,377
Alberta Infrastructure and Transportation	1,058	106,711
Other Alberta Government departments	113,859	101,644
Government of Canada - Goods and Services Tax	96,585	188,719
Tuition fees	734,665	906,407
Other	<u>417,301</u>	<u>354,133</u>
	<u>\$ 2,530,036</u>	<u>\$ 2,568,410</u>

**Note 5 Inventories**

	<u>2008</u>	<u>2007</u>
Bookstore	\$ 518,534	\$ 389,891
Cafeteria	69,485	54,061
Distance Education Centre	9,167	8,422
Other	<u>20,553</u>	<u>22,547</u>
	<u>\$ 617,739</u>	<u>\$ 474,921</u>

## Note 6 Capital Assets

### (a) Summary of Cost and Net Book Value

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 475,994	\$ -	\$ 475,994	\$ 475,994
Building and site improvements	99,733,404	51,946,898	47,786,506	39,290,345
Furnishings and equipment	13,272,326	8,824,963	4,447,363	2,663,253
Library	1,287,115	996,335	290,780	264,689
Motor vehicles	1,095,080	928,907	166,173	108,622
Computer equipment and systems software	13,072,415	10,696,070	2,376,345	4,276,783
Audio and visual equipment	903,330	795,748	107,582	81,020
Permanent art collection	439,634	-	439,634	439,634
	<u>130,279,298</u>	<u>74,188,921</u>	<u>56,090,377</u>	<u>47,600,340</u>
Capital projects in progress <sup>(i)</sup>	<u>2,905,172</u>	<u>-</u>	<u>2,905,172</u>	<u>9,684,952</u>
	<u>\$ 133,184,470</u>	<u>\$ 74,188,921</u>	<u>58,995,549</u>	<u>57,285,292</u>
Less: Construction financed by debenture			5,625,333	5,794,824
Capital lease			10,500	-
Unamortized external capital contributions			<u>43,413,384</u>	<u>40,576,286</u>
Net investment in capital assets			<u>\$ 9,946,332</u>	<u>\$ 10,914,182</u>

<sup>(i)</sup> Capital projects in progress (Note 22):

During the year, major capital projects were begun which will be capitalized as part of building and site improvements and furnishings and equipment and systems software when completed. These projects are summarized as follows:

Andrews Building renovations, excluding asbestos removal	\$ 2,616,823
Fire alarm replacement and security system upgrade project	130,761
Reporting software project	157,588
	<u>\$ 2,905,172</u>

### (b) Capital Acquisitions

Capital acquisitions during the year included certain donations in kind at fair value of \$143,143 (2007 - \$33,268).

**Note 7   Unearned Revenue**

	<u>2008</u>	<u>2007</u>
Contract programs	\$ 254,712	\$ 326,799
Tuition fees	1,284,884	1,569,823
Other	<u>47,801</u>	<u>210,989</u>
	<u>\$ 1,587,397</u>	<u>\$ 2,107,611</u>

**Note 8 Deferred Contributions and External Capital Contributions**

Deferred contributions and external capital contributions represent donations and contributions received relating to future years and unspent funds for externally restricted purposes. Changes in the balances are as follows:

	2008	2007
Contributions received:		
Grants, Province of Alberta	\$ 13,261,528	\$ 6,686,257
Other contributions	1,115,774	723,347
Investment income earned on net assets externally restricted for endowment purposes	304,638	275,265
Transferred to:		
Grants, Province of Alberta	(995,949)	(1,381,721)
Donations	(254,835)	(111,100)
Investment income (Note 17)	(304,638)	(275,265)
Other revenue	(35,088)	-
Endowments	-	(12,987)
Unamortized external capital contributions (Note 11)	<u>(5,664,307)</u>	<u>(7,899,803)</u>
Increase (decrease) during the year	7,427,123	(1,996,007)
Balance relating to operating funding, beginning of year	<u>5,304,872</u>	<u>7,300,879</u>
Balance relating to operating funding, end of year	<u>12,731,995</u>	<u>5,304,872</u>
Deferred contributions relating to unrealized gain (loss) on investments:		
Unrealized gain (loss) on investments, beginning of year, as restated (Notes 3 (c) and 12)	(6,330)	-
Change in unrealized gain (loss) on investments relating to deferred contributions	<u>(303,000)</u>	<u>-</u>
	<u>(309,330)</u>	<u>-</u>
Total balance at end of year	<u>\$ 12,422,665</u>	<u>\$ 5,304,872</u>
The balances at end of year represent funds held for the following purposes:		
	2008	2007
Deferred contributions:		
Scholarships, awards and bursaries	\$ 1,884,508	\$ 1,403,990
Enrolment planning envelope	2,145,999	617,948
Unrealized gain (loss) on investments allocated to deferred contributions	(309,330)	-
Other	<u>237,680</u>	<u>304,585</u>
	<u>3,958,857</u>	<u>2,326,523</u>
External capital contributions:		
Conditionally funded projects: Buildings	6,316,671	1,762,703
Furniture and equipment	1,448,304	1,176,825
Enrolment planning envelope	698,833	37,750
Endowment earnings	<u>-</u>	<u>1,071</u>
	<u>8,463,808</u>	<u>2,978,349</u>
	<u>\$ 12,422,665</u>	<u>\$ 5,304,872</u>

## Note 9 Pension Costs

The College participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of \$2,499,164 for the year ended June 30, 2008 (2007 - \$2,411,617).

The College is required to make current service contributions to the Local Authorities Pension Plan of 7.75% of pensionable earnings up to Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% for the excess. Employees are required to make current service contributions of 6.75% of the Canada Pension Plan Year's Maximum Pensionable Earnings and 9.64% for any portion of the pensionable salary in excess.

## Note 10 Debenture and Capital Lease Payable

The College Board received approval of the Lieutenant Governor in Council to borrow funds from the Alberta Capital Finance Authority (the "ACFA"), an authority controlled by the Province of Alberta, to finance the campus residence expansion project. A \$6,625,000 debenture (the "debenture") dated February 23, 2001, was issued by the College in favor of ACFA. The debenture is secured by a security agreement dated February 23, 2001 between the College and ACFA pursuant to which the College granted, in favor of ACFA, a security interest in all present and after acquired intangible accounts, monies, book debts, instruments, claims or rights and insurance proceeds related to the residence.

The debenture, bearing interest at the rate of 6.125% per annum, is to be repaid in annual installments of \$524,424, principal and interest. The debenture is due March 1, 2027.

The College has entered into a 24 month capital lease agreement for equipment, due in August, 2009. The capital lease is to be repaid in monthly installments of \$750, plus interest at 9.08%.

	2008	2007
Debenture payable	\$ 5,625,333	\$ 5,794,824
Capital lease payable	10,500	-
	<u>5,635,833</u>	<u>5,794,824</u>
Less current portion	188,873	169,491
	<u>\$ 5,446,960</u>	<u>\$ 5,625,333</u>

The aggregate maturities of principal required over the next five years and to maturity are as follows:

	Debenture	Capital Lease	Total
2009	\$ 179,873	\$ 9,000	\$ 188,873
2010	190,889	1,500	192,389
2011	202,581	-	202,581
2012	214,989	-	214,989
2013	228,157	-	228,157
Thereafter	<u>4,608,844</u>	<u>-</u>	<u>4,608,844</u>
Total payable	<u>\$ 5,625,333</u>	<u>\$ 10,500</u>	<u>\$ 5,635,833</u>

## Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions represent the external funds invested in capital assets which will be recognized as revenue in future periods. Changes in the unamortized external capital contributions balance are as follows:

	2008	2007
Balance at beginning of year	\$ 40,576,286	\$ 35,158,151
Add amount transferred from external capital contributions (Note 8)	5,664,307	7,899,803
Adjustment to prior year amount transferred from external capital contributions	-	(265,040)
Less amount amortized to revenue	<u>(2,827,209)</u>	<u>(2,216,628)</u>
Balance at end of year	<u>\$ 43,413,384</u>	<u>\$ 40,576,286</u>



**Note 12 Net Unrealized Gain (Loss) on Available-for-Sale Investments**

	2008			2007
	Endowment Net Assets, recorded in deferred contributions (Note 8)	Other Net Assets	Total	Total
Net unrealized gain (loss) on available-for-sale investments during the year	\$ (314,239)	\$ (890,915)	\$ (1,205,154)	\$ -
Net investment loss realized on available-for-sale investments during the year and reported in the Consolidated Statement of Revenue and Expense	11,239	89,639	100,878	-
Decrease during year	(303,000)	(801,276)	(1,104,276)	-
Balance, July 1, 2007 [Notes 2 (b) and 3 (c)]	(6,330)	4,355	(1,975)	-
Net unrealized gain (loss) on available-for-sale investments, end of year	<u>\$ (309,330)</u>	<u>\$ (796,921)</u>	<u>\$ (1,106,251)</u>	<u>\$ -</u>

## Note 13 Net Assets Internally Restricted

Net assets internally restricted are held for the following purposes:

	Balance at Beginning of Year	Transfers to and from Unrestricted Net Assets		Balance at End of Year
		Deduct Funds Expended	Add Funds Appropriated	
Staff and program development	\$ 849,387	\$ 287,814	\$ 843,483	\$ 1,405,056
Foundation general reserve	2,512	904,537	895,630	(6,395)
College funded scholarships				
endowment earnings	146,358	5,000	13,101	154,459
Other endowment earnings	87,802	32,767	46,533	101,568
Kodiak Team fund	56,849	120,150	109,793	46,492
Other	-	1,257	1,257	-
	1,142,908	1,351,525	1,909,797	1,701,180
Capital replacement	1,615,550	598,245	994,769	2,012,074
	<u>\$ 2,758,458</u>	<u>\$ 1,949,770</u>	<u>\$ 2,904,566</u>	<u>\$ 3,713,254</u>

The net transfer from Unrestricted Net Assets for the year ended June 30, 2008 comprises:

Funds returned	\$ 1,949,770
Funds appropriated	<u>2,904,566</u>
	<u>\$ (954,796)</u>

## Note 14 Endowments

Endowments consist of restricted donations to the College and internal allocations by the Board of Governors, the principal of which is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Endowments comprise the following:

	2008			2007
	Externally Funded	Internally Funded	Total	Total
Ronald Tiffin Agricultural Endowment Fund	\$ 1,115,115	\$ 369,311	\$ 1,484,426	\$ 1,446,783
Scholarships	3,840,290	71,704	3,911,994	3,856,575
Kodiak Athletics Fund	212,599	96,975	309,574	299,169
Talbot Education Fund	115,564	55,479	171,043	165,647
Industrial Technology Fund	62,500	39,121	101,621	99,000
Native Canadian Fund	28,200	23,957	52,157	49,639
Environmental Fund	9,104	7,685	16,789	15,979
	<u>\$ 5,383,372</u>	<u>\$ 664,232</u>	<u>\$ 6,047,604</u>	<u>\$ 5,932,792</u>

## Note 15 Grants

Grant revenue consists of amounts received from the following sources:

	2008		2007
	Budget (Note 23)	Actual	Actual
Alberta Advanced Education	\$ 37,469,722	\$ 38,153,023	\$ 34,233,721
Alberta Infrastructure and Transportation	299,600	325,840	862,543
Other Alberta Government departments	583,382	801,297	631,252
Government of Canada sources	717,183	766,576	341,700
Other sources	128,763	256,543	185,818
	<u>\$ 39,198,650</u>	<u>\$ 40,303,279</u>	<u>\$ 36,255,034</u>

## Note 16 Sales, Rentals and Services

Sales, rentals and services revenue and direct expense are summarized as follows:

	2008				2007	
	Direct Expense			Total Direct Expense	Net	Net
	Revenue	Cost of Sales	Other			
Sales, rentals and non-ancillary services	\$ 1,195,297	\$ 595,827	\$ -	\$ 595,827	\$ 599,470	\$ 791,040
Ancillary services (Note 18):						
Bookstore	2,711,710	2,054,420	225,737	2,280,157	431,553	421,258
Cafeteria	930,149	564,760	305,100	869,860	60,289	72,859
Residence	1,795,401	-	1,821,798	1,821,798	(26,397)	(216,321)
Parking	524,756	-	201,115	201,115	323,641	288,777
Daycare centre	272,425	-	261,804	261,804	10,621	(15,136)
Physical Education building	196,797	11,179	353,169	364,348	(167,551)	(172,846)
Health services	114,567	-	139,266	139,266	(24,699)	(61,711)
Athletics - special events	31,189	-	34,125	34,125	(2,936)	1,671
	6,576,994	2,630,359	3,342,114	5,972,473	604,521	318,551
	<u>\$ 7,772,291</u>	<u>\$ 3,226,186</u>	<u>\$ 3,342,114</u>	<u>\$ 6,568,300</u>	<u>\$ 1,203,991</u>	<u>\$ 1,109,591</u>

## Note 17 Investment Income

	2008	2007
Investment earnings on net assets restricted for endowment purposes (Note 8)	\$ 304,638	\$ 275,625
Add investment income from other sources	<u>1,107,842</u>	<u>993,439</u>
Total investment income recognized as revenue	<u>\$ 1,412,480</u>	<u>\$ 1,269,064</u>

## Note 18 Expense by Function

Instruction encompasses all formal educational and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio-visual services. Student services include all scholarships, bursaries and activities or services to the student body of the College. Institutional support includes all activities that provide institution-wide support to other programs.

	2008		2007
	Budget	Actual	Actual
	(Note 23)		
Instruction	\$ 28,678,207	\$ 28,305,907	\$ 29,219,663
Academic support	5,465,961	5,646,229	4,750,681
Student services	3,680,016	4,297,783	4,383,878
Institutional support	13,142,231	10,877,240	11,477,417
Ancillary services (Note 16)	6,383,968	5,972,473	5,966,908
Computer services	5,126,303	4,899,596	3,814,627
Amortization of capital assets	5,316,056	5,506,442	4,753,086
	67,792,742	65,505,670	64,366,260
Less amortization of capital assets			
- Ancillary services	363,084	348,783	353,890
	\$ 67,429,658	\$ 65,156,887	\$ 64,012,370

## Note 19 Salaries and Benefits

	2008					2007	
	Number of Individuals <sup>(a)</sup>	Base Salary <sup>(b)</sup>	Other Cash Benefits <sup>(c)</sup>	Other Non- Cash Benefits <sup>(d)</sup>	Total	Number of Individuals <sup>(a)</sup>	Total
Chairman of the Board of Governors	1.0		\$ 4,800	\$ 44	\$ 4,844	1.0	\$ 4,964
Board members <sup>(e)</sup>	9.0		12,520	824	13,344	9.0	20,328
	<u>10.0</u>		<u>17,320</u>	<u>868</u>	<u>18,188</u>	<u>10.0</u>	<u>25,292</u>
President <sup>(f)</sup>	1.0	180,426	-	19,980	200,406	1.0	185,798
Vice President							
Corporate and International Services	1.0	152,858	7,924	15,213	175,995	1.0	160,188
Vice President							
Academic & Chief Learning Officer	1.0	138,676	3,924	19,980	162,580	1.0	147,319
Executive Director							
Advancement	1.0	138,676	-	20,026	158,702	0.3	51,780
Dean							
Health, Justice & Human Serv	1.0	121,220	4,662	19,346	145,228	1.0	134,256
Dean							
Teaching, Learning & Innovation	1.0	112,735	8,172	18,732	139,639	1.0	114,676
Dean							
Applied Management	0.9	92,998	-	18,411	111,409	1.0	133,512
Dean							
Applied Arts & Sciences	0.6	70,712	5,362	10,561	86,635	1.0	130,651
Vice President							
Enrolment Management	0.2	23,113	327	2,748	26,188	1.0	147,514
Directors/Managers	23.8	1,892,163	25,784	345,078	2,263,025	22.4	2,024,164
(average: 2008 - \$95,085, 2007 - \$90,364)							
Other salaried staff: <sup>(i)</sup>							
Administration	33.8	2,207,215	48,452	427,758	2,683,425	31.5	2,590,401
(average: 2008 - \$79,391 2007 - \$82,235)							
Academic (average: 2008 - \$89,928 2007 - \$90,663)	200.4	15,424,229	8,937	2,588,334	18,021,500	202.2	18,331,993
Support (average: 2008 - \$46,370 2007 - \$44,474)	243.3	9,441,446	151,710	1,688,710	11,281,866	229.2	10,193,463
Non-salaried staff: <sup>(g) (i)</sup>							
Academic		4,400,278	-	308,886	4,709,164		3,800,402
Support		1,752,332	5,902	378,871	2,137,105		1,383,110
	<u>509.0</u>	<u>36,149,077</u>	<u>288,476</u>	<u>5,883,502</u>	<u>42,321,055</u>	<u>493.6</u>	<u>39,554,519</u>
Other payroll adjustments:							
Vacation accruals		85,611	-	-	85,611		38,494
Memberships and tuitions		-	-	-	-		(4,034)
Curriculum development costs in progress		(76,567)	-	-	(76,567)		(60,693)
Early Retirement Payments <sup>(h)</sup>		125,117	-	-	125,117		3,608,298
Great West Life refund <sup>(i)</sup>		-	-	(316,121)	(316,121)		-
		<u>\$ 36,283,238</u>	<u>\$ 288,476</u>	<u>\$ 5,567,381</u>	<u>\$ 42,139,095</u>		<u>\$ 43,136,584</u>

## Note 19 Salaries and Benefits (continued)

- (a) Except for Board members, the number of individuals is expressed as full-time equivalents. The total actual discrete number of individual employees at June 30, 2008 was 1,479 (2007 – 1,463).
- (b) Salary includes regular base pay, shift differential, sick-time payments and any other direct cash remuneration.
- (c) Other cash benefits include bonuses, overtime, vacation payouts, lump sum payments and honoraria.
- (d) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension plans, Employment Insurance, Workers' Compensation, health care, dental coverage, group life insurance, accidental disability and dismemberment, educational sabbaticals, vehicle allowances, professional memberships, club memberships and remission of tuition fees.
- (e) Board members include one representative from each of the academic and support staff. This includes their stipends as Board members, while their salaries and benefits as full-time employees are included under other salaried staff.
- (f) An executive compensation package includes an automobile provided to the President. The automobile is not included in the value of benefits disclosed on the schedule.
- (g) Non-salaried staff comprises individuals who work less than 29 hours per week; benefits consist of contributions to Employment Insurance, Canada Pension Plan and Workers' Compensation. In addition, for continuing employees working more than 15 hours a week, benefits also include health care, dental coverage, group life insurance, accidental death and dismemberment and vacation payouts.

- (h) Early retirement payments include all monies paid, directly or on behalf of an employee, upon termination. During the year, an additional amount of \$125,117 was added due to salary adjustments for staff under the retirement plan who will be retiring in the subsequent two years. For the year ended June 30, 2008, 12 employees (2007 – 26 employees) retired and were paid \$1,158,129 (2007 - \$1,024,808). The balance of \$1,550,478 will be paid to the remaining 32 employees over the subsequent two years, and is included in accounts payable and accrued liabilities on the statement of financial position.
- (i) The College has recognized an amount of \$316,121 from Great West Life which represents an accumulation of premiums in excess of amounts claimed. This amount is being held on deposit for future activities of benefit to employees.
- (j) Certain positions have been reclassified from non-salaried staff to other salaried staff. The comparative figures for these two categories have been reclassified to conform with the presentation adopted for the current year.

## Note 20 Related Party Transactions

- (a) The College is a Provincial Corporation as all members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Alberta Advanced Education and Technology. Transactions between the College and the Province are described in Notes 4, 8, 10, 15 and 20 (d) to the financial statements.
- (b) The College accounts for funds of certain associations and clubs related to College activities through Funds Held on Behalf of Others (Note 21). Certain administrative services are provided without charge to these entities.

- (c) During the year, the College engaged the services of, and purchased goods from, organizations that are controlled or significantly influenced by members of its Board. Amounts of any such services were determined through fair and open competition in the normal course of operations. For the year ended June 30, 2008, the value of such goods and services was \$2,143 (2007 - \$10,810).
- (d) During the year, the College engaged the services of, and purchased goods from, entities consolidated within the Government of Alberta. Amounts of any such services were determined through fair and open competition in the normal course of operations. For the year ended June 30, 2008, the value of such goods and services purchased was \$538,460 (2007 - \$307,390). The value of goods and services provided was \$1,701,438 (2007 - \$1,207,248).
- (e) The College administers a program that permits advances to staff members for the specific purpose of acquiring and maintaining technological currency in computer hardware and software developments. Such advances are repaid over a maximum period of two years at the prescribed interest rate. The balance of advances outstanding as at June 30, 2008 was \$11,281 (2007 - \$31,525).



**Note 21 Funds Held on Behalf of Others**

Lethbridge College provides administrative services and administers funds on behalf of other organizations. These amounts are held in trust but are not included in the College's statement of financial position and are summarized as follows:

	2008	2007
Lethbridge College Students Association,		
clubs and activities	\$ 1,167,678	\$ 936,022
Chinook Educational Consortium	706,114	627,760
Associated agencies	15,267	24,747
Other agencies	80,500	231,150
Agricultural and research projects	18,664	23,419
	<u>\$ 1,988,223</u>	<u>\$ 1,843,098</u>

**Note 22 Commitments and Contingencies**

- (a) The College leases facilities and equipment with lease terms up to four years. The minimum operating lease payments for each of the next four fiscal years are as follows:

2009	\$ 752,153
2010	368,788
2011	46,498
2012	1,328

**Note 22 Commitments and Contingencies (continued)**

(b) During the year, Lethbridge College continued with a major capital project, an administration technology infrastructure upgrade. The College also began three new major projects during the year, a major renovation of the Andrews Building, a fire alarm upgrade and a reporting software project. As at June 30, 2008, the College had commitments in relation to these projects as follows:

	Contract	Expended	Commitments
Technology Infrastructure Upgrade:			
Consulting <sup>(i)</sup>	\$ 5,588,811	\$ 5,188,324	\$ 400,487
Software and implementation	3,446,891	3,446,891	-
Technology Systems	2,472,404	1,981,135	491,269
	<u>11,508,106</u>	<u>10,616,350</u>	<u>891,756</u>
Andrews Building:			
Building renovations	3,600,997	2,407,837	1,193,160
Asbestos removal	174,895	174,895	-
Consulting and design	218,548	208,986	9,562
	<u>3,994,440</u>	<u>2,791,718</u>	<u>1,202,722</u>
Fire Alarm Upgrade:			
Equipment upgrade	640,395	71,068	569,327
Consulting and design	81,066	59,693	21,373
	<u>721,461</u>	<u>130,761</u>	<u>590,700</u>
Reporting Software Project	<u>273,294</u>	<u>157,588</u>	<u>115,706</u>
Total capital projects	<u>\$ 16,497,301</u>	<u>\$ 13,696,417</u>	<u>\$ 2,800,884</u>

<sup>(i)</sup> Effective July 1, 2007, the consulting portion of this contract is treated as an operating expense, as the Director of Campus Works has been appointed as Chief Information Officer for the three years ending June 30, 2010.

**Note 22 Commitments and Contingencies (continued)**

- (c) The College, in conduct of its normal activities, is named a defendant in a legal proceeding. While the ultimate outcome of this proceeding cannot be predicted at this time, it is the opinion of the administration that adequate provision for this proceeding has been made in the College's accounts. It is believed that the resolution of the proceeding will not have a material effect on the financial position of the College, however, should any additional loss result from the resolution of this proceeding, such amounts would be expensed as the related amounts become known to the College.
- (d) The College has not recognized a liability for certain obligations, primarily special handling for the removal and disposal of asbestos from facilities and equipment, except as related to the Andrews Building renovations. As at June 30, 2008, the College has expended \$174,895 [Note 22 (b)] for such removal. The fair value of the remaining obligations, if any, cannot be reasonably estimated as the settlement dates are unknown.

**Note 23 Budget**

The 2008 budget was approved by the Board of Governors on May 15, 2007 and submitted to the Minister of Advanced Education and Technology on May 31, 2007.

**Note 24 Pledges**

As at June 30, 2008, outstanding pledges comprise the following:

Endowments	\$ 82,160
Comprehensive fundraising campaign	24,000
Aboriginal Transition Program	165,000
Other	<u>65,885</u>
<b>Total</b>	<b>\$ <u>337,045</u></b>

These amounts have not been recognized as revenue in the financial statements. The pledges are expected to be collected over the next two years as follows:


2009	\$ 244,045
2010	<u>93,000</u>
<b>Total</b>	<b>\$ <u>337,045</u></b>

**Note 25 Comparative Figures**

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current year.

**Note 26 Approval of Consolidated Financial Statements**

These consolidated financial statements have been approved by the Board of Governors.

The background is a vibrant green with a gradient from a darker shade at the top to a lighter, almost white shade at the bottom. Several thin, curved, light-green lines flow across the image, creating a sense of motion and depth.

Lethbridge College  
3000 College Drive SOutH  
Lethbridge, AB T1K 1L6  
403.320.3200 • 1.800.572.0103

**[lethbridgecollege.ca](http://lethbridgecollege.ca)**