

# excellence and innovation



Lethbridge College Annual Report • 2011/12

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## vision

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



## mission

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

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# accountability statement

Lethbridge College's Annual Report for the year ended June 30, 2012, was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Government Accountability Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by R.L. (Randy) Jespersen, Dec. 11, 2012]

**R. L. (Randy) Jespersen**

Chair, Board of Governors

Lethbridge College



## Board of Governors

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Ms. Cynthia Johnston

Mr. Travis Killian

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Ms. Veronica Weir

# management responsibility for reporting

Lethbridge 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 Finance, Audit and Risk Committee, as well as approved by the Board of Governors, and is prepared in accordance with the Government Accountability Act and the Post-secondary Learning Act.

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

[Original signed by Peter Leclaire, Dec. 11, 2012]

**Peter Leclaire**

Interim President and CEO

Lethbridge College





# message from the president

## It's been said that the future belongs to those who prepare for it today.

If so, then the faculty, staff, students and leaders of Lethbridge College are well-positioned for all that awaits in the coming years. Throughout the institution, we have taken great pride in the strong foundations that earlier generations have laid – and we rely on the well-defined plans we have put in place in recent years to guide us into our sixth decade and beyond.

In this past year, Lethbridge College looked to the four goals outlined in our Comprehensive Institutional Plan to direct us in making decisions large and small. From the learning happening in classrooms and lab spaces to the applied research projects set in motion, from the marketing department's ad buys to the conversations we have with donors, all of our work supports these four goals. They include:

- **Grow/maintain enrolment** to meet the demands of industry and provide sustainable, quality programming that attracts a diverse group of students locally, provincially, nationally and internationally.
- **Enhance the student experience** to give our learners the best service possible regardless of how students access their programs.

- **Achieve operational excellence** by continually challenging ourselves to find new and innovative ways to improve our systems, policies and practices. Doing this will not only provide better experiences for our stakeholders, but will also improve efficiency and effectiveness.
- **Grow or create strategic partnerships** to enhance industry relationships, whether by developing new partnerships with private and public sector agencies or by exploring research opportunities aligned with our areas of focus and the government's agenda.

As education evolves, the college recognizes the importance of a set of competencies that all learners require for ongoing future success. These skills are defined in our college-wide outcomes, which are broadly stated and occur within the learning environment formally and informally. With these outcomes as a guide, faculty and staff work to make sure that all students who receive a credential from Lethbridge College achieve measurable learning in: sustainability; innovative problem-solving skills; communication; information and digital literacy skills; lifelong learning, self-direction and personal management; and collaboration and leadership. In short, these outcomes teach our students the valuable skill of learning how to learn.

To accomplish these goals, we continued to nurture our partnerships with industry in the past year. Lethbridge College has had a long history of engaging with industry to set the direction of our programming, informing us of emerging trends and supporting the pursuit of national accreditations. The majority of college programs engage industry through advisory boards, gaining insightful information on trends and industry needs. These relationships were a priority this past year and will continue to be a focus in the coming year.

Clear vision and effective planning have served the college well in recent years. This annual report, as well as the other guidelines college officials have adopted, illustrates how Lethbridge College has embarked on a path toward a future where the institution and its people will truly thrive.

**Peter Leclaire, Interim President and CEO**

[Original signed by Peter Leclaire]



# Overview

## Strategic Direction

2011-12 has been a year of progress towards achieving the goals outlined in the college's ***Comprehensive Institutional Plan - Excellence and Innovation 2011-14***. The college has been focused on providing exceptional learning experiences to its students, connecting with industry and community for innovation and enhanced productivity, and fostering the empowering environment that is foundational to all we do.

In October 2011, a new mandate for the college was approved. The new mandate reaffirms the college's role in providing training that leads to career employment or to further education through various types of programming ranging from foundational learning to applied and baccalaureate degrees. In the delivery of its mandate, the college is a catalyst for economic, social and personal development for a diverse population within the Lethbridge and southern Alberta region. With respect to applied research and scholarly activities, the mandate strengthens the strategic alignment the college has with industry, government and the community. The college further recognizes its stewardship role for adult education within the geographic region.

## Collaboration and Consultation

Collaboration and consultation with the college's various stakeholders are critical components in achieving college goals. Examples of how engagement with stakeholders is making a difference are highlighted below and throughout the document.

Operating within the Campus Alberta environment provides many opportunities for collaboration and consultation with other post-secondary institutions to enhance the learning experience and improve administrative systems. Of specific note is the support Lethbridge College received from SAIT in the major undertaking of standardizing our credential framework. Having the benefit of SAIT's experience helped determine our approach and escalated the progress of this significant undertaking. In collaboration with the University of Lethbridge, the college co-hosted the Alberta Deans of Business Annual Case Competition. This two-day competition brought 200 students on 11 teams together to apply their skills and training in a case study requiring them to develop solutions for real world business problems. Enterprise Risk Management is another area where collaboration within the system is supporting progress toward our goals. These examples are only a few of the many ways the post-secondary system collaborates for the good of all.

Creating new and expanding existing partnerships externally (industry, community, government, donors and other educational entities) is a key strategic objective for the college. The continual enrichment of the learning experience is supported through the ongoing contributions of industry and community members. Students are engaged with future employers through work experience, applied research and other learning opportunities. Future employers and community stakeholders are engaged with the college through advisory capacities providing insights into the skills, knowledge and attitudes required for successful careers. Since our community recognizes the college's quality programming and applied research capabilities, it is fully supportive of the new Trades and Technology Renewal and Innovation project (TTRIP), a cornerstone in advancing innovative training and knowledge transfer throughout southern Alberta.

The Alberta economy depends on the ability to develop and test new products, adopt innovative processes and adapt technologies to gain competitive advantages. The college, through its collaborative engagements with industry and applied research activities, is emerging as a key player in supporting innovation and economic prosperity. An example of this is the lead role the college is taking in the Regional Innovation Network for Southern Alberta (RINSA). RINSA supports the development of innovation in southern Alberta through a collaborative partnership between Community Futures Lethbridge

Region, Lethbridge College, SouthGrow Regional Initiative, Economic Development Lethbridge, the University of Lethbridge and National Research Council - Industrial Research Assistance Program (NRC-IRAP). This collaboration is supported by a Technology Development Advisor from Alberta Innovates - Technology Futures.

The college continues to seek out opportunities to provide leadership in advancing economic prosperity in the communities it serves and places great importance on the community feedback received in facilitating our role within the Campus Alberta framework. Priorities addressed through engagement with community stakeholders are leading to another important linkage with local school divisions as we try to find common ground in enhancing opportunities for students to transition from secondary to post-secondary education.

Internal collaboration and consultation is increasing as well. An ongoing focus for the college is to engage stakeholders cross-functionally throughout the organization in projects and initiatives to ensure all voices are heard, better decisions are made and strategy is successfully executed. This has been especially evident in the amount of consultation and collaboration taking place in the development and renewal of college policies, the advancement of the Strategic Enrolment Management (SEM) plan and the revamp of our Information Services System.





# Institutional Achievements Priorities and Outcomes

## THE LEARNING EXPERIENCE

### Focus on the Student

The very core of the institution is centred on providing students with a learning experience that is innovative, engaging and supportive of student needs. The college's goals of **enhance the student experience and grow/ maintain enrolment** provide the strategic direction. This past year the following initiatives supported the goals in advancing excellence in the **learning experience**.

#### Strategic Enrolment Management (SEM) Plan

A significant focus this year was on continuing the work started in 2010-11 on the implementation of the Strategic Enrolment Management (SEM) plan. The learning experience is made up of a complex network of systems, processes and relationships – both internal and external. The overriding goal of the SEM plan is to influence a culture and environment where the college is producing a stellar student experience that inspires and empowers students to achieve their education and career goals. The following is a summary of the achievements:

##### Enrolment planning and alignment of strategies

The college made significant progress in the development of a collaborative and integrated enrolment plan. Under the direction of the SEM team, we were able to align enrolment planning and target setting with the development of recruitment, marketing, admissions and student awards strategies.

##### Admissions review

During the year an external agency specializing in providing leadership in academic and enrolment services was engaged to conduct an audit and review of the college's admissions policies and practices. The outcome of this initiative is a set of recommendations that provides the framework for a comprehensive Admissions Policy based on best practices and student success.

##### Financial – student awards

The college reviewed its awards program and identified enhancements to increase access for students. As a result, we identified a number of overarching strategies including providing a significant amount of new funding for the creation of entrance scholarships that were available to students attending in the fall of 2012.

##### Student self-serve services

Striving to enhance the student's service experience, the college continues to launch access to online services in Enrolment Management and Learner Services:

- Students now have instant access to their school records such as courses taken, grades, etc.
- Access to online program evaluation (degree audit) allows students to see if their courses meet the requirements for their current program as well as other programs offered by the college.
- The community is now able to register in non-credit programming through an online web-based registration service.





**Cultural diversity**

To create a more inclusive and culturally-rich environment for all students, the Board of Governors has identified ends for the college which speaks to the ability of students to compete in a global marketplace and the availability of college benefits to a diverse population including, but not limited to, First Nations, Métis and Inuit (FNMI), rural and international students.

Achievement of the board ends are strategies embedded within the SEM plan and the implementation of college-wide outcomes. The Recruitment Strategy, FNMI Strategy and the International Plan all address increasing enrolments of rural, FNMI and international students. These strategies, as well as the college-wide outcomes, provide opportunities for students to develop a greater understanding of their role in an increasingly complex, diverse and global environment and the competencies to be effective in their careers.

The following highlights the continued progress made in supporting the college’s diverse populations of students and in providing all students opportunities for engaging in and increasing their awareness and understanding of cultures and global societies:

Recognizing the importance of intertwining tradition with educational and career goals for its FNMI students and in the sharing this culture with other students on campus, the college:

- is pleased that an elder supporting the Inuit culture has joined the team of three elders who share their cultural knowledge and provide encouragement and support to learners through special events and in the FNMI student services lounge;
- with a grant from the Alberta Foundation for the Arts (AFA), commissioned a mural that now hangs in the college’s Centre Core and depicts the rich heritage of the FNMI culture ;
- in collaboration with the RBC Foundation, hosted FNMI Awareness Days on campus –celebrating our pride, history and knowledge. Events included tipi raising, a feast of traditional stew and bannock, a traditional fashion show, drumming and dancing, as well as a hoop-dance demonstration;
- continues to provide FNMI learners access to personal, cultural, academic and career counselling from experienced and dedicated FNMI professionals.

Through reorganization of employee functions and allocated space, the college established an international services center located in the college’s Centre Core, allowing for easy student access to the space. International services staff located in the area provide support to the college’s international students as well as to other students, staff and faculty engaged in global activities.

The college signed articulation agreements with a number of international post-secondary institutions providing more opportunities for graduates to engage in advanced learning within a global environment.

This year, International Week, the campus’ celebration of its international students, featured Bridging Cultures. This international festival included entertainment, exhibits and a food fair consisting of delicacies from Asia, Africa, Europe, South America and North America.

The college hosted a number of international speakers on campus throughout the year. Topics ranged from renewable energy to agri-business to wildlife forensics and beyond.

A group of students and faculty from the Child and Youth Care program got a close-up perspective of another culture as they participated in an international study tour to Baganda, Uganda. The tour was coordinated in collaboration with a graduate of the college’s program and provided valuable lessons about the industry they are studying, the role of the community and the value of perspective.

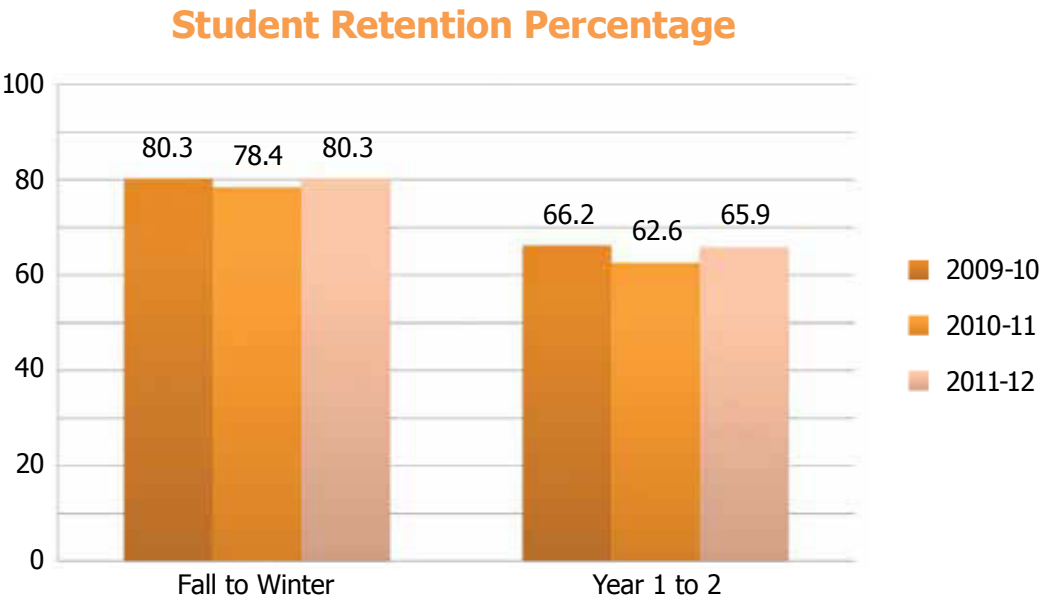
FNMI and International Student Headcount	2009-10	2010-11	2011-12
FNMI – self-declared	331	356	389
International	212	241	239

Source: Institutional Planning and Reporting - Post-secondary and apprenticeship (excludes off-campus contracts)



Student retention

The college’s focus on student retention has been heightened in the last few years. We know that a student’s experience within the first few weeks of entering college is a critical factor in retention and that the classroom environment is another strong influencer. Fall and winter New Student Orientations continue to grow and we are seeing successful strategies at the program level. Other initiatives such as the Distributed Learning (DL) and Rural Strategies are increasing flexible learning opportunities and removing some of the barriers that students encounter. Although we have experienced positive results, we are focused on continuing to improve student retention in the future.



Source: Institutional Planning and Reporting (excludes off-campus contract students)

Other Notable Mentions

- A Culinary Apprentice student was named Top Alberta Apprentice for the highest scores of all Alberta Culinary Apprentices.
- Students from the college’s Agriculture Technology program were two of three winners of this year’s Canadian Farm Business Management Council awards.
- The Lethbridge College and Kodiaks Athletics hosted the CCAA Women’s Basketball National Championships in March.
- The college received provincial recognition for the development of the online learning resource, the eLearning Café.
- The Alberta Council on Admissions and Transfer recognized the college for the outstanding efforts in expanding transfer agreements with other post-secondary institutions. Having these agreements in place ensures students have the necessary admissions and transfer information to assist them in completing their post-secondary studies.



Graduate Outcomes

As part of the post-secondary system in Alberta, the college participates in a biennial graduate survey. The survey is conducted two years after graduation and is a measure of graduate satisfaction and employment. During the past year, the 2009-10 graduates were surveyed; the results are represented in the following table.

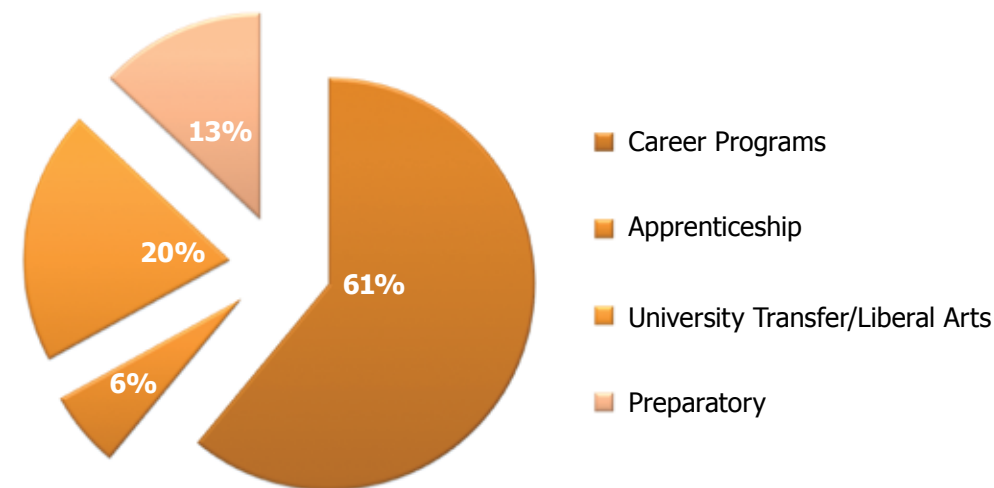
Graduate Employment and Satisfaction	Lethbridge College		
	2005-06	2007-08	2009-10
Graduate employment rate	96.3%	94.6%	95.4%
Graduates employed in related jobs	76.4%	75.0%	79.0%
Overall satisfaction with the quality of the educational experience	92.7%	93.5%	96.3%
Would recommend the institution to others	96.8%	96.0%	96.6%
Satisfaction with quality of teaching in the program	91.5%	93.0%	94.5%
Would recommend the same program of study	88.7%	88.8%	91.4%



Focus on Programs

Working collaboratively within Alberta’s system of public post-secondary education, Lethbridge College provides a range of educational opportunities in a variety of academic areas, including business and management, design and technology, justice studies, health and human services, agriculture and the environmental sciences, trades, preparatory studies and university transfer programs. Innovative career-focused programs provide Lethbridge College graduates with a solid foundation to go forward into the work environment and help to facilitate the change that is often needed in today’s business environment.

Distribution of Full Load Equivalents in Credit Programs



Source: Enterprise and Advanced Education Learner Enrolment Reporting System (LERS) (excludes off-campus contracts)



Development in Programs

The college is continually looking for opportunities to introduce new programs, and renew and refresh existing programs to keep pace with changes in industry. The following is a reflection of the progress in key initiatives:

Justice studies

The re-vamped *Bachelor of Applied Arts – Justice Studies* (formerly Bachelor of Applied Arts – Correctional Studies) was launched in the fall of 2011. Changing the name and expanding the scope facilitates the development of specializations within the justice studies discipline. Over the past year a committee of justice industry representatives, faculty and staff convened to review and redesign the program. A goal in expanding the scope of this program is to provide increased access and enhanced pathways for students into higher learning within the justice studies discipline. Enrolments are trending upward and students are coming from more diverse backgrounds such as child care, addictions and policing. We are expecting this trend to continue as the program evolves and access is enhanced through flexible means of delivery.

Development activities within the Criminal Justice Policing diploma are focused on increasing access through online delivery – a popular option for students. With work completed to date, 95 per cent of the program is available online. We expect that number to reach 100 per cent by January 2013.

Bachelor of Technology Degree in Environmental Science (BTech)

This past year the college submitted a proposal to Ministry of Enterprise and Advanced Education to launch a BTech degree with specializations in Environmental Assessment and Restoration, Natural Resource Management and a general concentration. The impetus for this proposal came from industry and the curriculum reflects that the industry is changing and there are increasing demands for employees with more advanced technical training. This is a perfect fit for the college as it builds on our strengths in existing environmental programming, furthers the utilization of the state-of-the-art Cousins science building and is in perfect alignment with industry and student needs.

In addition, it will advance the college’s capacity for innovation through applied research and the vision for the Trades and Technology Renewal and Innovation Project as a collaborative centre for innovative teaching and applied research. There is also strong student demand for the degrees and graduates will be recognized for accreditation with two professional bodies. While a significant amount of time and effort has been invested to date, we recognize that this is a multi-step process and we eagerly await approval to move on to the next phase of the degree approval process.

FNMI Career Pathways

Lethbridge College has dedicated time and personnel to creating a program to provide greater opportunities for First Nations, Métis and Inuit learners. The program will focus on providing the skills, supports and pathways to successfully prepare students for careers in their chosen fields. With the bulk of the work completed, it is expected that the program will be approved for delivery in the fall of 2013.



### Credential Framework and Learning Pathways

This project, known as the 30-60-120 project, focuses on creating a standardized measure of learning that is understood by post-secondary institutions worldwide. This will help to ensure that students receive fair recognition of their qualifications, increasing their access to learning pathways provincially, nationally and internationally. These principles are articulated in the Bologna Accord (1999), which is the foundation of this project. This two-phase project was implemented in early 2012. Phase one, the actual conversion of the “learning credit,” was substantially completed in May and June 2012 with finalization expected by November 2012. The policy that is foundational to the new credential framework has been updated and is in the final approval phase. The second phase, program redesign and review of affected administrative processes and systems, will be the focus for 2012-14.

#### Learning Pathways

Developing learning pathways removes barriers for students and supports student success now and in the future. Lethbridge College’s development of pathways focuses on recognizing the value of the learning that has taken place and is supported by the Credential Framework initiative. As the portability of education continues to evolve, students need assurance that their efforts will be recognized and valued. Over the past year, the college created or enhanced a number of strategic partnerships to provide increased options for students. Although not a comprehensive list and not identifying specific requirements within each agreement, the following represents some of the significant progress made during the year and validates the world-class level of education delivered at the college. Formal agreements were signed with:

- the University of Alberta for graduates of human services programs;
- Griffith University, Australia, for graduates of the Child and Youth Care program;
- Minot State University, North Dakota, for graduates of the Computer Information Technology program;
- Robert Gordon University, Aberdeen, Scotland, for graduates of the Business Administration Management and Marketing programs;
- University of Waterloo, Ontario, for graduates of the Therapeutic Recreation - Gerontology program;
- University of Lethbridge for graduates of the Child and Youth Care program;
- Mount Royal University for graduates of the Communication Arts - Print or Broadcast Journalism diploma program.

### Flexible Learning

Increasing access for students is a priority for the college. Two strategies are converging and reshaping the delivery of education at the college.

The completion of year two of a three-year plan (**Distributed Learning (DL) Strategy**) is providing more options and increasing access for students. At the core of this strategy is the goal to have a blended learning component contained within every course offered by the college. Students have more flexibility to access courses that fit their learning style, schedule and life circumstances and more varied access to learning and learner support services. The following outcomes were achieved this past year:

- The bookstore implemented online purchasing for all students. This especially benefits students taking online courses who live at a distance from Lethbridge College.
- Enhancement of website functionality for students to search by instructional method (i.e. online or blended courses) and location (i.e. rural campuses).
- The number of flexible delivery courses continues to increase:
  - Online courses increased 28 per cent over 2011.
  - Inventory delivered through eCampus increased 66 per cent over 2011.
  - Increases continued in blended and video conference to rural sites.
- The college continues to grow the eLearning Café support site for online students. We also developed a generic version of the site so other institutions in the eCampus Alberta consortium could utilize it.

From 2007-08 to 2011-12, course registrations in distributed (flexible) learning increased by 40 per cent.

The second strategy (**Rural Education**) is focused on increasing access to learners in rural communities. Engaging rural stakeholders was a key component in the development of a rural strategy focused on supporting vibrant communities through sustainable learning and research activities. Through the various discussions, two priorities emerged: the transition of youth from secondary to post-secondary and access to foundational programming (English as a Second Language (ESL) and below grade 10). In view of these priorities, rural education is expanding and opportunities are emerging for collaborative initiatives with the various school divisions. Other notable achievements in rural education this past year are:

- The launching of the Practical Nursing program at two rural sites.
- The opening of the Lethbridge College Vulcan County Campus in collaboration with the Vulcan Business Development Society and the Vulcan County Adult Learning Council.
- Applied knowledge gained from an unrelated college research project and funding from the Alberta Rural Development Network (ARDN) will be used to develop an online community for practitioners of adult learning. It is expected that once this tool is implemented in 2012-13, it will be instrumental in advancing the efforts of the adult learning community.





### *College-wide Outcomes*

This project recognizes the importance of a set of competencies that all learners require for ongoing future success. College-wide outcomes at Lethbridge College are broadly stated and occur within the learning environment formally and informally. Once fully implemented, all students who receive a credential from Lethbridge College will achieve measurable learning in the following six areas:

- sustainability
- innovative problem-solving skills
- communication
- information/digital literacy skills
- lifelong learning, self-direction and personal management
- collaboration and leadership

These outcomes will provide students with the foundation to contribute to the sustainability of society, the economy and the environment through active engagement in the wider community. These outcomes will also allow students to recognize problems and apply systematic methods or processes to solve problems or create improvements and create meaning by listening, writing, speaking and reading effectively using a variety of media and technological tools. Finally, these outcomes will direct students to use existing and emerging sources of information to gain knowledge, communicate and distribute information, recognize and take responsibility for their own learning and development and develop an awareness of their role in society and corresponding effect. They will be lifelong learners able to adjust to a changing world, which is critical to their continued success throughout their lives. Progress achieved this year of this multi-year project supports full implementation at the end of 2012-13.

### *Quality Control and Accreditation*

There are several types of review that a program is involved with on a regular basis including informal ad hoc reviews by program faculty, General Program Assessment (GPA), external accreditation review, implementation review and program review. All of these reviews form part of the quality control process the college has in place to ensure programming is current, relevant and sustainable. Work was completed during the year to update the policy and procedures governing program review and to formalize the process in alignment with annual planning and accountability activities.

Several programs at the college receive accreditation through external professional bodies. Part of the rigor of accreditation is the periodic review and subsequent approval process. This past year the Massage Therapy diploma program received continued approval from the National Health Care Practitioners Association. In addition, the Wind Turbine Technician program successfully satisfied a curriculum and site review with the BZEE International certification.

### *Trades and Technology*

A cornerstone of our trades and technology programming strategy is the Trades and Technology Renewal and Innovation Project (TTRIP). The announcement by government of \$55.6 million in funding opens the door to the realization of a vision that supports innovative programming and applied research. This will include the development of emerging programs focused on sustainability and the development of new post-diploma credentials building on existing programming and capacity. Space specifically designated for the use of industry for innovation and the commercialization of technology will assist in the integration of applied research and build capacity. A key component of TTRIP is the flexibility of space to meet changing labour force needs and support new programming in the decades to come.

Renewal of this facility will consolidate the trades and technology programs into one learning facility that is highly functional, flexible and designed for optimum utilization. The facility will also provide opportunities for collaboration with industry, business and the community as well as enable program synergies in the multi-disciplinary use of shared learning environments. Capacity within the trades and technologies disciplines will increase and position the college to meet the evolving needs of Albertans and industry in the area of trades and technology education and training.

Applied Learning - A Distinct Advantage

Students in Lethbridge College programs benefit from the element of *applied learning* embedded into curricula. Applied learning is facilitated in many ways but most often takes the form of practicum and work placements, field studies and applied research. Students in some career programs such as Communication Arts and Media and Design apply their learning by taking part in activities that benefit the community at large.

Students are essential contributors to many on-campus applied research activities. An example is the Citizen Society Research Lab, an applied learning and teaching initiative specializing in quantitative public opinion studies. These studies were cited in local, provincial and national news reports throughout 2011-12. This year, 178 students took part in the studies, which benefited society in general as well as specific groups.

Program Enrolments

A key goal for the college in serving its stewardship region is to increase access/enrolments to learning opportunities throughout the communities it serves. This is achieved through the strategies embedded in the Strategic Enrolment Management (SEM) Plan that focuses on recruitment and retention of students and the strategies supporting flexible learning models.

Growing enrolments is not without its challenges. College and University Preparation has been and continues to be a significant portion of the college’s programming, serving to prepare students for entry into college programs. Funding sources for students entering into the program have decreased over the past few years. Consequently, we are experiencing a significant drop in enrolments in the program and have focused our efforts on sustainable program delivery. We are concerned that while learning pathways are available for adult learners, the lack of available funding prevents them from further education that will provide career and life success.

We continue to see high demand in the nursing programs. Student Full Load Equivalents (FLEs) in the Practical Nursing and Bachelor of Nursing programs were 10 per cent higher than the previous year. A challenge for the college as it grows enrolments to meet the growing provincial demand is the availability of suitable clinical placement positions. We continue to work with our accrediting bodies, Alberta Health Services and other external agencies to work through short- and long-term solutions.



The following chart shows a continued increase in FLEs. Enrolments in programs outside Alberta are the result of contracts with outside agencies in other parts of Canada and the world and tend to fluctuate based on demand and the college’s ability to supply.

Student Full Load Equivalents				
	2009-10	2010-11	2011-12	2011-12 vs. 2009-10
Lethbridge, DL and Rural	3,797	3,877	3,911	3%
Off-campus Contract	326	95	274	(16%)
Total	4,123	3,972	4,185	2%

Source: Enterprise and Advanced Education Learner Enrolment Reporting System (LERS)

2011-12 Geographic Source of Students FLEs (excludes off-campus contracts):  
Alberta 81 per cent, Other Provinces 13 per cent, Outside Canada six per cent

Graduates and Completers

Most students graduate from their programs at the college. In 2010-11, Enterprise and Advanced Education started tracking the university transfer students such as our collaborative Bachelor of Nursing program with the University of Lethbridge. Although these students have not graduated, they are considered as having completed the college portion of the program and are reflected in the following chart as completers.

Graduates /Completers	2009-10	2010-11	2011-12*
Graduates	905	853	1,134
University Transfer (Bachelor of Nursing) completers	NA	80	146
Total	905	933	1,280

Source: Enterprise and Advanced Education Learner Enrolment Reporting System (LERS)

\*Note: Due to timing of data capture, 90 “late grads” are included that would normally be included with 2012-13.

The decline in graduates that we saw in previous years is starting to trend upwards. We anticipated this change as we have seen that the graduate trend lags the enrolment trend two to three years out. From 2005-06 to 2008-09, enrolments steadily declined; this trend reversed in 2009-10 and has moved upwards since that time. One of the biggest factors in the early decline was the “hot” Alberta economy. In recent years, a number of initiatives under the direction of the Strategic Enrolment Plan and the Distance Learning Strategy have been implemented to address enrolment pressures. We are showing positive results through improvements in student retention and higher enrolments.

institutional  
achievements



# Institutional Achievements

## INDUSTRY AND COMMUNITY CONNECTED FOR INNOVATION, PRODUCTIVITY AND RESEARCH

### Community and Industry Linkages

Industry linkages are critical in ensuring programs stay current and relevant. All programs have advisory committees that meet each year to provide input and advise programs on existing and future industry directions. The college is continually reviewing and updating advisory committees to ensure it has the best possible geographic and industry mix of participants for each program.

The following reflects a small sample of how external stakeholders influence the direction of education and how the college is meeting the needs of our various stakeholders.

- Significant consultation took place with our stakeholders in rural education. This involved community adult learning organizations (local and regional), rural school divisions, rural economic development officers and employment service organizations. As a result of these interactions, a three-year strategic direction has been developed that provides the framework for supporting vibrant communities through sustainable rural educational programming.

- Consultations with Alberta Health Services groups (e.g. Health Profession Strategy and Practice (HPSP) team, nursing manager groups) resulted in positive outcomes for students, namely, securing placements, ensuring occupational health and safety standards are met, and maintaining ongoing relationships with external stakeholders. In addition, the college played an important part in the Health Sciences Placement network of Alberta as it made changes to its governance structure and accompanying committees.
- Representatives from the Lethbridge Regional Police Service, Taber Police and Alberta Correctional Services played a key role in the review and redesign of the Bachelor of Applied Arts in Justice Studies degree.
- The college is a participant on the Rural Professional Practice: Linkages between Human Services Disciplines Steering Committee.
- The college is representing Alberta Child and Youth Care programs on the national Child and Youth Care Education Accreditation Board of Canada.
- Planning for the proposed Bachelor of Technology degree in Environmental Science was a direct response to feedback received from industry-led advisory committees, industry leaders, graduates and professional bodies such as the Alberta Society of Professional Biologists and the Alberta Institute of Agrologists.



The college provides opportunities for students, staff and industry members to network and expand their knowledge in particular topics of industry by hosting and/or attending conferences and events; in addition, program participants engage in various volunteer opportunities each year. The college engaged in the following activities this past year:

- The Tiffin Conference, an annual college-hosted agricultural event, continues to receive high ratings from all stakeholders and is especially important to the southern Alberta agricultural-based community.
- The college hosted the first Canadian International Forensic Wildlife Conference. This advanced training for wildlife crime scene investigators, based on a United States conference, focused on fish and wildlife specific investigations and was of great benefit to conservation law enforcement agencies attending from across Canada and the United States.
- Renowned renewable energy expert Dr. Christine Wörlen, former director of renewable energies for the German Energy Agency, presented at the college on best practices to integrate renewable energy into urban settings. The Solar Energy Society of Alberta, the Pembina Institute and the German Embassy worked together with the college's International Wind Energy Academy to bring Wörlen to Alberta for a series of lectures.
- Partnering with the Child Care Directors' Association of Southwest Alberta and Southwest Alberta Child and Family Services Authority, the college hosted the "Our World through the Eyes of a Child" conference.

- In collaboration with external partners, the college hosted the 11th Annual South West Regional Skills Canada Competition. More than 90 local high school students had the opportunity to compete in 10 different trade and technology areas, including auto service, baking, cabinet making, carpentry, culinary arts, fashion technology, graphic design, hairstyling, TV and video production, and welding.
- Canada's first KidWind Challenge was hosted by the Lethbridge College in collaboration with KidWind, an international project for engaging teachers and students in clean energy science. Teams of students from southern Alberta high schools competed against each other in the design of two-foot-tall small wind turbines.
- The Early Childhood Education faculty, in partnership with local child care centres, offered workshops and training to staff in a variety of centres in collaboration with Southwest Alberta Family and Social Services.

Lethbridge College was recognized at the Canadian Blood Services national event, Honouring Our Lifeblood, as one of nine partners at the heart of Canada's blood system. The Alberta Region of Canadian Blood Services nominated Lethbridge College based on the tremendous support and results in the annual blood drive organized by the college each fall. Through the annual one-month challenge, Lethbridge College has contributed a total of 741 blood donations. This includes donations from 200 first-time blood donors.





## Innovation and Applied Research

Our focus on applied research is aligned to government priorities and the four key goals: economic diversification and competitiveness; environmental stewardship; social well-being and health; and talent and skills. The Alberta government recognizes that the role of institutions as catalysts of innovation is critical to Alberta's ability to grow, change and meet the challenges of a rapidly developing world. Lethbridge College's key research objectives are to:

- provide an atmosphere conducive to research and scholarly activities in general;
- improve the educational experience of our students through the integration of research and teaching;
- build on our existing and emerging strengths to achieve excellence in applied research;
- effectively transfer knowledge gained through applied research in the manner most likely to benefit our partners and society.

Throughout 2011-12, the college continued to build on the work of prior years towards expanding capacity and advancing excellence in research. While receiving increased funding from industry, we are having difficulty receiving funding from the granting councils. Nonetheless, the partnerships we are nurturing in research activities provide us with assurance that we are on track in meeting our objectives. The following summarizes involvement by staff, faculty, students and external partners:

- Overall interest in, and acceptance of, research at the college is increasing. Approximately 35 faculty and staff are involved in applied research.
- The college is experiencing increasing numbers of collaboration not only with industry but also with other post-secondary institutions provincially (University of Lethbridge, University of Alberta) and internationally (Cairo University, Curtin University (Western Australia)).
- The college had research projects sponsored (funded) by nine organizations both from the public and private sectors.
- We have various levels of collaboration with a number of other groups and organizations and have had discussions with approximately 20 companies.
- Approximately 250 students had some involvement in applied research and over 60 of these worked on sponsored projects.

The following list of projects, although not comprehensive, provides insight into the types of activities and expected benefits from the various partnerships and research projects:

The college is the lead agency for the Regional Innovation Network for Southern Alberta (RINSA), which is first mentioned in the Collaboration and Consultation section of this report. It encompasses an area from south of Calgary to the Canada/United States border, and from roughly the Town of Taber to the Alberta/British Columbia border. The purpose of RINSA is to offer entrepreneurs and small and medium enterprises (SME's):

- innovation support, technology transfer and commercialization programs;
- marketing, business development, training and export development services;
- networking and match-making services;
- business incubation opportunities;
- access to funding at various stages (vouchers, angel investment, venture capital);
- access to funding through Community Futures' lending services for start-up and/or expansion.

Through this project, representatives/advisors from IRAP and the Alberta Innovates-Technology Futures (AITF) program are resident on campus providing valuable expertise and insight in identifying the needs of local SME's and funding opportunities.

Significant industrial collaboration was established with Phytocentric Biotech. This company started with the assistance of Lethbridge College and is focused on developing and commercializing novel methods of biotransformation of algae. The collaboration with Phytocentric includes a Phytocentric scientist working full-time at the college and has created student employment and allowed students to be exposed to, and help resolve, real company issues. Eight students have had significant exposure to Phytocentric's work and others have had lesser exposure. This collaboration is also leading to work with related companies in the bioenergy field.



The college participated in the development of a start-up company, Windy Software. Content expertise was provided by the college working with a programmer affiliated with the University of Lethbridge. Software is being developed which will run on smartphones and other devices with limited screen area and help students improve the quality of their writing. When the software is developed and tested (at Lethbridge College using college students) it will be made available at no charge to all Lethbridge College students.

The Lethbridge College Fetal Alcohol Spectrum Disorder (FASD) Education program is an online education program and the only program of its kind in Canada. To improve the connectivity of professionals in the field, including students and alumni, and thus to provide better care to people suffering from FASD, a virtual community of practice (VCoP) was developed. Anecdotal evidence indicates that the VCoP is meeting its objectives and students feel more engaged. The Coordinator of the FASD program is working with researchers at a number of Canadian universities to conduct a rigorous study to determine the value of the VCoP.

The Aquaculture Centre of Excellence (ACE) has an ongoing relationship with Golden Eagle Aquaculture on development of Coho salmon for fish farming in Alberta. Golden Eagle is a Vancouver-based company looking to expand aquaculture opportunities for Alberta fish farmers. Coho salmon are being kept and spawned at ACE and it is expected that the resulting progeny will be raised in recirculation aquaculture systems. This is a new production method for salmon. Students work with ACE personnel on the care of the fish and may be involved in spawning and other aspects of the work. A small, preliminary project is under way to investigate Coho salmon in aquaponics.

ACE continues to produce triploid grass carp. In addition to sales for weed control, excess fish production is being sold into the fresh food market. ACE continues to collaborate extensively with Alberta Agriculture and Rural Development on a number of projects including the project with Golden Eagle mentioned above, aquaponics and the development of new fish feeds. ACE has also helped Alberta Sustainable Resource Development move fish from the wild to the Bow Habitat Station for public display. The wild fish were quarantined in the ACE isolation facility and treated to remove parasites and other potential disease organisms.

As education evolves, a new reality is emerging. The linkages between education and industry are becoming more and more critical in preparing learners for productive and rewarding careers and in partnering with industry/community to nurture innovation and solve real world problems. A cornerstone for the college in advancing this new reality is state-of-the-art facilities. The Trades and Technology Renewal and Innovation Project (TTRIP) together with existing state-of-the-art facilities such as the Cousins Science building and the Aquaculture Centre for Excellence will significantly advance research and innovation within the Lethbridge community, benefiting industry partners and future generations of learners. The support from industry and the community for TTRIP is a testament to the college’s role in supporting economic growth and the ability to change and meet the challenges of a rapidly developing world.

Applied research projects during the 2011-12 year engaged 250 students, 35 employees and nine external partners.

## Community Training and Development (non-credit programming)

In addition to core academic credit programming, the college supports employers and local communities with non-credit programming and development. The type of training offered is dependent on industry needs and often is delivered in partnership with industry and various levels of government. As per government policy, most non-credit programming is not supported through funding from Enterprise and Advanced Education. The balance between financial viability and service to the community continues to be a challenge. This past year the college conducted an external review and assessment of non-credit activities in an effort to measure the overall effectiveness against industry benchmarks and best practices. The findings of the assessment have been evaluated and work has begun on implementing the improvements.

The college’s non-credit programming focuses on building relationships with community partners to advance training and professional development in their respective communities. In addition to the ongoing business, computer and industrial technical training, several new relationships have emerged that provide innovative solutions to community needs. The following are examples of relationships the college engaged in throughout the year:

- The college’s International Wind Energy Academy teamed up with the SouthGrow Regional Initiative, an economic development alliance of nearly two dozen south central Alberta communities, to conduct Community Renewable Energy Assessments for each community. The goal achieved from the assessments provides rural communities with an understanding of their economic development opportunities and prepares them to act when investment initiatives are presented.
- This past year, more than 60 members completed the National Aboriginal Trustee Training program, developed in partnership with the National Aboriginal Trust Officers Association (NATOA), TD Group, and Aboriginal Affairs and Northern Development Canada. Members received valuable training in the management of an estimated \$5 billion in Aboriginal Trust Assets.
- Industry partners, including Compass Rose Power Solutions, City of Lethbridge, Rokstad Power, AltaLink and MVA Consulting Ltd., were instrumental in planning for the new pre-employment Power Lineman Technician program that will be launched in January 2013.
- The Vulcan Innovation Project has seen an ongoing partnership with stakeholders in the Vulcan region to deliver trades and Wind Turbine Technician training through technologies such as video conference. This partnership grew into a formal arrangement with the collaborative initiative to open a Lethbridge College Vulcan County campus.

The community participates in non-credit courses across 40 subject areas (as defined by Enterprise and Advanced Education). In all, non-credit programming makes up 47 per cent of the distinct student population.

## Donors and Fundraising

The college recognizes that providing quality programming and an excellent educational experience require support from the larger community of stakeholders. To this end, the capital campaign encompasses a number of strategic priorities for the college, including the Trades and Technology Renewal and Innovation Project (TTRIP), the Library and Learning Innovation Project (LLIP), the Kodiak House residence, significantly expanded scholarship and bursary programs, and expanded programming. The private sector campaign, directed towards individuals, corporate partnerships and foundation support, is currently meeting timeline and financial targets.

# EMPOWERING ENVIRONMENT

## Human Resources

The employees of Lethbridge College are critical to its success. The college’s academic vision recognizes that an empowered environment is integral to the achievement of our strategic direction. Our goal to become an “employer of choice” requires that we attract and engage outstanding employees. To assess level of engagement, the college participates in the Aon Hewitt 50 Best Employers in Canada survey. The information received has provided us with tremendous insight into what drives engagement and how these behaviours positively affect employee commitment and ultimately organizational results. Our focus this past year based on these results was to develop and support performance management best practices and the enhancement of recognition programs and practices across the college.

We continue to see a large proportion of our workforce who are in the 55 to 65 age range and will be exiting the organization. To meet this challenge the college is focused on leadership development and succession planning. A succession planning framework has been developed and the program itself is in the development stage with a goal to have succession plans in place for all positions identified as critical.

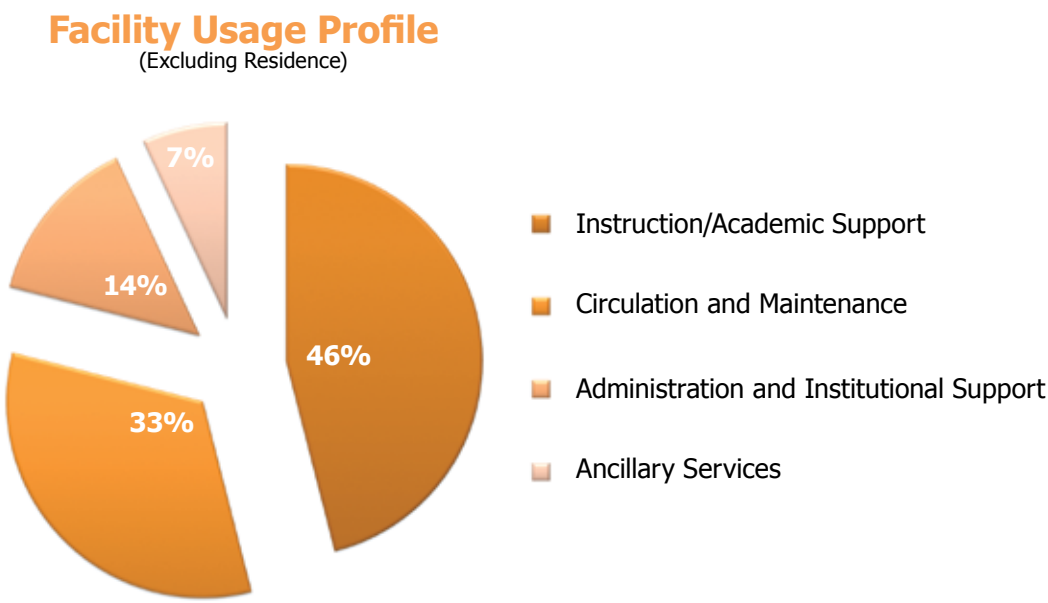
A final focus for the college has been in the area of Occupational Health and Safety. A comprehensive program has been developed with completion of implementation targeted for 2012-13. This program has helped the college realize its goal to achieve operational excellence by providing good risk management practices such as formal threat assessment and incidence response protocols and in creating an environment of sustainability. In addition, the program also provides students the ability to learn to be safe, which is a philosophy they can apply throughout their careers. The college is seen as a role model in developing students with hands-on safety knowledge, experience, and abilities necessary to succeed in the workplace. This program is a clear demonstration of our commitment to employees and students as being an employer and educator of choice.

Lethbridge College is one of the largest employers in the community, positively influencing the Lethbridge economy. The total number of employees paid each year is significantly higher than the following graph of full-time equivalents. We continue to look for efficiencies throughout the organization and that is reflected in the decline in full-time equivalents.

## Facilities

Current, updated, functional and comfortable facilities enhance the learning environment and the student experience. The Trades and Technology Renewal and Innovation Project (TTRIP), the college’s highest capital priority, has been our key focus and is now moving ahead with a \$55.6 million funding commitment from the Alberta Government and with community support through the capital fundraising campaign. The TTRIP funding commitment has allowed the Planning Committee to formally issue a Request for Proposal (RFP) for the design of TTRIP. In addition, the college has continued to move forward the concept design and draft business case that will augment the existing Key Parameters and Master Program documents. Each of these milestones in TTRIP planning moves us closer to being “shovel ready” by summer 2013.

Also supporting the learning experience and the long-term sustainability of the college, a number of major maintenance projects were completed this past year: the Cullen block residences, and the Culinary program and Food Court facilities were renewed and positively affected the students’ experience. Significant upgrades were made to elevators, corridor and classroom flooring and lighting. Accessibility to washrooms was enhanced and two major roofs were replaced.



Source: Facilities Management

Employees (Full-time Equivalent)	2009-10	2010-11	2011-12
Academic	302	309	309
Non-Academic Support	363	351	334
Administrative/Managerial	68	68	69
Total	733	728	712

Source: Enterprise and Advanced Education Financial Information Reporting System (FIRS)







### Instructional Equipment

- The following examples show how technology is being used to enable the learning environment.
- A virtual welder provides students access to equipment in a safe environment and demonstrates commitment to sustainability for reducing the use of materials and energy.
  - Welding and electrical instructors working with the college’s Educational Enhancement Team developed digital learning objects for apprenticeship training. Grants from Apprenticeship and Industry Training supported the project and the various learning aids will be accessible to apprenticeship students across Alberta.
  - A significant project to enhance classroom teaching technology also provided students and instructors with the ability to display and interact with digital instructional materials – a critical component in supporting flexible learning.

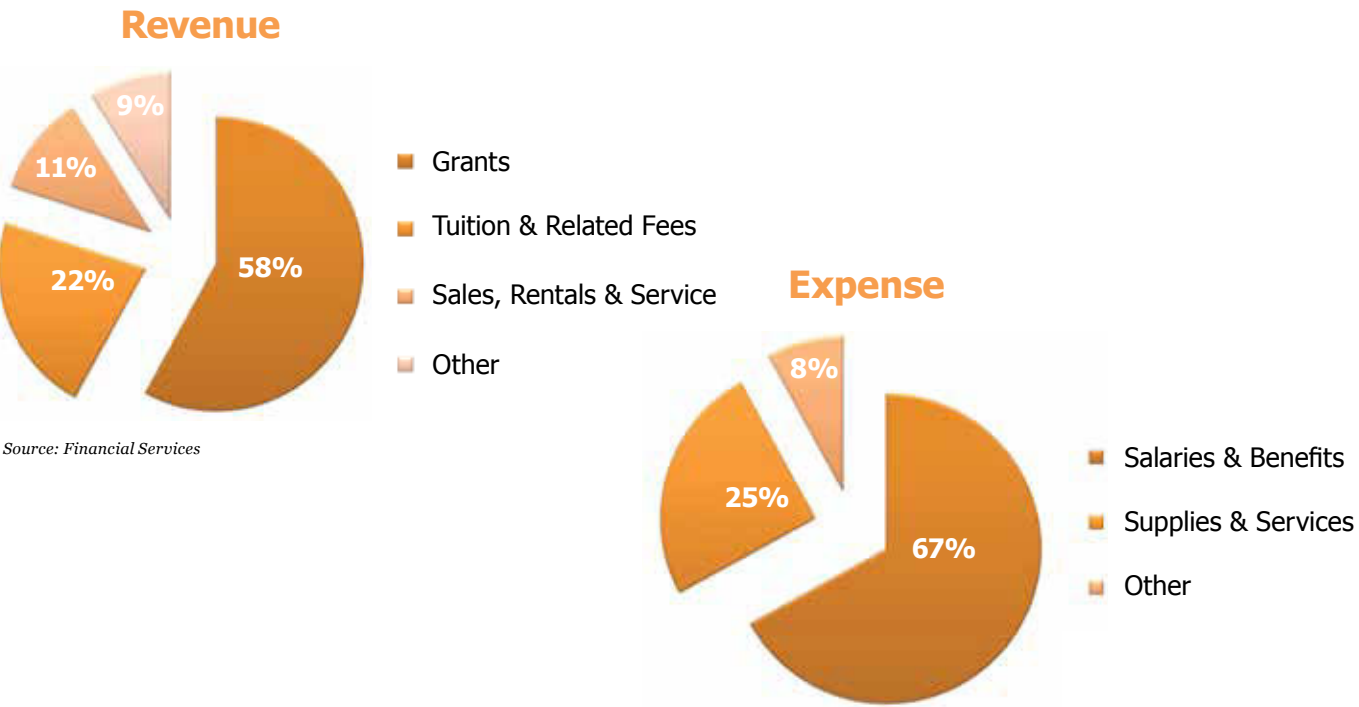
### Information Technology

- The college completed a major system re-architecture known as the System Revamp Program (SRP). The SRP included several large projects that directly aligned with institutional goals and objectives. The underlying theme of the SRP was to position Information Technology Services to meet the growing demands of technology at Lethbridge College. Features of the project included:
- a complete replacement and re-architecture of the main college Enterprise Resource Planning (ERP) system improving service for students and staff and reducing maintenance costs;
  - a new reporting tool (Business Objects) that provides end-users access to data and reports;
  - installation of software that provides the solid foundation for future improved identity management and account lifecycle controls;
  - a new portal with single sign-on capabilities, new features, and the addition of a mobile application (MOX) that provides students and staff a better interface for accessing college information and resources;
  - a new software module, Retention Alert, provides staff new tools to assist in student retention.

As part of another project, advanced scheduling software was also implemented that allows the integration of timetabling functions for the academic timetable and ad hoc bookings.

### Financial Resources

A significant challenge for the college is funding. Although some unexpected one-time funding was received this past year, the reality of rising costs and limited funding increases is challenging the institution to seek out opportunities to reduce spending while maintaining quality programming and student support services. The college will continue to address budgetary pressures through innovative approaches and fiscal responsibility.



Key Performance Indicators	2009-10	2010-11	2011-12
Administrative expenditures as percentage of total expenditures less ancillary expenditures	11%	11%	10%
Enterprise revenue as a percentage of government grants	20%	21%	22%

Source: Enterprise and Advanced Education Key Performance Indicators Reporting System (KPIRS)

### Enterprise Risk Management (ERM)

The focus for 2011-12 was on implementing at the institutional level the Enterprise Risk Management (ERM) Policy and Framework that was approved in June 2011. A Risk Management Advisory Committee (RMAC) was established. Building on the risk assessment work completed in 2011, the RMAC is providing oversight on the management of key institutional risks. Reporting was established at the Board and senior administrative levels of the institution and planning has begun for embedding ERM within all levels of the college.

# Management Discussion and Analysis

## Management Discussion and Analysis Preface

This Management Discussion and Analysis (MD&A) should be read in conjunction with the Lethbridge College annual audited financial statements and accompanying notes. The MD&A and audited financial statements are reviewed and approved by the Lethbridge College Board of Governors on the recommendation of the Lethbridge College Finance, Audit and Risk Committee.

This MD&A provides an overview of the results Lethbridge College achieved in 2012 with a detailed discussion and analysis of the institution's:

- 1. operating environment*
- 2. business planning and management*
- 3. financial information*
- 4. progress in capital projects*
- 5. areas of significant financial risk*
- 6. future change in financial framework*







## 1. Operating Environment

With a primary focus on learning, Lethbridge College continues to derive much of its strength from its role within the Campus Alberta post-secondary system. Its location within the City of Lethbridge and Province of Alberta provides a range of career-training programs, applied degrees and apprenticeships to students both at home and abroad.

Lethbridge College operates in an environment characterized by considerable political, economic, social, technological and environmental change. Meeting increased student demand over the next few years, particularly in areas of strategic priority, will be challenging since funding for planned program expansions across the Campus Alberta system is no longer available. Even with the announcement by the Government of Alberta of a two per cent increase in the college’s base operating grant, the college has projected that with the inflation of expenditure exceeding the grant increase, the college will experience revenue shortfalls in the coming fiscal years.

The college was delighted with the announcement by the Government of Alberta of funding of \$55.6 million towards the Trades and Technology Renewal and Innovation Project. The completion of this project will ensure that the facilities at the college will be well placed to serve our students, community and the Province of Alberta for decades to come.

## 2. Business Planning and Management

Lethbridge College’s three-year Comprehensive Institutional Plan lays out the framework and provides the direction for the institution to achieve its teaching, research, interdisciplinary, and service goals and objectives. Within this plan, the college describes its operating environment as well as the strategies it will engage in to further enhance its quality, reputation, profile and distinctive character, as our vision is to become a “college of distinction.”

The college prepares its budgets on a three-year rolling basis. This enables the college to plan over an extended timeframe and gives a better level of understanding of the future financial position. Resources are directed at those strategic priorities that the college has determined to be crucial in the achievement of its goals.

Development of the Academic Vision has been a significant focus for the college. The vision is comprehensive in nature and addresses strategic enrolment management, college-wide learning outcomes, flexible learning strategies, program assessment, faculty profiles and organizational structures.

The Distributed Learning (DL) Strategy is in its second year of progress, this is an institution-wide initiative to change instructional practice, enhance the student experience and engagement and the flexible delivery of learning.

3. Financial Information

Revenues

Total revenues increased \$0.6 million to \$82.4 million. The following table shows the composition of the college’s total revenues for the 2012 fiscal year with comparative information for 2011:

REVENUE BY SOURCE (in thousands)	2012	2011
Government of Alberta grants	46,458	45,937
Federal and other government grants	1,152	1,234
Student tuition and fees	18,292	17,667
Sales of services and products	9,233	9,185
Contract programs	1,915	2,297
Donations and other contributions	455	515
Investment income	1,187	1,165
Amortization of external capital contributions	3,701	3,800
Total Revenue	82,393	81,800

Government Grants

The college receives 56 per cent of its revenue from the Government of Alberta. Funding increased by \$0.5 million in 2012. The college did not receive an increase to its base funding but did receive \$0.4 million for enrolment pressures which supports costs associated with the enrolment growth experienced by the organization.

Student Tuition and Fees

Total student tuition and fees revenue increased by \$0.6 million. The Public Post-Secondary Institutions Tuition Fee Regulations provided for a small increase 0.035 per cent (1.5 per cent in 2011) in regulated tuition fees. Unanticipated partnership tuition revenue accounts for the majority of the increase.

Investment Income

The college’s investments include short-term deposits and long-term investments managed using two funds, Lethbridge College Fund (LCF) and Lethbridge College Foundation Endowment and Scholarship Fund. Long-term investments are held with an external investment management company to yield higher rates of return. The accumulated average rate of return on the investment portfolio was 3.3 per cent (3.9 per cent in 2011). The college has short-term guaranteed investment certificates included in cash and cash equivalents with an average rate of 1.2 per cent.

Expenses

Total expenses decrease by \$0.7 million to \$78.9 million. The following table shows the composition of the college’s total expenses for 2012 with comparative information for 2011:

EXPENSE BY CATEGORY (in thousands)	2012	2011
Salaries and benefits	52,985	52,895
Materials, supplies and services	8,531	10,292
Utilities	1,621	1,550
Maintenance and repairs	6,061	5,241
Cost of goods sold	3,110	3,383
Scholarships and bursaries	513	312
Interest on long-term liabilities	523	539
Amortization of capital assets	5,588	5,387
Total Expenses	78,932	79,599

Salaries and Benefits

At approximately two-thirds of total expenditures, salaries and benefits represent the single largest operating expenditure. The increases in salaries and benefits pursuant to collective agreements and salary step increases were largely mitigated by the judicious management of vacancies during the year.

Materials, Supplies and Services

Expenditure on material supplies and services decreased 17 per cent or \$1.8 million from \$10.3 million in 2011 to \$8.5 million in 2012. The college has implemented cost reduction and efficiency strategies that have resulted in significant reduction in various areas, particularly in general material supplies and professional service fees.

Maintenance and Repairs

The increased expenditure on maintenance and repairs of \$0.8 million is due to several large maintenance projects carried out during the year.

Scholarships and Bursaries

During the year the college funded an additional \$0.2 million in scholarships to improve student access to the college.



Financial Position

Net Assets

The college’s net asset position is an important indicator of financial health. Through diligent financial planning and decision-making, combined with increased endowment contributions from donors, the college’s net assets increased by \$4.7 million compared to the previous year.

Net Assets – Unrestricted

The college’s unrestricted net assets, equity, at year-end are \$11.7 million, an increase of \$3.9 million from 2011. The increase is mainly a result of the current year surplus of \$3.5 million.

Net Assets – Internally Restricted

Internally restricted net assets represent amounts set aside by the college for specific purposes. During the current year the information systems re-architecture project was completed and the Distance Learning Strategy made strides as it moved into year two of a three-year project. During 2012 the Board committed \$0.3 million for the Billion Dollar Green Challenge in efforts towards achieving a “greener campus.” These funds support projects that work towards saving energy, reducing carbon emissions and lowering energy costs. The following table shows the composition of internally restricted net assets:

NET ASSETS – INTERNALLY RESTRICTED (in thousands)	
Professional development	1,154
Centre for trades – sustainable technology	5,962
Distance learning strategy	393
Information systems re-architecture	173
Library revitalization	181
Billion Dollar Green Challenge	250
Future commitments and strategic reinvestments	1,649
Total	9,762

Net Assets – Endowments

Net assets restricted for endowment purposes increased by \$1.5 million to \$8.6 million in 2012. During the year, aggregate capitalized income of \$0.2 million for the current year, \$1.0 million transferred from previous years and \$0.3 million of gifts were added to the principal amount of endowments.

The college endowment funds are permanent endowments received from donors with the stipulation that the principal remains intact and is invested in perpetuity to produce income to be expended for the purposes specified by the donors. The purposes are primarily the funding of scholarships.

Working Capital

Current assets consist primarily of cash and cash equivalents, operating investments and accounts receivable. Total current assets increased \$7.6 million due to special purpose funds received for Infrastructure Maintenance Projects, the High Voltage Renewal project and the Trades and Technology Renewal and Innovation Project.

4. Progress in Capital Projects

During the year Lethbridge College purchased \$3.4 million in capital assets, of which \$1.1 million was funded from internal funds and \$2.3 million from external sources of funding provided by Alberta Enterprise and Advanced Education (including Alberta Infrastructure). Capital asset additions include equipment purchases, classroom technology upgrades, roof replacements, infrastructure maintenance projects, and expenditure on the security upgrade project.

In April 2012 the Government of Alberta announced a commitment of \$55.6 million towards the construction of the Lethbridge College’s Trades and Technology Renewal and Innovation Project (TTRIP). The focus of this new facility will be on traditional trades, technology and design, as well as new technologies, such as alternative energy programs including solar, geothermal and wind energy. Lethbridge College has embarked on a major fundraising campaign to raise funds for a variety of initiatives, including TTRIP. The college has received a number of substantial donations from the community in support of the capital campaign. Work has started on the schematic design of the facility and the college will start construction in the summer of 2013.





## 5. Areas of Significant Financial Risk

### Deferred Maintenance

The magnitude of deferred maintenance and an aging infrastructure means emergency repairs may be unavoidable. Deferred maintenance remains a significant issue for the college. To address this reality the college has set aside an emergency contingency within the infrastructure maintenance program grant to be used in the event. The college spent \$1.9 million in 2012 on maintenance projects identified within the Infrastructure Maintenance Program (IMP) funded by the Province of Alberta. In addition, in 2012 the college supplemented those funds internally with \$0.7 million to achieve the necessary repairs and renewals to meet the requirements identified in the IMP plan.

### Budgetary Pressure

Although the college has prepared a balanced budget for 2013, future finances are under pressure as a result of a number of factors including:

- potential for operating grant funding reductions in the foreseeable future;
- loss of incremental Enrolment Planning Envelope funding affecting new programming and tuition revenues;
- potential for negotiated salaries in excess of funding;
- a tuition policy that limits tuition to rates below inflation rates;
- potential for volatility with regards to investment returns;
- maintaining a positive unrestricted net asset position.

The college continues to be committed to address these budgetary pressures and will work closely with the Board of Governors and the government to develop long-term strategies to ensure that it can continue to deliver on its mandate.

While the college is pleased with the province’s announcements of commitment to post-secondary education along with the announced two per cent increase in operating funding, this is not sufficient to cover costs which are escalating at a higher rate. For example, salaries and benefits, which represent approximately two-thirds of expenditure, are forecast to increase by at least three per cent over the prior year. In addition, deferred maintenance continues growing in an environment of decreasing funding.

While the increase in operating funding will cover a portion of these increasing costs, the cap on tuition fee increases limits the college’s ability to close the funding gap through more traditional means. Consequently, the college continues to search for and implement efficiencies, whilst pursuing revenue generation activities.

## 6. Future Change in Financial Reporting Framework

Commencing July 2012, all of Alberta’s post-secondary institutions will be changing accounting standards from the previous Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations to Public Sector Accounting (PSA) Standards. In preparation for this change, the college is participating on the provincial working group with the Government of Alberta and other Alberta colleges and universities. The goal of the working group is to assist institutions in developing and implementing their transition to the PSA Standards.

Phase 1 of the transition included identifying and analyzing potential high impact transition topics in the context of the post-secondary environment. In Phase 2, the working group will continue to analyze transitional impacts as the group develops the financial statement templates for the post-secondary education sector that comply with PSA Standards while ensuring information presented in future financial reports support effective decision making.





# consolidated financial statements

## Lethbridge College Year Ended June 30, 2012

Independent Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



### Independent Auditor's Report

To the Board of Governors of Lethbridge College

#### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Lethbridge College, which comprise the consolidated statement of financial position as at June 30, 2012 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lethbridge College as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, FCA]

Auditor General

October 29, 2012

Edmonton, Alberta

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30

	Note	2012 (\$000s)	2011 (\$000s)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	3	17,574	9,575
Accounts receivable		1,976	2,482
Inventories and prepaid expenses		1,777	1,667
		21,327	13,724
Investments	4	36,680	35,423
Capital assets and collections	5	74,602	76,797
		\$ 132,609	\$ 125,944
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		5,417	4,005
Employee future benefit liabilities	6	1,185	1,229
Deferred contributions	7	5,494	6,961
Unearned revenue		1,897	1,532
Current portion of long-term liabilities	8	314	399
		14,307	14,126
Long-term liabilities	8	9,127	9,441
External capital contributions	7	13,917	10,409
Unamortized external capital contributions	9	49,090	50,486
		86,441	84,462
		86,441	84,462
<b>Net Assets</b>			
Unrestricted			
Accumulated excess of revenue over expenses		11,680	7,506
Accumulated net unrealized gain (loss) on investments	10	43	323
Internally restricted	11	9,762	10,075
Investment in capital assets and collections	12	16,071	16,471
Endowments	13	8,612	7,107
		46,168	41,482
		\$ 132,609	\$ 125,944
Contingent liability	14		
Contractual obligations	15		

Approved by the Board of Governors

[Original signed by R.L. (Randy) Jespersen]  
R.L. (Randy) Jespersen  
Chair, Board of Governors

[Original signed by Peter Leclaire]  
Peter Leclaire  
Interim President and CEO

The accompanying notes and schedules are part of these consolidated financial statements.

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEARS ENDED JUNE 30

	Note	Budget 2012 Unaudited (note 16) (\$000s)	2012 (\$000s)	2011 (\$000s)
<b>REVENUE</b>				
Government of Alberta grants		45,678	46,458	45,937
Federal and other government grants		1,094	1,152	1,234
Student tuition and fees		18,054	18,292	17,667
Sales of services and products		9,638	9,233	9,185
Contract programs		2,118	1,915	2,297
Donations and other contributions		603	455	515
Investment income	17	1,200	1,187	1,165
Amortization of external capital contributions	9	3,841	3,701	3,800
		82,226	82,393	81,800
<b>EXPENSE</b>				
Salaries and benefits		54,236	52,985	52,895
Materials, supplies and services		10,004	8,531	10,292
Utilities		1,637	1,621	1,550
Maintenance and repairs		4,664	6,061	5,241
Cost of goods sold		3,661	3,110	3,383
Scholarships and bursaries		458	513	312
Interest on long-term liabilities		538	523	539
Amortization of capital assets		5,760	5,588	5,387
		80,958	78,932	79,599
<b>EXCESS OF REVENUE OVER EXPENSE</b>		\$ 1,268	\$ 3,461	\$ 2,201

The accompanying notes and schedules are part of these consolidated financial statements.



LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30

	Note	Excess (Deficiency) of Revenue Over Expenses (\$000s)	Net Unrealized Gain (Loss) on Investments (\$000s)	Internally Restricted Net Assets (\$000s)	Investment in Capital Assets and Collections (\$000s)	Endowments (\$000s)	Total (\$000s)
<b>NET ASSETS (DEFICIENCY) 2010</b>		4,298	(731)	14,659	12,951	6,933	38,110
Excess of revenue over expense		2,201	-	-	-	-	2,201
Investment income	17	(57)	-	-	-	57	-
Endowment contributions		-	-	-	-	117	117
Transfer to net assets internally restricted		626	-	(626)	-	-	-
Net investment in capital assets	12	(777)	-	(3,958)	4,735	-	-
Amortization of internally funded capital assets		1,598	-	-	(1,598)	-	-
Repayment of debenture		(383)	-	-	383	-	-
Net realized gain on available-for-sale investments arising during the year		-	1,020	-	-	-	1,020
Reclassification adjustments for gains and losses included in deficiency of revenue over expense		-	34	-	-	-	34
<b>NET ASSETS (DEFICIENCY) 2011</b>		7,506	323	10,075	16,471	7,107	41,482
Excess of revenue over expenses		3,461	-	-	-	-	3,461
Investment income	17	-	-	-	-	162	162
Endowment contributions		-	-	-	-	1,343	1,343
Transfer to net assets internally restricted	11	(103)	-	103	-	-	-
Net investment in capital assets	12	(709)	-	(416)	1,125	-	-
Amortization of internally funded capital assets		1,924	-	-	(1,924)	-	-
Repayment of debenture		(296)	-	-	296	-	-
Payments on capital lease		(103)	-	-	103	-	-
Net realized loss on available-for-sale investments arising during the year		-	(481)	-	-	-	(481)
Reclassification adjustments for gains and losses included in deficiency of revenue over expense		-	201	-	-	-	201
<b>NET ASSETS 2012</b>		\$ 11,680	\$ 43	\$ 9,762	\$ 16,071	\$ 8,612	\$ 46,168

The accompanying notes and schedules are part of these consolidated financial statements.

LETHBRIDGE COLLEGE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30

	Note	2012 (\$000s)	2011 (\$000s)
<b>CASH PROVIDED FROM OPERATING ACTIVITIES</b>			
Excess of revenue over expense		3,461	2,201
Add (deduct) non-cash items			
Amortization of capital assets		5,588	5,387
Amortization of external capital contributions		(3,701)	(3,800)
Net change in non-cash working capital		699	4,947
		6,047	8,735
<b>CASH USED IN INVESTING ACTIVITIES</b>			
Purchase of capital assets and collections			
Internally funded		(1,125)	(4,735)
Externally funded		(2,305)	(5,454)
Proceeds from disposal of capital assets		37	11
Purchase of investments, net of proceeds		(1,574)	(1,237)
		(4,967)	(11,415)
<b>CASH PROVIDED FROM FINANCING ACTIVITIES</b>			
Endowment contributions		1,505	117
Net Change in capital contributions		5,813	1,670
Principal repayment of long-term liabilities		(399)	(383)
		6,919	1,404
		7,999	(1,276)
		9,575	10,851
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	3	\$ 15,574	\$ 9,575
<b>Net change in non-cash working capital:</b>			
Decrease in accounts receivable		506	6,213
Increase in inventories and prepaid expenses		(110)	(357)
Increase (decrease) in accounts payable and accrued liabilities		1,412	(3,296)
(Decrease) increase in employee future benefit liabilities		(44)	22
(Decrease) increase in deferred contributions		(1,430)	2,319
Increase in unearned revenue		365	46
		\$ 699	\$ 4,947

The accompanying notes and schedules are part of these consolidated financial statements.

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

1. Authority and Purpose

The Board of Governors of Lethbridge College is a corporation which manages and operates Lethbridge 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 and Technology, with the exception of the President, who is an ex officio member. Under the Post-secondary Learning Act, Campus Alberta Sector Regulation, the college is a comprehensive community institution offering diploma and certificate programs as well as a full range of continuing education programs and activities. The college is a registered charity, and under section 149 of the Income Tax Act (Canada), is exempt from the payment of income tax.

2. Summary of Significant Accounting Policies and Reporting Practices

(a) General - GAAP and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, for not-for-profit organizations. 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. College management uses judgment to determine such estimates. The most significant items based on estimates include employee future benefit liabilities and amortization of capital assets. 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 consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

(b) Consolidated Financial Statements

The financial statements are prepared on a consolidated basis and include the accounts of Lethbridge College Foundation. Inter-entity balances and transactions have been eliminated on consolidation.

(c) Financial Instruments

The college financial assets and liabilities are classified and measured as follows:

Financial Assets and Liabilities	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Investments	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term liabilities	Other financial liabilities	Amortized cost

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

The carrying value of cash and cash equivalents, accounts receivables, accounts payables and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

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

All derivative financial instruments of the college are classified as held for trading. The college does not use foreign currency forward contracts or any other types of derivative financial instruments for trading or speculative purposes. As permitted for not-for-profit organizations, the college has elected to not apply the standards on derivatives embedded in non-financial contracts, and the college has elected to continue to follow CICA 3861: Disclosure and Presentation.

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are recorded at the exchange rate determined by purchases of US dollars. Gains or losses from these translations are included in the Statement of Operations.

Consolidated financial statements are exposed to market risk, currency risk, liquidity risk, credit risk, interest rate risk and commodity price risk.

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

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

Market Risk

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

Liquidity Risk

The college has treasury policies in place to ensure funds are available to meet current and forecasted financial requirements as cost effectively as possible. The college has access to a line of credit for working capital purposes none of which has been drawn down as at June 30, 2012.

Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk to the college’s earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. The risk is managed by contractually setting interest rates with banking institutions.

Commodity Price Risk

The college is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the institution’s facilities. To mitigate these risks, the college has entered into contracts to fix the price for electricity and gas.

(d) Inventories

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

(e) Capital Assets and Collections

Capital assets and collections purchased are recorded at cost. In-kind contributions are recorded at fair value at the time of receipt. Permanent collections are not amortized and include works of art and museum specimens for research and public exhibition purposes.

Capital projects in progress include the costs directly attributable to the construction including engineering, legal fees, and interest on specific debt attributed to the construction of capital assets.

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

	Useful Life
Buildings and site improvements	40 years
Furnishings and equipment	10 years
Library	10 years
Vehicles	5 years
Computer equipment and software	5 years
Audio and visual equipment	2 years

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

(f) Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period incurred, if a reasonable estimate of fair value based on the present value of estimated future cash flows can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and amortized over its estimated useful life.



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

(g) Revenue Recognition

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

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

Deferral method

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

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

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

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

(h) Employee Future Benefits

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

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

(i) Capital Disclosures

The college defines its capital as the amounts included in deferred contributions (note 7), endowments (note 13) and unrestricted net assets. The college's capital is derived from Alberta Enterprise and Advanced Education, other government funding agencies, donations and the institution's entrepreneurial activities. The college has investment policies (note 4), spending policies, and cash management procedures to ensure the college can meet its capital obligations.

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

(j) Contributed Services

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

(k) Future Accounting Changes

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

Effective July 1, 2012, the college will adopt the Canadian Public Sector Accounting (PSA) standards without the public sector PS 4200 series. Adopting these new standards will impact the college's consolidated financial statements. As a result, administration has identified the differences between current and Canadian PSA accounting and reporting standards. Administration has developed a transition plan and continues to work through the remaining adjustments.

3. Cash and Cash Equivalents

Cash and cash equivalents, with maximum maturity of 90 days at date of purchase are as follows:

	2012 (\$000s)	2011 (\$000s)
Cash	11,418	3,496
Term deposits <sup>(i)</sup>	6,156	6,082
	<u>\$ 17,574</u>	<u>\$ 9,575</u>

(i) Term Deposits are with Bank of Montreal and cashable on demand with an effective interest rate of 1.20%.

4. Investments

The composition and fair value of investments is as follows:

	2012 (\$000s)			2011 (\$000s)		
	Cost Base	Unrealized Gain (Loss)	Market Value	Cost Base	Unrealized Gain (Loss)	Market Value
Money market funds, short-term notes, and treasury bills	7,768	3	7,771	7,671	4	7,675
Canadian bonds	12,993	501	13,494	12,800	195	12,995
Canadian equity	8,872	(228)	8,644	8,530	257	8,787
Foreign equity	6,972	(201)	6,771	6,030	(64)	5,966
	\$ 36,605	\$ 75	\$ 36,680	\$ 35,031	\$ 392	\$ 35,423

The college has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The Vice President Corporate Services has been delegated authority for oversight of the college's investments to regularly monitor investments, to review investment manager performance, to ensure compliance with the college's investment policy and to evaluate the continued appropriateness of the college's investment policy. A monitoring report is forwarded annually to the college's Board of Governors from the President and Chief Executive Officer regarding the compliance.

- As at June 30, 2012, the average effective yields and the terms to maturity are as follows:
- Money market funds, treasury bills, notes, bonds, debentures, and other debt obligation securities, of Canadian issuers: 1.20% (2011 – 1.08%); average maturity: 90 days or less.
  - Canadian government and corporate bonds: 2.09% (2011 – 2.78%); terms to maturity: average term 4.81 years.

The college's investments are managed using two funds, Lethbridge College Fund (LCF) with investment holdings of \$26,455 (2011 - \$25,886) and the Lethbridge College Foundation Endowment and Scholarship Fund (LCFES) with investment holdings of \$10,225 (2011 - \$9,537). The objective of the LCF is to earn a rate of return that exceeds the DEX 91 day T-Bill return with an emphasis on liquidity and the preservation of capital. The objective of the LCFES to earn a long term rate of return that, in real terms, exceeds total endowment spending at an acceptable level of risk.

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

5. Capital Assets and Collections

	2012 (\$000s)			2011 (\$000s)		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings and site improvements	128,718	64,304	64,414	107,546	60,809	46,737
Furnishings and equipment	17,473	12,318	5,155	16,852	11,416	5,436
Land	476	-	476	475	-	475
Vehicles	1,416	1,248	168	1,371	1,212	159
Computer equipment and software	16,433	14,845	1,588	15,096	14,174	922
Audio and visual equipment	1,737	1,532	205	1,371	1,279	92
Library	1,383	1,094	289	1,354	1,063	291
Other permanent collections	515	-	515	502	-	502
Capital projects in progress	1,792	-	1,792	22,183	-	22,183
	<u>\$ 169,943</u>	<u>\$ 95,341</u>	<u>\$ 74,602</u>	<u>\$ 166,750</u>	<u>\$ 89,953</u>	<u>\$ 76,797</u>

Acquisitions during the year included certain donations in kind contributions in the amount \$2 (none in 2011).

6. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2012 (\$000s)	2011 (\$000s)
Vacation payable	1,185	1,133
Professional development	-	116
	<u>\$1,185</u>	<u>\$1,229</u>

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2011, the LAPP reported an actuarial deficiency of \$4.6 billion (2010 - \$4.6 billion deficiency). An actuarial valuation of the LAPP carried out as at December 31, 2010, was then extrapolated to December 31, 2011. The pension expense recorded in these consolidated financial statements is \$3,697 (2011 – \$3,486).

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

7. Deferred and External Contributions

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

	2012 (\$000s)		2011 (\$000s)	
	Capital	Other	Capital	Other
<b>Balance, beginning of the year</b>	10,409	6,961	14,193	4,285
Grants and donations received	5,838	1,879	2,108	5,734
Investment income	100	459	78	446
Recognized as revenue	(57)	(2,811)	(279)	(4,330)
Transfer to (from) external capital contributions	(68)	68	(237)	237
Transferred to unamortized external capital contributions (see Note 9)	(2,305)	-	(5,454)	-
Investment income on endowments and scholarships	-	140	-	232
Transfer to endowments	-	(1,165)	-	-
Change in unrealized gain on investments relating to deferred contributions	-	(37)	-	357
<b>Balance, end of year</b>	<u>\$13,917</u>	<u>\$5,494</u>	<u>\$10,409</u>	<u>\$6,961</u>

8. Long-term Liabilities

	Maturity Date	Interest Rate %	2012 (\$000s)	2011 (\$000s)
Debentures payable to Alberta Capital Financing Authority:				
Debenture 1 <sup>(i)</sup>	Mar 1, 2026	6.13	4,838	5,052
Debenture 2 <sup>(ii)</sup>	Dec 15, 2039	4.67	4,603	4,685
			9,441	9,737
Finance contract	May 1, 2012	10.00	-	103
			9,441	9,840
Less current portion			(314)	(399)
			<u>\$ 9,127</u>	<u>\$ 9,441</u>

(i) & (ii) Security pledged for the debentures includes all future cash flows generated through the operation of the student residences known as 30th Avenue Residence and Kodiak House.



LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

8. Long-term Liabilities (continued)

The principal portion of long-term liabilities required over the next five years is as follows:

	(\$000s)
2013	313
2014	331
2015	350
2016	370
2017	392
Thereafter	7,684

Interest expense on long-term obligations is \$523 (2011 - \$539).

9. Unamortized External Capital Contributions

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

	2012 (\$000s)	2011 (\$000s)
Balance, beginning of the year	50,486	48,832
Additions from external capital contributions (see Note 7)	2,305	5,454
Amortization to revenue	(3,701)	(3,800)
Balance, end of year	\$ 49,090	\$ 50,486

10. Net Unrealized Gains (Loss) on Available-For-Sale Investments

	2012 (\$000s)			2011 (\$000s)
	Endowment Net Assets Recorded in Deferred Contributions	Other Net Assets	Total	Total
Balance, beginning of year	69	323	392	(1,019)
Net unrealized gain (loss) on available-for-sale investments during the year	(37)	(481)	(518)	1,377
Transfer of net realized gain on investments to revenue	-	201	201	34
Balance, end of year	\$ 32	\$ 43	\$ 75	\$ 392

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

11. Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the college’s Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets are summarized as follows:

	Balance at Beginning of Year (\$000s)	Appropriations From (Returned To) Unrestricted Net Assets (\$000s)	Disbursements During the Year		Balance at End of Year (\$000s)
			Operating (\$000s)	Capital (\$000s)	
Appropriation for capital activities:					
New Student Residence	246	(219)	-	27	-
Centre for Trades-Sustainable Technology	5,889	73	-	-	5,962
Library Revitalization	183	-	-	2	181
Information Technology	417	-	-	244	173
Other Capital Initiatives	630	15	52	137	456
	7,365	(131)	52	410	6,772
Appropriation for operating activities:					
Distance Learning Strategy	646	-	247	6	393
Professional Development	1,142	372	360	-	1,154
Scholarships	146	5	8	-	143
Billion Dollar Green Challenge	-	250	-	-	250
Other Operating Initiatives	776	284	10	-	1,050
	2,710	911	625	6	2,990
Total	\$ 10,075	\$ 780	\$ 677	\$ 416	\$ 9,762

LETHBRIDGE COLLEGE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(thousands of dollars)

12. Investment in Capital Assets and Collections

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

	2012 (\$000s)	2011 (\$000s)
Capital assets and collections at net book value	74,602	76,797
Unamortized external capital contributions (see Note 9)	(49,090)	(50,486)
Long-term liabilities related to capital expenditures (see Note 8)	(9,441)	(9,840)
<b>Balance, end of year</b>	<b>\$ 16,071</b>	<b>\$ 16,471</b>

The changes during the year are as follows:

	2012 (\$000s)	2011 (\$000s)
<b>Balance, beginning of year</b>	16,471	12,951
Acquisition of capital assets and collections	1,125	4,735
Long-term liabilities – repayment	399	383
Amortization of internally funded capital assets	(1,924)	(1,598)
Increase (decrease) for the year	(400)	3,520
<b>Balance, end of year</b>	<b>\$ 16,071</b>	<b>\$ 16,471</b>

13. Endowments

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

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

- Under the Post-secondary Learning Act, the college has the authority to alter the terms and conditions of endowments to enable:
- Income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
  - Encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the college and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the cumulative capitalized income. However, for individual endowment funds without sufficient cumulative capitalized income, endowment principal is used in that year. This amount is expected to be recovered by future investment income.

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13. Endowments (continued)

The composition of endowments is as follows:

	2012 (\$000s)	2011 (\$000s)
<b>Balance, beginning of year</b>	7,107	6,933
Gifts of endowment principal	340	117
Transfer to endowments	1,165	57
<b>Balance, end of year</b>	<b>\$ 8,612</b>	<b>\$ 7,107</b>
	2012 (\$000s)	2011 (\$000s)
Cumulative contributions	6,752	6,339
Cumulative capitalized income	1,860	768
	<b>\$ 8,612</b>	<b>\$ 7,107</b>

During the year, aggregate capitalized income of \$162 for the current year and \$1,003 transferred from previous years (2011-\$57) was added to the principal amount of certain endowments as the investment income generated from endowments must be used in accordance with various purposes established by the donors or the Board.

14. Contingent Liabilities

- The college is a defendant in 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. Administration has concluded that none of the claims meet the criteria for being recorded under GAAP.
- The college has filed voluntary disclosure with the Canadian Revenue Agency relating to the requirement to withhold and remit taxes on non-resident of Canada services. The potential liability is in the range of \$nil to \$1,200. While the ultimate assessment resulting from this matter is unknown at this time, the college has estimated and recorded a liability of \$339.
- 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 asset retirement obligations for 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.



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15. 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.

	2012 (\$000s)
Capital projects	109
Long-term leases	1,000
	<u>\$ 1,109</u>

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

	Capital (\$000s)	Long-Term Leases (\$000s)	Total (\$000s)
2013	109	614	723
2014	-	330	330
2015	-	53	53
2016	-	3	3
	<u>\$ 109</u>	<u>\$ 1,000</u>	<u>\$ 1,109</u>

16. Budget Comparison

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

17. Investment Income

	2012 (\$000s)	2011 (\$000s)
Investment income earned	2,081	2,001
Investment income earned on endowment assets	(162)	(57)
Recognized as donations	(5)	(2)
Less amounts deferred:		
Capital	(100)	(78)
Operating	(459)	(446)
Endowments and scholarships	(140)	(232)
Other	(28)	(21)
	<u>\$ 1,187</u>	<u>\$ 1,165</u>

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18. Related Party Transactions and Balances

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

	2012 (\$000s)	2011 (\$000s)
Contributions from GOA		
Enterprise and Advanced Education:		
Operating grants	44,982	45,257
Capital grants	5,107	1,740
Access to the Future Fund (matching grants)	-	1,200
Alberta Innovates – Technology Future	262	-
Other	23	18
Total Enterprise and Advanced Education	<u>50,374</u>	<u>48,215</u>
Other GOA departments and agencies grants:		
Alberta Employment and Immigration	89	177
Alberta Transportation	189	75
Persons with Developmental Disabilities South Region Community Board	210	221
Child and Family Services Authority	277	258
Other	246	150
Total other GOA departments and agencies	<u>1,011</u>	<u>881</u>
Total contributions received	51,385	49,096
Less: deferred contributions	(328)	(2,737)
Less: deferred capital contributions	(4,926)	(1,740)
Less: unamortized external capital contributions	(416)	-
	<u>\$ 45,715</u>	<u>\$ 44,619</u>
Sale of goods and services to related parties	1,226	810
Purchase of goods and services to related parties	853	813
Accounts receivable		
Alberta Transportation	104	120
Enterprise and Advanced Education	3	126
Other GOA departments and agencies	159	111
	<u>\$ 266</u>	<u>\$ 357</u>
Accounts payable		
Enterprise and Advanced Education	-	121
Other GOA departments and agencies	16	15
	<u>\$ 16</u>	<u>\$ 136</u>

The college has long-term liabilities with Alberta Finance and Alberta Capital Finance Authority as described in note 8.

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19. 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.

	2011 (\$000s)	2011 (\$000s)
Lethbridge College Students' Association	1,695	1,636
Other agencies	164	113
	\$ 1,859	\$ 1,749

20. Salaries and Benefits

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

	2012				2011
	Base Salary <sup>(1)</sup> (\$000s)	Cash Benefits <sup>(2)</sup> (\$000s)	Non-Cash Benefits <sup>(3)</sup> (\$000s)	Total (\$000s)	Total (\$000s)
<b>Governance</b>					
Members of the Board of Governors	8	-	1	9	11
<b>Executive</b>					
President <sup>(4)</sup>	275	13	82	370	373
Vice-Presidents:					
Academic	191	4	30	225	217
Corporate Services and CFO	194	4	26	224	206
Executive Director of Advancement <sup>(5)</sup>	-	-	-	-	29
<div><div>(1) Base salary includes pensionable base pay.</div><div>(2) Cash benefits include lump sum payments, honoraria and car allowances.</div><div>(3) Non-cash benefits include:<div><div>a. Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberments insurance.</div><div>b. Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay and club memberships.</div></div></div><div>(4) An executive compensation includes professional development and an automobile provided to the President.</div><div>(5) The Executive Director of Advancement terminated his services with the college September 2010.</div></div>					

21. Comparative Figures

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





**Lethbridge College**

3000 College Drive South

Lethbridge, AB • T1K 1L6

403.320.3200 • 1.800.572.0103

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