



2010

2011

red deer
college
annual
report



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In 2004, a coat of arms incorporating a number of traditional symbols associated with Red Deer College, the province of Alberta or with learning was officially granted by the Canadian Heraldic Authority.

Original concept by Dr. Darren S.A. George, assisted by the Heralds of the Canadian Heraldic Authority.





board of governors



1. **Janice Wing**
Chair

2. **Joel Ward**
RDC President and CEO

3. **Shelley Ralston**
Vice Chair

4. **Jeff Chipley**
to April 2011

5. **John Harms**

6. **Doug McLean**

7. **Christine Moore**
from May 2011

8. **Erin Northey**
from May 2011

9. **Guy Pelletier**
to February 2011

10. **Jane Proudlove**
from August 2010

11. **Lyn Radford**

12. **JoAnn Rennick Brown**

13. **Dale Russell**

14. **Janet Welch**
to August 2010

mandate statement

Red Deer College is a board governed public college operating as a Comprehensive Community Institution under the authority of *The Post-secondary Learning Act* of Alberta.

Red Deer College offers programs that lead to further education or to career employment through its apprenticeship programs, certificates, diplomas, applied baccalaureate degrees, and baccalaureate degrees, primarily in collaboration with degree-granting institutions. In addition, the College provides adult upgrading programs that facilitate entry into further studies and continuing education and contract training programs that meet community needs for lifelong learning and career advancement.

Red Deer College offers programs and courses to full and part time learners from diverse cultural, educational and social backgrounds with varying skills and experiences in the following areas of study: liberal arts, business and commerce, education, engineering, health services, hospitality and tourism, human services, kinesiology and sport studies, performing arts, science, technology, trades, transportation, and visual art.

As a Comprehensive Community Institution with regional stewardship responsibilities, Red Deer College provides adult learners in the Central Alberta region with opportunities to attain post-secondary education through its courses, programs, and services. It does so in collaboration with school districts, other post-secondary institutions, adult learning organizations, business and industry, and community agencies throughout the region.

Red Deer College is a partner in Campus Alberta collaborating with other educational organizations and post-secondary institutions in providing a seamless and responsive advanced education system that provides high-quality learning opportunities in support of lifelong learning.

Through a variety of approaches in educational delivery including face-to-face, distributed learning, and blended learning the College provides quality programs that address diverse learning styles and time and location requirements of its learners. Red Deer College supports learner success with high quality student support services including advising, personal and career counseling, athletics, food services, child care, financial aid, health, library, recreation, residence, and academic support.

Red Deer College initiates and supports partnerships with the community, business and industry, public service providers, educational agencies, and research agencies in order to facilitate access to learning and to promote innovation. Through its philosophy of placing learning at the center of everything it does, Red Deer College promotes teaching excellence and high quality programming.

Encouragement of scholarly and creative activity amongst its staff and support for applied research and innovation enable the College to enhance student learning, to continue the growth of expertise of its faculty, and to contribute to the economic and social development of the region.

Through its international focus, Red Deer College is committed to increasing the skill and knowledge of its learners and its community to become better integrated into the global community. This includes opportunities to study abroad, host international learners on-campus, assist in the development of educational services in other countries, and provide global and international perspectives in its curricula.

The College plays a pivotal role in the community by providing facilities, expertise, leadership, and innovation that assist in the economic, social, cultural, recreational, athletic, and educational development of Red Deer and its surrounding communities.

Approved by the Minister of Advanced Education & Technology - May 2010

accountability statement

The Red Deer College's Annual Report for the year ended June 30, 2011 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 Shelley Ralston]

*Shelley Ralston, Acting Chair
Board of Governors
December 13, 2011*



vision

To be the leading comprehensive college serving learners and communities through excellence and innovation.

mission

The people we serve will have a foundation of knowledge and skills which enables them to develop to their full potential.

values

Learning is at the heart of RDC.

Our values form a constant guide for planning, decision-making, and working together as a learning community.

Our values are:

- » Excellence
- » Integrity
- » Accountability
- » Exploration
- » Inclusiveness
- » Community







president's message

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[Original signed by Joel Ward]

Joel Ward, President and CEO
Red Deer College



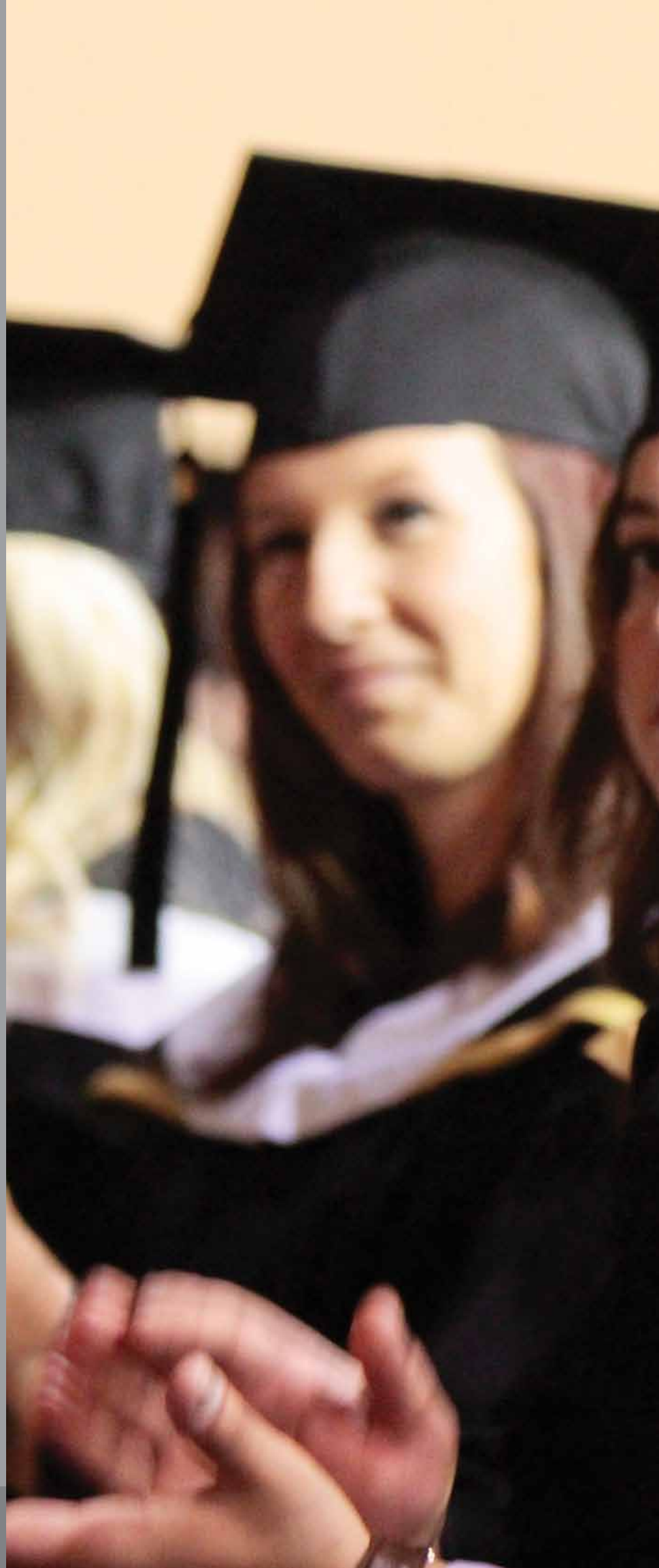
strategic directions

RDC's strategic plan, *Building Communities Through Learning*, emphasizes the role of the College in strengthening educational, economic, social and cultural aspects of communities in central Alberta. The College is committed to three core goals:

Focus on Learning for the Future – provide opportunities for learners that foster innovation, creativity and global focus

Targeted Growth – meet emerging needs in the region and provide long-term financial sustainability

Building Communities Through Learning – address community needs throughout the Central Alberta Region through educational, economic, social and cultural leadership





Five strategic directions focus College initiatives and resource allocation to achieve the three goals. The following describes achievements in 2010/2011 for each strategic direction.

1. Create a dynamic environment that attracts and engages a diverse community of learners.

The new, integrated Campus Recreation/Student Life Centre opened in January, 2011 with a mandate to bring all student life, leadership and recreational activities under one umbrella. The new Centre is an active, engaged hub where the College's diverse population of students is supported, encouraged and empowered to be successful. More than 4,500 students accessed the Campus Recreation/Student Life Centre between January and June, 2011.

RDC is committed to supporting a diverse student body. Several initiatives were launched to support Aboriginal students. Aboriginal resources, activity calendars and newsletters from aboriginal communities in central Alberta were made available for students in the Campus Recreation/Student Life Centre. Meetings with the Director of the Native Friendship Centre resulted in the identification of a number of pilot opportunities for the 2011/12 academic year to enhance support for Aboriginal students:

- Monthly Elder visits began in October, 2011.
- A partnership with the Native Friendship Centre was explored to place a liaison worker from the Centre on campus for a half day a week to support Aboriginal students.

The Campus Recreation/Student Life Centre hosted weekly meetings and provided significant support to student groups including the Aboriginal Student Group, a student prayer group, Pride on Campus, and the Student Ambassador Program.

Internationalization efforts focused on study tours. Twenty-eight students participated in study tours that included Mexico, China and Kenya. Nine students participated in the new *Theatre Studies in New York* study tour in February, 2011.

RDC is working on increasing student access to support services and prospective student information through alternative delivery models. Electronic auto-responses and standardized email scripts were implemented to improve the effectiveness of communications with students. Information regarding course selection, timetable planning and registration was made available to students in several university transfer programs via the Academic Advising Loop (internal portal) channel. New electronic resources were added to the Counseling and Career Centre website.

A Retention Task Group was established to increase student success and improve retention. The Task Group achieved the following:

- Completed the development of standardized, five-year comparison data for term-to-term and year-to-year retention across all programs.
- Developed and delivered an early-leaver study. The purpose of the study was to understand the institutional and personal factors that lead students to prematurely discontinue their studies at RDC.
- Began the process of communicating retention best practices to the College community to increase understanding and further enhance commitment to student success.

The Universal Design Steering Committee was created to develop a broad approach to promoting universal design across the College, including developing flexible learning materials and physical environments that can accommodate individual learning differences, providing access to all learners.

2. Provide a strong Red Deer College identity, confidently meeting the needs of the learners in the Region.

In 2010/11 the enrolment of credit programming at the College experienced a slight decline of Full Load Equivalent students. While enrolments were up in programs such as Legal Assistant, Financial Services and Practical Nurse, enrolments were down in other programs such as Career and Academic Preparation and some trades (Welder, Heavy Equipment Technician, Plumber and Sprinkler Systems Installer).

The new Medical Laboratory Assistant Program was launched and 19 students graduated in June, 2011. Fourth period classes of the Instrument Technician and Millwright Programs were offered for the first time.

In response to student feedback and a survey of central Alberta businesses, the Continuing Education Department created several new program offerings:

- Strategic Management
- Event Management
- Pre-trades programming in Electrical/Instrumentation
- Pre-trades programming in Welding/Millwright
- Online Professional Bookkeeping Certificate Program

The College continued to pursue opportunities to increase access to business degree programming in central Alberta. In January, 2011, the decision was made to conclude collaboration discussions with the University of Lethbridge due to the differing nature of the respective institutional goals. Discussions are underway with Mount Royal University for a collaborative Bachelor of Business Administration degree, with approval of the model expected in 2011/12.

Negotiations with the University of Alberta and Advanced Education and Technology resulted in RDC being funded for 88 graduates per year in the Bachelor of Science Nursing program over the next 5 years.

Program renewal was carried out to respond to the needs of learners in the region and to continue to ensure high-quality learning experiences. Theatre Studies program renewal resulted in the launch of two new theatre programs (Theatre Performance and Creation, Theatre and Entertainment Production) in Fall, 2010. The second year of the information technology programs was taught using new curriculum. The Educational Assistant, Legal Assistant and Hospitality and Tourism Management programs also completed program renewal, with programming and delivery changes to better support students with the skills they need when entering the workforce. A workshop for the University of Alberta/RDC Bachelor of Education Middle School Program focused on curriculum redevelopment and new teacher competencies.

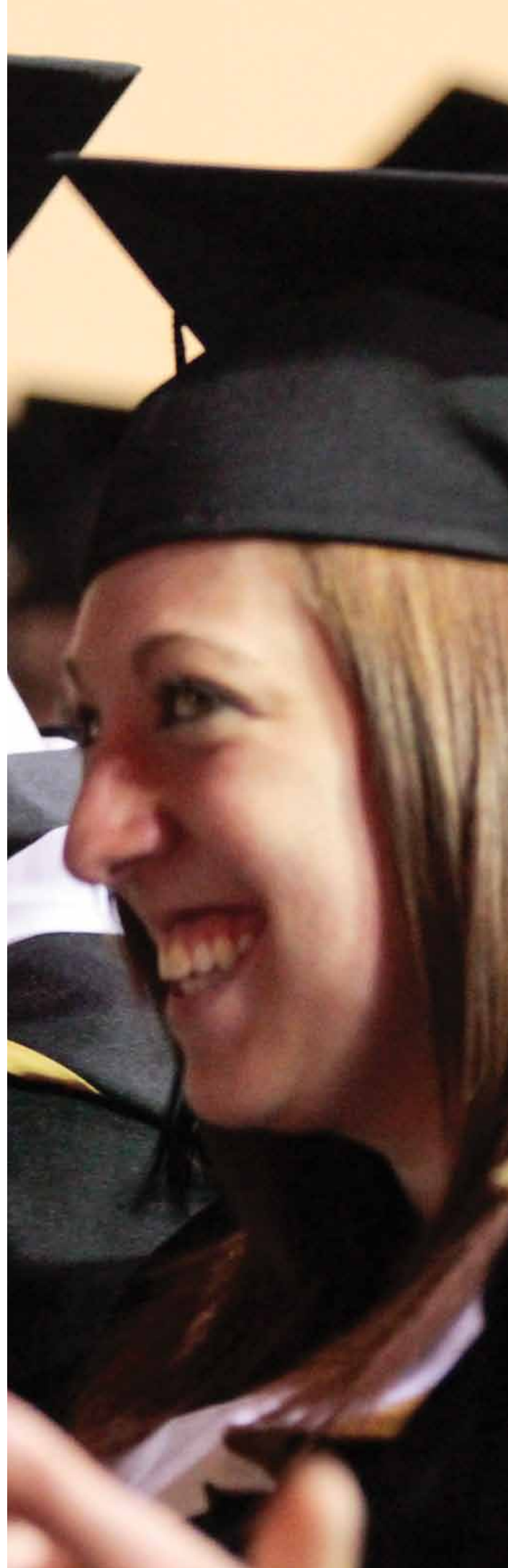
The Trades and Manufacturing Technologies Division focused on improving class results on the new Provincial Trades Qualification exam. Development focused on new Independent Learning Modules and other materials, increased access to practice exams and quizzes and ways of encouraging students to use available resources such as math tutors. The student success rate on the Provincial Trades Qualification exam was 72% in the 2008/09 school year. For the 2009/10 school year, the success rate rose to 86%, a 14% increase.

3. Red Deer College will become a leader in the development of healthy and vibrant communities in central Alberta.

RDC's key partnerships help develop educational, economic, social and cultural strengths in communities in central Alberta.

RDC was involved in a number of successful partnership projects with high schools in the region.

- Dual Credit Health Care Aide projects allow high school students to simultaneously complete high school and the Health Care Aide Program. Nine students have graduated from the Prairie Land Regional Division, with a second cohort of 17 students enrolled. An agreement was signed with the Clearview School Division (Stettler), with plans to start the first dual credit cohort in Fall 2011.
- The Cook program collaboration with Confluence Campus high schools in Rocky Mountain House successfully developed Food Preparation programming to facilitate Career and Technology Studies (CTS) courses.



donald school of business

RDC connects to the community in a variety of ways. The Donald School of Business is another example of our bold vision to design meaningful learning opportunities. This is the College's first named School, named in recognition of long-time College supporters and local entrepreneurs Jack and Joan Donald.

The Donalds personify what we hope our students will be: dedicated to lifelong learning, committed to the community and successful in business.

In order to prepare our students to be successful in the above ways, the School's space and programming are designed to effectively integrate both theory and practice in ways that connect RDC, local business and the communities we serve.

The 50,000 square foot campus in the heart of downtown Red Deer supports multiple learning activities. The state-of-the-art studios and computer labs, cutting edge Virtual Desktop computers and seamless integration of current technologies into the classroom environment fosters connection.

The Donald School of Business is a place where students, instructors, business professionals and the community can engage through project-based learning and the application of current theory, which will contribute to creating and sustaining a vibrant Central Alberta Region. Critical to this strategy are opportunities for students and business professionals to participate in work experiences, co-operative education, networking events, and mentoring relationships.

Opening the downtown campus in a mere 14 months set a new standard at RDC. We accomplished the task quickly, professionally, on time and on budget. It was a proud day for us when we officially launched the Donald School of Business at its Grand Opening, in the presence of the Minister of Advanced Education and Technology, our local MP, local MLAs, the Mayors of the City of Red Deer and Red Deer County, business professionals from communities across central Alberta, donors and many friends of RDC.

The best gauge of our success is how well the School will serve the more than 500 students currently enrolled in credit and Continuing Education programs and the thousands more who will enrol in the future. That is why we will continue to work tirelessly to deliver learning experiences inspired by the belief that business students and professionals must have the opportunity to integrate management theory with the real world of business every day.

RDC embraces the opportunity to play a critical economic role by contributing to the vision of a vibrant downtown that is a place of innovation, exploration and creative progress. The Donald School of Business will be a key player in driving the economic growth in our Region by supporting business success.





RDC



strategic directions con't

Campus Alberta Central, a partnership between Olds College and RDC, has developed a business plan to support regional delivery through community engagement sites in order to fulfill the Comprehensive Community Institution mandate specified by Alberta Advanced Education and Technology. Campus Alberta Central will develop a communications and resource network to raise awareness of distributed learning pathways available to residents in central Alberta.

RDC served as the lead institution for the Canadian Badlands Partnership in conjunction with Olds College, Lethbridge College and Medicine Hat College. This initiative was designed to coordinate, enhance, and develop programming, resulting in increased service delivery in the tourism and hospitality industry in the Badlands region. Research was conducted and recommendations prepared in the research report. Stakeholders met to prioritize recommendations and make decisions on how to move forward.

The Rural Instructor/Preceptor Project, a partnership with Alberta Health Services, was completed with successful development of online and print programs for clinical instructors and preceptors. Province-wide dissemination has taken place with adoption by other institutions.

The Trades and Manufacturing Technologies Division hosted the regional Skills Canada Alberta Competition and various trades faculty assisted at the provincial and national levels. Skills Canada Alberta promotes careers in the trades by providing opportunities for skill-building through competition.

In partnership with Bethany CollegeSide, Kinesiology and Sport Studies students provided fitness and health promotion programming for seniors. The partnership with Bethany CollegeSide also played an important role in the training of Health Care Aide workers.

The Central Alberta High Schools CTS and Regional Trades Initiative (RTI) supports direct pathways and credit for high school CTS programs within RDC programs. Throughout the year, the RTI team presented at high schools and conferences on the implementation of 3400 Level courses.

4. Promote Innovation in all aspects of College activity.

The Centre for Teaching and Learning opened in September, 2010. The Centre's enCore program and workshops supported the development and implementation of flexible and innovative delivery methods. Instructors were encouraged to develop adaptable approaches to teaching and learning. The Centre introduced the concept of universal design and promoted new technologies for teaching and learning. Other workshops, including "Getting Your Feet Wet" focused on additional aspects of flexible learning.

High Fidelity Simulation (HFS) was integrated into the senior years of the Bachelor of Science Nursing and Practical Nurse programs. Students provided positive feedback about the impact of simulation on learning. Continued integration will take place for the remaining years of the programs in 2011/12. A strategy was developed for rural access to HFS and several Alberta Health Services rural managers have requested HFS learning sessions in rural facilities.

RDC continued to actively support eCampusAlberta. The Second Level Rig Technician on-line course was approved by eCampusAlberta and is ready to be delivered. The second year Parts Technician Program is ready for distance delivery. Practical Nurse Health Education was offered in online and face to face formats with plans for two additional courses using blended delivery in 2011/12.

RDC's Centre for Innovation in Manufacturing continued to act as a catalyst for innovation and product commercialization with:

- 17 prototyping/Innovation Centre projects.
- 21 business development coaching projects.
- 8 new collaborative projects with local and western Canadian organizations to build applied research and innovation initiatives, including collaboration with Alberta Innovates, Technology Futures, National Research Council-Industrial Research Assistant Program, Alberta Association of Colleges and Technical Institutes, Central Alberta Rural Manufacturers Association, Red Deer Regional Economic Development and Alberta Rural Development Network.
- Innovation workshops hosted in partnership with Central Alberta Rural Manufacturers Association.

These activities enhance economic competitiveness and diversification in the Central Alberta Region.

Over 30 applied research projects were undertaken, including work on head injury prevention in soccer, independent living for seniors, improving body image in elementary school children, the physical and psychological benefits of a yoga program for cancer survivors, and bear safety research with Parks Canada,.

5. Build personal and organizational capacity for leadership, innovation, scholarship, change, and individual growth.

The College has adopted a fund development model that emphasizes long term, sustainable fund development. The College's three major annual fundraising events achieved significant success, raising more than \$240,000 combined. One of the events, the Alumni Wine Tasting Festival achieved major growth in profile and net funds raised. The new format of the Wine Tasting Festival also created a variety of new opportunities for volunteers, increasing engagement with the College.

Policy work was completed to improve program development and evaluation processes. A new curriculum policy outlines clear standards for curriculum development and documentation. A revised program review policy incorporates a five-year comprehensive review process for all programs, and provides for the use of external reviewers as needed. A new service review policy incorporates a three-year comprehensive review for services to assist departments in evaluating and strengthening service provision.

Plans were completed to establish the Donald School of Business at our new downtown campus in the Millennium Centre. More than 500 students attended classes at the downtown campus starting September, 2011. The School leverages opportunities in the downtown core to enhance applied learning for business students. The downtown location provides an innovative teaching and learning environment.

RDC continued to work toward new facilities that build capacity and support healthy and vibrant communities in the Region. The College has completed community consultation and design for the next proposed building phase, the Centre for Health Education and the Centre for Sport and Wellness. The facility will address the need for increased space to accommodate new programs and increased enrolments. Activity in 2010/11 was focused on efforts to secure funding for the proposed facility.



our future

The future of RDC depends on our ability to continually meet the learning goals of central Albertans. As a Comprehensive Community Institution we have been given a mandate to meet the training and educational needs of all of our learners. Each year we continue to mature and grow as a College in response to the communities we serve.

Experts predict that by 2031 central Alberta will reach a population of more than 350,000 people. As central Alberta's learning institution, RDC will evolve and will grow to meet the continually changing needs of our Region.

As we look to the future and anticipate a population increase of more than 100,000 people in the next twenty years, RDC needs to increase its degree opportunities, add more advanced diplomas, and offer even more advanced skilled trade programs to the community.

Our future must include more regional degree completion opportunities for learners because learners who have the opportunity to complete all their program requirements in the Region will more likely stay in central Alberta to work and raise families. Meeting the emerging learning needs is of utmost importance to the cultural and economic livelihood of central Alberta.

By adding new programs, new facilities, and new faculty and staff, RDC will be able to open its doors to thousands more students. We want RDC to be the institution of choice for all central Albertans.

The future of our College is enhanced by our connections to the communities we serve and by the many partnerships we form. Our unique partnership with Olds College through Campus Alberta Central is one of a kind nationally, enabling us to deliver learning opportunities in rural areas and towns and cities throughout central Alberta. To date we serve a handful of communities through this regional service model and will serve more in the future.

The creative partnerships that have produced the College's Arts Centre, Library Information Common, Bethany CollegeSide, Four Centres, and Donald School of Business exemplify how RDC has reached out to our communities and asked them to join us as the Region grows and develops. We remain committed to Building Communities Through Learning. The addition of Centres for Health Education and Sport & Wellness on campus which serve as a community hub for learning and activities remain a priority for RDC.

RDC embraces a vibrant and bold vision for our future as we continue to reach for excellence, in collaboration with the communities around us, to provide the best education possible to central Albertans. As we approach the 50th year since our founding, we look forward to growing with central Alberta into the future.







red deer college board ends statements

The people and communities we serve will have a foundation of knowledge and skills which enables them to develop to their full potential.

- » The learners we serve will be employed in a field related to their studies.
- » The learners we serve will be enabled to continue their learning and/or seamlessly transfer to the institution of their choice with a foundation of knowledge and skills.
- » The people we serve will have enhanced opportunities for lifelong learning.
- » To enable community and economic development, the businesses, industries and health, educational, social, and cultural organizations we serve will have access to education and/or training opportunities that enable their employees to acquire the knowledge and skills to support the success of their organization.



key performance indicators

Progress Assessment

Responsiveness

1. Graduate Employment

Survey results revealed that over 93% of Red Deer College graduates were employed two years after completing their programs.

2. Graduate Satisfaction With Overall Quality

Graduate satisfaction continues to remain high with 94% indicating that they are satisfied with the overall quality of their educational experience at Red Deer College.

Accessibility

3. Credit Full Load Equivalent

Red Deer College improved its standing by 10% in FLE's compared to the previous three years' average.

Affordability

4. Administrative Expenditures

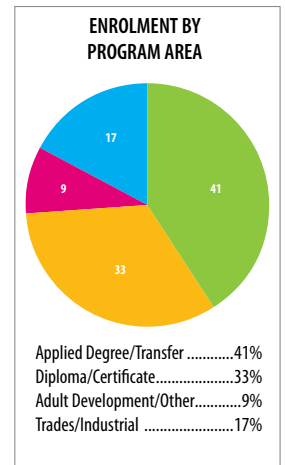
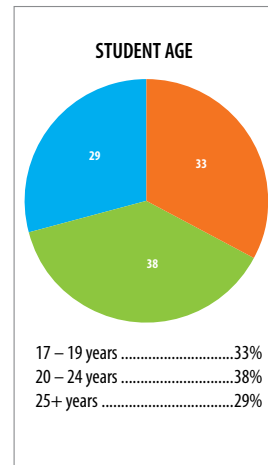
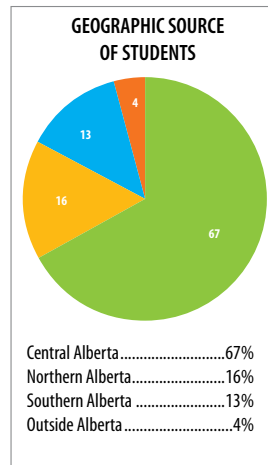
Red Deer College maintained the same proportion of administrative expenditures to total expenditures as in the previous year.

5. Enterprise Revenue

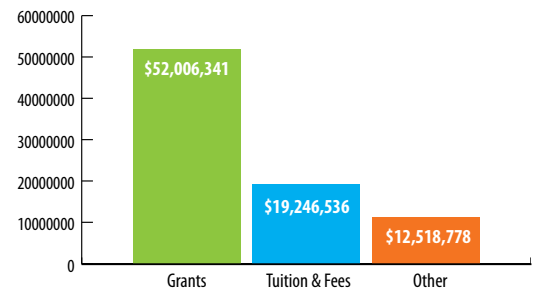
Red Deer College increased its enterprise revenue by over a million dollars from the previous year.

(All amounts and percentages from 2009-2010 Advanced Education and Technology Institution Performance Indicators as completed during the current year)

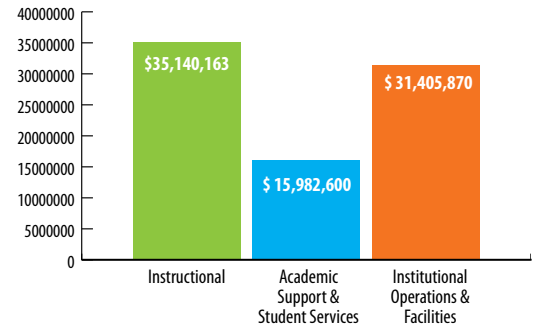
red deer college actuals 2010/2011



OPERATIONAL REVENUE*



OPERATIONAL EXPENDITURES*



*Both revenue and expenditures exclude Ancillary, Special Purpose & Trust and Sponsored Research

statistical summary

Scholarships and Bursaries

772 awards, totalling \$623,061, were disbursed by the Red Deer College Foundation and Awards Office

campus facilities

- Site area: 290 acres
- Building area: 85,820 square meters (923,790 square feet)
- Downtown Campus (Donald School of Business) Leased Space: 3,800 square meters (41,000 square feet)
- Residence Accommodation: approximately 614 beds (550 beds for single students and 26 family units)

tuition fees

2010/2011 tuition fee per credit was \$108.00

staff complement

During 2010/2011 RDC employed 1,615 people

management's responsibility for reporting

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

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the 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 accounting principles.

[Original signed by Joel Ward]

Joel Ward, President and CEO
Red Deer College



Independent Auditor's Report

To the Board of Governors of Red Deer College

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Red Deer College, which comprise the consolidated statement of financial position as at June 30, 2011 and the consolidated statements of operations, changes in net assets and cash flow 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 in my audit 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 the College as at June 30, 2011, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Merwan N. Saher, CA]

Auditor General

October 11, 2011

Edmonton, Alberta

**RED DEER COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2011**

	2011	2010
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ 3,066,249	\$ 605,457
Short-term investments (note 4)	9,302,326	6,999,681
Accounts receivable	1,423,795	1,548,636
Inventories and prepaid expenses	<u>1,245,283</u>	<u>1,236,849</u>
	15,037,653	10,390,623
Long-term investments (note 4)	47,705,455	47,415,242
Capital assets and collections (note 5)	<u>121,966,823</u>	<u>120,932,905</u>
	<u>\$ 184,709,931</u>	<u>\$ 178,738,770</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 15,442,109	\$ 14,277,433
Current portion of long-term liabilities (note 7)	1,879,458	1,820,463
Deferred contributions (note 8)	14,242,736	11,173,282
Deferred revenue	<u>2,505,972</u>	<u>2,057,500</u>
	34,070,275	29,328,678
Employee future benefit liabilities (note 6)	610,500	600,900
Long-term liabilities (note 7)	9,702,727	11,582,184
Deferred capital contributions (note 8)	9,162,932	11,769,460
Unamortized deferred capital contributions (note 9)	<u>92,362,398</u>	<u>91,758,288</u>
	111,838,557	115,710,832
Net Assets		
Unrestricted		
Accumulated excess of revenue over expenses	2,725,726	3,947,461
Accumulated net unrealized gain (loss) on investments (note 10)	3,246,936	682,912
Internally restricted (note 11)	1,698,202	1,553,126
Investment in capital assets and collections (note 12)	18,297,680	16,047,410
Endowments (note 13)	<u>12,832,555</u>	<u>11,468,351</u>
	38,801,099	33,699,260
	<u>\$ 184,709,931</u>	<u>\$ 178,738,770</u>
Contractual obligations (note 14)		

Approved by the Board of Governors:

[Original signed by Shelley Ralston]

Acting Chair, Board of Governors

[Original signed by Joel Ward]

President and CEO

----- The accompanying notes are part of these consolidated financial statements. -----

**RED DEER COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2011**

	Budget 2011 (note 15)	2011	2010
REVENUE			
Government of Alberta grants	\$ 49,326,532	\$ 52,192,776	\$ 56,677,326
Federal and other government grants	19,755	363,318	160,564
Sales of services and products	12,428,713	13,098,918	12,827,469
Student tuition and fees (note 19)	20,925,000	19,246,536	19,295,820
Donations and other grants	1,450,000	1,000,541	1,172,443
Investment income (note 16)	800,000	1,825,702	1,284,493
Amortization of deferred capital contributions (note 9)	5,050,000	5,970,323	5,239,207
	<u>90,000,000</u>	<u>93,698,114</u>	<u>96,657,322</u>
EXPENSE			
Salaries and benefits	56,895,000	57,643,057	58,325,438
Materials, supplies and services	17,850,000	17,295,676	18,095,743
Utilities	2,905,000	2,743,594	2,727,687
Maintenance and repairs	1,570,000	3,314,982	5,574,521
Cost of goods sold	2,920,000	2,897,437	2,986,947
Scholarships and bursaries	550,000	623,061	584,377
Amortization of capital assets and loss on disposals	7,310,000	8,006,696	7,409,939
	<u>90,000,000</u>	<u>92,524,503</u>	<u>95,704,652</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ -</u>	<u>\$ 1,173,611</u>	<u>\$ 952,670</u>

----- The accompanying notes are part of these consolidated financial statements. -----

**RED DEER COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011**

	Unrestricted Net Assets		Internally Restricted Net Assets	Investment in Capital Assets and Collections	Endowments
	Accumulated Excess (Deficiency) of Revenue Over Expenses	Accumulated Net Unrealized Gain (Loss) on Investments			
NET ASSETS (deficiency), June 30, 2009	\$ 220,256	\$ (172,297)	\$ 4,844,874	\$ 15,530,197	\$ 10,002,541
Excess of revenue over expense	952,670	-	-	-	-
Investment income (loss) (note 16)	-	-	-	-	84,704
Endowment contributions	-	-	-	-	1,271,566
Market adjustment for investments	-	855,209	-	-	109,540
Transfers	3,291,748	-	-3,291,748	-	-
Net investment in capital assets (note 12)	-517,213	-	-	517,213	-
NET ASSETS (deficiency), June 30, 2010	<u>3,947,461</u>	<u>682,912</u>	<u>1,553,126</u>	<u>16,047,410</u>	<u>11,468,351</u>
Excess of revenue over expense	1,173,611	-	-	-	-
Investment income (loss) (note 16)	-	-	-	-	150,282
Endowment contributions	-	-	-	-	871,308
Market adjustments for investments	-	2,564,024	-	-	342,614
Transfers	-145,076	-	145,076	-	-
Net investment in capital assets (note 12)	-2,250,270	-	-	2,250,270	-
NET ASSETS (deficiency), June 30, 2011	<u>\$ 2,725,726</u>	<u>\$ 3,246,936</u>	<u>\$ 1,698,202</u>	<u>\$ 18,297,680</u>	<u>\$ 12,832,555</u>

-----The accompanying notes are part of these consolidated financial statements-----

**RED DEER COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED JUNE 30, 2011**

	2011	2010
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 1,173,611	\$ 952,670
Add (deduct) non-cash items:		
Amortization of capital assets	7,743,574	7,340,938
Amortization of deferred capital contributions	(5,970,323)	(5,239,207)
Loss on disposal of capital assets	263,122	69,001
Change in employee future benefit liabilities	9,600	18,900
Total non-cash items	3,219,585	3,142,302
 Net change in non-cash working capital (*)	 4,032,547	 8,370,784
	7,252,131	11,513,086
 CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Purchases of capital assets and collections, net of proceeds from disposals	(8,890,614)	(9,095,416)
Purchases of long-term investments, net of sales	1,080,244	(9,262,741)
Endowment investment earnings (loss)	150,282	84,704
	(7,660,088)	(18,358,157)
 CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		
Endowment contributions	871,308	1,271,566
Capital contributions	3,817,904	5,618,707
Long-term liabilities - new financing, net of repayments	(1,820,463)	(1,806,312)
	2,868,749	5,168,665
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 2,460,792	 (1,676,406)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 605,457	 2,281,863
 CASH AND CASH EQUIVALENTS, END OF YEAR (note 3)	 \$ 3,066,249	 \$ 605,457
 (*) Net change in non-cash working capital:		
Decrease in short-term investments	\$ 261,379	\$ 10,555,039
Decrease/(Increase) in accounts receivable	124,841	(59,806)
(Increase)/Decrease in inventories and prepaid expenses	(8,434)	190,135
Increase in accounts payable and accrued liabilities	1,164,676	627,062
Increase/(Decrease) in deferred contributions	2,041,612	(2,200,800)
Increase/(Decrease) in deferred revenue	448,472	(740,846)
	\$ 4,032,547	\$ 8,370,784

-----The accompanying notes are part of these consolidated statements-----

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

1. Authority and Purpose

“The Board of Governors of Red Deer College” is a corporation which manages and operates Red Deer 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 financial statements have been prepared in accordance with Canadian generally accepted accounting principles, known as GAAP. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. College management uses judgment to determine such estimates. Supplementary Retirement Plan (SRP) Obligations, valuation of inventory, amortization of capital assets and amortization of unamortized deferred capital contributions are the most significant items based on estimates. In management’s opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

(b) Consolidated Financial Statements

The financial statements are prepared on a consolidated basis and include the accounts of the Red Deer College Foundation.

(c) Financial Instruments

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

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

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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

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 Statements 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 Statements of Operations.

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

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

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

Market Risk

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

Liquidity Risk

The College maintains a short-term of credit that is designed to ensure available funds to meet current and forecasted financial requirements as cost effectively as possible. As at June 30, 2011 the College had committed borrowing facilities of \$1,000,000, \$0 of which has been drawn.

Credit Risk

The credit risk from 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.

(d) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Cost is determined using the retail cost method. Inventories of supplies for consumption are valued at the lower of cost and replacement value. Cost is determined on the first-in, first-out basis.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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

(e) Capital Assets and Collections

Capital assets purchased are recorded at cost. In-kind contributions are recorded at fair value when a fair value can be reasonably determined. Permanent art collections are not amortized.

Construction in progress includes 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:

Buildings	40 years
Infrastructure	25 years
Land improvements	12 years
Furnishings, equipment and vehicles	10-20 years
Library books and media	10 years
Computer software	5 years
Computer hardware and audio visual	3-5 years
Leasehold Improvements	10 years

(f) Revenue Recognition

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

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

Deferral method

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

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

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

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

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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

(g) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at a weighted average cost. Gains or losses from these translations are included either in revenue or expenses in the Statement of Operations.

(h) Employee Future Benefits

Pension

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

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

Supplementary retirement plans

The pension expense for defined benefit supplementary retirement plans is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

The pension expense for the defined contribution supplementary retirement plan is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

Sabbatical Leave

The College participates in paid sabbatical leaves for faculty association members and exempt staff. In order to be granted sabbatical leave, a member must submit an application for approval, per their respective collective agreements or negotiated contract.

Medical Leave

The College also provides paid medical leave to a maximum period of 90 calendar days. After this period, an employee may be eligible for long-term disability coverage per the long-term disability plan with the College's carrier.

(i) Capital Disclosures

The College defines its capital as the amounts included in deferred contributions (note 8), endowments (note 13) and unrestricted net assets. The College's capital is derived from Alberta Advanced Education and Technology, 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 financial statements.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

3. Cash and Cash Equivalents

	<u>2011</u>	<u>2010</u>
Cash	<u>\$ 3,066,249</u>	<u>\$ 605,457</u>

4. Investments

The College's investment objectives are to:

- Ensure the long term preservation and solvency of its assets
- Achieve stability and predictability of the return on investments
- Maximize investment returns

As at June 30, 2011, the composition and fair value on investments are as follows:

	<u>2011</u>			<u>2010</u>		
	<u>Cost Base</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>	<u>Cost Base</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
Money market funds, short-term notes, and treasury bills	\$ 9,294,054	\$ 8,272	\$ 9,302,326	\$ 6,998,092	\$ 1,589	\$ 6,999,681
Canadian bonds	18,040,569	449,707	18,490,276	19,615,571	740,727	20,356,298
Canadian equity	4,164,985	1,642,511	5,807,496	5,888,213	618,585	6,506,798
Foreign equity	8,619,393	1,146,444	9,765,837	10,218,742	(677,989)	9,540,753
Pooled funds	11,996,997	1,644,849	13,641,846	10,737,000	274,393	11,011,393
	<u>\$ 52,115,998</u>	<u>\$ 4,891,783</u>	<u>\$ 57,007,781</u>	<u>\$ 53,457,618</u>	<u>\$ 957,305</u>	<u>\$ 54,414,923</u>
Short-term investments	9,294,054	8,272	9,302,326	6,998,092	1,589	6,999,681
Long-term investments	42,821,944	4,883,511	47,705,455	46,459,526	955,716	47,415,242
	<u>\$ 52,115,998</u>	<u>\$ 4,891,783</u>	<u>\$ 57,007,781</u>	<u>\$ 53,457,618</u>	<u>\$ 957,305</u>	<u>\$ 54,414,923</u>

Terms to maturity of fixed income investments and annual market yield are as follows:

- Money market funds, short-term notes, and treasury bills.
- Canadian government and corporate bonds.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 4 Investments (continued)

		Market Value	Effective Rate of Return
Money market funds, short-term notes and treasury bills	Maturing within 1 - 5 years	\$ 9,302,326	0.7%
Canadian government and corporate bonds	Maturing within 1 - 5 years	7,001,167	2.9%
	Maturing within 6 - 10 years	7,761,473	3.7%
	Maturing beyond 10 years	3,727,636	5.4%
	Total Fixed Income Investments	\$ 18,490,276	2.7%

The College has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The College's Investment Committee, a subcommittee of the Board of Governors, has delegated authority for oversight of the College's investments. The Investment Committee meets regularly to monitor investments, to review investment manager performance, to ensure compliance with the College's investment policies and to evaluate the continued appropriateness of the College's investment policies.

5. Capital Assets and Collections

	2011			2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Buildings and Infrastructure	\$ 141,717,256	\$ 48,029,617	\$ 93,687,639	\$ 139,782,862	\$ 44,467,865	\$ 95,314,998
Land	8,803,927	-	8,803,927	8,803,927	-	8,803,927
Land improvements	3,500,287	1,483,172	2,017,115	3,420,427	1,195,513	2,224,914
Furnishings and equipment	24,378,603	13,762,469	10,616,134	22,018,968	11,706,580	10,312,388
Computer hardware	9,775,493	8,199,496	1,575,997	8,554,201	7,093,558	1,460,643
Computer software	4,383,848	3,585,343	798,506	4,116,557	3,235,336	881,221
Vehicles	562,917	415,870	147,048	507,944	380,859	127,085
Library books	1,913,025	1,455,707	457,319	1,821,215	1,360,414	460,801
Permanent art	1,346,928	-	1,346,928	1,346,928	-	1,346,928
Leasehold Improvements	2,516,212	-	2,516,212	-	-	-
Capital assets and collections	\$ 198,898,497	\$ 76,931,673	\$ 121,966,823	\$ 190,373,030	\$ 69,440,125	\$ 120,932,905

Leasehold Improvements of \$2,516,212 (2010 – \$0) have been recorded as work in progress, which is not amortized as the improvements are not yet available for use.

Acquisitions during the year includes in-kind contributions in the amount of \$150,000 (2010 - \$263,398).

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

6. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2011	2010
Supplementary Retirement Plan	\$ 610,500	\$ 600,900
Admin Leave (Sabbatical) ¹	189,768	189,768
Total Employee Future Benefit Liabilities	\$ 800,268	\$ 790,668

1. Admin leave is included with accounts payable & accrued liabilities on the Consolidated Statement of Financial Position.

A. Defined Benefit

Multi-Employer Pension Plans

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for staff members and is accounted for on a defined contribution basis. At December 31, 2010, the LAPP reported an actuarial deficiency of \$4.6 billion (2009 - \$4.0 billion deficiency).

An actuarial valuation of the LAPP was carried out as at January 1st, 2010 and was then extrapolated to December 31, 2010. The pension expense recorded in these financial statements is \$4,065,949 (2010 - \$3,845,324).

B. Defined Benefit

Supplementary retirement (defined benefit)

The College provides non-contributory supplementary retirement benefits under a defined benefit plan to eligible staff members. The College's total defined benefit supplementary retirement expense was \$80,100 (2010 - \$68,900).

RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Note 6 Employee Future Benefit Liabilities (continued)

	<u>2011</u>	<u>2010</u>
	<u>Supplementary retirement</u>	<u>Supplementary retirement</u>
Expenses		
Current service cost	\$ 43,300	\$ 42,600
Interest cost	36,800	35,200
Amortization of net actuarial losses (gains)	-	(8,900)
Total expense	\$ 80,100	\$ 68,900
Financial Position		
Accrued benefit obligation:		
Balance, beginning of year	\$ 626,300	\$ 488,600
Current service cost	43,300	42,600
Interest cost	36,800	35,200
Benefits paid	(70,500)	(50,000)
Actuarial (gain) loss	(5,400)	109,900
Balance, end of year	<u>630,500</u>	<u>626,300</u>
Unamortized net actuarial gain (loss)	<u>(20,000)</u>	<u>(25,400)</u>
Accrued benefit liability	\$ 610,500	\$ 600,900

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 6 Employee Future Benefit Liabilities (continued)

The significant actuarial assumptions used to measure the accrued benefit obligation are as follows:

	<u>2011</u>	<u>2010</u>
	<u>Supplementary retirement</u>	<u>Supplementary retirement</u>
Accrued benefit obligation:		
Discount rate	5.75%	6.00%
Long-term average compensation increase		
Benefit cost:		
Discount rate	5.75%	6.00%
Long-term average compensation increase		
Alberta inflation (year 1, thereafter)	1.9%, 2.5%	1.5%, 2.5%
Estimated average remaining service life	5	5

7. Long-term Liabilities

	<u>Maturity date</u>	<u>Interest rate %</u>	<u>Amount outstanding</u>	
			<u>2011</u>	<u>2010</u>
Debentures payable to Alberta Capital Finance Authority:				
Student residences	April 2025	6.250	\$ 1,979,337	\$ 2,066,440
Student residences	April 2026	6.000	1,747,442	1,818,267
Student residences	June 2030	4.518	1,360,692	1,405,160
Student residences	June 2032	4.995	1,365,492	1,401,647
Facility expansion	June 2014	2.809	4,933,220	6,487,995
			<u>11,386,183</u>	<u>13,179,509</u>
Obligations under capital leases			196,002	223,138
			<u>11,582,185</u>	<u>13,402,647</u>
Less current portion			<u>(1,879,458)</u>	<u>(1,820,463)</u>
			<u>\$ 9,702,727</u>	<u>\$ 11,582,184</u>

The principal portion of long-term debt repayments required over the next five years is as follows: 2012 - \$1,879,458; 2013 - \$1,940,557; 2014 - \$2,003,843; 2015 - \$ 331,104; 2016 - \$349,866. Interest expense on long-term obligations is \$ 548,961 (2010 - \$606,617). All long-term obligations have fixed interest rates. The weighted average interest rate is 4.234% (2010 - 4.234%).

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

8. Deferred Contributions

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

	2011		2010	
	Capital	Operating	Capital	Operating
Balance, beginning of the year	\$ 11,769,460	\$ 10,967,488	\$ 14,364,534	\$ 13,168,288
Grants and donations received	2,230,443	12,139,766	2,409,975	16,832,044
Investment income	126,273	573,302	68,761	301,550
Recognized as revenue	(1,283,138)	(7,777,130)	(207,869)	(15,723,158)
Transferred to unamortized deferred capital contributions ¹ (note 9)	(3,680,106)	(2,894,327)	(4,865,941)	(3,611,236)
Deferred contributions at end of year	<u>9,162,932</u>	<u>13,009,099</u>	11,769,460	10,967,488
Unrealized gain(loss) on investments end of year	-	1,233,637	-	205,794
Balance, end of the year	<u>\$ 9,162,932</u>	<u>\$ 14,242,736</u>	<u>\$ 11,769,460</u>	<u>\$ 11,173,282</u>

1. Included in transferred to unamortized deferred capital contributions is \$1,554,775 of contributions for facility expansion used to pay down long-term debt incurred to finance the project in 2009.

9. Unamortized Deferred Capital Contributions

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

	2011	2010
Balance, beginning of the year	\$ 91,758,288	\$ 88,520,318
Additions from deferred contributions (note 8)	6,574,433	8,477,177
Long-term liabilities - repayment		
Amortization to revenue	(5,970,323)	(5,239,207)
Balance, end of the year	<u>\$ 92,362,398</u>	<u>\$ 91,758,288</u>

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

	2011			2010	
	Endowment	Deferred Contributions	Unrestricted	Total	Total
Net unrealized gains(losses) on available for sale investments	\$ 343,553	\$ 1,030,658	\$ 2,797,323	\$ 4,171,533	\$ 1,523,377
Net investment (gain) loss realized on available-for sale investments during the year and reported in Statement of Operations	(940)	(2,815)	(233,300)	(237,056)	(230,009)
Balance, beginning of year	68,598	205,795	682,912	957,305	(336,063)
Balance, end of year	<u>\$ 411,210</u>	<u>\$ 1,233,637</u>	<u>\$ 3,246,936</u>	<u>\$ 4,891,783</u>	<u>\$ 957,305</u>

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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	Appropriations from (returned to) unrestricted net assets	Net Contributions during the year	Balance at end of year
Appropriation for capital activities:				
Capital Expansion Fund				
Residence Capital Renewal	\$ 58,168	-	\$ 33,493	\$ 91,661
	<u>\$ 58,168</u>	<u>\$ -</u>	<u>\$ 33,493</u>	<u>\$ 91,661</u>
Appropriation for operating activities:				
Innovation Instruction Fund	\$ 222,916	\$ -	\$ 92,277	\$ 315,193
College Sustainability Fund	1,237,461	-	-	1,237,461
Professional Development Fund	3,389	-	6,390	9,779
Arts Centre Facility Enhancement	31,193	-	12,916	44,109
	<u>1,494,958</u>	<u>-</u>	<u>111,583</u>	<u>1,606,541</u>
Total	<u>\$ 1,553,126</u>	<u>\$ -</u>	<u>\$ 145,076</u>	<u>\$ 1,698,202</u>

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

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 deferred capital contributions and any related debt.

	<u>2011</u>	<u>2010</u>
Capital assets and collections at net book value (note 5)	\$ 121,966,823	\$ 120,932,905
Less amounts financed by:		
Unamortized deferred capital contributions (note 9)	(92,362,398)	(91,758,288)
Long-term liabilities related to capital expenditures	(11,306,745)	(13,127,207)
Investment in capital assets and collections, end of year	<u>\$ 18,297,680</u>	<u>\$ 16,047,410</u>

The changes during the year are as follows:

Investment in capital assets and collections, beginning of year	\$ 16,047,410	\$ 15,530,197
Acquisition of capital assets and collections	4,020,956	2,393,638
Long-term liabilities - repayment	265,687	294,307
Net book value of asset disposals	(263,122)	(69,001)
Amortization of investment in capital assets	(1,773,251)	(2,101,731)
Net investment in capital assets	<u>2,250,270</u>	<u>517,213</u>
Contributions of assets not subject to amortization	-	-
Increase (decrease) for the year	<u>2,250,270</u>	<u>517,213</u>
Investment in capital assets and collections, end of year	<u>\$ 18,297,680</u>	<u>\$ 16,047,410</u>

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.
- Per the Endowments and Use of Endowments Funds Policy of Red Deer College, twenty-five percent (25%) of the annual interest earned is re-invested into the principal portion of the endowment to offset the effects of inflation and fluctuations in annual earnings. The long term objective is to preserve the capital of the endowment within two percent (2%) of a five (5) year rolling average of the Alberta Consumer Price Index (ACPI) and adjust the cumulative total of the endowment pool for any shortfall.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 13 Endowments (continued)

The composition of endowments is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 11,468,351	\$ 10,002,541
Gifts of endowment principal	871,308	1,271,566
Market adjustment for investments	342,614	109,540
Re-invested income	<u>150,282</u>	<u>84,704</u>
Balance, end of year ¹	<u>\$ 12,832,555</u>	<u>\$ 11,468,351</u>

1. Internally restricted endowments amounted to \$1,206,880 in 2011 (2010 - \$1,144,865).

14. Contractual Obligations

The College has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

	<u>2011</u>	<u>2010</u>
Service contracts	\$ 6,309,664	\$ 3,851,620
Capital projects	1,105,375	854,808
Information systems and technology	-	2,966,697
Long-term leases	<u>7,313,145</u>	<u>-</u>
	<u>\$ 14,728,184</u>	<u>\$ 7,673,125</u>

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

	<u>Service Contracts</u>	<u>Capital Projects</u>	<u>Long Term Leases</u>	<u>Total</u>
2012	3,867,247	1,105,375	602,259	5,574,881
2013	1,203,161	-	602,259	1,805,420
2014	1,239,256	-	688,296	1,927,552
2015 & Subsequent	-	-	5,420,331	5,420,331
	<u>\$ 6,309,664</u>	<u>\$ 1,105,375</u>	<u>\$ 7,313,145</u>	<u>\$ 14,728,184</u>

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 14 Contractual Obligations (continued)

Utility Commitments:

In order to manage its exposure to volatility in the electrical and gas industry, the Board of Governors has entered into the following contracts:

Electrical: A 5-year contract, beginning September 21, 2006, at a fixed rate of 5.692 cents per kilowatt-hour. The College is in the process of soliciting proposals for a new contract starting October 1, 2011.

Gas: A 5-year contract, beginning November 1, 2007 to purchase a portion of the total required natural gas in each month at a fixed price of \$7.815/GJ. The remainder of consumed natural gas is purchased at the current market rate.

Based on 2011 consumption the annual costs for electricity and gas respectively for the year ending June 30, 2012 are estimated at \$1,439,995 and \$1,001,630 (2011 – \$1,208,280 and \$945,720).

15. Budget Comparison

The College's 2010-11 budget was approved by the Board of Governors as was presented to the Minister of Advanced Education and Technology as part of the College's submission of its 2011-2015 Business Plan.

16. Investment Income

	<u>2011</u>	<u>2010</u>
Investment income in the year ¹	\$ 2,675,559	\$ 1,739,507
Amount earned on deferred capital funds (Note 8)	(126,273)	(68,761)
Amount earned on deferred funds (Note 8)	(573,302)	(301,550)
Investment income contributed to endowments	(150,282)	(84,704)
Investment income - unrestricted	<u>\$ 1,825,702</u>	<u>\$ 1,284,493</u>

1. Investment income on endowment investments is \$550,590 (2010 -\$306,571) and investment income on other investments is \$2,124,969 (2010 - \$1,432,936)

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

17. 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.

	2011	2010
Contributions from GOA		
Advanced Education and Technology:		
Operating grants	\$ 43,860,441	\$ 42,411,164
Enrollment planning	3,776,184	7,820,704
Infrastructure renewal	3,451,370	4,096,630
Expansion	-	1,575
Access to the Future Fund	1,200,000	1,200,000
Other	3,704,888	248,597
Total Advanced Education and Technology	55,992,883	55,778,670
Other GOA departments and agencies grants:		
Alberta Health Services	343,510	235,483
Employment & Immigration	136,017	18,284
Alberta Foundation of Arts	222,239	209,201
Rural Alberta Development Fund	183,705	-
Other	111,218	83,507
Total other GOA departments and agencies:	996,689	546,475
Total contributions received	56,989,572	56,325,145
Net transfers from/(to) deferred contributions	(4,601,596)	734,220
Net transfers to endowments from Access to the Future Fund	(195,200)	(382,039)
	\$ 52,192,776	\$ 56,677,326
Other Revenue:		
Other Post Secondary Institutions	1,360,324	1,090,971
Alberta Health Services	360,959	331,389
Alberta Agriculture and Rural Development	-	163,983
Youth Services	388,295	480,511
Other GOA departments and agencies	165,529	295,371
	2,275,107	2,362,225
Accounts Receivable:		
Advanced Education and Technology	9,117	39,483
Other Post Secondary Institutions	141,285	61,483
Alberta Health Services	17,964	2,274
Other GOA departments and agencies	73,602	68,633
	241,968	171,873
Accounts Payable:		
Other Post Secondary Institutions	\$ 61,632	\$ 166,347

The College has long-term liabilities with Alberta Finance and Alberta Capital Finance Authority as described in note 9.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

18. Salary and Employee Benefits

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

	2011			Total	2010 Total
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ^{(3) (4)}		
Governance					
Chair of the Board of Governors	\$ -	\$ 3,000	\$ -	\$ 3,000	\$ 1,682
Members of the Board of Governors	-	11,344	-	11,344	9,750
Executive					
President ⁽⁵⁾	199,500	16,564	26,247	242,311	248,721
Vice-Presidents:					
Executive Vice-President Academic ⁽⁶⁾	154,269	12,452	20,990	187,711	418,175
Vice-President College Services ⁽⁶⁾	165,933	500	32,349	198,782	380,736
Vice President Community Relations	149,935	1,750	31,339	183,024	175,694
Associate Vice President of Strategic Planning & Research	125,247	9,433	13,588	148,268	169,126
	\$794,884	\$ 55,043	\$ 124,513	\$ 974,440	\$ 1,403,884

Notes:

- (1) Salary includes pensionable base pay.
- (2) Other cash benefits include bonuses, overtime, lump sum payments and honoraria and vacation pay.
- (3) Other non-cash benefits include:
 - Employer's current and prior service cost of Supplementary retirement plan as per note (4) below
 - 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 dismemberment insurance, long and short term disability plan, professional memberships and tuition.
 - Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, travel allowances and club memberships.
- (4) Under the supplementary retirement plan, employees may receive supplementary retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The supplementary retirement plan provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 18 Salary and Employee Benefits (continued)

- (5) President's salary for 2010 includes 10 months for the current position and 2 months for the past president. The 2010 salary amount excludes \$56,217 vacation pay for the past president which was included in last years' number.
- (6) 2010 total for Vice President Academic includes \$213,000 payout upon leave. 2010 total for Vice President College Services includes \$189,768 of administrative leave awarded in 2010. This represents the full balance of administrative leave earned by this individual to June 30, 2010.

The current service cost and accrued obligation for each executive under the supplementary retirement plan are outlined below.

	Obligation June 30, 2010	Current Service Cost	Interest Cost	Benefit Payments	Actuarial Loss (Gain)	Obligation June 30, 2011
President (Past)	\$ 220,500	\$ 19,200	\$ 12,956	\$ (9,650)	\$ 39,894	\$ 282,900
Vice-Presidents:						
Executive Vice-President Academic	48,800	-	2,867	-	(51,667)	\$ 0
Vice-President College Services	148,700	8,300	8,737	-	7,963	\$ 173,700
Associate Vice President of Community Relations	30,700	4,100	1,804	-	2,196	\$ 38,800
Associate Vice President of Strategic Planning & Research	83,100	4,600	4,883	-	5,217	\$ 97,800
Other employees participating in SRP	94,500	7,100	5,553	(60,850)	(9,003)	\$ 37,300
	<u>\$ 626,300</u>	<u>\$ 43,300</u>	<u>\$ 36,800</u>	<u>\$ (70,500)</u>	<u>\$ (5,400)</u>	<u>\$ 630,500</u>

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 6.

19. Tuition and Related Fees

	2011		2010	
	Budget	Actual	Budget	Actual
Credit	\$ 14,710,000	\$ 13,823,122	\$ 12,280,000	\$ 13,392,256
Apprenticeship	2,070,000	2,049,914	2,270,000	2,363,109
Non-Credit	4,145,000	3,373,500	3,840,000	3,540,455
Total tuition and related fees	<u>\$ 20,925,000</u>	<u>\$ 19,246,536</u>	<u>\$ 18,390,000</u>	<u>\$ 19,295,820</u>

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

20. Future Accounting Changes

The Public Sector Accounting Board of the CICA (PSAB) has issued a framework for financial reporting by government not-for-profit organizations. The framework includes the 4400 series of standards from the CICA Handbook – Accounting, which have been incorporated into the Public Service Accounting (PSA) handbook as PS 4200 series of standards. This framework will be effective January 1, 2012. Government not-for-profit organizations have been given the choice to apply either PS 4200 series of standards plus the PSA Handbook; or PSA handbook without the PS 4200 series of standards. The Government has decided that post-secondary institutions will initially adopt the PS 4200 series of the standards plus the PSA handbook. The College has started to identify the differences in the standards that will impact the financial statements and will quantify the differences. The College will also determine whether any specific exemptions and exceptions applicable to the first time adoption of PSA standards by government not-for-profit organizations will be applicable to the college.

21. Future Operations

Effective July 25, 2011, the RDC Bookstore operations have been transferred to the third party retailer Follett Higher Education Group. Future commission from this contract will be reflected in the RDC financial statements under Sales and Services.

22. Related Party Partnership

RDC and Olds College have entered into a joint venture agreement named the Central Alberta College-Community Partnership. The partnership was designed to meet the commitments under Advanced Education and Technology's Roles and Mandates Policy Framework. This regional stewardship model is designed to offer diverse program offerings to Central Alberta communities.

The complete operational results of this joint venture are shown in the annual Financial Statements of Olds College and are not reflected in the financial statements or related party note of Red Deer College.

23. Canada – Alberta Knowledge Infrastructure Program

The Canada – Alberta Knowledge Infrastructure Program (KIP) was established to provide funding in support of capital projects at post secondary institutions in order to offset the impact of the global economic recession by providing employment opportunities. Eligible KIP projects can receive up to 50% of its funding from Government of Canada contributions through direct payments made by the Province. The remaining portion of funding for KIP projects is made up of internal resources, provincial contributions and research grants. The KIP program supports eligible costs incurred from February 24, 2009 to March 31, 2011; however some projects under the program have been extended to June 30, 2011. Amounts received from the Province of Alberta representing Government of Canada contributions and total eligible costs incurred on KIP projects are as follows:

**RED DEER COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

Note 23 Canada – Alberta Knowledge Infrastructure Program (continued)

	July 1, 2010 to June 30, 2011	July 1, 2009 to June 30, 2010	February 24, 2009 to June 30, 2009	Total
Contributions:				
Government of Canada	\$ 963,685	\$ 1,286,315	\$ -	\$ 2,250,000
Province of Alberta	963,685	1,286,315	-	2,250,000
Total	\$ 1,927,370	\$ 2,572,630	\$ -	\$ 4,500,000
Total Eligible Costs:	\$ 2,382,939	\$ 3,128,745	\$ -	\$ 5,511,684

The remaining contractual obligation to complete the projects at March 31, 2011 is \$334,037.

24. Comparative Figures

Certain 2010 figures have been reclassified to conform to the presentation adopted in the 2011 financial statements.



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