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ABOUT GRANT MACEWAN COLLEGE

Since 1971, Grant MacEwan College has been committed to providing a real education for a real and changing world. It is this commitment that has enabled us to continue to evolve and grow to become the largest college in western Canada, with over 3,000 full- and part-time faculty and staff, and serving nearly 40,000 learners each year in over 70 certificate, diploma, applied degree, university transfer, and now...bachelor degree programs.

MacEwan has an international reputation for programs in the arts, communications, sciences, humanities, business, health care and the human services, and produces graduates who work in every career sector. Our commitment to providing access to quality post-secondary education extends from full- and part-time programming on four Edmonton campuses to distance courses with students from across the globe.

ACCOUNTABILITY STATEMENT



The Grant MacEwan College Annual Report for the year ended June 30, 2007, was prepared under the Board of Governors' 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.

Eric Young, QC
Chair, Board of Governors



MESSAGE FROM THE PRESIDENT



In some respects, the 2006/07 fiscal year was a year of 'firsts' for MacEwan, as we offered our first four-year degrees, with the Bachelor of Arts and Bachelor of Child and Youth Care commencing in September 2006. In December, MacEwan joined with SAIT Polytechnic in Calgary to form the first fully-funded eCampusAlberta partnership to deliver online business programs to students across the province. And in March, the MacEwan Griffins women's volleyball team won the gold medal at the Canadian Colleges Athletic Association national championships. This is the first national title MacEwan has earned in any sport.

It was also a year of growth, kicking off with another degree announcement and capping off with the opening of the Robbins Health Learning Centre. In July 2006, MacEwan received government approval and funding to offer another baccalaureate degree: the Bachelor of Science in Nursing, starting September 2007. The college also received approval to offer Bachelor of Commerce transfer students the option to finish their degree at the college. Meanwhile, we continued to recruit dozens of new PhD faculty members to support the degree programs, and to develop a new academic governance model suitable for the comprehensive college MacEwan has become.

Now, as we look toward the future, MacEwan plans to further expand degree offerings, consolidate facilities and further strengthen its role as a leader in Alberta's post-secondary system. With the launch of MacEwan's Front and Centre fundraising campaign in the spring, the college seeks to double the amount of scholarships, bursaries, and awards for students, and to build a new Centre for the Arts and Communications at the City Centre Campus, as part of MacEwan's long-term plan to move to a two-campus model.

But as MacEwan moves forward, we continue to ensure small class sizes and one-on-one interaction with first-rate instructors remain significant and enduring characteristics of the college, regardless of program. We also strive to ensure MacEwan continues to evolve and mature with the changing needs of our students and the community at large.

Paul J. Byrne. Ph. D.
President and CEO



EDUCATIONAL PHILOSOPHY

At Grant MacEwan College, teaching and learning are our priorities. We value the legacy of Dr. Grant MacEwan and strive to emulate his example of service, stewardship, and life-long learning in our student-centred environment.

We believe that learning occurs through exploration and questioning, in an environment of mutual respect and collaboration. Learning is enriched by interactions among instructors and students whose diverse life experiences, cultures, ethnicities, religions, and abilities are acknowledged and respected.

We are committed to scholarship and the maintenance of high academic standards. We believe that learners benefit from their association with educators and staff who demonstrate integrity and purpose, leadership in their fields, and passion for their work.

We endeavour to enhance our students' capacity to live well-balanced, productive lives as citizens of our interconnected world. Our links with communities beyond the College—academic and professional, local and international—ensure the relevance of learning activities and enable students to move confidently into the workforce or on to further educational opportunities.

Approved by MacEwan Board of Governors on June 17, 2004.



MANDATE

In January 2004, MacEwan proposed changes to its mandate to recognize the college's commitment to expand access to post-secondary education by becoming a degree-granting institution.

Grant MacEwan College is a board-governed public college operating under the authority of The Post-Secondary Learning Act.

The college focuses on three primary types of programming:

- Undergraduate degrees and university transfer programs that prepare learners for employment and for graduate studies.
- Certificate, diploma and applied degree programs that prepare learners for entry to careers and employment.
- College and university entrance programming that prepares learners for success in further post-secondary studies.

Grant MacEwan College serves a diverse range of learners in the following major areas of study: liberal arts, business/commerce, communications, education, engineering, health and human services, performing and visual arts, physical education, and science. The college's innovative approaches to program delivery are designed to maximize graduates' opportunities to advance their careers and further their education.

Grant MacEwan College emphasizes a learner-centred approach to the provision of its programs and services. The college encourages scholarly activity including applied research as contributors to teaching excellence and quality programming. As a learner-centred institution, Grant MacEwan College emphasizes small classes, high quality instruction and student support. By incorporating a global focus in its programming, serving a diverse range of Canadian and international students, and providing opportunities for study abroad, the college aims to provide all learners with opportunities to develop the skills and attitudes to function successfully in an interconnected world economy and society.

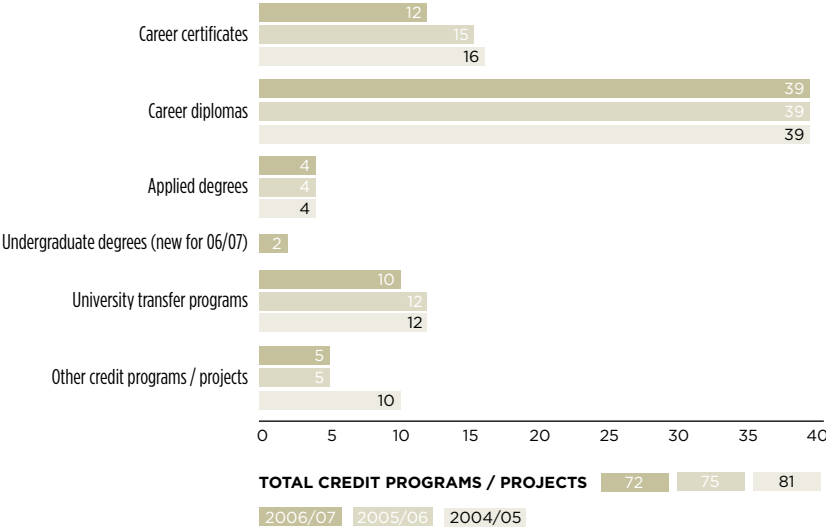
Grant MacEwan College serves primarily the greater Edmonton region through programming aimed at building a strong economy, and by providing a variety of resources to its communities. The college also offers courses and programs throughout Alberta, across Canada and internationally through eCampus Alberta and other distance delivery and brokerage arrangements. Grant MacEwan College offers credit and non-credit continuing education to meet learners' needs, and creates customized learning opportunities to address the needs of business, industry and government.

(Revised Edition approved by Board of Governors: August 30, 2004. Approved by the Minister of Learning: October 13, 2004.)

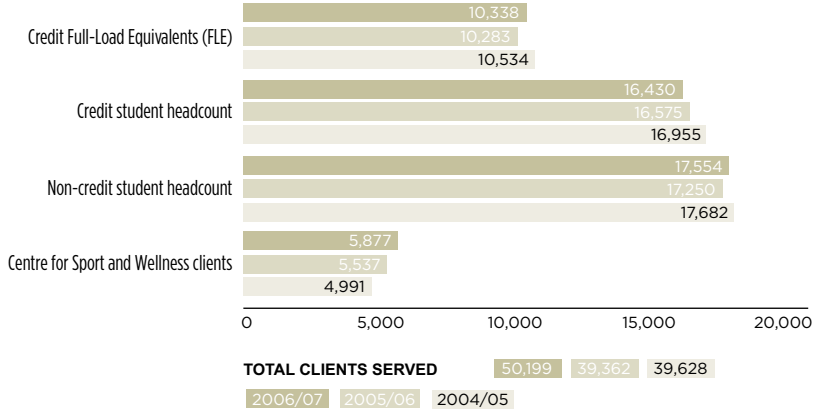


MACEWAN AT-A-GLANCE

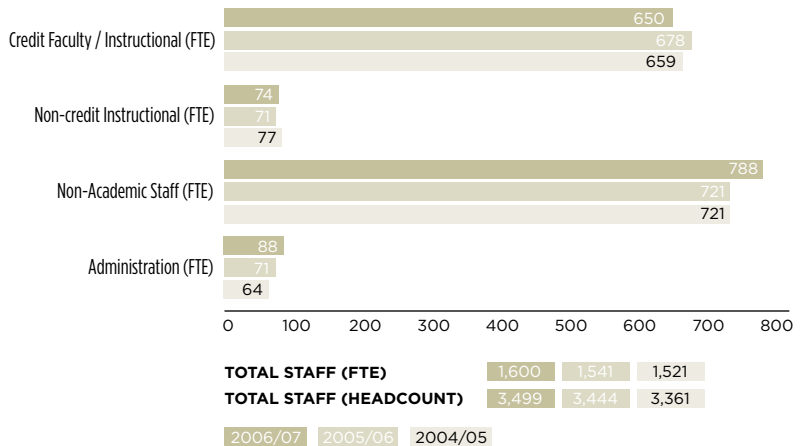
PROGRAMS



ENROLMENT



STAFF



RATIO OF TUITION TO NET OPERATING EXPENDITURES: In accordance with the Government of Alberta tuition policy for 2006/07, MacEwan's tuition fee revenue was 31.5 per cent of the college's net operating expenditures in 2006/07.



SUMMARY OF KEY ACTIVITIES

FACULTY RECRUITMENT

The college continued to recruit new faculty members in 2006/07, to support the expanding degree programs. Over the past two years, MacEwan has hired a total of 63 new faculty members, including 39 from across Canada, 10 from the United States, and 14 from other parts of the world, with the majority at the PhD level with teaching experience.

GOVERNMENT APPROVES MACEWAN'S BACHELOR OF SCIENCE IN NURSING

In July 2006, the Government of Alberta officially announced approval for MacEwan to offer a Bachelor of Science in Nursing, starting in September 2007. The new nursing degree will help the college meet the growing demand for admission in MacEwan's nursing program, while offering students choices about where they can earn their nursing degree. MacEwan's Bachelor of Science in Nursing will also help provide the local and provincial health care system with health professionals to meet short- and long-term staffing needs. The start of the program was aligned with the opening of the Robbins Health Learning Centre.

FOUR-YEAR DEGREE PROGRAMS START SEPTEMBER 2006

After a rigorous approval process, MacEwan welcomed students into the college's first four-year baccalaureate degree programs. The Bachelor of Arts and Bachelor of Child and Youth Care became available to students starting September 2006. The addition of the Bachelor of Arts was the college's response to student demand because transfer options were becoming limited in Alberta. MacEwan's Bachelor of Child and Youth Care is the only degree option for child and youth care diploma students in the province.

MACEWAN STRIKES eCAMPUSALBERTA PARTNERSHIP WITH SAIT

MacEwan joined forces with SAIT Polytechnic in Calgary to offer their respective Management Studies diploma and Business Administration diploma, with a management major, entirely online. The unique partnership was made possible—and fully-funded—by eCampusAlberta, a consortium of 15 colleges and technical institutes that currently offer 26 online programs, ranging from certificates to applied degrees.

By having the program available online, more students have the opportunity to complete a diploma or certificate without stepping foot on an actual campus. There are approximately 200-250 students registered in the online program each term.



WOMEN'S VOLLEYBALL TEAM WINS NATIONAL CHAMPIONSHIPS

The Griffins women's volleyball team earned the gold medal at the Canadian Colleges Athletic Association (CCAA) National Championships in North Vancouver, B.C., on March 10, 2007. This was the first team in MacEwan's history to take top CCAA honours in any sport.

LAUNCH OF FRONT AND CENTRE CAMPAIGN

In the spring, MacEwan launched the Front and Centre Campaign, a fundraising initiative aimed at raising funds to build a new Centre for the Arts and Communications at the City Centre Campus, and doubling the amount of scholarships, bursaries and awards available to MacEwan students.

ROBBINS HEALTH LEARNING CENTRE NEARED COMPLETION

In 2006/07, construction on MacEwan's Robbins Health Learning Centre was virtually completed, with the doors opening to students early in 2007/08. The five-storey, 27,000-square-metre facility on MacEwan's City Centre Campus accommodates about 2,000 students from a variety of MacEwan's health sciences programs, including holistic health, physical/occupational therapy and speech language pathology assistant, disability management in the workplace, psychiatric nursing, and the new Bachelor of Science in Nursing degree. The Robbins Centre is named after Bill and Mary Jo Robbins, who donated \$5 million to the building - the largest donation in MacEwan history. In addition to the support from the Robbins family, the facility would not have been possible without the contributions from other donors and the support of the Government of Alberta.

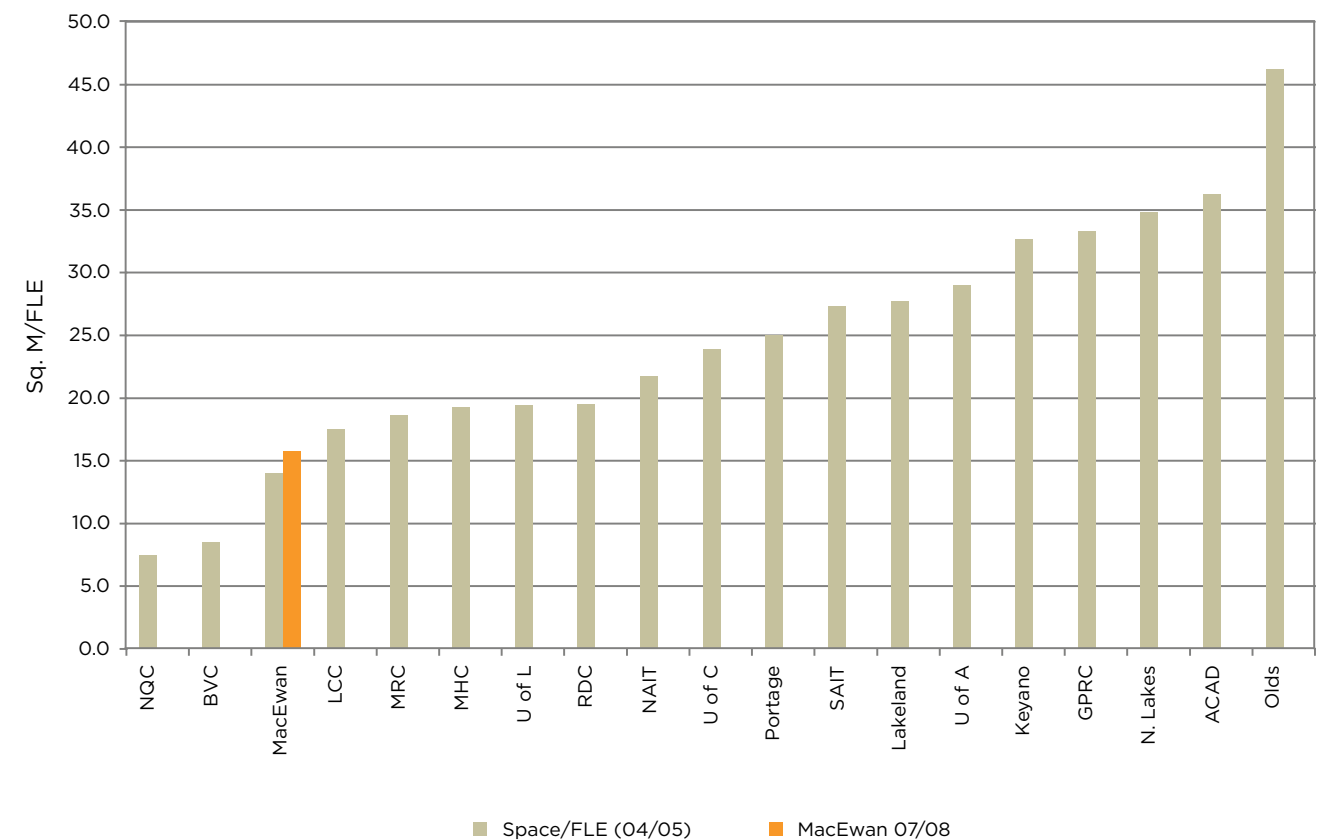




STUDENT SPACE AT MACEWAN

One of MacEwan's ongoing challenges relates to the provision of space to meet student needs not only for instruction but also for study, interaction and informal learning. As this chart illustrates (using the most recent available data for system-wide comparison), MacEwan is very efficient in accommodating its large student enrolment within available space. The addition of the Robbins Health Learning Centre in 2007 improved this situation somewhat, but still leaves MacEwan with among the lowest space per-student ratios in the provincial post-secondary system.

Space per Student, 2004/05





OUTCOMES REPORT ON COLLEGE STRATEGIC DIRECTIONS & SUPPORTING OBJECTIVES FOR 2006/07

This section provides data on the outcome measures for College strategic directions identified in Grant MacEwan's Strategic Plan for the 2006/07 - 2010/11 period, focusing on achievements during the 2006/07 College year.

STRATEGIC DIRECTION: DEVELOP AND IMPLEMENT HIGH QUALITY UNDERGRADUATE DEGREE PROGRAMS TO ENHANCE ALBERTANS' ACCESS TO AND PARTICIPATION IN DEGREE-LEVEL EDUCATION.

Develop and implement baccalaureate programs in accordance with the College's 5-year program plan.

MacEwan is now offering four baccalaureate degrees: Arts, Child & Youth Care, Commerce and Nursing. The BSc in Nursing received approval in 2006/07 for implementation in fall 2007. The Bachelor of Commerce also received approval in fall 2006, but to date, no

operating funds for this degree have been allocated. In 2006/07, MacEwan offered year 3 of Commerce on a self-funded basis.

Achieve enrolment targets for degree programs through effective student recruitment and retention strategies.

MacEwan experienced a slight increase in enrolment in 2006/07, with a year-end total of 10,338 FLE (up 55 FLE or 0.5% from 2005/06). Nevertheless, enrolment was somewhat short of the established target for the year. A variety of factors account for this shortfall: demographic shifts; the province's vibrant economy, which lures potential students into the labour force; and start-up challenges with the College's new degree programs.*

| | Planned FLE | Actual FLE | % of Target |
|----------------------------|-------------|------------|-------------|
| University Studies | 5,290 | 4,899 | 92.6% |
| Career Studies | 4,697 | 4,520 | 96.2% |
| Preparatory Studies | 922 | 920 | 99.8% |
| College Total | 10,909 | 10,339 | 94.8% |

Develop core digital, print and audiovisual collections and expand information literacy programming to support degree programs and meet accreditation requirements

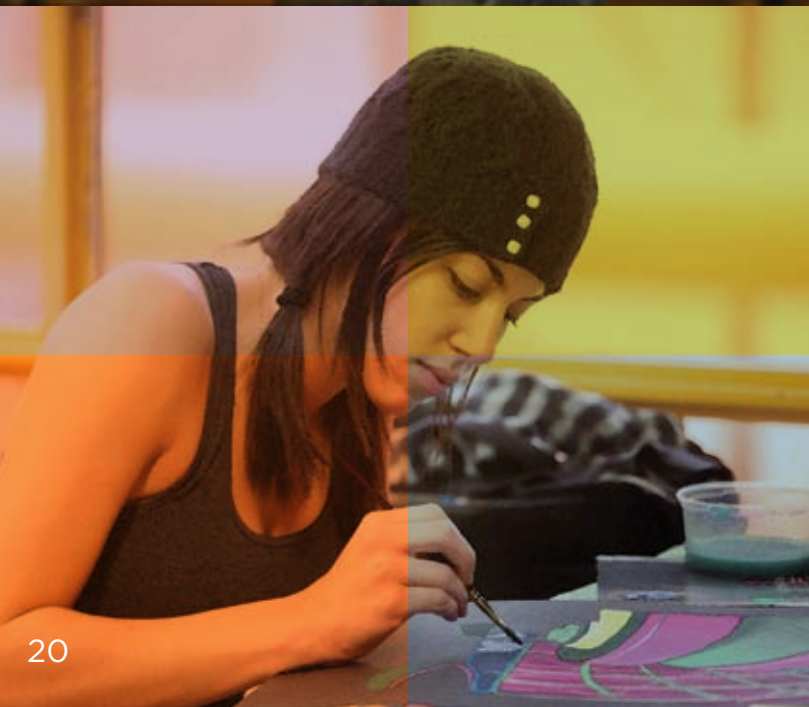
Print and audiovisual collections were expanded substantially to support the Bachelor of Child and Youth Care and Bachelor of Arts degrees. Over 14,000 books were added to the collection as well as 357 audiovisual items, 10 electronic research databases and six journals.

The Library updated its five-module information literacy program "SearchPath", and the English department integrated this program into their curriculum. All first-year English students now complete the SearchPath modules as a step in the development of their information literacy skills. The library also launched a research consultation program targeted to upper-level students whereby students can receive in-depth advice about appropriate resources and research strategies.

Develop a faculty complement profile for recruitment, credential audit and professional development planning

The HR department, in conjunction with Faculties and Schools, developed an automated database to collect faculty credential information, which can provide necessary management information to inform professional development planning. Planned improvements to the College's ERP systems will allow this tool to be further enhanced.

* These challenges include establishing an awareness of MacEwan degrees as a completion option, and, equally, addressing acceptance of this new credential within an environment of media opinion. In the meantime, MacEwan has experienced significant increases in demand for its approved but as-yet-unfunded Bachelor of Commerce degree.



Increase scholarship and bursary support for all students through an enhanced annual campaign. Target: Double annual awards to \$1.8 million by 2010/11.

The Fund Development department increased donations to raise the scholarship and bursary support to \$1.2 million for 2006/2007, translating to 1,561 awards given out. The College has reorganized and enhanced its fund development operations and hired a new Vice President Fund Development in order to achieve a ten-year Front and Centre Campaign goal of \$85 million (\$55 million for 2006-11). The strategic application of Access to the Future funds from the Province continues to have a major positive impact on donors.

Develop frameworks and infrastructure to support faculty professional development and scholarship, and to promote teaching improvement.

A comprehensive faculty evaluation policy was implemented and an online student feedback system pilot tested. Three new positions were created to support faculty development: a Director, Centre for the Advancement of Teaching and Scholarly Activity, a part-time Academic Integrity Officer, and a part-time Faculty Evaluation Coordinator. An Endowed Chairs and Scholars policy was developed and approved.

The Research Office and Research Council supported scholarship through:

- Disbursement of a Faculty Research and Scholarly Activity Fund to faculty researchers
- Compilation of an annual Report on Research, Scholarly Activity and Creative Achievements

- A website with resource materials, links to funding agencies and application forms
- An annual Research and Scholarly Activity Showcase, held in November
- Assistance to individuals developing proposals to access research grants
- Support to two Research Institutes

STRATEGIC DIRECTION: DEVELOP FLEXIBLE CURRICULUM FRAMEWORKS TO PROVIDE ACCESS, TRANSFERABILITY AND ALTERNATIVE DELIVERY OPTIONS FOR LEARNERS.

Develop curriculum laddering models

A model was developed that provides access to the third year of the Bachelor of Commerce degree for Management Studies diploma graduates with a GPA of 3.0 or higher. Other bridging and laddering models are being planned for selected programs to increase access for diploma graduates from a variety of disciplines to degree programs.

Develop an overall strategy for online/distance delivery and support this strategy with the necessary operating and capital investment.

By June 2007, the roles, responsibilities, and membership of the College's Distance and Distributed Education Committee were expanded, and the committee was assigned the goal of developing an eLearning Strategic Plan for MacEwan. A new position, DDE facilitator, was created in each of the four academic departments to assist with the development of the plan.

The College completed the technical implementation of Blackboard CE6 as the primary learning management system. This includes redundant server architecture to ensure availability and performance for distributed learners.

Resource and develop full credentials for online delivery

From July 2006 to June 2007, 48 courses were developed leading to eight credentials: Bachelor of Child and Youth Care, Diploma in Professional Writing, Disability Management in the Workplace Diploma, Human Resources Management Diploma, Management Studies Diploma, Post Diploma Nursing, Rehabilitation Practitioner Diploma, and Therapist Assistant Diploma.



STRATEGIC DIRECTION: ENHANCE STUDENT AND COLLEGE SERVICES, BASED ON BENCHMARKED STANDARDS OF EXCELLENCE, TO SUPPORT COLLEGE PROGRAMMING AND ENSURE SUSTAINABLE COLLEGE OPERATION.

Implement systems to benchmark College performance against appropriate comparators.

A College-wide committee worked throughout 2006/07 to develop an accountability framework of key performance measures, which will provide the basis for external benchmarking. Indicators, measures and targets focus on four perspectives: the student experience; quality of programs and services; employee learning and growth; and effective utilization of resources.

Develop an evaluation system for administrative and service departments, including action planning mechanisms.

A Board policy on Evaluation of Service and Academic Support Departments was developed and approved, and one service evaluation was conducted as a pilot project during 2006/07, with four others scheduled for 2007/08.

Develop student services and systems to meet the needs of part-time and distance students.

An online orientation program was developed and launched, geared to new and prospective learners enrolled in online or part-time programs. Student Resource Centre advisors extended office hours beyond 4:30 to meet prospective students in the evening. Online and distance course development incorporated greater accessibility for students

with disabilities. Additional functionality was added to WebAdvisor so that students can access services and individual record information online.

Develop succession plans for senior administrative positions.

This initiative is in progress. Current activities include the creation of new academic and service area leadership positions to increase the College's talent pool, credential enhancement of several senior leaders, the identification of potential candidates to succeed or back-fill executive officers on a short term basis, and ongoing leadership development activities.

Develop and implement program-specific and College-wide initiatives to support student success

Two new events were developed to focus on retaining international students. The New Student Orientation program was enhanced to include "Ask Me Booth", Wall of Welcome, and new workshop on personal security. The Student Success Committee continued to conduct research aimed at identifying factors leading to student withdrawal. An Assistive Technology Access Pilot Project was developed and implemented with the primary goal of providing timely access to appropriate technologies to students with disabilities. Dedicated exam centres were established for students with disabilities.

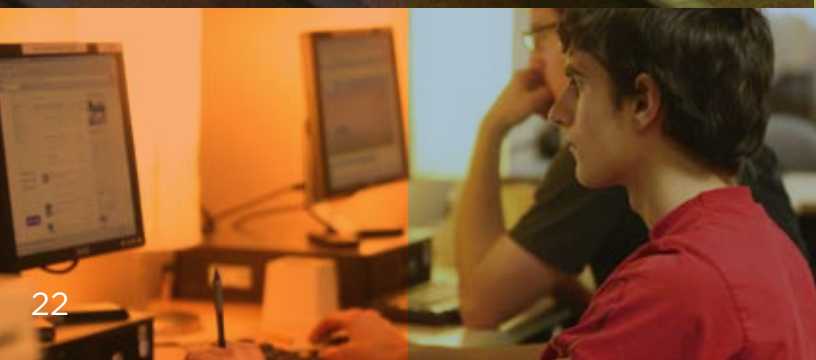
Develop and implement admission systems, processes and policy that support and encourage retention of prospective student and applicants from inquiry through registration.

Early conditional admissions procedures were developed to allow admission based on Grade 11 marks. In addition, guaranteed admission procedures were developed and implemented. These enhancements to admissions processing enable faster admissions decisions and provide applicants with admissions decisions prior to completion of Grade 12. A revised admissions policy was approved in June 2006 to ensure that MacEwan remains competitive in the marketplace.

Improve ERP systems to enhance functionality, analytical and reporting tools.

Work is ongoing to move the College's primary ERP to distributed database architecture and improve performance and interfaces. Projects to develop a business intelligence and reporting infrastructure are also ongoing.

In the coming year, the College is planning an ERP assessment and recommendations exercise to guide future planning around ERP functionality and data analysis and reporting tools.





Implement enhanced web applications and portal technology, in support of College business process changes, that enable access for students, faculty and staff to online services and information.

The use of secure portal technology for staff and student communication, and access to services and learning resources is now well-established at MacEwan. Portal logins exceeded 50,000 per week during the academic year. Portal development will continue as more applications are integrated and transactional services enhanced.

A College Web-Steering committee was established to guide the ongoing development of web-services. As a priority project, the public website is under review with a redesign planned in the next year.

STRATEGIC DIRECTION: CONSOLIDATE COLLEGE OPERATIONS ONTO TWO MAJOR CAMPUSES BY 2017 TO PROVIDE HIGH QUALITY FACILITIES FOR PROGRAMS AND SERVICES.

Acquire property and begin infrastructure development for new south campus.

Throughout 2006/07, significant planning was done to further identify College needs and focus on optimal location for new campus. Collaboration with other stakeholder groups (e.g. City of Edmonton) was undertaken to ensure planning is consistent and complementary. A proposal was submitted to government, and the College is awaiting a decision on land acquisition. Initial discussions/ planning on infrastructure have begun.

Develop and implement plans for transition of Centre for the Arts programming, primarily to the City Centre Campus, and for the disposition of the Centre for the Arts campus.

Planning began for the development of a new campus at City Centre to house existing programs at Centre for the Arts. A variety of feasibility and impact studies were initiated to ensure that all relevant information is available for planning purposes. Some discussions with interested parties took place regarding potential disposition of the Centre for the Arts, but no decisions have been made in this regard.

Conduct capital campaigns to support major campus development projects.

The Fund Development department raised \$12.6 million between September 2006 and December 2007 towards the \$55 million goal of the Front and Centre Campaign for 2006-11. A valuation study to determine appropriate naming-right values for the new Centre for the Arts and Communications was initiated, and proposals in support of this project were and continue to be made to donors.

Enhance the functionality and utilization of existing facilities through scheduling efficiencies and facility planning processes.

The College continued to utilize existing space very effectively to accommodate the new functions and positions required for new degree programming. Additional options for space were examined to meet space requirements for fall 2007 and beyond. Planning also began to determine options to transfer residence suites being utilized for administration back to residential use.



GRANT MACEWAN COLLEGE CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2007

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Auditor's Report

To the Board of Governors of Grant MacEwan College

I have audited the consolidated statement of financial position of Grant MacEwan College as at June 30, 2007 and the consolidated statements of revenue and expense, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Grant MacEwan College as at June 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, FCA

Auditor General

Edmonton, Alberta
September 14, 2007

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

GRANT MacEWAN COLLEGE CONSOLIDATED STATEMENT OF FINANCIAL POSITION at June 30, 2007

| | 2007 | 2006 (restated - note 3) |
|--|-----------------------|-----------------------------|
| ASSETS | | |
| Current: | | |
| Cash and cash equivalents | \$ 92,388,514 | \$ 48,111,468 |
| Accounts receivable | 5,082,647 | 3,296,382 |
| Inventories (Note 5) | 1,896,274 | 1,975,185 |
| Prepaid expenses | 1,059,549 | 690,544 |
| | <u>100,426,984</u> | <u>54,073,579</u> |
| Investments (Note 6) | 31,477,208 | 29,292,466 |
| Capital assets (Note 7) | 236,421,134 | 205,055,627 |
| | <u>\$ 368,325,326</u> | <u>\$ 288,421,672</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 17,533,777 | \$ 8,616,146 |
| Accrued vacation pay | 5,725,556 | 4,767,877 |
| Unearned revenue (Note 8) | 5,324,322 | 4,382,868 |
| Deferred contributions (Note 9) | 27,663,177 | 9,622,884 |
| Current portion of long term debt (Note 11) | 1,306,629 | 1,239,743 |
| | <u>57,553,461</u> | <u>28,629,518</u> |
| Deferred capital contributions (Note 9) | 12,232,532 | 11,457,865 |
| Unamortized deferred capital contributions (Note 10) | 134,212,773 | 100,305,587 |
| Long term debt (Note 11) | 50,117,711 | 50,986,085 |
| | <u>254,116,477</u> | <u>191,379,055</u> |
| Net Assets: | | |
| Endowments (Note 12) | 16,837,286 | 12,825,869 |
| Investment in capital assets | 50,784,021 | 52,524,212 |
| Internally restricted net assets (Note 15) | 35,116,231 | 24,984,345 |
| Unrestricted net assets | 11,471,311 | 6,708,191 |
| | <u>114,208,849</u> | <u>97,042,617</u> |
| | <u>\$ 368,325,326</u> | <u>\$ 288,421,672</u> |

The accompanying notes are part of these consolidated financial statements.

**GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2007**

| | 2007 | 2006 (restated - note 3) |
|--|----------------------|-----------------------------|
| Revenue | | |
| Grants (Note 13) | \$ 75,627,802 | \$ 64,204,536 |
| Tuition and related fees | 51,397,995 | 48,812,288 |
| Sales, rentals and services | 23,469,128 | 21,914,493 |
| Amortization of deferred capital contributions (Note 10) | 3,840,339 | 3,518,369 |
| Contract programs | 4,101,921 | 3,869,250 |
| Donations | 1,833,504 | 3,983,923 |
| Investment income (Note 14) | 5,166,390 | 3,153,589 |
| | <u>165,437,079</u> | <u>149,456,448</u> |
| Expense | | |
| Salaries and benefits | 94,206,879 | 84,960,893 |
| Supplies and services | 30,598,066 | 29,223,416 |
| Amortization of capital assets | 10,182,563 | 9,581,916 |
| Cost of goods sold | 8,462,442 | 7,778,004 |
| Utilities | 3,731,905 | 3,983,850 |
| Scholarships and bursaries | 1,225,620 | 1,054,908 |
| Interest on long term debt | 2,945,793 | 2,543,895 |
| | <u>151,353,268</u> | <u>139,126,882</u> |
| Excess of revenue over expense | <u>\$ 14,083,811</u> | <u>\$ 10,329,566</u> |

The accompanying notes are part of these consolidated financial statements.

**GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

| | 2007 | | 2006 (restated-note 3) | | |
|---|-------------------------|---------------------------------|---------------------------------------|----------------------|-----------------------|
| | Endowments (Note 12) | Investment in Capital Assets | Internally Restricted (Note 15) | Unrestricted | Total |
| Excess of revenue over expense | \$ - | \$ - | \$ - | \$ 14,083,811 | \$ 14,083,811 |
| Endowment contributions (Encroachment)/Repayment | 2,715,717 | | | | 2,715,717 |
| Transfers for: | 366,704 | | | | 366,704 |
| Acquisition of internally funded capital assets | | 4,389,510 | | (4,389,510) | - |
| Repayment of debt related to capital assets | | 1,275,197 | | (1,275,197) | - |
| Amortization of internally funded capital assets | | (6,662,221) | | 6,662,221 | - |
| Disposal of internally funded assets | | (742,677) | | 742,677 | - |
| Net appropriations to restricted funds | 928,996 | | 10,131,886 | (11,060,882) | - |
| Increase (decrease) in net assets | 4,011,417 | (1,740,191) | 10,131,886 | 4,763,120 | 17,166,232 |
| Net assets at beginning of year (restated - note 3) | 12,825,869 | 52,524,212 | 24,984,345 | 6,708,191 | 97,042,617 |
| Net assets at end of year | <u>\$ 16,837,286</u> | <u>\$ 50,784,021</u> | <u>\$ 35,116,231</u> | <u>\$ 11,471,311</u> | <u>\$ 114,208,849</u> |
| | | | | | <u>\$ 97,042,617</u> |

The accompanying notes are part of these consolidated financial statements.

**GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007**

| | 2007 | 2006 |
|---|----------------------|----------------------|
| | | (restated - note 3) |
| Cash provided from (used in) operating activities: | | |
| Excess of revenue over expense | \$ 14,083,811 | \$ 10,329,566 |
| Add (deduct) non-cash transactions: | | |
| Amortization of capital assets | 10,182,563 | 9,581,916 |
| Loss on disposal of capital assets | 1,049,005 | 105,393 |
| Amortization of deferred capital contributions | <u>(3,840,339)</u> | <u>(3,518,369)</u> |
| | 21,475,040 | 16,498,506 |
| Net change in non-cash working capital (*) | <u>22,160,681</u> | <u>3,254,654</u> |
| | <u>43,635,721</u> | <u>19,753,160</u> |
| Cash provided from (used in) investing activities: | | |
| Acquisition of capital assets: | | |
| Internally funded | (4,389,510) | (2,095,168) |
| Externally funded | (37,747,525) | (12,882,745) |
| Debt funded | (473,708) | (8,442,122) |
| Proceeds on disposal of capital assets | 13,669 | 32,557 |
| Acquisition of long term investments (net) | <u>(1,818,037)</u> | <u>(1,744,325)</u> |
| | <u>(44,415,111)</u> | <u>(25,131,803)</u> |
| Cash provided from (used in) Financing activities: | | |
| Endowment contributions | 2,715,717 | 77,550 |
| Capital asset contributions (Note 9) | 37,747,525 | 12,882,745 |
| Deferred capital contributions | 774,667 | 7,905,774 |
| Construction payables | 4,620,015 | (4,166,051) |
| Long-term debt | <u>(801,488)</u> | <u>5,332,443</u> |
| | <u>45,056,436</u> | <u>22,032,461</u> |
| Increase in cash and cash equivalents | 44,277,046 | 16,653,818 |
| Cash and cash equivalents, beginning of year | <u>48,111,468</u> | <u>31,457,650</u> |
| Cash and cash equivalents, end of year | <u>\$ 92,388,514</u> | <u>\$ 48,111,468</u> |
| (*) Net Change in non-cash working capital: | | |
| Accounts receivable | \$ (1,786,265) | \$ (490,841) |
| Inventories | 78,911 | (9,648) |
| Prepaid expenses | (369,005) | 193,002 |
| Accounts payable and accrued liabilities | 4,297,614 | (4,310,677) |
| Accrued vacation pay | 957,679 | 51,859 |
| Unearned revenue | 941,454 | 654,917 |
| Deferred contributions | <u>18,040,293</u> | <u>7,166,042</u> |
| | <u>\$ 22,160,681</u> | <u>\$ 3,254,654</u> |

The accompanying notes are part of these consolidated financial statements.

**GRANT MacEWAN COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1 Authority and Purpose

Grant MacEwan College (the "College") operates under the authority of the *Post Secondary Learning Act*. The College offers undergraduate degree programs, applied degrees, diplomas, certificates and degree transfer programs in business, health and community studies, arts and science; and performing visual and communication arts. The College also offers continuing education programs, corporate training, on-line credentials, and rural consortium programs. Internationally, the College provides diploma programs in the Ukraine and Russia as well as course delivery in several countries.

The College is a registered charity, and under Section 149 of the *Income Tax Act* is exempt from payment of income tax.

Note 2 Significant Accounting Policies and Reporting Practices

(a) **General**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these statements requires the use of estimates, which may vary significantly from actual results. The following accounting policies and reporting practices are considered significant.

(b) **Consolidated Financial Statements**

These consolidated financial statements include the accounts of the Grant MacEwan College Foundation, which operates under part 9 of the *Companies Act* of Alberta for the support and advancement of the College. The Foundation is a registered charity and is exempt from payment of income taxes.

(c) **Valuation of Financial Instruments**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Investments are recorded at cost. Gains and losses on investments are recognized upon liquidation, or when there is other than temporary impairment in the market value of an investment. The measurement of the future market value of the long term investments is contingent upon future events in the financial markets; therefore, the preparation of these statements requires the use of estimates, which may vary from actual results.

The Canadian Institute of Chartered Accountants (CICA) has issued new accounting standards for Financial Instruments. These standards are effective for MacEwan beginning July 1, 2007. The principle impacts of the standards are as follows:
Financial Instruments can be classified as available for sale, held to maturity, trading or loans and receivables. Financial liabilities can be classified as trading or other. All MacEwan's financial assets and liabilities will be recorded on the consolidated statement of financial position at fair value. All

financial investments will be classified as held for trading and will be accounted for at fair value with realized and unrealized gains and losses reported through the statement of revenue and expense.

The prospective change to fair value will add the potential for greater volatility to future reporting period as changes in the fair value of loans, debt and related derivative financial instruments will be measured and recorded in the financial statements. While all of the transitional requirements of adopting the requirements of Sections 3855, 3865 and 1530 have not been assessed, the opening change on adopting this new basis of accounting will be an increase in the net assets of MacEwan by approximately \$ 775,518.

(d) **Capital Assets**

Capital asset acquisitions are recorded at cost, except donated assets, which are recorded at fair market value, when a fair value can be reasonably determined. Land and art collections are not amortized.

Capital assets are amortized on a straight-line basis over the following average useful lives:

| | |
|--|---------------------|
| Buildings and site improvements | 10 to 40 years |
| Furniture, equipment and vehicles | 10 years |
| Library materials | 10 years |
| Computers and telecommunications equipment | 5 years |
| Equipment under capital lease | period of the lease |

(e) **Revenue Recognition**

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

- Tuition fees - when the instruction is delivered.
- Revenues received for services and products - when the services or products are provided.
- Unrestricted contributions - when received.
- Unrestricted investment income - when earned.
- Endowment contributions - when received, as direct increases in net assets.
- Restricted non-capital contributions - recorded as deferred contributions when received and recognized as revenue when the conditions of the restriction are met.
- Restricted non-capital investment income - recorded as deferred contributions when earned and recognized as revenue when the conditions of the restriction are met.
- Restricted capital contributions (including investment income on the contributions) - recorded as deferred capital contributions when received, transferred to unamortized deferred capital contributions when expended, and amortized to revenue over the useful life of the related assets.

(f) **Pension Obligation and Expense**

The College and its eligible employees participate in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The College records an expense for pension benefits equivalent to the annual contributions payable during the year. Accounting treatment for multi-employer pension plans is the same as for defined contribution plans and, therefore, no plan deficits or surplus are recorded in the College accounts.

(g) **Comparative Figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Note 3 **Restatements**

During the year, the College identified the following errors in the June 30, 2006 consolidated financial statements

- (a) The amount owing to the College from the Student Association of \$620,216 at June 30, 2006 (\$545,813 at June 30, 2005) was not recorded in the College's consolidated financial statements.
- (b) The amount owing to Bell Canada under a communications agreement to provide internet services should have been accrued in the College's consolidated financial statements (\$353,593 relating to the year ended June 30, 2006 and \$15,715 relating to the year ended June 30, 2005).

These changes have been recorded retroactively and accordingly the comparative financial statements of the College have been restated as at June 30, 2007, as follows:

| | 2006 As previously reported | 2006 Increase (decrease) | 2006 As restated |
|--|-----------------------------------|--------------------------------|------------------------|
| <u>Consolidated Statement of Financial Position</u> | | | |
| Accounts receivable | \$ 2,676,166 | \$ 620,216 | \$ 3,296,382 |
| Accounts payable and accrued liabilities | 8,246,838 | 369,308 | 8,616,146 |
| Net assets - unrestricted | 6,457,283 | 250,908 | 6,708,191 |
| <u>Consolidated Statement of Revenue and Expense</u> | | | |
| Revenue - Sales, rentals and services | 21,840,090 | 74,403 | 21,914,493 |
| Expense - Supplies and services | 28,869,823 | 353,593 | 29,223,416 |
| Excess of revenue over expense | 10,608,756 | (279,190) | 10,329,566 |
| <u>Consolidated Statement of Changes in Net Assets</u> | | | |
| Net assets at beginning of year - unrestricted | 14,335,866 | 530,098 | 14,865,964 |
| Excess of revenue over expense | 10,608,756 | (279,190) | 10,329,566 |
| Net assets at end of year - unrestricted | 6,457,283 | 250,908 | 6,708,191 |
| <u>Consolidated Statement of Cash Flows</u> | | | |
| Excess of revenue over expense | 10,608,756 | (279,190) | 10,329,566 |
| Net Changes in non-cash working capital | | | |
| Accounts receivable | 416,438 | 74,403 | 490,841 |
| Accounts payable and accrued liabilities | 4,664,270 | (353,593) | 4,310,677 |

Note 4 **Cash and Cash Equivalents**

Cash and cash equivalents include deposits in the Consolidated Cash Investment Trust Fund which is managed with the objective of providing competitive interest income to the depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at June 30, 2007, securities held by the Fund have an average effective market yield of 4.28% per annum.

Note 5 **Inventories**

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis. Inventories held for consumption are valued at cost.

| | 2007 | 2006 |
|-------------------|---------------------|---------------------|
| Bookstores | \$ 1,795,467 | \$ 1,903,789 |
| Other inventories | 100,807 | 71,396 |
| | <u>\$ 1,896,274</u> | <u>\$ 1,975,185</u> |

Note 6 **Investments**

| | 2007 | | 2006 |
|---|----------------------|----------------------|----------------------|
| | Market Value | Cost | Cost |
| Pooled Funds | | | |
| Common stocks and equivalents | \$ 14,878,603 | \$ 13,360,149 | \$ 13,551,040 |
| Fixed income securities | 15,220,609 | 15,963,545 | 13,780,033 |
| Cash and equivalents | 1,070,794 | 1,070,794 | 943,809 |
| Cash surrender value of planned gifts (life insurance policies) | 666,282 | 666,282 | 637,448 |
| Other | 416,438 | 416,438 | 380,136 |
| | <u>\$ 32,252,726</u> | <u>\$ 31,477,208</u> | <u>\$ 29,292,466</u> |

As at June 30, 2007, the average annualized effective yields and the terms to maturity are as follows:

- Cash and equivalents: 4.28% (2006 - 3.20%); term to maturity average 133 days.
- Fixed income securities: 5.19% (2006 - 1.53 %) terms to maturity average 7.32 years.

Note 7 **Capital Assets**

| | 2007 | | | 2006 |
|--|-----------------------|--------------------------|-----------------------|-----------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | \$ 22,960,846 | \$ - | \$ 22,960,846 | \$ 22,960,846 |
| Buildings and site improvements | 199,266,672 | (56,992,302) | 142,274,370 | 148,472,288 |
| Furniture, equipment and vehicles | 20,309,205 | (10,371,423) | 9,937,782 | 10,304,867 |
| Library materials | 9,639,527 | (5,503,993) | 4,135,534 | 3,379,161 |
| Computers and telecommunications equipment | 20,411,087 | (13,333,560) | 7,077,527 | 6,460,499 |
| Equipment under capital lease | 1,166,141 | (402,307) | 763,834 | 462,105 |
| Art collection | 284,579 | - | 284,579 | 284,579 |
| Projects in progress | 48,986,662 | - | 48,986,662 | 12,731,282 |
| | <u>\$ 323,024,719</u> | <u>\$ (86,603,585)</u> | <u>\$ 236,421,134</u> | <u>\$ 205,055,627</u> |

Note 8 **Unearned Revenue**

| | 2007 | 2006 |
|----------------------------------|---------------------|---------------------|
| Contract programs & tuition fees | \$ 3,824,016 | \$ 2,966,605 |
| Program deposits | 914,249 | 819,241 |
| Ancillary services | 586,057 | 597,022 |
| | <u>\$ 5,324,322</u> | <u>\$ 4,382,868</u> |

Note 9 **Deferred Contributions**

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

| | 2007 | | | 2006 |
|---|----------------------|----------------------------|----------------------|----------------------|
| | Capital | Program Delivery and Other | Total | Total |
| Balance, beginning of the year | \$ 11,457,865 | \$ 9,622,884 | \$ 21,080,749 | \$ 6,008,933 |
| Grants and donations received | 38,532,928 | 31,784,585 | 70,317,513 | 39,263,783 |
| Recognized as revenue | - | (13,719,687) | (13,719,687) | (11,683,091) |
| Transferred: | | | | |
| • from (to) investment income (Note 14) | - | (335) | (335) | 215,521 |
| • from (to) endowments | (10,736) | (24,270) | (35,006) | 158,348 |
| • to Unamortized deferred capital contributions (Note 10) | (37,747,525) | - | (37,747,525) | (12,882,745) |
| Balance, end of the year | <u>\$ 12,232,532</u> | <u>\$ 27,663,177</u> | <u>\$ 39,895,709</u> | <u>\$ 21,080,749</u> |

Note 10 **Unamortized Deferred Capital Contributions (UDCC)**

UDCC represents the unamortized grants and donations received to fund capital acquisitions. The amortization of UDCC is recorded as revenue in the statement of operations. The changes in the UDCC balance is as follows:

| | 2007 | 2006 |
|--|-----------------------|-----------------------|
| Balance at beginning of year | \$ 100,305,587 | \$ 90,941,211 |
| Transferred from deferred capital contributions (Note 9) | 37,747,525 | 12,882,745 |
| Less amount amortized to revenue | (3,840,339) | (3,518,369) |
| Balance at end of year | <u>\$ 134,212,773</u> | <u>\$ 100,305,587</u> |

Note 11 **Long-term Debt**

| | Collateral | Maturity Date | Interest Rate % | Amount Outstanding | |
|----------------------------------|---------------------------|---------------|-----------------|----------------------|----------------------|
| | | | | 2007 | 2006 |
| Parkade debenture | Parkade revenue | April 2025 | 6.25 | \$ 5,447,572 | \$ 5,609,578 |
| Student residence debenture | Student residence revenue | June 2030 | 5.85 | 39,446,706 | 40,245,732 |
| West parkade debenture | Parkade revenue | Sept. 2030 | 4.39 | 5,794,154 | 5,932,870 |
| | | | | 50,688,432 | 51,788,180 |
| Obligations under capital leases | | | | 735,908 | 437,648 |
| | | | | 51,424,340 | 52,225,828 |
| Less current portion | | | | 1,306,629 | 1,239,743 |
| | | | | <u>\$ 50,117,711</u> | <u>\$ 50,986,085</u> |

The principal portion of long-term debt repayments required over the next five years are as follows:

| | |
|------------------|----------------------|
| 2008 | \$ 1,306,629 |
| 2009 | 1,371,145 |
| 2010 | 1,451,110 |
| 2011 | 1,461,369 |
| 2012 | 1,520,894 |
| Subsequent years | <u>44,313,193</u> |
| | <u>\$ 51,424,340</u> |

Note 12 **Endowments**

Endowments consist of funds held to provide scholarships and support College programs:

| | 2007 | 2006 |
|-------------------------------|----------------------|----------------------|
| Externally funded | \$ 14,882,453 | \$ 12,181,886 |
| Internally funded | <u>2,285,662</u> | <u>1,341,516</u> |
| | 17,168,115 | 13,523,402 |
| Net encroachment on principal | <u>(330,829)</u> | <u>(697,533)</u> |
| | <u>\$ 16,837,286</u> | <u>\$ 12,825,869</u> |

Note 13 **Grants**

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Province of Alberta | | |
| Base operating grant | \$ 62,818,369 | \$ 56,454,603 |
| Earned conditional funding | <u>12,717,689</u> | <u>7,709,167</u> |
| | 75,536,058 | 64,163,770 |
| Other earned conditional grant funding | <u>91,744</u> | <u>40,766</u> |
| | <u>\$ 75,627,802</u> | <u>\$ 64,204,536</u> |

Note 14 **Investment Income**

| | 2007 | 2006 |
|---|---------------------|---------------------|
| Gain on restricted investments | \$ 942,590 | \$ 669,481 |
| Gain on unrestricted investments | <u>4,604,164</u> | <u>2,628,981</u> |
| Total investment income for the year | 5,546,754 | 3,298,462 |
| (Gain) loss to restricted endowments | (366,704) | 76,696 |
| Transfer from/(to): | | |
| • deferred contributions | 335 | 822 |
| • endowments | (13,995) | (6,870) |
| • deferred capital contributions | - | (215,521) |
| | <u>-</u> | <u>(215,521)</u> |
| Total investment income recognized as revenue | <u>\$ 5,166,390</u> | <u>\$ 3,153,589</u> |

Note 15 **Internally Restricted Net Assets**

The Board has committed unrestricted net assets as follows:

| | 2007 | 2006 |
|---|----------------------|----------------------|
| Operations | | |
| Academic program development | \$ 1,180,775 | \$ 2,720,501 |
| Degree implementation | - | 4,966,593 |
| Residence start up | 1,000,000 | 1,000,000 |
| Contingency | 1,000,000 | 1,000,000 |
| Scholarships and bursaries | 808,356 | 97,881 |
| | <u>3,989,131</u> | <u>9,784,975</u> |
| Capital | | |
| Robbins Health Learning Centre | - | 6,360,000 |
| Capital renewals and space enhancements | 28,195,431 | 5,168,392 |
| Technology projects | <u>2,931,669</u> | <u>3,670,978</u> |
| | <u>31,127,100</u> | <u>15,199,370</u> |
| Total | <u>\$ 35,116,231</u> | <u>\$ 24,984,345</u> |

Note 16 **Salary & Benefits Disclosure**

(a) The College contributed \$4,727,622 (2006: \$4,089,997) to the Local Authorities' Pension Plan on behalf of employees. This amount has been recognized as a benefit expense in the College accounts in the year the contributions were made.

| | 2007 | | | | 2006 |
|--|-------------|---------------------|-------------------------|----------|----------|
| | Base Salary | Other Cash Benefits | Other Non-cash Benefits | Total | Total |
| | (1) | (2) | (3) | | |
| Chairman of the Board | \$ - | \$ 6,270 | \$ - | \$ 6,270 | \$ 6,270 |
| Board Members | - | 29,835 | - | 29,835 | 27,540 |
| President (4) | 227,442 | 1,301 | 55,884 | 284,627 | 247,588 |
| Executive/Vice Presidents: | | | | | |
| Vice President, Resources (6) | - | - | - | - | 190,006 |
| Executive Vice President, Academic (5) | 191,779 | 1,106 | 55,267 | 248,152 | 216,113 |
| Vice President, Student Services | 148,178 | 1,509 | 22,990 | 172,677 | 154,200 |
| Executive Director, Human Resources | 132,088 | 965 | 31,046 | 164,099 | 154,221 |
| Executive Director, Strategic Planning | 122,996 | 1,559 | 18,213 | 142,768 | 135,383 |
| VP, Finance & Corporate Services (5) | 171,392 | 1,351 | 37,570 | 210,313 | 181,982 |

(1) Base salary includes pensionable base pay.

(2) Other cash benefits includes overtime, lump sum payments, honoraria and vacation payouts.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits figure also includes the employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

(4) The College provides an automobile, the value of which is not included in other non-cash benefit figures. Other non-cash benefits figure includes the employer share of the cost of the Supplemental Executive Retirement Plan.

(5) Vice President receives a car allowance, the value of which is included in non-cash benefit. Other non-cash benefits figure includes the employer share of the cost of the Supplemental Executive Retirement Plan.

(6) Functions of this position changed at the beginning of the year and this position is no longer a member of the Executive Committee.

(c) Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment

period. The SERP 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 current year. Prior service and other costs include amortization of past service costs on plan initiation, amortization or actuarial gains and losses, and interest accruing on the actuarial liability.

| | 2007 | | | 2006 |
|-----------------------------------|----------------------|-------------------------------|-----------|-----------|
| | Current Service Cost | Prior Service and Other Costs | Total | Total |
| Executive | | | | |
| President | \$ 29,074 | \$ - | \$ 29,074 | \$ 27,144 |
| Executive Vice President Academic | 17,335 | - | 17,335 | \$ - |
| Vice Presidents: | | | | |
| Finance & Corporate Services | 9,663 | - | 9,663 | - |
| Student Services | 6,010 | - | 6,010 | - |

The accrued obligation for each executive under the SERP is outlined in the following table:

| | Accrued Obligation June 30, 2006 | Changes in accrued obligation | Accrued obligation June 30, 2007 |
|-----------------------------------|----------------------------------|-------------------------------|----------------------------------|
| Executive | | | |
| President | \$ 38,953 | \$ 29,074 | \$ 68,027 |
| Executive Vice President Academic | - | 17,335 | 17,335 |
| Vice Presidents: | | | |
| Finance & Corporate Services | - | 9,663 | 9,663 |
| Student Services | - | 6,010 | 6,010 |

Note 17 Related Party Transactions

The College is a Provincial Corporation as all of the members of the Board of Governors are appointed either by the *Post Secondary Learning Act* or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

The College provided courses to provincial government departments and participated in offering certain courses with other post-secondary institutions. The revenues and expenses incurred for these courses have been included in the consolidated statement of revenue and expense but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at these fair value amounts. Transactions with the Province of Alberta are disclosed in Note 13 to these financial statements.

The College had unspent funds as follows which were received from the Province of Alberta for capital and non-capital projects. These amounts are classified as deferred contributions and are required to be spent on capital and non-capital projects as agreed upon between the College and the Province.

| | | |
|---------------|----------------------|----------------------|
| | <u>2007</u> | <u>2006</u> |
| Unspent Funds | <u>\$ 36,837,422</u> | <u>\$ 19,479,763</u> |

Note 18 Budget

The Board of Governors approved the following budget relating to the College's operating revenue and expenses for the fiscal period ending June 30, 2007:

| | |
|--|-----------------------|
| Revenue | |
| Grants | \$ 76,697,643 |
| Tuition and related fees | 50,800,423 |
| Contract Programs | 3,921,159 |
| Sales, rentals and services | 24,665,472 |
| Amortization of deferred capital contributions | 3,942,000 |
| Donations | 3,131,753 |
| Investment income | <u>2,503,000</u> |
| Total Revenue | <u>\$ 165,661,450</u> |
| Expense | |
| Salaries and benefits | \$ 100,975,423 |
| Supplies and services | 36,275,285 |
| Amortization of capital assets | 9,987,833 |
| Cost of goods sold | 9,479,002 |
| Utilities | 4,466,096 |
| Scholarships and bursaries | 1,521,000 |
| Interest on long term debt | <u>2,956,811</u> |
| Total Expense | <u>165,661,450</u> |
| Excess of Revenue over Expense | <u>\$ -</u> |

Note 19 Contractual Obligations

The College is committed to several operating lease contracts. The minimum operating lease payments required for the next five years are as follows:

| | |
|-------|---------------------|
| 2008 | \$ 835,830 |
| 2009 | 435,461 |
| 2010 | 337,420 |
| 2011 | 2,577 |
| 2012 | - |
| Total | <u>\$ 1,611,288</u> |

The Board of Governors of the College has approved a capital project to design and build the Robbins Health Learning Centre. The amount approved was \$60,000,000. At June 30, 2007, approximately \$10,929,208 of expenditures are yet to be incurred.

Note 20 Contingent Liabilities

The College is a defendant in a number of legal proceedings. Claims against the College in these proceedings have not been reflected in these financial statements. 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.

Note 21 Approval of Financial Statements

These financial statements were approved by the Board of Governors on October 1, 2007.



CONTACT

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