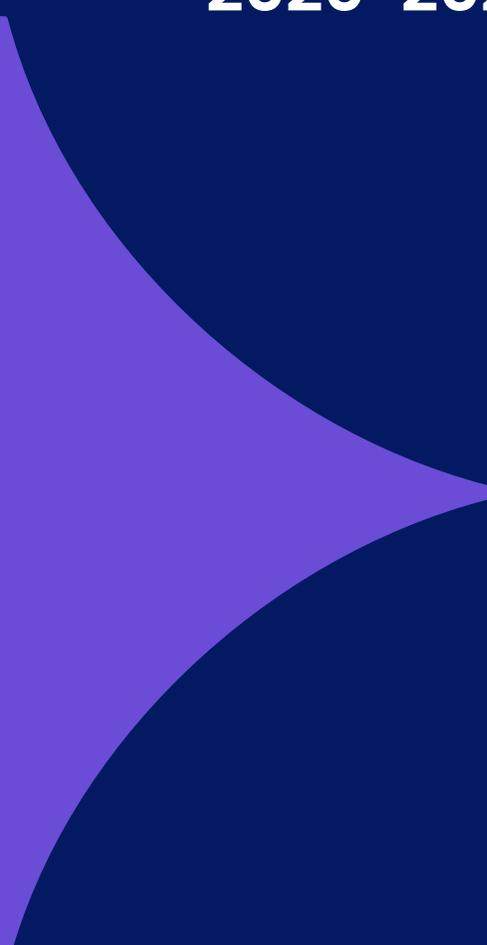




Annual Report

2020-2021



Dedication

While operating within an uncertain and ever-changing environment, the Bow Valley College community demonstrated an unwavering commitment to teaching and learning; teamwork and achievement, care and concern for one another, and the social wellbeing and the economic recovery of the communities we serve.

Whether in-person or online, we are all part of the same Bow Valley College team. Students, faculty, and staff persevered. We adapted to new learning and service delivery models, often at a moment's notice. Employees discovered new ways to work together, foster agile and resilient teams, and design and implement bold and innovative solutions. The College's Board of Governors and Executive Team provided strategic leadership and operational focus during turbulent times. Industry and community continued working in partnership with the College, supporting student perseverance and achievement, and helping Albertans thrive and our communities recover.

The Bow Valley College community has a strong record of leadership, achievement, and exceptional performance outcomes. This year was no different, and we proved our mettle once more. Simply, Bow Valley College is the College Alberta needs.

Thank you to everyone for your part in our story.

Contents

- 1 Acknowledgement of Territory
- 1 Vision
- 1 Mission
- 1 Values
- 2 Client Focus
- 3 Campus and Community Sites
- 4 Mandate
- 6 Chair's Message
- 7 President's Message
- 8 Board of Governors
- 9 Accountability Statement
- 9 Management's Responsibility for Reporting
- 9 Public Interest Disclosure (Whistleblower Protection) Act
- 10 **Operational Overview**
- 11 Enrolment
- 13 Dynamic Public Policy Landscape
- 13 Changing Expectations
- 14 **Summary of Achievements: Goals and Performance Measures**
- 15 Ensuring Employment Success
- 16 Shape the Future of College Education
- 17 Providing Community and Social Success
- 18 **Goals and Performance Measures**
- 19 Ensure Employment Success
- 23 Shape the Future of College Education
- 26 Provide Community and Social Success
- 30 **Financial and Budget Information: Management Discussion and Analysis**
- 54 **Financial Statements**

Acknowledgement of Territory

Bow Valley College aims to uphold the intention of the numbered friendship treaties from the perspective of Indigenous Peoples. We also remain collectively accountable to respect Indigenous Peoples' legal and inherited rights recognizing we are all Treaty Peoples.

Through our words and actions, Bow Valley College honours the traditional lands of the Blackfoot Confederacy, which includes the Siksika, Kainai and Piikani First Nations; as well as the Îyâxe Nakoda: Wesley, Chiniki and Bearspaw First Nations; and the Tsuut'ina First Nation.

We also recognize the connection and autonomy of the Métis Nation Region 3 within the historical Northwest Metis homeland.

We join all Nations in celebrating the unique histories, traditions and cultures of Indigenous Peoples as we continue our journey on the road toward reconciliation together.

Vision

We open doors and open minds by creating opportunities for learners, employees, employers, and communities, and by shaping the future of college education.

Mission

- To include all learners.
- To challenge our thinking.
- To remove barriers.
- To provide opportunity.
- To make all learning count.

Values

Respect

Inclusion

Creativity

Teamwork

Resilience

Client Focus

Since 1965, Bow Valley College prides itself on being a student-focused community college. Our new strategic direction — Open Doors-Open Minds — ensures that students remain at the centre of what we do.

We see each individual student and build in resources around them to support their persistence and achievement. We are an institution that believes in them and opens our doors to them, regardless of where they are beginning.

We actively partner with Indigenous communities and engage an immensely diverse learning community across the breadth and depth of our programming scope.

We are expanding our access agenda to Albertans who want to pivot in their careers.



We offered the following academic programs during the 2020-2021 year:

School of Foundational Learning

- Aboriginal Upgrading
- Academic Upgrading
- Indigenous Pathways to Employment
- Literacy and Essential Skills

School of Global Access

- English Language Learning, including literacy, academic Language Instruction for Newcomers to Canada (LINC)
- Language Learning Research and Facilitation
- Pathway Programs for Newcomers
- Career Development Services
- Intercultural Competence Development
- ACE TESOL
- Global Competence
- Regional LINC and LINC Home Study
- English for Academic Purposes
- International English Language Learning

School of Health and Wellness

Certificate programs

- Health Care Aide
- Nutrition Manager
- Recreation Therapy Aide

Diploma programs

- Pharmacy Technician
- Practical Nurse

School of Technology

Diploma programs

- Digital Design
- Interior Decorating
- Software Development
- Information Technology Systems

Post-diploma certificate programs

- Cybersecurity
- Digital Marketing
- Kitchen and Bath Design
- Software Development

Campus and Community Sites

Learning Innovation

- Micro-Credentials
- Continuing Learning
- IBM Skills Academy
- Workplace Essential Skills
- Tech Skills to Employment
- Corporate Training

School of Community Studies

Certificate programs

- Addiction Studies
- Disability Studies
- Early Childhood Education and Development
- Education Assistant

Diploma programs

- Addiction Studies: Aboriginal Focus
- Child and Youth Care
- Disability Studies
- Early Childhood Education and Development
- Justice Studies Diploma
 - Correctional Studies
 - Law Enforcement
 - General
- Social Work

Post-diploma certificate programs

- Health and Human Services Management

Chiu School of Business

Certificate programs

- Administrative Professional
- Business Administration
- Dental Business Assistant
- Events Management
- Hospital Unit Clerk
- Human Resources
- Medical Office Assistant
- Veterinary Office Assistant

Diploma programs

- Business Administration
 - Accounting
 - Digital Marketing
 - Event Management
 - Financial Services
 - General Business
 - Human Resources
 - Insurance and Risk Management
 - Integrated Marketing Communications
 - Supply Chain Management
- Legal Assistant



Mandate

This mandate statement has been developed by Bow Valley College in consultation with Alberta's Minister of Advanced Education pursuant to Section 78 of the *Post-secondary Learning Act* (PSLA).

1 Type of Institution, Sector, and Governance

Bow Valley College is a board-governed public post-secondary institution operating in Alberta as a comprehensive community college under the authority of the *Post-Secondary Learning Act* (PSLA).

2 Outcomes

Bow Valley College provides applied outcomes-based education experiences, including competency-based education, that facilitate academic and professional growth. We offer a wide range of credit and non-credit learning opportunities that lead to foundational skills acquisition and enhance technical and workplace skills to facilitate more Albertans with starting careers, advancing in their careers, or discovering further learning opportunities.

Bow Valley College supports the economic diversification and growth of Calgary and regional communities by responding to the needs of industries that are growing and innovating, contributing to Alberta's community of entrepreneurs, and preparing employment-ready graduates for participation and resilience in the labour force. We provide opportunities for Albertans to transform not only themselves but also their communities.

Within the adult learning system, Bow Valley College is a comprehensive community college focused on expanding access to upskilling, reskilling, career programs, advanced career preparation, and work-integrated learning opportunities that enable more Albertans with securing employment and roles within their communities aligned to their skills and potential. We create transformational learning opportunities and initiate articulation and transfer credit agreements with post-secondary institutions in Alberta.

3 Clients/Students

Our learner and client focus includes working adults, lifelong learners, high school graduates, high school non-completers, Indigenous peoples, residents of rural and remote communities, persons with disabilities, international students, newcomers to Canada, learners preparing for entry- and mid-level careers, learners preparing for career advancement, and learners seeking advanced technical skills and specialties.

4 Geographic Service Area and Type of Delivery

Operating in Calgary and the surrounding region, Bow Valley College offers credit and non-credit instruction year-round, on a full-time, part-time, and distributed learning basis, both independently and through collaboration.

As a comprehensive community college with regional stewardship responsibilities, we provide a broad spectrum of learning opportunities in Calgary and regional communities that align with community aspirations, industry need, and student interest. We collaborate in communities with partners and community organizations to reach more learners.

5 Program Mandates and Credentials Offering

Bow Valley College provides a wide range of programming that develops enhanced, employment-ready skills in fields like business, health and wellness, justice, community services, technology, and entertainment arts. We are also committed to university transfer pathways, continuing education opportunities, and programs in foundational learning, including Academic Upgrading and English Language Learning.

Bow Valley College is committed to the provision of experiential learning opportunities that engage work-integrated learning, including an apprenticeship model of education delivery, where learners can engage in on-site and role-specific training by employers with technical instruction provided by the College.

Bow Valley College programming leads to certificates, diplomas, post-diploma certificates, post-baccalaureate certificates, as well as pathways to university transfer and baccalaureate degrees in collaboration with degree-granting institutions.

6 Special Program Areas/ Areas of Specialization

Bow Valley College areas of programming specialization include academic programming and labour force preparedness training for adults seeking careers in diverse social and economic sectors, foundational learning opportunities in the areas of Academic Upgrading and English Language Learning, and upskilling and reskilling in support of developing and retaining a highly productive workforce as well as developing skills or adapting them for application in new contexts.

7 System Collaboration and Partnerships

Bow Valley College collaborates with other educational organizations, post-secondary institutions, governments, government agencies, Indigenous communities, business and industry, industry associations, accreditation agencies, and community organizations as well as contributes to the overall economic and social well-being of our province.

Collaborations are intended to facilitate access for vulnerable and remote communities, foster a sustainable model of regional delivery of education, create vibrant pathways between learning providers, provide opportunities to share learning resources and curriculum, and provide learners with a full range of mental wellness, social, and financial supports.

8 Research and Scholarly Activities

Bow Valley College leverages its strength and contributes to the research and innovation agenda by involving learners, faculty, and staff in designing practical solutions to applied challenges faced by industry and community partners.

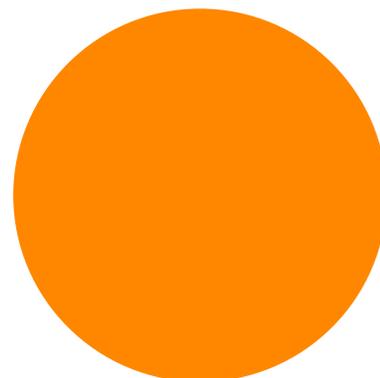
Bow Valley College provides a sandbox environment for industry and community partners to prototype and validate new process and product ideas.

9 System Mandate

Bow Valley College is committed to building learning pathways to competency development, employment, and further learning. We provide highly flexible, customizable, and targeted learning experiences and training opportunities to promote individuals' skills acquisition, personal and professional development, and adaptability in labour force and entrepreneurial roles.

10 Other

Bow Valley College is a national leader in the provision of micro-credentials that recognize competency attainment and opportunities to ladder micro-credentials into credit programming.





Message from **Shannon Bowen-Smed** Board Chair

An agile and innovative actor, with a record of leadership, achievement and strong performance outcomes, Bow Valley College makes all learning count by providing transformational learning opportunities so that Albertans can thrive and prosper. As the new Chair of the Board of Governors, I am proud to continue Bow Valley College's dynamic and innovative leadership in shaping the future of post-secondary education for the benefit of our province.

Bow Valley College's strong position is the result of many actors, but I want to extend an acknowledgement to my predecessor, Dave Collyer, past Chair of the Board of Governors. Mr. Collyer's strong leadership over the past seven years allowed Bow Valley College to maintain a focus on strategy while managing rapidly evolving operating and policy environments. He positioned Bow Valley College as the college that Alberta needs: a College that prepares Albertans for resilience in the labour market or entrepreneurship to aid in our economic recovery and diversification.

As the new Chair of the Board of Governors, together with my Board colleagues and the senior leadership, we will continue to steward Bow Valley College to the high-performance outcomes our stakeholders have come to expect.

Indeed, the College adapted its delivery models and managed its cost-structure through disruption and a decline in enrolment. Reflecting our partnerships with government, industry, community and other education providers, this Annual Report tells the story of the College contending with extraordinary circumstances, managing the risks of COVID-19 spread in the community and building momentum toward our strategic destination.

The College's strategic plan, Open Doors-Open Minds, has proven to be robust and resilient through this pandemic, the economic downturn, and an evolving policy landscape. Through it all, Bow Valley College is improving student access, developing skills for jobs, fostering innovation, and improving affordability and sustainability for both students and the post-secondary system overall. Not only have we stayed the course, we have gathered momentum.

These efforts could not happen without the exceptional oversight of my colleagues on the Board of Governors, operational management by the College's executive team and senior leaders, and the persistence modelled by employees.

Providing high quality education leading to employment and entrepreneurship, flexible education delivery and experiences, applied education that develops competency in technical and soft skills, and valued work-integrated learning opportunities in career programs, Bow Valley College is truly the College Alberta needs. Alberta's future says thanks.

Sincerely,

[Original signed by]

Shannon Bowen-Smed
Board Chair



Message from **Misheck Mwaba** President and CEO

Addressing the challenges associated with the Covid-19 pandemic and economic downturn require groundbreaking approaches. By shaping the future of a college education, offering new and innovative programming to expand access to upskilling, reskilling, career programming, and work-integrated learning opportunities, Bow Valley College is helping Albertans secure employment and providing the skilled workforce the province requires in its economic relaunch from the Covid-19 pandemic.

This work is highlighted by an approved mandate refresh that will allow Bow Valley College to engage the full programming and credentialing scope afforded to comprehensive community colleges, including collaborative degrees, university transfer, and apprenticeship-style delivery of non-trades programs. With this new mandate, Bow Valley College is well aligned with the priorities and direction outlined in the Alberta 2030: Building Skills for Jobs system strategy.

Connecting students to Alberta's workplaces and experiential learning is important for Alberta's economic development, and a refreshed mandate provides new opportunities for Bow Valley College to influence the design of learning models that engage apprenticeship-style delivery. The ability to offer apprenticeship-style delivery, in non-traditional fields, will allow for a collaborative College and industry approach to training for high demand occupations. It is also why we have made significant progress, including all of our health and community studies programs having a mandatory work-integrated learning component, towards our goal of having every career program graduate complete a work-integrated learning experience.

Further, through new, targeted models that engage upskilling and reskilling, Albertans have access to the targeted skills and competency development they need, quickly, with attainment validated by an industry-recognized credential. Doing so allows Albertans to get back to work quickly, with the right skills for the next job. Our strong efforts in helping Albertans be employment ready is continuing with implementation of our Pivot-Ed initiative, a Canada-wide venture aimed at addressing the skills gap. This pioneering initiative includes developing a Flexible Learning Platform to host and deliver authentic assessments for in-demand competencies, with a trusted micro-credential providing recognition of skill obtainment.

Recognizing the diverse and evolving needs of Albertans, Bow Valley College strives to fulfill its mandate as an access college by offering flexible learning, targeting solutions, and offering responsive programming that fosters student success and resilience, no matter from where they are beginning. The College's development of the modern classroom is a pivotal illustration of this. By pivoting its delivery methods to best accommodate the needs of Albertans, the College can deliver a course, simultaneously, to a mix of in-person and remote students seamlessly.

Further, we continue to provide targeted actions to improve access for Albertans, including a newly funded integrated program for Indigenous students (Indigenous Pathways to Employment), an innovative approach to Indigenous education that weaves together elements of Indigenous holistic learning, adult basic education, competency-based education, and essential skills. We are also proud of our work in offering a suite of programs aligned to support the articulated economic and social agendas of regional and Indigenous communities, including establishing new Regional Community Advisory Committees with a cross-section of community stakeholders to provide guidance and advice.

By providing innovative and timely solutions to complex issues, Bow Valley College is proactively addressing the changing realities of post-secondary education, the evolving Alberta economy and labour force skills profile, and the changing needs of Albertans. Bow Valley College is an exceptional community College and one that provides immense value for Albertans and Alberta.

Sincerely,

[Original signed by]

Misheck Mwaba, PhD., P.Eng.
President and CEO

Board of Governors



Ms. Shannon Bowen-Smed
Chair
Public Member

July 1, 2021 – Apr 20, 2024
Apr 21, 2021 – June 30, 2021



Ms. Laura Jo Gunter
President & CEO

Jan 1, 2017 – Aug 24, 2020
Resigned Aug 24, 2020



Dr. Misheck Mwaba
President & CEO

Nov 2, 2020 – Present



Mr. Mario Siciliano
Interim President & CEO

Aug 25, 2020 – Nov 1, 2020



Mr. John Kousinioris
Vice Chair,
Public Member

Dec 6, 2019 – Dec 5, 2022



Ms. Bettina Pierre-Gilles
Public Member

Dec 6, 2019 – Dec 5, 2022



Mr. Steven G McLeod
Public Member

Dec 6, 2019 – Dec 5, 2022



Ms. Anny Quon
Public Member

May 15, 2021 – May 14, 2024
May 15, 2018 – May 14, 2021



Mr. Dwayne Dubois
Public Member

Aug 13, 2019 – Aug 12, 2022



Mr. Neil Yeates
Public Member

April 4, 2020 – April 3, 2023



Ms. Louise Lee
Public Member

April 4, 2020 – April 3, 2023



Mr. Bob Hawkesworth
Public Member

Jan 27, 2021 – Mar 31, 2022



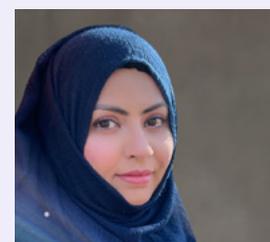
Ms. Ifeoma Ngwudike
Non-academic Staff
Representative

Sept 11, 2019 – Sept 10, 2021
Sept 11, 2017 – Sept 10, 2019



Mr. Jeff Clemmens
Academic Staff
Representative

Sept 9, 2020 – Sept 8, 2022



Ms. Nusrat Awan
Student Representative

May 26, 2021 – May 25, 2022



Ms. Agatha Marie Caraveo
Student Representative

Oct 15, 2020 – Oct 14, 2021
Resigned March 9, 2021



Mr. Harkirat Singh
Student Representative

Nov 23, 2020 – Nov 22, 2021
Resigned April 30, 2021

Accountability Statement

The Bow Valley College's Annual Report for the year ended June 30, 2021 was prepared under the Board's direction in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-Secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

[Original signed by]

Shannon Bowen-Smed
Chair, Board of Governors

Management's Responsibility for Reporting

Bow Valley 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 by the Executive Committee under the oversight of the Board of Governors, as well as approved by the Board of Governors and is prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-Secondary Learning Act*.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the *Post-Secondary Learning Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.

[Original signed by]

Dr. Misheck Mwaba
President and
Chief Executive Officer

[Original signed by]

Catherine Koch
Vice President,
Learner Services and
Chief Financial Officer

Public Interest Disclosure (Whistleblower Protection) Act

The *Public Interest Disclosure (Whistleblower Protection) Act* applies to provincial government departments, offices of the Legislature, and to public entities (which include any agency, board, commission, crown corporation, or other entity designated in the regulations). The purposes of the Act are to:

- facilitate the disclosure and investigation of significant and serious matters an employee believes may be unlawful, dangerous, or injurious to the public interest;
- protect employees who make a disclosure;
- manage, investigate and make recommendations respecting disclosures or wrongdoings and reprisals; and
- promote public confidence in the administration of the departments, legislature offices, and public entities.

As per Section 32(1)(3) of the Act, the following is a report from Bow Valley College on all disclosures that have been made during the 2020–2021 year:

1. The number of disclosures received, acted on, and not acted on.

There were 15 reports received.

2. The number of investigations commenced.

There were 12 investigations.

3. A description of any wrongdoing found and any recommendations made or corrective measures taken regarding the wrongdoing or reasons why no corrective measure was taken.

Human Resource and Freedom of Information and Privacy policies were found to be applicable to the disclosure reports filed. There were no disclosures that would fall into the definition of "wrongdoing" as defined by legislation.

Operational Overview

2020–2021 was a challenging time for Alberta. Confronted with the enduring COVID-19 pandemic, the province also contended with a prolonged economic downturn. The confluence of both events made for a quickly evolving and uncertain operating environment, which is reflected in the following accounting of the College’s operating environment.



Enrolment

Bow Valley College is proud to provide flexible and high-quality transformational learning to a diverse student body, with 93% of graduates satisfied with Bow Valley College learning and services across career programs¹.

And, by meeting the wide-ranging learning needs of Albertans, Bow Valley College is delivering exceptional positive results for Alberta: 86% of Bow Valley College graduates are employed across career programs². Bow Valley College is connecting individuals, quickly, with the right skills to the right jobs.

And this is accomplished with a proud commitment to access. Students come to Bow Valley College from many different backgrounds, with many different experiences and competencies. As an illustration, the College had 463 Indigenous (self-reported) credit students³, 70% of its student body identified as female⁴, and approximately a third of its students are 35 years of age or older⁵.

Students at Bow Valley College require different things, at different times, in different ways from the College:

- Access and foundational programming,
- Career programs with a credential like a diploma,
- Post-diploma, stackable micro-credentials,
- Or with Competency-Based Education giving students choice on learning pathways.

Which is why we are proud to work with Albertans in making their learning count, with completion rates of 76% for certificates⁶, 70% for diplomas⁷, and 93% for post-diploma certificates⁸. Bow Valley College students have gained the work-ready skills, the interpersonal competencies, and the focused discipline necessary to help Alberta adapt to a new reality and emerge with greater strength and resilience.

But Bow Valley College's commitment to Albertans does not stop there. The College recognizes the need to broaden the definition of access to include individuals who are seeking to upskill and reskill. As illustrated throughout this report, the College's work relating to Pivot-Ed, micro-credentials, apprenticeship-style education and other initiatives is remarkable in ensuring that all learning counts, for all Albertans, as they prepare for resilience and success in the labour market.

Given the uncertainty of its operating environment, Bow Valley College's enrolment numbers are difficult to forecast with precision. The College, however, is anticipating meeting its overall new student target for the fall of 2021. For new students, international enrolment is estimated to be 30% above our target, a one-time bump due primarily to deferrals from the previous year. New domestic student enrolment is down from target, due to below target enrolment in 10 program areas. Overall, however, including both new and continuing students, domestic student numbers for the College's post-secondary programming remained relatively stable over previous years.

¹ This is the satisfaction with overall quality of education experience.

² Career programs include the Chiu School of Business, School of Technology, School of Community Studies, and School of Health and Wellness.

³ Contract learners are not included.

⁴ Total learners (includes credit and non-credit).

⁵ Total learners (includes credit and non-credit).

⁶ Certificate and post-diploma certificate Completion rate is the percentage of learners who began their studies in 2017-18 and complete on or before 2020-21.

⁷ Diploma Completion rate is the percentage of learners who began their studies in 2016-17 and complete on or before 2020-21.

⁸ Certificate and post-diploma certificate Completion rate is the percentage of learners who began their studies in 2017-18 and complete on or before 2020-21.

Total Full Load Equivalent (FLE) Distribution Across Schools⁹

	Actual 2018–2019	Actual 2019–2020	Actual 2020–2021
School of Foundational Learning	1,207	964	932
School of Global Access	1,554	1,342	1,114
School of Health and Wellness	1,581	1,523	1,722
School of Community Studies	1,286	1,457	1,323
School of Technology	236	346	379
Chiu School of Business	2,178	2,256	1,934
Learning Innovation ¹⁰	346	430	86
Bow Valley College	8,389	8,318	7,488

Bow Valley College experienced an approximately 10% decline in FLEs in 2020-2021. There are several factors that influenced this decrease, including significant impacts due to the COVID-19 pandemic: students taking lighter course loads, higher than average withdrawal rates during the Fall Term, and substantial uncertainty for new international students. The pandemic also impacted the College's School of Global Access, with its English Language Learning programming experiencing an approximately 17% decrease in FLEs. With few international landings, the number of newcomers to Alberta was notably restricted, substantially limiting the College's ability to recruit individuals to attend.

Overall certificate level programming saw an approximately 18% decrease in FLEs, due to reduced budgets and reduction and suspensions of intakes in certificate programming. Diploma programming, however, had an increase of 2% enrollment in 2020-2021 compared to budget. This is attributed to an increase in domestic enrolment and high continuing enrolment numbers. Non-credential programming experienced an approximately 22% reduction, caused by the Corporate Readiness Training and Art Stream Program contracts being stopped, and Open Studies and Pathways programming suspending intakes for the year.

⁹ Source Data: Alberta Advanced Education, Learner Enrolment Reporting System (LERS) Cubes via FactBook 2019-20.

¹⁰ Open Studies FLEs that used to reside under the Chiu School of Business, School of Technologies, School of Community Studies or School of Health and Wellness are now under Learning Innovation.

Dynamic Public Policy Landscape

The 2020-2021 year saw a dynamic and fast-changing public policy landscape that affected Bow Valley College in a variety of ways. The College consequently undertook various forms of collaborative dialogue with the government in response to, or in anticipation of, such major initiatives as:

- Providing regular input and submissions into the Government of Alberta's Alberta 2030: Building Skills for Jobs strategy, a road map for a re-envisioned post-secondary system.
- Emphasizing Bow Valley College viewpoints throughout the development of Investment Management Agreements and performance measures for at-risk funding for post-secondary institutions.
- Obtaining approval of a refreshed and full Comprehensive Community College mandate, which is well-aligned to the priorities and objectives of the Alberta 2030: Building Skills for Jobs strategy, and working with the province toward implementing apprenticeship-style education delivery.
- Working with government to outline and address long-standing funding inequities within the post-secondary system as the sector responds to a changing funding landscape.
- Engaging in significant efforts in response to impact of the COVID-19 pandemic on public policy, including:
 - Initiating, in collaboration, a joint international student recruitment committee comprised of Alberta post-secondary institutions.
 - Addressing, in partnership with the government, ongoing health and safety concerns, including changing restrictions and openings.
- Collaborating with government and several post-secondary institutions on topics such as foundational learning, international education, continuing care workers and market research.

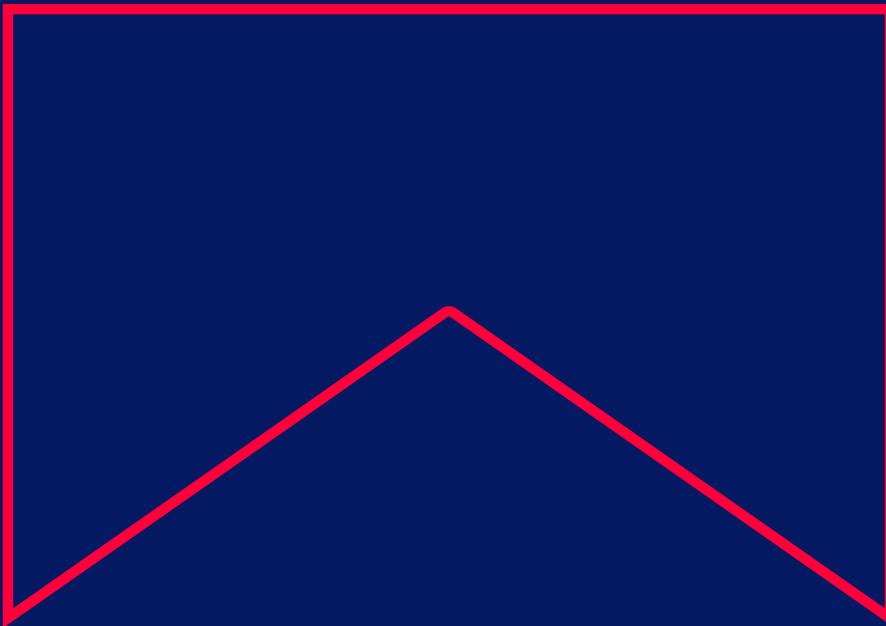
Changing Expectations

The ever-evolving situation of the pandemic also exerted significant influence upon peoples' expectations of their learning and work experience. With a need for online learning during the pandemic, students sought flexibility in the delivery of their education. Bow Valley College responded by enhancing its multi-modal delivery methods, including furthering its modern classroom initiative — a way for a class to be taught to students both in a classroom and online at the same time. The pandemic has also impacted the way employees work, as across the province many transitioned to remote workplaces. Bow Valley College continues to evaluate options for adjusting to this changing workplace dynamic, including piloting flexible work arrangements, as appropriate, in our workplace setting (i.e., combination of working virtually and in-person at the College).

Summary of Achievements: Goals and Performance Measures

Bow Valley College's Open Doors-Open Minds strategy has proven to be resilient through a disruptive operating environment; the College is gathering momentum on ensuring the employment success of students, providing community and social success, and shaping the future of college education. With this relentless dedication, Bow Valley College is the college that Alberta needs, connecting Albertans to opportunity for our province to recover and relaunch.

The 2020-2021 Annual Report reflects Bow Valley College's strategic momentum.



Ensuring Employment Success

Bow Valley College supports students with finding employment success in their fields of study or facilitates their pathway to entrepreneurial initiatives. This provides value to industry and sector partners by meeting their workforce needs and encouraging economic development in communities. Examples of initiatives include:

Contributing to Alberta’s response to, and recovery from, the Covid-19 pandemic: preparing Albertans for resilience in the labour force

Bow Valley College is helping Albertans adapt, apply acquired competencies in new contexts, and get back to work quickly. This includes working to enhance and incorporate work-integrated learning opportunities into all post-secondary programs at the College by 2024, and developing new micro-credentials, such as Agile-Product Owner and Customer Service Excellence, and Certificates of Achievements, such as Risk Management Certificate of Achievement and Financial Planning Certificate of Achievement, for implementation in 2022.

Contributing to Alberta’s response to, and recovery from, the Covid-19 pandemic

Supporting the Economic Diversification of Alberta: Bow Valley College continues to meet the needs of Alberta’s evolving labour market, including establishing a new education partnership to launch the Bow Valley College Centre for Entertainment Arts. The new suite of programs offered will ensure that students get the skills they need to meet the challenges of tomorrow, including three approved for delivery: Foundation in Entertainment Arts Certificate, Advanced 3D Animation and 3D Modelling Diploma, and Advanced Visual Effects Diploma.

Offering responsive and pioneering academic programming to meet the evolving needs of Alberta’s economy

Through mandate renewal, we assume a full comprehensive community college mandate, including an apprenticeship model of education delivery to help further our provision of experiential learning opportunities. This includes submitting program proposals to government for an apprenticeship model of education delivery.

Shape the Future of College Education

Bow Valley College is a leader in evolving how a college education is delivered, and in turn, influencing the overall direction of college education in Alberta and beyond. Related initiatives include:

Addressing employment, community and post-secondary sector challenges proactively with innovation, leadership and commitment

We are a leader in evolving how a college education is delivered, and in turn, influencing the overall direction of college education in Alberta and beyond. We obtained an Alberta Innovates Applied Research grant to extend our already existing suite of Virtual Reality scenarios to support student success in the practical nurse program; we are leading efforts to reduce Alberta post-secondary institutions' infrastructure hosting costs; and we have helped spearhead a collaborative international education working group for the post-secondary sector to advocate for an Alberta-wide approach to the recruitment of international students to study in the province.

Enhancing operational efficiency by facilitating process improvement initiatives

We are continually implementing quality improvement initiatives, enhancing our operational effectiveness. This includes implementing a new Quali Curriculum Management System, a new international student application system, and centralizing our supports for students in work-integrated learning preparation and career development. Initiatives such as these streamline our efforts and help enhance our overall operational efficiency.

Providing flexible learning, targeting solutions, and offering responsive programming that fosters student success and resilience, no matter where they are

Recognizing the diverse and evolving needs of Albertans, Bow Valley College strives to fulfill its mandate as an access college by offering flexible learning, targeted solutions, and responsive programming that foster student success and resilience, no matter from where they are beginning. Bow Valley College's modern classroom is a pivotal illustration of this: by pivoting its delivery methods to best accommodate the needs of Albertans, the College can deliver a course, simultaneously, to a mix of in-person and remote students seamlessly.

Providing Community and Social Success

Bow Valley College supports its students to achieve their goals wherever that may be including at home and with their families, at work, and in their communities. As a result, Bow Valley College also plays a role in supporting communities and the economic development in alignment with local aspirations. Examples of initiatives include:

Collaborating with our regional stakeholders and communities to achieve goals

Bow Valley College is committed to delivering credit, non-credit and continuing learning programming partnerships with excellence and efficiency. This includes our newly established Regional Community Advisory Committees; and signing a Memorandum of Understanding with the Town of Okotoks to include a new Bow Valley College regional campus within their community-led development of an Okotoks Arts and Learning Campus. We also continue to partner with Indigenous communities, including the Collective Wellness Pow Wow, a community-led initiative that recognized the importance of supporting the health and wellness of students and community partners, during the pandemic; and continuing our engagements, with consideration to pandemic-related restrictions, in facilitating the ongoing evolution of our Indigenization Strategy.

Engaging the broad diversity of our communities

Serving our mandate as an access College, we continue to evolve an Indigenization Strategy, develop and implement enhanced supports for Indigenous students, expand our geographic reach for student recruitment, and secure additional years of funding for overall student wellness (Post-Secondary Mental Health Grant Funding).

Ensuring student affordability, including during the COVID-19 pandemic, to enable their continual success

We are strengthening relationships to help ensure student affordability, including during the COVID-19 pandemic. This includes building the groundwork of our Open Doors-Open Minds endowment campaign; raising over \$7 million, including \$2 million in annual fundraising operations (118% of target) and \$5 million for the upcoming campaign; and introducing 70 new donors to the College.

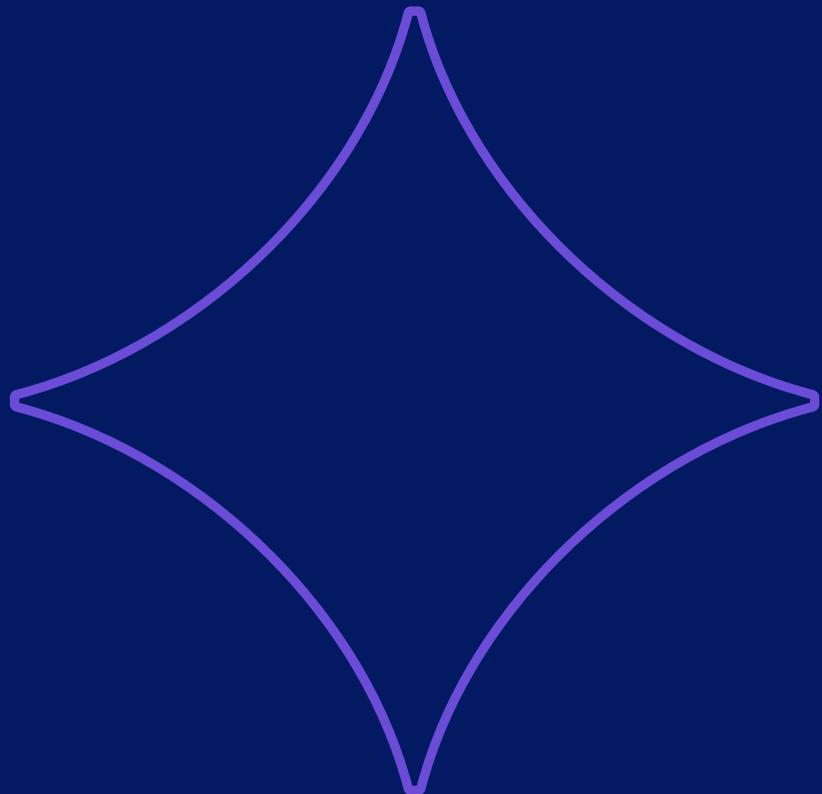
Goals and Performance Measures

Alberta is getting back to work. And Bow Valley College is there to help make sure it happens.

Guided by our strategic plan, *Open Doors–Open Minds*, Bow Valley College supports the economic diversification and growth of Alberta by responding to the needs of industries that are growing and innovating, contributing to Alberta’s community of entrepreneurs, and preparing employment-ready graduates for participation and resilience in the labour force.

Bow Valley College does great work, and by continuing to collaborate with the Government of Alberta, industry and community, we will remain strong in our efforts to aid the province’s recovery from the Covid-19 pandemic, enacting dynamic and innovative efforts to diversify our economy while preparing Albertans for resilience in the labour market.

Alberta’s future says thanks: By shaping the future of a college education, continually offering new and innovative programming to expand access to upskilling, reskilling, career programming and work-integrated learning opportunities, Bow Valley College is helping Albertans secure employment and providing the skilled workforce the province requires.



Ensure Employment Success

Goal

Working to ensure that students in our career focused schools have at least one work-integrated learning opportunity prior to graduation.

Public Policy Goal

Efforts to ensure students and graduates have the education and skills required to get rewarding careers, including initiatives to increase work-integrated learning opportunities for students.

Key Progress Indicator

Connecting students to Alberta's workplaces and experiential learning is important for Alberta's economic development. Recognizing this, Bow Valley College continually enhances the work-integrated opportunities provided so students can gain experiential learning in industry settings or through industry projects, with all post-secondary programs having devised a plan to incorporate work-integrated learning into all programs. Progress towards this goal includes creating a new role, Lead, Work Integrated Learning, to guide academic areas in work-integrated implementation and transitioning towards centralization of supports for students in work-integrated learning preparation and career development. Bow Valley College also has six new programs that are scheduled to launch in 2022 with approved work-integrated learning components, including Applied Research and Capstone Projects in the Cloud Computing Post-Diploma Certificate program.

Key Performance Measure

As per the Investment Management Agreement approved by the government, Bow Valley College is moving from a baseline of 30% of programs with work-integrated learning to 37% for the 2021-2022 academic year.

Status Indicator: On track

Goal

Implementing our Pivot-Ed initiative, a reimagining of continuing learning to enable us to become a leader in providing training and micro-credentials for in-demand skills. This helps people pivot in their careers by making all learning count.

Key Progress Measure

Implementing Pivot-Ed, a Bow Valley College venture building a Canada-wide ecosystem to address the skills gap. It uses Natural Language Understanding assessments to help individuals demonstrate their competencies for a role, recommends learning for gaps and certifies the results with a micro-credential that can be presented to employers. Bow Valley College was proud to receive \$1.52 million from the Future Skills Centre (funded by the Government of Canada's Future Skills Program) to apply this approach to help Canadians secure employment. Specifically, this funding is being used to build two artefacts critical to Pivot-Ed's success: a library of assessments reflecting in-demand jobs in four provinces and an online Flexible Learning Platform (FLP) to host and deliver these assessments to job seekers.

Key Performance Measure

Bow Valley College has designed the first two assessments on Customer Service Excellence and Cloud Computing and will release them to job seekers via the FLP in early-September 2021. Assessments related to the power sector, early childhood education, oral healthcare and energy sustainability will follow by June 2022.

Status Indicator: On track

Goal

Developing a suite of programs and credentials to support the economic and social agenda of Calgary and Alberta, and meet the talent needs of our employers.

Public Policy Goal

Contributions to Government economic recovery plan, particularly as it relates to talent and capital.

Key Progress Indicator

Bow Valley College launched its Centre for Entertainment Arts on March 11, 2021 to prepare students for careers in film, TV and animation.

Key Performance Measure

Programs launching in January 2022 include an Advanced 3D Animation and 3D Modelling Diploma of Achievement, an Advanced Visual Effects (Virtual Production) Diploma of Achievement, and a Foundation in Entertainment Arts Certificate of Achievement. Advanced Education approved these programs of study. The programming will allow students to blend artistic excellence with state-of-the-art technology to attain the discipline and professionalism necessary for success in studio and production settings.

Status Indicator: Achieved

Goal

Providing the full programming and credentialing scope afforded to comprehensive community colleges, including collaborative degrees, an apprenticeship model of education delivery, and university transfer.

Key Progress Indicator

Bow Valley College received approval from the Government of Alberta for a renewed mandate. Through mandate renewal Bow Valley College assumes a full comprehensive community college mandate, including the authority to develop collaborative degrees with partnering universities and offer university transfer pathways. The College's commitment to the provision of experiential learning opportunities that engage work-integrated learning is affirmed in our mandate. This includes an apprenticeship model of education delivery, which can include on-site and role-specific training by employers with technical instruction provided by the College. Finally, our emergence and commitment to national leadership in the provision of micro-credentials that recognize competency attainment and opportunities to ladder micro-credentials into credit programming are recognized in our mandate statement.

Key Performance Measure

In addition to receiving approval from the Government of Alberta for its renewed mandate, Bow Valley College is developing proposals to be submitted to the Government of Alberta for apprenticeship model of education delivery in numerous different programs.

Status Indicator: Achieved

Shape the Future of College Education

Goal

Working to being recognized as a leader in Educational Technology Research.

Key Progress Indicator

Bow Valley College's Practical Nurse program was successful in receiving an Alberta Innovates Applied Research grant to extend their already existing suite of Virtual Reality scenarios to support student success.

Key Performance Measure

The Natural Sciences and Engineering Research Council of Canada (NSERC), in collaboration with the Canadian Institutes of Health Research (CIHR), and the Social Sciences and Humanities Research Council (SSHRC), has committed funding to Bow Valley College for new applied research projects that will provide innovative solutions for local and regional business challenges through the expertise of Canadian colleges, CÉGEPs and polytechnics. The College received funding for our work around inclusion. This is excellent news for the College and furthers our efforts in diversity, equity, and inclusion and our strategic priority of shaping the future of College education.

Status Indicator: On track

Goal

Modernizing our Student Information System and related systems.

Key Progress Indicator

Delayed due to the pandemic, Bow Valley College has actively re-engaged with its Student Information System (SIS) implementation project. As the current system is nearing end of life, a new SIS will provide Bow Valley College with a flexible system taking the College into the future to incorporate concepts such as micro-credentialing. The new system will also help increase access to information, providing a mobile approach for both prospective and current students.

Key Performance Measure

The SIS is targeted for a 2022-2023 delivery.

Status Indicator: On track

Goal

Continuing to implement self-sustaining process improvement initiatives to keep ongoing and active attention on operational efficiency and effectiveness.

Public Policy Goal

Activities and initiatives designed to promote fiscal responsibility by effectively managing costs and realizing efficiencies.

Key Progress Indicator

Bow Valley College has a track record of strong fiscal management and results, operating in a lean and efficient manner in reducing and eliminating spending that has limited impact on student learning. The College continues to enhance its operational efficiency and performance, including initiatives such as:

- Launching the College's new curriculum management system, Kuali. The new system has enabled greater transparency and collaboration in governance processes, and increased access to accurate curriculum information for staff, faculty, and students.
- Implementation of a new international student application system, Virtual Admissions System, which has streamlined admissions processes and enhanced the student experience. The system makes it easier for students and agents to submit applications that are more complete.
- Working collaboratively towards a new, state-of-the-art student recruitment information system, to be implemented in late 2021.
- Launching the MyCreds™ platform for the secure and trusted exchange of academic documents, with phase 1 focused on transcript issuance.
- Completing 12 comprehensive quality program reviews with an updated template and progressed through review/approval governance.
- Improving productivity and ticket resolution times for staff by implementing a self-service portal and automation of standard request types.

Key Performance Measure

A focus on operational efficiency has enhanced Bow Valley College's performance, as demonstrated by examples such as:

- Increasing performance and efficiency of licenses and services used to support cybersecurity, while decreasing the College's licensing budget by 23.5% compared to the previous fiscal year.
- Automating Bow Valley College's international agent contracts to issue the agent contract in 30 minutes with all approvals. The previous contract process took 90 minutes of effort, with significant delays moving between approval stages with documents printed, hand delivered and signed.
- Using student survey feedback, improvements to Accessibility Services were made, including regular email updates, more information on the College's public website, and an improved appointment booking system.

Status Indicator: Achieved

Goal

Optimizing space and virtual utilization to best manage, and respond to, changing enrollment.

Key Progress Indicator

Recognizing the diverse and evolving needs of Albertans, Bow Valley College strives to fulfill its mandate as an access college by offering flexible learning, targeting solutions, and offering responsive programming that fosters student success and resilience, no matter where they are. The College's modern classroom is a pivotal illustration of this. By pivoting its delivery methods to best accommodate the needs of Albertans, the College can deliver a course, simultaneously, to a mix of in-person and remote students seamlessly.

Key Performance Measure

The College undertook a modern classroom pilot to test new technology in the classroom and explore hybrid flexible delivery, or online and in-person synchronous delivery and recorded for asynchronous learning. The design and delivery of the first 25 modern classrooms to support a fully flexible/hybrid learning environment is completed.

Status Indicator: Achieved

Goal

Revitalizing Bow Valley College's brand in support of Open Doors–Open Minds, Bow Valley College's strategic plan.

Key Progress Indicator

With a successful launch of Bow Valley College's new brand, ongoing work pivots from the brand launch to the long-term advancement of the College's brand.

Key Performance Measure

The results of the Brand Launch Campaign, "Your Future Says Thanks," exceeded expectations in terms of reach and impact.

Status Indicator: Achieved

Provide Community and Social Success

Goal

Offering a suite of programs and services in our regional campuses and Indigenous communities, aligned to support their articulated economic and social agendas.

Key Progress Indicator

- **Regional:** Bow Valley College is proud to work alongside regional and Indigenous communities. The College held initial orientation meetings for newly established Regional Community Advisory Committees. There are four committees representing north, south, east and west areas of the College's service region, with approximately 30 organizations participating, representing a cross-section of community stakeholders from education, social, and economic development.
- **Indigenous Communities:** Bow Valley College also continues to be responsive to requests from communities in the Treaty 7 Region. A College position works with Indigenous communities to support economic development through education and training programming.

Key Performance Measure

- **Regional:** Bow Valley College signed a Memorandum of Understanding with the Town of Okotoks to include a new regional campus within their community-led development of an Okotoks Arts and Learning Campus (OALC). In addition to the College, the OALC will also include an expanded Okotoks Public Library, public and separate school divisions, and other community organizations.
- **Indigenous Communities:** Bow Valley College partnered with the Tsuut'ina Police Service (Tosguna) and over 110 independent Indigenous peoples and Indigenous-serving organizations to deliver the Collective Wellness Pow Wow, a community-led initiative that recognized the importance of supporting the health and wellness of students and community partners during the pandemic. The College's participation in the Collective Wellness Pow Wow is part of a College-wide commitment to doing things in a Good Way through meaningful, respectful and relevant engagement.

Status Indicator: On track

Goal

Maintaining, and appropriately managing, international enrollments.

Key Progress Indicator

While Bow Valley College witnessed the disruptions in planned registrations in 2020 due to the pandemic, by supporting international students to navigate constantly changing federal government regulations with regards to online learning during the pandemic, as well as offering deferral options for students, the College was able to retain 500 applications as well as yield Winter 2021 registrations at 10% above target. At the same time, the International Education department supported unprecedented levels of communication and inquiries from international students and agents, processing approximately five times the number of emails during Covid-19 compared to a typical year.

Key Performance Measure

Bow Valley College initiated, in collaboration with another Alberta post-secondary institution, a joint International Student Recruitment committee comprised of 13 Alberta post-secondary institutions. The committee was successful in its efforts to have a plan for a Brand Alberta and province-wide student recruitment plan included in the government's Alberta 2030 strategy.

Status Indicator: On track

Goal

Finalizing and implementing our Indigenization Strategy.

Key Progress Indicator

The development of Bow Valley College's Indigenization Strategy was temporarily delayed during the challenges of 2020. However, it does not change Bow Valley College's ongoing commitment to fulfilling this strategic priority. The College has a draft strategy and has operationalized some of the recommendations. Some actions have included:

- the development of an Indigenization and Decolonization Curriculum Advisory Committee.
- a newly funded integrated program for Indigenous students (Indigenous Pathways to Employment), an innovative approach to Indigenous education that weaves together elements of Indigenous holistic learning, adult basic education, competency-based education, and essential skills. It represents a new supportive and non-traditional model of foundational programming that is not available in Calgary and area.
- The College's employee database was modified to offer self-identification of Indigenous identity.
- Work was initiated to review College policies and procedures with an "Indigenous lens" to identify systemic barriers to Indigenous peoples' inclusion.

Key Performance Measure

After a three-year intensive community engagement process, Bow Valley College's inaugural Indigenization Strategy was interrupted at the tail end of completion due to the COVID-19 pandemic. Consequently, we were restricted in a vital component of our approach to development and respect: face-to-face engagement with each Nation within Treaty 7. We are cautiously optimistic that with vaccinations underway, we will complete this work in the near future. To further the advancement of the strategy, a senior leadership position (Director), to provide significant strategic leadership, is confirmed for the upcoming fiscal year.

Status Indicator: On track

Goal

Protecting financial awards for students through implementation of an endowment focused strategy.

Key Progress Indicator

Bow Valley College is building the groundwork of its Open Doors-Open Minds endowment campaign (to launch quiet phase in 2021/2022), a 5-year fundraising campaign that would ensure \$35M in endowment funds to remove barriers to education for students in perpetuity.

Key Performance Measure

Bow Valley College surpassed its 2020-2021 fundraising targets. These are very encouraging results, given the prolonged economic downturn and the challenges of the pandemic affecting our province, and indicative of the strength of the College's case with the philanthropic community.

Status Indicator: Achieved

Goal

Creating partnerships with Campus Alberta institutions and community learning organizations to promote access, program quality and learning pathways.

Key Progress Indicator

Bow Valley College has collaborated with several post-secondary institutions on advocacy regarding foundational learning, continuing care workers, international education and labour market research.

Key Performance Measure

Demonstrating its leadership in the post-secondary sector in helping promote access, program quality and learning pathways, Bow Valley College has either lead or co-lead these institutional groups.

Status Indicator: Achieved

Public Policy Goal

Activities and initiatives that diversify revenue sources and explore more entrepreneurial approaches to program funding and delivery.

Key Progress Indicator

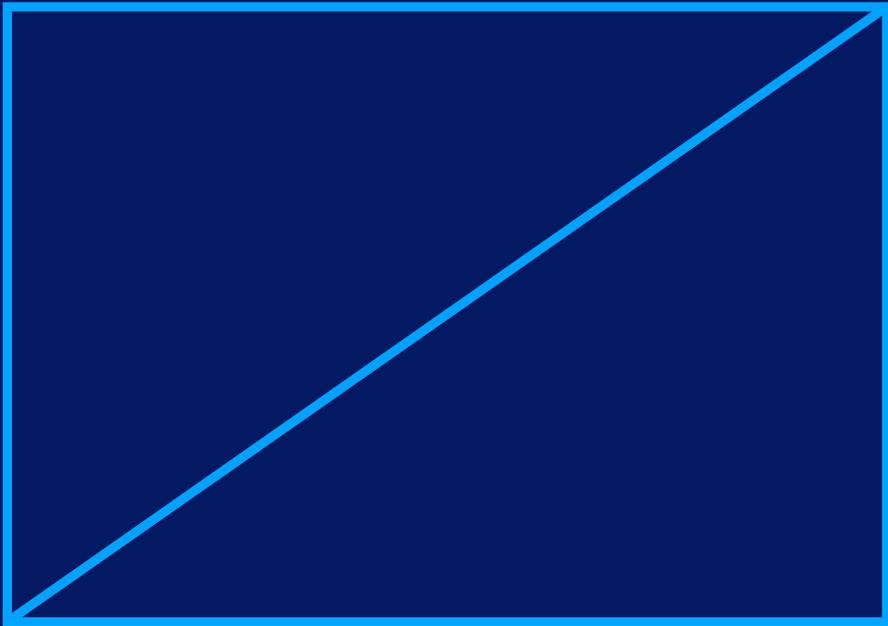
Bow Valley College's long-standing culture of operational efficiency and strong fiscal management practices has enabled the College to already achieve or exceed the benchmarks identified in the MacKinnon Report. The College has been proactive in maximizing efficiencies by already contracting out numerous services and programs, such as food services and parking services.

Key Performance Measure

The College's progress in this regard is noted in the Management Discussion and Analysis section of this Annual Report.

Status Indicator: On track

Financial and Budget Information: Management Discussion and Analysis



1.0

Overview

Bow Valley College (the College) has prepared the following Management Discussion and Analysis (MD&A), which should be read in conjunction with the 2020-2021 audited Financial Statements and accompanying Notes included in the Annual Report. The MD&A and Financial Statements have been reviewed and approved by the Board of Governors of Bow Valley College (the Board) on the recommendation of the Audit and Risk Management Council (the Council). The College's Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS").

This MD&A is an overview of the College's financial results for the year ending June 30, 2021 and offers analysis of the following:

- Operating Environment,
- 2020-2021 Financial Results compared to Budget,
 - Key positive variances,
 - Key negative variances,
- 2020-2021 Financial Results compared to Prior Year,
 - Key positive variances,
 - Key negative variances,
- Full Load Equivalent (FLE) Performance,
- Expenditure Analysis,
 - Expense By Function Composition,
 - Expense By Object Composition,
- Summary Of Financial Position,
 - Asset Variances,
 - Liability Variances,
- Net Assets,
 - Net Asset Components,
 - Net Assets Funding Expenditures In 2020-2021,
- Capital Expenditures,
- Areas Of Significant Financial Risk,
- Self-Generated Revenue.

2.0

Operating Environment

As a comprehensive community college, the College's work is guided by its strategic plan, Open Doors-Open Minds. Open Doors-Open Minds drives employment success, shapes the future of college education, and enables community and social success. Our plan provides the necessary guidance for the College to proactively address the changing realities of post-secondary education, the evolving Alberta economy, and the changing needs of Albertans.

Going into 2020-2021, there was significant uncertainty around the disruptive implications the COVID-19 pandemic would have upon Calgary, the Albertan economy and the College's operations. The 2020-2021 budget, which was approved by the Board of Governors in May 2020, was a break-even budget with revenues of \$115.0 million equaling expenses. That budget was designed with the following conservative assumptions:

- i. Government of Alberta Grant revenue would decline modestly.
- ii. Tuition rates would increase for both domestic (7.0%) and international (2.0%) learners. Overall Student tuition and fees revenue would decrease on anticipation of lower enrolment.
- iii. Salaries and benefits expenditure would decrease as the College restructured its operations to accommodate the reduced enrolment and the move to on-line delivery of courses.
- iv. Material, supplies and services expenditures included implementation of a new Student Information System and the roll-out of the College brand strategy.
- v. The College facilities would move to reopen by the second half of 2020-2021.
- vi. Investment income would be reduced by pandemic impacts on the broader economy.

Pandemic disruptions continued throughout all 2020-2021. Despite this, the College succeeded in delivering high-quality educational services to its learners in a safe and efficient manner. Virtual learning and virtual workplace activities dominated the year.

College expenditure levels in 2020-2021 remained muted; closure of facilities produced never-before-seen savings in utility costs; security and cleaning services were cutback in this dormant environment. Interruptions to the global supply chains restricted the implementation of the Student Information System.

This extraordinary compression in expenditures generated an unanticipated operating surplus for the College.

Subsequent to the College's year end on June 30th, 2021 pandemic public health restrictions were eased. However, as the summer progressed, the emergence of the Delta Variant placed greater strain on the provincial resources. Full recovery from the pandemic is now expected to extend well into the next fiscal year.

As the College moves forward with face-to-face learning, expenditure levels are expected to normalize with higher enrolment and the reopening of its facilities. The College will continue to monitor the fiscal impact of reopening and implement all measures necessary to keep staff, learners and the broader community safe as it implements its mandate.

3.0

Financial Results Compared to Budget

Although its 2020-2021 budget was developed with a break-even projection, the College reported an annual surplus of \$13.6 million. Revenue exceeded budget by \$1.8 million. But the primary driver for the annual surplus was trailing expenditures; actual expenses were below budget by \$11.8 million.

The below graph represents the key factors contributing to this over budget performance:



3.1 Key Positive Variances

- A.** Material supplies and services trailed budget by \$5.0 million; supply-chain disruptions restricted much of the Colleges expenditures during the year.
- B.** Maintenance and repairs costs trailed budget by \$4.1 million primarily due facility closures and savings from outsourced security and cleaning costs.
- C.** When developed, the College's budget assumed global equity and fixed income markets would experience headwinds from the pandemic over 2020-2021. This assumption proved incorrect as investment income not only exceeded budget by \$3.2 million but also exceeded the prior year's performance due to realized capital gains from Canadian Bond sales.
- D.** Salaries and benefits trailed budget by \$2.1 million due to the following:
 - i.** Continuous staff compensation was below budget by \$1.4 million. Throughout the course of 2020-2021, the College replaced employee departures at a slower pace than that anticipated in the budget.
 - ii.** Casual wage cost trailed budget by \$0.7 million as lower than budgeted enrolments required fewer casual positions.
 - iii.** Benefits costs were consistent with budget expectations.
- E.** Government of Alberta grant revenue was higher than budget by \$1.3 million. When developed, the budget did not include grant revenue supporting learners with disabilities as no confirmation of this support had been received. This grant was however extended by the Government during 2020-2021.
- F.** Utility expenditures were lower than the prior year by \$0.6 million as the College consumed less power, gas and water.
- G.** Donation and contributions were also higher than budget during the year by \$0.5 million driven mostly by higher award payments.
- H.** Although the College factored decreasing enrolment into its budget, overall, actual Student tuition and fee revenue remained fairly consistent with the budgeted revenue. During the 2019-2020 Spring/Summer semester, international learners resident in Calgary accelerated course selection and this resulted in a bump in revenue at the front-end of the 2020-2021 fiscal year which then tapered with lower enrolment. Actual revenue ended slightly above budget by \$0.2 million.

3.2 Key Negative Variances

- I.** Federal and other government grants was only slightly below budget (\$0.1 million).
- J.** Sales of services and products revenue was below budget expectations by \$3.4 million. The College budget anticipated a decline in this revenue category driven primarily by part-year facility closures. As reopening was delayed beyond budget expectations, the shortfall in this revenue category ended higher.

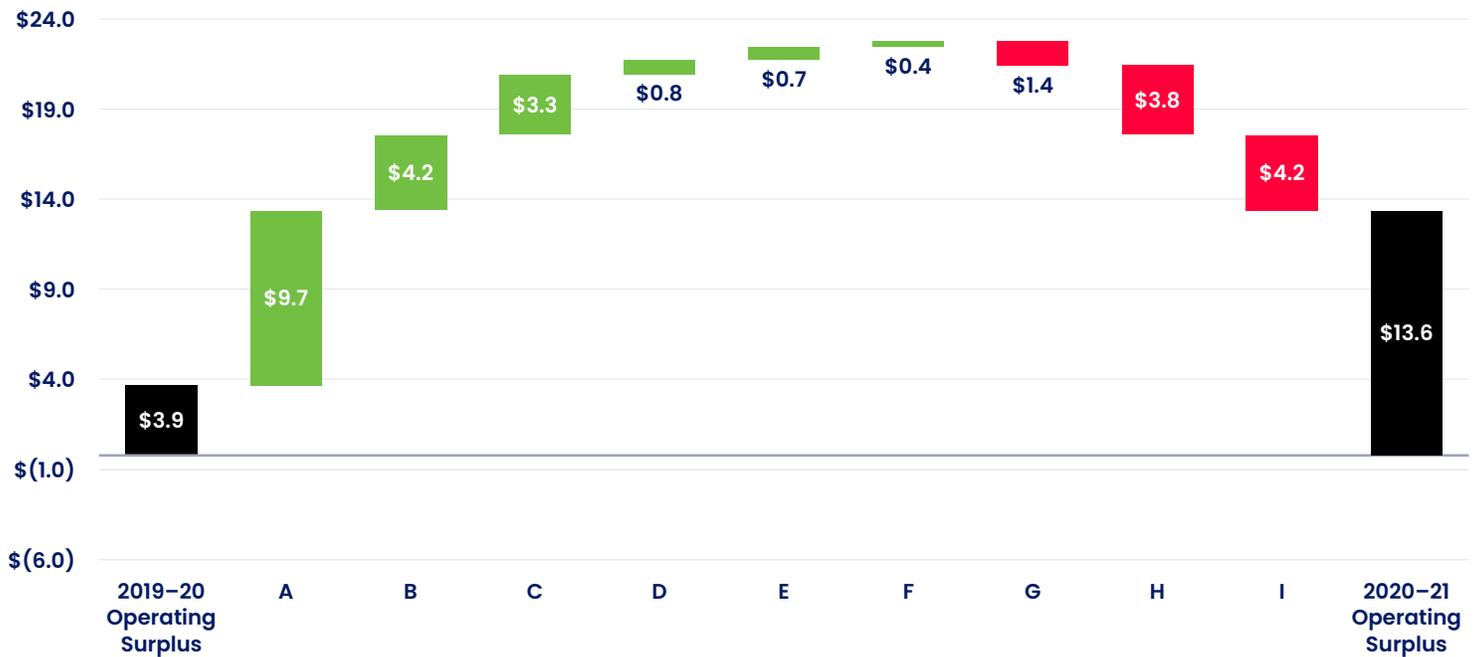
4.0

2020–2021 Financial Results Compared to Prior Year

Lockdowns due to the pandemic started to negatively impact the financial results of the College commencing in the final quarter of 2019-2020. As infection rates rose on successive waves throughout 2020-2021, College facilities remained closed. Comparison between these two years offer quite stark comparisons and reveal the extent to which the pandemic has disrupted operations.

Whereas for the year ended June 30, 2020, the College generated an operating surplus of \$3.9 million, for the current year the College’s operating surplus grew by \$9.7 million to \$13.6 million. College revenue decreased \$8.3 million during 2020-2021 to \$116.9 million. There was also a pronounced decrease in expenditures by \$18.0 million to \$103.3 million.

The below outlines the key categories of year-over-year movements in revenue and expense results contributing to the year-over-year increase in operating surplus ranked according to impact:



4.1 Key Positive Variances

The following variances positively contributed to the year over year growth in the College's operating surplus:

- A.** Salaries and benefits decreased by \$9.7 million.
 - i.** Continuous staff compensation fell by \$7.3 million. In anticipation of lower enrolment, the College incurred \$2.8 million more in severance charges in 2019-2020 to reduce the College's employee base by 80 full-time positions. Compensation trailed the prior year's expenditures by \$4.5 million with the lower year-over-year employee complement.
 - ii.** Casual wage cost decreased by \$1.7 million with the lower enrolment levels experienced throughout the year.
 - iii.** Benefits fell in absolute terms by \$0.7 million due to the lower compensation base. Overall benefit rates were slightly above the prior year due to increases in service costs associated with PSPP (pension) payments, health and dental expenses.
- B.** Materials, supplies and services fell on a year over year basis by \$4.2 million. Supply chain interruptions caused expenditure levels to decrease. Across the College, expenditure levels were down compared to the prior year with the most significant variances posted in the Campus Services and Information Technology Services Division (\$1.7 million) and the Learner Services Division (1.7 million).
- C.** Maintenance and repairs costs were down on a year over year basis by \$3.3 million. The closure of College facilities led to savings in security and cleaning services (\$2.0 million). In the previous fiscal year, the College had spent \$1.3 million in infrastructure enhancements; due to COVID, the College suspended continuing enhancements in 2020-2021.
- D.** Other revenue—which includes investment income—was slightly higher than the prior year by \$0.8 million. This was predominantly due to realized gains generated on the disposal of Canadian Bonds during the year.
- E.** Utility expenditures were lower than the prior year by \$0.7 million due to the closure of the College facilities.
- F.** Federal and other government grants increased by \$0.4 million due to an increase in the Language Instruction for Newcomers to Canada program (LINC) offsetting a decrease in other Federal government activities.

4.2 Key Negative Variances

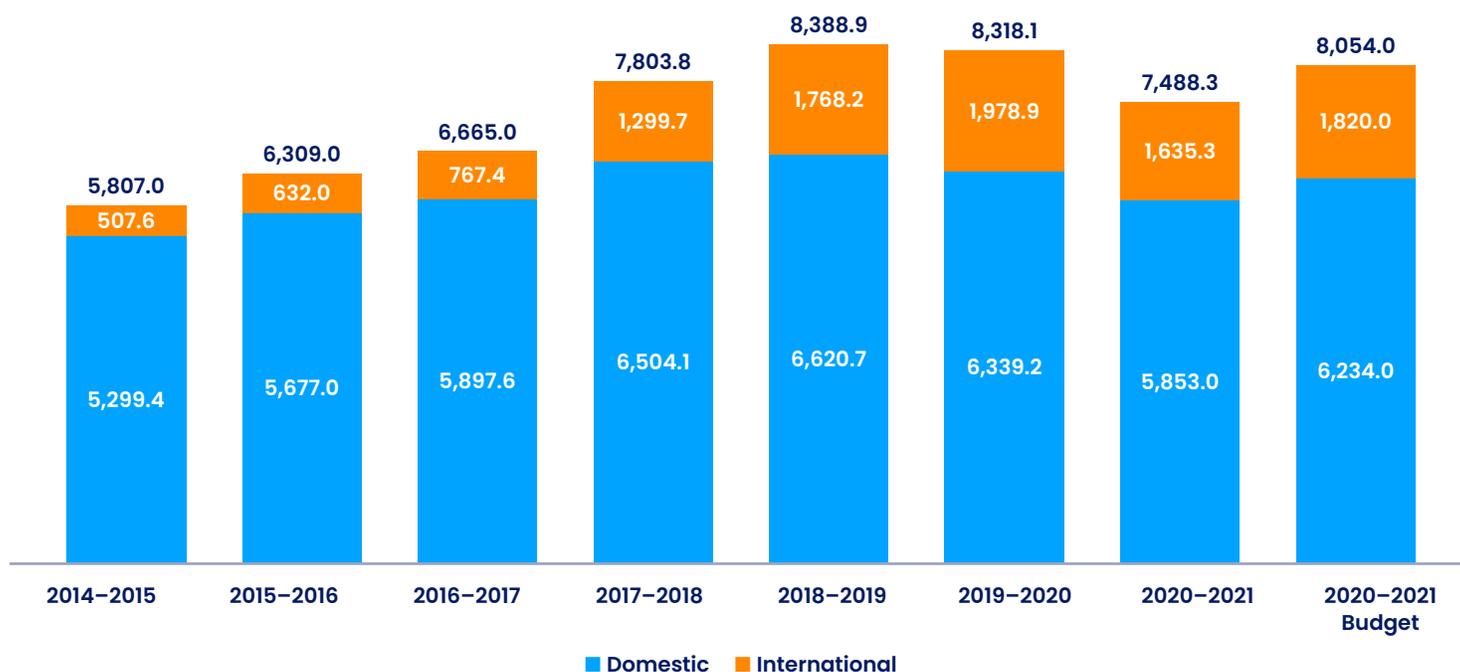
- K.** Government of Alberta grant revenue decreased by \$1.4 million (10.0%) from the prior year, reflecting a reduction in Infrastructure and Maintenance grant revenue; during 2020–2021, College expenditures on infrastructure projects were reduced with the closure of the facilities.
- L.** Sales of services and products decreased by \$3.8 million. Academic Contract revenue decreased by \$2.4 million whilst Ancillary Services revenue (from food service, parking and bookstore sales) decreased by \$1.3 million due to facility closures.
- M.** Despite domestic tuition rates increasing by 7.00% and international tuition rates increasing by 2.00% during the year, the College experienced a net decrease in tuition and fee revenue of \$4.2 million, predominantly driven by:
 - i.** A 17.4% decrease in the total number of international learners causing a decrease in the International Tuition differential revenue of \$2.9 million
 - ii.** An overall decrease in the total number of FLE's of 10.0% causing a decrease in tuition revenue of \$1.4 million
 - iii.** A 20.0% decrease in non-credit program revenue (\$0.3 million)

Tuition revenue decreases outlined above were slightly offset by increased fee revenue derived from the implementation of new Technology and Learner Wellness Fees (\$0.4 million).

5.0 Full Load Equivalent (FLE) Performance

As a learner-focused institution, the College has a well-established history of increasing its student population as measured by Full Load Equivalent (FLE's). An increasing learner base is an indication of the College fulfilling its mandate and a key driver of healthy financial performance. Commencing in the last quarter of 2019-2020, the pandemic has temporarily interrupted the College's FLE growth projection.

Below is a graph charting the year-over-year growth in the College's FLEs since 2014-2015.

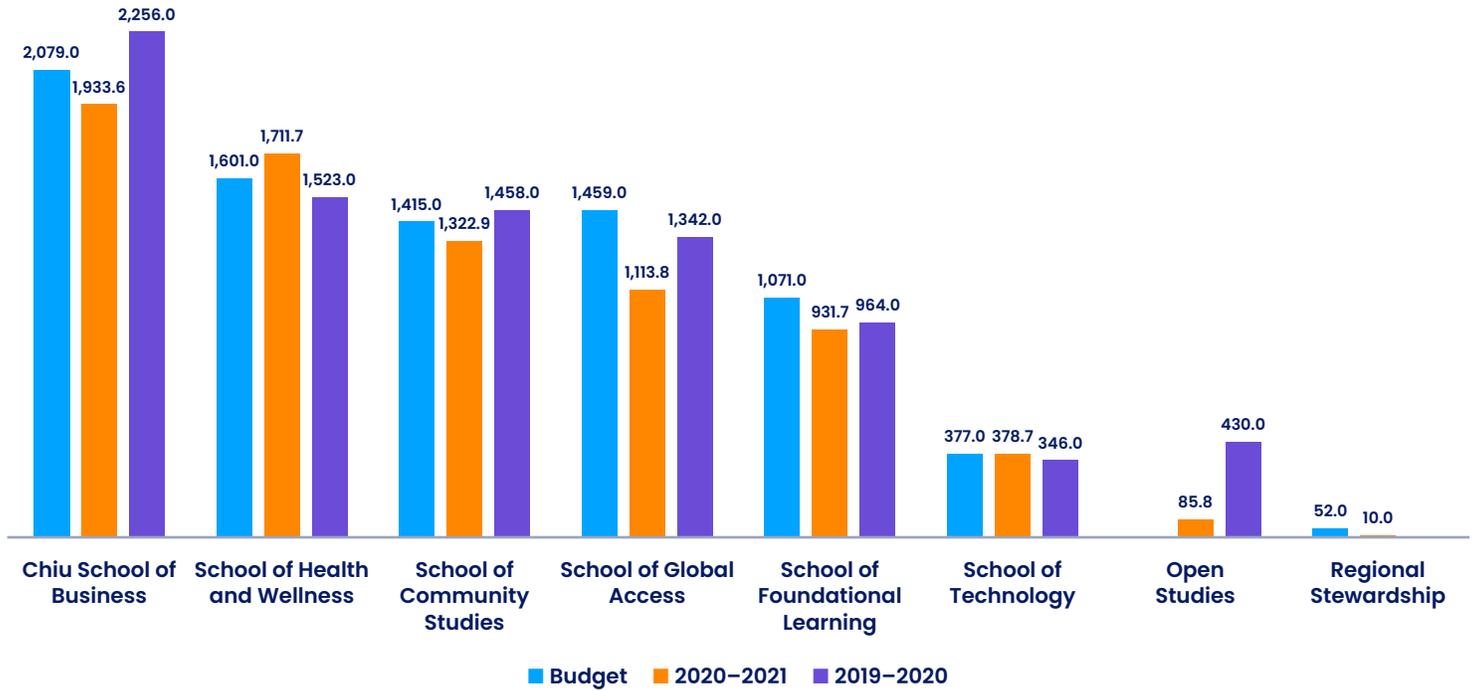


International College enrolments began to taper in the final quarter of 2019-2020. The headwind continued into the 2020-2021 fiscal year and the overall FLE base fell to 7,488.3 (2019 8,318.1). Although the decrease in FLE's were evenly split between domestic (486.2) and international learners (343.6), foreign students are not covered by Government of Alberta funding; tuition levied on international learners are set at levels which ensures the College recovers the full costs of their education

(approximately three times the domestic rate). The decrease in international learners was the main reason the College experienced approximately \$4.2 million year-over-year decrease in its tuition and fee revenue.

Although the College is focused on returning to campus, ongoing interruptions to international mobility caused by the COVID-19 crisis are anticipated to continue to provide challenges to the College into the next fiscal year.

The diagram below details enrolled learners in each school with comparisons to budget and the prior year:



Although the College anticipated lower enrolment during the COVID impacted year, overall, enrolment trailed budget and the prior year.

Except for the School of Health and Wellness, the FLE numbers in all schools declined on a year-over-year basis.

The duration of the pandemic and its implications for enrolment remains uncertain. However, during 2020-2021, the College launched initiatives to expand its curriculum offerings by establishing the Centre for Entertainment Arts. The College anticipates that a successful return to campus phase will restore the College to growing FLE trends previously posted.

6.0 Expenditure Analysis

College's expenditures can be reported based either upon their functional composition or their objective composition. The Statement of Operations categorizes expenditures in terms of their functional composition; note 12 illustrates expenditures according to their objective classification.

The relationship between these two categories are summarized in the table below:

Functional/ objective expense categories (\$M)	Instruction and Training	Academic and Student Support	Facility Operations and Maintenance	Institutional Support	Ancillary Services	2021
Salaries and benefits	34.6	21.1	0.6	11.8	0.4	68.5
Materials, supplies and services	2.5	2.7	1.4	12.7	0.0	19.4
Maintenance and repairs	0.0	0.0	2.5	0.2	0.0	2.8
Amortization of capital assets	–	–	8.3	2.1	–	10.3
Cost of goods sold	–	–	–	–	–	–
Scholarships and bursaries	–	1.0	–	0.0	–	1.0
Utilities	–	0.0	1.3	–	0.0	1.3
Total Expenditures	37.1	24.8	14.1	26.8	0.5	103.3

The prior year comparative expenditures matrix is outlined below:

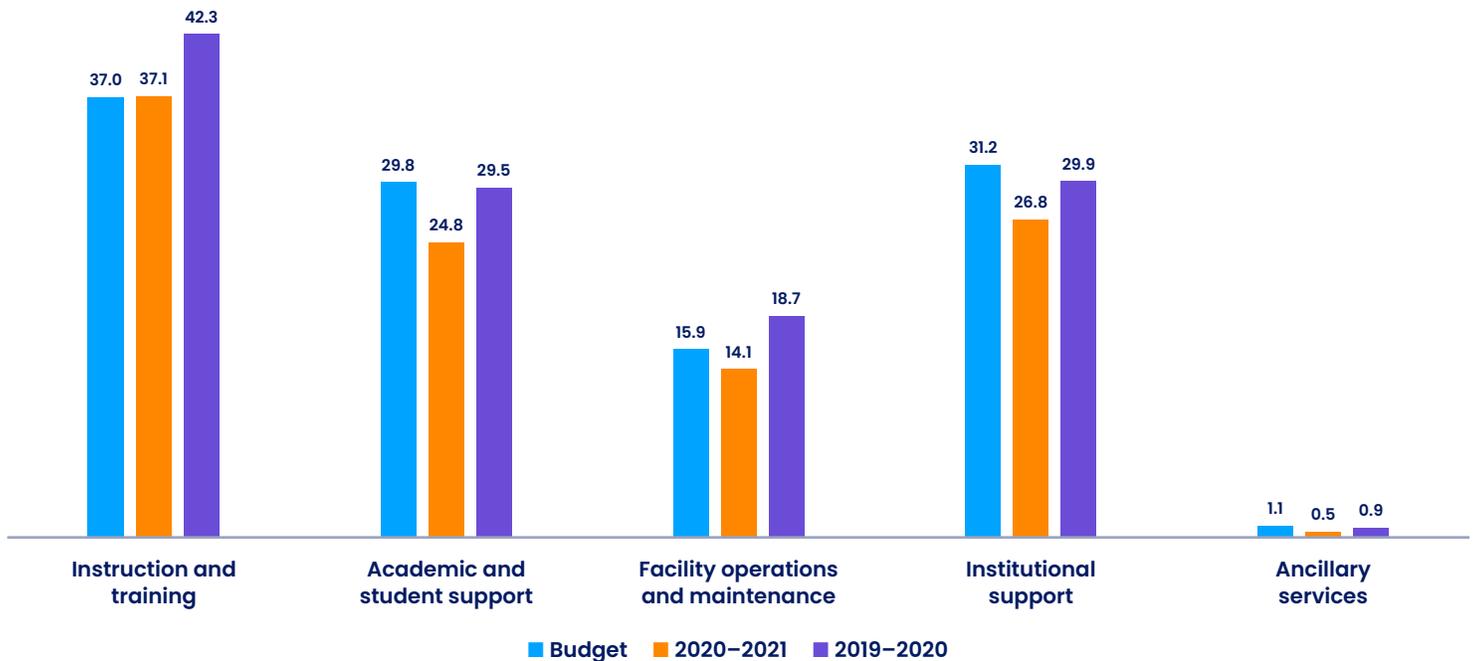
Functional/ objective expense categories (\$M)	Instruction and Training	Academic and Student Support	Facility Operations and Maintenance	Institutional Support	Ancillary Services	2020
Salaries and benefits	39.1	25.1	0.9	12.4	0.7	78.2
Materials, supplies and services	3.2	3.5	1.7	15.0	0.1	23.6
Maintenance and repairs	0.0	0.0	6.0	0.1	0.0	6.1
Amortization of capital assets	–	–	8.2	2.3	–	10.5
Cost of goods sold	(0)	0	–	–	–	0
Scholarships and bursaries	0.0	0.9	–	0.1	–	0.9
Utilities	–	0.0	1.9	–	–	1.9
Total Expenditures	42.3	29.5	18.7	29.9	0.9	121.3

6.1 Expenses by Function Composition

This categorization segments expenditures – irrespective of their object source—according to the activity supporting ongoing operations of the College. Those activity categories are broadly grouped in terms of the following operational areas:

- Instruction and training,
- Academic and student support,
- Facility operations and maintenance,
- Institutional support,
- Ancillary services.

College expenditure performance across this functional categorization is illustrated below:



Instruction and training

For 2020-2021, expenses relating to instruction and training support for the academic functions of the College represented was \$37.1 million. Total expenditures decreased in this category on a year-over-year basis as the College responded to lower FLE enrolment projections. This decrease was planned and reflected in the College's budget. As a percentage of overall expenditures, instruction and training costs were 35.9% of all costs—fairly consistent with that level of expenditure posted in the prior year (2020 – 34.9%).

Academic and student support

This expenditure includes activities directly relating to the support of the academic functions of the College such as libraries, student services and expenses for the Schools. Total expenditures were \$24.8 million (2020 – \$29.5 million) and as a percentage of overall expenses this category represented 24.0% (2020 – 24.3%). The College budget anticipated higher expenditures in this category, but the pandemic disruptions impacted this result.

Facility operations and maintenance

This expenditure category was particularly impacted with facility closures. Budgeted at \$15.9 million, the College reported total expenditures of \$14.1 million. This represented only 13.7% of total 2020-2021 expenditures (2020 – 15.4%). Closure of College facilities created savings in utilities, security and cleaning. Also absent during the year were expenses supporting Infrastructure Maintenance Program grant initiatives; in 2020, the College spent \$1.3 million on Infrastructure Maintenance Program grant initiatives.

Institutional support

This broad category includes expenses for executive management, public relations, alumni relations and development, corporate insurance premiums, corporate finance, human resources and any other centralized college-wide administrative services. Budgeted at \$31.2 million, this category reported \$26.8 million for the year (2020 – \$29.9 million). Although much lower than budget, this category represented 26.0% of all expenses (2020 – 24.7%). The launch of the College brand initiative in 2020-2021 was key to the increase in the category percentage. Supply-chain interruptions preventing the implementation of the Student Information System was the key factor causing the under-budget performance.

Ancillary services

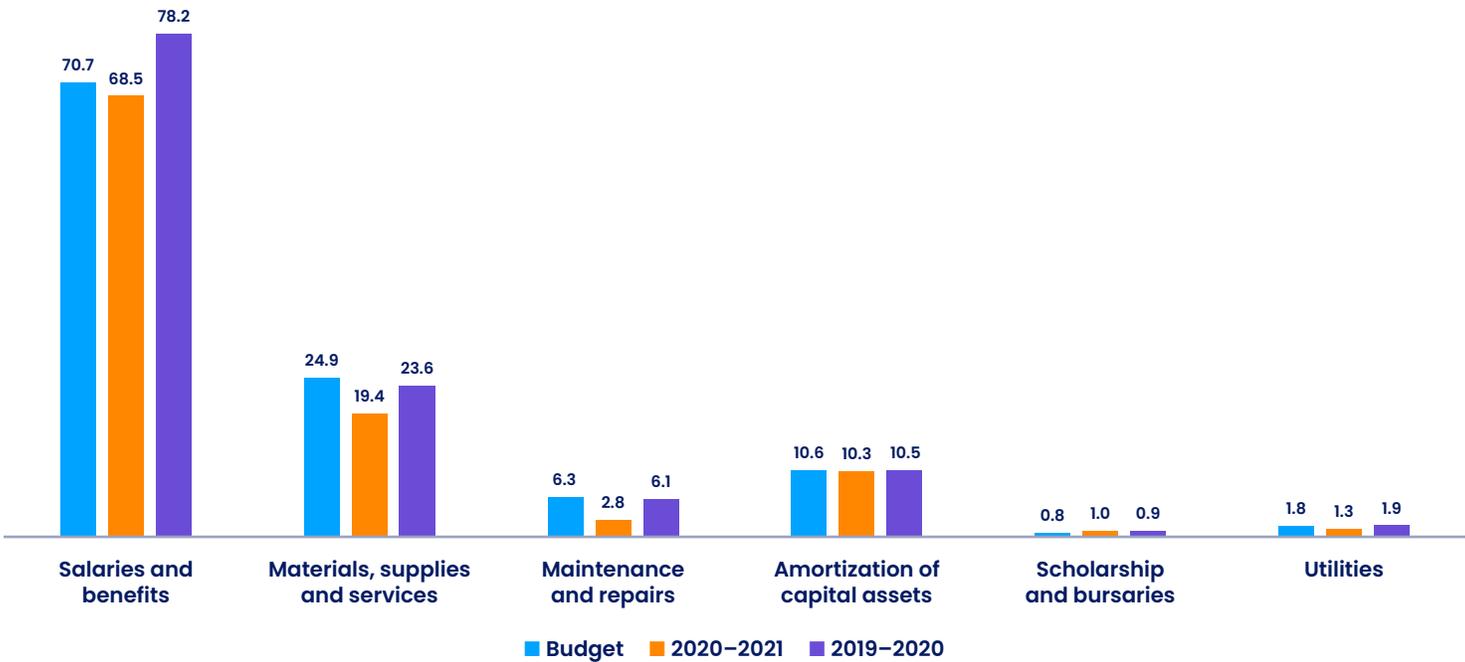
This category includes expenses for operations outside of the normal functions of instruction and research such as bookstores, food services and parking services. Most of these services are outsourced and are not part of the College's fixed cost structure. Pandemic disruptions negatively impact the revenue generated by the College from these initiatives but did not materially impact the overall operating surplus results.

6.2 Expenses by Object Composition

Financial analysis of expenditures typically focuses on the object categorization of expenditures—which segments those expenses according to the source of transmission. The object categorization is grouped according to the following transmission sources:

- Salaries and benefits
- Materials, supplies and services
- Maintenance and repairs
- Amortization of capital assets
- Cost of goods sold
- Scholarship and bursaries
- Utilities

The graph below illustrates the College’s expenditure performance across the object categorization compared to budget and compared to prior year:



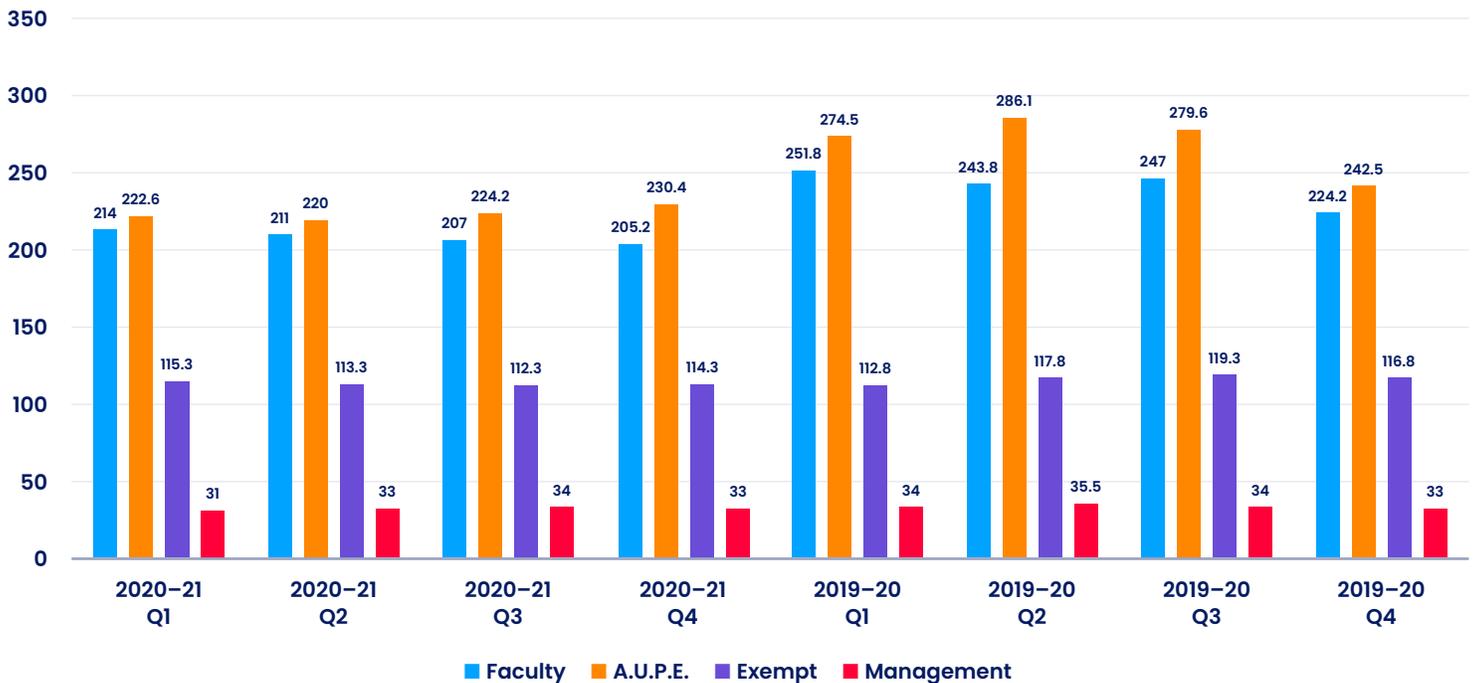
Salaries and benefits

As a service organization, the majority (66.3%) of college expenditure is sourced from its payroll. Although this represents a significant reduction in salary and benefits cost compared to the prior year, the overall percentage ranking remains relatively consistent (2020 – 64.5%).

In anticipation of lower enrolment, the College lowered its Full Time Employee (FTE) headcount going into the 2020–2021 fiscal year.

The below shows the FTE headcount balance generating the salary and benefit expenditures throughout the fiscal year, compared to the prior year.

FTE by Group, by Quarter



For more details regarding expenditure performance compared to budget and prior year, see above expense variance analysis.

7.0

Summary of Financial Position

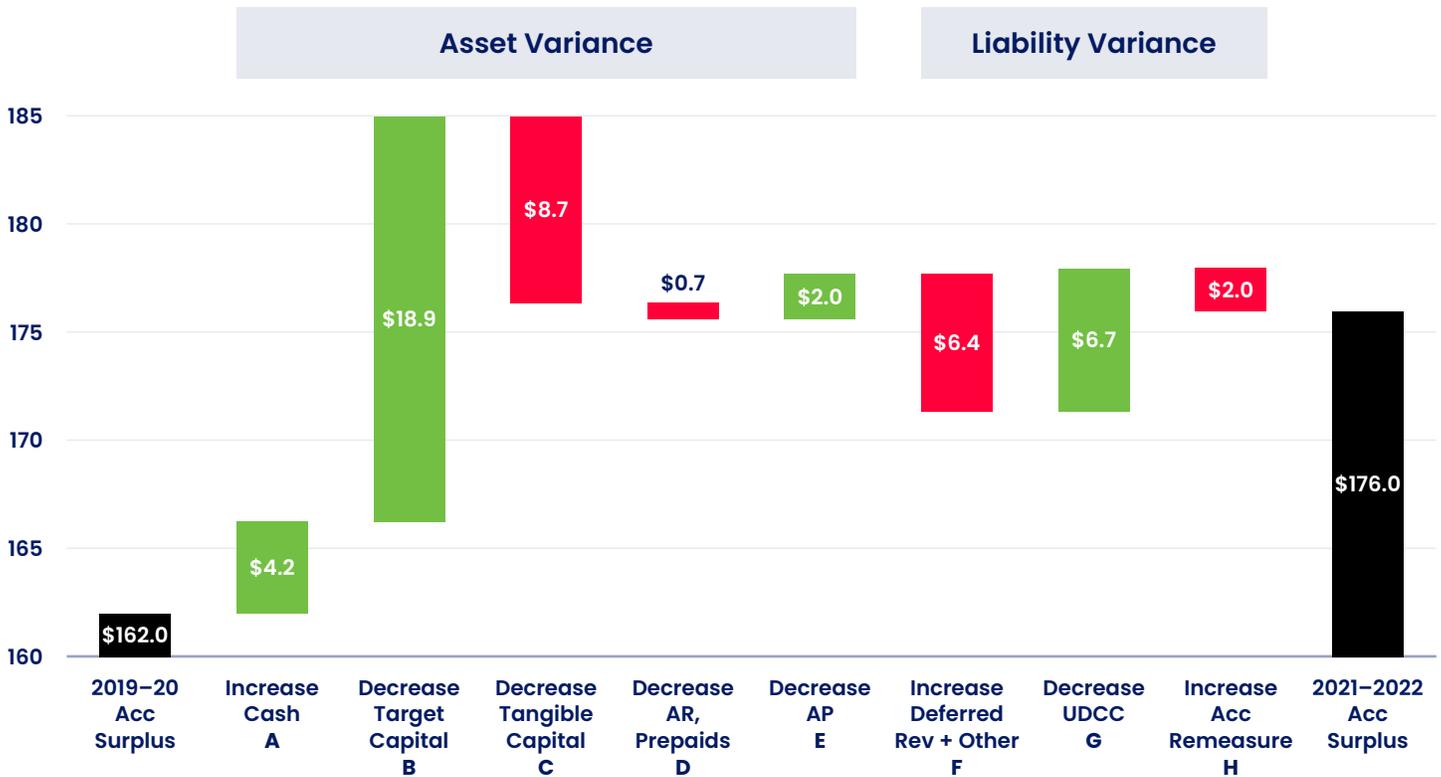
The College’s Net Asset balance is an important indicator of financial health for the institution.

Throughout the course of the year the College improved its total Net Asset position net of Accumulated remeasurement gains to \$175.9 million (2020 - \$162.0 million). This increase of \$13.9 million was driven by:

- The annual operating surplus of \$13.5 million,
- An increase in Endowment contributions of \$0.4 million.

This increase in the New Asset position can also be explained in terms of movements in the College’s assets and liabilities; a summary of those movements is outlined below:

2020–2021 Water Fall Analysis



7.1 Asset Variances

The increase in net assets over 2020-2021 was primarily driven by an increase in the value of College assets. Below represent the key movements in those assets:

- A.** The College's cash position improved over the course of 2020-2021 by \$4.2 million. The uncertainty created by the pandemic necessitated a prudent build-up of working capital. The primary factors contributing to this increase were:
 - i.** An increase in cash from annual operating transactions adjusted to exclude non-cash items (\$22.2 million),
 - ii.** A reduction in cash funding capital expenditures (\$1.6 million),
 - iii.** A reduction in cash funding investment transactions (\$16.4 million).
- B.** Overall College's investments increased by \$18.9 million:
 - Portfolio investments – non endowments were up \$16.4 million. \$2.0 million of the increase represented unrealized market gains and \$14.4 million represented reinvestment of investment income as well as incremental investment of working capital.
 - Portfolio investments – restricted for endowments were up \$2.5 million over the prior year with \$1.4 million representing unrealized market gains (classified as deferred revenue) and \$1.1 million representing reinvestment of investment returns and incremental working capital.
- C.** Tangible capital assets were down \$8.7 million from the prior year reflecting amortization expense of \$10.3 million (2020 – \$10.4 million) exceeding capital additions of \$1.6 million (2020 – \$3.9 million).
- D.** Accounts Receivable of \$3.3 million was down from the prior year (2020 \$5.2 million); reduction in balance receivable from Citizenship & Immigration Canada (\$1.6 million) was the most significant movement explaining the variance. Prepayments increased to \$2.2 million (2020 \$1.0 million) due to increases in prepaid cloud-based license fees and the prepayment of curriculum development fees associated with the launch of the Centre for Entertainment Arts. The net reduction with these items was a decrease of \$0.7 million.

7.2 Liability Variances

The balance of College liabilities (which excludes Accumulated Remeasurement Reserves) increased by \$2.0M during the year:

- E.** Accounts payable and accrued liabilities of \$9.8 million were down over the prior year (2020 \$11.9 million). The most significant factor explaining the year-over-year variance was the absence of a severance provisions (\$0.9 million) in the current year. Also, trade payable balances decreased compared to the prior year.
- F.** Deferred revenue of \$28.9 million was up over the prior year (2020 \$22.4 million) by \$6.4 million:
 - Tuition and fee deferred revenue increased by \$3.6 million. The prepayments received (mostly from international learners) increased by \$5.5 million. This was partly offset by a reduction in deferred tuition being delivered in the Spring/Summer Semester of \$1.9 million.
 - Unspent externally restricted grants and donations increased by \$2.0 million driven primarily by an increase in the market value of restricted investments.
 - Unspent deferred capital contributions increased by \$0.9 million due to an advancement of Infrastructure and Maintenance grant funds from the Government of Alberta.
- G.** Spent deferred capital contributions of \$202.8 million was down from the prior year (2020 \$209.4 million) because of amortization of this liability.

Other Variances

- H.** The Accumulated Remeasurement Reserve grew by \$2.0 million with improved market values for the College's general investments.

8.0 Net Assets

The Net Asset position of the College provides the basis for its future sustainability; the balance represents the value of investments already made by the College in tangible capital assets, endowments received from donors to support the College mandate, and the internally restricted funds available to the institution to support strategic initiatives, and is comprised of the following:

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total
Net assets, beginning of the year	9.9	57.6	91.8	12.5	171.9
Annual Surplus	13.9	–	–	–	13.9
Endowments					
New donations	(0.4)	–	–	0.4	–
Transfer Endowments	(0.0)	–	–	(0.0)	–
Tangible capital assets					
Internally funded acquisition of tangible capital assets	(1.9)	1.5	0.4	–	–
Amortization of internally funded tangible capital assets	3.6	(3.6)	–	–	–
Net change in investment in capital leased assets	(0.1)	0.1	–	–	–
Operating expenses funded from internally restricted reserves	2.3	–	(2.3)	–	–
Net Board appropriation to internally restricted reserves	(17.6)	–	17.6	–	–
Change in accumulated remeasurement gains	2.0	–	–	–	2.0
Net asset, end of year	11.8	55.6	107.4	13.0	187.8
	6.3%	29.6%	57.2%	6.9%	100.0%
Net assets is comprised of:					
Accumulated surplus	0.0	55.6	107.4	13.0	176.0
Accumulated remeasurement gains	11.8	–	–	–	11.8
Net assets, end of year	11.8	55.6	107.4	13.0	187.8

8.1 Net Asset Components

The largest component (57.2%) of the College's Net Asset balance is internally restricted reserves which has a balance as of June 30, 2021 of \$107.4 million (2020 \$91.8 million). These funds are formally restricted by the Board for spending on strategic initiatives in support of maintaining the College's infrastructure, funding special initiatives to support student learning, financing the College's on-going investments in technology, and supporting the College's fund development initiatives.

During the year, the Board approved \$17.6 million of transfers into internally restricted Net Assets; \$5.9M for infrastructure and faculty initiatives and \$11.7M for special initiatives funds. This transfer was partly offset by \$2.0 million expenditures supporting strategic expenses of both a capital and expense nature.

29.6% of the College's Net Asset balance is investments in tangible capital assets having a balance at year-end of \$55.6 million (2020 \$57.6 million). This balance represents funds previously spent on capital assets, and such funds are therefore not available to support future initiatives.

Endowments of \$13.0 million represent 6.9% of Net Assets (2020 \$12.5 million). Endowments must typically be maintained in perpetuity and income earned on such funds are used exclusively to support specific donor supported initiatives.

The remaining balance (6.3%) represents Accumulated surplus from operations and has a balance of \$11.8 million (2020 \$9.9 million). Most of this balance represents unrealized capital gains on portfolio investments—non endowments. This value fluctuates based on movements in financial markets.

8.2

Net Assets Funding Expenditures in 2020–2021

During the year, the College accessed Net Assets to fund strategic initiatives. \$2.3 million was used to fund expenses (2020 \$5 million). The following provides a summary of the Statement of Operations split between expenditures on strategic initiatives and ongoing business support:

	Ongoing Business		Strategic Initiatives Funded from RNA		Total Expenditures	
	2021	2020	2021	2020	2021	2020
Expenses by Object						
Salaries and benefits	\$ 68.2	\$ 77.6	\$ 0.4	\$ 0.6	\$ 68.5	\$ 78.2
Materials, supplies and services	17.4	19.2	1.9	4.4	19.4	23.6
Maintenance and repairs	2.8	6.1	0.0	–	2.8	6.1
Amortization of capital assets	10.3	10.5	–	–	10.3	10.5
Cost of goods sold	–	0.0	–	–	–	0.0
Scholarship and bursaries	1.0	0.9	–	–	1.0	0.9
Utilities	1.3	1.9	–	–	1.3	1.9
Total	\$ 101.0	\$ 116.3	\$ 2.3	\$ 5.0	\$ 103.3	\$ 121.3
Expenses by Function						
Instructions and training	\$ 37.1	\$ 42.3	\$ –	\$ –	\$ 37.1	\$ 42.3
Academic and student support	24.3	28.7	0.5	0.8	24.8	29.5
Facility operations and maintenance	14.1	18.3	0.0	0.4	14.1	18.7
Institutional support	25.0	26.1	1.8	3.8	26.8	29.9
Ancillary services	0.5	0.9	–	–	0.5	0.9
Total	\$ 101.0	\$ 116.3	\$ 2.3	\$ 5.0	\$ 103.3	\$ 121.3

Key strategic initiatives expenditure funded from Net Assets include:

- Brand Revitalization (\$0.9 million),
- Computer tools ServiceNow (\$0.4 million),
- Pivot Ed project (\$0.3 million),
- Student Information System (\$0.2 million),
- Endowment Strategy Implementation (\$0.1 million).

9.0 Capital Expenditures

During 2020-2021, the net book value of the College's tangible capital assets decreased by \$8.7 million due to net capital expenditures of \$1.6 million being exceeded by amortization of capital assets of \$10.3 million.

	Budget	2021	2020	Budget ▲	YoY ▲
Tangible Capital Assets					
Activity					
Net Capital Expenditures	\$ 6.0	\$ 1.6	\$ 3.9	\$ (4.4)	\$ (2.3)
Amortization	(10.6)	(10.3)	(10.5)	0.2	0.1
Transfer Endowments	-	-	-	-	-
Subtotal	(4.6)	(8.7)	(6.5)	(4.2)	(2.2)
Opening Net Book Value	\$ 267.4	\$ 267.4	\$ 274.0	-	(6.6)
Closing Net Book Value	\$ 262.9	\$ 258.7	\$ 267.4	(4.2)	(8.7)

Net capital expenditures are comprised of \$2.3 million purchase of capital assets (2020 - \$5.4 million) net of decreases in the Work in Progress balance of \$0.7 million (2020 - \$1.5 million). The Work in Progress balance represents expenditures to commission assets prior them being placed in productive service. Net capital expenditures trailed budget by \$4.4 million and was below the prior year by \$2.3 million.

	Budget	2021	2020	Budget ▲	YoY ▲
Net Capital Expenditures					
Purchase of assets	\$ 6.0	\$ 2.3	\$ 5.4	\$ (3.7)	\$ (3.2)
Decrease in Work in Progress	-	(0.7)	(1.5)	(0.7)	0.8
Total Net Capital Expenditures	\$ 6.0	\$ 1.6	\$ 3.9	\$ (4.4)	(2.3)

Purchase of assets by asset type is detailed below:

	Budget	2021	2020	Budget ▲	YoY ▲
Purchase of assets					
Computer Equipment	\$ 4.0	\$ 2.0	\$ 2.2	\$ (2.0)	\$ (0.2)
Furniture and Equipment	1.0	0.1	0.1	(0.9)	0.0
Site Improvements	1.0	0.2	3.2	(0.8)	(3.0)
Educational Resources	-	-	0.0	-	(0.0)
Total Purchase of assets	\$ 6.0	\$ 2.3	\$ 5.4	\$ (3.7)	(3.2)

The delay in the implementation of the Student Information System caused total purchase of assets on computer equipment to trail budget by \$2.0 million. Closure of College facilities also ensured net capital expenditures on furniture and site improvements trailed budget by \$1.7 million in total.

Overall, total purchase of assets for 2020-2021 was below the prior year by \$3.2 million.

10.0

Areas of Significant Financial Risk

The College operates in a complex environment and must deal with a variety of risks that it manages through its integrated enterprise risk management framework. The major risks that can affect the College from a financial perspective are as follows:

A. International Enrolment

Over the past five years, international tuition has become an important source of funding for the College. As anticipated, restrictions to international mobility created by the COVID-19 pandemic reduced the number of international learners attending Bow Valley College in 2020-2021. As recovery from the pandemic continues to be complicated by the emergence of variants, the College anticipates enrolment numbers for international learners will remain low for the foreseeable future. The College will continue to monitor this situation and will take corrective actions to ensure financial stability is maintained.

B. Labour Relations

The province has passed legislation that brings all academic employees under the Labour Relations Code, thereby granting the College's staff associations all the rights and remedies that are granted to unions under the Code, including the right to strike. The College is also required to negotiate essential services agreements for both academic and support staff. These changes will have an impact on future salary negotiations.

C. Investments

Since March 2020, global equity and fixed income markets have completely recovered from their short-lived collapse. This recovery has been achieved with aggressive monetary and fiscal policy; central banks have compressed interest rates through historic quantitative easing programs while governments have increased liquidity with pandemic support measures to both business and consumers. Despite these efforts, both consumer confidence and inflationary fears appear to be tapering.

Although College investments have benefited over 2020-2021, future volatility in the capital market is a definite risk. The College will work with its investments managers to safeguard the assets of the College.

11.0

Self-generated Revenue

Self-generated revenue initiatives are for-profit activities undertaken by the College to help fund its core mandate of delivering job-ready graduates. This revenue is classified under Sale of services and products on the Statement of Operations and is reflected below:

Self-generated revenue	Budget	2021	2020
Academic Contracts	\$3.3	\$3.1	\$5.7
Academic Services	\$1.4	\$0.4	\$1.4
	\$4.7	\$3.5	\$7.1
Other Initiatives	\$4.2	\$1.9	\$2.1
Total	\$8.9	\$5.5	\$9.2

Academic Contracts self-generated revenue includes activities such as provision of educational programs under contracts. Ancillary Services self-generated revenue includes income from parking operations, running the bookstore and the provision of food services. Other initiatives represent revenue generated from not-for-profit activities.

Commercial Enterprises such as land development projects, real-estate deals or running overseas campuses are also considered part of self-generated revenue; the College has not engaged Commercial Enterprises.

Profit and profit-margin on self-generated revenue is outlined below:

Academic Contracts	Budget	2021	2020
Revenue	\$ 2.9	\$ 3.1	\$ 5.5
Expenses	(2.1)	(2.0)	\$(3.4)
Profit	\$0.7	\$1.2	\$2.1
Profit Margin	25.6%	37.7%	38.6%

Ancillary Services	Budget	2021	2020
Revenue	\$ 1.8	\$ 0.4	\$ 1.6
Expenses	(0.2)	(0.2)	(0.6)
Profit	\$1.6	\$0.2	\$1.0
Profit Margin	87.4%	48.4%	64.0%

Self-generated Revenue	Budget	2021	2020
Revenue	\$ 4.7	\$ 3.5	\$ 7.1
Expenses	(2.4)	(2.2)	(3.9)
Profit	\$2.3	\$1.4	\$3.2
Profit Margin	49.4%	38.9%	44.4%

Overall, self-generated revenue on both Academic Contracts and Ancillary Services generated profit of \$1.4 million (2020 - \$ 3.2 million). Profit generated from self-generated Academic Contracts in 2021 amounted to \$1.2 million (2020 \$2.1 million). Profit generated from Ancillary Services in 2021 was \$0.2 million (2020 \$1.0 million). Profit margin decreased from the prior year to 38.9% (2020 – 44.4%) due to the closure of facilities leading to a reduction in higher margin Ancillary Services revenue.

The College outsourced its Ancillary Services some ten years ago. Parking, bookstore and food service activities have very high profit margins as the College receives a cost-free license from vendors providing those services within the College’s facilities. The closure of the College facilities resulted in an evaporation of this high margin revenue source.

Profit margin on Academic Contracts remained consistent with the prior year but overall profit was down on lower levels of revenue.

As reopening initiatives continue, the College remains confident that profit from Ancillary Services will return to pre-pandemic levels. In addition, the College will continue to pursue profitable Academic Contract activities and anticipates revenue will also return to that experienced prior to 2020-2021.

Financial Statements



STATEMENT OF MANAGEMENT RESPONSIBILITY

YEAR ENDED JUNE 30, 2021



The financial statements of Bow Valley College have been prepared by management in accordance with Canadian public sector accounting standards. The financial statements present fairly the financial position of the College as at June 30, 2021 and the results of its operations, changes in net financial assets, remeasurement gains and losses, and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal controls designed to provide reasonable assurance that College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

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

The Board of Governors carries out its responsibilities for review of the financial statements principally through its Audit and Risk Management Council. With the exception of the President and Chief Executive Officer, no members of the Audit and Risk Management Council are employees of the College. The Audit and Risk Management Council meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit and Risk Management Council, with and without the presence of management.

These financial statements have been reported on by the Auditor General of Alberta, the auditor appointed under the *Post-Secondary Learning Act*. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the fairness of the presentation of the information in the financial statements.

[Original signed by]

[Original signed by]

Misheck Mwaba
President and Chief Executive Officer

Catherine Koch
Vice President, Learner Services and Chief Financial Officer

Independent Auditor's Report

To the Board of Governors of Bow Valley College

Report on the Financial Statements

Opinion

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bow Valley College as at June 30, 2021, and the results of its operations, its changes in net financial assets, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

When I read the *Bow Valley College Annual Report*, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance are responsible for overseeing the Bow Valley College's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General
October 27, 2021
Edmonton, AB

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021
(thousands of dollars)



	2021	2020
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 14,207	\$ 9,960
Portfolio investments – non endowment (note 3)	134,519	118,244
Accounts receivable (note 6)	3,309	5,166
	152,035	133,370
Liabilities		
Accounts payable and accrued liabilities	9,796	11,855
Employee future benefit liabilities (note 20)	132	129
Deferred revenue (note 8)	28,935	22,415
Capital lease obligation (note 7)	307	409
	39,170	34,808
Net financial assets excluding portfolio investments restricted for endowments	112,865	98,562
Portfolio investments – restricted for endowments (note 3)	16,708	14,255
Net financial assets	129,573	112,817
Non-financial assets		
Tangible capital assets (note 7)	258,701	267,444
Prepaid expenses	2,276	1,026
	260,977	268,470
Net assets before spent deferred capital contributions	390,550	381,287
Spent deferred capital contributions (note 9)	202,766	209,424
Net assets (note 10)	\$ 187,784	\$ 171,863
Net assets is comprised of:		
Accumulated surplus	\$ 175,986	\$ 162,043
Accumulated remeasurement gains	11,798	9,820
	\$ 187,784	\$ 171,863

Contingent assets and Contractual rights (notes 13 and 15) Contingent liabilities and Contractual obligations (notes 14 and 16)

Approved by the Board of Governors

[Original signed by]

[Original signed by]

Chair, Board of Governors

President and Chief Executive Officer

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

STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



	Budget 2021 (note 22)	2021	2020
Revenues			
Government of Alberta grants (note 18)	\$ 47,914	\$ 49,210	\$ 50,622
Federal and other government grants (note 18)	8,004	7,936	7,677
Sales of services and products	8,860	5,445	9,208
Student tuition and fees	47,656	47,880	52,045
Donations and other contributions	981	1,468	1,447
Investment income (note 5)	1,628	4,921	4,133
	115,044	116,860	125,132
Expenses (note 12)			
Instruction and training	37,009	37,080	42,281
Academic and student support	29,796	24,760	29,462
Facility operations and maintenance	15,916	14,113	18,685
Institutional support	31,226	26,813	29,921
Ancillary services	1,097	536	909
	115,044	103,302	121,258
Annual operating surplus	-	13,558	3,874
Endowment contributions (note 10)	-	385	129
Annual surplus	-	13,943	4,003
Accumulated surplus, beginning of year	162,043	162,043	158,040
Accumulated surplus, end of year (note 10)	\$ 162,043	\$ 175,986	\$ 162,043

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

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



	Budget 2021 (note 22)	2021	2020
Annual surplus	\$ -	\$ 13,943	\$ 4,003
Acquisition of tangible capital assets	(6,000)	(1,598)	(3,943)
Proceeds on sale of tangible capital assets		-	9
Amortization of tangible capital assets	10,555	10,341	10,485
Loss on disposal of tangible capital assets		-	14
Change in prepaid expenses		(1,250)	622
Change in spent deferred capital contributions	(6,712)	(6,658)	(6,619)
Change in accumulated remeasurement (losses) gains		1,978	2,419
Increase in net financial assets	(2,157)	16,756	6,990
Net financial assets, beginning of year	112,817	112,817	105,827
Net financial assets, end of year	\$ 110,660	\$ 129,573	\$ 112,817

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

STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 9,820	\$ 7,401
Unrealized gains attributable to:		
Portfolio investments – non endowment	2,394	3,084
Amounts reclassified to statement of operations:		
Portfolio investments – non endowment	(416)	(665)
Accumulated remeasurement gains, end of year (note 10)	\$ 11,798	\$ 9,820

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

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



	2021	2020
Operating transactions		
Annual surplus	\$ 13,943	\$ 4,003
Add (deduct) non-cash items:		
Amortization of tangible capital assets	10,341	10,485
Gain on disposal of portfolio investments	(416)	(665)
Loss on disposal of tangible capital assets	-	14
Expended capital recognized as revenue	(6,727)	(6,847)
Increase (decrease) in employee future benefits liabilities	3	(82)
Change in non-cash items	3,201	2,905
Decrease in accounts receivable	1,857	820
(Increase) decrease in prepaid expenses	(1,250)	622
(Decrease) increase in accounts payable and accrued liabilities	(2,059)	1,735
Increase (decrease) in deferred revenue	6,520	(2,435)
Cash provided by operating transactions	22,212	7,650
Capital transactions		
Acquisition of tangible capital assets	(1,598)	(3,943)
Proceeds on sale of tangible capital assets	-	9
Cash applied to capital transactions	(1,598)	(3,934)
Investing transactions		
Purchase of portfolio investments	(63,496)	(51,767)
Proceeds on sale of portfolio investments	47,162	39,846
Cash applied to investing transactions	(16,334)	(11,921)
Financing transactions		
Increase (repayment) of capital lease obligation	(102)	(72)
Increase in spent deferred capital contributions, less expended capital recognized as revenue	69	228
Cash provided by (applied to) financing transactions	(33)	156
Increase (decrease) in cash	4,247	(8,049)
Cash, beginning of year	9,960	18,009
Cash, end of year	\$ 14,207	\$ 9,960

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



1. Authority and purpose

The Board of Governors of Bow Valley College is a corporation that manages and operates Bow Valley College ("the College") under the *Post-Secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President and Chief Executive Officer, who is an *ex officio* member. Under the *Post-Secondary Learning Act*, the College is a comprehensive community institution offering mandated credentials and 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 – Canadian Public Sector Accounting Standards (PSAS) and Use of Estimates

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

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The College's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and the revenue recognition for expended capital are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b. Valuation of financial assets and liabilities

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

Financial statement component	Measurement
• Cash	Cost
• Portfolio investments – non endowment	Fair value and amortized cost
• Portfolio investments – restricted for endowments	Fair value and amortized cost
• Accounts receivable	Lower of cost or net recoverable value
• Accounts payable and accrued liabilities	Cost

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and portfolio investments are accounted for using trade-date accounting.

The College does not use foreign currency forward contracts or any other type of derivative instruments for trading or speculative purposes.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the College's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The College does not have any embedded derivatives.

c. Revenue recognition

All revenues are reported on the accrual basis of accounting. Cash received for goods or services not provided by year end is recognized as deferred revenue.

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted government grants and donations are recorded as deferred revenue if the terms for use, or the terms along with the College's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

Government grants without terms for the use of the grant are recognized as revenue when the College is eligible to receive the funds. Unrestricted non-government grants and donations are recorded as revenue in the year received or in the year the funds are committed to the College if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials and tangible capital assets are recognized at fair value when a fair value can be reasonably determined. Transfers of tangible capital assets from related parties are recorded at the carrying value.

While volunteers and College staff contribute a significant amount of time each year to assist the College in carrying out its mission, these contributed services are not recognized in these financial statements because a fair value cannot be reasonably determined.

Grants and donations related to land

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

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

Endowment contributions

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

Investment income

Investment income includes dividends, interest income and realized gains or losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability and is recognized as investment income when the terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use by the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations.

d. Endowments

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. College policy stipulates 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 endowments to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- Encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

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

e. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service. Assets or disposal groups that are classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are accounted for as leased tangible capital assets. Capital lease obligations are recorded at the present value of the future minimum lease payments at the inception of the lease, excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of lease payments is the lower of the College's rate for incremental borrowing or the interest rate implicit in the lease.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

The cost less residual value of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

- Buildings, leasehold and site improvements 3 - 40 years
- Furniture and equipment, computer equipment and software 2 - 10 years
- Learning resources equipment 2 - 3 years

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

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

f. Asset retirement obligations

Asset retirement obligations are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent years, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. At June 30, 2021, the College did not have any asset retirement obligations.

g. Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses. Foreign exchange gains and losses are not significant and are therefore not disclosed separately in the statement of remeasurement gains and losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

h. Employee future benefits

Long-term disability health and pension premiums

Up to December 31, 2014, the College contributed both the employer and employee portion of pension premiums and the employer portion of premiums for the health spending account, dental and extended health account on behalf of employees on long-term disability (LTD) for the duration of their leave or until retirement age. The annual cost and ongoing liability for these benefits are determined by management's estimate based on a present value calculation taking into account the number of employees, the discount rate, the year of employee disability and the retirement age of the employee. Effective January 1, 2015, the College discontinued this practice, although this change does not affect those employees who were receiving LTD prior to 2015.

Notional defined contribution supplementary pension plan (SRP)

The College introduced a notional defined contribution supplementary pension plan (SRP) for its President and Chief Executive Officer. The pension expense for the SRP 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.

Defined benefit plans accounted for on a defined contribution basis

The College participates with other employers in the Management Employees Pension Plan (MEPP) and the Public Service Pension Plan (PSPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the College's participating employees, based on years of service and earnings.

The College does not have sufficient plan information on the MEPP or PSPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for MEPP and PSPP is comprised of employer contributions to the plans 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

i. Liability for contaminated sites

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

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

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

At June 30, 2021, the College does not have any contaminated sites liability.

j. Funds and reserves

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

k. Expense by function

The College uses the following categories of functions for its statement of operations:

Instruction and training

Expenses relating to instruction and training support for the academic functions of the College both directly and indirectly. This function includes expenses incurred by faculties for their scholarly and non-sponsored research activities, in both credit and non-credit courses.

Academic and student support

Includes activities directly relating to the support of the academic functions of the College such as libraries and galleries, as well as expenses for the deans. This category includes functions that support individual students or groups of students, such as student service administration, student recruitment, records and admissions, counselling or career services, social development and recreation, financial aid administration, and any other centralized student support group.

Facility operations and maintenance

Facility operations and maintenance costs includes centralized management of grounds and facilities, and buildings. This function also includes utilities, facility administration, building maintenance, custodial services, landscaping and grounds keeping, and major repairs and renovations. The College maintains service and operating contracts with external vendors for operations and maintenance, security and custodial services of its facilities. Amortization of buildings and capital assets is also included with the exception of those attributable to ancillary services.

Institutional support

Includes expenses for executive management, public relations, alumni relations and development, corporate insurance premiums, corporate finance, human resources and any other centralized college-wide administrative services. This category also includes computing, network and data communication expenses.

Ancillary services

Includes expenses for operations outside of the normal functions of instruction and research such as bookstores, food services and parking services. This also includes amortization directly related to ancillary services. The College maintains service and operating contracts with external vendors for its food services, printing, parking and bookstore operations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



2. Summary of significant accounting policies and reporting practices (continued)

I. Future accounting changes

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

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

In November 2020, PSAB issued PSG-8 Purchased intangibles. This public sector accounting guideline is effective for fiscal years starting on or after April 1, 2023, and early adoption is permitted. Purchased intangibles provides guidance on how to recognize purchased intangibles as non-financial assets. Management has not yet adopted these standards and guideline, and is currently assessing the impact of these new standards and guideline on the financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



3. Portfolio investments

	2021	2020
Portfolio investments – non endowments	\$ 134,519	\$ 118,244
Portfolio investments – restricted for endowments	16,708	14,255
	\$ 151,227	\$ 132,499

The above investments are allocated across asset classes which include Canadian bonds, foreign bonds, equity pooled funds and money market accounts. Canadian bond investment yields ranged from 1.77% to 3.35% (2020 – 1.42% to 4.79%); foreign bond investment yields were 2.65% (2020 – 3.06%); equity pooled fund yields ranged from 0.34% to 2.78% (2020 – 0.47% to 3.55%); and the average annualized effective yields on the money market investments ranged from 0.04% to 0.55% (2020 – 0.11% to 0.73%).

Terms to maturity of fixed income investments are as follows:

- Canadian government, corporate and foreign bonds: – range from less than one year to 30 years;
- Money market funds, short-term notes, and treasury bills: – less than one year.

The primary objective of the College's investment policy is to have an established investment strategy that will preserve capital and achieve growth beyond the rate of inflation, while providing a secure and consistent income flow to meet daily operations, longer-term operating and capital needs, and endowment requirements. The College has a policy and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement.

The College, through two investment advisers, invests primarily in Canadian bonds and pooled investment funds containing Canadian government and corporate bonds, Canadian equities and foreign equities. Management has consulted with its investment advisers regarding the components of its investment portfolio and the College's exposure to derivatives is restricted to holdings in a short-term bond pooled fund in which derivatives represent less than 1% of the total portfolio value.

The College's Audit and Risk Management Council, a subcommittee of the Board of Governors, has delegated authority for oversight of the College's investments. The Audit and Risk Management Council meets regularly to monitor investments, to review investment managers' performance, to ensure compliance with the College's Investment Policy and to evaluate the continued appropriateness of that policy.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



3. Portfolio investments (continued)

The composition of portfolio investments measured at fair value and annual market yields on portfolio investments are as follows:

Portfolio investments at fair value	2021				
	Yield ⁽¹⁾	Level 1	Level 2	Level 3	Total
Bonds					
Pooled investment funds – Canadian government and corporate bonds	2.24%	\$ -	\$ 72,319	\$ -	\$ 72,319
Pooled investment funds – Foreign Bonds	2.65%	-	1,721	-	1,721
Equities					
Pooled investment funds – Canadian equity	1.81%	-	17,860	-	17,860
Pooled investment funds – Foreign equity	1.64%	-	33,561	-	33,561
Other					
Money market funds, short-term notes, treasury bills	0.25%	25,766	-	-	25,766
Total portfolio investments		\$ 25,766	\$ 125,461	\$ -	\$ 151,227

Portfolio investments at fair value	2020				
	Yield ⁽¹⁾	Level 1	Level 2	Level 3	Total
Bonds					
Pooled investment funds – Canadian government and corporate bonds	2.11%	\$ -	\$ 66,651	\$ -	\$ 66,651
Pooled investment funds – Foreign Bonds	3.06%	-	1,889	-	1,889
Equities					
Pooled investment funds – Canadian equity	2.13%	-	12,461	-	12,461
Pooled investment funds – Foreign equity	1.95%	-	26,784	-	26,784
Other					
Money market funds, short-term notes, treasury bills	0.39%	24,714	-	-	24,714
Total portfolio investments		\$ 24,714	\$ 107,785	\$ -	\$ 132,499

The fair value measurements are those derived from:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – Valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

(1) "Yield" is calculated as annual cash returns generated by Portfolio investments divided by the fair value of those investments at year end.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



4. Financial risk management

The College is exposed to the following risks:

Market price risk

The College is exposed to market price risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. To manage this risk, the College has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits and is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.

The College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The following details the College's portfolio sensitivity to a 4.87% increase or decrease in market prices. The sensitivity rate is determined by the College's investment advisers using the historical annualized standard deviation for the total endowment fund over a four-year period. At June 30, 2021, if market prices had a 4.87% (2020 – 6.86%) increase or decrease, with all other variables held constant, the increase or decrease in remeasurement gains and losses and endowment net assets for the year would have been \$6,104 (2020 - \$7,393).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College does not invest in investments or pooled funds denominated in foreign currencies. The College's exposure to foreign currency risk is very low due to minimal business activities conducted in a foreign currency.

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College maintains a short-term line of credit that is designed to ensure that funds are available to meet current and forecasted financial requirements in the most cost-effective manner. At June 30, 2021, the College had committed borrowing facilities of \$15,000 (2020 - \$4,000), none of which has been drawn.

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 College's facilities. To mitigate this risk, the College has entered into contracts to fix the price for electricity and natural gas (note 16).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



4. Financial risk management (continued)

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the College. The College is exposed to credit risk on investments and has established its Investment Policy with required minimum credit quality standards and issuer limits to manage this risk. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The credit ratings for investments held are as follows:

	2021	2020
AAA	22%	30%
AA	36%	31%
A	22%	21%
BBB	20%	18%
Below BBB	0%	0%
	100%	100%

Interest rate risk

Interest rate risk is the risk to the College's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by the College's Investment Policy that limits the term to maturity of certain fixed income securities that the College holds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to the College would be approximately \$5,570 (2020 - \$5,368).

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

Asset class	< 1 year	1-5 years	>5 years	Average effective market yield
Cash and cash equivalents	100%	0%	0%	0.25%
Portfolio investments, fixed income	1%	10%	89%	1.81%

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



5. Investment income

	2021	2020
Portfolio investments – non endowment	\$ 4,921	\$ 4,148
Portfolio investments – restricted for endowments	809	832
	5,729	4,980
Deferred	(809)	(847)
	\$ 4,921	\$ 4,133

6. Accounts receivable

	2021	2020
Accounts receivable	\$ 560	\$ 990
Other receivables	3,102	4,534
Less: Allowance for doubtful accounts	(353)	(358)
Balance, end of the year	\$ 3,309	\$ 5,166

Accounts receivable are unsecured and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



7. Tangible capital assets

	2021					2020
	Buildings, leasehold, and site improvements	Furniture and equipment, computer equipment and software	Learning resources equipment	Land	Total	Total
Cost						
Beginning of year	\$ 294,389	\$ 29,964	\$ 785	\$ 36,626	\$ 361,764	\$ 357,866
Acquisitions	56	1,542	-	-	1,598	3,943
Disposals	-	(1)	-	-	(1)	(45)
	294,445	31,505	785	36,626	363,361	361,764
Accumulated amortization						
Beginning of year	70,724	22,940	656	-	94,320	83,857
Amortization expense	7,905	2,364	72	-	10,341	10,485
Disposals	-	(1)	-	-	(1)	(22)
	78,629	25,303	728	-	104,660	94,320
Net book value at June 30, 2021	\$ 215,816	\$ 6,202	\$ 57	\$ 36,626	\$ 258,701	
Net book value at June 30, 2020	\$ 223,665	\$ 7,024	\$ 129	\$ 36,626		\$ 267,444

Included in Buildings, leasehold, and site improvements and Furniture and equipment, computer equipment, and software is work in progress of \$397 (2020 - \$1,085).

The College has multi-function print devices financed with a capital lease. The original present value of the capital lease obligation was \$533 and the related accumulated amortization on this equipment is \$240. At year end, the capital lease obligation owing was \$307 (2020 - \$409).

The College holds a collection of works of art including paintings, sculptures and photographs. Given the subjective nature of these assets, the values are not reported in this note.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



8. Deferred revenue

Deferred revenue is comprised of unspent externally restricted grants and donations, unspent deferred capital contributions, prepaid tuition and other fees. Deferred revenues are set aside for specific purposes as required by legislation, regulation or agreement.

	2021				2020
	Unspent externally restricted grants and donations	Unspent deferred capital contributions	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 5,737	\$ 1,757	\$ 14,921	\$ 22,415	\$ 24,850
Grants, tuitions, contract revenue, donations, and other fees received	6,236	987	22,557	29,780	27,920
Investment income					
Realized gains	809	-	-	809	847
Unrealized gains (losses)	1,420	-	-	1,420	(440)
Transfers to spent deferred capital contributions	(69)	-	-	(69)	(228)
Recognized as revenue	(6,367)	(102)	(18,951)	(25,420)	(30,534)
Balance, end of year	\$ 7,766	\$ 2,642	\$ 18,527	\$ 28,935	\$ 22,415

9. Spent deferred capital contributions

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

	2021	2020
Balance, beginning of year	\$ 209,424	\$ 216,043
Transfers from unspent externally restricted grants and donations	69	228
Expended capital recognized as revenue	(6,727)	(6,847)
Balance, end of year	\$ 202,766	\$ 209,424

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



10. Net assets

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus (note 11)	Endowment	Total
Net assets at June 30, 2019	\$ 7,441	\$ 57,485	\$ 90,892	\$ 9,623	\$ 165,441
Annual surplus	3,971	-	32	-	4,003
Endowments					
New donations	(129)	-	-	129	-
Transfer to endowments	-	-	(2,780)	2,780	-
Tangible capital assets					
Internally funded acquisition of tangible capital assets	(2,801)	3,669	(868)	-	-
Amortization of internally funded tangible capital assets	3,615	(3,615)	-	-	-
Net change in investment in capital leased assets	(72)	72	-	-	-
Operating expenses funded from internally restricted reserves	4,984	-	(4,984)	-	-
Net Board appropriation to internally restricted reserves	(9,500)	-	9,500	-	-
Change in accumulated remeasurement gains	2,419	-	-	-	2,419
Net assets, beginning of year	9,928	57,611	91,792	12,532	171,863
Annual surplus	13,943	-	-	-	13,943
Endowments					
New donations	(385)	-	-	385	-
Transfer to endowments	(40)	-	-	40	-
Tangible capital assets					
Internally funded acquisition of tangible capital assets	(1,880)	1,528	352	-	-
Amortization of internally funded tangible capital assets	3,612	(3,612)	-	-	-
Net change in investment in capital leased assets	(102)	102	-	-	-
Operating expenses funded from internally restricted reserves	2,362	-	(2,362)	-	-
Net Board appropriation to internally restricted reserves	(17,572)	-	17,572	-	-
Change in accumulated remeasurement gains	1,978	-	-	-	1,978
Net assets, end of year	\$ 11,844	\$ 55,629	\$ 107,354	\$ 12,957	\$ 187,784
Net assets is comprised of:					
Accumulated surplus	\$ 46	\$ 55,629	\$ 107,354	\$ 12,957	\$ 175,986
Accumulated remeasurement gains	11,798	-	-	-	11,798
	\$ 11,844	\$ 55,629	\$ 107,354	\$ 12,957	\$ 187,784

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



11. Internally restricted surplus

Internally restricted surplus 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 surplus with significant balances include:

	2021				Balance, end of year
	Balance, beginning of year	Net Board appropriation from accumulated surplus		Disbursements	
		Inflows	Transfers		
Appropriation for capital activities					
Facilities infrastructure improvements	\$ 62,496	\$ 5,857	\$ -	\$ (17)	\$ 68,336
Appropriation for operating activities					
Special initiatives fund	10,968	\$ 11,715	1,982	(1,344)	23,321
College technology plan	12,092	-	-	(334)	11,758
Fund development plan	6,236	-	(1,982)	(315)	3,939
	\$ 91,792	\$ 17,572	\$ -	\$ (2,010)	\$ 107,354

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



12. Expense by object

The College uses functional expense categories for its statement of operations. These functional expenses categories can also be expressed in terms of the following object categories:

	Budget 2021 (note 22)	2021	2020
Salaries and benefits	\$ 70,666	\$ 68,529	\$ 78,222
Materials, supplies and services	24,324	19,358	23,586
Maintenance and repairs	6,911	2,798	6,111
Amortization of capital assets	10,555	10,341	10,485
Cost of goods sold	3	-	7
Scholarships and bursaries	772	991	926
Utilities	1,813	1,285	1,921
	\$ 115,044	\$ 103,302	\$ 121,258

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



13. Contingent assets

At June 30, 2021, the College had no outstanding legal matters or insurance claims where possible assets are being sought. Such matters can give rise to contingent assets and the outcomes from these matters will result in recognition of assets when settled.

14. Contingent liabilities

- a) The College, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably determined at this time, the College believes that any settlement will not have a material adverse effect on the College's financial position or operations. Based on legal advice, management has concluded that none of the claims meet the criteria for recording an accrued liability under Canadian public sector accounting standards. At June 30, 2021, the College recorded no contingent liabilities associated with legal proceedings.
- b) The College has identified a potential liability related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the College may be required to take appropriate remediation procedures to remove the asbestos. The College has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk. The asset retirement obligations for these assets will be recorded in the year in which there is certainty that the renovation or demolition project will proceed and there is sufficient information to estimate the fair value of the obligation. At June 30, 2021, the College recorded no contingent liabilities associated with asset retirement obligations.
- c) The College's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the environmental liabilities will be accrued in the year in which they are assessed as likely and measurable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



15. Contractual rights

Contractual rights are rights of the College to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	2021		Total
	Service contracts	Operating leases	
Fiscal year:			
2022	\$ 1,167	\$ 380	\$ 1,547
2023	32	364	396
2024	-	351	351
2025	-	291	291
2026	-	151	151
Thereafter	-	102	102
Total at June 30, 2021	\$ 1,199	\$ 1,639	\$ 2,838
Total at June 30, 2020	\$ 1,463	\$ 2,992	\$ 4,455

16. Contractual obligations

- a) The College has contractual obligations that are commitments that will result in both liabilities and expenses in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	2021			Total
	Service Contracts	Information systems and technology	Long-term leases	
Fiscal year:				
2022	\$ 3,133	\$ 1,157	\$ 169	\$ 4,459
2023	2,124	1,104	35	3,263
2024	1,392	1,077	5	2,474
2025	1,273	576	-	1,849
2026	1,182	417	-	1,599
Thereafter	-	988	-	988
Total at June 30, 2021	\$ 9,104	\$ 5,319	\$ 209	\$ 14,632
Total at June 30, 2020	\$ 5,960	\$ 6,278	\$ 346	\$ 12,584

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



- b) At April 1, 2019, the College entered into a capital lease obligation for multi-function print devices. The lease term will expire in March 2024.
- c) To manage its exposure to the volatility in electricity price, the Board of Governors has entered into contracts to fix its energy cost between January 2020 and December 2023 at \$0.05070/kWh.
- d) To manage its exposure to the volatility in natural gas price, the Board of Governors has entered into contracts to fix its energy cost between November 2019 and October 2022 at \$2.06/GJ.

17. Related parties

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

During the year, the College occupied space from a related party on an operating cost recovery basis. As well, certain related entities occupied space from the College. These costs and related revenues are recorded at carrying values that differ from values that would have been recorded if the parties were at arm's length.

The College has entered into transactions with an external vendor, where an executive of that organization is a Board member of Bow Valley College. All transactions between the College and that vendor are with normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



18. Government transfers

	2021	2020
Grants from Government of Alberta:		
Advanced Education:		
Operating	\$ 39,391	\$ 39,314
Health Workforce Action Plan	1,176	1,176
Infrastructure Maintenance grant	987	-
Other learner support grants	1,869	1,664
Total Advanced Education	\$ 43,423	\$ 42,154
Total contributions received	43,423	42,154
Add: Amortization of deferred capital contributions	6,727	6,847
Deferred revenue	(940)	1,621
	\$ 49,210	\$ 50,622
Accounts receivable:		
Other Government of Alberta departments and agencies	\$ 272	\$ 1,039
Other Post-secondary institutions	2	302
	\$ 274	\$ 1,341
Accounts payable:		
Other Government of Alberta departments and agencies	\$ 111	\$ 35
Other Post-secondary institutions	-	-
	\$ 111	\$ 35
Federal and other government grants:		
Contributions received	\$ 9,068	\$ 8,480
Less: deferred revenue	(1,132)	(803)
Revenue	\$ 7,936	\$ 7,677

During the year, the College conducted business transactions with related parties, including ministries of the Province of Alberta and other public colleges. The revenue earned from these business transactions amounts to \$2,826 (2020 - \$4,827) and is included in these financial statements. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market values.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



19. Salary and employee benefits

	2021				2020
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	10	-	10	5
	-	10	-	10	5
Executive					
President and Chief Executive Officer ⁽⁵⁾⁽⁶⁾	177	16	34	227	-
President and Chief Executive Officer ⁽⁵⁾ (former)	39	33	5	77	365
Vice President, Academic and Chief Learning Officer (Interim)	135	-	7	142	-
Vice President, Academic and Chief Learning Officer (former) ⁽⁵⁾	67	-	16	83	243
Vice President, Learner Services and Chief Financial Officer	203	13	32	248	246
Vice President, External	207	-	30	237	237
Vice President, Strategy and Chief Information Officer	203	-	31	234	242
Associate Vice President, Human Resources	196	24	30	250	224
	\$ 1,227	\$ 96	\$ 185	\$ 1,508	\$ 1,562

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include payments in lieu of pension and vacation leave payouts.

(3) Other non-cash benefits include College's 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 death and dismemberment insurance, long and short-term disability plan, Employment Insurance, Canada Pension Plan, Workers' Compensation, car allowance and fair market value of parking benefits.

(4) The majority of board members do not accept honoraria from the College. Waived honoraria have been contributed to endowments and deferred donations.

(5) The President and Chief Executive Officer (former) resigned her position effective August 2020. The incoming President was promoted from his role as Vice President, Academic and Chief Learning Officer in November 2020.

(6) Under the terms of the notional defined contribution supplementary retirement plan (SRP), the President and Chief Executive Officer may receive supplemental 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 shown reflect the total estimated cost to provide annual pension income over an actuarially determined post-employment period. SRP 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 (note 20(b)).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



20. Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2021	2020
Long-term disability health and pension premiums	\$ 120	\$ 129
Notional defined contribution supplementary retirement plan	12	-
	\$ 132	\$ 129

a) Long-term disability health and pension premiums

	2021	2020
Expenses		
Current service cost	\$ -	\$ -
Less: Previous service costs recognized	(9)	(82)
Net current service cost	(9)	(82)
Financial position		
Accrued benefit obligation		
Beginning of year	129	211
Net current service cost	(9)	(82)
Balance, end of year	\$ 120	\$ 129

Significant management assumptions used to measure the accrued benefit obligation for the LTD health and pension premiums are as follows:

	2021	2020
Average inflation rate	2.10 %	2.10 %
Average discount rate	3.00 %	3.00 %

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(thousands of dollars)



20. Employee future benefit liabilities (continued)

b) Notional defined contribution supplementary retirement plan (SRP)

The expense and financial position of the Notional defined contribution supplementary retirement plan are as follows:

	2021	2020
Expense		
Current service cost	\$ 12	\$ -
Amortization of past service cost	-	-
Total Expense	\$ 12	-
Financial position		
Accrued benefit obligation		
Beginning of year	\$ -	\$ -
Current service cost	12	-
Balance, end of year	\$ 12	\$ -
Plan assets	\$ -	\$ -
Plan deficit	\$ 12	\$ -
Unamortized past service cost	\$ 12	\$ -
Accrued benefit liability	\$ 12	\$ -

The College plans to use its working capital to finance these future obligations.

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

	2021	2020
Accrued benefit obligation:		
Discount rate	1.13 %	-
Long-term, average compensation increase	0.00 %	-
Benefit cost:		
Average Wage Inflation	3.00 %	-
Alberta inflation (long-term)	2.00 %	-
Estimated average remaining service life	4.33 years	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



20. Employee future benefit liabilities (continued)

c) Defined benefit plans accounted for on a defined contribution basis

The College participates with other employers in the Management Employees Pension Plan (MEPP) and the Public Service Pension Plan (PSPP).

Management Employees Pension Plan (MEPP)

MEPP is a multi-employer contributory defined benefit pension plan for eligible management employees of the Province of Alberta, approved provincial agencies and public bodies. The pension expense recorded in these financial statements is \$549 (2020 - \$716).

At December 31, 2020, the MEPP reported an actuarial surplus of \$809,850 (2019 - \$1,008,135). In accordance with the Public Sector Pension Plans Act, the actuarial surplus or deficit is determined by an actuarial funding valuation performed at a minimum of every three years. The actuarial funding valuation of the MEPP took place on December 31, 2018.

For the calendar year ended December 31, 2019, MEPP reported employer contributions of \$78,167 (2019 - \$108,615). For the calendar year ended December 31, 2020, the College's employer contributions to the MEPP were \$581 (2019 - \$703). Other than the requirement to make additional contributions, the College does not bear any risk related to any MEPP deficiency.

Public Service Pension Plan (PSPP)

PSPP is a multi-employer contributory defined benefit pension plan for faculty, exempt and support staff members. The pension expense recorded in these financial statements is \$4,890 (2020 - \$5,155).

An actuarial valuation of the PSPP was carried out at December 31, 2019 and was then extrapolated to December 31, 2020. At December 31, 2020, the PSPP reported an actuarial surplus of \$2,223,582 (2019 - actuarial surplus of \$2,759,320).

For the calendar year ended December 31, 2020, PSPP reported employer contributions of \$323,497 (2019 - \$323,894). For the calendar year ended December 31, 2020, the College's employer contributions were \$5,060 (2019 - \$5,086). Other than the requirement to make additional contributions, the College does not bear any risk related to any PSPP deficiency.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(thousands of dollars)



21. Funds held on behalf of others

The College holds the following funds on behalf of others over which the Board has no power of appropriation.

	2021	2020
Bow Valley College Students' Association	\$ 2	\$ 2
Other	35	9
	\$ 37	\$ 11

22. Budget figures

Budgeted figures have been provided for comparison purposes and have been derived from the 2020-2023 Operational Budget, Capital Plan, and Savings Plan Submission to the Ministry of Advanced Education as approved by the Board of Governors.

23. Impact of COVID pandemic

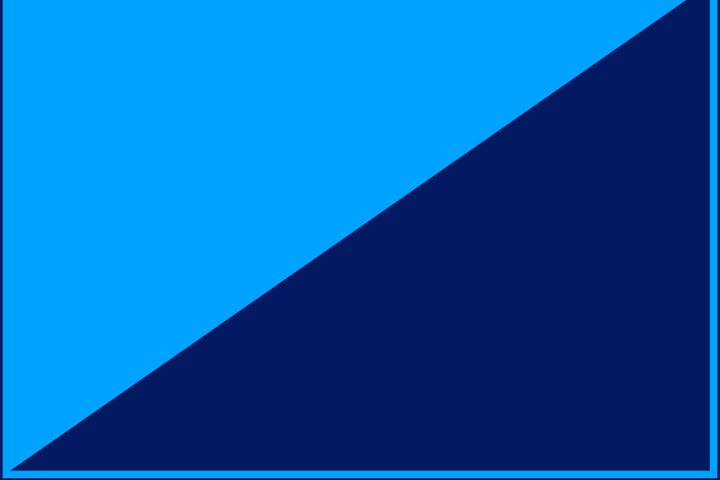
The COVID-19 pandemic continues to cause material disruption to the College by causing the temporary closure of buildings on campus, the temporary lay-off of staff who are not able to work remotely and by creating an overall economic slowdown across Alberta and the rest of the world. Bow Valley College continues to assess and monitor the impact of COVID-19 on its financial condition, including the likelihood of decreased revenues and increased expenditures as a direct result of this crisis. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the College's financial position and operations.

24. Comparative figures

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

25. Approval of financial statements

The financial statements were approved by the Board of Governors of Bow Valley College.



Bow Valley College
345 – 6 Avenue SE
Calgary, Alberta T2G 4V1

403-410-1402

info@bowvalleycollege.ca

bowvalleycollege.ca

 @BowValley

 @BowValley

 @BowValleyCollege

 @BowValleyCollege

