



ANNUAL REPORT

2015-16



CONTENTS

| | |
|---|----|
| Mission Statement | 5 |
| Vision Statement | 5 |
| Executive Summary | 7 |
| Board of Governors | 8 |
| Board of Governors' Message | 8 |
| Accountability Statement | 9 |
| Executive Committee | 10 |
| President's Message | 11 |
| Our Mandate | 13 |
| Go Figure - Portage By Numbers | 14 |
| Public Interest Disclosure (Whistleblower Protection) Act | 15 |
| Operational Overview | 16 |
| Goals, Priority Initiatives, Expected Outcomes and Performance Measures | 20 |
| Internationalization | 40 |
| Information Technology | 41 |
| Capital Plan | 43 |
| Our Valued Partners | 46 |
| 2015-2016 Supporters and Friends of Portage College | 48 |
| Management's Discussion and Analysis of Financial Statements | 50 |
| Portage College Consolidated Financial Statements | 59 |
| Auditor's Report | 60 |





OUR MISSION:

Portage College provides education, training and services to facilitate learning and development of knowledgeable, skilled citizens in a caring, supportive and dynamic college environment.

OUR VISION:

Building success by delivering exceptional learning experiences.



EXECUTIVE SUMMARY

Portage College is a public, board-governed college operating as a Comprehensive Community Institution under the authority of the Post-secondary Learning Act of Alberta. The College operated seven campuses in 2015-2016.

Our mission statement highlights that the College “provides education, training and services to facilitate learning and development of knowledgeable, skilled citizens in a caring, supportive and dynamic college environment.” Our vision statement is “building success by delivering exceptional learning experiences.”

Portage provided continuing education, ad-hoc training, certificate, diploma and degree opportunities to 3,808 students in 2015-2016, 32% of them Indigenous. We added Artisan Entrepreneurship Diploma and Pre-Employment Heavy Equipment Technician to our suite of programs and developed a Hairstyling Certificate program (with 1,500 hours of training) to be offered in 2016-2017.

The College completed construction of a business incubation and meeting centre and officially opened an events centre as part of the Food Sciences Centre in St. Paul in 2015-2016. We also started construction on a new \$800,000 Hairstyling Lab at our Lac La Biche Campus and continued to develop our Boyle Campus, site of our Heavy Equipment Operator program and future proposed site of a pipeline processing loop. We continued to partner and consult with industry, municipalities, students and our Indigenous populations to ensure that our programs and services are meeting the needs of our region and the province.

For the fiscal year ended June 30, 2016, the College posted an operating surplus of \$652,000, due mainly to operating dollars set aside for the new Hairstyling Lab. The College is facing significant cost pressures with very little money remaining in net assets. Portage has eliminated 18% of its workforce and cut \$7.3 million in order to balance budgets in the past five years. The trending is not positive for future viability of our institution without additional funding from the Government of Alberta.

Enrolment increased for the second year in a row, from 809 full-load equivalents in 2014-2015 to 874 in 2015-2016. Student satisfaction remained high in 2015-2016, with 90% of our students indicating that they would recommend Portage College to others. This represents a five-year high score. Graduates continued to find employment despite a tough economy, with 81% of the Class of 2014-2015 working. 100% of employers surveyed would recommend Portage College graduates to other employers.

BOARD OF GOVERNORS' MESSAGE

On behalf of my dedicated colleagues on the Board of Governors, it is my privilege to present Portage College's 2015-2016 Annual Report. The document captures the many accomplishments of our students, faculty, staff and partners in the past academic year. It also highlights our institution's continued progress towards achieving the goals outlined in the 2015-2018 Comprehensive Institutional Plan. We continued our longstanding tradition of focusing on students first and providing them with the education and support they require to achieve their goals.

The Board of Governors stands for the Portage Service Region as a whole. We have the responsibility to balance community-based or personal interests with institutional goals and objectives meant to serve the entire region. We strive for accountability, transparency and sound business-decision processes and are effective in shaping a long-term vision for the College. We build bridges, not silos. We are a financially well-managed institution, submitting balanced budgets while pursuing partnerships to help fund new programs and capital projects.

Our philosophy of providing regional access to high quality education and workforce training to our diverse population of more than 85,000 people continues to reap rewards for our students and the communities and province we serve. Our graduate and employer survey results remain very good, even during times of economic strife. An impressive 81% of the Class of 2014-2015 was working six months after convocation, while 32% was pursuing further education, the second-highest percentage ever recorded on a Portage College Graduate Survey. Additionally, 99% of employers surveyed indicated they would hire another Portage graduate while 95% believe that Portage graduates are on equal or better footing than graduates from other post-secondary institutions.

Our vision statement is "building success by delivering exceptional learning experiences." Thanks to the support of the Government of Alberta, our valued donors and partners, and the continuing dedication of our employees and members of the Board of Governors, we have been able to deliver on that promise. It is through everyone's hard work and engagement that we will achieve the full potential of our service region and provide our students with the exceptional learning experience that they so richly deserve.

Sincerely yours,

[original signed by Ray Danyluk]

Ray Danyluk
Chair, Portage College Board of Governors

BOARD OF GOVERNORS (July 1, 2015 to June 30, 2016)

PUBLIC MEMBERS

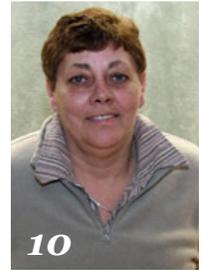
1. Ray Danyluk
Board Chair
2. Danny Smaiel
Deputy Chair
(term ended October 2, 2015)
3. Roy Ripkens
Deputy Chair
4. Michelle Wright
Deputy Chair
5. Stan Delorme
6. Leighton Grey, Q.C.
7. Gayle Desmeules
(effective July 23, 2014)
8. Darryl Shott
9. Darrell Younghans
(term ended October 2, 2015)

PORTAGE MEMBERS

10. Fran Stewart
Faculty Member
(term ended January 29, 2016)
11. Lyla Allan
Faculty Member
(effective January 26, 2016)
12. Darren Pratch
Staff Member
13. Meghan Eigler
Student Member
(term ended March 15, 2016)
14. Brennan Noble
Student Member
(effective May 12, 2016)
15. Dr. Trent Keough
President and CEO

BOARD OF GOVERNORS

July 1, 2015 - June 30, 2016



ACCOUNTABILITY STATEMENT

The Portage College Annual Report for the year ended June 30, 2016 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 Ray Danyluk]

Ray Danyluk
Chair, Board of Governors, Portage College

EXECUTIVE COMMITTEE

JULY 1, 2015 - JUNE 30, 2016

- Dr. Trent Keough, President & CEO
- Marderé Birkill, Vice President Academic (term ended on February 29, 2016)
- Nancy Broadbent, Executive Vice President Academic (effective February 22, 2016)
- Tracy Boyde, Vice President Infrastructure & Information Technology
- Dale Mountain, Chief Financial Officer
- Bev Moghrabi, Associate Vice President Student Services and Registrar
- Guy Gervais, Associate Vice President Academic
- Carrie Froehler, Director Human Resources

PRESIDENT'S MESSAGE

2016 marked 10 years that I have been at Portage College, the last six as president and CEO. During that time, I have been privileged to witness firsthand the dedication and spirit of our employees, our Board of Governors, our partners and our communities. This past academic year was no exception. In a year of financial challenges and restructuring, there were countless instances of students, faculty, staff, board members and our partners doing extraordinary things.

During the Wood Buffalo wildfires, like many others, the employees of Portage College stepped up to help, opening their wallets, their homes to family, friends and even complete strangers. The College provided housing and food for 131 displaced residents of Fort McMurray at our residences in Lac La Biche, Boyle and St. Paul and also provided office space for government workers and staff of Keyano College. I am grateful for and respectful of the many Portage staff and students who volunteered at emergency centres in Cold Lake, St. Paul, Boyle and Lac La Biche and those who helped local businesses stock shelves during the height of the crisis.

Nothing epitomizes the community spirit of our staff and students like the Spirit of Portage Award. Started by College employees in 2014-2015, this self-funded scholarship is awarded to students who work to build a positive atmosphere of trust and mutual respect with classmates, help others to achieve results and serve as models for collaboration and enthusiasm. Last year, staff raised an astounding \$8,646 for the award. In addition, the Board of Governors decided not to hold a Board Gala in 2015-2016, and instead directed \$5,000 towards the award. Their efforts will help to ensure that this award continues to be handed out to worthy students for years to come.

The Spirit of Portage scholarship was hardly the only instance of the College doing extraordinary things in 2015-2016:

- Thanks to generous donors, the College and Access to the Future funding, Portage students received \$402,280 in bursaries and scholarships last academic year. This was the most money available to students since 2012.
- Portage College was one of the first institutions to step forward to participate in the new program review process initiated by the College of Licensed Practical Nurses of Alberta. Thanks to the great work of our nursing faculty and the Dean of Health and Wellness, our Practical Nurse diploma program received a four-year accreditation renewal.
- Similarly, our Emergency Medical Technician and Paramedic programs received two-year renewal accreditations from the Canadian Medical Association.
- The Town of St. Paul and Portage hosted the Alberta Colleges Athletic Conference (ACAC) curling championships Feb. 26-28, 2016. The College's Athletics Director, Culinary Arts students and many volunteers all helped make the event a big success.

Our students continued to achieve new milestones in 2015-2016 as well:

- For the second year in a row, 100% of our 3rd Period Welding students passed their journeyman exam.
- 98% of our 4th Class Power Engineering students passed their Part A exam.
- The Portage College Voyageurs men's hockey team improved by 21 points over the previous year, barely missing a spot in the playoffs. First-year player R.T. Rice was named the ACAC rookie of the year.
- Three students from our Native Arts and Culture program had their arts and crafts displayed at the Alberta Craft Council Discovery Gallery in Edmonton. Morgwn Martin, Jamie John-Kehewin and Amber Weasel Head's works were featured as part of Carrying On, an exhibition focusing on colourful bags, pouches and other containers created by Alberta Indigenous artists. One of the other artists featured in the show, Melissa-Jo Belcourt Moses, is also an alumnus of the College.

Congratulations and a heartfelt thank you to all Portage College personnel, our Board of Governors, and to our industry and community stakeholders for their continued contributions to our students' success. Your support is greatly appreciated.

To our students, thank you for discovering the north and for giving us the opportunity to serve your education and training needs – you will always be Voyageurs! We look forward to seeing you again and wish you the very best in all your future endeavours.

Sincerely yours,

[original signed by Dr. Trent Keough]

Dr. Trent Keough
President & CEO, Portage College



OUR MANDATE

APPROVED BY MINISTER OF INNOVATION AND ADVANCED EDUCATION JUNE 12, 2014

Portage College is a public, board-governed college operating as a Comprehensive Community Institution under the authority of the PSLA of Alberta. Portage College has campus locations in Lac La Biche, Cold Lake, St. Paul, Bonnyville*, Frog Lake, Saddle Lake, Boyle, and Whitefish Lake.

In addition to delivering Apprenticeship Trades Training, Portage College offers certificate and diploma programs in diverse areas, including Forestry, Natural Resources, Business, Pre-Hospital Care, Health and Wellness, Culinary Arts, Human Services, Native Arts and Culture, University Studies, and Power Engineering. The College also offers academic upgrading, pre-employment trades training, continuing education credit and non-credit courses, and cost recovery customized training programs.

Portage College encourages applied research focusing on improvement of rural education and supports scholarly activity strengthening our understanding of rural communities. College personnel model established ethical principles guiding all research involving human subjects. College students' community-based and applied research practices adhere to the same code of respectful engagement. Portage College embraces every opportunity to collaborate with communities when conducting research identifying economic development and learning needs.

As a member of Campus Alberta, Portage College works with eCampusAlberta, and Community Adult Learning Councils to make the broadest selection of education and training available in the region. Portage College expands its program offerings through articulation and transfer agreements, program delivery collaborations, brokering arrangements, and strategic partnerships.

As a Comprehensive Community Institution, Portage College stewards adult education and training offerings in its geographic service region in alignment with the strategic planning initiatives of the Government of Alberta. Portage College undertakes in-depth consultation with all of its community stakeholders, including community adult learning providers, school districts, current and past students, service and industry employers, Program Content Advisory Committees, and municipal and Indigenous leaders.

Portage College excels in designing and delivering programs responding to the learning needs of students and local employers. Portage programs utilize leading-edge learning technologies and are offered in multiple instructional modalities, including traditional face-to-face, off-site video-conferencing, and distributed self-paced learning. The College's blended learning offerings, mobile trades training units, outreach programming, and service to small cohorts demonstrate its ability to make both instruction and learning supports readily available to students at times and places convenient to them. The College offers learning assistance programs and dedicated learner support services addressing the needs of disadvantaged learners.

Portage College works to maximize learning opportunities that support the economic growth and human development needs of diverse northeast communities. A focus on community-based learning enables the College to partner with municipalities, First Nations Reserves, Métis Settlements, and school divisions for the provision of access to learning and recreation facilities, counseling, and library services. Portage College values collaboration and community-based volunteerism supporting quality learning and life opportunities in rural Alberta.

Portage College provides education and employment training programs that instill a passion for lifelong learning, promote personal wellness, develop appreciation for cultural diversity, and inspire social engagement.

**NB Subsequent to this mandate being approved by the Minister of Advanced Education, the College closed its Bonnyville campus.*

GO FIGURE

PORTAGE BY THE NUMBERS



STUDENT NUMBERS

3,808

Number of students registered in credit, ad hoc or continuing education programming at Portage College in 2015-2016.

2,203

Number of students attending part-time at Portage College in 2015-2016 (this represents 58% of all students).

1,626

Number of fall applications to Portage College in 2015-2016 (credit programs).

1,605

Number of students attending full-time at Portage College in 2015-2016 (this represents 42% of all students).

1,238

Number of Indigenous students served on and off reserve by Portage College in 2015-2016 (this represents 32% of all students).

100

Percentage of 3rd Period Welding students who passed their journeyman exam.

98

Percentage of Portage College 4th Class Power Engineering students who passed their Part A Exam

74

Percentage of Portage College graduates working in training-related jobs six months after graduation.

47

Percentage of Portage College's market share in its service region in 2015-2016. Highest in the past four years.



FINANCIAL NUMBERS

36.7 mil

Portage College 2015-2016 operating expenditures.

402,280

Amount of scholarship, bursary and award money available to Portage College students in 2015-2016. This includes Access to the Future funding.



OPERATING NUMBERS

81

Number of industry, municipal, post-secondary and governmental partnerships with the College in 2015-2016.

27

Number of Alberta communities where Portage College provided ad-hoc training in 2015-2016.

7

Number of communities where Portage College operated a campus in 2015-2016.

PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

Under the Public Interest Disclosure (Whistleblower Protection) Act, public entities including post-secondary institutions are required to publish in their annual reports the number of disclosures received, acted or not acted upon, investigations started and any corrective actions taken. Portage College is currently developing a whistleblower policy but it has not been formally implemented yet. No disclosures of wrongdoing were brought to the College's attention in 2015-2016, however.

2015-2016 REPORTS

| | |
|---------------------------|---|
| General Inquiries | 0 |
| Disclosures of Wrongdoing | 0 |
| Investigations | 0 |
| Reports Written | 0 |

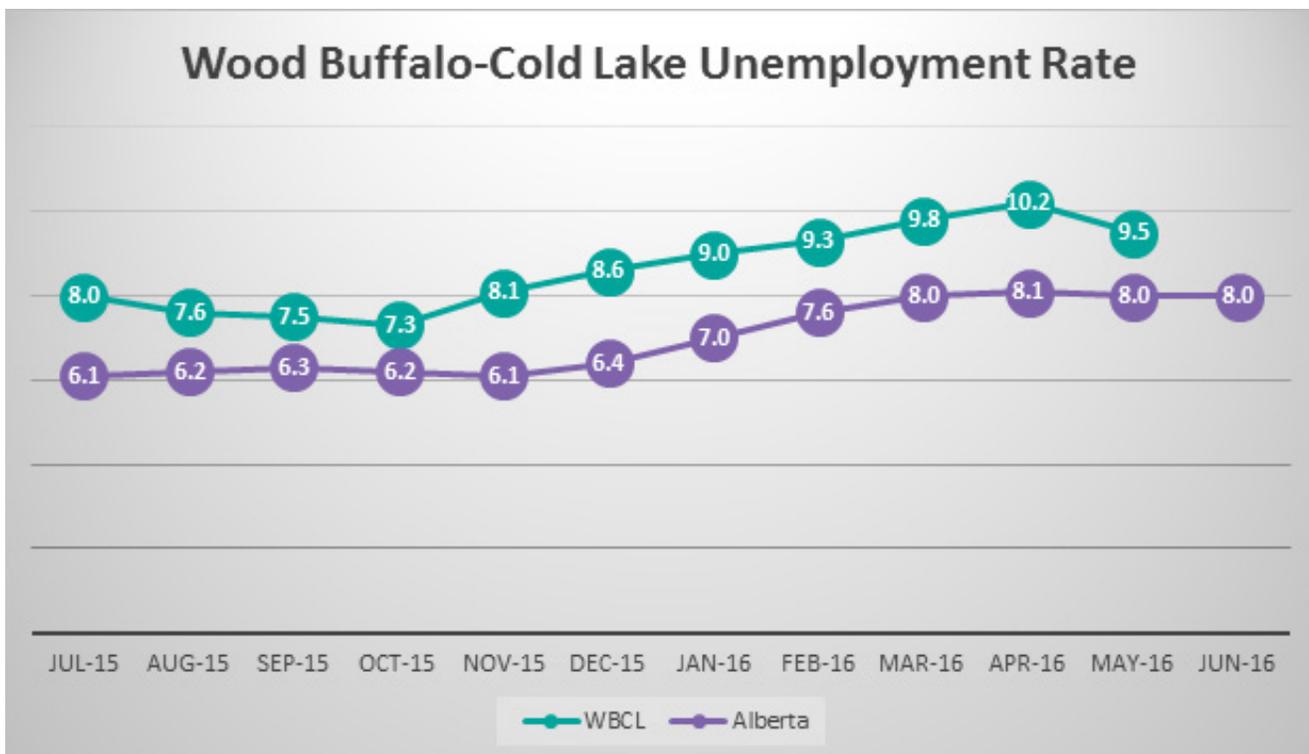


Did you know?
Portage College hosted the 2016 ACAC Curling Championships in St. Paul.

OPERATIONAL OVERVIEW

SLOW ECONOMY

The slow provincial economy was particularly felt in northeastern Alberta in 2015-2016. With oil prices continuing to decline, major oil companies continued to cancel or postpone scheduled expansion projects in the region, scale back operations and layoff staff. The decisions affected not only those who worked directly for the companies but also the contractors, suppliers and service providers in the region whose livelihood is largely dependent on the oil and gas industry. As a result, unemployment in the Wood Buffalo-Cold Lake Region (which encompasses much of the Portage Service Region) continued to rise. Less than two years after posting some of the lowest unemployment levels in the country, the region's unemployment rate reached 10.2% by the beginning of May 2016, "the highest regional unemployment rate in the West and the only one in double digits."¹ The challenges facing the region were exacerbated by the Fort McMurray wildfires which led to a halt in oil sands production for more than a month. It is estimated that "30 million barrels of production worth \$1.6 billion has been lost."²



Source: Statistics Canada Labour Market Bulletins. "WBCL" = Wood Buffalo-Cold Lake

*NB Due to the Fort McMurray wildfires, data was not able to be collected in May and June 2016.

As in 2014-2015, the slow economy had a positive and negative effect on Portage College:
1. For the second academic year in a row, enrolment increased, from 809 full-load equivalents in 2014-2015 to 874. This translated into \$545,000 more in student tuition and fee revenue than in the previous fiscal year.

The College provides continuing education, ad-hoc training, certificate, diploma and degree opportunities to between 3,600 and 4,600 students a year. More than half the students attend on a part-time basis. Objectives continue to be to increase program attractiveness, provide small cohort delivery, design multiple entry and exit opportunities in order to improve long-term program viability and opportunities for part-time learners. Portage continues to keep its programs

¹ Labour Market Bulletin Alberta May 2016, Statistics Canada, p. 4.

² Labour Market Bulletin Alberta June 2016, Statistics Canada, p. 4.

affordable for students. Excluding mandatory student fees, the College has the lowest cost ranking in both Human Services, Nursing and Trades in the province and the second lowest in Business.

Student satisfaction levels remain high and in many cases increased in 2015-2016, with 90% of students recommending Portage College to others – a five-year high – and 84% recommending their program of study. Despite facing a difficult job market, graduates continue to find employment, with 81% of the Class of 2014-2015 working. Reflecting the current state of the provincial economy and the challenges graduates face finding jobs, 32% of graduates are pursuing further education, the second-highest number ever recorded for a Portage College Graduate Survey.

2. Conversely, the economic downturn has made it more difficult for Portage to find industry partners and sponsors for our programs and scholarships. For example, while individuals continued to support the College's annual Sports and Education Dinner fundraiser in the spring, sponsorship levels dropped from \$80,000 in 2014 to \$39,000 in 2015 to \$31,000 in 2016. In fact, sponsorship for all College events barely totaled \$50,000 in 2015-2016. As a result, the College is reassessing all of its annual fundraising events.

FISCAL SITUATION

The College finished the 2015-2016 fiscal year with an operating surplus of \$652,000. The result is mostly due to operating dollars set aside to construct the new \$800,000 Hairstyling Lab at our Lac La Biche campus.

It is important to note that the College continued to take proactive measures to reduce expenditures and to find further operating efficiencies in 2015-2016. In February 2016, Portage eliminated four senior management positions and incurred one-time severance costs. Four other faculty took on additional management responsibilities as a result. Portage employees also exercised considerable restraint during the fiscal year, particularly during the third and fourth quarters.

Portage is facing significant cost pressures now and into the coming years. The College has a balanced budget for 2016-2017 but no provision for collective settlements with the AUPE or the Faculty Association. Both collective agreements expired on June 30, 2016. With no projected increase in grant funding beyond 2016-2017, a mandated tuition freeze extended to a third year with no anticipated backfill for post-secondary institutions and limited opportunities to find new revenue sources (particularly during an economic downturn), it is imperative that the College remain fiscally prudent and introduce new programming that meets the needs of the students, communities and province that we serve. With the College funded \$6.3 million less per annum than a comparably-sized Comprehensive Community Institution, partnerships with industry, high schools, post-secondary institutions, various levels of government, Indigenous communities and municipalities will remain critical to our success.

With infrastructure dollars at a premium for post-secondary institutions, the College has had to largely self-fund major projects such as Portage's new hairstyling salon in order to continue to offer new programs demanded by the communities we serve. The net result is the continued reduction of the College's net asset reserves. As of the end of the fiscal year, the College's internally restricted surplus was \$2 million, essentially leaving Portage without a contingency fund of any significance.

STUDENT FUNDING CHANGES

Alberta Works funding has been of significant assistance in Portage College's ability to enable access to education for marginalized populations and at-risk learners. Changes over the years have led to a precipitous decline in the number of grant-funded students attending our institution. In 2009-2010, prior to Alberta Works' decision to no longer fund diploma programs, the College had 533 grant-funded students. By 2015-2016, after further cuts were implemented including restricting eligibility to academic upgrading and programs no longer than 12 weeks, that number had shrunk to 129.

Changes implemented on April 1, 2016 are already leading to a further erosion of those student numbers. On that date, the Ministry of Human Services moved to an online model for application management and cancelled contracts with post-secondary institutions to manage Alberta Works case files. These latest changes have resulted in a lengthy application process and delays that have led to cancelled registrations and increased student stress. Furthermore, with the elimination of the Accountability Framework Agreement, institutions now have limited information regarding the funding status of their learners. Portage College is willing to be an active partner in refining the model so that we can improve the application process and support more of our learners.

CAMPUS EXPANSION

Portage College has always adhered to the philosophy of bringing education to the learner. In 2015-2016, the College operated campuses in seven different communities. The College is faced with the challenge of providing services at these community locations in a difficult fiscal environment including student support, computer and library services, and facility and equipment maintenance. While we continue to invest in our technology infrastructure to help provide those services, limited classroom, lab and student space has become an issue at our Cold Lake Campus. At the end of 2014-2015, the College moved our Electrician program and Continuing Education staff to Cold Lake from Bonnyville. The decision was required because Portage never received any "lights on money" for our leased space at the Centennial Centre in Bonnyville. This allowed Portage to redirect \$1 million back into programming and high priority service areas during the next decade but also led to congested hallways at our 29,062 square-foot owned facility in Cold Lake. With enrolment increasing 24% in 2015-2016 (and anticipated to further increase in 2016-2017) and some classroom space lost to the new Electrical lab, the College is seeking funding for a \$29 million campus expansion in collaboration with the City of Cold Lake. The project would add much-needed classroom space as well as more trades labs, allowing for expanded program offerings and an enhanced learning experience for our students.

INFRASTRUCTURE MAINTENANCE CHALLENGES

While developing capital projects such as the Pipeline Training Centre in Boyle or expanding our Cold Lake Campus are critical for program and community development, it is equally important that Portage College effectively utilize and sustain our existing infrastructure. The College continues to focus on updating our Information Technology network, including improving wireless connectivity and updating classroom and video-conferencing technology at all campuses. In 2015-2016, we also continued to upgrade our ERP system, while developing a business case for more funding for the project.

The College still has \$20 million in deferred maintenance projects to address during the next few years but has traditionally received only a fraction of that total, making it difficult to undertake essential upgrades. In 2016-2017, Portage will receive an Infrastructure Maintenance Program budget of \$811,000, an increase of 67% over the amount received in 2015-2016 but still a small percentage of what is needed to address some critical infrastructure deficits, particularly at our ageing Lac La Biche Campus. Portage College will continue to work with government and community partners in order to plan, finance, and develop our infrastructure effectively.

INDIGENOUS STUDENTS

We continue to note that Indigenous engagement for the region is in decline in all program areas. This decline is traceable to federal and provincial funding policy changes, some of which are noted in the “Student Funding Changes” on the previous page. The lack of engagement without funding is partially attributable to the lingering effects of the Residential School system on First Nation perception of education. Fewer and fewer Indigenous students can avail of Academic bridging and funding. There is a growing number of disenfranchised Indigenous people without access to either education or jobs. For under-represented learners welfare is not a personal choice but the consequence of economics and local and national history. There is a social crisis emerging in the northeastern portion of Alberta that needs to be addressed by all levels of government. Access to education funding is one step to adverting this crisis, but not the solution. Adequate funding would see another 800-1,000 students return to full-time learning and subsequent employment.

AUDITOR GENERAL RECOMMENDATIONS

In its February 2016 report, the Office of the Auditor General (OAG) recognized Portage College for the accuracy and timeliness of our financial statements and for implementing outstanding recommendations from previous OAG reports. Specifically, the College was cited for implementing recommendations to follow access controls and remove access promptly, develop and test a business resumption plan, and improve information systems change management.

The Office of the Auditor General issued an unqualified opinion for the College’s audited consolidated financial statements for the year ended June 30, 2016. In addition, the OAG recommended that the College implement measures to improve systems to ensure compliance with legislation (repeated 2013). The OAG acknowledged that management has developed a legislative compliance framework, legislative risk registry and guidelines and procedures, but that this prior-year recommendation has not yet been fully implemented. College management will fully implement this recommendation in 2016-2017.

Portage College Round Dance 2016



GOALS, PRIORITY INITIATIVES, EXPECTED OUTCOMES AND PERFORMANCE MEASURES

2015-2016 was the second academic year that the College operated under the seven new strategic goals approved by the Board of Governors in June 2014. The goals were finalized after a year-long process to streamline with College's strategic initiatives and included consultations with industry, community advisory committees, College staff and faculty, students, and the Executive and Operations Committees. At the end of the 2015-2016 year, two goals were modified with the approval of the Board of Governors to better reflect the College's strategic plans. The changes were highlighted in the College's 2016-2019 Comprehensive Institutional Plan. The goals, as they appeared in the 2015-2018 CIP, are listed below, organized by key categories.

ACCESS

- Grow graduate and completion rates across all programs
- Grow access to programs
- Develop and implement centres of specialization

QUALITY

- Establish an effective and sustainable student support model

SUSTAINABILITY

- Develop and implement a clearly identified brand with provincial assets
- Reduce dependency on base funding

COMMUNITY

- Employees have a clear sense of individual purpose, value and identity as it relates to College success

The following section outlines the results of the projects and initiatives undertaken in the first year of the plan (2015-2016) to try to meet the strategic goals outlined above. The strategic projects/targets and many of the initiatives/results listed below each goal are the ones identified in the 2015-2018 Comprehensive Institutional Plan.

Orientation 2015



ACCESS

Strategic Goal: Grow graduate and completion rates across all programs

Portage College's graduation/completion rate was 67% in 2015-2016, 1% higher than in 2014-2015. Surveyed six months after completing their programs, the Class of 2014-2015's employment rate was 18%, lower than the previous year (88%) but still strong considering the downturn in the Alberta economy. In addition, 32% of respondents were pursuing further education, the second highest number ever recorded for a Portage College Graduate Survey.

| Measure | 2015-16 Target | 2015-16 Actual |
|-----------------------------------|----------------|----------------|
| Graduation/completion | 67% | 67% |
| Persistence | 86% | 83% |
| Student satisfaction with program | 86% | 84% |

Convocation 2016





Strategic Project/Target

Student Retention
STATUS: In progress



Initiatives/Results

- Expanded regional recreation services and hours, particularly at our Lac La Biche Campus.
- Revitalized flooring in gym, racquetball court and stage at Lac La Biche Campus; procured \$61,000 in new fitness equipment.
- Greatly enhanced Student Ambassador program to offer more leadership and volunteer opportunities for students. The program was managed by the Student Experience Coordinator in 2015-2016, which proved to be very successful. A total of 29 students participated - 24 in Lac La Biche and five in Cold Lake - collectively donating 524.5 hours of their time to College, community and student-led events. This is triple the number of participants from previous years.
- Expanded tutoring services available in the library, particularly focusing on Math and English.
- Student Counselling launched a Mind, Body & Spirit program, aimed at providing students with coping strategies for handling stress and anxiety. The project was particularly successful at our Cold Lake campus.
- Piloted Voyageur GPS support program in Lac La Biche (see "Academic Support" project for more details).
- Continued to modify student orientation to focus more on having fun and introducing students to life at the College; organized a carnival, Slip & Slide party and other social events, in addition to information and training sessions. A larger number of students attended orientation events than in previous years as a result.



Strategic Project/Target

Academic Support
STATUS: In progress



Initiatives/Results

- A total of 249 students accessed Student Learning Services (SLS) in 2015-16. A year after opening up SLS services to any student wishing assistance, staff returned to focusing on helping students with learning disabilities. The change in focus was necessary due to budget constraints and departmental restructuring. 169 students without learning disabilities were still provided assistance, the majority of them in Academic Upgrading.
- Due to staffing changes and budgetary restraints, fewer Learning Cafés were offered in 2015-2016 than originally planned. Several noon-hour sessions were held throughout the year, covering a variety of topics including social media, personality types and diabetes awareness.
- Faculty Development trained 14 new instructors in Foundations in Teaching (FIT). Program is designed to provide new faculty with instructional skills training and mentorship.
- Developed and implemented the Voyageur GPS program, piloted at our Lac La Biche Campus. The program provides participating students with one-on-one support from a designated staff member. The College employee does not act as a counsellor but rather as a guide, referring students to appropriate supports, providing advice and checking in on the students throughout the year to see how they are progressing. A total of 10 students participated in the program, which is being offered again in Lac La Biche in 2016-2017. Student Services plans to expand the program to other Portage campuses in future years.
- Expanded the use of online tutoring



Strategic Project/Target

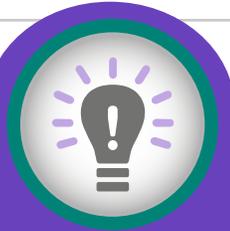
Academic Support - Continued
STATUS: In progress



Initiatives/Results

for students through SmartThinking. The number of hours students were logged on to the service in 2015-2016 increased by 55% over the previous year.

- A total of 68,184 visits were recorded to access Learning Commons' services in 2015-16, up considerably from 49,480 in 2014-15. Films on Demand (65% increase), database retrievals (61%) and online book views (44%) were also up significantly over 2014-2015 levels.
- The Virtual Elder program was not expanded as originally promised in the 2015-2018 CIP. The program, which has allowed students and staff to interact with elders and mentors online using a Facebook site, has not been updated since November 2015 due to staff changeover, site access difficulties and mentor availability. The College is working to address these issues as the site itself was well used when fully up and running.
- While a taskforce focused on reducing student stress and anxiety was not formed in 2015-2016 as originally promised in the 2015-2018 CIP, research was undertaken towards the end of the academic year. Findings will be shared with academic deans, Student Services and Executive.



Strategic Project/Target

Program Quality Assurance
STATUS: In progress



Initiatives/Results

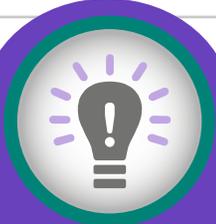
- Completed three accreditation audits: Emergency Medical Technician (obtained 2-year accreditation) Emergency Medical Technologist Paramedic (2-year accreditation) and Practical Nurse (4-year accreditation).
- Reviewed implementation of recommendations from previous academic year's audits of Early Learning & Child Care and Educational Assistant programs.
- Implemented new tracking system on SharePoint to monitor implementation of recommended audit and program health check changes.
- Completed adoption of curriculum repository on shared College-wide drive.
- Undertook study which showed that Portage's program quality assurance protocols were some of the most rigorous in the country.
- Streamlined health check process to make it less arduous for program areas to complete while still maintaining academic rigour.
- Undertook a major renewal of guidelines, which will continue into 2016-2017.

Strategic Goal: Grow access to all programs

Portage College’s vision statement is “building success by providing exceptional learning experiences.” Part of fulfilling that promise is the College’s commitment to provide our students with a larger suite of programs than has been available in the past, even in difficult economic times.

| Measure | 2015-16 Target | 2015-16 Actual |
|-----------------|----------------|----------------|
| Total Enrolment | 3,814 | 3,808 |

* NB Headcount total enrolment presented

|  |  |
|---|--|
| Strategic Project/Target | Initiatives/Results |
| <p>Program Expansion Plan STATUS: In progress</p> | <ul style="list-style-type: none"> As promised in the 2015-2018 CIP, launched Artisan Entrepreneurship Diploma and Pre-Employment Heavy Equipment Technician programs in 2015-2016. Completed construction of new hairstyling lab and salon at Lac La Biche Campus in time to be able to launch Hairstyling Certificate program in 2016-2017. Conducted labour market demand analyses for the following programs: <ol style="list-style-type: none"> Dental Assistant Fine Arts Diploma Re-assessed program expansion plan and reduced number of programs in development to six: <ol style="list-style-type: none"> Fine Arts Diploma Instrumentation Technician Certificate Pharmacy Technician Pipeline Installation and Maintenance Technologist Potable Water-related programs. Heavy Equipment Technician Period 2 (blended certificate of Periods 1&2) Completed dual-credit contracts with Northern Lights Public Schools and Aspen View Public Schools. |



Strategic Project/Target



Initiatives/Results

Aboriginal Community Access Plan
STATUS: In progress

- For second consecutive year, operated an open campus in Whitefish Lake First Nation #128. Offered extended hours to accommodate other learners. Nine students completed Open Studies courses.
- Offered on-site Academic Foundations courses at Cold Lake First Nations.
- Began formulating Portage College President’s Aboriginal Advisory Committee to assess College’s status in relation to the Truth and Reconciliation Committee’s Call to Action.
- Continued to work with Buffalo Lake Métis Settlement (BLMS) on developing Road Builder Certification, a specialization of the Heavy Equipment Operator program. The plan is for BLMS to supply the equipment and the College to supply the manpower and training.
- In addition to Academic Foundations and College Preparation programming, offered Job Readiness training and Essential Skills for the Tradesperson program at Frog Lake First Nation. Began negotiations to offer similar programming at the Alexis Nakota Sioux Nation.
- Undertook Aboriginal consultation on land use for expansion of Boyle property.

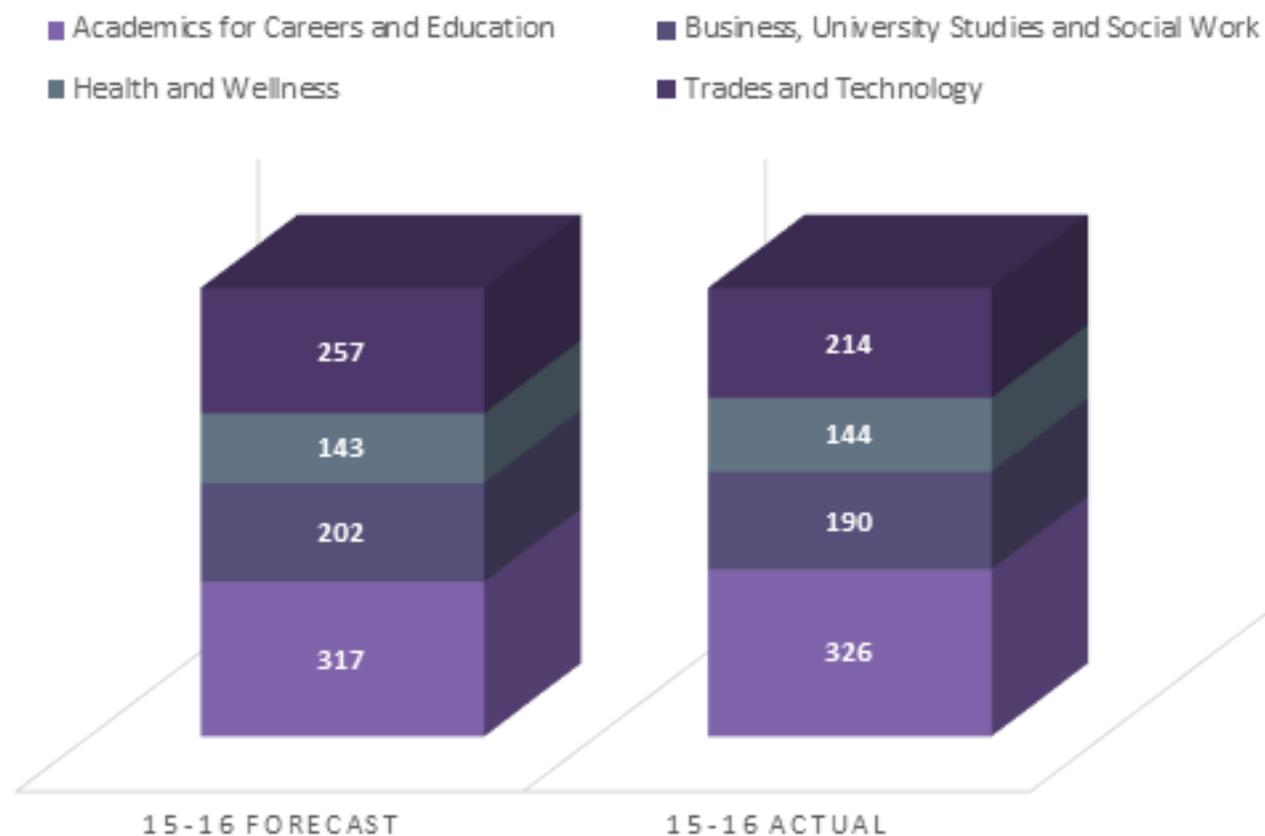
Dual Credit Plan
STATUS: In progress

- Offered 12-week Heavy Equipment Technician program to Aspen View Public Schools students.
- Delivered Introduction to Entrepreneurship course to Northern Lights Public Schools students. The online course earns graduates three credits at the College as well as five credits at their respective high schools.
- Delivered tuition-free University Studies courses to 36 high school students, including Introduction to Sociology, Introductory Psychology, Physiology, Anatomy, Introduction to Drama & to Poetry, and Introductory Composition.

ENROLMENT PLAN (IN FLES)

Forecasted 15-16 FLEs: 919 (*forecast revised to 886 in the 2016-2019 CIP*)

Actual 15-16 FLEs: 874



*NB 15-16 FLE forecast taken from 2015-18 Comprehensive Institutional Plan

The lower than forecasted enrolment is due to a few factors:

1. Several Trades and Technology programs experienced an enrolment decrease, reflecting a downturn in the provincial economy. This was particularly evident in Heavy Equipment Operator, Power Engineering, Apprenticeship Steamfitter-Pipefitter and Apprenticeship Welding which all recorded lower-than-projected FLE counts.
2. Lower than expected enrolment in the College's food programs, particularly in Institutional Cook and Baking Certificate.
3. Lower than expected enrolment in some Business programs, particularly Accounting Technician and Business Administration Diploma.

Not all of the College's programs failed to meet the 2015-2018 CIP targets. In fact several exceeded expectations, most notably:

- Apprenticeship Electrician,
- Early Learning and Child Care Certificate
- Emergency Medical Technician
- University Studies
- Academic-Upgrading-related programming.

It is important to note that the College still increased our overall FLE count by 65 over 2014-2015.

ENROLMENT BREAKDOWN - PROGRAM BY PROGRAM (CREDIT PROGRAMMING)

| Program | HC | FLE |
|--|-----|-------|
| Aboriginal Art Certificate | 6 | 5.2 |
| Academic Foundations | 74 | 48.3 |
| Accounting Technician | 10 | 6.9 |
| Apprenticeship Electrician | 72 | 24.4 |
| Apprenticeship Steamfitter-Pipefitter | 16 | 5.6 |
| Apprenticeship Welding | 41 | 12.8 |
| Artisan Entrepreneurship Diploma | 7 | 6.4 |
| Baking Certificate | 8 | 5.9 |
| Business Administration Certificate | 51 | 37.5 |
| Business Administration Diploma Accounting | 17 | 8.9 |
| Business Administration Diploma Management | 14 | 5.9 |
| College Preparation | 213 | 142.8 |
| Community Social Work Diploma | 59 | 52.9 |
| Culinary Arts Diploma | 33 | 27.5 |
| Early Learning and Child Care Certificate | 84 | 42.9 |
| Early Learning and Child Care Diploma | 23 | 13.6 |
| Educational Assistant Certificate | 30 | 14.1 |
| Educational Assistant Diploma | 5 | 4.0 |
| Emergency Medical Responder | 13 | 6.2 |
| Emergency Medical Technician Ambulance | 54 | 30.3 |
| Emergency Medical Technologist Paramedic | 72 | 54.9 |
| Heavy Equipment Operator | 39 | 20.3 |
| Institutional Cook | 7 | 4.7 |
| Licensed Practical Nurse | 70 | 52.8 |
| Natural Resources Technology Diploma | 22 | 21.3 |
| Office Administration | 14 | 10.8 |
| Open Studies | 30 | 10.6 |
| Power Engineering 3rd Class | 79 | 65.8 |
| Power Engineering 4th Class | 55 | 69 |
| Pre-Employment Heavy Equipment Technician | 8 | 4.3 |
| Pre-Employment Welding | 14 | 7.5 |
| SAGD De-Oiling and Water Treatment (DAWT) | 7 | 3.8 |
| University Studies | 131 | 45.9 |

*NB HC = "Headcount", FLE = "Full Load Equivalent" | Headcounts and FLE counts from LERS

Strategic Goal: Develop and implement centres of specialization

Part of providing our students with an exceptional learning experience involves offering them with unique programming and learning opportunities. Building centres of specialization will help the College achieve that goal as well as fostering economic growth and innovation in our stewardship region.

| Measure | 2015-16 Target | 2015-16 Actual |
|-------------------------|----------------|----------------|
| Complete business plans | 3/5 | 2/5 |
| Complete projects | 2/5 | 1/5 |

|  |  |
|---|--|
| Strategic Project/Target | Initiatives/Results |
| Food Sciences Centre (St. Paul) STATUS: Completed | <ul style="list-style-type: none"> Completed construction of business incubator portion of facility. Events Centre officially opened in September 2016. Hosted The Voyage spring gala and Northeast Alberta Information HUB meetings. Strengthened relationship with Rural Alberta Business Centres to provide additional support services to entrepreneurs, including one-on-one coaching. Continued to offer Culinary Arts Diploma, Institutional Cook and Baking Certificate programs while researching potential future program offerings including professional meat cutting and merchandising. |
| Pipeline Training Campus (Boyle) STATUS: In progress | <ul style="list-style-type: none"> Improved security and recreation facilities at 42-member working camp on site. Continued to offer Heavy Equipment Operator program (three intakes). Students lived on campus during their 16-week stint and helped to prepare the site for future expansion. Continued to advocate for the project with industry and government. By end of 2015-2016, \$5 million of funding in place. Finalizing purchase agreement on additional 63-acre property adjacent to the Village of Boyle south corporate limit; inspection completed in September 2015. |



Strategic Project/Target



Initiatives/Results

Water Management Centre (Lac La Biche)
STATUS: In progress

- Continued discussions with various groups, including Lac La Biche County, to develop a potable reference testing lab as part of a larger Water Treatment Training initiative.
- Lac La Biche County approved \$600,000 to pilot Water Wastewater Training.
- Received a federal Post-Secondary Institutions Strategic Investment Fund (SIF) investment of \$752,460 to help build a Water and Wastewater Simulation Lab. Partners are Innovation, Science and Economic Development Canada, Alberta Advanced Education and Lac La Biche County.
- For a second consecutive year, offered a SAGD DAWT (De-Oiling And Water Treatment) program in Lac La Biche. Two Power Engineers received a SAGD DAWT parchment in June 2016. Five other students are expected to complete the program in 2016-2017.

Open Campus, closing the achievement gap
STATUS: In progress

- 17 students enrolled and attended classes at open campus at Whitefish Lake First Nation #128; 9 achieved their goals and attended Convocation in June.
- In cooperation with the Continuing Education Department, offered four months of Academic Foundations training on site at the Cold Lake First Nations (CFLN). The program was so successful it is being offered again in 2016-2017.
- Changed mandate of Continuing Education to work with communities to offer for-credit training on site. The plan is to deliver programs at community-owned facilities.

Aboriginal Arts Centre (Lac La Biche)
STATUS: In progress

- Offered Artisan Entrepreneurship Diploma program in 2015-16 for the first time (11 applicants, 7 registered, 5 achieved parchment) in addition to Aboriginal Arts Certificate.
- Continued artist-in-residence program.
- Updated and refurbished Museum of Aboriginal Art & Artifacts display cabinets as well as the museum website.

RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES

During the past few years, Portage College has made significant strides in developing our internal research capacity. The College has obtained certification from both the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Social Sciences and Humanities Research Council of Canada (SSHRC). Due to budgetary constraints, the College had to take a step back in 2015-2016. Funding applied research projects – even partially – is not feasible when the College is struggling to balance budgets and meet programming and service demands. Any potential future research projects will be required to adhere to a full self-funding model.

The College still put infrastructure in place in 2015-2016 that will facilitate future research possibilities including:

1. Applying for and receiving a grant from the Government of Canada's Post-Secondary Institutions Strategic Investment Fund (SIF) to build a greenhouse and lab for the College's Natural Resources Technology program. The provincial government is also contributing to the project. Partners are Innovation, Science and Economic Development Canada and Alberta Advanced Education. The program is one of two in the province to be certified by the North American Wildlife Technology Association (NAWTA). The certification and the new lab space will allow the College to look at growing our environmental studies offerings.
2. Continuing to research, develop and solicit support for a Pipeline Training Campus and process loop in Boyle which, when completed, will allow students to safely simulate pipeline breaches and to work on environmental reclamation projects.
3. Continuing to work with Lac La Biche County in designing and building Canada's first potable water simulation plant. The College applied and received a SIF grant to help build a water and wastewater simulation lab. In addition to Lac La Biche County, partners are Innovation, Science and Economic Development Canada and Alberta Advanced Education.

The College remained an active partner in the Alberta Rural Development Network, currently chaired by Portage President and CEO Dr. Trent Keough, and the NADC Labour Education Applied Research North (LEARN). The latter group, formerly known as the Northern Labour Market Information Clearinghouse, also includes representatives from Grande Prairie Regional College, Keyano College and Northern Lakes College. The group funds Northern-Alberta-specific research on community, economic and post-secondary topics such as skill shortages, information technology, student recruitment and innovation. In 2015-2016, LEARN completed a strategic planning exercise, re-branding initiatives and a communications study, aimed at creating a greater awareness of the group and its research. The group has completed 125 research projects since its inception in 1995.

Portage is also a signatory to a pan-Canadian initiative to remove barriers to learner pathways. Colleges and Institutes Canada has generated a list of transfer principles which more than 100 colleges and polytechnics – including Portage – have officially endorsed. The principles, which mirror Advanced Education goals, include recognizing credits earned from another PSI and accepting PLAR credits at equal credit value.

QUALITY

Strategic Goal: Establish an effective and sustainable student support model

At Portage College, every student is an active and valued member of our community, even after they've graduated. As such, our goal is to provide students with information and support from the moment of their first enquiry to the moment they graduate and become an alumnus.

| Measure | 2015-16 Target | 2015-16 Actual |
|----------------------|----------------|----------------|
| Student satisfaction | 90% | 85% |
| Conversion rate | 80% | 68%* |

*=Fall 2015 acceptance to enrolled conversion rate

|  |  |
|---|---|
| Strategic Project/Target | Initiatives/Results |
| <p>Revision of student enrolment process STATUS: In progress</p> | <ul style="list-style-type: none"> • Strengthened data collection on enrolment processes. • Continued skills training for all front-line staff. • Began Phase 2 of Process/System re-engineering. This included a new and improved Student Accounts module in the College's ERP system and adding additional functionality; business case for ERP renewal expected to be completed by December 2016. |
| <p>Student Information Portal STATUS: Not started</p> | <ul style="list-style-type: none"> • Still looking for external funding sources. • In the interim, working on background issues including data, defining elements and portal presentation. As noted above, also began Phase 2 of Process/System re-engineering, a precursor to getting a portal up and running. |



Strategic Project/Target

Alumni Development
STATUS: Completed



Initiatives/Results

- Portage College Alumni organization successfully established. Twitter, Facebook, and Instagram pages in place, in addition to alumni e-mail accounts. Student Experience Coordinator oversees the organization.
- The organization is geared towards keeping graduates in touch with each other and their institution and is not intended as a revenue source. Alumni are not solicited for money but do receive several benefits including:
 1. Alumni benefits card
 2. Personal invitations to College functions
 3. Free academic transcripts
 4. 10% discounts off Portage College merchandise
 5. Discounted Portage College facility rentals
 6. Access to a quarterly newsletter
- The College continues to work on developing the value-added components and has plans to tie alumni development with the 50th anniversary of Portage College in 2018.
- By the end of 2015-16, 324 graduates and former staff members had enrolled.

Did you know?
The Portage College Alumni organization frequently has a sign-up table at College events.



SUSTAINABILITY

Strategic Goal: Develop and implement a clearly identified brand with provincial assets

Effective marketing starts with consistent and reliable communication with all stakeholders, including staff, students, and the communities Portage College serves. During the past couple of years, the College has undertaken several initiatives aimed at developing its brand and increasing awareness and enrolment. The efforts are paying off as Portage College’s market share in 2015-2016 was 47%, the highest recorded percentage since 2010-2011. The figure also represents a 4% increase over 2014-2015.

| Measure | 2015-16 Target | 2015-16 Actual |
|-------------------------------|----------------|----------------|
| Market share (point of entry) | 47% | 47% |

|  |  |
|---|---|
| Strategic Project/Target | Initiatives/Results |
| <p>Corporate Branding & Image Building STATUS: In progress</p> | <ul style="list-style-type: none"> Continued to examine results of extensive, province-wide study completed for the College by Léger in June 2015. A total of 2,410 interviews were completed as well as 43 telephone interviews with College stakeholders. Findings included: <ul style="list-style-type: none"> Only 18% of Albertans surveyed have heard of Portage College Awareness increased substantially (64% indicated they were somewhat or very familiar with Portage) in our primary service region, compared to a similar survey conducted in 2008. Those who are aware have a favourable impression of the College Corporate Marketing implemented a common visual ID policy for marketing materials and staff presentations (i.e. established common fonts, colours and logo placement guidelines) and re-designed the College’s main website (officially launched in the summer of 2016). |



Strategic Project/Target

College Marketing Plan
STATUS: In progress



Initiatives/Results

- Re-designed a new, more interactive and student-focused College website. Due to unexpected technical issues, the new website was not launched until August 2016. The new website targets prospective students and is more interactive, mobile & tablet friendly and features more visuals than our previous website.
- Strategic Marketing Plan developed; core messaging focused on refreshed Portage brand portraying adventure, passion, uniqueness, genuineness and flexibility. Developed taglines “Discover the North,” “Deny the Ordinary,” “Do Extraordinary Things,” “Calling the Curious,” and “We Are Voyageurs.” Objectives include improving the consistency of the Portage brand, pushing the reach of Portage College to a provincial market, forming an internal communications plan for frontline staff and increasing the number of visitors to the College’s various social media platforms.
- Year-over-year traffic on Portage’s social media sites increased significantly in 2015-2016: Facebook increased 8%, Twitter increased 60%, Instagram increased 80% and YouTube increased 105%.

Strategic Goal: Reduce dependency on base funding

In order to continue to grow and to meet the needs of our stewardship region and the Alberta economy, it is critical that the College continue to diversify our funding sources.

| Measure | 2015-16 Target | 2015-16 Actual |
|--|----------------|----------------|
| \$ from capital campaigns | \$50,000 | ** |
| Campus Alberta grant as % of total operating revenue | 58% | 72% |

**=While specific capital campaigns were not undertaken in 2015-2016, the College obtained \$996,000 from capital grant proposals for strategic projects.



Strategic Project/Target



Initiatives/Results

Capital Campaigns
STATUS: In progress

- No capital campaigns were launched in 2015-16, as the College was still setting priorities with regards to future projects and programs and dealing with the downturn in the provincial economy. Instead, the College focused on capital grant proposals for strategic projects; \$996,000 obtained as a result.

Entrepreneurial Ventures and
Alternative Local Funding
STATUS: In progress

- Board of Governors held strategic discussion regarding defining objectives for greater external funding.
- Applied for and received three Post-Secondary Institutions Strategic Investment Fund (SIF) investments for three projects: Water and Wastewater Simulation Lab, IT Infrastructure Renewal and Natural Resources Technology Lab Space and Greenhouse. The Government of Alberta is also contributing \$300,250 towards the greenhouse project. Partners are Innovation, Science and Economic Development Canada, Alberta Advanced Education and Lac La Biche County.
- Applied for and received a Flexibility and Innovation in Apprenticeship Technical Training (FIATT) grant for Heavy Equipment Technician Period 2.

Continuing Education
STATUS: In Progress

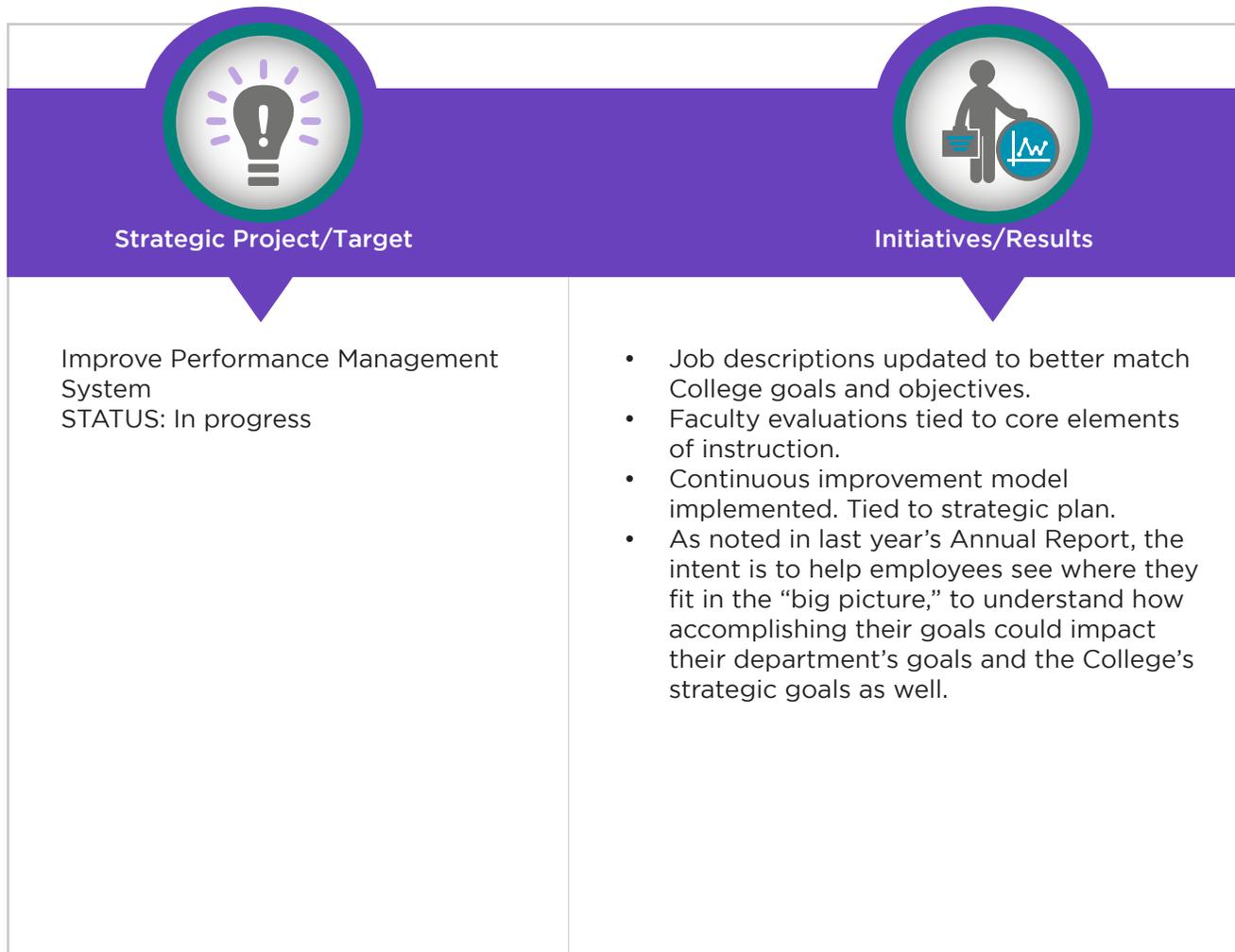
- Portage College faculties worked with Continuing Education to develop a suite of Continuing Education courses, to be made available during the day, evenings and weekends. Small roll-out planned for 2016-2017. Began monthly electronic newsletter promoting credit and non-credit program information.
- Delivered Wildland Firefighter training to 142 students, a new record. Enrolment in the program has doubled since 2012-2013.
- In a challenging economic environment, Continuing Education department still managed to record a 15% net profit increase over 2014-2015. This is critical to the College's bottom line.

COMMUNITY

Strategic Goal: Employees have a clear sense of individual purpose, value and identity as it relates to College success

Portage College recognizes that an exceptional learning experience starts with an exceptional working experience. It is imperative that our employees feel valued and see how their contributions impact the College’s overall performance. Overall staffing levels changed very little from the previous year, dropping from 232.31 full-time equivalents (FTEs) in 2014-2015 to 231.92 FTEs in 2015-2016. The main change was an increase of four instructional staff and the reduction of four clerical and support staff. Last year, Portage employees donated \$8,646 to the Spirit of Portage Award, a self-funded scholarship started by staff and awarded to students who serve as models for respect, collaboration and enthusiasm. The Board of Governors redirected \$5,000 originally earmarked for a Board Gala in 2015-2016 towards the award.

| Measure | 2015-16 Target | 2015-16 Actual |
|--|----------------|----------------|
| Employee retention | 90% | 87% |
| Employee engagement | 54% | 64% |
| Professional Development resources for employees | 92% | 87% |





Strategic Project/Target

Internal Communication/Information Portal
STATUS: In progress



Initiatives/Results

- Implementation delayed due to lack of funding.
- In the interim, continued to improve internal communication by:
 - Upgrading Agresso, our ERP system, a precursor to creating an intranet and information portal for faculty and staff.
 - Implementing a single sign-on option for Office 365, Moodle, Lynda.com, LinkedIn, LifeWorks and Portage College portals including IT support, Facilities support, Policies, Guidelines and Procedures and Fleet Commander.
 - Creating a monthly Continuing Education newsletter
 - Sharing summaries of Executive, Operations and Deans' Council meetings with all employees, in addition to making meeting minutes available on a shared internal hard drive

INTERNATIONALIZATION

Although international students have never accounted for more than nominal enrolment at our institution, Portage College has continued to explore ways to facilitate student exchanges, knowledge-transfer initiatives, curriculum development and research collaborations. We have even looked at capstone project opportunities for international students at our Food Sciences Centre in St. Paul. The reality of our fiscal situation, where programming and infrastructure improvements must take precedence, makes it difficult to participate in such initiatives however. Many grant programs require matching funds to be able to proceed, funds that the College currently does not have.

In 2014, Portage College became a Designation Institution with Citizenship and Immigration Canada International Student Program. Since that time, we have seen a significant increase in the number of inquiries from international students (most notably in the health field), although the numbers remain low. In 2015-2016, the number of international applicants increased from 16 in the previous academic year to 47.

The College began investigating the feasibility of joining a metasearch engine that would allow students from anywhere in the world to find out about Portage College and our program offerings. As of the end of the fiscal year, research is continuing into the possibility.

Portage continued to be a partner in OERu, the Open Education Resources Foundation's world-wide network of free online learning opportunities. Partnering institutions in the network agree to develop two courses using existing OER material and in turn have access to a minimum of 60 courses in the partnership network. Given the current economic climate, development costs and annual membership fees have made this difficult for the College. We are currently re-assessing whether Portage will continue to participate in this initiative. Until our financial circumstances change, Portage will not invest monies in international marketing or recruitment.

Cultural Day 2016



INFORMATION TECHNOLOGY

Several of Portage College's programs are now offered using a blended-delivery or fully-online model. Nearly all courses and programs delivered face-to-face in a traditional classroom setting have Moodle companion sites and available online resources and supports. Students now expect immediate, individualized service and support, making it essential for the College to continue to upgrade and expand our IT infrastructure, including classroom technology, library services and information portals. The table below summarizes efforts undertaken in a challenging economic climate in 2015-2016 to address this critical and ongoing need.

|  |  |  |  |
|---|---|---|---|
| Project | Status | Expected Completion Date | Progress Made in Last 12 Months |
| Intranet Deployment | Not Started | June 2019 | <ul style="list-style-type: none"> Continued to work on underlying ERP issues. Hired new staff member tasked with developing intranet and working on ERP Renewal project. |
| ERP Renewal | In Progress | June 2019 (awaiting funding) | <ul style="list-style-type: none"> Phase I upgrade (Student Accounts) completed in 2014-2015. Phase II started in 2015-2016. Goal is additional functionality. Hired consultant. Business case development ongoing, expected to be completed by December 2016. Completion of the project is a precursor to the Intranet Deployment project. |
| Disaster Recovery | Ongoing | | <ul style="list-style-type: none"> Back up site set up at our St. Paul Campus. In a February 2016 report, the Office of the Auditor General (OAG) cited the College for developing and testing a business resumption plan as per OAG recommendations. Work continues to make our systems more robust. |

|  Project |  Status |  Expected Completion Date |  Progress Made in Last 12 Months |
|---|--|--|--|
| Technology Expansion in Classrooms and Further Video Conferencing | Completed | Completed | <ul style="list-style-type: none"> Hired vendor and completed upgrades to all meeting rooms, classrooms and video-conferencing rooms at all Portage campuses. |
| Bookstore Point of Sale | Not Started | June 2018 | <ul style="list-style-type: none"> Commenced development of business case for point-of-sale system. |
| Library System Modernization | Completed | Completed | <ul style="list-style-type: none"> As part of a risk-mitigation strategy, modernized library system by installing cloud-based library system (OCLC, a global library cooperative with shared technology services and community programs). |

CAPITAL PLAN

Critical to Portage’s new programming initiatives to meet the needs of the communities and province that we serve are new facility construction, expansion and renovation. The projects below were the ones listed in the 2015-2018 Comprehensive Institutional Plan.

| PRIORITY PROJECTS | | | | |
|--|---|--|--|--|
|  Type |  Description |  Status |  Expected Completion Date |  Progress Made in Last 12 Months |
| New | Pipeline Training Campus in Boyle - Phase I (includes process loop) | In Progress | Entirely dependent on external funding | <ul style="list-style-type: none"> \$5 million in funding now in place from AHS, WEDC, Rural Diversification Initiative, Portage College and private sector. Engineering firm completed business case for Pipeline Training Centre, conceptual design of process loop and control and operating directives for the facility. Working camp, class space in place. Heavy Equipment Operator students continue to help prepare the site. |
| New | Pipeline Training Campus in Boyle - Phase II | Not Started | Entirely dependent on external funding | <ul style="list-style-type: none"> Conceptual design underway. |

OTHER PROJECTS

|  Type |  Description |  Status |  Expected Completion Date |  Progress Made in Last 12 Months |
|---|--|---|---|---|
| Maintenance | Replace Domestic Hot/Cold Water Distribution System - LLB Campus | In Progress | June 2019 | <ul style="list-style-type: none"> Hired a consultant. Design work underway. |
| Maintenance | Curbs and sidewalks - LLB Campus | In Progress | June 2019 | <ul style="list-style-type: none"> Improved entrance ways by swimming pool and Human Resources at Lac La Biche Campus. Future work will depend upon success of BLIMS submissions. |
| Maintenance | Asphalt overlay and line painting - LLB Campus | In Progress | June 2019 | <ul style="list-style-type: none"> Funding not yet in place to undertake asphalt overlay. New lines have been painted in parking lots. |
| Maintenance | Electrical Distribution Renewal - LLB Campus | In Progress | June 2019 | <ul style="list-style-type: none"> Replaced some breakers, undertook upgrades to electrical system at Lac La Biche Campus. Based on preliminary work, building is in worse shape than originally anticipated. Between 2014 and 2016, have spent \$350,000 of \$1 million set aside for project. |

Portage College's number one priority capital project remains the development of Canada's first Pipeline Training Campus in Boyle. Phase I of the \$55 million project, which includes a \$25 million process loop that will be able to safely simulate oil spills and pipeline breaches using non-toxic materials, will be part of a phased-campus development that will eventually offer multiple programs relevant to the oil and gas pipeline industry. As of the end of the 2015-2016, \$5 million was in place thanks to support from Alberta Human Services, Western Economic Development Canada, Rural Diversification Initiative, Portage College and the private sector. The Boyle Campus has a 42-person working camp on site as well as classroom and recreational space. As noted in our Comprehensive Institutional Plan, with increasing environmental concerns and continuing low oil prices, being able to move Alberta oil safely and respond to pipeline breaches is of paramount importance to the provincial economy.

Meanwhile, the College continues to advocate for the project, garnering attention from media outlets and industry representatives from across Canada. During the years leading up to the Pipeline Training Centre project proposal, Portage College has worked with more than 40 companies, including multiple consultations with the Canadian Energy Pipeline Association and the Canadian Standards Association, to bring pipeline training to northern Alberta. The College has consulted and has support from all seven First Nation and four Métis Settlements within our service region to develop the Boyle site. Portage is also continuing to examine the possibility of developing an Oil and Gas Inspection Professional Certification program at the site. First approached with the idea by companies in Alberta and Ontario in 2014, the College has conducted surveys soliciting industry feedback regarding program pre-requisites, structure and subjects and has held several meetings with the interested companies.

Portage College staff volunteering at the Bold Center in Lac La Biche during the Fort McMurray Fire Evacuation in 2016



OUR VALUED PARTNERS

We are grateful to the following agencies, companies, municipalities and organizations for their ongoing support of our College. Their support has proven essential to ensuring that the College delivers on its promise to provide exceptional learning experiences for its students.

A

- Access Pipeline
- Alberta Apprenticeship and Industry Training
- Alberta Construction Safety Association
- Alberta Employment and Immigration
- Alberta Health
- Alberta Human Services
- Alberta Lakeland Direct Marketing: Lakeland Heritage Partners
- Alberta Law Foundation
- Alberta Museums Association
- Alberta Pacific Forest Industries
- Alberta Rural Development Network
- Alberta Safety Council
- Alberta Snowmobile Association
- Alberta Sport, Recreation and Wildlife Foundation
- Alberta Sustainable Resource Development
- Alberta Tourism, Parks, Recreation and Culture
- Aspen View Public Schools
- Athabasca County

B

- Beaver Lake Cree Nation
- Big Dog 103.5 Lac La Biche
- Boston Pizza Lac La Biche
- Britton's Your Independent Grocer
- Buffalo Lake Métis Settlement

C

- Campus Alberta
- Canadian Natural Resources Limited
- Canalta Hotels
- Cenovus
- City of Cold Lake
- Cold Lake First Nations
- Community Adult Learning Councils
 - Bonnyville Community Learning Council
 - Cold Lake Community Learning Council
 - Elk Point & District Further Education
 - Lac La Biche Community Learning for Adult Student Society
 - Lac La Biche Program for Adult Learning
 - Smoky Lake County Community Learning Council

- St. Paul Community Learning Association

- VegMin Learning Society (Vegreville)

- Community Programs Branch of Alberta Innovation and Advanced Education

D

- Devon Canada

E

- East Central Francophone School Division
- Edcon Power Tongs
- Elizabeth Métis Settlement
- Enbridge Pipelines Inc.
- Enform

F

- Frog Lake First Nation

H

- Heart Lake First Nation

I

- Integrated Environment

J

- Johnson Incorporated

K

- Kehewin First Nation
- Kikino Métis Settlement

L

- Lac La Biche Canadian Native Friendship Centre
- Lac La Biche & District Chamber of Commerce
- Lac La Biche Childcare Association
- Lac La Biche County
- Lac La Biche IGA
- Lac La Biche Transport
- Lakeland Catholic School District

M

- MEG Energy
- Métis Nation of Alberta
- Minor Sports (Lac La Biche)

N

- Nexen Incorporation
- Northern Alberta Development Council
- Northern Lakes College
- Northern Lights Public Schools

R

- Ramada Hotels
- Request Solutions

S

- Saddle Lake First Nation
- Smiley's Furniture and Electronics
- St. Paul Education Regional Division
- Stantec Consulting
- Statoil Canada Ltd.
- Student Association of Portage College

T

- Town of St. Paul
- TransCanada Corporation

U

- University of Alberta
- University of Calgary

V

- Village of Boyle

W

- Waschuk Pipeline
- Western Air Rescue
- Western Economic Diversification Canada
- Whitefish Lake First Nation #128

Portage College would also like to acknowledge the tremendous support received from residents of our service region for our annual fundraisers and events, student scholarships and bursaries, and Voyageurs athletics. Thank you.



2015-2016 SUPPORTERS & FRIENDS OF PORTAGE COLLEGE

Portage College greatly values the donations made by individuals, businesses, organizations, industry, and our employees. We responsibly steward and allocate all contributions. Please note that the list represents donation revenue earned during the reporting period.

Thank you to the following -

\$10,000 - \$24,999

Britton's Your Independent Grocer
Cenovus FCCL Ltd.
Devon Canada
Lac La Biche County
MEG Energy Corp.
Western Air Rescue

\$5,000 - \$9,999

Access Pipeline
Myrna Fox

\$1,000 - \$4,999

Alberta Pacific Forest Industries
Bogar Ventures Ltd.
Boston Pizza Lac La Biche
Canadian Natural Resources Ltd.
City of Cold Lake
Community Futures Lac La Biche
Integrated Environment
Jim Knight
Karlee Richard
Lac La Biche IGA
Lac La Biche Kinsmen Club
Lac La Biche Transport
Mad Oilfield Solutions
Mike & Nancy Broadbent
Nexen Incorporation
North American Indian Rodeo Association
Northern Lights Public Schools
Parkland Developments
Portage College Executive Committee
Portage College Student Association
Reynolds, Mirth, Richards & Farmer LLP
Ryan Small
Servus Credit Union
St. Paul & District Lions Club
Stantec Consulting
Town of St. Paul
Trent & Bonita Keough
Village of Boyle

\$500 - \$999

Alberta Native Friendship Centres Association
Aurora Middle School
Barry & Donna Feledichuk
Brent & Shirley Macfadyen
Community Futures St. Paul Smoky Lake
Connie Brodwin
Dale Mountain
Darrell Younghans
Darren Pratch
David Paul
Dirt Road Contracting Inc. (Chris Rizzoli)
Ernie Chrapko
Great West Newspapers
Heart Lake First Nation
Johnson Inc. (Kurt Wilchuk)
Karen Brown
Lac La Biche Chamber of Commerce
Lac La Biche Post
Lyla Allan
Omer & Bev Moghrabi
Portage College Faculty Association
Ray Danyluk
Shelley Franchuk
Smiley's Smaiel Holdings
Strad Energy Services Ltd.
Tarrabain Motor Products
The Renovators (Laurent & Patti Amyotte)
Tracy Boyde
Trevor R. Lee Law Office

\$100 - \$499

Adrian Dyer
All About Safety Services
Allan Bertschi
Andre & Charissa Delaire
Andrew Whitson
Angel Bigelow
Arnie Caplan
Arthi Nowak
Ashtinn Cardinal
Athabasca County

Barb Peters
 Battle River Alliance
 Brenda Wowk
 Carol Hebert
 Carrie Froehler
 Carrie Wilkins
 Chelsey Bourassa
 Christie Deret
 Christine Martin
 David Hanson
 Debbie Poulin
 Don & Brenda Shepert
 Donna Lloyd
 Donna Rice
 Ed & Sharon Behnke
 Eleisa Anderson
 Elisha Sturges
 Elnar Johanson
 Gayle Desmeules
 Geoff & Karen Hibbs
 Guy Gervais
 Harley Ludington
 Hawkings, Epp, Dumont LLP (Michael Epp)
 Jacquie Fenske
 Jamie Percy
 Janet Harrison
 Jennifer Okrainec
 Jonathan Wescott
 Karen Shapka
 Kathleen Skjersven
 Ken Kaufman
 Kyle Miller
 Lac La Biche Glass & Mirror
 Lac La Biche Health Foundation
 Lee Gosselin
 Lenora LeMay
 Leonard & Yvette Shostak
 Lisa Mukai
 Lisa Sparks
 Lori Friesen
 Marcomm Works
 Marie Fischer
 Marion Sahy
 Meredith Allan
 Michelle Toner
 Mike Weber
 Morris Holota
 Natalie Horne
 Ovide & Yvette Langevin
 Pamela Onciul
 Pat O'Neil
 Patricia Miller
 PFA Canada
 Rae Boisvert
 ReMax Lac La Biche Realty
 Reuel Thomas

Robin Tizzard
 Rod & Wendy Webb
 Roger Monahan
 Ruth Crosswhite
 Saddle Lake Post Secondary Program
 Sandra Merchant
 Sherraz Moghrabi
 S Malo Math Consulting (Sylvia Malo)
 Sterling Oilfield Solutions
 Tom & Terry Hannan
 Tyler Jackson
 Tyres Holloway
 Victoria Bruno
 Victoria Ottie
 Wayne Tymofichuk
 Wendy Verboom
 Willie & Nabeela Abougouche
 Winding Road Artisan Cheese

\$50 - \$99

Andrea Malo
 Bart Clark
 Brenda Arnfinson
 Carol Smith
 Carol Ulliac
 Cathy McGillivray
 Crystal Dechaine
 Doug Ferguson
 Frances Stewart
 Glen Lalonde
 Jackie Giasson
 Janet Auger
 Jennifer Beniuk
 Jim Booth
 Liz Merpaw
 Lyle Shemonichek
 Rod Calliou
 Ruby Sweetman
 Stacey Axenchuk
 Tanya Shukaliak

We have made every effort to ensure all our contributors to our 2015-2016 fiscal year are correctly recognized in the Annual Report. We apologize if an error or an omission has occurred. The timing of your donation can also determine the year in which it is acknowledged. The College wishes to gratefully acknowledge various anonymous donations totaling \$43,886.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars)

Management's Responsibility for Reporting

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

The Annual Report has been developed under the oversight of Portage College Board Finance Committee, as well as approved by the Board of Governors and is prepared in accordance with the Fiscal Management Act and the Post-secondary Learning Act.

The Auditor General of the Province of Alberta, Portage College's external auditor appointed under the Auditor General 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. Trent Keough]

Dr. Trent Keough
President & CEO, Portage College

INTRODUCTION

This Management Discussion and Analysis (MD&A) should be read in conjunction with the Portage College consolidated financial statements and accompanying notes. The MD&A and consolidated financial statements are reviewed and approved by the Portage College Board of Governors and President/CEO on the recommendation of the Portage College Finance, Infrastructure and Risk Committee. The consolidated financial statements represent the financial position and results of operations of Portage College. The College's consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards and are expressed in Canadian dollars.

The MD&A is an overview of the consolidated financial results Portage College achieved in the fiscal year ended June 30, 2016 and offers a detailed discussion and analysis of the following:

1. Net debt presentation
2. Operating Environment
3. Financial Results
4. Net Assets
5. Capital Spending
6. Areas of Significant Financial Risk

1. Net debt presentation accounting policy application and changes

In 2013 Portage College adopted Canadian Public Sector Accounting Standards that requires a net-debt presentation in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as net debt or net financial assets as an indicator of future revenues required to pay for past transactions and events. Prior to July 1, 2015, the College did not report a net debt indicator consistent with other post-secondary institutions in Alberta.

Effective July 1, 2015, the Provincial Controller of Alberta determined that the net debt model is applicable to all entities within the government reporting entity that use Public Sector Accounting Standards. As such, the following significant changes have been made to the accounting policies of the College:

i) Adoption of the net debt model

The effect of this adoption results in changing the presentation of the consolidated statement of financial position, and adding an additional consolidated statement of change in net financial assets.

ii) Presentation of endowments as financial assets

The Provincial Controller of Alberta issued guidance that endowments be presented as financial assets in the absence of any guidance under Canadian Public Sector Accounting Standards. The rationale is that endowment funds generate investment returns to support the college's operation such as scholarships and bursaries. In preparing the consolidated financial statements, management has reported portfolio investments in two separate line items in the consolidated statement of financial position, namely non-endowment investments and investments restricted for endowments.

iii) Endowment contributions and capitalized investment income

Effective July 1, 2015, endowment contributions and associated investment income capitalized are recognized in the consolidated statement of operations in the year in which they are received. In prior years, such transactions were recognized as direct increases to endowment net assets in the year they were received.

iv) Restatement of prior year's comparative numbers

The college made retroactive changes to prior year's comparatives in the consolidated statement of financial position, statement of operations, and statement of cash flow.

2. Operating Environment

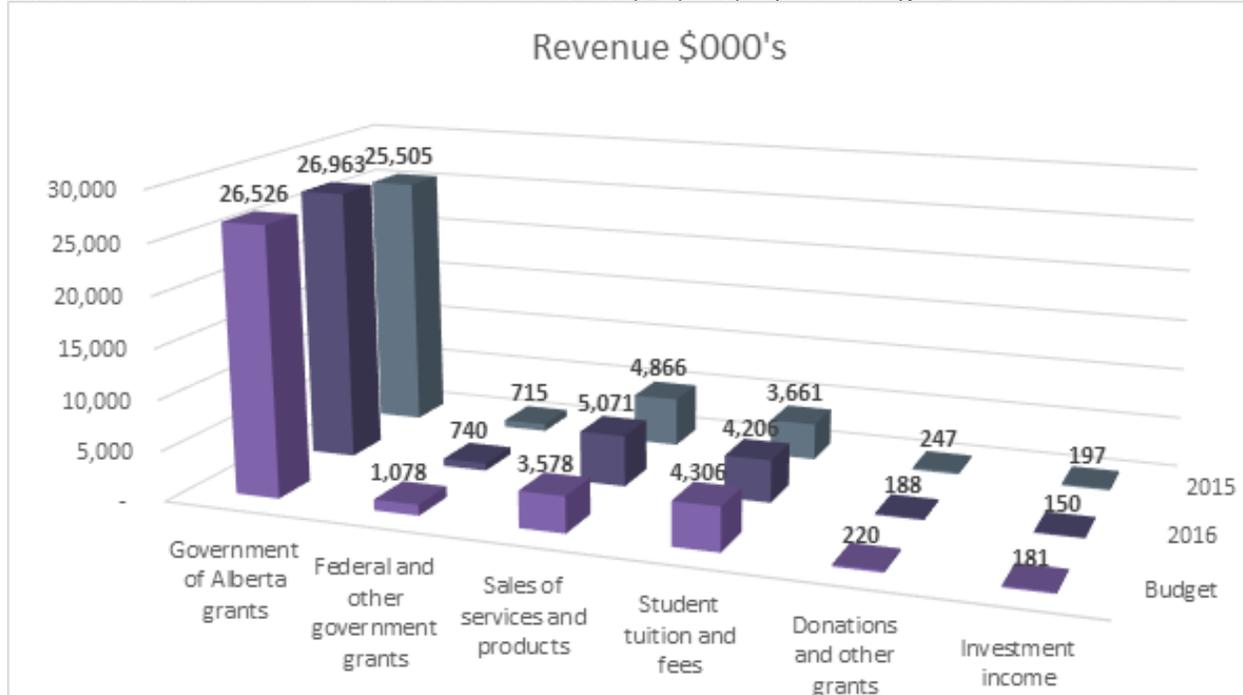
In 2015-16, funding to the Post-Secondary sector received inflationary increases to Campus Alberta Grant of 2% plus reversal of the previous budget funding cut of 1.4%, adding back \$727k in funding. Tuition was frozen throughout the Post-Secondary sector at 2014-15 rates for 2015-16. The College received a tuition freeze offset grant to compensate for the freeze in regulated tuition fees. The College continued to face operational budget challenges as the 2% Campus Alberta increase did not keep pace with inflation or restore the cumulative effect of several years of funding reductions by the former government. In addition, the College settled outstanding collection agreements resulting in a cumulative settlement of 4.25 % over three years, of which the first year was a lump sum payment. Collective agreements with the Staff Association (AUPE) and Faculty Association expired on June 30, 2016. In March 2016 the College received a letter from Advanced Education recommending a two-year freeze to Management and Excluded employee salaries effective April 1, 2016 through to March 31, 2018 which the College implemented.

3. Financial Results

From total revenues of \$37,318 for the fiscal year ended June 30, 2016, the College incurred a consolidated operating surplus of \$652. The operating surplus is primarily a result of operating dollars set aside to construct a new \$800 Hairstyling lab. The College has \$221 in operating contingency funds internally restricted in net assets in the event of an approved future deficit budget or for strategic program investment.

REVENUES

The College experienced an increase in revenues of \$2,127 (6.04 %) over the prior year and an increase of \$1,430 (4.0 %) over the budget. The main source of revenue for the College is grants from the Government of Alberta which totaled \$26,963, representing 72% of total revenues.



CAPITAL REVENUE EARNED

Tangible capital assets purchased with externally restricted funds results in an obligation to the external funding agency to use the purchased assets over their useful lives in the provision of services. Under Public Sector Accounting (PSA) standards deferred capital revenue when earned must be attributed to the primary revenue source in the consolidated statement of operations. The following schedule depicts operating and deferred capital revenue earned by source for the year ended June 30, 2016.

| ACTUAL JUNE 30, 2016 | | | |
|--------------------------------|-----------------|----------------|-----------------|
| | Operating | Capital | Total |
| Government of Alberta grants | \$24,578 | \$2,385 | \$26,963 |
| Federal and other grants | 254 | 486 | 740 |
| Sales of services and products | 5,071 | - | 5,071 |
| Student tuition and fees | 4,206 | - | 4,206 |
| Donations and other grants | 140 | 48 | 188 |
| Investment income | 150 | - | 150 |
| Total revenue | \$34,399 | \$2,919 | \$37,318 |

GOVERNMENT OF ALBERTA GRANTS

Revenues from the Government of Alberta represent the College's single largest source of income and play a key role in the ability to fund College activities. Government of Alberta grants increased by \$1,458 over the prior year. Also, GOA grants was \$437 greater than budget. The year over year increase consisted of various government funded projects and initiatives such as; the main campus electrical distribution project \$226, increase in Access to the Future Funding earned in 2015-16 \$552, increase in IMP projects \$125, increase in Campus Alberta grant funding \$596, increase in government funded capital asset purchase and amortization \$35, offset by various other initiatives (\$76). The budget increase relates to an overall increase in Campus Alberta funding of 2% for COLA.

FEDERAL AND OTHER GOVERNMENT GRANTS

Revenues from federal and other government grants increased by \$25 over the prior year and were \$338 lower than budget due to delay in approved funding from the Lac La Biche County for the Potable Water Program (\$400), offset by increased project funding for Be Fit For Life \$27, Federal FIATT - HET Period 2 Development funding \$75, decrease in grant funded capital asset purchase and amortization (\$30), offset by a slight decrease in other initiatives (\$10). Conditional grants will have a corresponding equal expenditure offset.

SALES OF SERVICES AND PRODUCTS

Revenues from sales of services and products increased by \$205 over the prior year and were \$1,493 higher than budget. Contract revenues from Continuing Education programming, and an MOU with Whitefish Lake First Nation #128 Open Campus, was \$929 more than budget. Ancillary services revenue was \$304 higher than budget. Various other increases from budget total \$260.

STUDENT TUITION AND FEES

Tuition fees are regulated by Advanced Education under Tuition Regulation Policy. Tuition fees remained frozen at the 2014-15 rates under direction from the Provincial Government of Alberta. Revenues from student tuition and fees were \$100 lower than budget. This was due a decrease in enrolments in trades and technical training related programming. Student full load equivalents (FLE) were 874 compared to the budget of 919 FLE. The 2016 FLE's increased by 65 from the prior year of 809.

Regulated tuition policy stipulates that tuition revenue and fees cannot exceed 30% of the College's net operating expenditure. The table below depicts the College's actual compliance rate.

| COMPLIANCE WITH TUITION FEE POLICY | | |
|---|----------------|----------------|
| | 2015-16 | 2014-15 |
| Tuition and Related fees revenue | \$4,206 | \$3,661 |
| Net Operating Expenditures | 34,178 | 33,363 |
| % | 12.30% | 10.97% |

DONATIONS AND OTHER CONTRIBUTIONS

Donations and contributions were \$32 lower than budget due to a decrease in donations, fundraising activities and capital revenue earned.

INVESTMENT INCOME

Revenue from investment income decreased by \$47 over prior year, and was \$31 lower than budget due to decreased returns in the financial markets than anticipated.

EXPENSES BY FUNCTION

For the year ended June 30, 2016 the College recorded \$36,666 in operating expenses representing an increase of \$1,013 (2.8 %) from the prior year and \$778 (2.2 %) greater than budget.

INSTRUCTION

Instruction represents the single largest function at the College, representing teaching for all credit and non-credit programming. This category also includes non-sponsored research and scholarly activity undertaken by faculty and within College departments. Instruction accounted for 31.8% of total expenditures for the year ended June 30, 2016. With this function representing such a significant component of the College's activity, the \$369 increase in costs over the prior year represents the function's proportionate share of the College's salary and benefits and material, supplies and services increase. The main reason of the increase resulted from the settlement of collective bargaining contracts.

In comparison to the 2016 budget, Instructional costs were \$895 higher than expected.

ACADEMIC AND STUDENT SUPPORT

Academic and student support is the third largest function at the College. This category includes Student Services, Student Recruitment, Student Records and Admission, Counseling, Social Development, Scholarships and other student related support. Academic and student support accounted for 16.9% of total expenditures for the year ended June 30, 2016.

Expenses decreased by \$407 from the prior year and represent the function's proportionate share of the College's salary and benefits and material, supplies and services decrease. In comparison to budget, academic and student support costs were \$668 lower than expected. The decrease due to workforce reductions in January 2015 partially offset by increased workforce costs due to the settlement of collective bargaining contracts.

INSTITUTIONAL SUPPORT

Institutional Support represents activities for Executive and Corporate Management, Public Relations, Corporate Finance, Human Resources and other corporate administrative activities. It also includes amortization expense (except for ancillary services). Institutional support accounted for 28% of total expenditures for the year ended June 30, 2016.

Expenses increased by \$688 over the prior year due which includes an increase in amortization expense of \$283 and settlement of collective bargaining contracts.

In comparison to the 2016 budget, Institutional support costs were \$30 lower than expected.

INFORMATION TECHNOLOGY

Information Technology represents activities for Computing Services, Network and Data Communication. Information Technology accounted for 4.9% of total expenditures for the year ended June 30, 2016.

Expenses decreased by \$120 from prior year and \$99 greater than budget.

FACILITIES OPERATIONS AND MAINTENANCE

This function represents all expenditures associated with facility operations and maintenance of buildings, grounds and equipment. It also includes all utility costs and rent of leased facilities. This function accounted for 10.8 % of total expenditures for the year ended June 30, 2016.

Expenses increased by \$310 from the prior year and were \$369 lower than budget. The variance consists of timing of maintenance activity, reduced infrastructure maintenance grant spending and costs associated with conditional grants.

ANCILLARY SERVICES

Ancillary Services represents operating activities that are not grant funded which support students. It includes the College Bookstore, Cafeteria, Student Residences and Housing and the Lac La Biche Child Care Association (consolidated reporting entity). Ancillary services accounted for 6.8 % of total expenditures for the year ended June 30, 2016.

Expenses increased by \$198 from prior year and were \$620 higher than budget.

SPECIAL PURPOSE TRUST

Special Purpose Trust represents costs for fundraising activities and other programs specifically funded from restricted grants and donations. Special purpose trust accounted for 0.5% of total expenditures for the year ended June 30, 2016. Expenses decreased by \$74 over the prior year and were \$110 higher than budget.

SPONSORED RESEARCH

Sponsored research represents expenditures for all sponsored research activities specifically funded through restricted grants and donations. Sponsored research accounted for 0.3% of total expenditures for the year ended June 30, 2016. Expenses increased by \$49 over the prior year and were \$121 higher than budget.

ADMINISTRATIVE EXPENDITURES AS A PERCENTAGE OF TOTAL OPERATING EXPENDITURES

Advanced Education tracks the efficiency of post-secondary institutions by monitoring an institution's administrative expenditures as a percentage of total operating expenditures. This percentage is calculated by taking Institutional Support function category expenditures and dividing it by total expenditures (minus ancillary services). The table below shows the College's performance on this measure.

| ADMINISTRATIVE EXPENSE AS A PERCENTAGE OF TOTAL OPERATING EXPENDITURES LESS ANCILLARY | | |
|--|----------------|----------------|
| | 2015-16 | 2014-15 |
| Administrative Expenditures | \$10,248 | \$9,560 |
| Total Operating | \$36,666 | \$35,653 |
| Less: Ancillary Services | 2,488 | 2,290 |
| Net Operating Expenditures | \$34,178 | \$33,363 |
| Administration Exp/ Net Total Operating | 29.98% | 28.65% |

4. Net Assets

The College's net asset balance is an important indicator of the financial health for the institution. It is comprised of Accumulated Surplus and Accumulated Remeasurement Gains and Losses.

Accumulated surplus increased by \$652 over the prior year due to an operating surplus of \$652 to fund an \$800 investment in a new Hairstyling lab. This has resulted in an accumulated surplus from operations of \$67 versus an accumulated operating deficit from operations of \$40 in the prior year. Internally restricted funds were drawn down by \$567 resulting in a balance of \$1,965. However, available funds after commitments for 2016-17 capital spending reduces the internally restricted fund balance to \$1,500. The College has a \$221 operating contingency within internally restricted surplus for approved future deficits or investment in strategic programming.

| Accumulated surplus | Accumulated surplus/ (deficit) from operations | Internally restricted surplus | Invested in capital assets | Endowments | Total |
|-----------------------------|---|--------------------------------------|-----------------------------------|-------------------|--------------|
| Balance as at June 30, 2015 | (40) | 2,532 | 8,043 | 2,043 | 12,578 |
| Balance as at June 30, 2016 | 67 | 1,965 | 9,155 | 2,043 | 13,230 |
| Change +/-(-) | 107 | (567) | 1,112 | nil | 652 |

CAPITAL SPENDING

Capital expenditures were \$3,270 (2015 - \$3,582). Capital expenditures consisted of \$807 in contributed capital and \$2,463 in self-funded capital.

Areas of significant capital spending (000's):

| | |
|-------------------------------------|---------|
| • IT | \$1,395 |
| • Hairstyling lab construction | 767 |
| • St. Paul Food Sciences Centre | 400 |
| • Pre-hospital Care/PN lab upgrades | 226 |
| • Vehicle replacement | 132 |
| • Furnishings & equipment | 326 |
| • Other capital | 24 |

Acquisitions were made in the following asset categories:

- Land \$nil (2015 - \$nil)
- Building, trailers and improvements \$1,208 (2015 - \$1,526)
- Equipment \$628 (2015 - \$1,031)
- Computer hardware and software \$1,395 (2015 - \$1,056)
- Learning resources and other assets \$39 (2014 - \$47)

5. Areas of Significant Financial Risk -

Net Assets

The College has an accumulated surplus of \$13,230 in net assets which includes endowment principle of \$2,043 and invested in capital assets of \$9,155.

Accumulated surplus from operations and internally restricted surplus in net assets is \$2,032 or 5.4% of total revenues which has declined significantly over the past 5 years due to: funding cutbacks, declining enrolments, increasing operating costs, collective agreement settlements and spending on self-funded capital to address a deteriorating capital infrastructure. College management is taking steps to replenish College reserves in net assets to provide funds to meet capital investment requirements. If these reserves continue to deteriorate, the College will be limited to address deteriorating capital infrastructure or provide non-operating funds for future program growth and expansion.

Unfunded Deferred Maintenance

The College directs a significant amount of resources towards renewing existing facilities to ensure that these facilities are updated with relevant technology and operate efficiently. A reduction in provincial funding for Infrastructure Maintenance, an aging infrastructure and a shortage of skilled facility maintenance workers has created a backlog of unfunded deferred maintenance in excess of \$20 M.

Budgetary Pressure

Although the College has a balanced budget for 2016-17, the College is facing a number of risk factors. The College has reduced its operating budget over the past five years by \$7.3m from reductions in government funding and declining enrolments. The effects of the significant funding cuts prior to 2014-15 are still being felt as we recover through strategic investment in Centres of Specialization and new program offerings.

In the 2016 Comprehensive Institutional Plan the College is projecting no increase in our Campus Alberta Grant Funding for 2017-18. Advanced Education will be undertaking a review of the

funding model for Post-Secondary Institutions over the next two years.

The College has no provision for collective agreement settlements for AUPE or Faculty Associations with contracts expired on June 30, 2016.

Budgetary pressures is further compounded by limited opportunities to find new revenue sources and mandated freeze on tuition fee increase in 2016-17. The College will continue with prudent financial management, introduce new programming and seek collaborative opportunities within the post-secondary sector to maintain a sustainable future.

Enterprise Resource Planning System (ERP)

The College operates an Enterprise Resource Planning System that is limited in meeting current demands of a contemporary post-secondary institution. The capital investment required to bring the existing ERP system to a level of acceptable functionality is beyond the financial means of the College. The College is working collaboratively within the post-secondary sector to find an acceptable and cost effective solution. The College is evaluating possible solutions including a Software-as-a-Service (SaaS) solution with the University of Alberta, Campus Alberta Unified Services (CAUS) through the development of a comprehensive business case.

Consolidated Reporting Entity

The Lac La Biche Child Care Association is a reporting entity under Public Sector Accounting Standards and its financials are consolidated into Portage College financial statements. The association is incorporated under the Societies Act of Alberta and independently board governed. Prior to eliminating accounting entries, the Lac La Biche Child Care Association incurred a \$40 operating deficit for 2015-2016. The Lac La Biche Child Care Association is a not-for-profit organization and has experienced financial challenges in past years further exasperated with a struggling economy and reduced child care placements from Portage College students and the public.

On November 3, 2016, the Lac La Biche Child Care Association gave Portage College written notice that it would be ceasing operation effective November 30, 2016.

PORTAGE COLLEGE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

| | |
|--|-------|
| Independent Auditor's Report | p. 60 |
| Statement of Management Responsibility | p. 61 |
| Consolidated Statement of Financial Position | p. 62 |
| Consolidated Statement of Operations | p. 63 |
| Consolidated Statement of Change in Net Financial Assets | p. 64 |
| Consolidated Statement of Cash Flows | p. 65 |
| Consolidated Statement of Remeasurement Gains and Losses | p. 66 |
| Notes to the Consolidated Financial Statements | p. 67 |



Independent Auditor's Report

To the Board of Governors of Portage College

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Portage College, which comprise the consolidated statement of financial position as at June 30, 2016, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Portage College as at June 30, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

October 20, 2016

Edmonton, Alberta

Statement of Management Responsibility

The consolidated financial statements of Portage College have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements present fairly the consolidated financial position of the college, as at June 30, 2016, and the results of its operations 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 control 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 consolidated financial statements.

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

The College's management carries out its responsibility for review of the consolidated financial statements principally through its Finance, Infrastructure and Risk Committee. The Finance, Infrastructure and Risk Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Finance, Infrastructure and Risk Committee, with and without presence of management.

These consolidated 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 presentation of the information in the consolidated financial statements.

[Original signed by Ray Danyluk]
Chair, Board of Governors

[Original signed by Dr. Trent Keough]
President & CEO

Portage College

Consolidated Statement of Financial Position
As at June 30, 2016
(thousands of dollars)

| | 2016 | 2015 |
|--|------------------|------------------|
| Financial Assets | | |
| Cash and cash equivalents (Note 4) | \$ 5,620 | \$ 9,261 |
| Portfolio investments - non-endowment (Note 5) | 1,621 | 1,531 |
| Portfolio investments - restricted for endowments (Note 5) | 2,325 | 1,206 |
| Accounts receivable (Note 7) | 1,028 | 1,207 |
| Inventories for resale | 158 | 150 |
| | <u>10,752</u> | <u>13,355</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 2,301 | 3,161 |
| Employee future benefit liabilities (Note 9) | 289 | 368 |
| Debt (Note 10) | 134 | 146 |
| Deferred revenue (Note 11) | 4,445 | 5,325 |
| | <u>7,169</u> | <u>9,000</u> |
| Net financial assets | <u>\$ 3,583</u> | <u>\$ 4,355</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 8) | 56,202 | 57,214 |
| Inventories of supplies | 51 | 7 |
| Prepaid expenses | 601 | 334 |
| | <u>56,854</u> | <u>57,555</u> |
| Net assets before deferred capital contributions | <u>\$ 60,437</u> | <u>\$ 61,909</u> |
| Spent deferred capital contributions (Note 12) | 47,057 | 49,171 |
| Net assets | <u>\$ 13,380</u> | <u>\$ 12,737</u> |
| Net assets comprised of: | | |
| Accumulated surplus (Note 13) | 13,230 | 12,578 |
| Accumulated remeasurement gains | 150 | 159 |
| | <u>\$ 13,380</u> | <u>\$ 12,737</u> |
| Contingent liabilities and contractual obligations (notes 15 and 16) | | |

Approved by the Board of Governors:

[Original signed by Ray Danyluk]
Chair, Board of Governors

[Original signed by Dr. Trent Keough]
President & CEO

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

Portage College

Consolidated Statement of Operations

Year Ended June 30, 2016

(thousands of dollars)

| | Budget (Note 21) | 2016 | 2015 |
|--|---------------------|------------------|------------------|
| Revenues | | | |
| Government of Alberta grants (Note 20) | \$ 26,526 | \$ 26,963 | \$ 25,505 |
| Federal and other government grants | 1,078 | 740 | 715 |
| Sales of services and products | 3,578 | 5,071 | 4,866 |
| Student tuition and fees | 4,306 | 4,206 | 3,661 |
| Donations and other grants | 220 | 188 | 247 |
| Investment income | 181 | 150 | 197 |
| | 35,888 | 37,318 | 35,191 |
| Expenses | | | |
| Instruction | 10,772 | 11,667 | 11,298 |
| Academic and student support | 6,852 | 6,184 | 6,591 |
| Facilities operations and maintenance | 4,339 | 3,970 | 3,660 |
| Institutional support | 10,278 | 10,248 | 9,560 |
| Ancillary services | 1,868 | 2,488 | 2,290 |
| Sponsored research | - | 121 | 72 |
| Special purpose and trust | 87 | 197 | 271 |
| Information technology | 1,692 | 1,791 | 1,911 |
| | 35,888 | 36,666 | 35,653 |
| Annual operating surplus (deficit) | - | 652 | (462) |
| Endowment contributions and capitalized investment income (Note 13) | - | - | (20) |
| Annual surplus (deficit) | - | 652 | (482) |
| Accumulated surplus, beginning of year | 13,385 | 12,578 | 13,060 |
| Accumulated surplus, end of year | \$ 13,385 | \$ 13,230 | \$ 12,578 |

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

Portage College

Consolidated Statement of Change in Net Financial Assets Year Ended June 30, 2016 (thousands of dollars)

| | Budget (Note 21) | 2016 | 2015 |
|--|---------------------|-----------------|-----------------|
| Annual surplus (deficit) | \$ - | \$ 652 | \$ (482) |
| Acquisition of tangible capital assets | (4,450) | (3,270) | (3,581) |
| Amortization of tangible capital assets | 4,191 | 4,269 | 3,986 |
| Loss on sale of tangible capital assets | | 12 | 16 |
| Change in inventories of supplies | | (45) | - |
| Change in prepaid expenses | | (267) | (63) |
| Change in spent deferred capital contributions (Note 12) | (2,863) | (2,114) | (1,069) |
| Net accumulated remeasurement losses | | (10) | (17) |
| Decrease in net financial assets | | (773) | (1,210) |
| Net financial assets, beginning of year | | 4,355 | 5,565 |
| Net financial assets, end of year | | \$ 3,583 | \$ 4,355 |

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

Portage College

Consolidated Statement of Cash Flows
Year Ended June 30, 2016
(thousands of dollars)

| | 2016 | 2015 |
|--|-----------------|-----------------|
| Operating transactions | | |
| Annual surplus (deficit) | \$ 652 | \$ (482) |
| Add (deduct) non-cash items: | | |
| Amortization of tangible capital assets | 4,269 | 3,986 |
| Loss on disposal of tangible capital assets | 12 | 16 |
| Capital contributions | 711 | 2,418 |
| Expended capital recognized as revenue | (2,918) | (2,883) |
| (Decrease) increase in employee future benefit liabilities | (79) | 150 |
| Inventory write-downs | 4 | 55 |
| Increase in inventory for resale | (12) | - |
| Realized loss on investment | (10) | (55) |
| Decrease in accounts receivable | 179 | 1,211 |
| Increase in prepaid expenses | (267) | (80) |
| Decrease in accounts payable and accrued liabilities | (860) | (122) |
| (Increase) decrease in inventory for supplies | (44) | 7 |
| (Decrease) increase in deferred revenue | (787) | 1,216 |
| Cash applied to provided by operating transactions | 850 | 5,437 |
| Investing transactions | | |
| Purchase of investments | (5,157) | (1,632) |
| Proceeds on sale of investments | 3,948 | 1,399 |
| Cash applied to investing transactions | (1,209) | (233) |
| Financing transactions | | |
| Debt repayment | (26) | (12) |
| Debt new financing | 14 | - |
| Cash provided by financing transactions | (12) | (12) |
| Capital transactions | | |
| Acquisition of tangible capital assets | (3,270) | (3,416) |
| Cash applied to capital transactions | (3,270) | (3,416) |
| (Decrease) increase cash and cash equivalents | (3,641) | 1,776 |
| Cash and cash equivalents, beginning of year | 9,261 | 7,485 |
| Cash and cash equivalents, end of year | \$ 5,620 | \$ 9,261 |

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

Portage College

Consolidated Statement of Remeasurement Gains and Losses
Year Ended June 30, 2016
(thousands of dollars)

| | 2016 | 2015 |
|---|---------------|---------------|
| Accumulated remeasurement gains, beginning of year | \$ 159 | \$ 176 |
| Unrealized gains attributable to: | | |
| Portfolio investments - non-endowment | 26 | 38 |
| Amounts reclassified to consolidated statement of operations: | | |
| Portfolio investments - non-endowments | (35) | (55) |
| Accumulated remeasurement gains, end of year | \$ 150 | \$ 159 |

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

Portage College

Notes to the Consolidated Financial Statements

Year Ended June 30, 2016

(thousands of dollars)

1. Authority and Purpose

The Board of Governors of Portage College is a corporation which manages and operates Portage 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, who is an *ex officio* member. Under the *Post-Secondary Learning Act*, Campus Alberta Sector Regulation, the College is a comprehensive community institution offering diploma and certificate programs as well as a full range of continuing education programs and activities. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax. This tax exemption does not extend to its controlled entity, the Lac La Biche Child Care Association.

2. Summary of Significant Accounting Policies and Reporting Practices

a. General - Public Sector Accounting Standards (PSAS) and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. 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 consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

b. Valuation of Financial Assets and Liabilities

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

| Financial Statement Component | Measurement |
|--|----------------|
| Cash and cash equivalents | Amortized cost |
| Portfolio investments | Fair Value |
| Accounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Debt | Amortized cost |

Unrealized gains and losses from changes in the fair value of unrestricted financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. 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 consolidated statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments 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 cash equivalents and portfolio investments are accounted for using trade-date accounting.

The College does not use foreign currency contracts or any other type of derivative financial 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 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 which goods or services have not been provided by year end is recorded as deferred revenue.

i. Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the 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.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices continued

c. Revenue Recognition continued

i. Government grants, non-government grants and donations continued

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.

Government grants without terms for the use of the grant are recorded 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 and materials and tangible capital assets are recorded at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded at the carrying value. While volunteers as well as College staff contribute a significant amount of time each year to assist the College in carrying out its mission. The value of their services are not recognized in the consolidated financial statements because fair value cannot be reasonably determined.

ii. 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 records such in-kind contributions at nominal value.

iii. 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.

Donations that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable. Investment income and unrealized gains and losses attributable to restricted portfolio investments are recognized as deferred revenue.

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

Under the Post-Secondary Learning Act, the College has the authority to alter the terms and conditions of endowments to enable:

- income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

Endowment contributions, matching contributions and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the Consolidated Statement of Operations in the period in which they are received.

iv. Investment income

Investment income includes dividends, interest income and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are from unrestricted grants and donations are recognized in the consolidated statement of accumulated remeasurement gains and losses until settlement. Once realized, these gains or losses are recognized as investment income in the consolidated statement of operations.

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.

Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the consolidated statement of operations as a component of endowment contributions and capitalized investment income.

d. Inventories

Inventories for resale are valued at the lower of cost and expected net realizable value and are determined using the first-in, first-out method. Inventories of supplies are valued at cost.

Portage College

Notes to the Consolidated Financial Statements

Year Ended June 30, 2016

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices continued

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. 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.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the College's rate for incremental borrowing or the interest rate implicit in the lease. Note 10 provides a schedule of repayments and amount of interest on the leases.

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, trailers and site improvements ⁽¹⁾ | 20 - 40 years |
| Equipment | 5 - 10 years |
| Computer hardware and software | 4 - 5 years |
| Learning resources & other assets | 2 - 10 years |

⁽¹⁾ Leasehold improvements are amortized on a straight-line basis over the life of the lease.

Tangible capital asset write downs are recorded when conditions indicate that 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 expense.

Intangible assets, works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets.

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 periods, 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.

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 consolidated statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

h. Employee Future Benefits

i. Pension

The College participates with other employers in the Public Service Pension Plan (PSPP) and Management Employees Pension Plan (MEPP). 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 PSPP or the MEPP to follow the standards for defined benefit accounting, and therefore, follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the PSPP and MEPP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

Portage College

Notes to the Consolidated Financial Statements

Year Ended June 30, 2016

(thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices continued

h. Employee Future Benefits continued

ii. Long-term disability

The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the College's long-term disability plans is charged to expense in full when the event occurs which obligates the College to provide the benefits. The cost of these benefits is actuarially determined using the accumulated benefit method, a market interest rate and administration's best estimate of the retirement ages of employees, expected health care costs and the period of employee disability. Actuarial gains or losses on the accrued benefit obligation are amortized over the average expected period the benefits will be paid.

iii. Professional leave

Under the collective agreements, the College may approve unpaid administrative, professional or faculty leave which is fully funded by the employee. As a result, the College incurs no liability and therefore, no actuarial valuations are required.

i. Basis of Consolidation

These consolidated financial statements use the line-by-line basis of consolidation. The College has one controlled entity, the Lac La Biche Child Care Association. The transactions between the College and the Lac La Biche Child Care Association have been eliminated on consolidation.

j. Investment in Government Partnerships

Portage College, in partnership with the City of Cold Lake, completed construction of the Cold Lake Energy Centre, a joint use facility commissioned in August 2008 which includes a new 2,700 square metre College campus. Funding for the College campus was provided for by Advanced Education, in the amount of \$12,340. College related construction costs for the project totalled \$12,650 (2015 - \$12,650) of which \$nil (2015 - \$nil) was incurred in the current period. Proportionate consolidation is used to record the College's share of this government partnership.

k. 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. Transfers to / from funds and reserves are an adjustment to the respective fund when approved.

l. Expense by Function

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

Instruction

Expenses directly related to the 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.

Academic and student support

Expenses relating to activities directly supporting the academic functions of the College. This includes items such as student services, student recruitment, student records and admissions, counselling, social development, scholarships and alumni relations.

Facilities operations and maintenance

Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the College. These include utilities, facilities administration, building maintenance, custodial services, landscaping and grounds keeping, as well as major repairs and renovations.

Institutional support

Includes expenses for centralized College-wide administration including executive management, public relations, corporate finance and human resources. Also includes amortization expense (except ancillary services).

Ancillary services

Expenses relating to the College's business enterprises that provide services and products to the College community and to external individuals and organizations. Services include the bookstore, student residences, food services and conferencing.

Sponsored research

Expenses for all sponsored research activities specifically funded by restricted grants and donations.

Special purpose and trust

Expenses for fundraising activities and other programs specifically funded by restricted grants and donations.

Information technology

Expenses relating to activities for computing services, network and data communication.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

2. Summary of Significant Accounting Policies and Reporting Practices continued

m. Future Accounting Changes

In March 2015, the Public Sector Accounting Board issued PS 2200 Related party disclosures and PS 3420 Inter-entity transactions. In June 2015, the Public Sector Accounting Board issued PS 3210 Assets, PS 3320 Contingent assets, PS 3380 Contractual rights, and PS 3430 Restructuring transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017, with the exception of PS 3430, which is effective for fiscal years starting on or after April 1, 2018.

- PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 - Assets provides guidance for applying the definition of assets set out in PS 1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS 3320 - Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 - Contractual rights defines and establishes disclosure standards on contractual rights.
- PS 3430 - Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

Management is currently assessing the impact of these new standards on the consolidated financial statements. The College discloses transactions and balances related to the Government of Alberta in note 20.

3. Changes in Accounting Policies

a. Adoption of the Net Debt Model

The net debt model (with reclassification of comparatives) has been adopted for the presentation of consolidated financial statements. Net financial asset or net debt is measured as the difference between the College's financial assets and liabilities.

The effect of this change results in changing the presentation of the consolidated statement of financial position and adding the consolidated statement of change in net financial assets (net debt).

b. Endowment Contributions and Capitalized Investment Income

Effective April 1, 2015, endowment contributions, matching contributions, and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the consolidated statement of operations in the period in which they are received. In prior years, such transactions were recognized as direct increases to endowments, not through income in the consolidated statement of operations, in the period they were received. This change in accounting policy is applied retroactively with restatement of comparatives.

4. Cash and Cash Equivalents

| | 2016 | 2015 |
|---|-----------------|-----------------|
| Cash ⁽¹⁾ | \$ 5,605 | \$ 9,206 |
| Money market funds, short-term notes and treasury bills | 15 | 55 |
| | <u>\$ 5,620</u> | <u>\$ 9,261</u> |

Cash equivalents include short term investments with a short maturity less than three months from the date of acquisition. Cash also includes deposits in the Consolidated Cash Investment Trust Fund (CCITF).

⁽¹⁾ Cash includes restricted funds of \$4,311 (2015 - \$4,462).

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

5. Portfolio Investments

| | 2016 | 2015 |
|---|-----------------|-----------------|
| Portfolio investments - non-endowment | \$ 1,621 | \$ 1,531 |
| Portfolio investments - restricted for endowments | 2,325 | 1,206 |
| | <u>\$ 3,946</u> | <u>\$ 2,737</u> |

The following table provides a categorization of investments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the inputs in determining fair value are observable.

| | 2016 | | | |
|--|-----------------|-------------|-------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments at Fair Value | | | | |
| Bonds | | | | |
| Canadian Bonds | \$ 2,466 | \$ - | \$ - | \$ 2,466 |
| Equities | | | | |
| Canadian Equities | 559 | - | - | 559 |
| Foreign Equities | 465 | - | - | 465 |
| Other | | | | |
| Money market, short-term notes and treasury bills ⁽¹⁾ | 456 | - | - | 456 |
| Total investments | <u>\$ 3,946</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,946</u> |
| | <u>100 %</u> | <u>- %</u> | <u>- %</u> | <u>100 %</u> |
| | | | | |
| | 2015 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investments at Fair Value | | | | |
| Bonds | | | | |
| Canadian Bonds | \$ 1,562 | \$ - | \$ - | \$ 1,562 |
| Equities | | | | |
| Canadian Equities | 530 | - | - | 530 |
| Foreign Equities | 548 | - | - | 548 |
| Other | | | | |
| Money market, short-term notes and treasury bills ⁽¹⁾ | 97 | - | - | 97 |
| Total investments | <u>2,737</u> | <u>-</u> | <u>-</u> | <u>2,737</u> |
| | <u>100 %</u> | <u>- %</u> | <u>- %</u> | <u>100 %</u> |

The fair value measurements are those derived from:

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

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

⁽¹⁾ Mature in 90 days or greater from date of acquisition.

Portage College

Notes to the Consolidated Financial Statements

Year Ended June 30, 2016

(thousands of dollars)

6. Financial Risk Management

The College is exposed to the following risks:

Market risk

The College is exposed to market risk - 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 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 following details the College's portfolio sensitivity to a 1% increase or decrease in market price benchmarks. The market price benchmarks consist of DEX 91-day T-bill, DEX universe bond, S&P TSX Composite, S&P 500 Cap + Inc., SCA, MS EAFE and Index SCA TR. The sensitivity rate is determined using the historical annualized standard deviation for the total fund as determined by the investment advisor. At June 30, 2016, if market prices had a 1.00% (2015 - 1.00%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and endowment net assets - externally restricted contributions for the year would have been a total of \$26 (2015 - \$26).

Credit risk

The College is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk the College has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition receivables is managed through restricted enrolment activities and managed collection procedures for students with delinquent accounts.

The credit risks on investments held are as follows:

| | 2016 | 2015 |
|---------------------------|----------------|----------------|
| Money market funds | | |
| R-1 (high) | 100.0 % | 100.0 % |
| Bonds | | |
| AAA | 31.2 % | 45.1 % |
| AA | 28.8 % | 27.5 % |
| A | 38.0 % | 27.4 % |
| BBB | 2.0 % | - % |
| | <u>100.0 %</u> | <u>100.0 %</u> |

Interest rate risk

Interest rate risk is the risk to the College's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the College holds.

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

| | < 1 year | 1 - 5 years | > 5 years | Average effective market yield |
|---|----------|-------------|-----------|--------------------------------|
| Money market, short-term notes and treasury bills | 100.00 % | - % | - % | 1.58 % |
| Canadian government and corporate bonds | 15.60 % | 15.80 % | 68.60 % | 1.93 % |

7. Accounts Receivable

| | 2016 | 2015 |
|---------------------|-----------------|-----------------|
| Accounts receivable | <u>\$ 1,028</u> | <u>\$ 1,207</u> |
| | <u>\$ 1,028</u> | <u>\$ 1,207</u> |

Accounts receivable are unsecured and non-interest bearing.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

8. Tangible Capital Assets

The composition of tangible capital assets are as follows:

| | 2016 | | | | | 2015 | |
|---|-----------------|---|--------------------------|------------------------------------|--|------------------|------------------|
| | Land | Buildings, trailers & site improvements | Equipment ⁽¹⁾ | Computer hardware & software | Learning resources & other assets ⁽²⁾ | Total | Total |
| Cost | | | | | | | |
| Beginning of year | \$ 1,775 | \$ 69,498 | \$ 9,814 | \$ 10,662 | \$ 887 | \$ 92,636 | \$ 89,233 |
| Acquisitions | - | 1,208 | 628 | 1,395 | 39 | 3,270 | 3,582 |
| Disposals, including write-downs | - | (68) | (52) | (11) | - | (131) | (180) |
| | 1,775 | 70,638 | 10,390 | 12,046 | 926 | 95,775 | 92,635 |
| Accumulated Amortization | | | | | | | |
| Beginning of year | \$ - | \$ 20,020 | \$ 5,620 | \$ 8,937 | \$ 844 | \$ 35,421 | \$ 31,599 |
| Amortization expense | - | 2,215 | 1,122 | 893 | 40 | 4,270 | 3,986 |
| Effects on disposals, including write-downs | - | (61) | (51) | (7) | - | (119) | (164) |
| | - | 22,174 | 6,691 | 9,823 | 884 | 39,572 | 35,421 |
| Net book value at June 30, 2016 | \$ 1,775 | \$ 48,464 | \$ 3,699 | \$ 2,223 | \$ 42 | \$ 56,202 | \$ 57,214 |
| Net book value at June 30, 2015 | \$ 1,775 | \$ 49,478 | \$ 4,193 | \$ 1,725 | \$ 43 | \$ 57,214 | |

Historic cost includes work-in-progress at June 30, 2016 totaling \$848 (2015 - \$1,442) comprised of buildings \$720 (2015 - \$1,442), equipment \$47 (2015 - \$nil) and computer hardware and software \$81 (2015 - \$nil).

(1) Equipment includes vehicles, heavy equipment, office equipment and furniture and other equipment.

(2) Learning resources and other assets includes rental books.

The College holds library permanent collections and other permanent collections which include works of art, museum specimens, archival material and maps. These collections are not included in tangible capital assets.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

9. Employee Future Benefit Liabilities

Pension

The College participates in multi-employer pensions plans and has insufficient information to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. No employee future benefit liability is reported.

The expense for these plans is \$2,287 (2015 - \$2,083).

At December 31, 2015 the MEPP reported a surplus of \$299,051 (2014 - surplus of \$75,805). Also, at December 31, 2015 the PSPP reported a deficiency of \$133,188 (2014 - deficiency of \$803,299).

Long-term disability

The College's post employment benefit plan includes the contribution of extended health care, dental, health spending account and pension contributions for employees on long-term disabilities (LTD).

Based on an actuarial valuation the employees future benefit liability for employer paid contributions for staff on LTD was \$289 (2015 - \$368). The amortization of the employee future benefit liability was \$79 (2015 - \$78). An actuarial valuation report was prepared as of June 30, 2015.

10. Debt

Debt is measured at amortized cost and is comprised of the following:

| | 2016 | | | 2015 | |
|---|------------|--------------|-----------------|----------------|----------------|
| | Collateral | Maturity | Interest Rate % | Amortized Cost | Amortized Cost |
| Obligations under capital leases | | | | | |
| Lease 501-910-400 | 1 | Dec 2, 2020 | 4.163 % | \$ 106 | \$ 127 |
| Lease 502-009-400 | 1 | Dec 28, 2020 | 3.569 | 16 | 19 |
| Lease 959-566-977 | 1 | Feb 9, 2021 | 5.741 | 12 | - |
| | | | | \$ 134 | \$ 146 |

Collateral – (1) none; (2) title to land, building; (3) cash flows from facility.

Principal and interest repayments in each of the next five years and thereafter are as follows:

| | Principal | Interest | Total |
|------|---------------|--------------|---------------|
| 2017 | \$ 28 | \$ 5 | \$ 33 |
| 2018 | 29 | 4 | 33 |
| 2019 | 30 | 3 | 33 |
| 2020 | 31 | 1 | 32 |
| 2021 | 16 | - | 16 |
| | \$ 134 | \$ 13 | \$ 147 |

Interest expense on debt is \$6 (2015 - \$3) and is included in the consolidated statement of operations.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

11. Deferred Revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

| | 2016 | | | 2015 |
|---|--|------------------------|----------|----------|
| | Unspent deferred capital contributions | Tuition and other fees | Total | Total |
| Balance, beginning of year | \$ 1,771 | \$ 3,555 | \$ 5,325 | \$ 3,473 |
| Grants, tuition, donations received during the year | 609 | 1,698 | 2,307 | 5,171 |
| Restricted investment income | 32 | 74 | 106 | 111 |
| Unrealized gains (losses) | - | 12 | 12 | (2) |
| Transfers to spent deferred capital contributions | (734) | (72) | (806) | (1,814) |
| Recognized as revenue | - | (2,500) | (2,500) | (1,614) |
| Balance, end of year | \$ 1,678 | \$ 2,767 | \$ 4,445 | \$ 5,325 |

12. 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).

| | 2016 | 2015 |
|---|-----------|-----------|
| Spent deferred capital contributions, beginning of year | \$ 49,171 | \$ 50,240 |
| Transfers from unspent deferred capital contributions | 805 | 1,814 |
| Expended capital recognized as revenue | (2,919) | (2,883) |
| Spent deferred capital contributions, end of year | \$ 47,057 | \$ 49,171 |

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

13. Accumulated Surplus

The composition of accumulated operating surplus is as follows:

| | Accumulated surplus (deficit) from operations | Investment in tangible capital assets ⁽¹⁾ | Internally restricted surplus | Endowments | Total accumulated operating surplus |
|--|---|--|-------------------------------|------------|-------------------------------------|
| Balance as at June 30, 2014 | \$ 56 | \$ 7,275 | \$ 3,666 | \$ 2,063 | \$ 13,060 |
| Annual deficit | (462) | - | - | (20) | (482) |
| Operating expenses funded from internally restricted surplus | 1,134 | - | (1,134) | - | - |
| Transfer from contributed to owned assets | 100 | (100) | - | - | - |
| Internally funded acquisition of tangible capital assets | (1,987) | 1,987 | - | - | - |
| Amortization of internally funded tangible capital assets | 1,103 | (1,103) | - | - | - |
| Net book value of tangible capital assets disposals | 16 | (16) | - | - | - |
| Balance as at June 30, 2015 | (40) | 8,043 | 2,532 | 2,043 | 12,578 |
| Annual surplus | 652 | - | - | - | 652 |
| Operating expenses funded from internally restricted surplus | 228 | 339 | (567) | - | - |
| Internally funded acquisition of tangible capital assets | (2,124) | 2,124 | - | - | - |
| Amortization of internally funded tangible capital assets | 1,350 | (1,350) | - | - | - |
| Net book value of tangible capital assets disposals | 1 | (1) | - | - | - |
| Balance as at June 30, 2016 | \$ 67 | \$ 9,155 | \$ 1,965 | \$ 2,043 | \$ 13,230 |

(1) Investment in tangible capital assets represents the amount of the College's accumulated operating surplus that has been invested in the College's tangible capital assets.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

14. 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.

The composition of internally restricted surplus is as follows:

| | Balance at beginning of year | Appropriations | Distributions | Balance at end of year |
|---|---------------------------------|----------------|-----------------|---------------------------|
| Appropriations for Capital Activities | | | | |
| Campus development fund | \$ 214 | \$ - | \$ (69) | \$ 145 |
| Housing development fund | 183 | - | (8) | 175 |
| Furnishings, equipment and renovations | 148 | - | (119) | 29 |
| Facility development fund | 42 | - | (30) | 12 |
| Capital equipment replacement fund - HEO | 62 | - | (51) | 11 |
| | 649 | - | (277) | 372 |
| Appropriations for Operating Activities | | | | |
| E-learning technology | 205 | - | (28) | 177 |
| Program development | 193 | - | - | 193 |
| Student scholarship and bursary investment fund | 350 | - | - | 350 |
| Program enhancement fund | 144 | - | - | 144 |
| Professional services - transition fund | 334 | - | - | 334 |
| Financially assisted educational leave | 63 | - | - | 63 |
| Emergency facility repair | 78 | - | - | 78 |
| Operating contingency | 443 | - | (222) | 221 |
| College rebranding initiatives | 73 | - | (40) | 33 |
| | 1,883 | - | (290) | 1,593 |
| Total | \$ 2,532 | \$ - | \$ (567) | \$ 1,965 |

15. Contingent Liabilities

The College has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the College may be required to take appropriate remediation procedures to remove the asbestos. As the College has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

16. Contractual Obligations

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

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

| | Service Contracts | Capital Leases | Total |
|------|----------------------|----------------|---------------|
| 2017 | \$ 32 | \$ 34 | \$ 66 |
| 2018 | 8 | 34 | 42 |
| 2019 | - | 34 | 34 |
| 2020 | - | 34 | 34 |
| 2021 | - | 18 | 18 |
| | <u>\$ 40</u> | <u>\$ 154</u> | <u>\$ 194</u> |

17. Expense by Object

The following is a summary of expense by object.

| | 2016 | | 2015 |
|----------------------------------|------------------|------------------|------------------|
| | Budget | Actual | Actual |
| | (note 21) | | |
| Salaries and benefits | \$ 20,334 | \$ 22,879 | \$ 22,079 |
| Materials, supplies and services | 8,424 | 6,888 | 6,909 |
| Maintenance and repairs | 1,830 | 1,465 | 1,483 |
| Utilities | 815 | 757 | 838 |
| Scholarships and bursaries | 294 | 402 | 358 |
| Amortization of capital assets | 4,191 | 4,269 | 3,986 |
| Interest on Debt | - | 6 | - |
| | <u>\$ 35,888</u> | <u>\$ 36,666</u> | <u>\$ 35,653</u> |

18. Funds Held on Behalf of Others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

| | 2016 | 2015 |
|------------------------|---------------|---------------|
| Faculty association | \$ 95 | \$ 94 |
| Employee funded | - | 33 |
| Other funds held | 203 | 213 |
| Security deposits held | 20 | 33 |
| | <u>\$ 318</u> | <u>\$ 373</u> |

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

19. Salary and Employee Benefits

| | 2016 | | | 2015 | |
|--|----------------------------|------------------------------------|--|-------|-------|
| | Base salary ⁽²⁾ | Other cash benefits ⁽³⁾ | Other non-cash benefits ⁽⁴⁾ | Total | Total |
| Governance⁽¹⁾ | | | | | |
| Chair of the Board of Governors | \$ - | \$ 5 | \$ - | \$ 5 | \$ 9 |
| Members of the Board of Governors | - | 9 | - | 9 | 10 |
| Executive | | | | | |
| President and CEO | 244 | - | 39 | 283 | 225 |
| Vice-President Academics ⁽⁵⁾ | 153 | 156 | 24 | 333 | 190 |
| Executive Vice-President Academics ⁽⁶⁾ | 61 | - | 13 | 74 | - |
| Vice-President Infrastructure & Information Technology | 162 | - | 39 | 201 | 190 |
| Chief Financial Officer | 162 | - | 39 | 201 | 180 |
| Associate Vice-President Student Services / Registrar | 162 | - | 39 | 201 | 190 |
| Associate Vice-President, Academics ⁽⁷⁾ | 156 | 1 | 38 | 195 | - |
| Director, Human Resources | 142 | - | 38 | 180 | 163 |
| Director, Continuing Education ⁽⁸⁾ | - | - | - | - | 149 |

(1) The Chair and Members of the Board of Governors receive no remuneration for participation on the Board other than honoraria for participation in board meetings.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include administrative honorarium, vacation payouts and other lump sum payments, including severance.

(4) Other non-cash benefits include the College's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, health care, short and long term disability plans, vision coverage, dental plan, accidental disability and dismemberment insurance and out of country medical insurance. Benefits for some of the Executive also include professional development and memberships. The President receives an automobile, no dollar amount included in other non-cash benefits.

(5) The position of Vice-President Academics was eliminated February 2016.

(6) The position of Executive Vice-President Academics was newly created in February 2016.

(7) The position of Associate Vice-President Academics was newly created in July 2015.

(8) The position of Director, Continuing Education was vacant from April to June 2015. The position was eliminated after June 2015.

Portage College

Notes to the Consolidated Financial Statements Year Ended June 30, 2016 (thousands of dollars)

20. Government of Alberta Transactions and Balances

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

| | 2016 | 2015 |
|--|-------------------------|-------------------------|
| Grants from Government of Alberta | | |
| Advanced Education: | | |
| Operating | \$ 22,896 | \$ 18,934 |
| Capital | 2,097 | 3,803 |
| Access to the Future Fund | 11 | 1,124 |
| Other | 969 | 5,109 |
| Total Advanced Education | <u>\$ 25,973</u> | <u>\$ 28,970</u> |
| Other Post-secondary Institutions | <u>\$ 8</u> | <u>\$ 27</u> |
| Other Government of Alberta departments and agencies: | | |
| Alberta Tourism, Parks and Recreation | 64 | 64 |
| Alberta Human Services | 7 | 7 |
| Alberta Municipal Affairs | 278 | 278 |
| Total other Government of Alberta departments and agencies | <u>349</u> | <u>349</u> |
| Total contributions received | <u>26,330</u> | <u>29,346</u> |
| Restricted expended capital recognized as revenue | 3,947 | 1,938 |
| Less: deferred revenue | <u>(3,314)</u> | <u>(5,779)</u> |
| | <u><u>\$ 26,963</u></u> | <u><u>\$ 25,505</u></u> |
| Accounts receivable | | |
| Other Government of Alberta departments and agencies | 146 | 7 |
| Other Post-secondary Institutions | 144 | 170 |
| | <u>\$ 290</u> | <u>\$ 177</u> |
| Accounts payable | | |
| Other Government of Alberta departments and agencies | 1 | 1 |
| | <u>\$ 1</u> | <u>\$ 1</u> |

21. Budget Figures

Budgeted figures have been provided for comparison purposes and have been derived from the College's Comprehensive Institutional Plan as approved by the Board of Governors.

22. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Governors of Portage College.

23. Comparative Figures

Certain comparative figures have been restated to conform to current presentation.







9531-94 Ave, PO Box 417
Lac La Biche, AB
T0A 2C0

780.623.5580 • 1.866.623.5551
info@portagecollege.ca
portagecollege.ca