ANNUAL REPORT
2014/15

GPRC
GRANDE PRAIRIE REGIONAL COLLEGE

ACCOUNTABILITY STATEMENT

The Grande Prairie Regional College (GPRC) Annual Report for the year—ended June 30, 2015—was prepared under the Board's direction in accordance with the Fiscal Management 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 Pete Merlo
Pete Merlo

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

The Auditor General of Alberta, the institution'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 Don Gnatiuk
Don Gnatiuk

MESSAGE FROM THE PRESIDENT

Our focus on our students, our community and meeting the needs of industry in our region, guided GPRC through the 2014–2015 Academic year. We refocused our resources to add the greatest value to people's lives, and for employers to keep GPRC in a strong financial position.

We took our time, we consulted widely, looked at all our options, and carefully made decisions that kept us focused on our institutional goals while staying true to our Vision, Mission, and Values. Some of these decisions were difficult, but they put the foundation in place for GPRC to reinvest in our priority areas and prepare for the future.

As we sharpened our focus, GPRC identified opportunities for improving the quality of education and training we provide. For instance, GPRC received a $230,000 Western Economic Diversification grant; this grant enabled GPRC to invest in upgrades to the Power Engineering Lab in Fairview, expanding our capacity to increase the number of power engineers in Northwestern Alberta. Like all trade programs offered by GPRC, Power Engineering continues to be in high demand by students as the need in our region industry for trained apprentices remains very strong.

The region GPRC serves is filled with creative and innovative people who contribute to the vibrant culture of Alberta. This year, GPRC launched Art Works which brought together nearly 200 students to hear from Alumni who have turned their passion for art into rewarding and creative careers.

GPRC also continues to be among the top 20 Applied Research colleges in the country. Our Centre for Research and Innovation continues to create opportunities for students and faculty to be involved in research and scholarly activities that make a real difference in our communities and to regional industry.

Athletics play an essential role at GPRC and illustrate the commitment and determination of our students. This year we celebrated the 40th Anniversary of Wolves Volleyball. The Wolves Volleyball teams have a history of bringing home titles and medals to GPRC while, like many of our GPRC athletes, excelling in their educational pursuits. This event again showed how GPRC athletics and academics come together and build relationships that last a lifetime.

As we report this year, 98 per cent of our graduates say they achieved their primary goal by attending GPRC. Each one of our graduates represent a unique student success story. GPRC will continue to be an important part of these students' success stories as we continue to implement our plans.

We are proud of the commitment and hard work of all our staff and faculty represented in this report. We are responding to what our communities and regional industry are telling us: they want to see GPRC granting its own degrees as a Polytechnic University. Again, we are consulting widely and listening to our students, communities and industry as we look to the future of GPRC.

Original signed by Don Gnatiuk
Don Gnatiuk

OPERATIONAL OVERVIEW

PROVINCIAL & REGIONAL REALITIES

Over the past year, Canada and Alberta experienced an economic decline, due mainly to a plunge in oil prices. While still recovering from the economic meltdown of 2008, Alberta struggled to diversify its economy, relying on its expansion of the oil and gas industry. From 2008 until mid-2014, Alberta enjoyed exceptional growth in most sectors of the economy. Alberta's oil and gas industry attracted 80,000 interprovincial migrants in 2011–2012 (Stats Canada, Migration: Interprovincial, 2011–2012) accounting for 28.8% of total interprovincial migrants in Canada. Net migration to Alberta declined, reflective of Alberta's economy, by 60%, from 19,326 in Q1-2014 to 7,723 in Q1-2015 (Net Migration: albertacanada.com).

The recent election of the New Democratic Party majority government brought economic changes to the oil and gas industry, health care, K–12 Education, and post-secondary education. As a result of pre-election budget cuts made by the government, many post-secondary institutions in Alberta implemented cuts to services and low-enrolled programs. Several institutions, including GPRC, had to make difficult decisions resulting in reductions across all departments. GPRC strategically introduced reductions of low enrolled programs. GPRC further cut thirty three positions throughout the institution by offering retirement incentives, voluntary severances and redundancy incentives.

In addition to provincial changes, the city of Grande Prairie recently conducted its 2015 municipal census. The report indicated a population increase of 18,329 (36.49%) since the last municipal census in 2007 (population, 50,227). The city of Grande Prairie accomplished tremendous population growth as evidenced in the 2006 and 2011 federal census figures. As the population increases, so does the demand for regionally delivered programming. GPRC will adapt to regional realities by aligning current, and creating future, programs that respond to community needs.

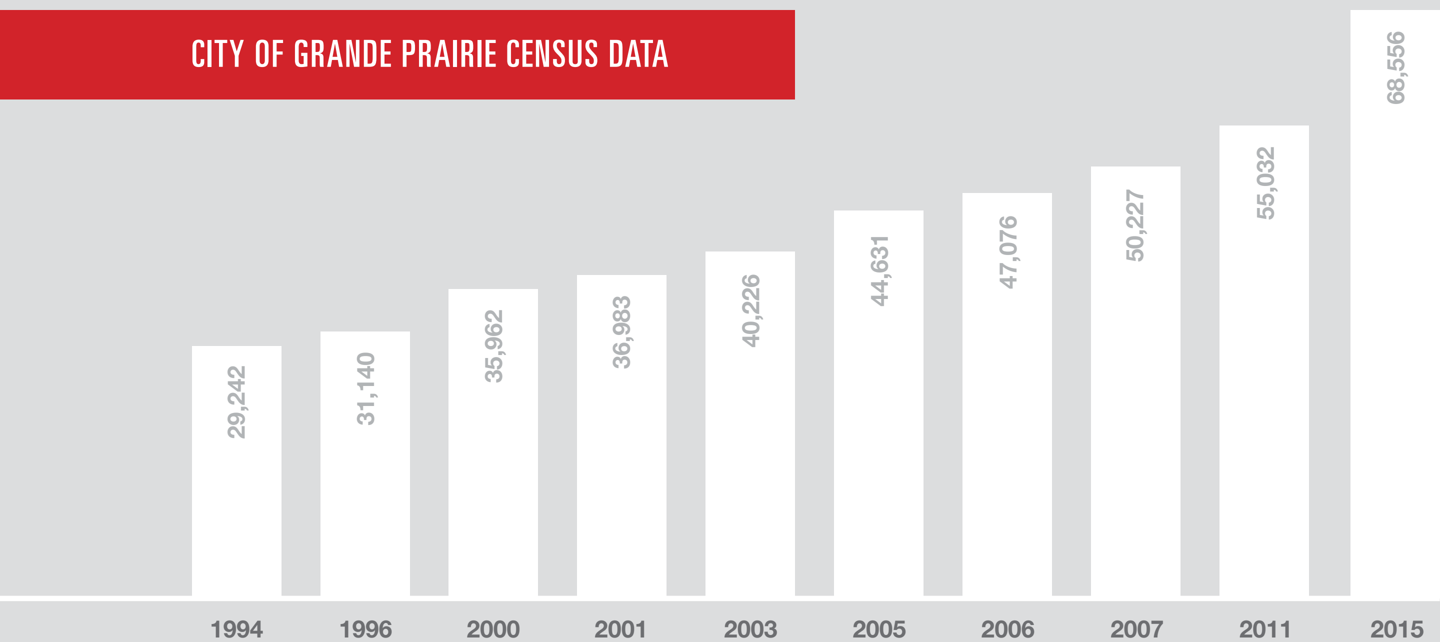
PROGRAMMING & WORKFORCE TRENDS

2014–2015 academic year brought another round of program and workforce changes across GPRC. In the 2014–2015 academic year, GPRC suspended the Pre-Employment (Millwright and Welding), and Transitional Vocational programs on the Fairview campus, as well as reducing the Office Administration program from a two years diploma to a one-year certificate program, limiting computer science to a diploma, and reducing the number of individual courses in other programs. GPRC will actively work with the relevant staff and ministries to restore the Transitional Vocational Program to the Fairview campus in the future.

GPRC's Academic Upgrading department reviewed all programs and course offerings and implemented changes to minimize cost and create revenue. The department combined sections of the same courses, to enhance departmental efficiency and enhance strategic alignment with GPRC's goals. Although the Full Load Equivalent (FLE) decreased, the department reduced redundant operating costs and maintained courses in high demand.

GPRC is continuously expanding programming to meet the changing needs of our communities. Two new specializations (Accounting and Investment Management, Management) were added to the Business Administration diploma program. Both programs are currently being reviewed and, if approved, will start in September 2016. Both programs will be transferrable to other post-secondary institutions in Alberta. GPRC is engaging community, industry, and educational partners to support future programs in Applied Health Sciences, Trades, and Engineering.

CITY OF GRANDE PRAIRIE CENSUS DATA



Source: 1996, 2001, 2006, 2011 Federal Census; 1994, 2000, 2003, 2005, 2007, 2015 City of Grande Prairie Municipal Census

CERTIFICATE & DIPLOMA PROGRAMMING

- Animal Health Technology
- Business Administration
- Business Administration-Financial Services
- Business Administration-Marketing
- Computer Systems Technology Certificate
- Computerized Accounting
- Educational Assistant
- Harley-Davidson Technician
- Legal Secretary
- Microcomputer Office Specialist
- Motorcycle Mechanic
- Music Technology
- Office Management
- Parts & Materials Technician Certificate
- Personal Trainer
- Power Engineering Third Class
- Pre-Employment Welding
- ThinkBIG Service Technician
- Visual Arts and Design
- Basic Bookkeeping
- Business Administration-Accounting
- Business Administration-General
- Commercial Beekeeper
- Computer Systems Technology Diploma
- Early Learning and Child Care
- Fitness Leadership
- Hospitality and Tourism Certificate
- Legal Secretary Specialist
- Microcomputer Office Specialist
- Music Performance
- Office Administration
- Oil & Gas
- Perioperative Nursing
- Power Engineering Fourth Class
- Pre-Employment Millwright
- Professional Bookkeeping Specialist
- Unit Clerk Program

APPRENTICESHIP

- Automotive Service Technician
- Electrician
- Instrument Technician
- Motorcycle Mechanic
- Plumber
- Welder-Wire Process Operator
- Carpenter
- Heavy Equipment Technician
- Millwright
- Parts Technician
- Steamfitter-Pipefitter
- Welder

TRANSFER PROGRAMMING

- UT: Bachelor of Arts
- UT: Bachelor of Commerce
- UT: Bachelor of Education
- UT: Bachelor of Engineering
- UT: Bachelor of Fine Arts
- UT: Bachelor of Music
- UT: Bachelor of Physical Education
- UT: Bachelor of Science
- UT: Bachelor of Science in Computing Science
- UT: Bachelor of Science in Nursing

NON-CREDENTIAL PROGRAMMING

- Academic Upgrading
- Transitional Vocational
- Open Studies

HOSTED COLLABORATIVE PROGRAMMING

- Bachelor of Arts in Psychology
- Bachelor of Management
- Bachelor of Social Work
- Bachelor of Commerce
- Bachelor of Science in Computing Information Systems

GOALS, PRIORITY INITIATIVES, EXPECTED OUTCOMES & PERFORMANCE MEASURES

GOAL 1 STUDENTS THROUGHOUT THE STEWARDSHIP REGION HAVE THE KNOWLEDGE AND SKILLS FOR SUCCESS IN WHATEVER PATH THEY CHOOSE

GOAL 2 CITIZENS HAVE ACCESSIBLE RESOURCES TO IMPROVE THE QUALITY OF LIFE

GOAL 3 ECONOMIC WELL-BEING OF THE STEWARDSHIP REGION IS ENHANCED

GOAL 4 ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY

GOAL 5 RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES

GOAL 6 ENTERPRISE RISK MANAGEMENT

GOAL 1: STUDENTS THROUGHOUT THE STEWARDSHIP REGION HAVE THE KNOWLEDGE AND SKILLS FOR SUCCESS IN WHATEVER PATH THEY CHOOSE

1.1 Deliver affordable, accessible credit and continuing education programming (including Health and Trades related programming and degree completion opportunities) relevant to the changing needs, context and diversity of students in the region.

- Delivered 62 Certificate, Diploma, Non-Credential, and University Transfer programs
- Proposed two new specializations in the Business Administration program
- Updated five program curricula for ease of transferability to sister institutions
- Reviewed health programming to be offered upon the opening of the new Grande Prairie hospital
- Increased GPRC involvement in video conferencing and offered 93 courses on eCampusAlberta

1.2 Continue to expand GPRC's role as an active and committed partner within Campus Alberta

- Followed guidelines of Campus Alberta Planning Resource in creating GPRC's 2015–2018 Comprehensive Institutional Plan
- Strengthened ten existing partnerships with Alberta institutions through program offerings and hosted Royal Roads University, Thompson Rivers University, Vancouver Island University, University of Alberta, Augustana to discuss potential collaborations and partnerships
- Participated in annual Alberta institutional meetings to discuss recent post-secondary issues and to enhance collaborations
- Established year one transfer for Radiation Therapy and Neuroscience Honours route with University of Alberta

1.3 Increase enrolment and retention rates through Strategic Enrolment and Retention Committee

- Increased enrolment in Apprenticeship (13%) programming
- Implemented strategies for student recruitment and retention
- Worked with Information Technology to develop internal student success processes
- Work in progress on a 'Student Success Policy' that will allow for early identification of at risk students

1.4 Implement ongoing processes and activities to ensure the college learning environment is of high quality

- Online registration system became fully operational
- Comprehensive annual program reviews indicated student satisfaction and identified necessary program revisions/renewals
- Graduate Outcome Survey revealed an increasing number of students are satisfied with quality of education at GPRC
- Collaborated in province wide initiative providing online registration for apprenticeship programming

1.5 Promote and enhance effective and comprehensive student support programs

- Student Services offered academic advising, financial aid, disability services and support to 4,137 students
- Aboriginal support programs, such as the on campus Friendship Centre and the Circle of Aboriginal Students helped approximately 450 Aboriginal students across GPRC
- Organized the Annual Transfer Fair, GPRC advisor training, and created video tutorials on my GPRC
- Early registration information party resulted in 339% increase in early student registration relative to 2013–2014

GOAL 2: CITIZENS HAVE ACCESSIBLE RESOURCES TO IMPROVE THE QUALITY OF LIFE

2.1 Maintain and enhance networks, partnerships, and community consultations

- President and CEO provided regular presentation to municipalities, communities groups—such as chambers of commerce and Rotary clubs, in GPRC stewardship area
- Partnership with Reading University provided reading support for Grade 3 students in the Grande Prairie regio
- Partnerships with community groups and events provided access to college facilities with a total value of $40,000

2.2 Expand community involvement

- Strong community presence supported through the GPRC Alumni/Foundation and GPRC premier fundraising events such as the President's Ball and College Classic
- GPRC hosted the inaugural 21st Century Homesteading Conference on Fairview campus attracting more than 50 participants
- Summer camp opportunities through Science, Athletics, Fine Arts and continued strong partnership with the Be Fit for Life Centre and ASCD
- Partnership with Grande Prairie Live Theatre in the successful production of Les Misérables support in the Douglas J Cardinal Performing Arts Centre

2.3 Develop and promote a distinctive image for the college

- Refreshed GPRC brand supported by an updated GPRC Style guide that provides clear direction on proper use of contemporary new logos
- Art Works campaign promoted GPRC Fine Arts program and connected alumni with prospective students and built on previous work of the Nine Degrees of Designation and Trades Places campaigns
- College Town Leadership Group established to build community connections to GPRC student success, guided by the vision of a Unique Success Story for Every Student

GOAL 3: ECONOMIC WELL-BEING OF THE STEWARDSHIP REGION IS ENHANCED

3.1 Transform Continuing Education's role as a non-credit training provider in the region

- Developed new Continuing Education policy
- Completed Auditor General audit of the department and operations
- Fully functional online registration system launched
- Brokered the Project Management Fundamentals course

3.2 GPRC will work with stakeholder to reconcile regional and City of Grande Prairie demand for degree granting and "Polytechnic University" status at GPRC, and continue to work towards meeting Campus Alberta Quality Council (CAQC) requirements to become degree granting

- Maintained regular meetings with regional and Government of Alberta leaders
- Prepared draft version of degree granting proposal
- Early stages of surveying students, employers, regional partners and industry leaders

3.3 Improve recruitment of faculty and staff in hard to fill areas

- Greater volume of job applications received in hard to fill areas
- Advertised job openings on various job sites including GPRC's career page
- Applicant tracking system (HRsmart) discussed for future implementation

3.4 Actively maintain positive staff engagement

- Recognized faculty and staff through Employee Recognition Ceremony and luncheon
- Completed design of third party engagement survey to be rolled out for feedback and planning purposes
- Organized the annual Distinguished Employee Award on Fairview and Grande Prairie campuses
- Reviewed existing human resources policies in consultation with Meyers Norris Penny (MNP)

3.5 Provide quality professional development opportunities for employees

- 360 degree feedback process developed to identify strengths and opportunities for faculty and staff
- Instructional skills workshop offered to 18 new faculty in all departments
- Current faculty members facilitated instructional skills workshop to help new faculty interact and build relationships

3.6 Provide leadership development opportunities and supports

- Foundation of Leadership Program (FLP) offered three core and seven elective courses open to all faculty and staff as well as to employees of regional business and industry
- Hosted a leadership, team-building and coaching seminar for supervisory employees
- Emotional Intelligence training provided to all deans, directors, and the senior leadership team

GOAL 4: ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY

4.1 Ensure economic sustainability by aligning resources with GPRC's vision and deploying them in a sustainable and effective manner

- Senior administration established and shared plans for budget and program cuts
- A balanced financial budget for 2017 was presented by the senior leadership team
- Existing projects were prioritized according to the strategic priorities and urgent operations of GPRC

4.2 Generate new revenue streams

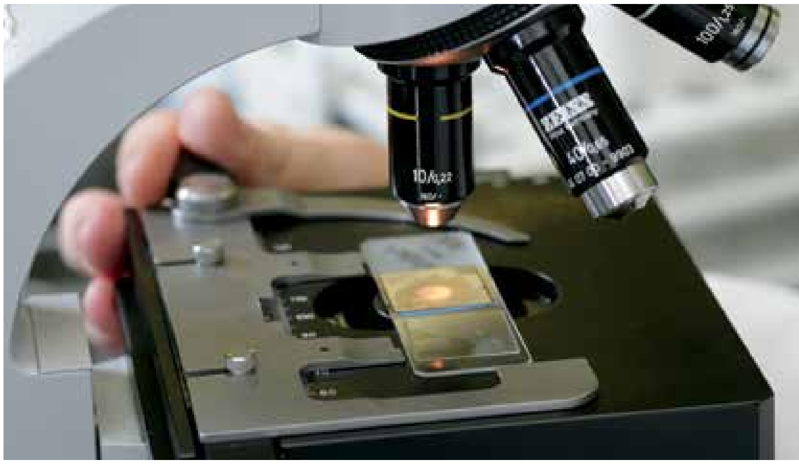
- Commenced the annual VITAL campaign for fundraising through donors and the community
- Continuing Education programs and courses realized revenue for GPRC operations
- Centre for Research & Innovation created additional $500,000+ revenue for GPRC and for existing research projects

4.3 Maximize capital investment and capital resources through planning and development

- Initiated a master plan for GPRC and capital investment projects
- Renovated and refurbished lecture halls, cafeteria, classrooms, and offices on both campuses
- Increased classrooms and facilities utilization by spreading lectures and activities evenly throughout the day

4.4 Develop environmental awareness (Green Initiative) and measure, monitor, and transform our practices

- Decreased use of print paper in all office printers
- Pop-up message for "Green Initiative" advertised for every colour print job
- Vehicle usage reports encouraged good driving skills in staff and faculty



GOAL 5: RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES

5.1 Foster research based activities that involve staff, students, and other researchers

- Sixteen GPRC faculty and staff continue to be involved in various forms of Scholarly Activity consistent with development plans for GPRC
- Two GPRC students participated in ad hoc applied research activities (data collection, field work) with the Pollutants to Products (P2P) initiative. Two full-time summer students and two part-time high schools students worked within the National Bee Diagnostic Centre—Technology Access Centre, learning both field and laboratory techniques as well as data collection in the field
- One full-time student was engaged within the Centre for Research and Innovation new media office contributing to "culture of innovation" and Centre for Research and Innovation marketing activities

5.2 Increase innovation opportunities for the community

- The Royal Canadian Mounted Police (RCMP) partnership advanced to a formal Memorandum of Understanding with RCMP "K" Division. Dr. C Korpan is the Principal Investigator in this multi-project agreement
- Centre for Research and Innovation staff met with 74 new technology commercialization clients and handled a further 84 inquiries which were completed and or referred to other agencies for assistance. GPRC continues to advance two patents previously filed, and has a third discovery that will benefit from patent protection
- Commissioning, testing and further revision of the micro-algae Photo-BioReactor Beta model continues
- Further testing of the water recycling and harvesting system was undertaken
- The white spruce winter hardening research progress was completed
- The effluent to fiber project contributed to another technology transfer Field Day (Whitecourt), and Year 4 data was collected for the winter planting (black spruce) project

5.3 Promote the Centre for Research and Innovation

- GPRC retained its Top 20 standing as an Applied Research College in Re$earch Infosource Inc.'s October 2014 rankings
- GPRC ratified its Visiting Scholar policy and welcomed three International Scholars (2 Mexico, 1 Uruguay)
- The National Bee Diagnostic Centre—Technology Access Centre, secured five new applied research projects, including a major initiative with the Beekeepers Commission of Alberta

GOAL 6: ENTERPRISE RISK MANAGEMENT

6.1 Create an Enterprise Risk Management culture

- The risk register for the Administrative division was expanded. Meetings took place with directors to evaluate risk information. Directors expanded on the risk register that includes: existing mitigating controls, inherent and residual risk, action plan(s), assigned responsibility and due date (if any). These risks and their corresponding treatments / mitigating strategies were divided into the following categories: financial management and reporting (includes business environment), people (human resources), processes and materials, technology and equipment, health, safety and security, environmental, property and buildings, project management, suppliers and contractors, emergency response
- GPRC began changing its business processes to a risk-based approach
- Overarching umbrella of the Enterprise Risk Management program was assigned to the Director of Human Resources
- Representatives from GPRC attended the Campus Alberta Risk and Assurance Committee Conference to share risk management best practices and resources

6.2 Create a system to better monitor regulatory compliance

- A new position was created and filled. The Risk and Compliance Coordinator is responsible for proactively assisting management in identifying and containing compliance risk, monitoring, reporting, and certification, as well as fostering a compliance culture and optimizing relations with regulators
- The regulatory compliance framework was further developed allowing for the necessary control measures to be recorded to monitor compliance with applicable standards and regulations and recommending enhanced procedures to improve operational efficiency and control across multiple learning locations
- GPRC updated the ERM Legislative Compliance SharePoint website to identify all relevant legislation pertaining to the college
- A legislation review took place to assess compliance. Reports were created to inform the Executive level of results from the reviews

6.3 Ensure a healthy and safe environment for students, staff and visitors

- A new Occupational Health and Safety (OHS) & Risk Officer was hired. Their responsibility is to facilitate a viable health and safety program and develop a comprehensive health and safety manual as well as create safety training opportunities
- A new position was created and filled. The Security Manager is responsible for implementing a security master plan, enforce security policies and procedures, and improve on security technology and reporting systems
- GPRC Executive participated in a functional exercise for an epidemic scenario
- Fairview Campus and Grande Prairie Campus held influenza immunization clinics in the fall season, which were open to students, staff, faculty, and the public. The clinics were facilitated by the Human Health Emergency Committee
- An online Workplace Hazardous Materials Information System (WHMIS) training program was created. Faculty and students participated in the course
- GPRC presented an awareness video and education sessions on how to respond to an active shooter on campus. This video was created by the Campus Alberta Risk and Assurance Committee
- Organized emergency education, preparedness, and response in committees, departments, and new employee orientation sessions
- GPRC and the Grande Prairie Regional Emergency Partnership shared resources to foster community preparedness
- Non-Violent Crisis Intervention (NCI) training was provided to students (NCI is not a self-defence course but a holistic behaviour management system based on the philosophy of providing the best care, welfare, safety, and security)
- Capital projects expanded the security camera systems at the Grande Prairie and Fairview Campuses. Exterior lighting was also improved at the Grande Prairie Campus
- Fairview Campus hosted the Alberta Education Health and Safety Association—North Zone meeting
- Fairview Campus hosted the Regional Skills Canada Competition—North Zone. For the Safety Skills portion a mock workplace scenario for hazard identification was set up

PERFORMANCE MEASURES

GPRC, as stated in its Comprehensive Institutional Plan, creates initiatives for Access, quality, and student support programs. The following summary is an overview of the key performance indicators that encompasses the results and outcomes of these initiatives.

FULL LOAD EQUIVALENT (FLE) COUNT

2014–2015	1,947
2013–2014	1,968
2012–2013	1,953

HEADCOUNT

2014–2015	3,957
2013–2014	3,893
2012–2013	3,911

ABORIGINAL STUDENT COUNT

2014–2015	444
2013–2014	472
2012–2013	457

CONTINUING EDUCATION COURSE REGISTRATION

2014–2015	7,112
2013–2014	7,881
2012–2013	8,354

COURSE COMPLETION RATE

2014–2015	90.0%
2013–2014	89.3%
2012–2013	89.1%

TOTAL SERVED STUDENTS

2014–2015	9,413
2013–2014	9,847
2012–2013	9,952

2014 GRADUATE OUTCOME SURVEY

Would you recommend to someone that they should attend GPRC?	90.0%
How satisfied are you with the quality of teaching in your program?	92.0%
How satisfied are you with your program at GPRC?	92.0%
How satisfied are you with the quality of your education experience?	93.0%
Did you achieve your primary goal?	98.0%

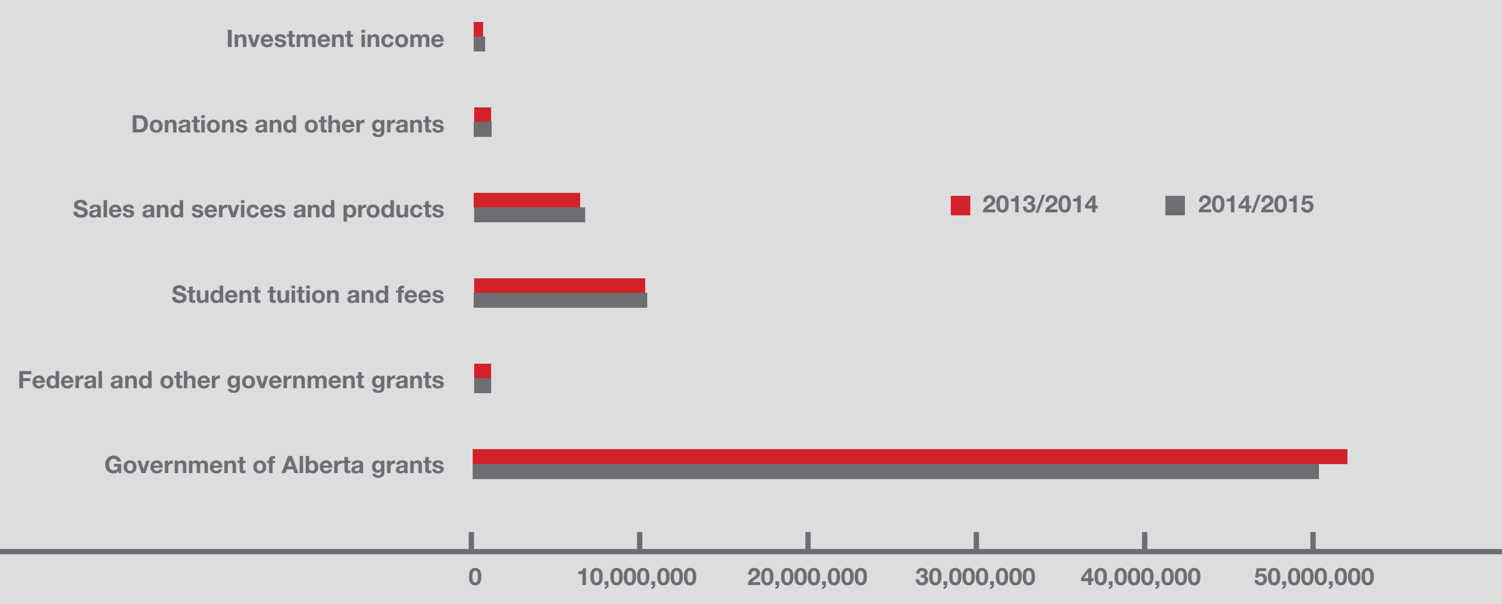
FINANCIAL & BUDGET INFORMATION

In April of 2014, Board of Governors approved the implementation of $700,000 in organizational reductions in order to fund known cost increases and submit a balanced budget for 2014–2015. For the year ending June 30, 2015, GPRC experienced a deficit of $1.6 million. The deficit is attributed to the salary settlements and severance packages offered in order to reach a balanced three year budget due to the planned reduction in grant funding announced by the Provincial government's pre-election budget in March of 2015.

SIGNIFICANT CHANGES IN REVENUE FROM PRIOR YEAR

Revenue for 2014–2015 declined 2% from 2013–2014. This was mainly attributed to a decrease of $1.5 million in the Infrastructure Maintenance Program (IMP) grant from 2013–2014. Other changes in revenue included an increase in Apprenticeship funding offset by a reduction in secondary education and Centre for Research and Innovation (CRI) funding.

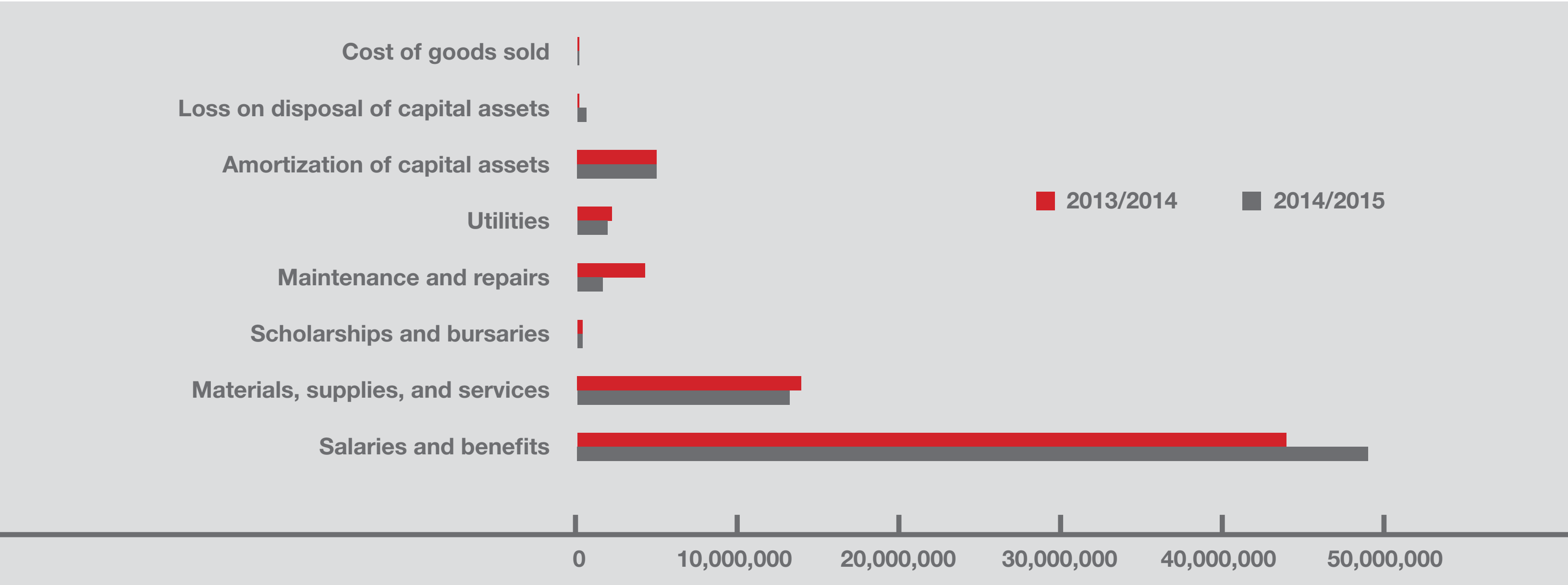
REVENUE	ACTUAL 2014–2015	ACTUAL 2013–2014
Government of Alberta grants	50,040,780	51,938,539
Federal and other government grants	1,178,512	1,161,411
Student tuition and fees	10,405,346	10,362,880
Sales and services and products	7,189,698	7,044,707
Donations and other grants	1,277,574	1,188,494
Investment income	808,348	760,574
	70,900,258	**72,456,605**



SIGNIFICANT CHANGES IN EXPENSES FROM PRIOR YEAR

Operating expenses for the year totaled $72.5 million, an increase of $1.5 million or approximately 2% over 2013–2014 figures. This is attributed to a negotiated increase in salaries and the retirement incentives, salary settlement and severance costs required to meet 2015–2016 budget targets. In addition to the increase in salaries and benefits, GPRC had less maintenance projects in 2014–2015 than the substantial number undertaken in 2013–2014. This decrease in maintenance and repairs helped to offset the increased costs in salaries and benefits.

EXPENSES	ACTUAL 2014–2015	ACTUAL 2013–2014
Salaries and benefits	48,829,219	43,901,138
Materials, supplies and services	13,530,768	14,192,766
Scholarships and bursaries	383,230	345,377
Maintenance and repairs	1,579,837	4,731,402
Utilities	1,961,656	2,116,759
Amortization of capital assets	5,507,103	5,436,502
Loss on disposal of capital assets	585,860	62,913
Cost of goods sold	131,802	168,536
	72,509,475	**70,955,393**



SIGNIFICANT VARIANCES FROM BUDGET

For 2014–2015 revenue was $800,000 or 1% higher than budgeted. This is attributed to an increase in funding from Apprentice and Industry Training (AIT) for additional apprenticeship seats and also reflects IMP grant revenue offset by IMP Expenses. There was an increase in sales and services, notably in housing income and farm sales.

GOVERNMENT OF ALBERTA GRANTS

The variance equals the value of the Infrastructure Maintenance Program (IMP) grant. The IMP revenue is based on actual expenditures during the fiscal year. As a result, it is not included in the budgeted operating revenue.

FEDERAL & OTHER GOVERNMENT GRANTS

The budget assumes that all federal grants are expended during the year. The variance reflects the difference between the budgeted and actual expenditures.

STUDENT TUITION & FEES

Actual revenue closely aligned with budgeted revenue because tuition fee increases were known and enrolment reflected projections.

SALES OF SERVICES & PRODUCTS

Revenues were greater than projected in several areas, including housing and livestock sales.

DONATIONS & OTHER GRANTS

Revenues were less than projected for Development activities.

INVESTMENT INCOME

Returns were greater than projected, resulting in higher income than budgeted.

REVENUE	BUDGET 2014–2015	ACTUAL 2014–2015
Government of Alberta grants	48,170,060	50,040,780
Federal and other government grants	2,808,143	1,178,512
Student tuition and fees	10,181,091	10,405,346
Sales and services and products	6,375,134	7,189,698
Donations and other grants	1,898,200	1,277,574
Investment income	660,000	808,348
	70,092,628	**70,900,258**

For 2014–2015 expenses were $2.4 million higher than budgeted. Below is an analysis of the significant variances from budget.

EXPENSES	BUDGET 2014–2015	ACTUAL 2014–2015
Salaries and benefits	45,719,679	48,829,219
Materials, supplies and services	15,774,849	13,530,768
Scholarships and bursaries	326,881	383,230
Maintenance and repairs	946,435	1,579,837
Utilities	1,933,717	1,961,656
Amortization of capital assets	5,273,000	5,507,103
Loss on disposal of capital assets		585,860
Cost of goods sold	118,067	131,802
	70,092,628	**72,509,475**

SALARY & BENEFITS

Two main factors contributed to the $3 million variance from budget in salaries and benefits. All bargaining units within GPRC settled salary negotiations in 2014–2015 and, in response to the proposed reduction in 2015–2016 grant funding announced by the Provincial government in March of 2015, GPRC offered retirement incentives, salary settlements and severance packages in order to meet budget targets for the upcoming year. These increased costs were partially offset by vacancy savings.

MATERIALS SUPPLIES & SERVICES

The variance in material, supplies and services is attributed to less Centre for Research and Innovation spending than budgeted. The grant funds carried over to subsequent year and the variance is offset by Centre for Research and Innovation revenue variance. In addition, the budget included a go-forward plan for deferred maintenance. Planned expenditures did not proceed as expected due to budget constraints.

SCHOLARSHIPS

Scholarships were $56K higher than budgeted due to ongoing support of GPRC students.

MAINTENANCE & REPAIRS

Operational repairs and maintenance met budget. Included in the variance is IMP expenses. These expenses were offset by IMP grant revenue.

LOSS ON DISPOSAL OF CAPITAL ASSETS

A complete review of the estimated future economic benefit of library resources revealed that GPRC should write down the asset in order to reflect the newly calculated estimated value. The loss on disposal of this asset resulted in a $586,000 variance from budget.

GOING FORWARD

In March of 2015, the Government of Alberta announced changes to the pre-election budget that impacted post-secondary education across the province. System wide, the operating grant was reduced by 4.1% (1.4% for 2015–2016 and 2.7% for 2016–2017). Additionally, there were unfunded costs of approximately 2% in each of the two years due to inflation and wage increases. The impact to GPRC was a total budget reduction of $5.2 million by the end of 2016–2017. GPRC achieved budget targets by offering retirement incentives, salary settlement and severance packages, reductions to programming, and the implementation of operational efficiencies.

Salary settlement and severance package amounts totaled $3.3 million and created a deficit in 2014–2015 which was funded from unrestricted net assets. A surplus is forecasted for 2015–2016 which will be used to replenish the reserves used to fund the settlements and severances. The newly elected government sent communication to GPRC that these reductions for the 2015–2016 fiscal year would not proceed. GPRC is poised for stability in anticipation of the forthcoming Government of Alberta budget.

INTERNATIONALIZATION

GPRC is developing an international strategy with implementation expected by September 2016. Although GPRC does not actively recruit international students, approximately 45 students are welcomed from 24 countries each year. In May of 2015, GPRC entered into a partnership with Grande Prairie Public School District (GPPSD) that will see approximately 28 international students attending GPPSD schools and entering GPRC in the fall of 2020.

In 2015, GPRC entered into an agreement with Holmesglen Institute School of Nursing in Melbourne, Australia. Like GPRC, Holmesglen Institute is a college that is locating its Health programming, including its baccalaureate nursing programming, in a hospital located on college property. It is hoped that this partnership will, in the future, result in joint research, faculty and student exchanges, and other collaborations beneficial to both institutions.

INFORMATION TECHNOLOGY

Multiple projects and process changes in Information Technology (IT) benefited all departments at GPRC. These initiatives collectively helped to improve the delivery of learning, reduce energy consumption, enable and enhance collaboration, reduce personal effort through automation, and improve the flow of information.

GPRC-WIDE

MYGPRC

The new myGPRC web portal brought together several useful tools and information resources for students. The third phase of online registration allowed continuing education students to register online. The myGPRC project continues to streamline processes for both GPRC staff and students while leading to many improvements in cost and time efficiency for all involved. Among other features added to myGPRC, custom development was added to allow students to sign up to confirm their attendance and apply for GPRC bursaries online.

DELEGATION OF SIGNING AUTHORITY

Information Technology is implementing a process with Finance to automate signing authority delegation throughout our electronic systems. While this project will continue into future years, it is already capable of electronically managing "acting" roles throughout the institution, improving process flows while staff are away.

MAIN BOSS

The Facilities and Maintenance work order and preventative maintenance system was implemented on the Fairview campus. This allows facilities staff to efficiently track and maintain Fairview campus facilities and equipment. Users are kept up-to-date on the status of their work requests. This project is intended to expand for Grande Prairie campus in the 2015–2016 year.

FINANCIAL SYSTEMS

AGRESSO UPGRADE

The GPRC Finance and Human Resources Enterprise Resource Planning (ERP) Agresso, was upgraded to the newest service pack. This ensures that our system is on the most recent version, allowing GPRC to take advantage of any new features that are available.

PLASTIQ

Information Technology staff implemented a third party credit card system for payment of housing fees, credit tuition and registration deposits. This change enabled Information Technology staff to automate and integrate information between our Student and Financial ERP systems.

INFORMATION TECHNOLOGY

CLASSROOMS

As part of the ongoing classroom upgrades, the GPRC Information Technology and Facilities Maintenance and Operations departments worked together to renovate seven technology rooms. Minor improvements were made to several other classrooms as well.

Information Technology also created a searchable database of technology rooms on all campuses. The database includes the available technology and infrastructure available in each classroom, along with pictures and instructions for each room. Additionally, IT implemented a new software application, Global Viewer Enterprise that monitors all of the newer technology rooms, proactively alerting us to issues in the rooms, and allowing us to fix some configurations remotely.

SYSTEM CENTER

Information Technology has been working on a project to consolidate and centralize our systems management software. This system inventories, images, and installs software automatically on GPRC computers automatically, reducing the resource load on IT staff. Historically, IT has managed separate systems in Grande Prairie and Fairview. The first part of this project, which is now complete, was to consolidate these disparate systems into a single, centrally managed, system.

PHONE SYSTEMS

The Voice over Internet Protocol (VoIP) phone system has been enhanced. The physical servers were migrated to a virtual hardware platform. The application software was upgraded to the newest versions. The systems included were the Call Managers (call processing), Unity Connections (voicemail), Emergency Responders (911 tracking), and InformaCast (security alerts) servers. Additional routers, gateways, and phone devices were upgraded or replaced. New system redundancies and automatic failovers were implemented. The VoIP phone system is now very robust and capable of providing proficient and essential services to GPRC.

VIRTUAL DESKTOP INFRASTRUCTURE

GPRC Information Technology has started a project to implement virtual desktops. This multi-year project will eventually replace many of our existing end user devices with thin clients connected to dedicated virtual computers. Long term, this project is expected to both reduce the IT resource requirement for supporting staff/student computers, and provide greater flexibility for students accessing GPRC computing resources.

CAPITAL PLAN

Work was undertaken to update GPRC's capital planning processes, align the campus master plan to long-term needs, and produce a 10-year Comprehensive Capital Plan. These efforts will ensure future major capital projects are responsive to enrolment trends and academic program growth, are affordable and sustainable, and maintain the GPRC's important position as a leading institution throughout the region.

GPRC invested approximately $1.2 million in the purchase of new equipment that enhanced programming in many areas including trades & technology and sciences. These purchases included planned ever greening expenditures for IT equipment which continues to ensure that GPRC students are using the latest learning technology. Distance learning opportunities were also expanded through the purchase and installation of six new videoconference systems on the Grande Prairie, Fairview, and West Yellowhead campuses.

Two biology labs on the Grande Prairie campus were fully renovated to modern, leading edge teaching laboratories. This renovation was further enhanced by the purchase of new training equipment including spectroscopes and an autoclave. The Fairview campus saw a significant upgrade to its welding lab where half of the training booths received new welding equipment aligned with updated training standards.

GPRC completed over $2.4 million in deferred maintenance projects through the Infrastructure Maintenance Program.Completed work included the replacement of roofing on the Douglas J Cardinal building in Grande Prairie. Mechanical and HVAC upgrades were also employed to supplement the modernization of the biology labs in Grande Prairie and the Fairview Gymnasium. Flooring and lighting replacements were completed in classrooms that were fully modernized on the Grande Prairie & Fairview campuses while design work initiated for the mechanical lock and electronic access project. Updates for specific projects listed in GPRC's CIP are provided below.

NEW PRIORITY FACILITY DEVELOPMENT PROJECTS

HEALTH AND EDUCATION CENTRE

GPRC continues to work with Alberta Infrastructure, Alberta Health Services and Alberta Health & Wellness in the development of GPRC's new Health and Education Centre within the Grande Prairie Regional Hospital. The hospital will be located on 30 acres of donated GPRC land west of the Grande Prairie Campus and is a major capital project for the Government of Alberta. GPRC has been allocated approximately 4,000 square meters of dedicated education space within the facility that is scheduled to open in March 2017.

WEST YELLOWHEAD – SPACE EXPANSION

GPRC's five year expansion plan of programming in the West Yellowhead region continues to be refined. A functional plan has been drafted for space requirements in the Hinton area as the current space hinders expansion and does not provide barrier free access on the 2nd and 3rd level. GPRC continues to seek out new partners in the West Yellowhead region to explore opportunities and create new learner space. Current service has been improved due to the installation of new videoconference equipment, classroom furniture, and cosmetic improvements within existing facilities.

EXPANSION PRIORITY PROJECTS

GPRC has committed to delivering programming that is relevant to the changing needs of the diverse student base in our region. These projects are helping GPRC meet its goal of sustaining the fiscal and environmental health of the institution. GPRC completed a plan to improve food and event services on the Grande Prairie and Fairview campuses. Terms have been negotiated with GPRC's contracted food service provider, Chartwells, with positive Return on Investment (ROI) through opening Tim Hortons on both campuses and upgrading the environment of each space. Construction is scheduled for 2015–2016.

Additional revenue generation is being explored by the development of GPRC lands through the establishment of an Asset Trust. GPRC submitted a proposal to the Alberta Ministry of Advanced Education and the Government of Alberta (GOA) to create the Asset Trust and is now awaiting a response from the GOA. The timing of the Alberta general election in May is expected to increase the decision timeline but the Trust is expected to commence in 2015–2016.

POWER ENGINEERING BOILER UPGRADE

GPRC has committed $500,000, and received over $200,000 of grant funding, to enhance the Power Engineering Lab on the Fairview campus. Stantec Engineering has nearly finalized design for the system consisting of a new steam turbine for power generation purposes that will upgrade our boiler lab to a 3rd class plant status. GPRC is planning to have the upgrade completed by mid 2015–2016 fiscal year.

MOTORCYCLE CENTRE OF EXCELLENCE

Apprenticeship related training has been experiencing increased enrollment. The addition of 2,500 square meters of additional space to the existing Trev Deeley Building would create an all-inclusive "Center of Excellence" at GPRC's Fairview campus. This project did not receive funding to commence planning in 2014–2015.

EXPANSION OF CONTINUING EDUCATION AND CENTRE FOR RESEARCH & INNOVATION

The project will provide a new easily identifiable store front for Continuing Education and Centre for Research & Innovation departments on the Grande Prairie campus. This project remains a priority for GPRC but did not receive funding to commence in 2014–2015.

EXPANSION OF LIBRARY SERVICES AND TEACHING AND LEARNING CENTRE

The project will provide expansion of existing library space that includes Teaching and Learning Centre on the Grande Prairie campus. This project remains a priority for GPRC but did not receive funding to commence in 2014–2015.

PRESERVATION PROJECTS

GPRC remains committed to the preservation of its capital assets. In 2014–2015 GPRC completed $2.4 million in preservation projects through its Infrastructure Maintenance Program (IMP).

NOTEWORTHY PROJECTS COMPLETED THROUGH THE IMP FUND

- Approximately $300,000 was spent to address deferred maintenance related to roofing on the Grande Prairie and Fairview campuses.
- Over $1million of mechanical and HVAC upgrades were completed to support upgrade of biology labs in Grande Prairie and Gymnasium space in Fairview.
- GPRC began to design lock and access master plan with Security Management Consultants. These consultants have developed successful key and access solutions for other post secondary institutions within Alberta.

UPDATES FOR KEY PRESERVATION PROJECTS

PRESERVATION OF GPRC CRAWLSPACE

Re-grading, reimplementation of weeping tile and drainage systems and installation of additional sump pumps under the college was completed in 2014–15. GPRC is awaiting engineered recommendations surrounding structure, HVAC, firewalls and other components to commence work in 2015–2016.

CLASSROOM RESTORATION

GPRC invested approximately $1 million into the modernization of a number of classrooms at the Grande Prairie and Fairview campuses. Additional video conference classrooms were created to increase access to distance education for learners in the region. The project team standardized furniture and IT equipment upgrades to provide users with a consistent yet flexible learning environment. This approach has ensured quality and enhanced GPRC's ability to serve its learners.

SCIENCE WING MODERNIZATION

Approximately $750,000 was invested to modernize two biology labs on the Grande Prairie campus in 2014–2015. Improvements consisted of new technology, cabinetry, fume hoods and a series of mechanical and electrical upgrades to improve the laboratory environment. Additional science laboratories will be upgraded in future years.

ANIMAL HEALTH BUILDING RESTORATION

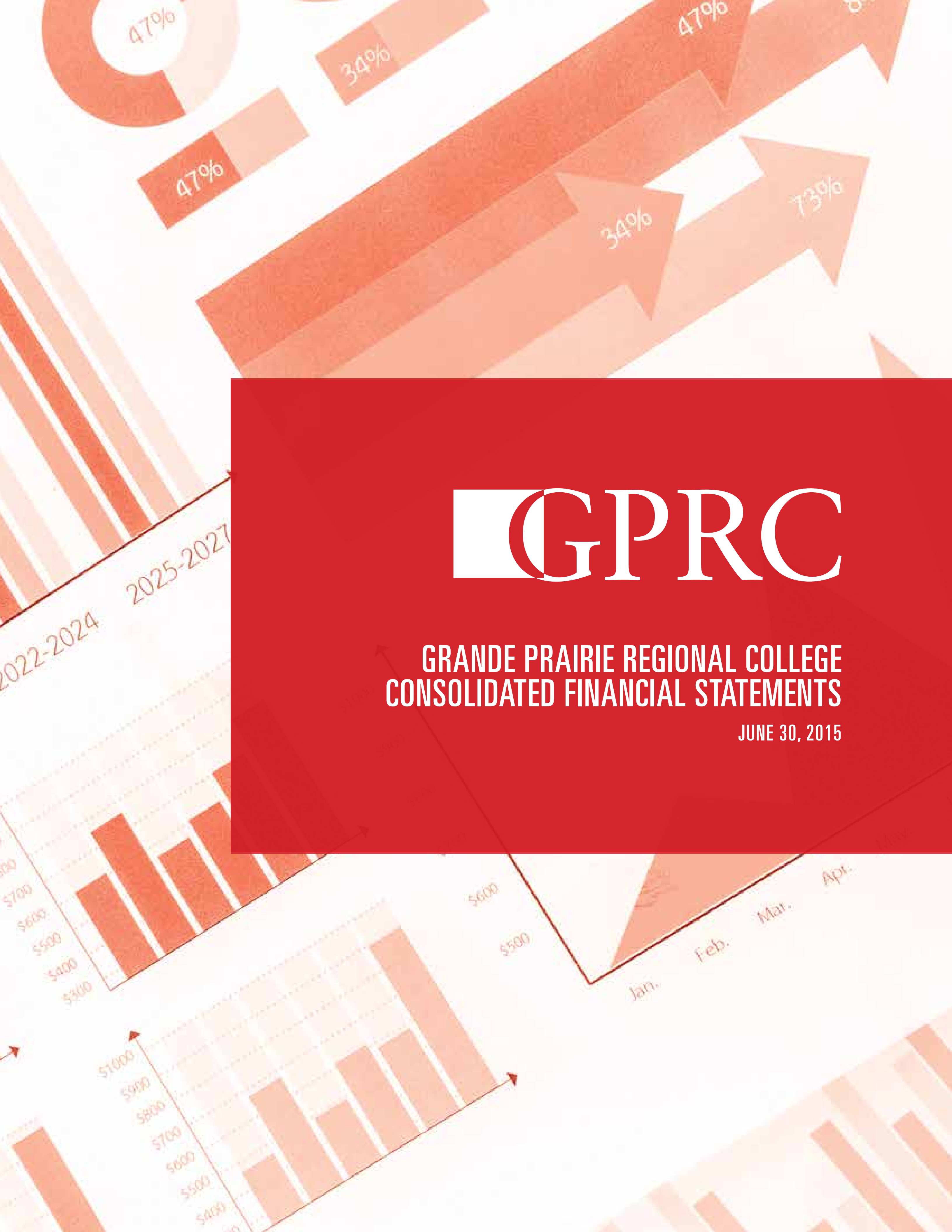
Substantial upgrades were finalized for the building HVAC and domestic water supply at the beginning of 2014–2015. GPRC secured Access to Future funds to plan and commence work in 2015–16 surrounding the modernization of the large animal handling area.

STUDENT RESIDENCE RESTORATION

$200,000 of deferred maintenance related to plumbing, doors and security enhancements were addressed in Fairview during 2014–2015. Additional improvements were completed to kitchen and washroom facilities at Fairview residences to help improve quality of life for students living on campus. The Facilities team is working with engineers to develop a demolition plan for Waskahigen. The building is expected to be demolished in 2015–2016.

EMERGENCY PREPAREDNESS

GPRC's Vice President of Academics and Research engaged David Hyde Security, an international leader in security management solutions, to develop opportunities for improvement to GPRC's existing security infrastructure. The report provides recommendations based on best practices for the optimal protection of GPRC community. $120,000 was invested in new exterior lighting to brighten the environment plus surveillance equipment and the IT infrastructure to support it.



GPRC

GRANDE PRAIRIE REGIONAL COLLEGE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015

STATEMENT OF MANAGEMENT RESPONSIBILITY

The consolidated financial statements of Grande Prairie Regional College have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements present fairly the financial position of the College, as at June 30, 2015 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 controls designed to provide reasonable assurance that the College assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

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

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee. The majority of the members of the Audit Committee are not employees of the College. The Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee, with and without presence of management.

These consolidated financial statements have been reported on by the Auditor General of the Province 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 Don Gnatiuk

Don Gnatiuk, President

Original signed by Dwayne Hart

Dwayne Hart, Vice President, Administration

Independent Auditor's Report

To the Board of Governors of Grande Prairie Regional College

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Grande Prairie Regional College, which comprise the consolidated statement of financial position as at June 30, 2015, and the consolidated statements of operations, remeasurement gains and losses, 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 Grande Prairie Regional College as at June 30, 2015, and the results of its operations, its remeasurement gains and losses, 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

September 24, 2015

Edmonton, Alberta

Consolidated Statement of Financial Position

As At June 30, 2015

	2015	2014
ASSETS		
Cash	**$ 2,200,473**	$ 1,926,771
Portfolio investments (Note 5)	**28,968,510**	30,758,382
Accounts receivable	**1,080,202**	991,074
Inventories and prepaid expenses	**1,291,766**	752,395
Tangible capital assets (Note 7)	**70,749,091**	72,322,579
	$104,290,042	$106,751,201
LIABILITIES		
Accounts payable and accrued liabilities	**$ 7,342,544**	$ 7,125,902
Employee future benefit liabilities (Note 8)	**1,045,912**	802,833
Debt (Note 9)	**14,920,119**	15,341,896
Deferred revenue (Note 10)	**49,558,568**	50,555,520
	72,867,143	73,826,151
NET ASSETS		
Endowments (Note 11)	**6,056,501**	5,928,846
Accumulated operating surplus (Note 12)	**25,259,305**	26,868,522
Accumulated remeasurement gains	**107,093**	127,682
	31,422,899	32,925,050
	$104,290,042	$106,751,201

Contingent liabilities and contractual obligations (Notes 14 and 15)

Approved by the Board of Governors: (Note 22)

Original signed by Don Gnatiuk

President

Original signed by Pete Merlo

Chair, Board of Governors

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

	Budget 2015	**Actual 2015**	Actual 2014
	(Note 21)		(Note 23)
Revenue			
Government of Alberta grants (Note 20)	$ 48,170,060	**$ 50,040,780**	$ 51,938,539
Federal and other government grants	2,808,143	**1,178,512**	1,161,411
Student tuition and fees	10,181,091	**10,405,346**	10,362,880
Sales of services and products	6,375,134	**7,189,698**	7,044,707
Donations and other grants	1,898,200	**1,277,574**	1,188,494
Investment income (Note 16)	660,000	**808,348**	760,574
	70,092,628	**70,900,258**	72,456,605
Expenses (Note 17)			
Instruction	31,959,392	**31,310,518**	29,298,441
Academic and student support	9,296,693	**10,021,297**	9,084,225
Facility operations and maintenance	10,967,677	**12,627,607**	15,499,051
Institutional support	9,857,081	**11,978,237**	10,206,089
Ancillary services	4,160,137	**4,272,598**	4,539,920
Sponsored research	2,551,846	**1,308,990**	1,468,990
Special purpose	1,299,802	**990,228**	858,677
	70,092,628	**72,509,475**	70,955,393
Operating (deficit) surplus	-	**(1,609,217)**	1,501,212
Accumulated operating surplus, beginning of year	-	**26,868,522**	25,367,310
Accumulated operating surplus, end of year (Note 12)	$ -	**$ 25,259,305**	$ 26,868,522

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

	2015	2014
Accumulated remeasurement gains, beginning of year	**$ 127,682**	$ 152,207
Unrealized losses attributable to:		
Portfolio investments	**(28,416)**	(18,538)
Amounts reclassified to statement of operations:		
Portfolio investments	**7,827**	(5,987)
Accumulated remeasurement gains, end of year	**$ 107,093**	$ 127,682

	2015	2014
Operating transactions		
Operating (deficit) surplus	**$ (1,609,217)**	$ 1,501,212
Add (deduct) non-cash items:		
Amortization of tangible capital assets (Note 17)	**5,507,103**	5,436,502
Loss on disposal of tangible capital assets, including write downs (Note 17)	**585,860**	62,913
(Increase) decrease in accounts receivable	**(89,128)**	147,596
Increase in inventories and prepaid expenses	**(539,371)**	(187,749)
Increase in accounts payable and accrued liabilities	**216,642**	543,291
Increase in employee future benefit liabilities	**243,079**	184,408
Decrease in deferred revenue	**(908,797)**	(4,277,040)
Cash provided by operating transactions	**3,406,171**	3,411,133
Investing transactions		
Proceeds on sale of investments, net of purchases	**1,769,283**	201,151
Cash provided by investing transactions	**1,769,283**	201,151
Financing transactions		
Endowment donations (Note 11)	**39,500**	24,500
Debt repayment	**(421,777)**	(404,540)
Cash applied to financing transactions	**(382,277)**	(380,040)
Capital transactions		
Acquisition of tangible capital assets (Note 7)	**(4,531,430)**	(5,432,834)
Proceeds on sale of tangible capital assets	**11,955**	3,033
Cash applied to capital transactions	**(4,519,475)**	(5,429,801)
Increase (decrease) in cash	**273,702**	(2,197,557)
Cash, beginning of year	**1,926,771**	4,124,328
Cash, end of year	**$ 2,200,473**	$ 1,926,771

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

1. Authority and Purpose

The Board of Governors of Grande Prairie Regional College is a corporation which manages and operates Grande Prairie Regional 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 Innovation and 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 mandated credentials and programs. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2. Summary of Significant Accounting Policies and Reporting Practices

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

These consolidated financial statements have been prepared in accordance with 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. 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. Net Debt Model Presentation

Canadian PSAS require a net debt presentation for the consolidated statement of financial position 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. The College operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

c. Valuation of Financial Assets and Liabilities

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

Financial Statement Component	Measurement
Cash	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.

Unrealized gains and losses from changes in the fair value of restricted financial instruments are recognized as a liability under 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.

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

d. 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

The College recognizes government grants, donations and other contributions as follows:

Government transfers
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. If the grants and donations are used to acquire or construct tangible 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, 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 is not recognized in the consolidated financial statements because fair value cannot be reasonably determined.

ii. Grants and donations related to land

The College recognizes grants and donations for the purchase of land 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 of $1.

iii. Endowments

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.

iv. Investment income

Investment income includes dividend and 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.

e. Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the first in first out basis. Inventories held for consumption are valued at cost.

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

f. 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.

Construction 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.

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 and site improvements	25 - 40 years
Furnishings, equipment and systems	5 - 10 years
Learning resources	10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the College’s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

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

g. Employee Future Benefits

i. Pension

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

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

ii. Supplementary retirement plans (SRP)

The College provides defined benefit supplementary retirement plans to executive based on years of service and earnings. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life. The pension expense for the defined benefit supplementary retirement plan is the employer's current year contribution to the plan as calculated in accordance with the plan rules.

iii. Accumulating non-vesting sick leave liability

Sick leave benefits accumulate with employee service and are provided by the College to all employee groups as defined by the employment agreement to cover illness related to absences that are outside of short-term and long-term disability coverage. The maximum accumulated sick leave is 30 to 65 days depending on the employee group. The liability for the accumulated non-vested sick pay benefit is actuarially determined using two models: Excess utilization model and Disability model. The cost of the accumulating non-vesting sick leave benefits are expensed as the benefits are earned.

iv. 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.

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

g. **Employee Future Benefits (continued)**

v. **Leave plans**

The leave plans allow employees to make contributions of their salary towards a year of leave. In the year of leave, the College makes a one-time contribution of a portion of the employee's salary and continues to pay the employee's benefits. The cost of these benefits is based on actual costs once the leave plan is approved and commences. The employee's contributions and interest are held by the College and recorded as a liability until the leave period when they are paid to the employee along with the College contributions.

vi. **Professional leave**

Under the collective agreement with the Academic Staff Association (ASA), the College is committed to offering a total of 60 months of paid professional leave to be shared by ASA members each contract period. The cost of these benefits is based on actual costs once the leave is approved and paid. Any unused months are paid to the group at the end of the contract period.

h. **Basis of Consolidation**

The financial statements are prepared on a line by line consolidated basis and include the accounts of the following controlled entity:

- Grande Prairie Regional College Alumni/Foundation (the "Foundation")

The Foundation operates under the *Alberta Companies Act* and is a registered charity for income tax purposes. The Foundation's activities are directed to the support and advancement of the College.

i. **Funds and Reserves**

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

j. **Expense by function**

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

Instruction
Expenses relating to support for the academic functions of the College both directly and indirectly.

Academic and student support
Expenses relating to activities directly supporting the academic functions of the College. This includes items such as libraries and galleries and expenses for Deans. Academic and student support also includes expenses for centralized functions that support individual students or groups of students.

Facilities operations and maintenance
Expenses relating to maintenance and renewal of facilities that house the instruction, 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, alumni relations and development, corporate insurance premiums, corporate finance, human resources, centralized and core computing, network and data communications.

Ancillary services
Expenses relating to services and products provided to the College community and to external individuals and organizations. Services include the College bookstore, parking services, food services and student residences.

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

Special purpose
Expenses for fundraising and donations related to the GPRC Alumni/Foundation, and other programs specifically funded by restricted grants and donations.

3. Change in Accounting Standard

In June 2010, the Public Sector Accounting Board issued PS 3260 Liability for contaminated sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The adoption of this standard did not result in any adjustments to these consolidated financial statements.

4. 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.

5. Portfolio Investments

The composition and fair value of portfolio investments are as follows:

	2015	2014
Portfolio Investments at fair value		
Pooled Canadian funds	**$ 2,166,437**	$ -
Canadian bonds	**6,953,225**	5,147,528
GICs	**17,739,126**	23,051,753
Canadian equity	**1,262,920**	1,610,847
International equity	**846,802**	948,254
	$ 28,968,510	$ 30,758,382

5. Portfolio Investments (continued)

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.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Portfolio investments at fair value:				
Pooled Canadian funds	**$ 2,166,437**	**$ -**	**$ -**	**$ 2,166,437**
Canadian bonds	**-**	**6,953,225**	**-**	**6,953,225**
GICs	**-**	**17,739,126**	**-**	**17,739,126**
Canadian equity	**1,262,920**	**-**	**-**	**1,262,920**
International equity	**846,802**	**-**	**-**	**846,802**
Total portfolio investments	**$ 4,276,159**	**$ 24,692,351**	**$ -**	**$ 28,968,510**

	2014			
	Level 1	Level 2	Level 3	Total
Portfolio investments at fair value:				
Canadian bonds	$ -	$ 5,147,528	$ -	$ 5,147,528
GICs	-	23,051,753	-	23,051,753
Canadian equity	1,610,847	-	-	1,610,847
International equity	948,254	-	-	948,254
Total portfolio investments	$ 2,559,101	$ 28,199,281	$ -	$ 30,758,382

The fair value measurements are those derived from:
Level 1 – Quoted prices in active markets for identical assets or liabilities;
Level 2 – Market-based inputs other than quoted prices that are observable for the asset or liability either directly as prices or indirectly derived from prices;
Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

6. Financial Risk Management

The College is exposed to a variety of financial risks, including market risk, foreign currency risk, liquidity risk, credit risk, and interest rate risk. To manage investment risks, the College invests in a diversified portfolio of investments that is guided by established investment policies that outline risk and return objectives. The long term objective of the College's investment policies is to achieve a long term real rate of return in excess of fees and expenses and maintain the real value of the fund. To manage debt risks, the College utilizes fixed-rate agreements.

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 College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total fund as determined by the investment advisor. At June 30, 2015, if equity market prices had a 10% (2014 - 10%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and endowment net assets for the year would have been a total of $192,563 (2014 - $230,979).

The primary objectives of the College investment activities for operational funds are security, liquidity and return on investment. The primary objective of the investment activities for Foundation funds is to provide a contribution to the current and long term funding requirements of the College.

Foreign currency risk
The College is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The College does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The College's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

Liquidity risk
The College maintains a portfolio of investments with rolling maturity dates to manage short-term cash requirements.

Credit risk
The College is exposed to credit risk on investments arising from the potential failure of a counterparty, debtor or issuer to honour 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.

The credit risks on investments held as a percentage of total bond portfolio are as follows:

	2015		2014	
Credit Rating	**$**	**%**	**$**	**%**
Bonds				
AA	**$ 2,031,732**	**29.22**	$ 4,637,923	90.10
A	**4,921,493**	**70.78**	509,605	9.90
	$ 6,953,225	**100.00**	$ 5,147,528	100.00

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. Interest risk on the College's debt is managed through fixed-rate agreements with Alberta Capital Finance Authority (Note 9).

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

	Less than 1 year	1 - 5 years	Greater than 5 years	Average effective market yield
Canadian bonds	$ 271,199	$ 6,220,252	$ 461,774	1.71 %
GICs	$ 5,744,718	$ 11,994,408	$ -	2.57 %

7. Tangible Capital Assets

2015

		Land		Buildings and site improvements (a)		Furnishings, equipment and systems (c)		Learning resources (d)		Total
Cost										
Beginning of year	$	2,753,998	$	144,210,196	$	33,307,404	$	3,527,624	$	183,799,222
Acquisitions(b)		-		2,551,232		1,825,791		154,407		4,531,430
Disposals, including write downs		-		-		(419,668)		(2,591,900)		(3,011,568)
		2,753,998		146,761,428		34,713,527		1,090,131		185,319,084
Accumulated Amortization										
Beginning of year	$	-	$	84,062,111	$	24,900,006	$	2,514,526	$	111,476,643
Amortization expense		-		3,187,945		2,086,275		232,883		5,507,103
Disposals, including write downs		-		-		(382,839)		(2,030,914)		(2,413,753)
		-		87,250,056		26,603,442		716,495		114,569,993
Net book value at June 30, 2015	$	2,753,998	$	59,511,372	$	8,110,085	$	373,636	$	70,749,091

2014

		Land		Buildings and site improvements (a)		Furnishings, equipment and systems (c)		Learning resources (d)		Total
Cost										
Beginning of year	$	2,753,998	$	140,853,477	$	32,106,966	$	3,349,840	$	179,064,281
Acquisitions(b)		-		3,356,719		1,898,331		177,784		5,432,834
Disposals		-		-		(697,893)		-		(697,893)
		2,753,998		144,210,196		33,307,404		3,527,624		183,799,222
Accumulated Amortization										
Beginning of year	$	-	$	80,732,713	$	23,649,250	$	2,290,125	$	106,672,088
Amortization expense		-		3,329,398		1,882,703		224,401		5,436,502
Disposals		-		-		(631,947)		-		(631,947)
		-		84,062,111		24,900,006		2,514,526		111,476,643
Net book value at June 30, 2014	$	2,753,998	$	60,148,085	$	8,407,398	$	1,013,098	$	72,322,579

(a) Included in buildings and site improvements is $2,874,202 (2014 - $3,151,430) recorded as construction in progress, which is not amortized as the assets are not in service.

(b) Acquisitions included in kind donations in the amount of $6,800 (2014 - $118,048).

(c) Furnishings, equipment and systems includes vehicles, heavy equipment, office equipment, computer and electronic equipment, instruction equipment, furniture and other equipment.

(d) Learning resources consist of library holdings.

8. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2015			2014		
	Academic staff	**Support staff**	**Total**	Academic staff	Support staff	Total
Leave plans	**$ 229,689**	**$ 43,646**	**$ 273,335**	$ 190,518	$ 50,991	$ 241,509
Long term disability	**240,871**	**170,107**	**410,978**	128,125	136,997	265,122
Sick leave	**-**	**226,000**	**226,000**	-	215,000	215,000
Supplementary retirement plan	**-**	**135,599**	**135,599**	-	81,202	81,202
	$ 470,560	**$ 575,352**	**$ 1,045,912**	$ 318,643	$ 484,190	$ 802,833

Leave plans
There are two leave plans in place. One for the Academic Staff Association (ASA) employees, and one for the Employees' Association (EA) employees.

The ASA Four for Five leave plan allows the employee to make contributions up to 14% of their salary to the plan for 4 years. In the year of leave, the College will make a one-time contribution of 24% of the employee's annual salary and will continue to pay the College's normal premium costs for the employee's benefits.

The EA self-initiated leave plan allows the employee to make contributions of their salary to the plan. In the year of leave, the College will make a one-time contribution of 15% of the employee's annual salary and will continue to pay the College's normal premium costs for the employee's benefits.

	2015	2014
Employees' contributions held by the College	**$ 265,267**	$ 231,538
Interest held on employees' contributions	**8,068**	9,971
Balance, end of year	**$ 273,335**	$ 241,509

Long term disability (LTD) benefits
The College provides non-vesting and non-accumulating employee future benefits for compensated absences under the College's long-term disability plan. Benefits for all employees approved by the group benefits provider for long-term disability include the payment of monthly benefits until approval ceases or the age of 65, and employee and employer LAPP contributions for a total of five years for members of the Academic Staff Association.

Sick Leave
Sick leave benefits accumulate with employee service and are provided by the College to all employee groups, as defined by employee agreements, to cover illness related to absences that are outside of short-term and long-term coverage. The maximum accumulated sick leave is 30 - 65 days depending on the employee group.

Supplementary retirement plan (defined benefit)
The College provides non-contributory defined supplementary retirement benefits to current executives. An actuarial valuation of these benefits was carried out at June 30, 2015. This showed an aggregate liability of $135,599 (2014 - $81,202)

Professional leave
Under the collective agreement with the Academic Staff Association, the College is committed to offering 60 months of paid professional leave to the group each contract period. The College had no remaining unutilized months at June 30, 2015.

8. Employee Future Benefit Liabilities (continued)

The expense and financial position of these defined benefit plans are as follows:

	2015				2014			
	LTD	Sick Leave	SRP[a]	Total	LTD	Sick Leave	SRP[a]	Total
Expense								
Current service cost	$ 145,856	$ 24,000	$ 43,910	$ 213,766	$ 76,850	$ 23,000	$ 31,112	$ 130,962
Interest cost	-	9,000	6,916	15,916	-	8,000	3,422	11,422
Amortization of net actuarial (gain) loss	-	215,000	3,571	218,571	-	206,000	-	206,000
Past service cost	-	215,000	-	215,000	-	206,000	-	206,000
	$ 145,856	$ 463,000	$ 54,397	$ 663,253	$ 76,850	$ 443,000	$ 34,534	$ 554,384
Financial Position								
Accrued benefit obligation:								
Balance, beginning	$ 265,122	$ 215,000	$ 109,773	$ 589,895	$ 188,272	$ -	$ 46,668	$ 234,940
Current service cost	145,856	24,000	43,910	213,766	76,850	23,000	31,112	130,962
Interest cost	-	9,000	6,916	15,916	-	8,000	3,422	11,422
Recognition of past service	-	-	-	-	-	206,000	-	206,000
Benefits paid	-	(22,000)	-	(22,000)	-	(22,000)	-	(22,000)
Actuarial loss	-	-	5,718	5,718	-	-	28,571	28,571
Balance, end of year	410,978	226,000	166,317	803,295	265,122	215,000	109,773	589,895
Unamortized net actuarial loss	-	-	(30,718)	(30,718)	-	-	(28,571)	(28,571)
	$ 410,978	$ 226,000	$ 135,599	$ 772,577	$ 265,122	$ 215,000	$ 81,202	$ 561,324

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

The significant actuarial assumptions used to measure the SRP accrued benefit obligation and assumptions used to measure long term disability benefits are as follows:

	2015			2014		
	LTD	Sick Leave	SRP	LTD	Sick Leave	SRP
Accrued benefit obligation:						
Discount rate	3.5 %	3.5 %	3.7 %	3.5 %	3.5 %	4.5 %
Long-term average compensation increase	3.5 %	3.0 %	3.0 %	3.5 %	3.0 %	3.5 %
Benefit cost:						
Discount rate	3.5 %	3.5 %	3.7 %	3.5 %	3.5 %	4.5 %
Long-term average compensation increase[a]	3.5 %	3.0 %	3.0 %	3.5 %	3.0 %	3.5 %
Alberta inflation (year 1)	2.3 %	- %	2.3 %	2.3 %	- %	2.3 %
Estimated average remaining service life	11 years	11 years	3 years	14 years	11 years	8 years

[a] Compensation increases are not applicable for long-term disability (LTD).

8. Employee Future Benefit Liabilities (continued)

Local Authority Pension Plan

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2014, the LAPP reported an actuarial deficiency of $2.5 billion (2013 - deficiency of $4.9 billion). An actuarial valuation of the LAPP was carried out as at December 31, 2013 and was then extrapolated to December 31, 2014. The pension expense recorded in these financial statements is $4,020,840 (2014 - $3,685,467). Other than the requirement to make additional contributions, the College does not bear any direct risk related to the LAPP deficiency.

9. Debt

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

	2015			2014
	Maturity	Interest Rate (%)	**Amortized Cost**	Amortized Cost
Debentures payable to Alberta Capital Finance Authority:				
Loan #1500775	Nov 2026	6.0	**$ 192,000**	$ 208,000
Loan #1500778	Jul 2027	6.1	**260,000**	280,000
Loan #3500015	Sep 2030	4.4	**1,738,265**	1,815,175
Loan #4000180	Dec 2036	4.4	**4,838,358**	4,970,925
Loan #4000464	Mar 2038	4.7	**3,754,568**	3,843,755
Loan #4000728	Jun 2038	5.1	**4,136,928**	4,224,041
			$ 14,920,119	$ 15,341,896

Collateral for all debt is the title to student residence land and buildings.

Interest expense on debt is $714,630 (2014 - $734,167) and is included in the consolidated statement of operations.

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

	Principal	**Interest**	**Total**
2016	$ 439,822	$ 698,789	$ 1,138,611
2017	458,714	677,712	1,136,426
2018	478,493	655,748	1,134,241
2019	499,200	632,866	1,132,066
2020	520,879	608,992	1,129,871
Thereafter	12,523,011	5,777,094	18,300,105
	$ 14,920,119	$ 9,051,201	$ 23,971,320

10. Deferred Revenue

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

	2015				
	Restricted				
	Deferred Research and Special purpose	**Unspent capital contributions**	**Spent capital contributions**	**Tuition and other fees**	**Total**
Balance, beginning of year	**$ 5,406,500**	**$ 1,772,276**	**$ 41,665,440**	**$ 1,711,304**	**$ 50,555,520**
Grants, tuition, donations received during the year	**7,145,004**	**1,536,331**	**-**	**1,816,305**	**10,497,640**
Restricted investment income, net of remeasurement gains and losses	**215,044**	**-**	**-**	**-**	**215,044**
Unearned capital acquisition transfers	**-**	**(1,508,638)**	**1,508,638**	**-**	**-**
Recognized as revenue	**(7,014,165)**	**-**	**(2,896,012)**	**(1,711,304)**	**(11,621,481)**
Transfer to endowment (Note 11)	**(88,155)**	**-**	**-**	**-**	**(88,155)**
Transfers	**96,062**	**(96,062)**	**-**	**-**	**-**
Balance, end of year	**$ 5,760,290**	**$ 1,703,907**	**$ 40,278,066**	**$ 1,816,305**	**$ 49,558,568**

	2014 (Note 23)				
	Restricted				
	Deferred Research and Special purpose	Unspent capital contributions	Spent capital contributions	Tuition and other fees	Total
Balance, beginning of year	$ 5,728,531	$ 4,168,355	$ 43,355,420	$ 1,619,126	$ 54,871,432
Grants, tuition, donations received during the year	6,177,799	602,021	-	1,711,304	8,491,124
Restricted investment income, net of remeasurement gains and losses	833,136	-	-	-	833,136
Unearned capital acquisition transfers	-	(1,321,509)	1,321,509	-	-
Recognized as revenue	(8,970,685)	-	(3,011,489)	(1,619,126)	(13,601,300)
Transfer to endowment (Note 11)	(38,872)	-	-	-	(38,872)
Transfers	1,676,591	(1,676,591)	-	-	-
Balance, end of year	$ 5,406,500	$ 1,772,276	$ 41,665,440	$ 1,711,304	$ 50,555,520

11. Endowments

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

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

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

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

In accordance with the College's Endowment Policy, unless otherwise stipulated, up to 100% of the investment income generated from endowments may be expended. If sufficient income is not generated to cover the value of the award and if sufficient funds are not available in reserve, the value of the award may be modified. At no time will the principal of the endowment be used.

The composition of endowments is as follows:

	2015	2014
Balance, beginning of year	**$ 5,928,846**	$ 5,865,474
Endowment contributions	**39,500**	24,500
Transfer from deferred revenue (Note 10)	**88,155**	38,872
Balance, end of year	**$ 6,056,501**	$ 5,928,846

12. Accumulated Operating Surplus

The composition of accumulated operating surplus is as follows:

	Accumulated surplus from operations	Investment in tangible capital assets (b)	Internally restricted surplus	Total accumulated surplus
Balance as at June 30, 2013	$ 10,153,428	$ 13,290,337	$ 1,923,545	$ 25,367,310
Operating surplus	1,501,212	-	-	1,501,212
Transfers	158,059	-	(158,059)	-
Acquisition of tangible capital assets (a)	(4,111,325)	4,111,325	-	-
Debt repayment	(404,541)	404,541	-	-
Net book value of tangible capital asset disposals	65,946	(65,946)	-	-
Amortization of tangible capital assets	2,425,014	(2,425,014)	-	-
Balance as at June 30, 2014	9,787,793	15,315,243	1,765,486	26,868,522
Operating deficit	(1,609,217)	-	-	(1,609,217)
Transfers	134,459	-	(134,459)	-
Acquisition of tangible capital assets (a)	(3,022,792)	3,022,792	-	-
Debt repayment	(421,777)	421,777	-	-
Net book value of tangible capital asset disposals	597,814	(597,814)	-	-
Amortization of tangible capital assets	2,611,091	(2,611,091)	-	-
Balance as at June 30, 2015	**$ 8,077,371**	**$ 15,550,907**	**$ 1,631,027**	**$ 25,259,305**

(a) Net of expended restricted capital contributions.

(b) 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.

13. Internally Restricted Surplus

Internally restricted surplus represents amounts set aside by the College’s Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets with significant balances include:

	2015	2014
College appropriations for operating activities	**$ 856,707**	$ 916,145
Foundation	**774,320**	849,341
Total	**$ 1,631,027**	$ 1,765,486

14. Contingent Liabilities

The College is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the College believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the College. Management has concluded that none of the claims meet the criteria for being recorded under PSAS.

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.

15. Contractual Obligations

The College has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

	Service Contracts	Information Systems and Technology	Long-term Leases	Total
2016	$ 2,340,131	$ 226,001	$ 246,408	$ 2,812,540
2017	2,130,468	231,101	58,297	2,419,866
2018	2,172,587	136,731	1,051	2,310,369
2019	397,428	82,731	1	480,160
2020	396,428	37,450	1	433,879
Thereafter	562,500	-	-	562,500
	$ 7,999,542	$ 714,014	$ 305,758	$ 9,019,314

Included in service contracts is an electricity contract in order to manage the College's exposure to volatility in the utility industry. The College has entered into a contract to fix a portion of its electrical costs at an average of $ 0.04801 per kilowatt hour. The contract total is $1,850,000 (2014 - $605,688) and expires on July 30, 2020.

16. Investment Income

	2015	2014
Restricted funds		
Investment earnings on cash and portfolio investments held for endowments and other restricted purposes	$ 486,551	$ 509,791
Transferred to deferred revenue	(287,139)	(254,711)
Restricted funds recognized as investment income	199,412	255,080
Unrestricted funds		
Investment earnings on unrestricted cash and portfolio investments	608,936	505,494
Unrestricted funds recognized as investment income	608,936	505,494
Total investment income	$ 808,348	$ 760,574

17. Expense by Object

The following is a summary of expense by object.

	2015		2014
	Budget (Note 21)	**Actual**	Actual (Note 23)
Salaries and benefits	$ 45,719,679	**$ 48,829,219**	$ 43,901,138
Materials, supplies and services	15,774,849	**13,530,768**	14,192,766
Scholarships and bursaries	326,881	**383,230**	345,377
Maintenance and repairs	946,435	**1,579,837**	4,731,402
Utilities	1,933,717	**1,961,656**	2,116,759
Amortization of capital assets	5,273,000	**5,507,103**	5,436,502
Loss on disposal of capital assets	-	**585,860**	62,913
Cost of goods sold	118,067	**131,802**	168,536
	$ 70,092,628	**$ 72,509,475**	$ 70,955,393

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.

	2015	2014
Academic Staff Association Professional Growth	**$ 835,879**	$ 768,058
Alberta Union of Public Employees Staff Development	**45,531**	40,994
Employee Association Staff Development	**68,500**	44,938
Yellowhead Regional Education Society	**94,867**	94,867
Other	**46,033**	60,158
	$ 1,090,810	$ 1,009,015

19. Salary and Employee Benefits

Under the authority of the *Fiscal Management Act*, the President of Treasury Board and Minster of Finance requires the disclosure of certain salary and employee benefits information.

	2015				2014
	Base salary[b]	**Other cash benefits[c]**	**Other non-cash benefits[d]**	**Total**	Total
Governance[a]					
Chair of the Board of Governors	$ -	$ 6,853	$ 166	$ 7,019	$ 6,263
Members of the Board of Governors	-	34,319	1,539	35,858	38,329
Executive[e]					
President[f]	337,000	-	31,312	368,312	347,836
Vice-Presidents:					
Vice-President Academic	209,774	5,400	31,312	246,486	240,858
Vice-President Administration[g]	159,400	55,369	26,818	241,587	218,033
Vice-President External Relations	179,782	5,400	31,312	216,494	204,242
Total	$ 885,956	$ 107,341	$ 122,459	$ 1,115,756	$ 1,055,561

(a) The Chair and Members of the Board of Governors receive honoraria for their participation on the Board.
(b) Base salary includes pensionable base pay.
(c) Other cash benefits include automotive allowance, moving allowance, accumulated vacation payout, and supplementary retirement payout.
(d) 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, employee family assistance program, critical illness, supplementary health care, short and long-term disability plans, dental plan, accidental disability and dismemberment. Non-cash benefits for some of the executive also include supplementary executive retirement plan, and memberships.
(e) Under the terms of the supplemental retirement plan (SRP), the executive may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expenses for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligation are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the current year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.
(f) Automobile provided, no dollar amount included in other non-cash benefits.
(g) In 2015, total compensation included a payout of accumulated vacation and supplementary retirement plan.

The current service cost and accrued obligation for each executive under the SRP is outlined in the following table.

	Accrued Obligation June 30, 2014	Service cost	Interest cost	Actuarial Loss (Gain)	**Accrued Obligation June 30, 2015**
President	$ 68,809	$ 27,524	$ 4,335	$ 14,883	**$ 115,551**
Vice-Presidents:					
Vice-President Academic	19,081	7,632	1,202	6,127	**34,042**
Vice-President Administration	16,126	6,451	1,016	(19,172)	**4,421**
Vice-President External Relations	5,757	2,303	363	3,880	**12,303**
	$ 109,773	$ 43,910	$ 6,916	$ 5,718	**$ 166,317**

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 8.

20. Government of Alberta Transactions

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.

	2015	2014
Grants from Government of Alberta		
Innovation and Advanced Education:		
Operating	**$ 42,291,892**	$ 41,062,466
Capital	**1,333,489**	1,527,419
Access to the Future Fund	**1,120,000**	-
Alberta Innovates Technology Futures	**142,900**	176,000
Other	**3,926,429**	4,261,632
Total Innovation and Advanced Education	**$ 48,814,710**	$ 47,027,517
Other Government of Alberta departments and agencies		
Other	**445,872**	726,183
Total other Government of Alberta departments and agencies	**445,872**	726,183
Total contributions received	**49,260,582**	47,753,700
Restricted expended capital recognized as revenue	**2,111,772**	2,222,779
Restricted contributions spent (deferred)	**(1,331,574)**	1,962,060
	$ 50,040,780	$ 51,938,539

The College has liabilities with Treasury Board and Finance and Alberta Capital Finance Authority as described in Note 9.

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 on April 24, 2014. Certain budget figures have been reclassified to conform with the presentation adopted in the 2015 consolidated financial statements.

	Board Approved	Reclassification	2014/15 Budget as Presented
Government of Alberta grants	$ 48,170,060	$ -	$ 48,170,060
Federal and other government grants	2,808,143	-	2,808,143
Student tuition and fees	10,181,091	-	10,181,091
Sales of services and products	6,575,134	(200,000)	6,375,134
Donations and other grants	1,898,200	-	1,898,200
Investment income	660,000	-	660,000
	70,292,628	**(200,000)**	**70,092,628**
Instruction	32,098,343	(138,951)	31,959,392
Academic and student support	8,830,862	465,831	9,296,693
Facility operations and maintenance	11,686,643	(718,966)	10,967,677
Institutional support	9,586,663	270,418	9,857,081
Ancillary services	4,634,707	(474,570)	4,160,137
Sponsored research	2,551,846	-	2,551,846
Special purpose	903,564	396,238	1,299,802
	$ 70,292,628	**$ (200,000)**	**$ 70,092,628**

22. Approval of Financial Statements

The consolidated financial statements were approved by the Board of Governors of Grande Prairie Regional College.

23. Comparative Figures

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

GPRC

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