

ACAD

ALBERTA COLLEGE OF ART + DESIGN

building culture
creating possibilities

05
06





Alberta College of Art + Design

2005-2006 **Annual Report**

building culture
creating possibilities

What's Inside

Message from the Chair	11
Message from the President + CEO	13
Mandate	14
Building Culture. Creating Possibilities.	16
Creating Possibilities for Learning	17
Creating Possibilities for Diversity	20
Creating Possibilities for Community	23
Admissions and Human Resources Summary	27
Financial Review	28
Financial Statements	30
Notes to the Financial Statements	35
Appendix 1. Donor List	55
Appendix 2. Faculty Highlights	56



"We aspire only to the highest level of excellence in what we endeavour, measured not by our past accomplishments, but by our imaginations and what is humanly possible."

creating possibilities for learning





A close-up photograph of a young man and woman. The woman is in the foreground, looking down and to the right. The man is behind her, looking forward with a slight smile. They are both wearing brown clothing.

"We value diversity in
all respects, including philosophical,
cultural, lifestyle, as well as
definitions that are
more conventional."

A close-up photograph of a hand using a needle and thread to sew a piece of fabric. The fabric has a complex, colorful pattern. The hand is positioned in the upper right corner of the frame.

creating possibilities for diversity





"We value our role in the society; **we seek** innovative paths for participation for the college, our students, alumni, faculty and staff."

creating possibilities for community



THE MARION NICOLL GALLERY



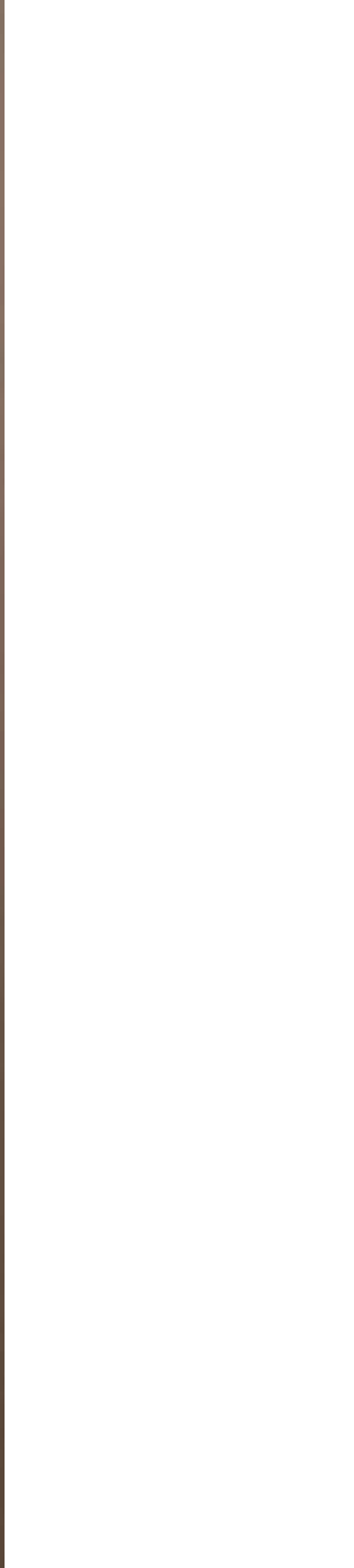
“The value
that ACAD
delivers to

“By fostering the creative process and encouraging
society is best

experimentation within an environment of excellence, we are
summarized

developing innovative thinkers who are able to see a world of
by the word

possibilities for our cultural, economic and social future.”
possibilities.”



Message from the Chair

George F.J. Gosbee

Chair, Board of Governors 2005-2006

D'Arcy Levesque retired as Chair of the ACAD Board of Governors on December 7, 2005, and George F. J. Gosbee was appointed as the new and current Chair, effective December 9, 2005.

The vision and high aspirations of this college are what initially attracted me to the position of Chair of the ACAD Board of Governors.

ACAD has become a cornerstone institution within Alberta and Canada, and I have no doubt there are even greater accomplishments in store.

The college's activities extend well beyond educating the highest calibre artists and designers. ACAD aspires to advance the public's knowledge and understanding of the importance of the arts and design, and to provoke dialogue. To those ends, ACAD endeavours to engage the external community in college programming.

During 2005-2006, ACAD made impressive strides in advancing the college's vision of becoming a catalyst for cultural development, most notably through the Stirring Culture series of programs and initiatives. Efforts to improve communications with our students, faculty and staff continue to foster involvement. Student-focused initiatives enhance learning by encouraging experimentation and free inquiry, while the college's support of other programs encourages scholarship, understanding and conceptual development for all members of our college community.

Perhaps ACAD's most far-reaching undertaking is finding an ultimate home for the campus. Last year, the Board of Governors vigorously endorsed relocating ACAD to a new facility in the city centre. We are optimistic, that in due course, the Province of Alberta will positively respond to this request and we ask for your active support and advocacy for this undertaking.



George F.J. Gosbee

Chair, Board of Governors

This Annual Report for the Alberta College of Art + Design for the year ended June 30, 2006 was prepared under the Board's direction in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.



Message from the President + CEO

Lance Carlson
President and CEO 2005-2006

When I arrived at the Alberta College of Art + Design two years ago, I was alert to the tremendous history of the school; for almost 80 years the college has educated some of Canada's most potent designers, artists and cultural producers.

Our accomplishments are the foundation for our future, and innovative and creative education is the core of what we are and what we do.

ACAD has offered baccalaureate degrees for ten years. In 2004, the Province of Alberta revised our mandate to allow for the offering of graduate degrees. Much discussion occurred during the 2005–2006 year to prepare the college for that eventuality. While we remain attentive to our undergraduate programs, we know that the addition of graduate degrees at ACAD will add important research and other capabilities that will benefit our students, faculty, staff and external community.

During the past year, we also addressed the need to establish a permanent home for ACAD; in December 2005, the Board of Governors ardently endorsed a proposal to the Province to move from our current leased facility to Calgary's city centre. Our goal is to create not only an appropriate home for ACAD that physically manifests the contemporary state of artist and designer educational practice, but also to develop a facility that adds to our community and helps realize our mission of engaging our world and creating possibilities for Calgary and for our province.

As one of only four degree-granting and freestanding institutions of art and design education in Canada, we understand that ours is a unique responsibility. ACAD has charted its course as an institution that makes a difference; an institution that supports and leads the development of culture and innovation in the broadest sense and provokes thought and action in the most optimistic directions. We cultivate debate, explore together and stir culture for ourselves and for our external community.



Lance Carlson
President and Chief Executive Officer

Mandate

The Alberta College of Art + Design, located in Calgary, Alberta, Canada, is a public board-governed college operating under the *Post-Secondary Learning Act*.

It is the only post-secondary institution in the prairie provinces devoted exclusively to advanced education, practice and research in visual culture, design and associated and emergent fields. The Alberta College of Art + Design offers four-year undergraduate degrees and diplomas and graduate degrees, preparing learners for careers in visual culture and design. The college is a centre of excellence in education and research in fine arts, crafts, design, media arts and digital technologies and related liberal studies, and supports life-long learning through its credit and non-credit continuing education programming. The college acts as a local, provincial, national and international visual culture resource, and through research, is a producer of original knowledge leading to cultural development. Its public activities are designed to enhance the general awareness of the college and advance knowledge and understanding of the importance of visual culture and design to the economic, cultural and social life of the communities and society that it serves.



Building culture. Creating possibilities.

The Alberta College of Art + Design (ACAD) is one of only four degree-granting, publicly funded Art + Design colleges in Canada. Founded in 1926, ACAD has been a major contributor to Canada's visual culture, with many of our graduates gaining significant national and international reputations as artists and designers.

It is our vision to be a pre-eminent catalyst for cultural development locally, provincially, nationally and internationally.

As such, ACAD is taking a leadership role within the cultural field. We are building culture and creating possibilities: possibilities for individuals to learn and discover while gaining new knowledge; possibilities for diversity within our college community; and possibilities to add value and guide cultural development within the greater community. We aspire only to the highest level of excellence in what we endeavour, measured not only by our past accomplishments, but by our imaginations and what is humanly possible.

With this purpose in mind, and to ensure our success as a catalyst for creative inquiry, ACAD began a strategic planning process in January 2005, from which the following six college goals were established. Our planning process is ongoing, dynamic and proactive.

1. Governance

To govern and operate with processes that are transparent, ethical, inclusive and collegial in an environment that encourages dialogue and mutual support.

2. External

To position the institution as an important contributor to cultural development in our community and society, and to craft a role for the institution as a catalyst for creative development within regional, provincial, national and international communities.

3. Internal

To create and maintain effective channels of communication for the sharing and delivery of information throughout the organization and between all constituencies, and to establish and implement practices that directly contribute to the engagement of all members of our internal community.

4. Research, Academics + Learning

To create adaptive and responsive educational programming and an institutional environment that establishes our role as a leader for innovation, research and excellence in visual arts, design and emergent cultural fields.

5. Ethos

To establish and sustain a respectful and inclusive environment that fosters diversity, individual empowerment and personal progress, within the context of a premier cultural institution.

6. Viability

To develop and allocate resources that effectively achieve our mandate, mission and vision.

Creating Possibilities for Learning 2005–2006

Academic Program

ACAD offers the Bachelor of Fine Arts (B.F.A.) degree in Drawing and Painting, Glass, Jewelry and Metals, Fibre, Print Media, Sculpture and the Bachelor of Design (B.Des.) degree in Visual Communications and Photography. The college is also authorized to offer graduate degrees by the Province of Alberta and is poised to propose a graduate program in the near future. Toward that end, ACAD undertook a number of academic program initiatives aimed at increasing the range of learning possibilities for students, as well as expanding the college's sphere of influence.

To encourage greater sharing of resources and ideas across different disciplines and programs, ACAD began a major initiative to move from a traditional, linear, program-based administrative structure to a more cross-functional model. The move is designed to create administrative consistency as well as greater student and program support by developing college-wide administrative resources. The transition is expected to further evolve over the course of the coming year.

ACAD also developed an overarching academic strategic plan and initiated action that will ultimately lead to college membership in the Association of Universities and Colleges of Canada, as well as the National Association of Schools of Art and Design. In addition, the introduction of 21 new and updated First Year Studies courses ensures that students have choices regarding their areas of interest and that they will be able to acquire the fundamental knowledge and skills that are necessary for successful future study.

ACAD also supported a number of special initiatives and symposia that benefited our faculty and students and expanded the possibilities for learning.

In March 2006, ACAD sponsored a symposium through our Liberal Studies Department that considered the nature of criticality in context of contemporary arts in Alberta. The inaugural event was titled *Genius Loci: The Spaces of Criticality* and speakers included representatives of Art Gallery of Alberta, University of Calgary and Stride Gallery — an independent, artist-run centre. This symposium will become an annual event at ACAD.

Over the course of the year, the college developed an ongoing initiative, entitled *Rap Port*, to encourage ongoing dialogue about, and responses to, the central ideas presented in ACAD's highly successful live speaker series, *Stirring Culture*. Led by two faculty members, participants from across the academic area developed responses to each public lecture.

Learning Through Observation and Interpretation — Illingworth Kerr Gallery (IKG)

The Illingworth Kerr Gallery is an important asset for the college and a great learning resource for ACAD students. Sustained by ACAD, with funding from Alberta Advanced Education, the Alberta Foundation for the Arts and private sector support, the IKG creates possibilities for learning through observation and through interpretation. In many instances, the artists whose work is exhibited also conduct lectures and guided tours of their installations.

Extended Studies

Our program of continuing education has changed its name to Extended Studies. This change of nomenclature reflects the department's broader mission and enhanced efforts to offer new learning possibilities for our community. In 2005–2006, the department introduced a new program that is unique within Canada — the ACAD Pre-College Program for high school students. This experience allows select high school students to enjoy a coordinated art school curriculum of fine arts, design and liberal studies during a four-week, intensive program at ACAD.

ACAD Students' Association (ACADSA)

Serving as a representative for the student body, ACADSA works in conjunction with administration and other groups both within and outside the college. ACADSA is a member of The Alberta Colleges and Technical Institutes Student Executive Council (ACTISEC) and the Canadian Federation of Students (CFS). These organizations provide a forum for student voices as well as access to information, research and issues on a local, national and international level.

Marion Nicoll Gallery

ACADSA creates learning opportunities for its members by supporting the operation of the student-run Marion Nicoll Gallery (MNG). The MNG provides a link between educational and professional environments, fostering critical dialogue and public exhibition in three different settings both on and off campus. Modeled after a public not-for-profit gallery, it provides students with career developing experience as administrators, jurors and submitting artists. The MNG presented 16 separate installations during 2005–2006.



Creating Possibilities for Diversity 2005-2006

Diversity Advisory Committee (DAC)

ACAD recognizes diversity as a core value and has developed initiatives that align with this thinking and help to foster an ethical and inclusive environment that encourages dialogue and mutual support.

One such initiative was the formation of the DAC. The DAC acts in an advisory capacity to the President of ACAD and through the Office of the President to the ACAD community, in the areas of diversity, multiculturalism, inclusion, anti-discrimination and anti-harassment. Committee membership is comprised of a student, a faculty member, a staff member and a manager — each nominated by their respective constituent groups. There are four member-at-large positions that can be filled by candidates from any constituent group, as well as two standing positions — a College Discrimination/ Harassment Advisor and the Manager of Human Resources. Also included are a coordinator for the Systemic Change Initiative for 2007–2008, and three resource members; VP Research and Academic Affairs, Manager of Learning Assistance Resource Centre and a counselor.

The focus of the committee's work in 2005–2006 was to prepare for the Systemic Change Initiative (SCI) by developing job descriptions and recommending implementation strategies. Members were also active in updating the discrimination and harassment policy and procedures.

Systemic Change Initiative (SCI)

In 2006, the Alberta College of Art + Design undertook a comprehensive, two-year project called the Systemic Change Initiative (SCI). The aim of the SCI is to create an atmosphere in which people of varied backgrounds feel involved and respected for their ideas, perspectives and experiences. Funded by Canadian Heritage and the Human Rights, Citizenship and Multiculturalism Education Fund administered by Alberta Community Development, this innovative initiative is designed to focus on five areas:

- Leadership
- Research, measurement and analysis
- Education
- Alignment of college systems
- Follow up, evaluation and documentation

This initiative is in keeping with ACAD's institutional goal of creating an inclusive environment that values diversity and fosters personal achievement.

Convocation

ACAD's May 2006 Convocation ceremony recognized different cultural influences at the college by incorporating African drumming and a Native hoop dancer as part of the ceremony. During Convocation, 185 students received degrees or diplomas as their first credential from ACAD. An additional 11 students received their post-diploma Bachelor of Fine Arts or Bachelor of Design. Of the students graduating with their first credential, three were awarded the Diploma in Visual Arts, 45 received the Bachelor of Design Degree and 137 received the Bachelor of Fine Arts Degree.

Student Services + Admissions

Student Services and Admissions offers a range of programs and services designed to assist students with diverse financial, social and educational needs.

Recruitment

The recruitment schedule included numerous local school visits, an international study fair in Norway, recruitment fairs in Mexico and information evenings in Winnipeg, Medicine Hat and Edmonton in addition to fairs and school visits in Washington and Montana.

ACAD also recruited in the Kootenay region of British Columbia, Vancouver, Edmonton, Denver, Cincinnati, Cleveland, Kansas City, St. Louis, Houston, Dallas, Minneapolis, Detroit, Chicago, New York, Toronto, Portland, Seattle, San Francisco and San Diego.

ACAD hosted chat sessions during which three admissions staff, two international students and one alumnus chatted with prospective students from Egypt, Sweden, the United States and Canada. Chat sessions were also used to provide information to students who had questions about their move to Calgary.

Learning Assistance Resource Centre (LARC)

The opening of a new Learning Assistance Resource Centre ensures that students who are experiencing academic difficulty receive the support they need to achieve success.

LARC provides necessary programs for students with disabilities and support services for students with learning disabilities. The Centre's Peer Tutor Program provides support for any students who may be having difficulties with academic expectations or course content.

Financial Aid

In 2005–2006, 35 per cent of ACAD students — some 388 students — relied on student loans to support their education. Of this number, 331 Alberta students received Canada and/or Alberta Student Loans with an average total loan of \$7,253. One hundred and forty-four students received Canada Millennium Bursaries worth an average of \$2,681. In 2005–2006, 74 students received Alberta Opportunities Bursaries averaging \$1,051 from the Province.

Student Awards

ACAD's Awards Program also creates new learning possibilities by providing support and recognition for our outstanding students. The program covers a range of awards, from tuition scholarships for students entering the college for the first time, to scholarships for travel and study, and bursaries for students with financial need. In 2005/06 the Awards Office, on behalf of the college, its donors and the government of Alberta, facilitated awards to 407 award recipients, who received in excess of \$380,000 in awards money or goods in-kind. The Awards Program currently administers 123 distinct awards with several having multiple recipients.

New and notable scholarships and awards include:

- The D'Arcy Levesque Award of Distinction recognizing the support of ACAD's past Board Chair.
- The Calgary Sun and Shaw Adopt-a-Student Award providing full tuition support for a student for two years.
- The Teatro New York Studio Prize in Fine Art providing \$5000 in support for a student to study in New York for a full semester.

Mobility + Exchange Program — Experiencing Diverse Cultures

The Alberta College of Art + Design, in conjunction with institutions from all over the world, participates in a unique International Student Mobility Program that provides a rare cross-cultural experience for students while assisting them in attaining their educational goals. ACAD's participation in this program supports the college's goal of becoming a catalyst institution for cultural development in the international community.

In 2005–2006, ACAD students spent a semester at schools such as California College of the Arts, Oakland; Glasgow School of Art, Scotland; Maryland Institute College of Art, Baltimore; School of the Museum of Fine Arts, Boston; Emily Carr Institute of Art + Design, Vancouver; and Ontario College of Art + Design, Toronto.

Creating Possibilities for Community 2005–2006

ACAD envisions a community in which innovation, creativity and culture are intertwined with industry and corporate growth — a community where business leaders and cultural innovators combine their talents for the benefit of all. The college continues to enhance its role as a catalyst for cultural and economic change within the communities we serve.

Institute for the Creative Process

The Institute for the Creative Process (ICP), developed by ACAD in 2005, is unique among Canadian post-secondary institutions. The Institute cultivates discourse, research activities and other undertakings that directly address the nature of the creative process. Central to the ICP is the notion that the creative process can be identified, discussed and applied to a wide variety of situations in our social, government and corporate communities as a means to finding solutions to challenges and discovering new knowledge.

Stirring Culture

The first initiative of the ICP was the speaker series, *Stirring Culture 1.0: A Centennial Discussion on Imagination, Arts, and Community* presented from September 2005 through May 2006.

Stirring Culture 1.0 explored the relationship between the creative process and the building of culture and community by bringing together leading thinkers, designers, cultural specialists and members of the public in discussion and debate about the role of artistic and design thinking in contemporary society.

The series was a tremendous success, attracting audiences totaling over 5,000 to free presentations held at downtown Calgary's Jack Singer Concert Hall. *Stirring Culture 1.0* presented New York conceptual artist and educator Tim Rollins, prominent British architect Will Alsop, British writer and urban educator Charles Landry, internationally recognized Canadian designer Bruce Mau and a panel discussion with Canada's Peter MacLeod, Donna Morton and Ana Serrano. All events were simulcast via web to an Edmonton audience. After the events, video of the presentations was streamed to the ACAD website for viewing by the public.



ACAD Contemporary Art + Culture Tour to Los Angeles

ACAD President and CEO Lance Carlson took 22 supporters and cultural enthusiasts to Los Angeles for a three-day, personalized contemporary art and culture tour. This sold-out trip included many stimulating discussions and tours that captured the essence of Los Angeles' stunning visual art landscape. Included was a tour of the Broad Art Foundation with architect Fred Fischer and a private studio visit with renowned sculptor Robert Graham. The trip met with rave reviews, and a second trip to New York City is planned for the spring of 2007.

Professional Exhibitions: Illingworth Kerr Gallery (IKG)

The IKG is a free, public, professional gallery working to make contemporary art accessible to ACAD's internal and external communities through an innovative year-round program of exhibitions, publications, lectures, screenings and related events. With an illustrious history, the IKG is moving forward with new Director/Curator Wayne Baerwaldt, who is taking exhibitions, publications and special events in new and exciting directions.

Alumni Relations

ACAD provides the local, national and international community with graduates educated in art and design. Demand for art and design graduates is increasing as businesses seek new ways to solve complex problems, employ systems thinking and create differentiation among competitors. ACAD alumni advance the knowledge and understanding of the importance of visual culture and design to the economic, cultural and social life of our communities. The work of ACAD graduates and the impact of that work can be found throughout the world.

Graduate Surveys

Graduate Satisfaction

Our 2004 Graduate Satisfaction survey had a response rate of 67 per cent (130 of 195 graduates responded to the survey). Of those who responded, 79 per cent were either very satisfied or satisfied with the quality of the teaching in their programs, and 89 per cent were either very satisfied or satisfied with the overall quality of their educational experience. More than 86 per cent of the respondents indicated that they would recommend their program of study to someone else, and 91 per cent indicated that they would recommend ACAD to others.

Employment Rate

Our 2004 Graduate Employment survey also had a response rate of 67 per cent (130 of 195 graduates responded to the survey). A full 93 per cent of respondents were either employed or self-employed. ACAD graduates continue to secure employment and admission to graduate studies because the adaptive and educational programming they receive at ACAD focuses on developing varied skills, flexibility and expertise.

Board of Governors' Alumni Award of Excellence

The Board of Governors' Alumni Award of Excellence is presented annually to alumni who have made a significant contribution to the arts, demonstrated exceptional achievement in their art practice and/or field of work, made a significant contribution to their community and achieved prominence in their field

Recipients:

**Joane Cardinal-Schubert, RCA –
Alumna Printmaking/Painting (1967)**

Ms. Cardinal-Schubert is a recipient of the Queen's Jubilee Medal in recognition of her significant achievement in the arts in Canada and recipient of an Honorary Doctorate from the University of Calgary. In 2005, the Government of Alberta gifted the National Gallery with a piece by Cardinal-Schubert, *Song of My Dream Bed Dance*, to honor Alberta's heritage and Aboriginal Peoples. She has participated in countless national and international exhibitions.

Kimberly Biggs – Alumna VSC (1984)

For more than twenty years, Ms. Biggs has been instrumental in visually defining our complex and diverse contemporary music culture, and unquestionably ranks as one of the most significant art director/designers currently working in this highly demanding field. Biggs' work has been at the forefront of some of the largest mega-media conglomerates and the biggest selling, most influential icons of the music world, including RCA, Warner Brothers, Madonna (Maverick Records), Virgin, Lucas Film, Nike and Yahoo.

Donations + Financial Support — Helping ACAD Create Possibilities

This is a time of unprecedented support for ACAD. This increased support has allowed us to continue achieving excellence in our programs and practices and to establish the following:

- The Marion Fund for Innovation in Research and Teaching supports significant innovative projects and undertakings that advance the research, teaching or application of the creative process to a variety of arenas including: education; community and cultural development; and government and innovation in the private or corporate sector.
- The President's Scholar in Residence Program supports highly accomplished visiting artists and scholars to come to ACAD, thereby providing students and faculty alike with increased exposure to central issues and techniques in their field.
- The ACAD Faculty Enrichment Fund supports faculty development, research and exhibit work.
- A partnership between ACAD and the Mustard Seed Street Ministry supports art education for Mustard Seed clients.

Other notable community investments:

- A Premier Founding Partner Sponsorship from RBC Financial Group, through the RBC Foundation, in support of the Institute for the Creative Process.
- Support of \$25,000 from John Armstrong and Karyn Leidal for the creation of a professional development library.
- A contribution of \$50,000 from the Kahanoff Foundation for ACAD's future facility planning.

President's Circle

The President's Circle, founded in the late spring of 2005, grew to an impressive 41 members. This is a group of community leaders who support ACAD's vision to be a pre-eminent catalyst institution for cultural development.

ACAD 2005-2006

Admissions and Human Resources Summary

Admissions

	Fall 2005	Fall 2004
First Year Studies Applications	680	602
Advance Standing Applications	88	80

HEADCOUNT COMPARISONS

Registered students as of September 9, 2005	1115	
Registered students as of September 9, 2004		1105

Human Resources

Staffing by Employee Category (FTE)

Employee Category	2005-2006	2004-2005	2003-2004
Permanent Faculty	48.33	45.33	47.04
Management/Exempt	25.67	21.98	19.34
Support Staff	39.88	39.28	37.76
Term/Casual Faculty + Support Staff	50.06	57.75	52.01
Total	163.94	164.34	156.15

Faculty Positions

New permanent faculty position searches completed this year were:

1. Design Theory + History
2. Installation + Performance
3. Photography

ACAD 2005-2006 Financial Review

FINANCIAL RESOURCES

The 2005–2006 fiscal year ended with the Alberta College of Art + Design continuing to enjoy a robust financial picture. In the year 2000, the Board of Governors set a financial target of the unrestricted net assets being at least 5% of actual expenditures for the year. We are pleased to report that, as of the end of this fiscal year, unrestricted net assets are 11.1% of actual expenditures. The college has also set aside special purpose funding of 11% of actual expenditures to address specific needs and projects within the institution. Actual unrestricted net assets are \$1,851,291 and internally restricted net assets are \$1,827,993. Endowed funds, primarily for student scholarships and bursaries, have a current value of \$1,859,440.

The college business plan called for a balanced budget and this was achieved as the college ended the year with an operating surplus of \$495,196. Significant positive variations included higher than budgeted government grants and less than budgeted salary expenditures caused mainly by vacancies within senior management. Offsetting some of the above was higher than budgeted fundraising project costs. Key senior management vacancies have been partially rectified with the hiring of a new Vice-President for Finance + Corporate Services and an active search is under way for a Vice-President for Advancement.

REVENUE + EXPENSES

The single largest source of revenue for the college comes from the province, which contributes 57% of the total \$17.1 million revenue generated. Student fees of all types, including summer programs, account for 29% of all revenue. In terms of expenses, salaries and benefits are the single largest cost, accounting for 62% of all expenditures.

TUITION FEE POLICY COMPLIANCE

2005/06 Tuition Fee Revenue: (from programs under the Tuition Fee Policy): \$3,845,167

2005/06 Net Operating Expenditures: \$14,689,275 **Tuition Fee Revenue as a percentage of Net Operating Expenditures:** 26.18%

The information shown above provides a calculation of the ratio of institution tuition fee revenue to net operating expenditures, and demonstrates institution performance with respect to the 30% tuition fee ceiling. The information was prepared in accordance with Section 7 of the Tuition Fees Regulation. It has been submitted to Alberta Advanced Education.

PERFORMANCE AWARDS

In 2005–2006, a one-time performance award was allocated to institutions by the province based on progress awards points as calculated by Alberta Advanced Education. For 2005–2006 the college was awarded 91 progress award points (in 2004–2005 the institution received 91 points), primarily on performance in the categories of graduates' employment rate, graduate satisfaction and student accessibility based on enrolments. Due to the progress award of 91 points in 2005–2006 the college received a top-level performance award of \$116,011 which was 1.34% of our 2005–2006 operations grant. The ACAD report card summaries for the years 2003–2004 through 2005–2006 are shown below.

Learning Component	2005–2006		2004–2005		2003–2004		System Benchmarks	
	%	Points	%	Points	%	Points	%	Points
RESPONSIVENESS								
Employment Rate	90.0	30	90.0	30	92.5	30	100.0	30
Graduate Satisfaction	91.8	25	91.8	25	91.9	25	100.0	30
ACCESSIBILITY	5.8	30	8.6	30	5.8	30	4.0	30
AFFORDABILITY								
Administration Expenses	12.1	3	11.6	3	13.1	0	3.0	6
Enterprise Revenue	22.1	3	22.8	3	22.8	3	40.0	5
TOTAL POINTS		91		91		88		100

ACAD 2005-2006 Financial Statements

JUNE 30, 2006

Auditor's Report



To the Board of Governors of Alberta College of Art and Design

I have audited the statement of financial position of the Alberta College of Art and Design as at June 30, 2006, and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
October 6, 2006

Original Signed by Fred J. Dunn, FCA
Auditor General

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

Statement of Financial Position as at June 30, 2006

	2006	2005
		(As restated, Note 21)
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	\$ 5,425,519	\$ 4,935,046
Accounts receivable and prepaid expenses	362,400	240,626
Inventories	521,117	547,983
	6,309,036	5,723,655
Non-current:		
Cash and investments (Note 3)	2,690,055	2,779,878
Capital contributions receivable (Note 19)	861,182	746,182
Capital assets (Note 5)	5,453,649	5,857,499
	\$15,313,922	\$15,107,214
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	\$ 595,183	\$ 280,246
Obligation under capital lease (Note 7)	17,496	-
Unearned tuition fees	374,265	195,041
Deferred contributions (Note 8)	1,093,904	1,269,088
Accrued vacation	747,163	672,984
Employee future benefits (Note 16)	114,202	245,048
	2,942,213	2,662,407
Non-current:		
Obligation under capital lease (Note 7)	56,690	-
Employee future benefits (Note 16)	77,464	95,204
Unamortized deferred capital contributions (Note 10)	4,650,291	5,320,283
Deferred capital contributions (Note 9)	1,319,368	1,274,439
	9,046,026	9,352,333
Net assets:		
Unrestricted	1,851,291	1,723,421
Internally restricted (Note 11)	1,827,993	1,652,623
Invested in capital assets	729,172	537,216
	4,408,456	3,913,260
Endowments (Note 12)	1,859,440	1,841,621
	6,267,896	5,754,881
	\$15,313,922	\$15,107,214

The accompanying notes are part of these financial statements.

Statement of Operations for the Year Ended June 30, 2006

	2006		2005
	Budget (Note 17)	Actual	Actual (As restated, Note 21)
REVENUE:			
Grants (Note 13)	\$ 9,156,101	\$ 9,738,383	\$ 8,979,014
Tuition fees	4,346,690	4,194,134	3,963,976
Extended studies fees	786,480	801,798	826,820
Bookstore sales	746,000	733,998	759,027
Sales, rentals and services	180,000	204,479	144,566
Donations	346,120	300,624	880,138
Scholarships	205,000	159,021	83,152
Investment income (Note 4)	259,750	299,930	194,057
Earned capital contributions (Note 10)	757,000	714,251	764,603
	16,783,141	17,146,618	16,595,353
EXPENSE (NOTE 14):			
Salaries and benefits (Note 15)	10,748,813	10,366,597	10,014,291
Supplies and services	4,182,720	4,166,782	3,714,941
Bookstore - cost of sales	449,696	404,061	453,253
Fundraising projects	323,430	547,488	857,366
Scholarships	97,328	217,039	126,976
Loss on disposal of capital assets	-	1,310	3,849
Amortization of capital assets	882,000	948,145	946,191
	16,683,987	16,651,422	16,116,867
Excess of revenue over expense, for the year	\$ 99,154	\$ 495,196	\$ 478,486

The accompanying notes are part of these financial statements.

Statement of Changes in Net Assets for the Year Ended June 30, 2006

					2006	2005
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 11)	Investment in Capital Assets	Endowments (Note 12)	Total Net Assets	Total Net Assets (As restated, Note 21)
Excess of revenue over expense	\$ 495,196	\$ -	\$ -	\$ -	\$ 495,196	\$ 478,486
Transfer to internally restricted, net (Note 11)	(175,370)	175,370	-	-	-	-
Endowment contributions and capitalized interest (Note 12)		-	-	17,819	17,819	51,199
Internally Funded:						
Purchase of capital assets	(403,698)	-	403,698	-	-	-
Repayment of obligation under capital lease	(16,840)	-	16,840	-	-	-
Amortization of capital assets	235,302	-	(235,302)	-	-	-
Donated artwork	(6,720)	-	6,720	-	-	-
Increase in net assets	127,870	175,370	191,956	17,819	513,015	529,685
Balance, beginning of year	1,723,421	1,652,623	537,216	1,841,621	5,754,881	5,225,196
Balance, end of year	\$1,851,291	\$1,827,993	\$729,172	\$1,859,440	\$6,267,896	\$5,754,881

The accompanying notes are part of these financial statements.

Statement of Cash Flows for the Year Ended June 30, 2006

	2006	2005 (As restated, Note 21)
OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 495,196	\$ 478,486
Non-cash transactions:		
Earned capital contributions (Note 10)	(714,251)	(764,603)
Amortization of capital assets	948,145	946,191
Loss on disposal of capital assets	1,310	3,849
	730,400	663,923
Changes in non-cash working capital (Note 18)	167,402	364,487
Cash generated from operating activities	897,802	1,028,410
INVESTING ACTIVITIES:		
Purchase of capital assets:		
Internally funded	(403,698)	(266,300)
Externally funded	(44,259)	(9,220)
Debt funded	(91,026)	-
Donated artwork	(6,720)	(7,155)
Proceeds on disposal of capital assets	98	154
Increase in non-current cash and investments	89,823	196,113
Decrease in employee future benefits	(17,740)	(2,732)
Cash used in investing activities	(473,522)	(89,140)
FINANCING ACTIVITIES:		
Increase in capital contributions receivable	(115,000)	(134,001)
Capital contributions received, net of transfers (Note 9)	89,188	(104,092)
Long term lease	91,026	-
Payment on capital lease	(16,840)	-
Increase in endowments, net	17,819	51,199
Cash provided from (used in) financing activities	66,193	(186,894)
Net increase in cash and cash equivalents	490,473	752,376
Cash and cash equivalents, beginning of year	4,935,046	4,182,670
Cash and cash equivalents, end of year	\$5,425,519	\$4,935,046

The accompanying notes are part of these financial statements.

ACAD 2005-2006

Notes to the Financial Statements

JUNE 30, 2006

note 1. Authority and Purpose

The Alberta College of Art and Design ("the college") operates under the authority of the *Post Secondary Learning Act*, Statutes of Alberta 2003, Chapter P-19.5. The college is a registered charity and is exempt from payment of income tax.

The college is a public institution for education in visual arts, design and digital media, that delivers both post-secondary degree and diploma programs, as well as adult and children's continuing education programming.

The college promotes cultural and artistic awareness in the college and the community through art exhibitions, public lecture programs and its collection of visual art and library resources.

note 2. Summary of Significant Accounting Policies

a) General

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

b) Inventories

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

c) Investments

Investments are recorded at cost. Gains are recognized at realization. Losses are recognized at realization or when there is an other-than-temporary decline in the value of an investment.

note 2. Summary of Significant Accounting Policies (continued)

d) Capital Assets

The land and building which house the college are owned by the Southern Alberta Institute of Technology (the "Institute") and are occupied by the college under a facility license granted by the Institute. The term of the license is through a renewable contractual agreement between the college and the Institute determined at the pleasure of the Minister of Advanced Education.

The facility license providing the right to use the building has been recorded as an asset at fair value at the time the license was granted. Fair value is estimated as the building's amortized replacement cost based on an independent appraisal as at April 1982.

Subsequent additions to the facility are recorded as leasehold improvements at cost.

Furnishings and equipment are recorded at cost, except for donated assets which are recorded at fair value.

Capital assets, except for the artwork collection, are amortized on a straight-line basis over the following periods:

Facility license	28 years
Leasehold improvements	Remaining life of the building
Furniture and equipment	5 years
Computer Systems	10 years

Assets under capital lease are amortized on a basis that is consistent with the above.

The artwork collection is made up of numerous pieces of art that are held for display in the College and used for educational purposes. The pieces in the collection are recorded at the purchase price or at the appraised value at the time of donation and are not amortized.

note 2. Summary of Significant Accounting Policies (continued)**e) Revenue Recognition**

Unrestricted contributions and investment income are recognized in the period when receivable.

Amounts received for fees and sale of goods and services are recognized as revenue at the time the goods are delivered or the services are provided.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Externally restricted non-capital contributions and interest are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor.

Externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property.

Externally restricted capital contributions and interest are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

f) Employee Future Benefits

The college participates with other employers in the Local Authorities Pension Plan (the "Pension Plan"). This Pension Plan is a multi-employer defined benefit pension plan that provides pensions for the college's participating employees based on their

note 2. Summary of Significant Accounting Policies (continued)

f) Employee Future Benefits (continued)

years of service and earnings. Along with the Local Authorities Plan, the President is also provided with an unfunded pension account which is held by the college. The President is entitled to a payment of the balance of this account, plus accrued interest, upon resignation, termination or end of employment term.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year based on rates which are expected to provide for benefits payable under the Local Authorities Pension Plan. The college's portion of the pension plan's surplus or deficit is not recorded by the college.

The college's Board of Governors has approved early retirement and voluntary severance plans which provide employees leaving the employment of the college under specific conditions with bridge payments, lump sum payments in lieu of benefits or continued benefits for specific periods. The bridge payments, lump sum benefit payments and liabilities for future benefit payments are recorded by the college in the year the retirement application is approved.

The college pays or shares the premiums for certain benefits for employees on long-term disability. The present value of the estimated costs of these premiums are recorded at the time the college becomes obligated under the plan.

g) Financial Instruments

The carrying value of cash, receivables and payables are considered to approximate fair value unless otherwise disclosed.

h) Credit, Interest Rate and Market Risks

The college's accounts receivable are due from a diverse group of customers and are subject to normal credit risks.

Interest rate risk is the risk to the college's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates.

Market risk is the risk to the college's earnings that arises from the fluctuations and degree of volatility in the market value of its long-term investments.

note 3. Cash, Cash Equivalents and Investments, Current and Non-Current

The Board of Governors, through its Finance Committee, monitors the performance of the investment portfolio. Under the investment policy, the prime objectives of the investment fund are the generation of income, conservation of capital and growth of capital. The prime constraints that guide the investment policy are risk aversion and liquidity.

Realized return includes interest income and gains and losses on disposals of investments. In 2006, the cash, cash equivalents and investments obtained a realized return of 3.90% (2005 – 3.05%).

Investments are currently held as money market, bond and equity pooled funds managed through an investment advisor. Cash, cash equivalents and investments are summarized as follows:

	2006		2005	
	Cost	Market	Cost	Market
Cash	\$ 5,320,991	\$ 5,320,991	\$ 5,075,347	\$ 5,075,347
Pooled Funds:				
Accrued income	50,710	50,710	36,718	36,718
Bond fund	992,207	1,047,174	963,436	1,067,554
Pooled equity fund	1,751,666	1,955,044	1,639,423	1,816,884
Total cash and investments	8,115,574	\$8,373,919	7,714,924	\$7,996,503
Held as non-current assets	2,690,055		2,779,878	
Held as current assets	\$5,425,519		\$4,935,046	

note 3. Cash, Cash Equivalents and Investments, Current and Non-Current (continued)

The Bond Fund consists of Canadian government and corporate bonds with an average term to maturity of 8.8 years (2005 – 8.6 years) and an average yield to maturity of 4.81% (2005 – 3.70%). Bonds are rated at a minimum level of BBB with 53% of the Fund rated as AAA.

Bond maturities are as follows:

	2006	2005
Under 1 year	2 %	2 %
1–5 years	44	48
5–10 years	27	26
10–20 years	2	2
Over 20 years	25	22
	100 %	100 %

Bonds are outstanding by the following types of issuers:

	2006	2005
Federal	46 %	47 %
Provincial	19	17
Municipal	5	6
Corporate	30	30
	100 %	100 %

The Pooled Equity Fund is a balanced fund of bond and equity investments. During 2006, the Pooled Equity Fund earned 3.42% (2005 – 2.67%).

The Pooled Equity Fund held the following types of investments at June 30:

	2006	2005
Canadian Short- and Long-term bonds	36 %	37 %
Canadian Equities	33	35
United States Equities	13	12
International Equities	18	16
	100 %	100 %

note 3. Cash, Cash Equivalents and Investments, Current and Non-Current (continued)

Cash and investments held as non-current represent funds not available for current operations.

	2006	2005
Endowments (Note 12)	\$ 1,859,440	\$ 1,841,621
Deferred capital contributions (Note 9)	1,319,368	1,274,439
Less funds held by SAIT (Note 19)	(861,182)	(746,182)
Internally restricted for capital (Note 11)	372,429	410,000
	\$2,690,055	\$2,779,878

note 4. Investment Income

	2006	2005
Investment income	\$ 299,930	\$ 194,057
Amount capitalized to endowments (Note 12)	29,280	33,597
Deferred contributions, net (Note 8)	25,823	46,378
Total investment income earned	\$ 355,033	\$ 274,032

note 5. Capital Assets

	2006		2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Facility license	\$ 12,207,000	\$ 9,155,413	\$ 3,051,587	\$ 3,487,529
Furniture and equipment	4,316,502	3,600,897	715,605	515,788
Leasehold improvements	3,027,936	1,762,646	1,265,290	1,446,045
Computer systems	603,650	552,800	50,850	44,540
Art collection	370,317	-	370,317	363,597
	\$20,525,405	\$15,071,756	\$5,453,649	\$5,857,499

During the year, the college received donated assets of \$6,720 (2005 – \$7,155).

Included in furniture and equipment, at June 30, 2006, the college had assets under capital lease with a cost of \$91,026 (2005 – \$0) and accumulated amortization of \$18,205 (2005 – \$0).

note 6. Contractual Obligations

The college leases office equipment under operating leases that expire on various dates to 2009. Future minimum lease payments are as follows:

2007	\$ 2,511
2008	2,511
2009	628
	<u>\$ 5,650</u>

note 7. Lease Obligation

The college has entered into a capital lease with an interest rate of 3.90%:

	2006	2005
Capital lease obligation	\$ 74,186	\$ -
Less: current portion	(17,496)	-
Non-current capital lease obligation	\$56,690	\$ -

The minimum annual payments under the capital lease obligation are as follows:

	2006	2005
2006-2007	\$ 19,624	\$ -
2007-2008	19,624	-
2008-2009	19,624	-
2009-2010	19,624	-
Total minimum lease payments	78,496	\$ -
Less: amounts representing interest	(4,310)	-
Capital lease obligation	\$74,186	\$ -

During the year, interest on the capital lease obligation amounting to \$2,784 (2005 - \$0) has been charged to expense.

note 8. Deferred Contributions

Deferred contributions represent unspent contributions externally restricted for non-capital purposes.

	2006	2005 (As restated, Note 21)
Contributions received during the year:		
Grants	\$ 1,231,933	\$ 1,090,834
Donations	422,122	1,268,560
Restricted investment income	87,838	100,792
	1,741,893	2,460,186
Transferred (to) from:		
Deferred capital contributions (Note 9)	(25,049)	104,092
	1,716,844	2,564,278
Transferred to revenue:		
Grants	(1,370,417)	(1,128,344)
Donations	(300,575)	(855,023)
Scholarships	(159,021)	(83,152)
Investment income	(62,015)	(54,414)
	(1,892,028)	(2,120,933)
(Decrease) increase during the year	(175,184)	443,345
Deferred contributions, beginning of year	1,269,088	825,743
Deferred contributions, end of year	\$1,093,904	\$1,269,088
The balance consists of funds restricted for:		
Scholarships and bursaries	\$ 540,451	\$ 593,120
Other non-capital projects	553,453	675,968
	\$1,093,904	\$1,269,088

note 9. Deferred Capital Contributions

Deferred capital contributions represent unspent funds externally restricted for capital purposes.

	2006	2005
Capital contributions received during the year:		
Grants	\$ 64,139	\$ -
Transferred from (to) deferred contributions (Note 8)	25,049	(104,092)
Increase (decrease) during the year	89,188	(104,092)
Transferred to:		
Unamortized deferred capital contributions (Note 10)	(44,259)	(9,220)
Increase (decrease) during the year	44,929	(113,312)
Deferred capital contributions, beginning of year	1,274,439	1,387,751
Deferred capital contributions, end of year	\$1,319,368	\$1,274,439

note 10. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the externally funded portion of capital assets, which will be recognized as earned capital contributions in future periods. Changes in the unamortized deferred capital contributions balance are as follows:

	2006	2005
Balance at beginning of year	\$ 5,320,283	\$ 6,075,666
Add: transfers from deferred capital contributions (Note 9)	44,259	9,220
Less: amount earned and transferred to revenue	(714,251)	(764,603)
Balance at end of year	\$4,650,291	\$5,320,283

note 11. Internally Restricted Net Assets

The Board of Governors has placed internal restrictions on net assets as follows:

	Opening	Expended	Appropriations	2006 Closing
Non-capital:				
Human resource infrastructure	\$ 300,000	\$ 16,495	\$ -	\$ 283,505
Marketing, recruitment and promotion	43,919	-	-	43,919
Utilities	93,000	3,500	-	89,500
Health and safety program	50,000	10,000	50,000	90,000
Accreditation	100,000	-	-	100,000
Website development and maintenance	28,724	23,174	50,000	55,550
Community relations	150,000	-	-	150,000
Special initiatives	100,000	-	270,000	370,000
College expansion initiative	126,980	112,821	50,000	64,159
Centre for creative process	150,000	-	-	150,000
Institutional branding	50,000	41,069	-	8,931
Internationalization	50,000	-	-	50,000
	1,242,623	207,059	420,000	1,455,564
Capital:				
Equipment renewal plan	350,000	-	-	350,000
Administrative system applications	60,000	37,571	-	22,429
	410,000	37,571	-	372,429
	\$1,652,623	\$244,630	\$420,000	\$1,827,993

note **12. Endowments**

Endowments consist of restricted donations to the college and internal allocations by the Board of Governors, the principal of which is not to be spent. The investment earnings generated from the endowments must be used in accordance with the various purposes established by the donors or the Board.

	2006	2005
Balance at beginning of year	\$ 1,841,621	\$ 1,790,422
Donations received	15,945	17,602
Capitalized investment income (Note 4)	29,280	33,597
De-endowed	(27,406)	-
	17,819	51,199
Balance at end of year	\$1,859,440	\$1,841,621
Endowments Comprise:		
External scholarships	\$ 1,342,971	\$ 1,334,439
Internal		
Operating	355,334	349,420
Scholarships	161,135	157,762
	\$1,859,440	\$1,841,621

note 13. Grants

	2006	2005 (As restated, Note 21)
Province of Alberta:		
Base operating	\$ 8,941,749	\$ 8,072,352
Access funding	-	310,780
Energy and enrolment grants	140,864	95,106
Community Lottery Board	-	903
Infrastructure renewal	165,861	271,127
Campus plan	198,609	1,391
Faculty/staff retention grant	-	16,228
AHRE systemic change initiative	5,234	-
Performance funding	116,011	88,796
Curriculum funding	6,903	15,494
Stirring Culture	18,000	-
Art in Motion	-	7,042
Marion Nicoll Gallery	20,000	-
Illingworth Kerr Gallery	25,000	-
Power of Creativity alumni profiles	238	-
AHRE step/learning & resource centre grants	21,151	18,416
Human resources grants	3,686	34
Other	-	1,954
Total Provincial Grants	9,663,306	8,899,623
Other:		
Canada Council	900	-
Indirect cost program	33,461	34,903
SSHRC	40,716	44,488
	\$9,738,383	\$8,979,014

note **14. Expense by Function**

	2006	2005
Expense:		
Instruction	\$ 6,222,988	\$ 6,174,033
Institutional support	4,345,295	4,254,254
Academic support	2,866,698	2,655,006
Amortization of capital assets	948,145	946,191
Student services	1,218,125	1,062,862
Bookstore	684,392	729,045
Minor capital projects	364,469	291,627
Loss on disposal of capital assets	1,310	3,849
	\$16,651,422	\$16,116,867

Instruction encompasses all educational and instructional programs, including credit programming and continuing education. Academic support includes all activities that directly support instruction, including Library, Woodshop, Gallery and Academic Administration. Student services include all activities or services provided to students.

Institutional support includes all activities that provide institution-wide administrative and clerical support to institutional operations, as well as college fundraising, communications and development expenses. A significant component of fundraising and development expenses is a biennial major fundraising event, the total cost of which is included in institutional support costs.

Bookstore includes cost of sales and direct bookstore operations costs. Direct salary costs incurred for the college bookstore include support for college wide purchase, receipt and distribution of all materials for instructional, operational and retail purposes.

note 15. Salaries and Benefits

Directive 12/98 (amended July 6, 2004) from the Treasury Board of the Province of Alberta requires the college to disclose certain salaries and benefits. Those salaries and benefits are as follows:

				2006	2005
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Board of Governors					
Chair	\$ -	\$ -	\$ -	\$ -	\$ -
Board Members (9)	-	961	-	961	457
President (4)	174,900	24,874	48,997	248,771	195,215
Vice President Academic (4)	112,809	-	17,924	130,733	65,022
Chief Operating Officer (5)	72,890	57,237	7,264	137,391	169,300
Vice President Finance (6)	43,205	10,074	10,537	63,816	-
Vice President					
External Affairs (7)	61,884	14,786	11,364	88,034	116,745
Director Student Services (8)	89,831	1,331	16,256	107,418	108,647
	\$555,519	\$109,263	\$112,342	\$777,124	\$655,386

1. Base salary includes pensionable base pay and retroactive pay increases.
2. Other cash benefits include honoraria, housing allowance, vehicle allowance, bonuses and vacation payouts.
3. Other non-cash benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including Local Authorities Pension, employment insurance, Canada Pension Plan, health care, extended health, vision and dental coverage, group life insurance, accidental disability and dismemberment, workers' compensation, employee assistance and the executive supplemental pension account for the President.
4. Comparative totals for 2005 include the following periods of employment which were less than a full fiscal year:
 - The President commenced employment at the college on August 5, 2004.
 - The Vice President Academic commenced employment at the college on January 4, 2005.
5. The Chief Operating Officer position was vacated by the retirement of the incumbent, effective December 31, 2005. However, effective May 24, 2006 he continues under contract to be responsible for this function. Comparative total salary and benefit figures for 2005 of the Chief Operating Officer include a supplement for duties performed in the President's position which was vacant from November 1, 2003 to August 4, 2004.

note 15. Salaries and Benefits (continued)

6. The Vice President Finance position was occupied for six months during the 2006 fiscal year. In the prior year, this function was fulfilled by the Chief Operating Officer position.
7. The Vice President External Affairs position was vacated in February 2006. As at June 30, 2006, this position remains open.
8. The Director Student Services includes a supplement for duties performed in support of the vacant Senior Academic Officer position and the Academic Executive during the period from July 1, 2004 to December 31, 2004.
9. The majority of college Board members do not accept honoraria from the college. The value of the honoraria not accepted is allocated to special funds shown in the financial statements as deferred contributions.

note 16. Employee Future Benefits

The college Board of Governors has provided provisions for early retirement plans for college employees. The college also supplements the pension benefits earned by the President through contributions to a supplementary plan. The college is also required, under the terms of its long-term disability plan, to continue payment of the employer's portion of health benefits and Local Authorities Pension Plan pension premiums while an employee is on long-term disability. The college's liability under these plans, included in the 2006 financial statements, is \$191,666 (2005 – \$340,252).

The college participates in a multi-employer pension plan, the Local Authorities Pension Plan. The expense for this plan is \$533,310 for the year ended June 30, 2006 (2005 – \$463,310).

At December 31, 2005, the Local Authorities Pension Plan reported a deficiency of \$863,558,000 (2004 – \$1,288,924,000). Effective January 1, 2006, a combined increase of 0.77% was applied to the total pensionable salary for employers and members combined.

note 17. Budget

The budget was approved by the Board of Governors in May 2005 and the revised budget was approved February 2006.

	Original Budget	Revised Budget
Revenue:		
Grants	\$9,156,343	\$9,156,101
Tuition fees	4,346,690	4,346,690
Extended studies fees	954,480	786,480
Bookstore sales	746,000	746,000
Sales, rentals and services	180,000	180,000
Donations	346,120	346,120
Scholarships	205,000	205,000
Investment income	259,750	259,750
Earned capital contributions	757,000	757,000
	16,951,383	16,783,141
Expense:		
Salaries and benefits	11,169,878	10,748,813
Supplies and services	4,028,225	4,182,720
Bookstore – cost of sales	449,696	449,696
Fundraising projects	323,430	323,430
Scholarships	97,328	97,328
Loss on disposal of capital assets	-	-
Amortization of capital assets	882,000	882,000
	16,950,557	16,683,987
Excess of revenue over expense	\$ 826	\$ 99,154

note **18. Changes in Non-Cash Working Capital**

	2006	2005
Increase in accounts receivable and prepaid expenses	\$ (121,774)	\$ (38,199)
Decrease (increase) in inventories	26,866	(14,062)
Increase (decrease) in accounts payable	314,937	(42,934)
Increase in unearned tuition fees	179,224	4,485
(Decrease) increase in deferred contributions	(175,184)	443,347
Increase (decrease) in accrued vacation	74,179	(39,630)
(Decrease) increase in employee future benefits	(130,846)	51,480
	\$ 167,402	\$ 364,487

note **19. Related Party Transactions**

a) **Province of Alberta**

The college is a Provincial Corporation as all members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education. Transactions between the college and the Province are disclosed as follows:

	2006		2005	
	Revenue	Deferred Contributions and UDCC*	Revenue	Deferred Contributions and UDCC*
Operating grants	\$ 8,941,749	\$ -	\$ 8,072,352	\$ -
Access funding	-	71,063	310,780	184,181
Infrastructure renewal grants	115,000	1,388,113	27,000	1,517,240
Campus plan	198,609	-	1,391	198,609
Performance funding	116,011	-	88,796	-
Energy and enrolment growth	140,864	-	95,106	-
Faculty/staff retention	-	-	-	16,228
AHRE step/learning & resource centre grants	21,151	-	18,416	-
Community Lottery Board	-	1,326	-	7,392
Other	68,234	58,764	1,954	53,589
Alberta Opportunity Bursary	-	5,936	-	5,936
Human Resources grants	-	3,686	-	3,720
Total from deferred contributions	61,688	(61,688)	283,828	(283,828)
	\$9,663,306	\$1,467,200	\$8,899,623	\$1,703,067

* Unamortized deferred capital contributions

note 19. Related Party Transactions (continued)**b) Southern Alberta Institute of Technology**

The land and building which house the college are owned by the Southern Alberta Institute of Technology (the "Institute") and are occupied by the college under a facility license granted by the Institute and continuing occupancy at the pleasure of the Minister of Advanced Education. The college and the Institute are parties to letters of agreement for the provision of utilities, maintenance and systems support. Amounts paid or payable to the Institute in 2006 for these purposes totalled \$1,066,898 (2005 – \$1,071,610).

The Institute received capital grants of \$115,000 (2005 – \$134,000) from the Province that are designated for the building occupied by the college. In the last two years, no funds were expended for minor capital renovations to the building. The Institute still holds \$861,182 (2005 – \$746,182) of government grant funds that are to be used for the building envelope and utilities infrastructure. The amount has been recorded as a capital contribution receivable. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

c) Bow Valley College

The college and Bow Valley College collaborate in offering Artstream, a base funded program, which provides academic upgrading and foundation art courses to students in preparation for entry into the college's diploma or degree programs. Amounts paid to Bow Valley College in 2006 for these purposes totalled \$14,213 (2005 – \$2,130). These transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

d) Other

Transactions between the college and members of the Board are recorded at fair value.

note 20. Certain June 30, 2005, figures have been reclassified to conform to current year presentation.

note 21. Correction of Errors

- a)** During the prior year, the college recorded expenditures relating to a restricted grant, but failed to recognize the related revenues. This error has now been corrected in the financial statements.

note 21. Correction of Errors (continued)

- b) During the past two years, the college recorded restricted grants as deferred contributions when grant restrictions were fully met. These grants should have been recorded to revenues upon receipt. All such transactions have now been corrected in the financial statements.

These changes have been applied retroactively with restatement of comparative numbers. The impact on the prior year financial statements as a result of the correction on errors is as follows:

			2005
	As Previously Reported	Correction of Error	As Restated
Statement of Financial Position			
Increase (decrease) in:			
Deferred contributions	\$1,588,963	\$(319,875)	\$1,269,088
Unrestricted net assets	\$1,403,546	\$ 319,875	\$1,723,421
Statement of Operations			
Increase in:			
Grants	\$8,776,770	\$ 202,244	\$8,979,014
Increase in Excess of Revenue Over Expense	\$ 276,242	\$ 202,244	\$ 478,486
Statement of Changes in Net Assets			
Increase in:			
Balance, beginning of year	\$5,107,565	\$ 117,631	\$5,225,196

note 22. Approval of Financial Statements

These financial statements were approved by the Board of Governors at the October 30, 2006 meeting of the Board.

Appendix 1

Donor List 2005-2006

Donors and Supporters \$250+

ACAD Students' Association
 Craig Ainscough
 Government of Alberta
 Alberta College of Art + Design
 Board of Governors
 Anonymous
 Apex Credit Union Ltd.
 John Armstrong and Karyn Leidal
 Art Central
 Assured Developments Ltd.
 A.U.P.E. Local 071/006 ACAD
 Dario Berloni
 Kim and Harvey Bernbaum
 Estate of Harold Biswanger
 Peter D. Boyd
 Christopher Bretz
 Peter Burgener
 The City of Calgary
 Canadian Society of Painters in Watercolour
 Denise Carpenter
 Elizabeth and Lorne Carson
 Ceramics Canada
 Government of Canada
 Ali Christensen
 Bill Chomik
 The Cohos Evamy Partners
 Chris Cran
 Gordon Darling
 Arlene Dickinson
 Al and Karen Doutre
 Edmonton Civic Employees Education
 Finance Fund
 David Edmunds
 Education Funding for the Children of
 Alberta Society
 Jane and Michael Evans
 Charles Fischer and Joanne Cuthbertson

Daryl and Ellen Fridhandler
 Glass Majors Fund
 George and Karen Gosbee
 Mary Hays
 Heinz Jordan and Company Ltd.
 Jim Hill
 Kahanoff Foundation
 Jane Kidd
 Allan and Annette Kolinsky
 D'Arcy Levesque
 Jeanne Lougheed
 Ian MacGregor
 Jesse and Cathy Marion
 Sharon Martens
 Masters Gallery Ltd.
 MBNA Canada
 Anne McKenzie
 Jim and Dorothy McLeod
 John B. McWilliams, Q.C.
 Estate of Janet Mitchell
 Cynthia P. Moore
 Patricia and Sherrold Moore
 David Neill
 Marilyn Palmer
 Nettie Pedlar
 Rob and Ruth Peters and Family
 Plainsman Clays Ltd.
 Jill Rawlinson
 Donald Ray and Rosemary Brown
 Royal Canadian Legion Alberta - NWT Command
 Mary Rozsa de Coquet
 Carol and Larry Ryder
 The School of Visual Arts
 Mindy Selby
 Jim Sellers, Judy Bader and Family
 Simon Chang and Phyllis Levine Foundation
 Society of Graphic Designers of Canada
 Kelly Streit

Jeremy Sturgess, FRAIC, RCA
 TD Meloche Monnex
 Teatro
 Wendy Toogood and Don Mabie
 Yves Trépanier
 United Way
 Estate of Louis Vervoort
 W. Brett Wilson
 Dan Wright and Douglas Cridland
 Bettina and Leib Zeisler
 Helen and Tamar Zenith
 Paul Ziff
 Brad and Tanya Zumwalt

INSTITUTE FOR THE CREATIVE PROCESS

Premier Founding Partner

RBC Financial Group through the RBC
 Foundation

Founding Partners

Arcis Corporation
 Enbridge Inc.
 EPCOR Utilities Inc.
 Nexen Inc.

Stirring Culture 1.0 Sponsors and Supporters

Alberta Foundation for the Arts
 EPCOR Centre for the Performing Arts
 The Calgary Foundation
 The Calgary Herald
 Veer Corporation

Appendix 2

Faculty Highlights

ACAD faculty members

Liberal Studies

Judy Sterner – Authored a paper entitled *Charcoal and hairlocks: migration and diffusion in the Mandara Mountains*. Maroua, Cameroon, November 2005.

Gregory Scofield – Short-listed for the prestigious Grant MacEwan Award for his book *Singing Home the Bones*, published by Polestar Press. The Grant MacEwan Award of \$25, 000 is given annually to commemorate the interests of former Alberta author, scholar and Lieutenant Governor Grant MacEwan.

Fine Arts

Laurel Johannessen – Completed an international residency at The Apothiki Art Centre, Island of Paros, Greece, May–July 2006.

Norman Faulkner – Featured in the 5th Annual Film Festival on Clay + Glass, Montpellier, France, March–April 2006.

Derek Besant - Professional Development Research (Lenticular Technology), Pattison Outdoor Group Toronto, Ontario, April 2006.

Visual Communication Design

Kevin Kurytnik - Short animation film, *Mr. Reaper's Really Bad Morning*, continues to win recognition, awards and screenings internationally, including; Best of Canadian Animation at Anifest 3 - Budapest, Hungary 2005, Best of Festival at the Open Air Film Festival - Weiterstadt, Germany 2005, Bronze Award at the Kalamazoo Animation Festival International - Kalamazoo, Michigan 2005.

Xerxes Irani - Postage stamp design honouring the 100th anniversary of the Alpine Club of Canada, officially released by Canada Post.

Eugene Ouchi - *Hiroshima Rain* Exhibition, Vernon Public Art Gallery, Vernon BC, July–Sept 2005.

Media Arts + Digital Technologies

Mary Scott - Work with Dr. James Parker from the Department of Computer Science at the University of Calgary has resulted in ACAD receiving an ACCESS grid NODE as part of the ImagineNetwork, a network for scholars and researchers interested in the extensions of gaming beyond entertainment.

Daniel Dugas and Valerie Leblanc - Named Artists in Residence at the prestigious A.I.R. Vallauris, France and used the residency to produce the video drama *La Dauphine et Le Cordonnier* in Vallauris and Cannes. June 2006.

Brett Pawson - Organized a very successful public screening of 3D animation and VR work by ACAD students at the Telus World of Science Dome.

Alan Dunning - One of 50 nominated for The ZKM Zentrum für Kunst und Medientechnologie [Centre for Art and Media] International Media Award for Art and Science and one of 5 nominated for Nano Award for visualization.

First Year Studies

Bill Rodgers - Exhibitions included: *About Time*, Nickle Arts Museum, University of Calgary, Feb 3 - Mar 31, 2006; *In the Wool; Queen Annes' Colours*, Skew Gallery, Calgary, June 29 - Aug 1, 2006, solo exhibition.

Dave Casey - Solo exhibition, *Learning To Tell Stories*, The Prairie Art Gallery, Grande Prairie, Alberta.

Tim Zuck - Exhibitions included: *McIntyre Ranch Project*, Southern Alberta Art Gallery, Lethbridge, Summer 2005. *McIntyre Ranch Project*, IKG Gallery ACAD, Calgary March 9-April 1, 2006.

Gord Ferguson - *Form/Space/Concept/Metaphor*, Triangle Gallery, Calgary. *McIntyre Ranch Project*, Southern Alberta Art Gallery, Lethbridge, Summer 2005. *McIntyre Ranch Project*, IKG Gallery ACAD, Calgary March 9 - April 1, 2006. Commission: *Strung11*, City of Calgary Public Art Commission, Crowchild Trail/Sarcee Trail NW, Calgary, Alberta.

Mark Mullin - *About Time*, Nickle Arts Museum, U of C, February 2006. *A Sudden Change in Pressure*, Solo Exhibition, Paul Kuhn Gallery, Calgary, March 2006. *Black and White*, Paul Kuhn Gallery, Calgary, June 2006. *New York Annual Artfair*, Paul Kuhn Gallery, New York, Fall 2005.

Notes:

COVER

Artist: Tyler Rock

Photographer: John Dean

PAGE 3-4

Artist: Laura Vickerson

Photographer: John Gaucher

PRINCIPAL PHOTOGRAPHY

John Gaucher

DESIGN

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ALBERTA COLLEGE OF ART + DESIGN

ACAD

1407 - 14TH AVENUE N.W.
CALGARY, ALBERTA
CANADA T2N 4R3

T. 403.284.7638

F. 403.299.6682

WWW.ACAD.CA