




MEDICINE HAT
COLLEGE

ANNUAL REPORT

2021-2022





MEDICINE HAT COLLEGE ACKNOWLEDGES AND HONOURS THE TRADITIONAL TERRITORIES OF THE FIRST NATION PEOPLE OF THE TREATY 7, TREATY 4 AND MÉTIS PEOPLE WHO SHARE A DEEP HISTORY WITH THIS LAND. WE RECOGNIZE AND HONOUR THE LAND, HISTORY, WAYS OF BEING, AND OUR RELATIONSHIP WITH FIRST NATION, MÉTIS, AND INUIT PEOPLE AS WE FORGE TOGETHER TOWARDS A RELATIONSHIP OF RECONCILIATION, RESPECT, UNDERSTANDING, AND HEALING.

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Accountability Statement

Medicine Hat College's Annual Report for the year ended June 30, 2022, was prepared under the Board's direction in accordance with the Fiscal Management Act and ministerial guidelines established pursuant to the Fiscal Management Act. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

On behalf of the Medicine Hat College Board of Governors,

Sarah Mackenzie
Chair, Medicine Hat College Board of Governors
December 13, 2022



Management's Responsibility for Reporting

Medicine Hat College's management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in this 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.

This Annual Report has been developed under the oversight of the Board of Governors' Finance and Audit Committee, as well as approved by the Board of

Governors, and is prepared in accordance with the Fiscal Planning and Transparency Act and the Post-Secondary Learning Act.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the 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 Kevin Shufflebotham]

Kevin Shufflebotham, MA
President and CEO
December 13, 2022

[Original signed by Wayne Resch]

Wayne Resch, CPA, CMA
Vice-President, Administration & Finance
December 13, 2022



Message from the President

CONFIDENT. PROGRESS. FUTURE.

I enjoy finding the right words to encapsulate the essence of Medicine Hat College's experience through the past 12 months. This year, I'm proud to say that we're confident of our role as a Comprehensive Community College, making strong progress on our strategic priorities, and looking to a future in which our contributions to Southeast Alberta continue to grow.

Medicine Hat College is the right institution, with the best possible mandate, to serve the people and communities of Southeast Alberta. As a Comprehensive Community College, we can serve the broadest possible range of learning needs. It is critical that we meet learners where they are at, and we do that every day.

Our touch points include basic literacy, language skills, and foundational learning. We have dozens of programs aligned to the needs of employers, and help individuals and families grow in our region by providing opportunities to complete degrees on our campuses or with partners in Alberta's strong postsecondary system. In all these facets of Medicine Hat College, we continue to adapt and evolve our programs and services to stay tuned to the needs of the region.

In the past year, we have placed special focus on earning the right to present our own degrees. During each step in this process we have grown in our thinking, planning, and capability. I am confident that the steps we have taken, and are yet to take, will enable the presentation of degrees and fully express every element of a MHC's promise to the communities it serves.

In the past year, our inventory of programs has grown, and we have been busy expanding and enhancing space to meet the learning, wellness, and cultural needs of our communities. I am particularly proud of the Indigenous gathering space - included in the first phase of our Health, Wellness & Athletics Expansion - that will come to life in the years ahead.

We are doing well, and for that I must thank everyone on the MHC team for their dedication and support. As I do, it is appropriate to acknowledge that the past 12 months have brought many challenges.

As we progressed through the pandemic, we learned a great deal about how we work and relate with our friends and colleagues. Whether we are conscious of the transition or not, we are now experiencing a new normal. We see that our students appreciate in-person experiences, but might put equal value on flexibility. We have learned that work can happen in the office whether that is at home or in the college.

All these experiences will shape our future and serve as an affirmation of Medicine Hat College and our mandate. Today is a strong starting point for accomplishments we will build in the future.

Sincerely,

[Original signed by Kevin Shufflebotham]

Kevin Shufflebotham,
President & CEO



Leadership Team

BOARD OF GOVERNORS

Sarah MacKenzie, Chair
Public Member

Luke Day, Vice-Chair (missing from photo)
Public Member

Shelley Beck
Public Member

David Hoekstra
Public Member

Alysha Kuntz
Student Member

Carolynne Marr
Student Member

Yusuf Mohammed
Public Member

David Restoule
Non-Academic Member

Kevin Shufflebotham
President and CEO

Kent Smith
Public Member

Brian Stauth
Public Member

COLLEGE EXECUTIVE

Kevin Shufflebotham
President and CEO

Wayne Resch
Vice-President, Administration & Finance

Sue Fitzsimmons
Acting Vice-President, Academic & Provost

Public Interest Disclosure Act

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

The purposes of the Act are to:

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

As per Section 32(1)(3) of the Act, the following is a report from Medicine Hat College on all disclosures that have been made during the 2021 – 2022 year:

1. THE NUMBER OF DISCLOSURES RECEIVED, ACTED ON, AND NOT ACTED ON.

There was one report received.

2. THE NUMBER OF INVESTIGATIONS COMMENCED.

There was one investigation completed.

3. A DESCRIPTION OF ANY WRONGDOING FOUND AND ANY RECOMMENDATIONS MADE OR CORRECTIVE MEASURES TAKEN REGARDING THE WRONGDOING OR REASONS WHY NO CORRECTIVE MEASURE WAS TAKEN.

The disclosure was a human resource issue under the Respectful Workplace policy and is now concluded.

[Original signed by Kevin Shufflebotham]

Kevin Shufflebotham, President and CEO



Operational Overview

Achieving our purpose – Growing a Vibrant Future with Learners and our Region – ensures Medicine Hat College’s path is one of ongoing learning, growth, and change. The actions and accomplishments of the college through 2021-2022 offers evidence of our commitment to being the institution the region needs.

Many aspects of 2021-2022 were tumultuous. The return of COVID-19 public health measures brought additional challenges while the college worked to align with Alberta 2030 and to understand and meet the region’s needs. Our focus on individuals, and commitment to constructive change, brought Medicine Hat College through the year well positioned for the future.

SERVING THROUGH THE PANDEMIC

MHC is proud of its approach to sustaining access to education through the pandemic. With a focus on the wellbeing of students, faculty, and staff, the college rapidly adapted to learning within pandemic guidelines. The college enabled COVID testing as a path to attending and worked with private sector partners to deliver the service. This extra step aligns with our goal of reducing barriers to education.

ENTREPRENEURIAL SPIRIT

Local business owners and aspiring entrepreneurs were awarded over \$30,000 in investments for their innovative venture ideas at a virtual event hosted by MHC's Entrepreneur Development Centre (EDC) at Medicine Hat College. The Business Launch Social saw 10 EDC clients submit a 5-minute video highlighting their product and service offerings in hopes of receiving investment funding for startup costs and others associated with growing their business. The showcase was a result of weeks of learning and mentoring as part of the EDC's Start Up Essentials and Scale Up Essentials programming. Participants worked with instructors and industry experts over six to eight weeks to build or expand their business ideas.

SMALL CREDENTIAL, BIG VALUE

Micro-credentials became part of the program mix at MHC providing learners quick, flexible, and quality-assured courses that help accelerate careers and respond to industry needs. The Tourism and Hospitality Management credential gives students expertise in hotel operations and management, restaurant leadership and marketing. Permaculture Design introduces students to the natural ecosystem of southern Alberta and enhance understanding of how plants, animals and other organisms interact with weather and the environment to ensure stability, resiliency, and responsible use into the future. MHC also launched micro-credentials in UAV Drone Advanced Pilot Training and Rainwater Harvesting.

SERVICE RECOGNIZED

MHC collaborated with the National Advanced Placement & Prior Learning (N-APPL) to give current and former members of the Canadian Armed Forces postsecondary credit for the training and

experience they have acquired while serving our country. MHC's Business Administration diploma was the first at the college to adopt the program, with plans to expand to other MHC programs as alignment and opportunity presents itself.

BRIGHT FUTURE

MHC and community leaders celebrated the latest addition to learning at Brooks Campus with the grand opening of a solar classroom in September 2021. This new space is a collaborative effort that demonstrates the integration of solar technology into the built environment and provides teaching and learning opportunities for students, staff, and the region. Funding for this project was made possible by EBSCO Solar, a grant program that funds solar installations at libraries across North America. MHC was the first Canadian institution to win the \$100,000 grant to help reduce its environmental footprint while providing valuable educational experiences.





Puppies arrive on campus in Fall 2022 as part of MHC's Service Dog and Canine Management Studies program.

LINKING LEARNERS TO OPPORTUNITIES

Even under the shadow of the pandemic, MHC opened its doors to the community to highlight learning opportunities for the community. On both campuses, prospective students connected with MHC recruiters, program coordinators, and current students, while getting an in-person look at campus facilities and the college environment.

NEW PROGRAMS X 3

MHC expanded opportunities for students announcing three new programs in 2021-2022. Each was designed with work integrated learning (WIL) as an integral part of the experience, providing students on-the-job training.

Sports and Event Marketing and Management

This two-year program offers students a range of skills including project management, business analysis, marketing, communications, and fund development.

Employment opportunities span the presentation of professional sports and entertainment events to the coordination of private functions, recreational activities, and e-sports.

Sustainable Innovation

With majors in business and science, this new program provides learners with career paths that will lead change, drive new ways of doing business, and create a future that is prosperous in response to the United Nation's Global Sustainable Development goals.

Service Dog and Canine Studies Management

This two-year program prepares students for a variety of careers ranging from owning and operating a kennel, dog grooming business or training operation, to training dogs that assist individuals living with autism, dementia and diabetes or requiring emotional therapy.

SECONDARY SCHOOL CONNECTIONS

High school students in Prairie Rose Public Schools gained new opportunities to engage in higher learning, thanks to a partnership where high school students accessed MHC's micro-credentials in Unmanned Aerial Vehicle (UAV) Advanced Pilot Training, Tourism and Hospitality Management, Permaculture Design, and Rainwater Harvesting.

MHC's Management 270 students had a unique opportunity to collaborate with Costa Rican culinary students to create groundbreaking business ventures with the Innovate Tournament. In teams comprised of students from both institutions, their task was to repurpose a mystery ingredient, in this case coffee grounds, as the main component of a viable business venture, aiming to define, create, and measure significant value in the reuse of the product. Once a business plan was established, the teams produced 3-minute videos highlighting their product(s) and venture, which were viewed and voted upon by both schools of students.

Education students at Medicine Hat College also experienced the world by engaging with students from Sweden and the Netherlands in a series of cultural exchange sessions. The opportunity arose when MHC was invited by global partner, Fontys University of Applied Science, to join in the activity which had previously occurred between Fontys in the Netherlands and Kristianstad University in Sweden. The partnership made it possible for students to learn about and compare education systems and practices within the three nations.

COMMUNITY WELLNESS

Just as individual wellness depends on balance, community wellbeing requires support in many areas. Thanks to a generous donation from the Niwa family (referred to as the Beej Project) the college developed a partnership with local schools and law enforcement to support mental health through the development of a video series.

Guided by a community advisory panel that includes Medicine Hat Public School Division No. 76, Prairie Rose Public Schools, Medicine Hat Catholic Board of Education, and Medicine Hat Police Service, this grassroots initiative invites local professionals to share their expertise on a variety of topics, equipping people with the resources needed to build strength and resiliency in themselves and those around them.

From providing insight on how to have tough conversations to helping people navigate disorders related to and associated with mental health, this video series is meant to open conversations and connect people with community services and support.

Honorary Degree Presentation to Elder Fox, Convocation 2022



RBC SUPPORTS LEARNING

A longtime supporter of local entrepreneurship, the Royal Bank of Canada (RBC) Foundation made another significant contribution to MHC's Entrepreneur Development Centre .

The Future of Work and Rural Education Outreach Project received \$225,000 in total funding from the RBC Foundation, over three years, allocated to a variety of entrepreneurship-focused initiatives deployed by the EDC. The partnership between MHC and the RBC Foundation dates back 11 years, with initial seed funding investment to launch the EDC in 2010 and on-going support for students, alumni, and start-up businesses through entrepreneurship coaching, training, mentorship, and grants at MHC each year after.

CELEBRATING STUDENT SUCCESS

The college hosted its first in-person convocation in three years in June 2022, celebrating three years of student success. The energy, the excitement and the encouragement shared by graduates, their loved ones and our college community, and the presentation of our honorary applied degree to Elder Charlie Fox, made for a special day.

Additional highlights from the past year include:

- Continued progress on our ability to offer autonomous degrees.
- Realization of our Strategic Plan through work on the Academic, Indigenous and Work Integrated Learning frameworks that will guide our priorities into the future.
- The ERP and the implementation of payroll, HR, and Finance systems.
- Board renewal through the approval of a new policy framework, implementation of a revised committee structure, and leadership transition with the naming of a permanent chair.





Goals, Priority Initiatives, Expected Outcomes, and Performance Measures

This section features progress made towards the goals of our 2020-2030 Strategic Plan, and shows alignment of our actions to the principles as outlined in the Roles and Mandates Policy Framework.



ACCESSIBILITY:

Every Albertan should have the same opportunity to get a post-secondary education.

Medicine Hat College strives to ensure education is accessible to all people. Further, the college is committed to providing an inclusive and safe environment for all.

AFFORDABILITY:

Every Albertan should have the same opportunity to get a post-secondary education, regardless of financial circumstances.

Medicine Hat College monitors tuition and fees relative to other members of Campus Alberta to ensure that students in the region do not encounter excessive costs. Ongoing initiatives are designed to ensure the cost of post-secondary education is mediated and managed.

COORDINATION:

Albertans should get full advantage from a diverse post-secondary system.

Partnership and collaboration are hallmarks of Medicine Hat College's approach to serving the needs of the region. Academic partnerships enable degree completion locally, while collaboration with private and public sector organizations increases the range of opportunities and services the college provides.

QUALITY:

Albertans should get the best possible education here at home.

The high quality of Medicine Hat College programs and services is sustained by many ongoing review processes including internal and external surveys.

ACCOUNTABILITY:

Post-secondary education providers must be accountable to students, the government and Albertans.

Medicine Hat College ensures full transparency and compliance with all statutes and regulations.



GOAL 1: PEOPLE IN OUR REGION CAN ACCESS EDUCATION

Strategy 1.1: Reduce barriers for potential learners within our region.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
Improve access to information to support the journey into college.	The PSI system is complex and can be intimidating. MHC can support students by better understanding and meeting their information needs.	<p>At Year End: Implemented initial version of a pre-enrolment survey for intake to identify students at risk and connect them to supports with a pilot group of programs. Adjusted the survey for 2022-23</p> <p>Next Steps: Conduct a second version of the survey in 2022-23 that will connect with students sooner in the academic year</p>	Access
Implement a sustainable equipment loan program.	Student experience through COVID shows that lack of access to equipment like laptops can be a barrier to education.	<p>At Year End: Designed and implented program</p>	Access Affordability

Pilot three Hyflex classrooms for key programs.	Flexible learning spaces allow learners to tailor their learning and participate in the environment that best suits their needs on a day-to-day basis.	<p>At Year End: Completed planning for four technology-enabled flexible/hyflex learning spaces</p> <p>Next Steps: Ensure new classrooms are ready for use for Fall 2022</p>	Access
New Program Development (Degrees)	<p>Many of the students choosing to attend other PSI are taking degree programs. Providing degrees here will help people access education and support future vitality.</p> <p>The Paramedicine degree is a good place to start because the program is a success, and the field will soon require degrees as an entry requirement.</p>	<p>At Year End: Addressed conditions and recommendations from CAQC with midterm report</p> <p>Next Steps: Develop policy</p> <p>Identify degree opportunities after addressing feedback on the conditions and recommendations provided by CAQC</p>	<p>Access</p> <p>Affordability</p> <p>Coordination</p> <p>Quality</p> <p>Accountability</p>
Indigenous Strategic Plan	MHC has an obligation and duty to strive for the goals embodied in the truth and reconciliation report. MHC's attention is critical. The indigenous people in our region must feel welcome and supported on campus, and society must evolve to be more inclusive.	<p>At Year End: Approved "A Path Forward Through Reconciliation" Indigenous framework</p> <p>Hired new Manager of Indigenous Engagement and Student Supports</p> <p>Next Steps: Continue operationalization of plan</p>	<p>Accountability</p> <p>Quality</p> <p>Access</p>
Future Direction (Campus Master Plan)	Securing capital funding is a process that can take years. We need to look to the future to ensure our physical presence meets our service goals.	<p>At Year End: Defined design drivers and processes under the direction of the Director, Campus Planning & Facilities</p> <p>Next Steps: Engage college community through Fall and Winter to inform plan draft</p> <p>Complete plan by July 2023</p>	<p>Access</p> <p>Quality</p>

<p>Future Direction (Flexible Work Policy)</p>	<p>MHC may be able to attract and retain qualified employees by offering work-life balance, and may create opportunities to use infrastructure differently through flexible work options. Policy is needed to do this well.</p>	<p>At Year End: Implemented trial policy. Initial evaluation showed that flexible work options are well received and increase employee productivity while enhancing work-life balance.</p> <p>Next Steps: Re-evaluate trial policy, make required adjustments before enacting fully</p>	<p>Access Affordability</p>
<p>Foundational Improvements (HWAE)</p>	<p>This project will provide critical space for indigenous relationships, and improve facilities for health and wellness programming. Vtally, the project also addresses infrastructure needs (elevator to gym, and repairs sanitary lines)</p>	<p>At Year End: Completed majority of HWAE construction and renovation</p> <p>Next Steps: Ensure facility is ready for use for Fall 2022 academic term, and supports the implementation of the Indigenous strategic plan and growth of health and wellness programs</p> <p>Celebrate grand opening ceremony scheduled for October 25, 2022</p>	<p>Access Quality</p>
<p>Foundational Improvements (Website)</p>	<p>The website is a primary means by which students explore the college. This is the first major investment in more than a decade.</p>	<p>At Year End: Launched redevelopment project in Spring 2022 with strong progress made through the remainder of the fiscal year</p> <p>Next Steps: Publish new site before June 30, 2023</p>	<p>Access Quality</p>

Foundational Improvements (Brand)	Competition for students continues to increase. A stronger understanding of the unique strengths of MHC will help the college attract and retain students.	<p>At Year End: Explored concept of brand and worked with alumnus to gather research on MHC's personas and competitive advantage</p> <p>Next Steps: Continue to build on brand exploration document and reflect brand concepts throughout college promotions and experiences</p>	Access Quality
Foundational Improvements (ERP)	Core data systems must be provided to meet the planning and management needs of the college into the future.	<p>At Year End: Implemented Unit4 ERP for Payroll, HR and Finance functions</p> <p>Next Steps: Explore options for a new student information system</p>	Accountability Quality
Board Renewal	The Board is a key component of college governance. The renewal project will help board members advocate for MHC based on ongoing and meaningful engagement.	<p>At Year End: Revised board meeting schedule and implemented committee structure following outcomes of board retreat</p> <p>Took steps toward the dissolution of the MHC Foundation, a separate legal entity</p> <p>Next Steps: Complete dissolution of Foundation by June, 2023</p>	Quality Access Accountability Coordination Affordability

Strategy 1.2 Expand learning opportunities with customized pathways and partnerships

WHAT	WHY	MILESTONE	ALIGNMENT TO PRINCIPLES
Develop open online courses and pop-up courses delivered off-campus in our region	With competition increasing, it is critical that the college engages the region in multiple facets. Short, 'just-in-time' courses on relevant topics may support engagement.	<p>Next Steps: Conduct idea validation in Fall 2022 / Winter 2023.</p>	Access Affordability Quality Coordination

Strategy 1.3 Provide flexible learning opportunities through online offerings and non-traditional cycles.

WHAT	WHY	MILESTONE	ALIGNMENT TO PRINCIPLES
New program development	While many individuals value face-to-face learning, others require enhanced flexibility in time and location to make education accessible.	<p>At Year End: Incorporated flexibility into new program design and added it to existing learning opportunities</p> <p>Next Steps: Define student experience and supports more clearly to ensure success and enable stronger promotions</p>	<p>Access</p> <p>Quality</p> <p>Coordination</p>
Future Direction (IT Plan)	Much as physical facilities need to be tuned to the future aspirations of the college, core technology must also be planned for within the context of future operations.	<p>At Year End: Formed ITSM steering committee</p> <p>Slowed progress on governance and planning due to IT staffing shortages</p> <p>Next Steps: Return focus to IT plan development was resource staffing issues have been resolved</p> <p>Plan completion expected in 2023-2024</p>	<p>Quality</p> <p>Accountability</p>





GOAL 2: LEARNERS ARE PREPARED TO REALIZE THEIR GOALS

Strategy 2.1 Ensure all programs have active experiential learning opportunities.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
<p>New program Development (Work Integrated Learning)</p>	<p>Work Integrated Learning (WIL) supports student engagement and access to the workplace. Further, WIL is a core metric by which the government will measure MHC.</p>	<p>At Year End: Completed framework Reorganized workplace placement structure to serve all schools.</p> <p>Next Steps: Develop the processes, policy, and systems needed to expand the college's already strong inventory of WIL</p>	<p>Quality</p>

Strategy 2.2 Provide a tailored approach to help learners achieve their individual goals.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
New program development (Continuing Studies)	The concept and definition of “learner” must be as broad as possible including those in the workplace already, and organizations looking for workforce development. Short courses also provide routes in and out of credit programs.	<p>At Year End:</p> <p>Completed review of current course offerings in Continuing Studies</p> <p>Increased of number of course/programs with flexible delivery methods: blended and/or online</p> <p>Next Steps:</p> <p>Develop just-in-time learning for lifelong learners and corporate learners</p> <p>Develop new micro-credential programs</p>	<p>Access</p> <p>Quality</p> <p>Coordination</p>
Future Direction (Rattlers)	The college capture rate – the number of students from our region attending MHC – is under threat. Athletics provides a strong means of engaging students and the community in education.	<p>At Year End:</p> <p>Approved strategic plan for Rattlers Athletics</p> <p>Next Steps:</p> <p>Implement plan</p>	<p>Access</p> <p>Quality</p>

Strategy 2.3 Provide opportunities for learners to develop a foundation of transferable skills that prepare them for the future.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
Develop a menu of transferable skills.	Individuals will experience evolving careers paths and employment. A focus on a unique set of transferable skills unique to MHC grads supports these transitions.	<p>Next Steps:</p> <p>Validate idea during the 2022-2023 academic year</p> <p>Engage college community in institutional learning outcomes</p>	<p>Quality</p>



GOAL 3: REGIONAL VITALITY IS STRENGTHENED THROUGH OUR WORK

Strategy 3.1 Collaborate with community partners to build skills and knowledge that matter to our region.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
Future Directions (Brooks)	There is an understandable focus on the population many college employees see every day. However, Brooks and region is home to 17,000 people all of whom have aspirations. The college can leverage our campus in Brooks to increase access to learning for individuals while supporting sustainability.	<p>At Year End:</p> <p>Met with college leaders to share information about the campus and region</p> <p>Gathered data on demand within the Brooks region</p> <p>Next Steps:</p> <p>Leverage the increasing array of learning opportunities featuring flexible access that will serve the needs of learners in Brooks and region.</p>	<p>Access</p> <p>Accountability</p> <p>Coordination</p> <p>Affordability</p> <p>Coordination</p>



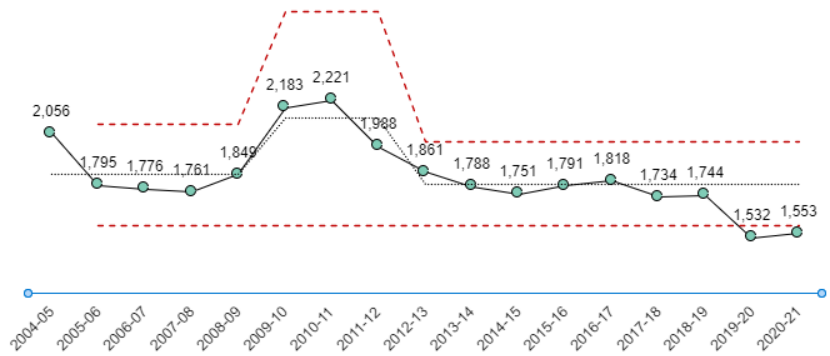
Strategy 3.2 Collaborate on applied research and innovation relevant to our region.

WHAT	WHY	MILESTONES	ALIGNMENT TO PRINCIPLES
<p>Innovation Centre</p>	<p>Community vitality and quality of life is defined by many factors. A strong economy is among these factors, as are employers with meaningful jobs and a vision for sustainable growth. MHC can support quality of life with research, innovation, and entrepreneurship.</p>	<p>At Year End:</p> <ul style="list-style-type: none"> Worked with APEX on an RPAS environmental scan of industry and post-secondary Developed a motion capture lab in partnership with Kinetisense at the Cultural Centre Received funding from APEX to support projects with industry partners <p>Next Steps:</p> <ul style="list-style-type: none"> Hire manager for the centre for innovation Revise current strategic plan and framework Develop faculty engagement plan Apply for NSERC mobilize grant 	<p>Quality</p>

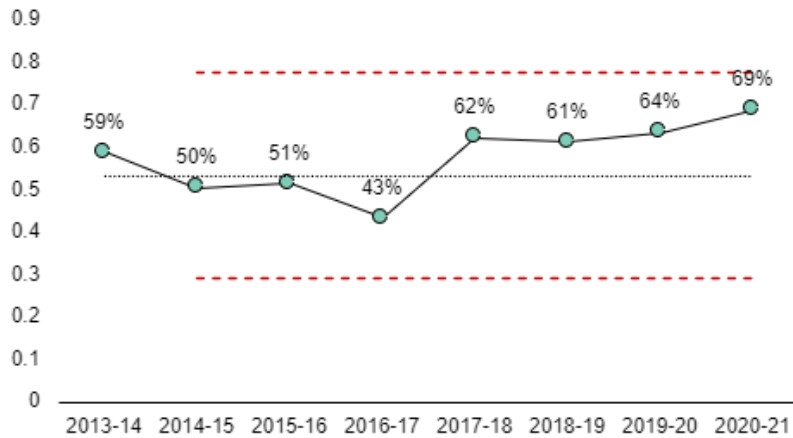
MEASURING PERFORMANCE ON OUR GOALS

GOAL 1: PEOPLE IN OUR REGION CAN ACCESS EDUCATION

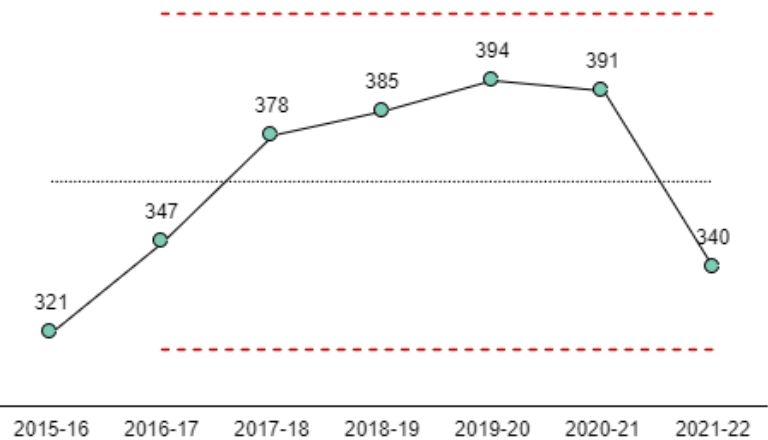
Regional enrolment¹: The number of unique credit learners at MHC from the Medicine Hat service region. Excludes apprenticeships.



Access & Continuation²: The proportion of learners who enroll at Medicine Hat College and complete a credential in the Alberta Post-Secondary education system.

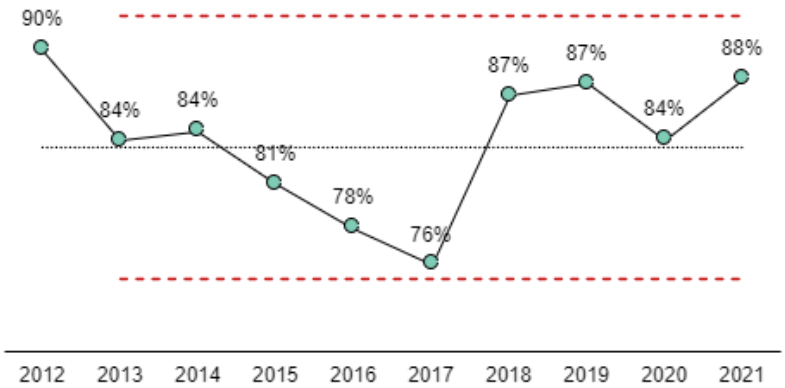


Enrolment in Collaborative Programming³: The proportion of learners who enroll at Medicine Hat College and complete a credential in the Alberta Post-Secondary education system.

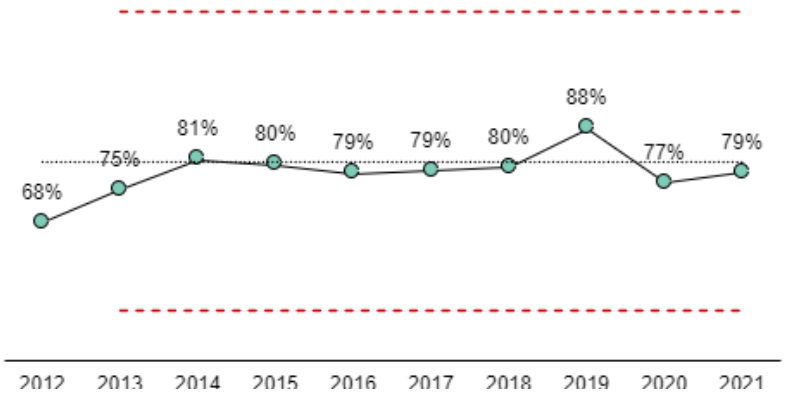


GOAL 2: LEARNERS ARE PREPARED TO REALIZE THEIR GOALS

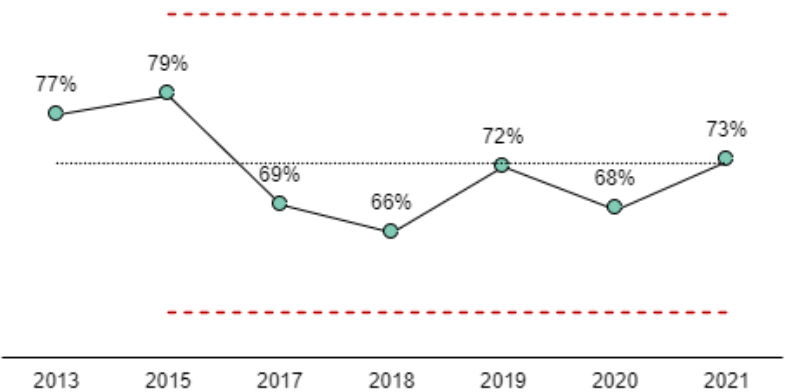
Graduate Employment⁴: The proportion of employed graduates who state that their job is related to their field of study.



Goal Achievement^{4,5}: The proportion of graduates and leavers from MHC who report that they achieved their primary goal.

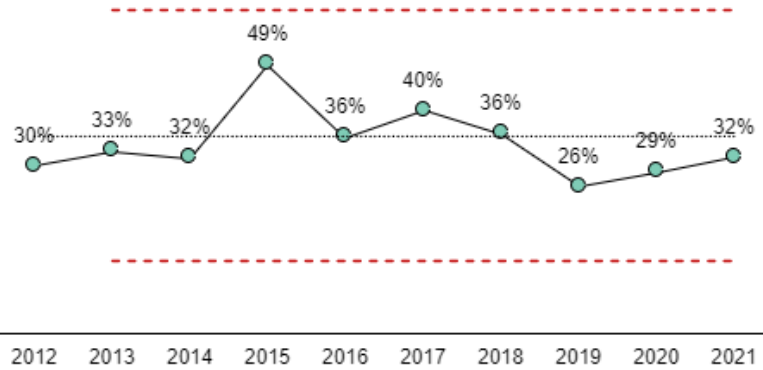


Academic Readiness⁶: An index of learners' perceptions of their own learning behaviours that lead to academic readiness.



GOAL 3: REGIONAL VITALITY IS STRENGTHENED THROUGH OUR WORK

Graduates in the region⁴: The proportion of graduates from MHC who report staying in Medicine Hat after graduation.



Key Partner Feedback⁷: Customized questions to understand whether regional partners perceive that MHC contributes to regional vitality.

Collection of key partnership feedback through our “Regional Vitality Report Card” was administered in Fall 2021. Response rate was too low to provide statistically relevant measure. This measure will be evaluated during the Strategic Plan Refresh process.

Non-Credit Registrations⁸: The number of unique registrations at Medicine Hat College in non-credit courses.

624 This year the number of unique registrations in non-credit courses at MHC was 624.

Data Sources: 1 Learner Enrolment and Reporting System, 2 Ministry of Advanced Education, 3 CampusVue, 4 Graduate Survey, 5 Leaver Survey, 6 Student Learning and Engagement Survey, 7 MHC survey to be developed, 8 Continuing Studies (Lumens)



Annual Report Budget Outcomes:

Budget 2021-2022 was built on the assumption of a 1.1% decrease in the Campus Alberta grant, enrolment targets of 1,984 full load equivalents and an overall credit tuition increase of 7%. A balanced budget was reached with revenues of \$55.22 million, expenses of \$55.16 million estimating a surplus of \$61,400.

FLE Enrolment Plan and Program Changes

MHC's total FLE enrolment for 2021-2022 was lower than projected. While overall enrolment was lower than projected in many areas, specific programs and student groups influenced the decline. International student enrolment was impacted by restrictions due to COVID-19. This impacted career program as well as English as a Second Language enrolment. In general, the uncertainty with COVID-19 and requirements for online delivery, as well as vaccination requirements as result of public health orders impacted MHC's enrolment.

CERTIFICATE PROGRAMS	2021-22 FLE (ESTIMATED)	2021-22 FLE (ACTUAL)
Administrative Office Professional	11.000	21.864
Advanced Accounting Post-Diploma	12.000	3.800
Apprenticeship	114.000	78.888
Aviation Management	6.000	3.064
Computer Aided Drafting And Design	2.000	3.000
Early Learning And Child Care	25.000	24.987
Health Care Aide	61.500	40.943
Practical Nurse Refresher (cancelled)	16.000	0.000
Pre-Employment	4.000	4.000
CERTIFICATE TOTAL	251.500	180.546

DIPLOMA PROGRAMS	2021-22 FLE (ESTIMATED)	2021-22 FLE (ACTUAL)
Addictions Counselling (suspended)	5.000	5.501
Administrative Office Management	32.000	28.412
Agroecology	12.000	0.000
Built Environment Engineering Technology	33.000	15.635
Business Administration	174.000	173.382
Child And Youth Care Counsellor	35.000	29.828
Criminal Justice	95.000	83.750
Dual Social Work/Addictions Counselling (suspended)	2.000	0.000
Early Learning And Child Care	16.000	16.690
Environmental Reclamation Technician	30.000	20.970
Humanities & Social Sciences (new for 2021-2022)	15.000	10.233
Information Technology	62.000	56.671
Power Engineering Technology	63.000	47.967
Practical Nurse	73.500	77.101
Social Work	53.000	49.660
Therapist Assistant (OTA/PTA and SLPA)	90.000	97.598
DIPLOMA TOTAL	790.500	713.398

APPLIED DEGREE & DEGREE PROGRAMS	2021-22 FLE (ESTIMATED)	2021-22 FLE (ACTUAL)
Bachelor of Applied Arts (Art & Design)	70.000	68.129
Bachelor of Applied Health Sciences (Paramedic)	97.000	108.516
Bachelor of Business Administration (Collaborative with MRU) <small>(suspended)</small>	20.000	6.300
Bachelor of Education (Collaborative with MRU)	64.000	62.400
DEGREE TOTAL	251.000	245.345

UNIVERSITY STUDIES PROGRAMS	2020-21 FLE (ESTIMATED)	2020-21 FLE (ACTUAL)
UT: Bachelor of Arts	55.000	44.526
UT: Bachelor of Commerce	17.000	11.661
UT: Bachelor of Education	115.000	116.647
UT: Bachelor of Nursing	140.000	130.681
UT: Bachelor of Science	85.000	95.676
UNIVERSITY TRANSFER TOTAL	412.000	399.191

NON-CREDIT	2021-22 FLE (ESTIMATED)	2021-22 FLE (ACTUAL)
English As A Second Language - General (Canadian)	72.000	69.863
English As A Second Language - International	20.000	7.933
Open Studies	77.000	92.660
Upgrading	110.000	104.591
NON-CREDENTIAL TOTAL	279.000	275.047

GRAND TOTAL	
1,984.000	1,813.527
2021-22 FLE (Estimated)	2021-22 FLE (Actual)
INTERNATIONAL STUDENT FLE	
(Subset of Grand Total)	
180.000	187.331
2021-22 FLE (Estimated)	2021-22 FLE (Actual)

* Actual FLEs for Dual Addictions/Social Work Diploma reported under Social Work Diploma



Program Development

The development of new credit and non-credit programming continued to be a top priority for Medicine Hat College in 2021-22. Throughout the year, MHC worked with academic leaders, subject matter experts, and program advisory committees to support curriculum development for three new diploma programs - Service Dog & Canine Studies Management, Sustainable Innovation, and Sport & Event Marketing and Management - with the first two programs being the first of their kind in Canada.

The college also launched four new micro-credentials in 2021-2022, bringing new learning opportunities in the areas of:

- tourism and hospitality management,
- permaculture design,
- rainwater harvesting,
- unmanned aerial vehicle (UAV) advanced pilot training.

In addition, MHC responded to the provincial call for apprenticeship-style programming proposals and began the process of building two new programs. As a result, the institution was approved to develop certificates in Data Analytics for Business and Sustainable Energy Systems which will launch in Fall 2023.

Growth for existing programs was also part of the mix this year, with MHC receiving Targeted Enrollment Expansion funding for its Health Care Aide program which will see capacity increase by 10 seats above baseline to meet regional demand.



Research, Applied Research and Scholarly Activity

MHC focused institutional attention on drawing a distinction between professional development and scholarly activity. This distinction is visible in the renaming of the Professional Development & Scholarly Activity Fund. MHC also committed to investing up to \$50,000 annually to support research and scholarship by faculty and staff.

College faculty continued to demonstrate their expertise through various collaborative research initiatives that include:

- A multi-year project with MHC faculty, Global Village and Immigration, Refugees and Citizenship Canada,
- A cooperative project between MHC and the University of Calgary funded by the Social Sciences and Humanities Research Council,
- Education-related projects that support the MRU collaborative education degree offered at MHC, and various other projects in Humanities and Social Sciences.

Applied research and innovation activities also moved forward in 2021-22 as MHC engaged regional stakeholders throughout the year and designated a physical space on campus to house its Centre for Innovation (C4i). C4i is envisioned as a collaborative workspace within which multiple projects co-exist and when beneficial, collaborate. The Centre welcomed its first tenant in December 2021 - Kinetisense Human Motion Capture Lab.



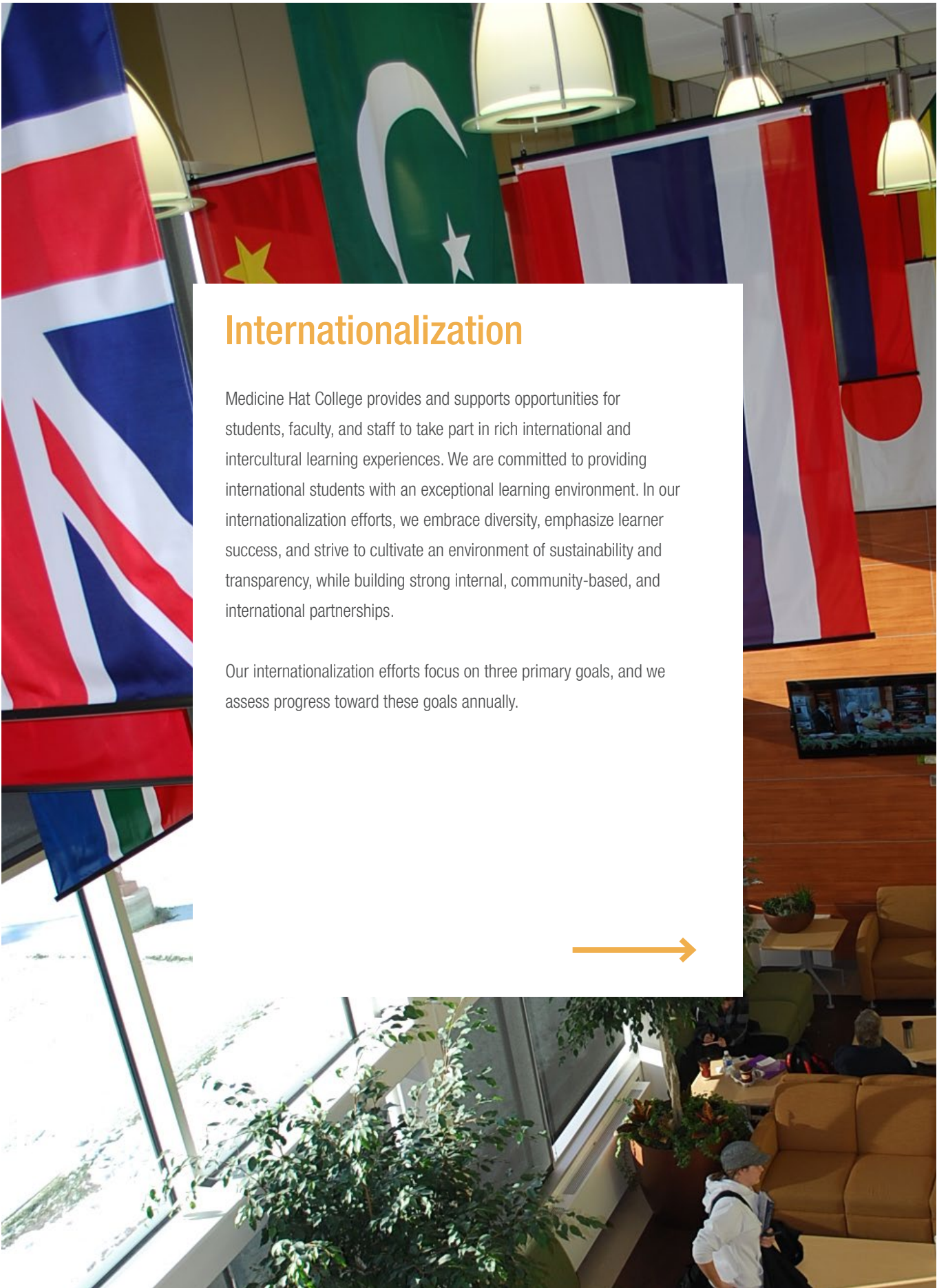
Regional Stewardship, Foundational Learning, Underrepresented Learners

Together with regional partners, Medicine Hat College advanced efforts to better understand the workforce of Southeast Alberta. The Labour Market Project (LMP) advanced substantially over the year and will serve as guidance for collaborative activities to support individuals and enterprises in 2022-2023.

Continuing Studies continued to provide Community Adult Learning Programs and across the region including inter-cultural training opportunities to support federal immigration efforts and efforts related to high barrier individuals. It also applied to expand the LINC program by 40 seats to include levels 5 and 6 in Medicine Hat.

MHC also finalized its strategic framework to support indigenization, decolonization and reconciliation entitled “A Path Forward Through Reconciliation” and hired a new Manager, Indigenous Engagement and Student Support, enhancing MHC’s commitment to the Truth and Reconciliation Commission’s Calls to Action.





Internationalization

Medicine Hat College provides and supports opportunities for students, faculty, and staff to take part in rich international and intercultural learning experiences. We are committed to providing international students with an exceptional learning environment. In our internationalization efforts, we embrace diversity, emphasize learner success, and strive to cultivate an environment of sustainability and transparency, while building strong internal, community-based, and international partnerships.

Our internationalization efforts focus on three primary goals, and we assess progress toward these goals annually.



INTERNATIONAL GOAL 1:

*STUDENTS FROM DIVERSE
BACKGROUNDS TAKE PART IN GLOBAL
AND INTERCULTURAL EDUCATION
OPPORTUNITIES*



Meaningful connections across cultures help our students, faculty and staff build intercultural competencies for responsible, engaged citizenship and personal and professional success. We build these competencies through the development and promotion of global and intercultural learning opportunities in the classroom, campus, community and internationally, and aim for these opportunities to be available to students with diverse backgrounds and experiences.

We are supporting Indigenous students, students in financial need and students with disabilities to take part in intercultural training and education abroad experiences through the Government of Canada's Global Skills Opportunity program, administered by Colleges and Institutes Canada. Through this program, we supported four students to participate in an education abroad experience at Ewha University in South

Korea and are recruiting Indigenous and other target group students to participate in Indigenous-focused education experiences in Costa Rica and New Zealand, as well as developing targeted wrap-around supports for these student groups.

With the return to on campus learning and the reopening of study abroad opportunities, MHC students have better opportunities to engage across cultures, compared to the past few years. Correspondingly, we have seen a small increase in Cultural Awareness amongst students, to 69% from 66% (measured as the proportion of student satisfaction respondents who felt their postsecondary education added to their appreciation of other cultures). We also saw an increase (from 59% to 63%) in the extent and quality of interaction that international students have with other students, faculty and staff, as measured by the Collaborative Learning Average for international students

on Medicine Hat College's Student Learning and Engagement survey. The proportion of international students reporting in the Student Satisfaction Survey to have a friend from another culture (Student Satisfaction Survey) also recovered to pre-pandemic levels (95%), while the proportion of domestic students with friends from another culture remained below pre-pandemic levels but increased from 51% to 66%.

Efforts in this area for the upcoming year will build on these gains with a focus on implementing GSO project funding for study abroad, as well as facilitating intercultural training events and activities aiming for diverse participation.



INTERNATIONAL GOAL 2:

*INTERNATIONAL STUDENTS ARE
VALUED AND SUPPORTED IN REACHING
THEIR GOALS*

We strive to provide a welcoming, equitable, and inclusive student experience across all programs and services, with targeted support programming to help international students reach their goals. This includes orientation programming, immigration advising, academic advising and social and cultural support. These services include programming to assess international students' preparedness for study at Medicine Hat College and to proactively identify and work with students at risk.

This year saw mixed results toward this goal. The International Student Supportive Environment Average (Student Learning and Engagement Survey) declined significantly last year to 51% from 65%. This measure indicates international students' perception of the degree to which the college is

committed to their success (e.g., study space, social activities, services to support learning). For 2022, we saw a recovery of this average to pre-pandemic levels, attributed to a return to in-person support and activities. However, international student satisfaction with the overall quality of their education, quality of teaching in their program, and relevance of their courses all declined significantly in 2022-2022. We expect these numbers to rebound next year as more students complete their courses in-person at MHC.

The average GPA for international students remained at the target level of 2.80 (2.85 for the fall 2021 semester and 2.75 for the winter 2022 semester). First-year international student retention remains strong and above the 70% target at 78%.

Efforts to support students in the upcoming year will focus on connecting students to employment information, supports and opportunities, developing programming to support emerging needs, as well as seeking feedback from and providing relevant immigration and employment updates and education to students to support their needs and protect them from exploitation.

INTERNATIONAL GOAL 3:

*INTERNATIONAL EDUCATION ACTIVITIES
SUPPORT COLLEGE AND REGIONAL
VITALITY*



Through the recruitment, retention, and support of international students to MHC, International Education activities support college and regional vitality.

Our efforts focus primarily on recruiting for undersubscribed and new programs and for diversity, student success and best fit across Medicine Hat College's programs. As our recruitment team is small, efforts in this area focus on effective, time-efficient, and scalable activities. We engage in digital and social media marketing activities, personalized lead management, and careful management of referral agent and institutional partnership relationships and agreements. We are continually diversifying our partnership networks and recruitment market efforts to diversify our applicant pool and international student body. To support student retention, success and fit, we offer personalized academic advising

for prospective international students and close support to our contracted international representatives.

Enrolment is beginning to recover from the significant impact of the COVID-19 pandemic and related travel restrictions and study permit delays. New student application numbers for fall 2021 were strong, particularly when compared to fall 2020. However, study permit approval delays impacted enrolment numbers. Combined with much lower returning student numbers resulting from low fall 2020 enrolment, we saw a small decline overall in international student enrolment from 190.59 the previous year to 187.33 for 2021-2022. International student application and enrolment numbers continue to be strong and continued recovery is expected for 2022-2023, with the potential for a full recovery to pre-pandemic enrolment numbers by 2023-2024.

Off-Shore Delivery

Medicine Hat College is not engaged in or pursuing off-shore or cross-border delivery of college programming or credentials.

Information Technology

INSTITUTION'S INFORMATION SECURITY POLICY AND FRAMEWORK

In 2022, progress slowed due to IT staffing issues. MHC lost several experienced members of its IT department due to non-competitive compensation and heavy workload. Our immediate focus is on resolving IT staffing issues, stabilizing, and rebuilding our information technology services capacity. We anticipate a one-year period to resolve IT resourcing shortages and be able to return focus to service and operational improvements.

Medicine Hat College's Information Technology security framework continues to mature as we ensure that it is aligned with the college's overall enterprise risk management strategy, and our developing Internal Financial Control Framework (ICFR). The policy and process elements of our information security risk management framework are reviewed and renewed on a set cycle, as is our enterprise risk management strategy.

A critical element of MHC's IT security strategy is the expansion of cybersecurity awareness and training across the college. A focus on cybersecurity awareness will remain for the foreseeable future.

REPLACEMENT OF BUSINESS OPERATIONAL SUPPORT SOFTWARE SYSTEMS

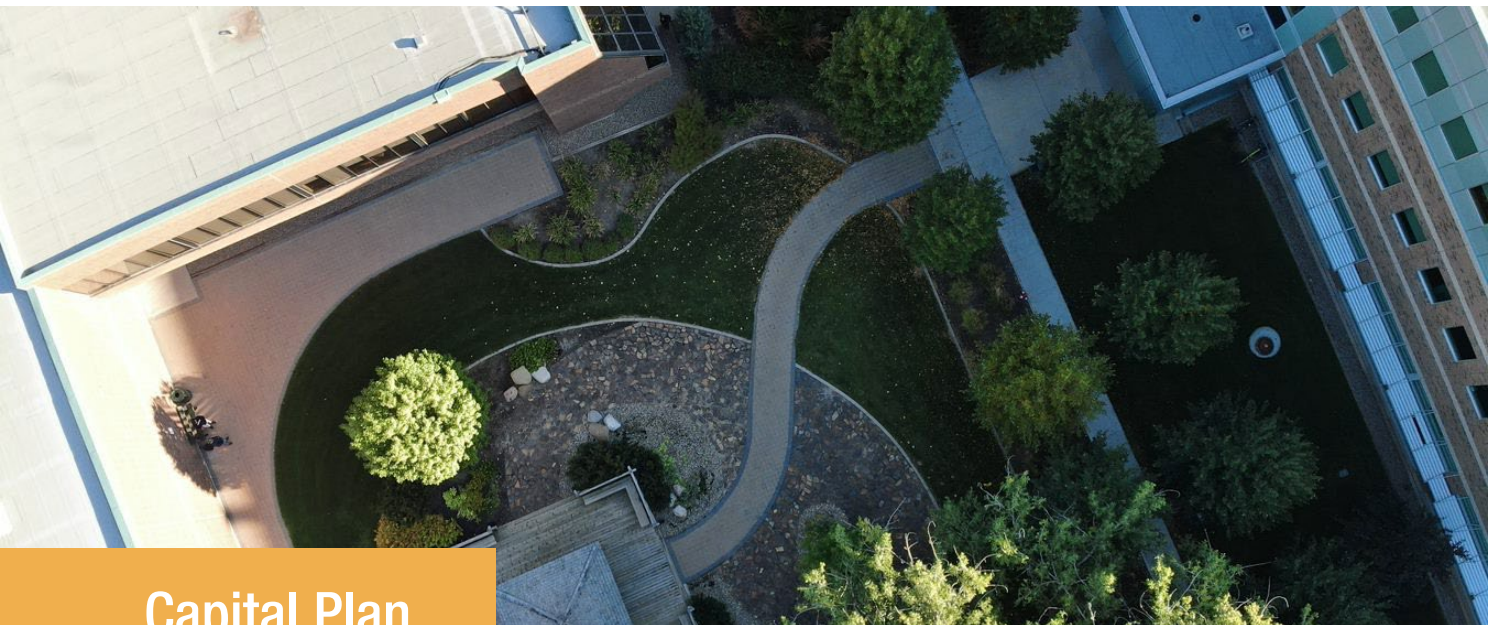
For several years, the college has recognized that significant student service improvements along with significant process and operational

improvements will result from the replacement of some of our business software support systems. The student facing facets of our current student information system are poor and not conducive to the use of the range of modern, mobile, adaptive devices. In addition, Medicine Hat College has data disparate business solutions. Service delivery, functional effectiveness, end-user training and support, data management and security, and support processes across our disparate systems are currently difficult, costly, and inefficient.

In 2017/2018, the college completed an analysis and began vetting systems and vendors to identify new enterprise resource planning software for the college. After much investigation and deliberation, Medicine Hat College selected Unit4 as its integrated ERP and student information systems. The contract between Medicine Hat College and Unit4 was signed in December of 2018. Implementation of the Unit4 ERP (formerly called Business World) software suite began in August of 2019 and was completed in July 2022.

In 2022-2023 we will turn our focus to exploring improved student information systems

We anticipate the selection of a new student system in 2022-2023 with implementation starting in 2023-2024. The implementation will take approximately 24 months to complete.



Capital Plan

PRIORITY PROJECTS (TOP 3 CAPITAL PRIORITIES)

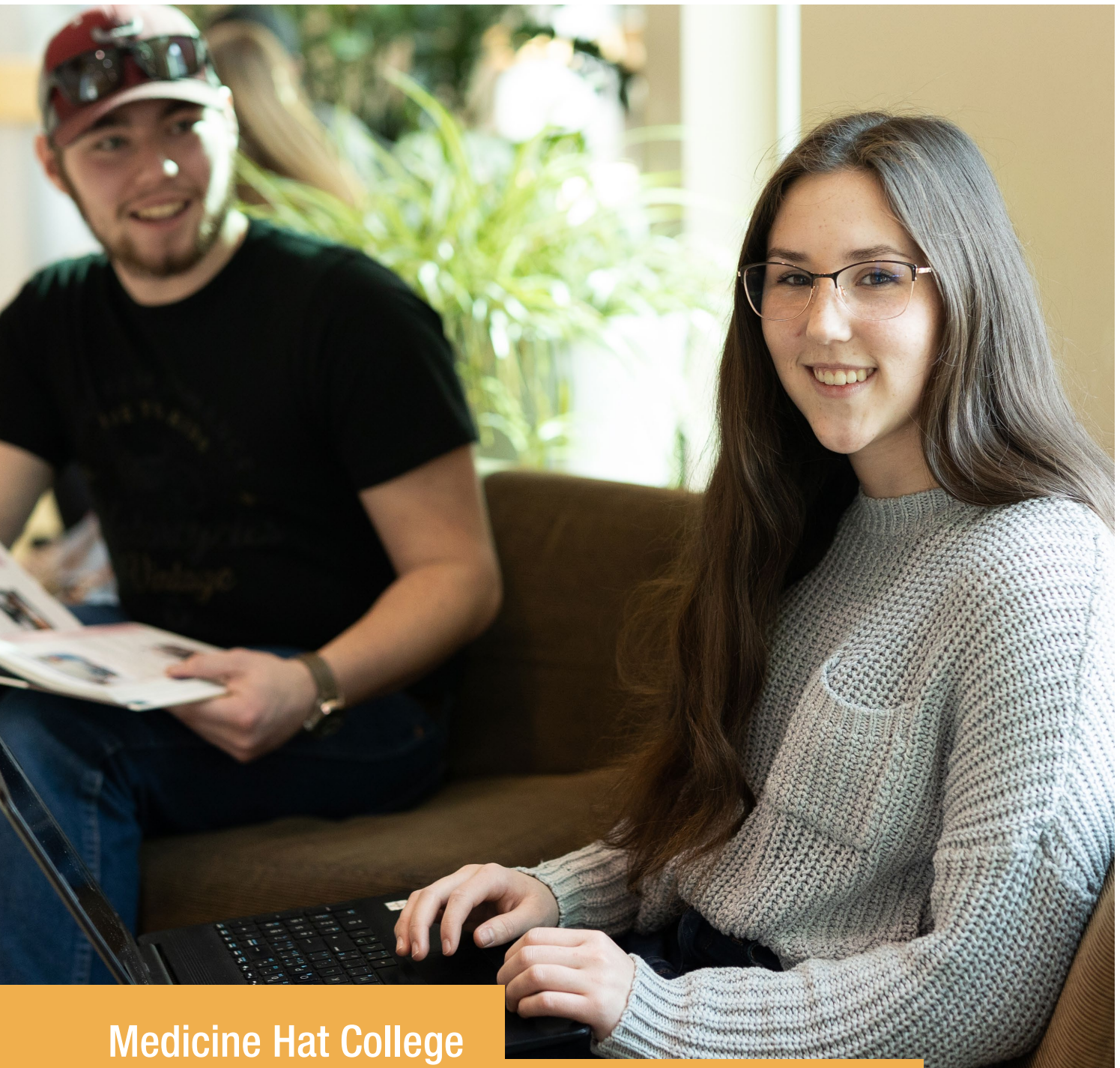
TYPE	PROJECT DESCRIPTION	TOTAL COST	FUNDING SOURCES	FUNDING RECEIVED TO DATE AND SOURCE	REVISED FUNDING SOURCES
New: As of June 30, 2022, the project was 90% complete	Health, Wellness and Athletics Expansion Phase 1	\$9.72 million	15% GoC 47% GoA 38% PSI Funds	\$1.41 million (GoC) \$4.64 million (GoA) \$3.82 million (MHC)	MHC received federal funding – project is now fully funded and in progress.
New: Cost estimates were updated	Health, Wellness and Athletics Expansion Phase 2	\$37.4 million (May 2022 estimate)	\$26.18 million: GoA \$11.22 million: Other (Federal, Private) Funding	\$3 million MHC	No change
New	MHC Sports Pavilion	\$600,000	\$500,000: GoA \$100,000: Other (Federal, Private) Funding:		No change

OTHER

TYPE	DESCRIPTION	TOTAL COST	FUNDING SOURCES	FUNDING RECEIVED TO DATE AND SOURCE	REVISED FUNDING SOURCES
New	Centralized Heating/ Cooling Plant	\$3 million	100% GoA / CMR	Plan to use CMR	
Maintenance (Preservation)	T-Wing Second Floor Link	\$950,000	100% GoA	No funds received to date	No change
Maintenance (Preservation)	Sanitary Sewer Renewal/ Replacement	\$1 million	100% GoA	No funds received to date	No change
New	IT Primary Server room	\$2 million	100% GoA	No funds received to date	

PROJECT TIMELINES AND STATUS

PROJECT DESCRIPTION	PROJECT TIMELINES	EXPECTED PROJECT START	EXPECTED PROJECT COMPLETION	PROJECT STATUS	PROGRESS MADE IN LAST 12 MONTHS
Health, Wellness and Athletics Expansion - Phase 1	May 2020 – January 2022	November 2020 (construction work)	Complete	Complete	Complete
Health, Wellness and Athletics Expansion - Phase 2	To be determined	To be determined	To be determined	Project pending funding approval	Project pending funding approval
Sports Pavilion	To be determined	To be determined	To be determined	Project pending funding approval	Project pending funding approval
T-Wing Second Floor Link	To be determined	To be determined	To be determined	Project pending funding approval	Project pending funding approval
Sanitary Sewer Renewal/ Replacement	To be determined	To be determined	To be determined	Project pending funding approval	Project pending funding approval
IT Primary Server room	To be determined	To be determined	To be determined	Project pending funding approval	Project pending funding approval



Medicine Hat College

Consolidated Financial Statements | JUNE 30, 2022



**MEDICINE HAT COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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MEDICINE HAT COLLEGE
STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2022

The consolidated financial statements of Medicine Hat College have been prepared by management in accordance with the Canadian public sector accounting standards as described in Note 2 to the consolidated financial statements. The consolidated financial statements present fairly the financial position of the College as at June 30, 2022, and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended.

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

The 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 Finance and Audit Committee. With the exception of the President and CEO and Vice-President, Administration and Finance (both are non-voting members), all members of the Finance and Audit Committee are not employees of the College. The Finance and 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 Finance and Audit Committee, with and without the presence of management.

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

Original copy signed

Kevin Shufflebotham,
President and Chief Executive Officer

Original copy signed

Wayne Resch,
Vice-President, Administration and Finance

Independent Auditor's Report

To the Board of Governors of Medicine Hat College

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Medicine Hat College (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

October 18, 2022
Edmonton, Alberta

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (Note 3)	\$ 6,603,992	\$ 16,540,873
Portfolio investments - non-endowment (Note 4)	19,335,159	15,903,367
Accounts receivable	692,481	529,179
Inventories held for sale	323,450	388,504
	<u>26,955,082</u>	<u>33,361,923</u>
Liabilities		
Accounts payable and accrued liabilities	4,786,937	4,263,553
Employee future benefit liabilities (Note 6)	8,970	2,142
Debt (Note 7)	1,340,422	1,563,106
Deferred revenue (Note 8)	9,614,570	11,890,239
	<u>15,750,899</u>	<u>17,719,040</u>
Net financial assets excluding portfolio investments restricted for endowments	<u>11,204,183</u>	<u>15,642,883</u>
Portfolio investments - restricted for endowments (Note 4)	9,583,661	10,317,583
NET FINANCIAL ASSETS	<u>\$ 20,787,844</u>	<u>\$ 25,960,465</u>
Non-financial assets		
Tangible capital assets (Note 10)	67,260,229	63,304,443
Prepaid expenses	1,095,982	1,007,608
	<u>68,356,212</u>	<u>64,312,051</u>
Net assets before spent deferred capital contributions	<u>89,144,056</u>	<u>90,272,516</u>
Spent deferred capital contributions (Note 9)	42,547,717	42,655,704
NET ASSETS (Note 11)	<u>\$ 46,596,339</u>	<u>\$ 47,616,812</u>
Net assets is comprised of:		
Accumulated surplus	46,970,624	45,617,136
Accumulated remeasurement gains (losses)	(374,285)	1,999,675
	<u>\$ 46,596,339</u>	<u>\$ 47,616,811</u>

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2022

	2022		2021
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 20)		
Revenues			
Government of Alberta grants (Note 18)	\$ 37,178,600	\$ 37,213,065	\$ 36,972,839
Federal and other government grants (Note 18)	42,150	538,807	410,206
Sales of services and products	3,952,650	3,509,667	2,339,464
Student tuition and fees	12,558,100	10,327,459	9,897,347
Donations and other grants	371,300	270,468	161,257
Investment income	1,122,000	1,865,932	2,045,394
	<u>55,224,800</u>	<u>53,725,398</u>	<u>51,826,506</u>
Expenses (Note 15)			
Instruction general	20,057,750	19,495,448	19,383,042
Academic support	5,108,950	5,068,016	4,364,617
Student support	5,629,800	5,537,865	4,843,130
Administration	6,336,100	5,320,038	5,520,299
Operational	10,131,850	10,213,363	9,218,208
Ancillary services	3,648,550	2,891,005	2,776,918
Computing and communication	4,200,400	3,827,458	3,756,075
Sponsored research	50,000	283,627	113,662
	<u>55,163,400</u>	<u>52,636,820</u>	<u>49,975,952</u>
Annual operating surplus	\$ 61,400	\$ 1,088,578	\$ 1,850,555
Endowment contributions (Note 11)	-	264,910	185,179
Annual surplus	61,400	1,353,488	2,035,733
Accumulated surplus at beginning of year	45,617,136	45,617,136	43,581,403
Accumulated surplus at end of year	<u>\$ 45,678,536</u>	<u>\$ 46,970,624</u>	<u>\$ 45,617,136</u>

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED JUNE 30, 2022

	2022		2021
	Budget (Note 20)	Actual	Actual
Annual surplus (deficit)	\$ 61,400	\$ 1,353,488	\$ 2,035,733
Acquisition of tangible capital assets	(1,633,250)	(8,952,013)	(4,487,229)
Amortization of tangible capital assets	4,825,700	4,982,740	5,064,594
Loss on disposal of tangible capital assets	50,000	13,486	61,828
(Increase) decrease in prepaid expenses	50,000	(88,375)	388,145
(Decrease) increase in spent deferred capital contributions	(2,433,700)	(107,987)	992,046
(Decrease) increase in accumulated remeasurement gains (losses)	(539,200)	(2,373,960)	1,295,627
Increase (decrease) in net financial assets	<u>380,950</u>	<u>(5,172,621)</u>	<u>5,350,744</u>
Net financial assets, beginning of year		25,960,465	20,609,720
Net financial assets, end of year		<u>\$ 20,787,844</u>	<u>\$ 25,960,465</u>

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
Accumulated remeasurement gains, beginning of year	\$ 1,999,675	\$ 704,048
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments:		
Portfolio investments - non-endowment	(1,860,513)	2,149,139
Amounts reclassified to consolidated statement of operations:		
Quoted in active market financial instruments:		
Portfolio investments - non-endowment	<u>(513,447)</u>	<u>(853,512)</u>
Accumulated remeasurement gains (losses), end of year	<u>\$ (374,285)</u>	<u>\$ 1,999,675</u>
 Accumulated remeasurement gains (losses) is comprised of:		
Portfolio investments - non-endowment	\$ <u>(374,285)</u>	<u>1,999,675</u>
	<u>\$ (374,285)</u>	<u>1,999,675</u>

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>
Operating transactions		
Annual surplus (deficit)	\$ 1,353,488	\$ 2,035,733
Add (deduct) non-cash items:		
Amortization of tangible capital assets	4,982,740	5,064,594
Loss on disposal of tangible capital assets	13,486	61,828
Expended capital contributions recognized as revenue	(2,641,910)	(2,571,916)
Increase in employee future benefit liabilities	6,828	2,142
Change in non-cash items	2,361,144	2,556,647
Decrease (increase) in accounts receivable	(163,302)	359,492
Decrease in inventories held for sale	65,053	107,505
(Decrease) increase in accounts payable and accrued liabilities	523,384	(279,645)
(Decrease) increase in deferred revenue	(527,046)	723,107
Decrease (increase) in prepaid expenses	(88,375)	388,145
Cash provided by operating transactions	<u>3,524,346</u>	<u>5,890,986</u>
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	(8,952,013)	(4,487,229)
Cash applied to capital transactions	<u>(8,952,013)</u>	<u>(4,487,229)</u>
Investing transactions		
Purchase of portfolio investments	(7,246,907)	(2,405,630)
Proceeds on sale of portfolio investments	426,454	10,274,903
Cash provided by (applied to) investing transactions	<u>(6,820,453)</u>	<u>7,869,273</u>
Financing transactions		
Repayment of debt	(222,684)	(209,585)
Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue	2,533,923	3,563,962
Cash provided by financing transactions	<u>2,311,239</u>	<u>3,354,377</u>
Increase (decrease) in cash and cash equivalents	(9,936,881)	12,627,407
Cash and cash equivalents at beginning of year	16,540,873	3,913,466
Cash and cash equivalents at end of year (Note 3)	<u>\$ 6,603,992</u>	<u>\$ 16,540,873</u>

Note 1 Authority and Purpose

The Board of Governors of Medicine Hat College is a corporation which manages and operates Medicine Hat College (“the College”) under the *Post-secondary Learning Act* (Alberta). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act*, the College is a comprehensive community institution offering diploma and certificate programs as well as a full range of continuing education programs and activities. The College is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from payment of income tax.

Note 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 Canadian public sector accounting standards.

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

(b) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Fixed income investments	Amortized cost
Portfolio investments	Fair value and amortized cost
Derivatives	Fair Value
Inventories held for resale	Lower of cost or net realizable value
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Debt	Amortized cost

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

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

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 that is other than temporary is not reversed for a subsequent increase in value.

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

(c) Revenue Recognition

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

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 recognized as revenue in the year received or in the year the funds are committed to the College if the amount can be reasonably estimated, and collection is reasonably assured.

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

Grants and donations related to land

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

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

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.

Endowment contributions

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

Investment income

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

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

(d) Endowments

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

Investment income earned (excluding unrealized income) 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.

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

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

(e) Inventories Held for Sale

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method.

(f) Tangible Capital Assets

Tangible capital assets are recognized 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.

Work in progress, which includes facilities and improvement projects and development of information systems, is not amortized until after the project is complete and the asset is in service.

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 renovations	40 years
Site improvements	25 years
Furniture and equipment	4 to 25 years
Systems planning and development	10 years
Library acquisitions	10 years

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

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

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

(g) Employee Future Benefits

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 pre-determined amounts that are expected to provide the plan's future benefits.

Supplementary retirement plans (SRP)

The College provides a non-contributory supplementary pension plan for the President/CEO. The expense for this plan is actuarially determined using the accrued benefit method. Actuarial gains or losses on the accrued benefit obligation are recognized in full in the year in which the gains or losses occur.

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. As of June 30, 2022, there were six employees participating in this program (2021 – three).

Leave plan

The College has a leave plan available to any eligible employee called the Deferred Salary Leave Program. As of June 30, 2022, there were no employees participating in this program (2021 – none).

(h) Basis of Consolidation

The financial statements are prepared on a line-by-line consolidated basis and include the results of the controlled entity, Medicine Hat College Foundation.

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

(i) Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. It does not include airborne contaminants. Contaminated sites occur when an environmental standard exists, and contamination exceeds the environmental standard. The College recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the College is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

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

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

(j) Expense by Function

The College uses the following categories of functions on its consolidated statement of operations.

Instruction and academic, student and administrative support

Expenses relating to support for the academic functions of the College both directly and indirectly. This function includes expenses incurred by faculties for their scholarly and non-sponsored research activities and by institutional wide administrative services. Additionally, expenses for student awards and bursaries and other programs involving teaching and learning, and community service specifically funded by restricted grants and donations.

Operational

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

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

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.

Computing and communication

Expenses relating to services and products provided to the College community in relation to information technology and communication services.

Sponsored research

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

(k) Funds and Reserves

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

(l) Future Changes in Accounting Standards

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

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

In November 2020, PSAB issued PSG-8 Purchased intangibles. This accounting guideline is effective for fiscal years starting on or after April 1, 2023. Purchased intangibles provides guidance on how to account for intangibles, which is now allowable due to amendments to PS 1000 Financial statement concepts.

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

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 3 Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 9,850	\$ 6,600
Bank balances	6,594,142	16,534,273
	<u>\$ 6,603,992</u>	<u>\$ 16,540,873</u>

Cash equivalents include short-term investments with a short maturity of less than three months from the date of acquisition. As at June 30, 2022, there were no cash equivalents (2021 – nil).

Note 4 Portfolio Investments

	<u>2022</u>	<u>2021</u>
Portfolio investments - non-endowment	\$ 19,335,159	\$ 15,903,367
Portfolio investments - restricted for endowments	9,583,661	10,317,583
	<u>\$ 28,918,820</u>	<u>\$ 26,220,950</u>

The composition of portfolio investments is as follows:

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio investments at fair value				
Canadian equity fund	\$ -	\$ 8,764,195	\$ -	\$ 8,764,195
Foreign equity fund	-	10,289,113	-	10,289,113
Bond fund	-	8,786,963	-	8,786,963
Portfolio investments at cost or amortized cost				
Bank balances	\$ 1,078,549	\$ -	\$ -	\$ 1,078,549
	<u>\$ 1,078,549</u>	<u>\$ 27,840,271</u>	<u>\$ -</u>	<u>\$ 28,918,820</u>
	<u>4%</u>	<u>96%</u>	<u>0%</u>	<u>100%</u>
	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Portfolio investments at fair value				
Canadian equity fund	\$ -	\$ 6,953,742	\$ -	\$ 6,953,742
Foreign equity fund	-	10,789,862	-	10,789,862
Bond fund	-	7,829,997	-	7,829,997
Portfolio investments at cost or amortized cost				
Bank balances	\$ 220,894	\$ -	\$ -	\$ 220,894
Money market	426,454	-	-	426,454
	<u>\$ 647,348</u>	<u>\$ 25,573,602</u>	<u>\$ -</u>	<u>\$ 26,220,950</u>
	<u>2%</u>	<u>98%</u>	<u>0%</u>	<u>100%</u>

Note 4 Portfolio Investments (continued)

There were no short-term GIC's held at June 30, 2022 (2021 – nil).

The effective annual rate of earnings on portfolio investments at June 30, 2022, was 5.42% (2021 – 6.07%) determined on a weighted average basis.

The fair value measurements are those derived from:

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

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

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

Note 5 Financial Risk Management

The College is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risk. To manage these 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.

The College is exposed to the following risks:

Market price risk

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

The College assesses its portfolio sensitivity to a percentage increase or decrease in the market prices. The sensitivity rate is determined using the historical annualized standard deviation for the total fund as determined by the investment advisor. At June 30, 2022, if market prices had a 1% (2021 – 1%) increase or decrease, with all other variables held constant, the increase or decrease in the market value of the investment portfolio for the year would have been a total of \$271,843 (2021 - \$239,490).

Foreign currency risk

The College does not hold investments denominated in foreign currency. The College does maintain a foreign bank account to pay invoices in foreign currency; however, the risk of exposure to foreign currency fluctuations is minimal.

Note 5 Financial Risk Management (continued)

Credit risk

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

The credit risk on investments held are as follows:

	2022		2021	
	Money Market	Bond Fund	Money Market	Bond Fund
Credit rating				
AAA	0.0%	15.2%	0.0%	15.8%
AA	100.0%	31.6%	100.0%	41.5%
A	0.0%	42.1%	0.0%	28.8%
BBB	0.0%	11.1%	0.0%	13.9%
Not rated	0.0%	0.0%	0.0%	0.0%
Balance, end of year	100.0%	100.0%	100.0%	100.0%

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College maintains a short-term line of credit to ensure that funds are available to meet current and forecasted financial requirements in the most cost-effective manner. As of June 30, 2022, the balance in the line of credit was \$0 (2021 - \$0).

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-risk agreements with the Department of Treasury Board and Finance (Note 7).

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

	Less than 1 year	1 to 5 years	Greater than 5 years	Average effective market yield
Money market	100.0%	0.00%	0.00%	1.90%
Money market (USD)	100.0%	0.0%	0.0%	97.00%
Long-term investments	0.00%	38.0%	62.0%	2.66%

Note 6 Employee Future Benefit Liabilities

Leave Plan

The College has a leave plan available to any eligible employee called the Deferred Salary Leave Program (DSLPL). The DSLPL allows an employee to defer a specified monthly amount, or an annual percentage of annual regular gross salary up to a maximum of 33 1/3 percent. The total period of the deferral cannot exceed a maximum of six years.

Multi-Employer Pension Plans

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, 2021, the LAPP reported an actuarial surplus of \$11,922,000 (2020 - \$4,961,337). An actuarial valuation of the LAPP was carried out as at December 31, 2020, and was then extrapolated to December 31, 2021. The pension expense recorded in these consolidated financial statements is \$2,200,829 (2021 - \$2,282,567).

Supplementary Retirement Plan (SRP)

The College introduced a new SRP in 2021 that provides a non-contributory defined benefit supplementary retirement benefit to the President/CEO. An actuarial valuation of these benefits was carried out on June 30, 2022.

The expense and financial position of the SRP is as follows:

	Fiscal Year 2022	Fiscal Year 2021
	\$	\$
Current service cost	7,952	2,142
Interest Cost	36	-
Amortization of net actuarial (gain) loss	(1,160)	-
Amortization of past service cost	-	-
Recognition of unamortized net actuarial loss	-	-
Total Expense	6,828	2,142

Financial Position

Accrued benefit obligation:

Balance, beginning of year	2,142	-
Current service cost	7,952	2,142
Interest Cost	36	-
Recognition of past service	-	-
Benefits paid	-	-
Actuarial (gain) loss	(1,160)	-
Balance, end of year	8,970	2,142
Plan assets	-	-
Plan deficiency (surplus)	-	-
Unamortized net actuarial gain (loss)	-	-
Unamortized past service cost	-	-
Accrued benefit liability	8,970	2,142

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 6 Employee Future Benefit Liabilities (continued)

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

	June 30, 2022	June 30, 2021
Discount rate and investment return on Supplemental Plan account balances	4.36%	1.13%
Salary increases	0.00%	0.00%
Price inflation	2.00%	2.00%
Average wage inflation	3.00%	3.00%
Maximum pension under <i>Income Tax Act (Canada)</i>	\$3,420.00	\$3,245.55
Yearly Maximum Pensionable Earnings ("YMPE")	\$64,900	\$61,600
Allocation percentage	22.70%	22.70%
Retirement / withdrawal age	End of remaining contract term	End of remaining contract term

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

Note 7 Debt

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

			2022	2021
	Maturity	Interest Rate	Amortized Cost	Amortized Cost
Debentures payable to the Department of Treasury Board and Finance:				
Student residences	May 2027	6.25%	\$ 1,340,422	\$ 1,563,106

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

	Principal	Interest	Total
2023	\$ 236,602	83,776	\$ 320,378
2024	251,390	68,988	320,378
2025	267,102	53,276	320,378
2026	283,795	36,583	320,378
2027	301,533	18,845	320,378
Thereafter	-	-	-
	\$ 1,340,422	\$ 261,468	\$ 1,601,890

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

Interest expense on debt is \$95,406 (2021 - \$108,639) and is included in the consolidated statement of operations.

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 8 Deferred Revenue

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

	<u>2022</u>			<u>2021</u>	
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total	
Balance, beginning of year	\$ 9,481,034	\$ 2,409,205	\$ 11,890,239	\$	10,248,089
Grants, tuition, donations received	5,174,891	13,650,404	18,825,295		21,763,141
Restricted investment income	553,746	-	553,746		964,914
Transfers	-	-	-		-
Unrealized gains (losses) on restricted grants and donations	(1,748,623)	-	(1,748,623)		919,043
Transferred to endowments	(27,380)	-	(27,380)		(4,788)
Transferred to spent deferred capital contributions	(2,533,923)	-	(2,533,923)		(3,563,962)
Recognized as revenue	<u>(4,608,120)</u>	<u>(12,736,664)</u>	<u>(17,344,784)</u>		<u>(18,436,198)</u>
Balance, end of year	<u>\$ 6,291,625</u>	<u>\$ 3,322,945</u>	<u>\$ 9,614,570</u>	<u>\$</u>	<u>11,890,239</u>

Note 9 Spent Deferred Capital Contributions

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

	<u>2022</u>	<u>2021</u>
Spent deferred capital contributions, beginning of year	\$ 42,655,704	\$ 41,663,659
Transfers from unspent externally restricted grants and donations	2,533,923	3,563,962
Expended capital contributions recognized as revenue	(2,641,910)	(2,571,916)
Spent deferred capital contributions, end of year	<u>\$ 42,547,717</u>	<u>\$ 42,655,704</u>

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 10 Tangible Capital Assets

		2022						
		Land	Buildings and renovations	Site improvements	Furniture and equipment	Systems planning and development	Library acquisitions	Total
Cost								
Beginning of year	\$	1,553,000	\$ 113,678,315	\$ 16,305,742	\$ 21,053,560	\$ 1,891,537	\$ 6,489,054	\$ 160,971,208
Additions		-	7,808,786	875,267	1,329,935	-	70,089	10,084,077
Disposals, including write-downs and transfers		-	(1,132,064)	-	(250,417)	-	(51,255)	(1,433,736)
		<u>1,553,000</u>	<u>120,355,037</u>	<u>17,181,009</u>	<u>22,133,078</u>	<u>1,891,537</u>	<u>6,507,888</u>	<u>169,621,549</u>
Accumulated Amortization								
Beginning of year		-	63,457,554	11,148,454	15,521,296	1,551,095	5,988,366	97,666,765
Amortization expense		-	2,738,855	395,838	1,650,999	57,898	139,151	4,982,741
Effect of disposals		-	-	-	(236,931)	-	(51,255)	(288,186)
		<u>-</u>	<u>66,196,409</u>	<u>11,544,292</u>	<u>16,935,364</u>	<u>1,608,993</u>	<u>6,076,262</u>	<u>102,361,320</u>
Net book value at June 30, 2022	\$	<u>1,553,000</u>	<u>\$ 54,158,628</u>	<u>\$ 5,636,717</u>	<u>\$ 5,197,714</u>	<u>\$ 282,544</u>	<u>\$ 431,626</u>	<u>\$ 67,260,229</u>
		2021						
		Land	Buildings and renovations	Site improvements	Furniture and equipment	Systems planning and development	Library acquisitions	Total
Cost								
Beginning of year	\$	1,553,000	\$ 110,699,231	\$ 16,305,742	\$ 20,041,965	\$ 1,891,537	\$ 6,469,722	\$ 156,961,197
Additions		-	3,047,111	-	1,445,299	-	62,846	4,555,257
Disposals, including write-downs and transfers		-	(68,027)	-	(433,704)	-	(43,514)	(545,245)
		<u>1,553,000</u>	<u>113,678,315</u>	<u>16,305,742</u>	<u>21,053,560</u>	<u>1,891,537</u>	<u>6,489,054</u>	<u>160,971,209</u>
Accumulated Amortization								
Beginning of year		-	60,718,698	10,787,627	14,153,244	1,493,198	5,864,794	93,017,561
Amortization expense		-	2,738,856	360,827	1,739,928	57,897	167,086	5,064,594
Effect of disposals		-	-	-	(371,876)	-	(43,514)	(415,390)
		<u>-</u>	<u>63,457,554</u>	<u>11,148,454</u>	<u>15,521,296</u>	<u>1,551,095</u>	<u>5,988,366</u>	<u>97,666,765</u>
Net book value at June 30, 2021	\$	<u>1,553,000</u>	<u>\$ 50,220,761</u>	<u>\$ 5,157,288</u>	<u>\$ 5,532,264</u>	<u>\$ 340,442</u>	<u>\$ 500,688</u>	<u>\$ 63,304,443</u>

No interest was capitalized by the College in 2022 (2021 – nil).

Included in buildings and renovations is \$10,669,750 (2021 - \$3,993,028) recorded as construction in progress which is not amortized as the assets are not in service.

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 11 Net Assets

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

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.

	Accumulated surplus (deficit) from operations	Internally restricted surplus	Investment in tangible capital assets	Endowments	Total
Net assets, at June 30, 2020	\$ 3,063,110	\$ 11,402,000	\$ 20,507,288	\$ 9,313,053	44,285,451
Annual operating surplus	1,850,555	-	-	-	1,850,555
Transfer to endowments	-	-	-	47,916	47,916
Gifts of endowment principal	-	-	-	137,263	137,263
Net transfers	218,000	(218,000)	-	-	-
Internally funded acquisition of capital assets	(923,267)	-	923,267	-	-
Debt - repayment	(209,585)	-	209,585	-	-
Net book value of asset disposals	61,828	-	(61,828)	-	-
Amortization of internally funded capital assets	2,492,677	-	(2,492,677)	-	-
Change in accumulated remeasurement gains	1,295,627	-	-	-	1,295,627
Net assets, at June 30, 2021	\$ 7,848,945	\$ 11,184,000	\$ 19,085,635	\$ 9,498,232	\$ 47,616,811
Annual operating surplus	1,088,578	-	-	-	1,088,578
Transfer to endowments	-	-	-	35,071	35,071
Gifts of endowment principal	-	-	-	229,839	229,839
Net transfers	3,162,000	(3,162,000)	-	-	-
Internally funded acquisition of capital assets	(6,418,090)	-	6,418,090	-	-
Debt - repayment	(222,684)	-	222,684	-	-
Net book value of asset disposals	13,486	-	(13,486)	-	-
Amortization of internally funded capital assets	2,340,830	-	(2,340,830)	-	-
Change in accumulated remeasurement gains	(2,373,960)	-	-	-	(2,373,960)
Net assets, at June 30, 2022	\$ 5,439,105	\$ 8,022,000	\$ 23,372,093	\$ 9,763,142	\$ 46,596,339
Net assets is comprised of:					
Accumulated surplus	5,813,390	8,022,000	23,372,093	9,763,142	46,970,624
Accumulated remeasurement gains	(374,285)	-	-	-	(374,285)
\$	\$ 5,439,105	\$ 8,022,000	\$ 23,372,093	\$ 9,763,142	\$ 46,596,339

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 11 Net Assets (continued)

Internally restricted net assets with significant balances include:

	<u>2022</u>	<u>2021</u>
Non-Capital:		
Contingency	\$ 2,500,000	\$ 2,500,000
Degree Completion	451,000	451,000
	<u>2,951,000</u>	<u>2,951,000</u>
Capital:		
Generations	2,838,000	6,000,000
Enterprise Resource Planning Software	2,000,000	2,000,000
Ancillary services - student residence and related parking	116,000	116,000
Ancillary services - parking	117,000	117,000
	<u>5,071,000</u>	<u>8,233,000</u>
	<u>\$ 8,022,000</u>	<u>\$ 11,184,000</u>

Note 12 Contingent Liabilities

The College has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the College may be required to take appropriate remediation procedures to remove the asbestos. As the College has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded upon adoption of the PS 3280 asset retirement obligations accounting standards (Note 2 (I)).

The College continues to review environmental objectives and liabilities for its activities and properties as well as any potential remediation obligations. There may be contaminated sites that the institution has identified that have the potential to result in remediation obligations. A liability has not been recorded for these sites because either the likelihood of the institution becoming responsible for the site is not determinable, the amount of the liability cannot be estimated, or both.

The College's ongoing efforts to assess environmental liabilities may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the environmental liabilities will be accrued in the year in which they are assessed as likely and measurable.

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 13 Contractual Rights

Contractual rights are rights of the College to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	2022		
	Operating Leases	Other Contracts	Total
2023	\$ 112,507	\$ 36,500	\$ 149,007
2024	-	47,200	47,200
2025	-	25,200	25,200
2026	-	21,500	21,500
2027	-	17,000	17,000
Total at June 30, 2022	\$ 112,507	\$ 147,400	\$ 259,907
Total at June 30, 2021	175,682	142,600	318,282

Note 14 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 amounts payable for the unexpired terms of these contractual obligations are as follows:

	2022		
	Service Contracts	Capital Contracts	Total
2023	\$ 2,886,393	\$ 322,605	\$ 3,208,998
2024	2,127,058	-	2,127,058
2025	1,445,741	-	1,445,741
2026	293,743	-	293,743
2027	293,743	-	293,743
Total at June 30, 2022	\$ 7,046,678	\$ 322,605	\$ 7,369,283
Total at June 30, 2021	5,905,157	\$ 6,600,520	12,505,677

MEDICINE HAT COLLEGE
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

Note 15 Expense by Object

The following is a summary of expenses by object.

	<u>2022</u>		<u>2021</u>
	<u>Budget (Note 20)</u>	<u>Actual</u>	<u>Actual</u>
Salaries and benefits	\$ 34,360,350	\$ 33,292,626	\$ 33,123,935
Supplies and services	10,920,450	9,776,853	8,259,302
Maintenance and repairs	2,044,450	1,379,131	875,721
Utilities	1,129,450	1,508,627	1,115,157
Scholarships and bursaries	623,150	822,729	647,935
Interest on long-term liabilities	99,200	95,406	108,639
Cost of goods sold	966,050	765,222	718,842
Amortization of capital assets, including loss on disposals	5,020,300	4,996,226	5,126,422
	<u>\$ 55,163,400</u>	<u>\$ 52,636,820</u>	<u>\$ 49,975,952</u>

Note 16 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.

	<u>2022</u>	<u>2021</u>
Further Education Council	\$ 30,483	\$ 23,235
Faculty Association	(172)	37
	<u>\$ 30,311</u>	<u>\$ 23,271</u>

Note 17 Related Parties

The College is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the College and their close family members are also considered related parties. The College may enter into transactions with these entities and individuals in the normal course of operations and on normal terms.

During the year, the College's key management personnel and their close family members did not have any material transactions with either Medicine Hat College, the Medicine Hat College Foundation or other Government of Alberta reporting entities that occurred at a value that was different from that which would have been arrived at if the parties were unrelated.

During the year, the College conducted business transactions with related parties, including Ministries of the Province of Alberta and other Alberta post-secondary institutions. The revenues and expenses incurred for these have been included in the consolidated statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value.

The College has long-term liabilities with the Department of Treasury Board and Finance as described in Note 7.

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 18 Government transfers

	<u>2022</u>	<u>2021</u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 34,325,749	\$ 33,162,138
Capital	619,059	3,254,193
Total Advanced Education	<u>34,944,808</u>	<u>36,416,331</u>
Other Post-secondary Institutions	<u>570,083</u>	<u>489,749</u>
Other Government of Alberta departments and agencies:		
Ministry of Jobs, Economy and Innovation	(5,010)	114,200
Alberta Health	-	81,240
Culture and Status of Women	-	(1,352)
Other	-	-
Total other Government of Alberta departments and agencies	<u>(5,010)</u>	<u>194,088</u>
Total contributions received	35,509,881	37,100,169
Add: restricted expended capital recognized as revenue	2,548,089	2,473,759
(Less): deferred contributions	<u>(844,905)</u>	<u>(2,601,089)</u>
	<u>\$ 37,213,065</u>	<u>\$ 36,972,839</u>
Federal and other government grants:		
Contributions received	473,640	426,607
Add: restricted expended capital recognized as revenue	45,753	48,027
(Less) add: deferred contributions	<u>19,414</u>	<u>(64,429)</u>
	<u>\$ 538,807</u>	<u>\$ 410,206</u>

MEDICINE HAT COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 19 Salary and Employee Benefits

	2022			2021	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Governance ⁽⁴⁾					
Board Chair	\$ -	\$ 3,600	85	\$ 3,685	\$ 3,843
Board (10 members)	-	14,250	390	14,640	16,915
Executive/Management					
President/CEO	218,500	6,000	40,074	264,574	260,757
Vice Presidents:					
Vice-President, Academic & Provost (5)	268,490	35,842	36,629	340,961	215,662
Vice-President, Administration & Finance	181,807	-	32,506	214,313	214,590
Executive Director, Corporate Finance	-	-	-	-	187,343
Dean, Business & Continuing Studies	140,308	12,090	27,722	180,120	-
Dean, Health & Community Services	140,308	8,007	28,056	176,371	-
Dean, Trades & Technology	-	-	-	-	352,450

- 1) Base Salary includes pensionable base pay.
- 2) Other Cash Benefits include vacation payouts, car allowances, honoraria where applicable and other lump sum payments, including severances. There were no bonuses paid in 2022 or 2021.
- 3) Other Non-cash Benefits include the employer's share of all other employee benefits and contributions, or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental, group life insurance, employment insurance and remission of tuition fees.
- 4) The chair and members of the Board of Governors receive no remuneration for participation on the board. Other cash benefits consist only of honorariums.
- 5) Two individuals occupied this position in the current fiscal year. The Acting Vice-President, Academic & Provost was occupied from Dec 20, 2021, until June 30, 2022.

Under the terms of the supplemental retirement plan SRP, the President/CEO will receive supplemental payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide a payment at termination of employment with the College. The cost of these benefits is actuarially determined using the accrued benefit method. The College accrues an expense annually for the SRP based on the employee's salary and the notional growth in account balance. Current service cost is the actuarial present value of the benefits earned in the fiscal 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.

The supplementary retirement plan current service cost and accrued obligation under the SRP is outlined in the following table.

	Accrued Obligation		Accrued Obligation June	
	June 30, 2021	Payments	Current Service Costs	30, 2022
President/CEO	\$ 2,142	\$ -	\$ 6,828	\$ 8,970
	\$ 2,142	\$ -	\$ 6,828	\$ 8,970

The significant actuarial assumptions for the SRP are disclosed in Note 6.

Note 20 Budget Figures

The College's 2021-22 budget was approved by the Board of Governors and submitted to the Minister of Advanced Education.

Note 21 Approval of Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Governors of Medicine Hat College.

