

Meeting of the Board of Governors

MEETING NUMBER FOUR HUNDRED AND NINETY FOUR OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE TO BE HELD ON **MONDAY, DECEMBER 14, 2015 AT 4:00 PM**, IN **SALON D, MARKETPLACE FOOD COURT, WOODROFFE CAMPUS, OTTAWA.**

AGENDA

| | | | |
|--|--|--|-------|
| CELEBRATING STUDENT SUCCESS | | C. Brulé | 10 m. |
| Applied Research & Innovation - TEDx Algonquin College | | | |
| 1. | Constitution of the Board Meeting | K. Leroux | |
| 2. | Declarations of Conflicts of Interest | | |
| 3. | Approval of the Consent Agenda | | 15 m. |
| | 3.1 Minutes of the October 13, 2015 Board of Governors Meeting | | |
| | 3.2 Executive Committee Report – verbal report | K. Leroux | |
| | 3.3 Academic & Student Affairs Committee Report | J. Brockbank | |
| | 3.4 Audit & Risk Management Committee Report | N. Cheng | |
| | 3.5 Governance Committee Report | P. Nadeau | |
| | 3.6 Foundation Board Report | L. Clark | |
| | 3.7 2 nd Quarter 2015/2016 Business Plan Report | D. Wotherspoon | |
| | 3.8 2 nd Quarter 2015/2016 Financial Report | D. McNair | |
| | 3.9 2017-2022 Strategic Plan Update | D. Wotherspoon | |
| 4. | Business Arising from the Minutes | | |
| | 4.1 International Update 1) Overseas opportunities 2) AC-Saudi Arabia Business Plan & Budget 3) AC-Saudi Arabia Audited Financial Statements | D. Wotherspoon | 30 m. |
| | 4.2 Healthy Living Education (HLE) Update | C. Brulé | 10 m. |
| 5. | Decision Items & Reports | | |
| | 5.1 2016/2017 Budget Assumptions and 3-Year Pro Forma | D. McNair | 15 m. |
| 6. | Items for Information 6.1 Board of Governors Winter Key Messages 6.2 Report from the Board Chair 6.3 Report from the President 6.4 Management Summary Report | S. Anderson K. Leroux C. Jensen President's Council | 5 m. |
| 7. | In Camera Session | | 20 m. |
| 8. | Meeting Adjournment | | |

MINUTES OF MEETING NUMBER FOUR HUNDRED AND NINETY TWO OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE, HELD ON **TUESDAY, OCTOBER 13, 2015 AT 4:00 PM**, IN CA105 ACCE BUILDING, WOODROFFE CAMPUS.

| | | | |
|----------|--------------------------|--------------------|--|
| Present: | Kathryn Leroux, Chair | Regrets: | Pam Auchterlonie |
| | Shubham Bawa | | Mark Sutcliffe, Vice Chair |
| | Fred Blackstein | | |
| | Jim Brockbank | | |
| | Nancy Cheng | Senior Management: | Claude Brulé, Academic |
| | Lynne Clark | | Mark Fares, Digital Technologies & Innovation |
| | Shellee Fournier | | Cathy Frederick, Human Resources |
| | Sherryl Fraser | | Duane McNair, Finance & Administration |
| | Stephen Heckbert | | Laura Stanbra, Student Services |
| | Cheryl Jensen, President | | Doug Wotherspoon, International, Communications & Strategic Priorities |
| | Peter Nadeau | | |
| | Dr. Jim Robblee | Recorder: | Suzannah DiMarco |
| | Kelly Sample | | |
| | Michael Tremblay | | |
| | Michael Waters | | |

Observers: A list of observers is given in Appendix 1

1. CONSTITUTION OF THE MEETING

Chair Leroux constituted the meeting at 4:06 pm.

Celebrating Success – Heritage Masonry Program

C. Brulé, Senior Vice President Academic introduced Darrin MacDonald, Program Coordinator for the Heritage Masonry program, and alumni Ben Hendry, John Purcell and Mike Sobel. The students described their experiences at the Prince of Wales Fort in Churchill, Manitoba, where they assisted Parks Canada with conservation efforts at the site. The Board of Governors congratulated the Heritage Masonry Team for their conservation efforts and hard work at the Prince of Wales Fort.

Board Education Session – Fiscal Realities

D. McNair, Vice President Finance and Administration, presented on the fiscal challenges facing post-secondary education institutions in Ontario. Discussions occurred regarding the development of strategies to mitigate anticipated future funding shortfalls and declining enrolments, and members were advised that a dedicated resource has been hired to assist with these planning efforts. The College's overseas interests will be reviewed in light of potential changes in government policies as part of the planning exercise. President Jensen advised that the 24 Ontario colleges as a group, deferred signing their Strategic Mandate Agreements until the government addressed colleges'

deferred maintenance issue, demonstrating that joint action to focus on an important issue can be effective.

2. CONFLICT OF INTEREST DECLARATION

Members were asked to declare conflicts of interest with items on the agenda. Governor Tremblay declared a potential conflict of interest with agenda item 4.1 Project Fusion Update and Budget Approval. Chair Leroux acknowledged the declaration and it was determined that it was not a conflict.

3. APPROVAL OF THE CONSENT AGENDA

Chair Leroux asked whether any Governor wished to remove an item from the consent agenda. No items were removed.

RESOLUTION

MOVED & SECONDED M. Tremblay & J. Brockbank

THAT the Board of Governors approves the Consent Agenda items.

CARRIED.

3.1 Minutes of the June 8, 2015 Board of Governors Meeting and Annual General Meeting

RESOLUTION

THAT the Board of Governors approves the Minutes of the June 8, 2015 meeting and annual general meeting as presented.

3.2 Code of Ethical Conduct

The Code of Ethical Conduct form that Governors are required to sign annually, was provided to the Board for signature.

3.3 Executive Committee

Chair Leroux provided a verbal update to members.

3.4 Academic & Student Affairs Committee (ASAC) Report

Program Review

a) Customer Experience Management – Ontario College Graduate Certificate (OCGC)

RESOLUTION

THAT the Board of Governors approves the Customer Experience Management, Ontario College Graduate Certificate program effective Spring, 2016.

CARRIED.

3.5 Audit & Risk Management (ARM) Committee

Governor Cheng, Chair, Audit & Risk Management Committee provided a verbal report on the Audit & Risk Management Committee meeting that was held on October 8, 2015.

3.6 Governance Committee Report

The Governance Committee report was provided for information.

3.7 Foundation Board Report

Governor Clark, Foundation Board representative, provided members with an update on the Foundation Board activities.

3.8 1st Quarter 2015/2016 Business Plan Update

RESOLUTION

THAT the Board of Governors accepts the first quarter 2015/2016 Business Plan update for information.

3.9 1st Quarter 2015/2016 Financial Report

RESOLUTION

THAT the Board of Governors approves the 1st Quarter 2015/16 Financial Report.

3.10 2017-2022 Strategic Plan Update

RESOLUTION

THAT the Board of Governors accepts the 2017-2022 Strategic Plan update for information.

4. BUSINESS ARISING

4.1 Project Fusion Update and Budget Approval

D. McNair introduced J. Bryan, Senior Project Manager, who presented on the Human Resources, Finance and Payroll enterprise resource planning initiative, better known as Project Fusion. Project Fusion is a major business transformation project to replace the current supporting systems with an integrated enterprise resource planning (ERP) solution, using a Software as a Service (SaaS) approach. Members were provided with an update on progress and upcoming activities to prepare for the launch of implementation, once the vendor has been selected.

Discussion occurred regarding the importance of assessing data privacy issues and the sovereignty of data in light of cloud-based solutions. Members were briefed on the discussions that have occurred at the Audit and Risk Management Committee regarding the importance of managing risks associated with projects such as this one. Project Fusion will be incorporated into the regular monitoring and reporting of corporate risks that are reviewed at ARM Committee. It was noted that a province-wide enterprise resource planning solution for colleges was considered, but is not an option at this time. A review of ERP implementations at other organizations, with lessons learned, will be integrated into the planning process.

RESOLUTION

MOVED & SECONDED M. Waters & L. Clark

THAT the Board of Governors approves \$1.36M in funding to complete the planning and preparation phases of the Human Resources, Finance and Payroll enterprise resource planning (ERP) Project Fusion.

CARRIED.

ABSTENTION - Governor M. Tremblay

4.2 International Update

D. Wotherspoon, Vice President, International, Communications and Strategic Priorities presented an update on the College's International activities. A review of on-shore post-secondary enrolments, Language Institute enrolments, contract revenues, off-shore program licensing and off-shore campuses was provided. Discussion occurred regarding the differences between the Kuwait and the Jazan campus models. Members were briefed on the strategic recruitment initiatives being deployed overseas that are having a positive impact on domestic enrolments of international students. The Board of Governors congratulated the International Education Centre for their good work. The International Update was accepted for information.

4.3 Energy Services Company Performance Contract 2 (ESCO2) Phase 4 Update

D. McNair briefed members on the final phase of the Energy Services Company Performance Contract (ESCO2) that includes additional conservation measures that will address the College's growing deferred maintenance challenge. An on-site power generation plant, the introduction of a power storage option as well as the integration of new electric vehicle charging technology are included in the work. A number of emerging education opportunities are under development to further leverage the ESCO2 program. The Province's post-secondary institutions along with key private sector partners are considering how they can work together in ways that will benefit a broader audience. Of note, members were advised that the new cap and trades requirements around college emission levels are not within the scope of this contract. Members were advised that all technical, financial and legal due diligence checks were completed before the contract was signed on July 14, 2015.

RESOLUTION

MOVED & SECONDED M. Tremblay & S. Fournier

THAT the Board of Governors formally approves the fourth and final phase of the Energy Services Company Performance Contract 2 (ESCO2) now that technical, financial and legal due diligence checks are completed, and the contracts were signed on July 14, 2015.

CARRIED.

4.4 Texidium Investment Update

D. McNair referred members to the materials in their packages. Members were updated on Algonquin College's equity investment in Texidium, in collaboration with Kivuto Solutions, Nelson Education and Pearson Canada. During the Spring of 2015, Algonquin College purchased 450,000 common shares of Texidium and held a seat on the Board of Directors of Texidium. Since the launch, several factors have been identified that heighten the risk profile of Texidium. The Texidium Board of Directors has agreed to restructure Texidium ownership so that Kivuto Solutions holds 100% of the common shares. Kivuto will buy back Algonquin College's 450,000 shares at the original price, and Algonquin College will be appointed to the Texidium Advisory

Committee as a Texidium Founding Partner. D. McNair will continue as a member of the Texidium Board of Directors and the College will provide input regarding refinement of the eText platform. The Texidium Investment Update was accepted for information.

4.5 Healthy Living Education Update

C. Brulé briefed members on the progress of the Healthy Living Education initiative. A new governance model has been established that includes supporting committees and an advisory group of which Governor Jim Robblee is a founding member. Current activities include refining the scope of the project, securing external funding and developing the functional programming. Algonquin College is building government and community support for the Healthy Living Initiative by hosting a speakers' series where subject matter experts from healthcare present to invited guests from the health care community, local and provincial government and the College community. The Healthy Living Education update was accepted as presented.

5. **DECISION ITEMS & REPORTS**

5.1 Corporate Risk Profile & Enterprise Risk Management (ERM) Update

Governor Cheng, Chair of the Board's Audit and Risk Management (ARM) Committee introduced members to the College Corporate Risk Profile and Enterprise Risk Management Update. D. McNair and P. Leland, Coordinator, Risk Management, Safety and Security presented an overview of the College's corporate risks and the enterprise risk management framework that was developed to monitor those risks. The College risk profile incorporates six corporate risk categories that include strategic, reputational, financial, international, legal/compliance and operational/hazards. This provides a new, sustainable process for risk-reporting, involving regular reports to the Audit and Risk Management (ARM) Committee on high-risk mitigation plans by high-risk owners. Members were advised that this will be an iterative process that will be refined to ensure monitoring and reporting to the ARM Committee is sufficient. Members discussed integrating existing and future projects into the monitoring and reporting process to ensure that risk mitigation strategies are deployed early, if necessary. Members also discussed the development of a risk tolerance/risk appetite statement that the Board could endorse. Members concurred that this would be a valuable generative discussion for the February Board Retreat. Governors commended management on the development of the corporate risk profile, noting that it had all the elements of a textbook model. The corporate risk profile and update was accepted as presented.

6. **ITEMS FOR INFORMATION**

The items for information were accepted as presented and no changes were made.

6.1 Endowment Fund Report

6.2 Board of Governors Fall Key Messages

6.3 Board Chair's Report

6.4 President's Report

6.5 Management Summary

7. **IN CAMERA SESSION**

An in camera session was not required.

8. MEETING ADJOURNMENT

There being no further business, the meeting was adjourned at 6:00 pm.

Kathryn Leroux, Chair

Suzannah DiMarco, Recorder

APPENDIX 1

Observers:

Scott Anderson, Director Communications
Ginette Belair, Executive Assistant, Finance & Administration
Jill Bryan, Senior Project Manager, Project Fusion
Brent Brownlee, Director, Ancillary Services
John Dalziel, Associate Director Physical Resources
Cathy Dempsey, Director Finance & Administration
Amy Desjardins, Executive Director, Algonquin College Foundation
James File, Associate Registrar
Barbara Foulds, Dean, Faculty of Health, Public Safety and Community Studies
Michael Gawargy, Director, Information Technology Services
Ben Hendry, Alumnus, Heritage Masonry
Lindsay Hinds, Administrator, Centre for Continuing and Online Learning
Eric Hollebone, Director, Marketing and Recruitment
Chris Janzen, Dean, Faculty of Technology & Trades
Daniel Kelly, Professor, Heritage Masonry
Sandra Larwell, Acting Dean, Centre for Continuing & Online Learning
Mark Leduc, Executive Director Academic Operations and Planning
Peter Leland, Coordinator, Risk Management, Safety & Security
Chris Lowrey, student, Algonquin Times
Darrin MacDonald, Professor, Heritage Masonry
Diane McCutcheon, Director Labour Relations
Tracy McDougall, Executive Assistant to the President
Ernest Mulvey, Director, International Education Centre
Andrew Pridham, Chair, Information & Communications Technology
Hank Purcell, Alumnus, Heritage Masonry
Joe Ranieri, Director, Business Development
Katherine Root, Labour Relations Specialist
Michael Savard, Contractor
Mike Sobel, Alumnus, Heritage Masonry
Don Sproule, member of the public
Shelley Styles, Director, Student Services
Jack Wilson, Professor, Police and Public Safety Institute

MEMO

DATE: December 14, 2015

TO: Board of Governors

FROM: Governor Brockbank, Chair, Academic & Student Affairs Committee

SUBJECT: ASAC Report to the Board from the meeting of November 19, 2015

For documentation in support of the agenda items, please visit the Board's SharePoint site; choose the ASAC meeting folder – November 19, 2015 meeting materials.

A. ITEMS REQUIRING BOARD OF GOVERNORS' APPROVAL

Program Review

No programs were reviewed at the meeting.

B. ITEMS THE COMMITTEE HAS REVIEWED – FOR INFORMATION TO THE BOARD

a) Enrolment Update Report

Members reviewed the Fall 2015 Term and Winter 2016 Term enrolment information. Appendix A attached to this report identifies the data associated with the Fall 2015 and Winter 2016 term enrolments.

b) Student Success New Initiatives

Members were briefed on three Student Success initiatives:

- the AC Hub's new developmental orientation model;
- the new Volunteer Office that opened in October; and
- the implementation of the students' UPass initiative.

c) Program Quality Review Annual Update

Members were presented with the annual Program Quality Review process and the Deans' and Directors' Status Report 2015/2016.

d) Ombudsman's Report 2014/2015

Members reviewed the 2014-2015 annual Ombudsman's Report.

e) Academic & Student Affairs Work Plan

The Committee's work plan was updated with several new items for future meetings.

ENROLMENT UPDATE REPORT

**Report to the Board of Governors
December 14, 2015**

Enrolment Update - Fall 2015

as at 1 Nov. 2015

ALGONQUIN COLLEGE ENROLMENT - 2015 FALL

(Post Secondary & Graduate Certificates)

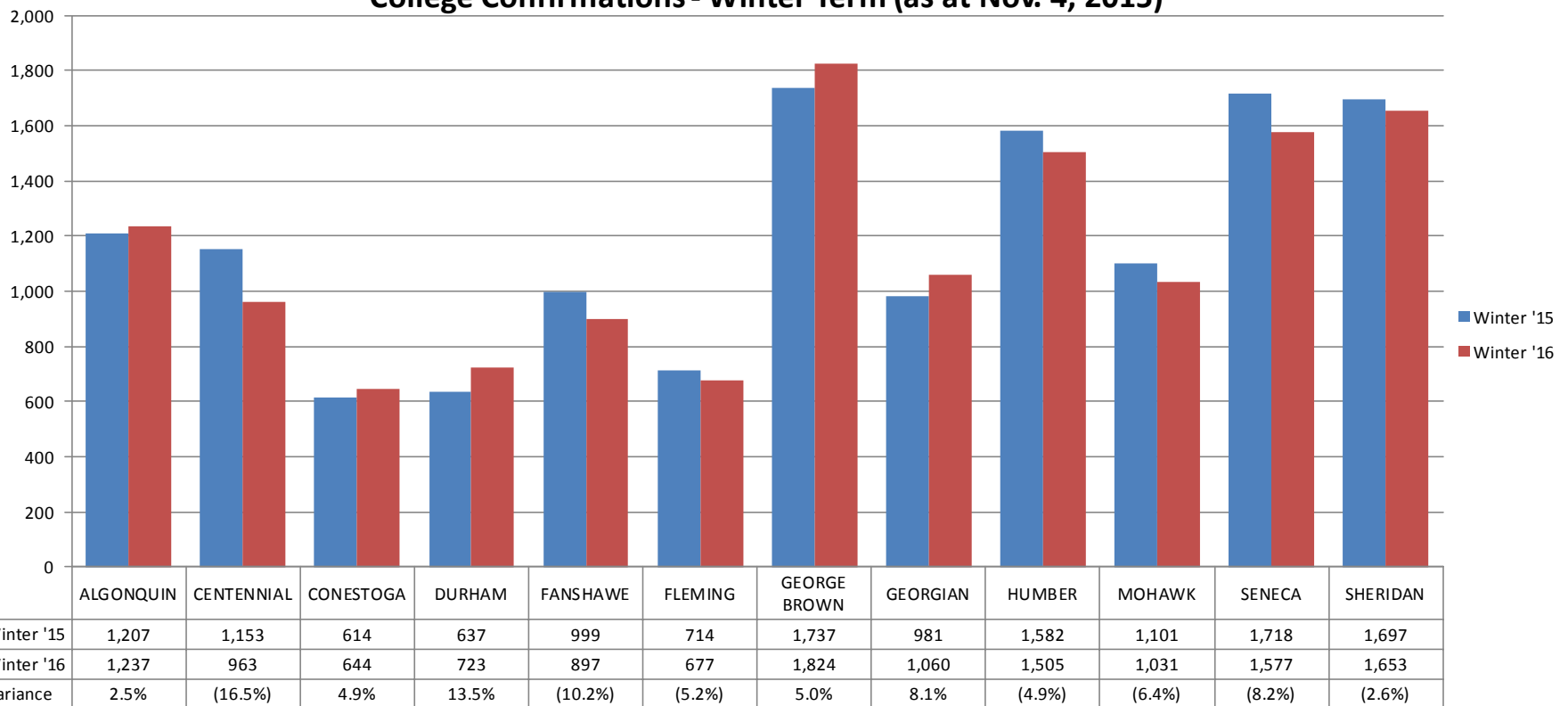
| | Actual (as of 1 Nov. '15) | Approved Budget | Over / (Under) | Over / (Under) (%) | Status |
|---------------------------------|------------------------------|----------------------|-------------------|-----------------------|--------|
| Level 1 Student | 9,842 | 9,626 | 216 | 2.2% | ● |
| Returning Student | <u>7,679</u> | <u>7,896</u> | <u>(217)</u> | <u>(2.7%)</u> | ● |
| Enrolment - Level 1 & Returning | <u><u>17,521</u></u> | <u><u>17,522</u></u> | <u><u>(1)</u></u> | <u><u>(0.0%)</u></u> | ● |

| | | | | | |
|--------------------------------------|----------------------|----------------------|-------------------|----------------------|---|
| Domestic | 16,233 | 16,265 | (32) | (0.2%) | ● |
| International | <u>1,288</u> | <u>1,257</u> | <u>31</u> | 2.5% | ● |
| Enrolment - Domestic & International | <u><u>17,521</u></u> | <u><u>17,522</u></u> | <u><u>(1)</u></u> | <u><u>(0.0%)</u></u> | ● |



Ontario College Application Service - Enrolment Update Winter 2015

College Confirmations - Winter Term (as at Nov. 4, 2015)



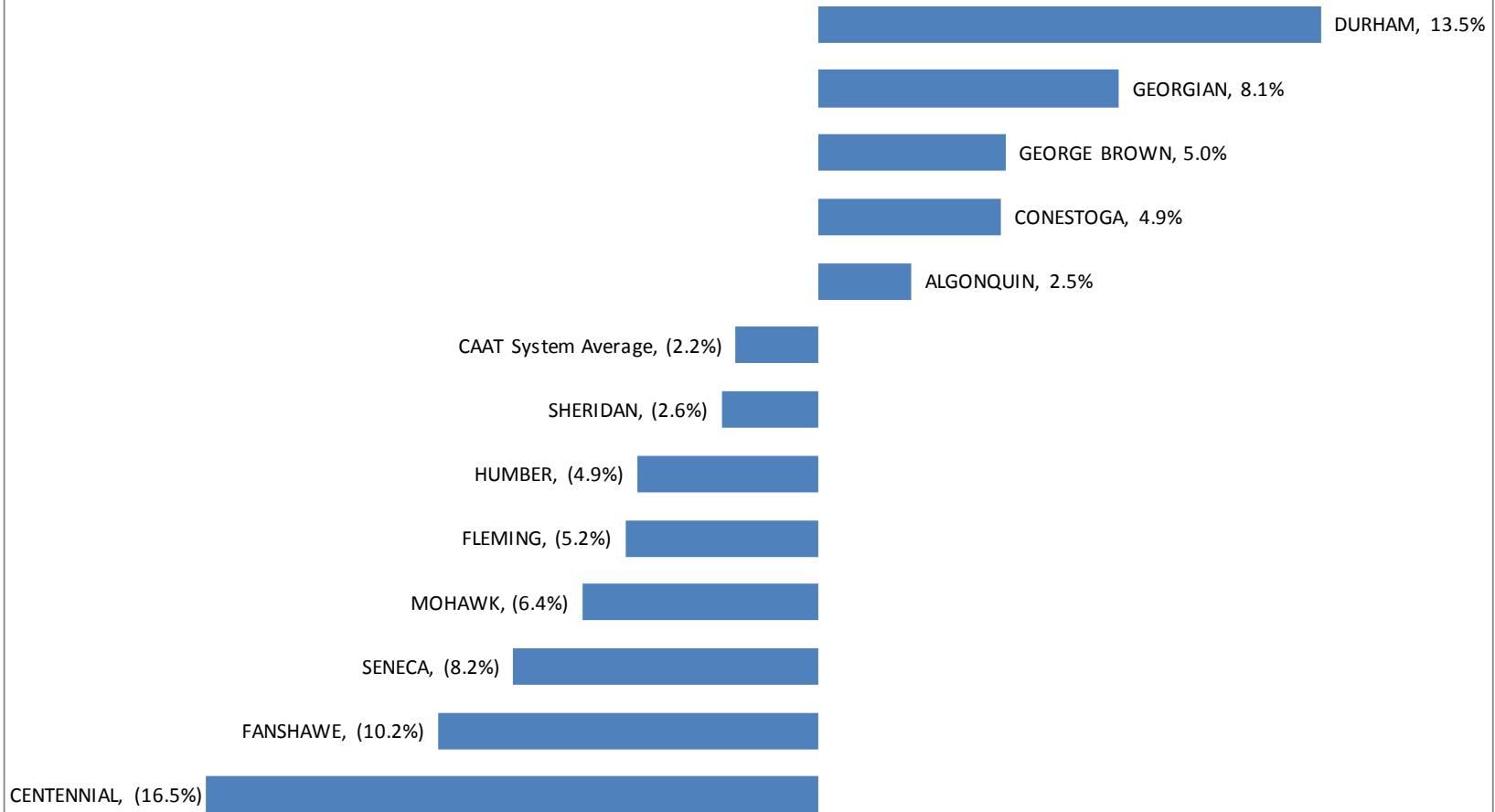
Note 1: reference colleges were selected based upon comparability to Algonquin College in either enrolment size, program offerings or geographical proximity

Note 2: confirmations for domestic students only



Ontario College Application Service

Winter Term Confirmations - Year over Year (as at Nov 4, 2015)



Note 1: reference colleges were selected based upon comparability to Algonquin College in either enrolment size, program offerings or geographical proximity

Note 2: confirmations for domestic students only

MEMO

DATE: December 14, 2015

TO: Board of Governors

FROM: Governor Cheng, Chair, Audit & Risk Management Committee

SUBJECT: Audit & Risk Management Committee meetings of October 8 and December 3, 2015

For documentation in support of the agenda items, please visit the Board's SharePoint site; choose the ARM Committee meeting folder.

A. ITEMS REQUIRING BOARD OF GOVERNORS' APPROVAL

1) Enterprise Resource Planning Budget (Project Fusion)

December 3, 2015 meeting

RESOLUTION

MOVED & SECONDED K. Leroux & K. Sample

THAT the Audit and Risk Management Committee recommends that the Board of Governors approves \$10.7M in funding to complete the implementation phases of the Human Resources, Finance and Payroll enterprise resource planning (ERP) Project Fusion and enters into an:

- 1) Implementation Services contract; and**
- 2) Five year Software as a Service subscription services contract.**

CARRIED.

B. ITEMS THE COMMITTEE HAS APPROVED – FOR INFORMATION TO THE BOARD

1) 2015/2016 Audit Plan

RESOLUTION

MOVED & SECONDED M. Waters & K. Sample

THAT the Audit and Risk Management Committee approve the 2015/16 Audit Plan as presented.

CARRIED.

C. INFORMATION ITEMS PRESENTED TO ARM COMMITTEE

The following items were presented for information:

- ✓ Endowment Fund – Update on Investment Policy
- ✓ Endowment Fund Investment Report
- ✓ Endowment Fund Investment Performance

MEMO

- ✓ Internal Audit Work Plan – Human Resources Management
- ✓ Information Security
- ✓ Algonquin College Foundation Metrics
- ✓ Management's Response to Internal and External Auditors' Recommendations
- ✓ Update on Canada Revenue Agency Harmonized Sales Tax Audit
- ✓ First Quarter 2015/2016 Financial Report
- ✓ Second Quarter 2015/2016 Financial Report
- ✓ Management Discussion and Analysis Report
- ✓ Enterprise Risk Management Quarterly Update
- ✓ Draft 2015/2016 ARM Committee work plan.

MEMO

DATE: December 14, 2015
TO: Board of Governors
FROM: Governance Committee
SUBJECT: Governance Committee meeting November 23, 2015

For documentation in support of the agenda items, please visit the Board's SharePoint site; choose the Governance Committee meeting folder.

A. ITEMS REQUIRING BOARD OF GOVERNORS APPROVAL

No items were approved by the Committee for recommendation to the Board.

B. ITEMS THE COMMITTEE HAS REVIEWED AND ACTIONED – FOR INFORMATION TO THE BOARD

1) Lieutenant Governor in Council (LGIC) Appointments

Governance Committee members were advised that Governor Fournier and Governor Tremblay have submitted applications for LGIC appointments for terms beginning September 1, 2015. Governor Nadeau has submitted his application for LGIC reappointment. All applications were submitted in October, well before the December deadline.

2) Orientation for New Governors Evaluations

Governance Committee members reviewed the evaluation results from the Governor Orientation sessions held in August and September. Overall the results were positive, and a number of suggestions will be incorporated in the orientation program for 2016.

3) Board Retreat Evaluations

Governance Committee members reviewed the Board Retreat evaluations. The results were predominantly positive, with comments and suggestions to be incorporated into next year's Board Retreat program and format.

4) Governor Recruitment Process

Members considered Governors' terms of office and reviewed a recruitment strategy that will be implemented in early 2016. The Board's skills matrix was evaluated to determine potential gaps in skills and knowledge, bearing in mind the number of anticipated vacancies as of August 31, 2016. A suggestion was made to use the skills matrix at the close of this academic year, to ensure there is good representation and a balance of expertise across the Board Committees for next year.

MEMO

5) Winter Retreat Planning

Governors reviewed the early planning underway for a March Board Retreat. The Executive Committee will plan the agenda and format and will provide the Committee with more information.

6) Governance Committee Work Plan

Members reviewed the Committee's work plan and made a number of additions such as Succession Planning for the Board Chair.

MEMO

DATE: December 3, 2015

TO: Board of Governors

FROM: Algonquin College Foundation Board of Directors

SUBJECT: **Foundation Update**

Foundation welcomes new staff

The Foundation is pleased to have welcomed Peggy Austen as Manager, Strategic Giving and Donor Relations. Peggy is well known in Ottawa's philanthropic community, having spent ten successful years at United Way Ottawa. Most recently, Peggy was the Director, Fund Development and Communications at the Tim Horton's Children's Foundation. Peggy will work with other members of the Foundation team and College leadership to grow major gift support for College priorities.

Quarter Two Results

The Quarter Two report for the 2015-2016 Business Plan shows that fundraising efforts are on track, with \$2.3 million of anticipated \$3.6 million raised (as of October 31, 2015). Details can be found in the Quarter Two Business Plan report to the Board, under goal 11.

Capital Campaign Planning

This winter the Foundation team members will partner with College Leadership to engage in community conversations with 50 philanthropic leaders to share our vision for Healthy Living Education and the Entrepreneurship Centre. The meetings are designed to:

- solicit feedback on the vision of these projects
- spark community conversation about the new initiatives at Algonquin
- gain Campaign support and
- assess achievability of the Campaign goal.

MEMO

Premier's Awards

Each year, Colleges Ontario celebrates the achievements of Ontario college graduates in the province and throughout the world at the Premier's Awards. The 2015 Premier's Awards gala took place on November 16, 2015 in Toronto.

Algonquin hosted six nominees and had a wonderful evening celebrating their accomplishments.

Our nominees included:

- Greg Kells, President, Sunbelt Business Brokers Canada (Class of 1970, Business Administration)
- Christine Gaitens, Chief of Child and Youth Services, Toronto District School Board (Class of 1991, Child and Youth Worker)
- Janice Dean, Senior Meteorologist, Fox News Channel (Class of 1992, Radio and TV Broadcasting)
- Dean DiMonte, President, Premergency Inc. (Class of 1986, Paramedic)
- Philippe Smith, Owner, Smith and Barber Sculpture Atelier Inc. (Class of 2004, Heritage Masonry)
- Derek Lothian, Vice President, Canadian Manufacturers and Exporters (Class of 2011, Public Relations)

On hand to offer our nominees congratulations from the College community were members of the Board of Governors, President Jensen and members of the President's Council.

Gay Cook's 85th Birthday

Close to 150 community leaders filled the Restaurant International on Sunday, November 8th, 2015 to celebrate philanthropist Gay Cook's 85th birthday. This event was the launch of the Foundation's efforts to support the renovation and expansion of the baking labs at Algonquin

MEMO

College. Significant media coverage was garnered leading up to this event. The event itself raised \$20,000.

Alumni Engagement

An alumni engagement plan has been developed in cooperation with McGill Buckley, an award winning marketing and communications firm that is led by Algonquin alumni. This plan will guide staff and engage alumni leading up to Algonquin's 50th Anniversary and beyond. Details on the plan will follow in January 2016.

| | |
|-------------------|---|
| Report title: | Second Quarter 2015/2016 Business Plan Update |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Doug Wotherspoon, Vice President International, Communications & Strategic Priorities |

1. RECOMMENDATION:

THAT the Board of Governors accepts the second quarter 2015/2016 Business Plan update for information.

2. PURPOSE / EXECUTIVE SUMMARY:

The Board of Governors is responsible for monitoring the College's progress against key metric and performance outcomes as they relate to the organization's strategic directions. The annual business plan is a tool used by Management to set the direction for the College to achieve annual goals and targets in the context of the Strategic Plan.

3. BACKGROUND:

The Board of Governors is provided with quarterly updates on progress being made against the annual Business Plan. In November 2015, the Executive Committee asked management to reformat the information contained in the reports to reflect a dashboard that would provide high-level oversight on the annual Business Plan initiatives, accompanied by an exception report that would provide rationale and mitigation strategies for initiatives that may be at risk of reaching goal, or not anticipated to reach goal by March 31, 2016. The new reporting format is presented to the Board as a draft, and feedback is welcomed.

4. DISCUSSION:

Contingency action plans are implemented for all measures that have a yellow or red status, and are identified in the Exception Report.

5. LINK TO STRATEGIC PLAN:

The Business Plan is the annual plan driving the College's strategic directions, and as such, is fully linked with the Strategic Plan 2017-2022.

6. STUDENT IMPACT:

The metric of Goal six is:

“Business processes developed to measurable lower cost and/or improve productivity”.

Four of the five measures are on track. However, the second measure, “Student Information System advisory committee established, request for information completed, and options presented to College community for review and feedback” has not been completed. This work will be done after the implementation of Project Fusion. There will be no impact on the service to students, and the measures of Goal six are considered to be substantially complete.

7. FINANCIAL IMPACT:

No current financial impact identified at this time.

8. HUMAN RESOURCES IMPACT:

No current human resources impact identified at this time.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

No current government/regulatory/legal impact identified at this time.

10. COMMUNICATIONS:

The second quarter update is made available to the public on the Board of Governors website prior to the Board of Governors’ December 14, 2015 meeting.

11. CONCLUSION:

The second quarter report is presented for information. Items identified as yellow indicate measures that may be at risk and items in red indicate measures that are not anticipated to reach target. In each case, the responsible President’s Council member has been asked to report on mitigation strategies in the third quarter report.

Respectfully submitted:



Approved for submission:





President/Board of Governors

Agenda Item No: 03.7

Vice President, International, Communications &
Strategic Priorities

President

Appendices:


| |
|--|
| 03.7.1 Second Quarter 2015/2016 Business Plan Update |
|--|

2015-2016 Business Plan Quarterly Update





2nd Quarter Dashboard Report





Goal 1: Deliver an exemplary applied education and training experience.

Graduation Rate

-  1 Develop and pilot a program completion strategy for final semester students who are missing one or two courses to graduate.



Retention Rate

-  2 Implement cross-College intervention initiatives in first term classes to assist students experiencing academic challenges.
-  3 Create a one-stop physical and digital environment for onshore international students.
-  4 Assess and validate College hybrid and online offerings against the Hybrid and Online Quality Assurance Standards (HOQAS).
-  5 Prepare for the institutional-level Program Quality Assurance Process Accreditation in 2016.


-  In progress to reach target
-  May be at risk of reaching target
-  Not anticipated to reach target
-  Completed

Goal 2: Create a unique suite of programs, products and services geared to meet the needs and expectations of our clients and students.


Enrolment (PSE) and other

-  6 Coordinate marketing, recruitment and admission efforts across 25 targeted programs.
-  7 Healthy Living Education (HLE) initiative establishes a planned Centre of Excellence with learning enterprises that will enhance the health and wellness of the College community and National Capital Region through the provision of academic programming, products, services, training and graduates.

Enrolment (online - FTE equivalents)

-  8 Enhance the choice and flexibility of student learning options by increasing the availability of fully online offerings.


Enrolment (PSE International - FTE equivalents)

-  9 Expand recruitment and business development efforts in China, India & Nigeria.

Students enrolled in applied degrees

-  10 Continue the development of new degree programs.

Students enrolled in graduate certificates




-  11 Develop four on-campus graduate certificates.

Goal 3: Leverage technology to enhance the educational experience.



Online courses offered

-  12 Implement Curriculum Services hybrid and online program development plan.

Unique hybrid courses offered


-  13 Implement Curriculum Services hybrid and online program development plan.
-  14 Continue to build on past experience to enhance and expand the Bring-Your-Own-Device initiative as a program delivery format.
-  15 Continue to build on past experience to enhance and expand the eText initiative to additional programs.

Goal 4: Provide opportunities for every full-time student in Ontario College Credentialed programs to have a work-integrated learning experience.

-  16 Implement Year-3 roll-out of the Work-Integrated Learning (WIL) program initiative.
-  17 Establish five new stand-alone and 18 new in-class applied research projects.

Goal 5: Deliver exceptional service to our diverse student and client populations.

Student Satisfaction

-  18 Align initiatives with Key Performance Indicators (KPI) survey questions and results to enhance student satisfaction.

2015-2016 Business Plan Quarterly Update

2nd Quarter Dashboard Report

Employer satisfaction

- 19 Increase number of employers in the annual survey pool.

Alumni satisfaction

- 20 Enhance alumni awareness and engagement.
- 21 Enhance alumni awareness and engagement.

● Goal 6: Leverage technology to automate and modernize our business processes, forstering an enviro

Business processes developed to measurably lower cost and/or improve productivity.

- 22 Informed by the College's Digital Strategy, complete the College's IT Strategy.
- 23 Initiate applied research project in collaboration with KPMG to review College services and identify opportunities to enhance student and client experience, improve efficiencies, implement service metrics and achieve sustainable efficiencies.

- In progress to reach target
- ▲ May be at risk of reaching target
- ◆ Not anticipated to reach target
- Completed

◆ Goal 7: Attract, develop and retain employees who have the knowledge and skills to be fully contributing members of the College.

Employee Engagement

- 24 Implement the top three initiatives/priorities determined by the 2014-15 Employee Engagement Survey.
- ◆ 25 Ensure Professional Development opportunities support all employee groups.
- ◆ 26 Implement direction and guidance to meet the HR priorities of the College.

● Goal 8: Create and foster an environment in which the College's model of leadership competencies and behaviours is supported.

Leadership training

- 27 Continue to offer modules of leadership through the Management Academy to all Administrators.
- 28 Implement first full fiscal year framework of Responsibility Centre Management model, based on approved Responsibility Centre Management principles to encourage innovation and align academic authority with financial accountability.

● Goal 9: Align our funded operational expenditures with provincial funding

Completed. Standard operating procedure.

◆ Goal 10: Expand non-funded opportunities to increase revenue.

Number of organizations served through Corporate Training

- 29 Deploy an account management sales model, implement a suite of educational technology options for the corporate audience, and enhance self-service capacity to increase the number of Corporate Training client organizations served.

Alternative revenues

- ◆ 30 Implement Year 2 of the College's International Education Strategic Plan.
- 31 Develop College Ancillary Services roadmap to achieve strategic objectives that enhance services to students and employees, increases sales, improves productivity and provides more resources for strategic investment priorities.

● Goal 11: Leverage strategic business partnerships to meet the capital needs of the College.

Cash, in-kind contributions and returns from alternative financing.

- 32 Complete Year 2 of the 5 Year Fundraising Plan.
- 33 Lead the implementation of the second Energy Savings Contract (ESCO2) facility improvement measures to achieve energy savings, reduce greenhouse gas emissions and encourage a culture of sustainability.

2015-2016 Business Plan Quarterly Update

2nd Quarter Dashboard Report

- Goal 12: Create the technological foundation to align with the digital direction.

College data accessible through a common BI portal.

34

Increase the College’s capacity to leverage Business Intelligence (BI) enabling decisions that are supported by data.

35

Improve the College's capacity to define, collect, analyze and disseminate institutional data, information and research in service of the institution's planning, decision-making and performance measurement needs.

Availability of College networks and internet access.

36



Ensure a consistent level of internet, wireless and network connectivity to students and employees.

- In progress to reach target
- May be at risk of reaching target
- Not anticipated to reach target
- Completed

2015-2016 Business Plan Quarterly Update
2nd Quarter Exeception Report

| 2012-17 Strategic Goals | Metric | 2015-16 Target | 2015-16 Initiative/Leveraged Action | 2015-16 Measures | Ref | Status Q1 '15 | Comments - Q2 |
|---|---|----------------|--|---|-----|---------------|---|
| Goal 1: Deliver an exemplary applied education and training experience. | Retention rate | 88% | <u>STUDENT SERVICES</u> & ACADEMIC Implement cross-College intervention initiatives in 1st. term classes to assist students experiencing academic challenges. | <u>STUDENT SERVICES</u> & ACADEMIC (1) First term retention increased by 1.5%. (2) Top three Strategic Enrolment Management projects completed. (3) College-wide Strategic Enrolment Management conference held with 300 in attendance. | 2 | ▲ | (1) Current Fall 2015 withdrawal rate trending higher than projected. Mitigating strategies being developed. (2) On track. (3) Completed. |
| Goal 2: Create a unique suite of programs, products and services geared to meet the needs and expectations of our clients and students. | Enrolment (Online - FTE equivalents) | 3,500 | ACADEMIC Enhance the choice and flexibility of student learning options by increasing the availability of fully online offerings. | ACADEMIC (1) Five online Graduate certificate programs developed and delivered (CCOL). (2) Three stackable programs developed by Winter 2016 (CCOL). (A stackable credential is part of a sequence of credentials that can be accumulated over time to build qualifications and move along a career pathway.) (3) 200 additional online full-time equivalents (FTEs) (FT: 150 FTEs, PT: 50 FTEs) (CCOL). | 8 | ▲ | (1) Two out of five Ontario College Graduate Certificates (OCGCs) awaiting funding approval. One new OCGC at initial scoping stage. (2) In progress. (3) In progress. |
| | Students enrolled in graduate certficates | 920 | ACADEMIC Develop four on-campus graduate certificates. | ACADEMIC Four on-campus graduate certificates launched. | 11 | ▲ | Two Ontario College Graduate Certificates (OCGCs) launched in Fall 2015. One OCGC projected to launch in Winter 2016. One OCGC launch deferred to 16-17. |
| Goal 7: Attract, develop and retain employees who have the knowledge and skills to be fully contributing members of the College. | Employee Engagement | N/A | HUMAN RESOURCES Ensure Professional Development opportunities support all employee groups. | HUMAN RESOURCES Needs analysis survey of college-wide professional development offerings completed and reported to President's Council. | 25 | ◆ | This initiative was deferred and will be addressed by the development of a People Plan/HR Strategy in 2016/2017. |

2015-2016 Business Plan Quarterly Update
2nd Quarter Exeception Report

| | | | | | | | |
|---------|--------------------|-----|---|---|----|---|---|
| | | N/A | HUMAN RESOURCES Implement direction and guidance to meet the HR priorities of the College. | HUMAN RESOURCES "Year of our Employee" Plan developed and presented to President's Council and the College | 26 |  | This initiative was cancelled and will be addressed with the development of the People Plan/HR Strategy in 2016/2017. |
| Goal 10 | Alternate Revenues | 31% | INTERNATIONAL & STRATEGIC PRIORITIES Implement Year 2 of the College's International Education Strategic Plan. | INTERNATIONAL & STRATEGIC PRIORITIES (1) \$8,038,654 in net contribution raised from international efforts: - \$5,392,872 Post-secondary (PSE) - \$1,733,675 English for Academic Purposes (EAP) - \$231,756 Jazan - \$449,572 Kuwait - \$230,779 Contract Training & Program Licensing (2) 2 new offshore campus opportunities presented to PC for consideration. | 30 |  | (1) Below overall target due to underperformance in Jazan and the Language Institute and a delayed start in Kuwait. These targets are partially offset by overperformance in international student recruitment. - Post Secondary Education (PSE): Above target. 1,303 international students enrolled on day ten audit in 2015F. This equates to a 12% increase overall and an 18% increase in Level 1 students. - English for Academic Purposes (EAP): Below target. July/August EAP intake at 207 enrolled, 30% under 2014; September/October EAP intake at 252 enrolled, 30% under 2014. Total of 755 international students, 25% under 2014. - Kuwait: Below target. 75 students currently registered for the first year foundation program. Second intake planned for February 2015; - Jazan: 733 international students registered up until October. Projecting loss in 2015-16 & 2016-17, returning to profitability in 2017-18, - Contract and Program Licensing: On target with proposal submitted to Oman Ministry of Education in partnership with Candian Bureau for International Education (CBIE) to develop and deliver a customized program for in-service teachers over 30 months; Letter of Intent Basle Health Institute in United Arab Emirates (UAE) signed in July; Business Plan for National Skills Development Corporation (NSDC) and Mana Rachna Education Institution (MREI) of India project in process; Enrolment confirmed with Liaoning Forestry College for the September 2015 term: 12 students for 2015 intake and 15 students for 2014 intake; Group of 59 Danish students confirmed for 8 week program in January-March 2016.; Development of website for short term study abroad program underway. |

| | |
|-------------------|--|
| Report title: | Second Quarter 2015/16 Financial Report |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Duane McNair, Vice-President, Finance and Administration |

1. RECOMMENDATION:

THAT the Board of Governors accepts the Second Quarter 2015/16 Financial Report.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to present the Second Quarter 2015/16 Financial Report, including a summary of funded positions, and to provide an updated compliance status of the BG11- 02 Board Financial Management Policy.

3. BACKGROUND:

When the budget is approved, some factors must be estimated because of unknown factors affecting the revenue and expenditure forecasts. The quarterly financial reporting process provides updated projections based on current information. On February 2, 2015, the Board of Governors approved the 2015/16 Annual Budget. This annual budget maintained the commitment to balance government funded activities with expenses with an estimated net contribution of \$1.5 million.

This updated Second Quarter 2015/16 Financial Report projects an increase to the net contribution of Algonquin College by \$600,000 from \$1.5 million to \$2.1 million as outlined in this report.

4. DISCUSSION:

As part of the Second Quarter 2015/16 Financial Report review process, budget holders have the opportunity to update and adjust revenue and expenditure forecasts with revised information. This update is attached as Appendix A. Significant changes that impact the projected net contribution of the College are outlined below:

- Revised revenue projections for the General Purpose Operating Grant, Enrolment Growth funding and various other grants results in an increase of \$2.4 million based on updated information provided by the Ministry of Training, Colleges, and Universities. In addition, \$634,000 in revenue is projected as a result of an increase to per-diem funding related to Apprenticeship activity.
- The Second Quarter Year-End Projection for tuition fees is lower than the approved Budget by

\$500,000 due to a change in assumptions in the relative mix of program enrolments (-\$700K) offset by an overall increase in enrolment (+\$200K). A further reduction of \$400,000 has been made to transfer tuition received from international students to the International Education Centre.

- Investment income projections have been reduced by \$795,000 from the approved Budget to reflect an overall decline in the bond market.
- Contracts and Other Non-Funded Activity reflects an increase in revenue of \$3.6 million from the approved Budget as a result of a number of new contracts which were not anticipated during the budget preparation period. This additional revenue has offsetting expenditures of \$3.3 million.
- International Education Center increases in net contribution as a result of higher than budgeted onshore international post-secondary enrolments has been offset by a lower than expected net contribution from operations in Jazan, Kuwait, and the Language Institute. The result is an expected shortfall of approximately \$700,000 for the 2015-16 year. Mitigation strategies are in place with shortfalls to be covered through a contingency fund.
- Other Operating Costs reflect increased expenses from the approved Budget of \$2.9 million. This increase is due to an additional accrual of \$2.3 million required to increase the 2014/15 year-end provision for an ongoing HST audit for a period covering April 1, 2011 to March 31, 2013. The Audit and Risk Management Committee has received a full brief on the HST audit. We have also increased provision for bad debts by \$250,000 to reflect the expected requirement based on the changes introduced to the tuition fee payment dates.

Compliance

The college is compliant with the BG11- 02 Board Financial Management Policy which can be found in the Compliance Scorecard (see APPENDIX B).

5. LINK TO STRATEGIC PLAN:

The budget supports the strategic plan initiatives, most of which are reported on the Strategic Investment Priorities Schedule (see page 11 APPENDIX A).

6. STUDENT IMPACT:

Students will benefit from the revised forecast for mandated student aid.

7. FINANCIAL IMPACT:

This report is forecasting an increase in the net contribution of \$600,000 greater than the approved Budget.

8. HUMAN RESOURCES IMPACT:

There are no anticipated human resources impacts.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

Government and regulatory issues will be addressed.

10. COMMUNICATIONS:

Any additional communications will be administered through the office of the Director, Communications.

11. CONCLUSION:

Overall, the goal to meet (or exceed) the approved Budget net contribution target remains on track.

Respectfully submitted:

Approved for submission:



Vice President Finance and Administration

President

Appendices:

| |
|---|
| APPENDIX A: Second Quarter Financial Report 2015/16 APPENDIX B: Compliance Scorecard |
|---|



2nd QUARTER FINANCIAL REPORT



A Presentation to the Board of Governors
December 14, 2015



2015/2016 2nd Quarter Financial Report

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**2015/2016 2nd Quarter Financial Report
SUMMARY**
(all figures in \$ 000's)

| | Approved Annual Budget | Q1 Year-End Projection | Q2 Year-End Projection | Q2 vs. Approved Variance Favourable/ (Unfavourable) | Variance as % of Budget |
|--|---------------------------|---------------------------|---------------------------|--|-------------------------------|
| Funded Activity/College Operations | | | | | |
| Revenue | \$ 222,264 | \$ 224,909 | \$ 225,883 | \$ 3,619 | 2% |
| Expenditures | 213,930 | 214,437 | 215,412 | (1,482) | -1% |
| Net Contribution | 8,334 | 10,472 | 10,471 | 2,137 | 26% |
| Contracts & Other Non-Funded Activity | | | | | |
| Revenue | 24,822 | 24,822 | 28,445 | 3,623 | 15% |
| Expenditures | 23,189 | 23,189 | 26,817 | (3,628) | -16% |
| Net Contribution | 1,633 | 1,633 | 1,628 | (5) | 0% |
| College Ancillary Services | | | | | |
| Revenue | 43,420 | 43,420 | 43,388 | (32) | 0% |
| Expenditures | 36,458 | 36,458 | 36,220 | 238 | 1% |
| Net Contribution | 6,962 | 6,962 | 7,168 | 206 | 3% |
| International Education Centre | | | | | |
| Revenue | 21,089 | 21,540 | 20,342 | (747) | -4% |
| Expenditures | 16,068 | 16,631 | 17,065 | (997) | -6% |
| Net Contribution | 5,021 | 4,909 | 3,277 | (1,744) | -35% |
| Strategic Investment Priorities | | | | | |
| Revenue | 1,479 | 3,236 | 3,236 | 1,757 | 119% |
| Expenditures | 19,565 | 20,356 | 20,381 | (816) | -4% |
| Net Contribution | (18,086) | (17,120) | (17,145) | 941 | 5% |
| Non-Cash Revenue Adjustments | | | | | |
| Capital Grants recorded as Deferred Capital Contributions | (1,000) | (2,000) | (2,000) | (1,000) | -100% |
| Amortization of Deferred Capital Contributions | 7,500 | 8,000 | 8,000 | 500 | 7% |
| Non-Cash Expenditure Adjustments | | | | | |
| Expenditures to be Capitalized | 4,500 | 4,500 | 5,000 | 500 | 11% |
| Amortization Expense | (14,000) | (15,000) | (15,000) | (1,000) | -7% |
| Change in Vacation, Sick Leave & Post-Employment Benefits | 624 | 712 | 712 | 88 | 14% |
| Net Contribution as per Public Sector Accounting Standards (PSAS) | \$ 1,488 | \$ 3,068 | \$ 2,111 | \$ 623 | |

| | Year-End Actual March 31, 2015 | March 31, 2016 Approved Annual Budget | March 31, 2016 Q1 Projected | March 31, 2016 Q2 Projected | Q2 vs. Approved Variance |
|--|--------------------------------------|---|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash | \$ 31,598 | \$ 29,679 | \$ 34,058 | \$ 33,545 | \$ 3,866 |
| Accounts Receivable | 18,674 | 15,000 | 16,000 | 16,000 | 1,000 |
| Inventory | 1,973 | 2,000 | 2,000 | 2,000 | - |
| Prepaid Expenses | 2,903 | 1,400 | 2,000 | 2,000 | 600 |
| | <u>55,148</u> | <u>48,079</u> | <u>54,058</u> | <u>53,545</u> | <u>5,466</u> |
| Investments | 62,492 | 57,115 | 65,247 | 64,303 | 7,188 |
| Endowment Assets | 24,708 | 22,010 | 25,308 | 25,308 | 3,298 |
| Capital Assets | <u>266,178</u> | <u>255,993</u> | <u>255,678</u> | <u>256,178</u> | <u>185</u> |
| TOTAL ASSETS | \$ 408,526 | \$ 383,197 | \$ 400,291 | \$ 399,334 | \$ 16,137 |
| LIABILITIES & NET ASSETS | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable & Accrued Liabilities | \$ 17,768 | \$ 14,500 | \$ 16,000 | \$ 16,000 | \$ 1,500 |
| Accrued Salaries & Employee Deductions Payable | 6,338 | 7,000 | 7,000 | 7,000 | - |
| Deferred Revenue | 25,487 | 22,000 | 24,000 | 24,000 | 2,000 |
| Current Portion of Long Term Debt | 2,599 | 2,758 | 2,758 | 2,758 | - |
| | <u>52,192</u> | <u>46,258</u> | <u>49,758</u> | <u>49,758</u> | <u>3,500</u> |
| Long Term Debt | 53,960 | 51,202 | 51,202 | 51,202 | - |
| Vacation, Sick Leave & Post-Employment Benefits | 18,974 | 17,892 | 18,262 | 18,262 | 370 |
| Deferred Capital Contributions | 155,689 | 149,102 | 149,689 | 149,689 | 587 |
| Interest Rate Swaps | 11,444 | 8,994 | 11,444 | 11,444 | 2,450 |
| Net Assets | | | | | |
| Unrestricted | 1,000 | 1,000 | 1,000 | 1,000 | - |
| Investment in Capital Assets | 53,930 | 52,931 | 52,029 | 52,529 | (402) |
| Vacation, Sick Leave & Post-Employment Benefits | (18,974) | (17,892) | (18,262) | (18,262) | (370) |
| Internally Restricted | 67,047 | 60,694 | 71,305 | 69,848 | 9,154 |
| Interest Rate Swaps | (11,444) | (8,994) | (11,444) | (11,444) | (2,450) |
| Endowment Fund | <u>24,708</u> | <u>22,010</u> | <u>25,308</u> | <u>25,308</u> | <u>3,298</u> |
| | <u>116,267</u> | <u>109,749</u> | <u>119,936</u> | <u>118,979</u> | <u>9,230</u> |
| TOTAL LIABILITIES & NET ASSETS | \$ 408,526 | \$ 383,197 | \$ 400,291 | \$ 399,334 | \$ 16,137 |

| | Approved Annual Budget | Q1 Year-End Projection | Q2 Year-End Projection | Q2 vs. Approved Variance Favourable/ (Unfavourable) |
|---|---------------------------|---------------------------|---------------------------|---|
| FUNDED ACTIVITY/COLLEGE OPERATIONS | | | | |
| Grants | | | | |
| Post Secondary Activity | \$ 102,599 | \$ 104,718 | \$ 105,327 | \$ 2,728 |
| Apprentice | 4,476 | 4,476 | 5,110 | 634 |
| Flow-Through Student Aid | 1,343 | 1,343 | 1,343 | - |
| TOTAL GRANTS | 108,418 | 110,537 | 111,780 | 3,362 |
| Tuition Fees | | | | |
| Full-Time Post Secondary | 63,432 | 63,432 | 62,524 | (908) |
| Part-Time | 9,359 | 9,359 | 9,155 | (204) |
| Adult Training | 1,097 | 1,097 | 1,139 | 42 |
| Student IT & Mobile Computing Fees | 9,050 | 9,050 | 9,138 | 88 |
| TOTAL TUITION FEES | 82,938 | 82,938 | 81,956 | (982) |
| Contract Educational Services | | | | |
| Corporate & Other Programs | 3,549 | 3,549 | 3,916 | 367 |
| TOTAL CONTRACT EDUCATIONAL SERVICES | 3,549 | 3,549 | 3,916 | 367 |
| Other | | | | |
| Early Learning Centre | 950 | 950 | 950 | - |
| Student Ancillary Fees | 5,650 | 5,650 | 5,739 | 89 |
| Investment Income | 2,008 | 2,008 | 1,213 | (795) |
| Transfer from International Education Centre ¹ | 8,770 | 9,296 | 9,766 | 996 |
| Miscellaneous | 9,981 | 9,981 | 10,563 | 582 |
| TOTAL OTHER | 27,359 | 27,885 | 28,231 | 872 |
| TOTAL FUNDED ACTIVITY/COLLEGE OPERATIONS | 222,264 | 224,909 | 225,883 | 3,619 |
| CONTRACTS & OTHER NON-FUNDED ACTIVITY | 24,822 | 24,822 | 28,445 | 3,623 |
| COLLEGE ANCILLARY SERVICES | 43,420 | 43,420 | 43,388 | (32) |
| INTERNATIONAL EDUCATION CENTRE | 21,089 | 21,540 | 20,342 | (747) |
| STRATEGIC INVESTMENT PRIORITIES | 1,479 | 3,236 | 3,236 | 1,757 |
| TOTAL REVENUE | \$ 313,074 | \$ 317,927 | \$ 321,294 | \$ 8,220 |

¹ 50% of full-time tuition fees from International Students is shared with Academic Services (part of Funded Activity/College Operations).

| Description | Variance Favourable/ (Unfavourable) | Comments |
|---------------------------------------|---|---|
| Post Secondary Activity | \$ 2,728 | Favourable variance is due to the following: Updated information received from the Ministry of Training, Colleges and Universities. \$1.6M General Purpose Operating Grant adjusted to align with Ministry preliminary funding allocation provided in April 2015. \$600K Enrolment Growth funding. \$189K Accessibility Fund for Students with Disabilities. \$115K Performance Funding. \$94K Tuition compensation. \$75K International Student Recovery. \$55K Other minor variances. |
| Apprentice | \$ 634 | Favourable variance due to increase in per diem funding from the Ministry. |
| Full-Time Post Secondary Tuition Fees | \$ (908) | Unfavourable variance due to the following: The Q2 Year-End Projection for tuition fees is lower than Approved Budget by \$500K due to a change in assumptions in the relative mix of program enrolments (-\$700K) offset by an overall increase in enrolment (+\$200K). A further reduction of \$400K has been made to transfer tuition received from international students to the International Education Centre. (\$8K) Other minor variances. |
| Part-Time Post Secondary Tuition Fees | \$ (204) | Unfavourable variance due to decreased enrolment in continuing education courses. |
| Adult Training | \$ 42 | Favourable variance due to fee increase for apprenticeship programs based on the training plan from the Ministry. |
| Student IT & Mobile Computing Fees | \$ 88 | Favourable variance due to increased mobile programs. |
| Corporate & Other Programs | \$ 367 | Favourable variance due to the following: \$150K Bachelor of IT Collaborative Program. \$72K Bachelor of Science - Nursing Pembroke Campus additional enrolment. \$60K Collaborative Bachelor of Commerce program with Nippising University increased activity. \$85K other minor variances in corporate and other programs for various programs and small corporate contracts. |
| Student Ancillary Fees | \$ 89 | Favourable variance due to increase in withdrawal fees within various schools. |
| Investment Income | \$ (795) | Unfavourable variance reflects projected loss in bond market and overall decline in investment values resulting in a lower investment revenue forecast for 2015-16. |

2015/2016 2nd Quarter Financial Report

REVENUE SCHEDULE

Variance Analysis (all figures in \$ 000's)

| Description | Variance Favourable/ (Unfavourable) | Comments |
|--|---|---|
| Transfer from International Education Centre | \$ 996 | Favourable variance due to a 11.4% increase in international student enrolment over the Approved Budget. |
| Miscellaneous | \$ 582 | Favourable variance is due to the following: \$285K Increase in internal recoveries offset by increase in internal charges. \$261K Increase in distance education hosting fees offset by increase in contract services. \$36K Other minor variances. |
| Contract and Other Non-Funded Activity | \$ 3,623 | Favourable variance is due to the following: \$2.3M School College Work Initiative. This additional revenue is partially offset by an increase in related expenses. \$223K Career Focus (new contract). \$584K Youth Job Connection (new contract). \$313K Mental Health Innovation Fund - Harm Reduction funding received. This revenue is partially offset by an increase in related expenses. \$190K New contract with Environment Canada in the Corporate Training Centre. \$13K Other minor variances. |
| College Ancillary Services | \$ (32) | Unfavourable variance due to Internal revenue reclassified to salary expense recovery. |
| International Education Centre | \$ (747) | Unfavourable variance is due to the following: \$1.305M Increase in international fees and premium due to increased enrolments. (\$1.72M) Higher than anticipated projected loss from Algonquin College - Saudi Arabia. (\$233K) Delay in the start up of the Kuwait campus. (\$99K) Other minor adjustments. |
| Strategic Investment Priorities | \$ 1,757 | <i>See Strategic Investment Priorities Variances page for details.</i> |
| Total Explained Variances | \$ 8,220 | |
| Other Minor Variances | \$ - | |
| Total Variance | \$ 8,220 | |

| | Approved Annual Budget | Q1 Year-End Projection | Q2 Year-End Projection | Q2 vs. Approved Variance Favourable/ (Unfavourable) |
|--|---------------------------|---------------------------|---------------------------|---|
| FUNDED ACTIVITY/COLLEGE OPERATIONS | | | | |
| TOTAL SALARIES & BENEFITS | \$ 149,808 | \$ 149,808 | \$ 149,841 | \$ (33) |
| Other Operating Costs | | | | |
| Mandated Student Aid | 5,773 | 6,642 | 6,377 | (604) |
| Contingencies | 6,686 | 6,186 | 3,362 | 3,324 |
| Long Term Debt Interest | 890 | 890 | 890 | - |
| Contract Services | 9,954 | 9,974 | 10,146 | (192) |
| Instructional Supplies & Equipment | 4,151 | 4,151 | 4,207 | (56) |
| Information Technology | 6,000 | 6,000 | 6,298 | (298) |
| Promotion | 2,471 | 2,471 | 2,646 | (175) |
| Building Maintenance & Utilities | 11,667 | 11,667 | 12,134 | (467) |
| Flow-Through Student Aid | 1,351 | 1,351 | 1,351 | - |
| Cost of Goods Sold | 1,101 | 1,101 | 1,112 | (11) |
| Other | 14,078 | 14,196 | 17,048 | (2,970) |
| TOTAL OTHER OPERATING | 64,122 | 64,629 | 65,571 | (1,449) |
| TOTAL FUNDED ACTIVITY/COLLEGE OPERATIONS | 213,930 | 214,437 | 215,412 | (1,482) |
| CONTRACTS & OTHER NON-FUNDED ACTIVITY | 23,189 | 23,189 | 26,817 | (3,628) |
| COLLEGE ANCILLARY SERVICES | 36,458 | 36,458 | 36,220 | 238 |
| INTERNATIONAL EDUCATION CENTRE | 16,068 | 16,631 | 17,065 | (997) |
| STRATEGIC INVESTMENT PRIORITIES | 19,565 | 20,356 | 20,381 | (816) |
| TOTAL EXPENDITURES | \$ 309,210 | \$ 311,071 | \$ 315,895 | \$ (6,685) |

| Description | Variance Favourable/ (Unfavourable) | Comments |
|----------------------------------|---|---|
| Salaries and Benefits | \$ (33) | The unfavourable variance is due a decrease in full-time salaries, offset by an increase in part-time salaries. |
| Mandated Student Aid | \$ (604) | Increased provision based on previous year spending and current year commitments, as dictated by Ministry guidelines. |
| Contingencies | \$ 3,324 | Favourable variance is due to the following: \$2.5M Reduced provision reflects anticipated 2015-16 contingency requirements. \$824K Provision for part time salary scale increases transferred to salaries and benefits. |
| Contract Services | \$ (192) | Unfavourable variance due to short term backfill for vacancies and other minor adjustments. |
| Information Technology | \$ (298) | (\$188K) Increase in software license expense originally budgeted in contract services. (\$110K) Other minor adjustments. |
| Promotion | \$ (175) | Unfavourable variance due to revised projections resulting from increased student recruitment efforts. |
| Building Maintenance & Utilities | \$ (467) | Unfavourable variance due to revised operating expense projections, as well as costs associated with short-term backfill of vacancies to perform maintenance required to meet external regulations. |
| Other | \$ (2,970) | Unfavourable variance due to the following: (\$2.3M) 2014-15 CRA-HST audit adjustment for the period covering April 1, 2011 to March 31, 2013. ARM has been fully briefed on the HST audit. (\$250K) Anticipated increase required for bad debts due to change in tuition fees payment dates. (\$138K) Municipal tax adjustment. (\$70K) College collective bargaining expenses. (\$212K) Net miscellaneous adjustments. |

| Description | Variance Favourable/ (Unfavourable) | Comments |
|--|---|---|
| Contract and Other Non-Funded Activity | \$ (3,628) | Unfavourable variance due to the following: (\$2.1M) School College work Initiative expenses. This expense is offset by an increase in revenue. (\$223K) Career Focus (new contract). (\$558K) Youth Job Connection (new contract). (\$313K) Mental Health Innovation Fund - Harm Reduction funding received, offset in revenue. (\$133K) New contract with Environment Canada in the Corporate Training Centre. (\$301K) increased expenditures for various new contracts and existing contract adjustments. |
| College Ancillary Services | \$ 238 | Favourable variance due to vacancy savings realized of \$202K, as well as other minor adjustments. |
| International Education Centre | \$ (997) | (\$942K) Fee share due to increased international enrolment resulting in additional fees transferred to the International Education Centre. (\$55K) Other minor adjustments. |
| Strategic Investment Priorities | \$ (816) | <i>See Strategic Investment Priorities Variances page for details.</i> |
| Total Explained Variances | \$ (6,618) | |
| Other Minor Variances | \$ (67) | |
| Total Variance | \$ (6,685) | |

2015/2016 2nd Quarter Financial Report
STRATEGIC INVESTMENT PRIORITIES SCHEDULE
(all figures in \$ 000's)

| | Approved Annual Budget | Q1 Year-End Projection | Q2 Year-End Projection | Q2 vs. Approved Variance Favourable/ (Unfavourable) |
|---------------------------------------|---------------------------|---------------------------|---------------------------|--|
| Source of Funds | | | | |
| Facilities Renewal Grant | \$ 927 | \$ 927 | \$ 927 | \$ - |
| College Equipment Renewal Fund Grant | - | 559 | 559 | 559 |
| Apprenticeship Enhancement Fund Grant | - | 1,198 | 1,198 | 1,198 |
| Capital Campaign | 552 | 552 | 552 | - |
| Miscellaneous | - | - | - | - |
| TOTAL SOURCE OF FUNDS | 1,479 | 3,236 | 3,236 | 1,757 |
| EXPENDITURES: | | | | |
| <i>Campus Expansion</i> | | | | |
| <i>Total Campus Expansion</i> | - | - | - | - |
| <i>Other</i> | | | | |
| College Technologies | 6,713 | 7,513 | 7,735 | (1,022) |
| College Space & Infrastructure | 5,402 | 5,706 | 5,291 | 111 |
| New Program Initiatives | 1,000 | 700 | 700 | 300 |
| Academic & Other Equipment | 1,500 | 1,500 | 1,500 | - |
| Initiatives & Opportunities | 3,300 | 5,213 | 5,411 | (2,111) |
| College Ancillary Services | 1,400 | 1,400 | 1,420 | (20) |
| Apprenticeship Enhancement Fund (AEF) | - | 1,198 | 1,198 | (1,198) |
| Appropriations | 250 | 60 | 60 | 190 |
| Adjustment for Anticipated Underspend | - | (2,934) | (2,934) | 2,934 |
| <i>Total Other</i> | 19,565 | 20,356 | 20,381 | (816) |
| TOTAL EXPENDITURES | 19,565 | 20,356 | 20,381 | (816) |
| TOTAL NET CONTRIBUTION | \$ (18,086) | \$ (17,120) | \$ (17,145) | \$ 941 |

| Description | Variance Favourable/ (Unfavourable) | Comments |
|---------------------------------------|---|---|
| College Equipment Renewal Fund Grant | \$ 559 | Ministry of Training, Colleges and Universities has communicated that funding for equipment renewal will be provided at the same level as previous years. |
| Apprenticeship Enhancement Fund Grant | \$ 1,198 | Apprenticeship Enhancement Fund grant announced after the budget was prepared (offset by equivalent expenditures). |
| College Technologies | \$ (1,022) | Reflects revised project costs, provision adjustments and carry forward budget requirements from 2014-15. |
| College Space & Infrastructure | \$ 111 | Reflects revised project costs, provision adjustments and carry forward budget requirements from 2014-15. |
| New Program Initiatives | \$ 300 | Revised projection to reflect updated requirements. |
| Initiatives & Opportunities | \$ (2,111) | Reflects revised project costs, provision adjustments and carry forward budgets from 2014-15. |
| Apprenticeship Enhancement Fund (AEF) | \$ (1,198) | Apprenticeship Enhancement fund announced after the budget was prepared (offset by equivalent grant). |
| Appropriations | \$ 190 | Revised projection based on actual requirements. |
| Adjustment for Anticipated Underspend | \$ 2,934 | Estimated 15% provision for anticipated underspending in Strategic Investment Priorities Projects. |
| Total Explained Variances | \$ 961 | |
| Other Minor Variances | \$ (20) | |
| Total Variance | \$ 941 | |

2015/2016 2nd Quarter Financial Report
INTERNALLY RESTRICTED NET ASSETS SCHEDULE
(all figures in \$ 000's)

| | Year-End Actual March 31, 2015 | Projected In-Year Use of Funds (2015/16) | Projected Year- End Adjustments (2015/16) | Projected March 31, 2016 |
|--|--------------------------------------|--|---|-----------------------------|
| Appropriations | \$ 250 | \$ 55 | \$ 55 | \$ 250 |
| Specific Reserves: | | | | |
| Other Projects & Initiatives | 24,669 | 7,474 | 6,940 | 24,135 |
| Ancillary Services Reserve Fund | 5,525 | 1,420 | 1,141 | 5,246 |
| Employment Stabilization Funds | 540 | 50 | 60 | 550 |
| Other Student Aid | 27 | 95 | 99 | 31 |
| | 30,761 | 9,039 | 8,240 | 29,962 |
| Contingency Reserve Fund | 7,773 | | 335 | 8,108 |
| Reserve Funds: | | | | |
| Future Capital Expansion | 28,263 | | 3,267 | 31,530 |
| | 28,263 | - | 3,267 | 31,530 |
| TOTAL INTERNALLY RESTRICTED NET ASSETS* | \$ 67,047 | \$ 9,094 | \$ 11,897 | \$ 69,850 |
| TOTAL UNRESTRICTED NET ASSETS | \$ 1,000 | | | \$ 1,000 |
| Investment in Capital Assets | 53,930 | | (1,403) | 52,527 |
| Vacation, Sick Leave & Post-Employment Benefits | (18,974) | | 712 | (18,262) |
| Interest Rate Swaps | (11,444) | | | (11,444) |
| Endowment Fund | 24,708 | | 600 | 25,308 |
| TOTAL NET ASSETS | \$ 116,267 | \$ 9,094 | \$ 11,806 | \$ 118,979 |

* Budgeted balances of Internally Restricted Net Assets and Unrestricted Net Assets includes the impact of budgeted expenditures from Appropriations, Specific Reserves and Reserve Funds, and contributions to Reserve Funds for the fiscal year 2015/2016.
The Board of Governors Financial Management Policy requires that the Board of Governors approve any spending from Reserve Funds.

| | Approved Annual Budget 2015/16 | | | | Position Changes | | | Full-Time Funded at Q2 2015/2016 | | | | Total Staffed at Sept 30/15 | Total Vacant at Sept 30/15 |
|--|--------------------------------|------------|------------|--------------|------------------|------------------|-----------------------|----------------------------------|------------|------------|--------------|-----------------------------|----------------------------|
| | Admin | Support | Academic | Total | Positions Opened | Positions Closed | Positions Transferred | Admin | Support | Academic | Total | | |
| President & Board of Governors | | | | | | | | | | | | | |
| President's Office | 4 | - | - | 4 | | | | 4 | - | - | 4 | 4 | - |
| Human Resources | | | | | | | | | | | | | |
| Human Resources | 22 | 2 | 1 | 25 | | | | 22 | 2 | 1 | 25 | 25 | - |
| Finance and Administration | | | | | | | | | | | | | |
| Vice-President's Office | 2 | - | - | 2 | | | | 2 | - | - | 2 | 2 | - |
| College Ancillary Services | 17 | 72 | - | 89 | 1 | (1) | (1) | 17 | 71 | - | 88 | 87 | 1 |
| Finance & Administrative Services ⁵ | 10 | 28 | - | 38 | | | | 10 | 28 | - | 38 | 35 | 3 |
| Information Technology Services | 12 | 76 | - | 88 | | | (88) | - | - | - | - | - | - |
| Physical Resources | 16 | 40 | - | 56 | | | | 16 | 40 | - | 56 | 50 | 6 |
| Total | 57 | 216 | - | 273 | 1 | (1) | (89) | 45 | 139 | - | 184 | 174 | 10 |
| Student Services | | | | | | | | | | | | | |
| Vice-President's Office | 2 | - | - | 2 | | | | 2 | - | - | 2 | 2 | - |
| Student Support Services | 10 | 41 | 18 | 69 | 6 | | | 10 | 46 | 19 | 75 | 70 | 5 |
| Algonquin College Foundation | 3 | 2 | - | 5 | | | | 3 | 2 | - | 5 | 4 | 1 |
| Marketing and Recruitment ¹ | - | - | - | - | | | 22 | 3 | 19 | - | 22 | 20 | 2 |
| Registrar | 11 | 59 | - | 70 | 1 | (1) | | 10 | 60 | - | 70 | 64 | 6 |
| Total | 26 | 102 | 18 | 146 | 7 | (1) | 22 | 28 | 127 | 19 | 174 | 160 | 14 |
| International, Communications, and Strategic Priorities | | | | | | | | | | | | | |
| Vice-President's Office | 3 | 1 | - | 4 | | | (3) | 1 | - | - | 1 | 1 | - |
| International & Corporate Business Development | 8 | 10 | 21 | 39 | 1 | | 2 | 10 | 11 | 21 | 42 | 38 | 4 |
| Public Relations and Communications ² | - | - | - | - | 1 | (1) | 6 | 3 | 3 | - | 6 | 5 | 1 |
| Total | 11 | 11 | 21 | 43 | 2 | (1) | 5 | 14 | 14 | 21 | 49 | 44 | 5 |
| Academic Services | | | | | | | | | | | | | |
| Vice-President's Office | 13 | 12 | 13 | 38 | | (1) | (6) | 12 | 6 | 13 | 31 | 19 | 12 |
| Partnerships and Applied Research ³ | 1 | - | - | 1 | 1 | (1) | 1 | 2 | - | - | 2 | 2 | - |
| School/College Work Initiative | 1 | 2 | - | 3 | | | (1) | - | 2 | - | 2 | 2 | - |
| Faculty of Arts, Media & Design | 6 | 28 | 116 | 150 | | | 1 | 6 | 28 | 117 | 151 | 142 | 9 |
| School of Business | 5 | 9 | 87 | 101 | | | | 5 | 9 | 87 | 101 | 97 | 4 |
| School of Hospitality & Tourism | 3 | 10 | 41 | 54 | | | | 3 | 10 | 41 | 54 | 51 | 3 |
| Faculty of Technology & Trades | 6 | 27 | 149 | 182 | | | (1) | 6 | 27 | 148 | 181 | 175 | 6 |
| Algonquin College Heritage Institute | 3 | 10 | 13 | 26 | | | | 3 | 10 | 13 | 26 | 26 | - |
| Faculty of Health, Public Safety & Community Studies | 8 | 31 | 124 | 163 | 1 | (1) | | 8 | 31 | 124 | 163 | 154 | 9 |
| Mobile Learning & Teaching Services ⁴ | 2 | 10 | - | 12 | 1 | | (1) | 2 | 10 | - | 12 | 10 | 2 |
| Centre for Continuing and Online Learning | 8 | 18 | - | 26 | | | | 8 | 18 | - | 26 | 24 | 2 |
| Personal Development Institute | - | 1 | - | 1 | | | | - | 1 | - | 1 | 1 | - |
| Applied Research & Development | 2 | 1 | - | 3 | 1 | | | 2 | 2 | - | 4 | 3 | 3 |
| Business Development & Corporate Training | 5 | 3 | - | 8 | 4 | | 6 | 6 | 12 | - | 18 | 11 | 7 |
| Algonquin College in the Ottawa Valley | 6 | 29 | 28 | 63 | 1 | | | 6 | 30 | 28 | 64 | 62 | 2 |
| Total | 69 | 191 | 571 | 831 | 9 | (3) | (1) | 69 | 196 | 571 | 836 | 777 | 59 |
| Digital Technologies and Innovation | | | | | | | | | | | | | |
| Vice-President's Office | - | - | - | - | 1 | | 1 | 2 | - | - | 2 | 2 | - |
| Information Technology Services ⁵ | - | - | - | - | 1 | | 89 | 13 | 77 | - | 90 | 81 | 9 |
| Total | - | - | - | - | 2 | - | 90 | 15 | 77 | - | 92 | 83 | 9 |
| Advancement | | | | | | | | | | | | | |
| Executive Director's Office ² | 3 | 3 | - | 6 | | | (6) | - | - | - | - | - | - |
| Recruitment ¹ | 2 | 7 | - | 9 | | (1) | (8) | - | - | - | - | - | - |
| College Marketing ¹ | 2 | 11 | - | 13 | | | (13) | - | - | - | - | - | - |
| Total | 7 | 21 | - | 28 | - | (1) | (27) | - | - | - | - | - | - |
| COLLEGE TOTAL | 196 | 543 | 611 | 1,350 | 21 | (7) | - | 197 | 555 | 612 | 1,364 | 1,267 | 97 |

The complement report represents the total number of positions for each of the College's major areas.

Not all positions are 100% funded in the budget as some positions are vacant at the start of the year and other positions have a start date projected for other than April 1st.

1 Marketing and Recruitment was reported under Advancement at Approved Budget. The college was restructured in-year resulting in the change of 21 positions from Advancement to Student Services.

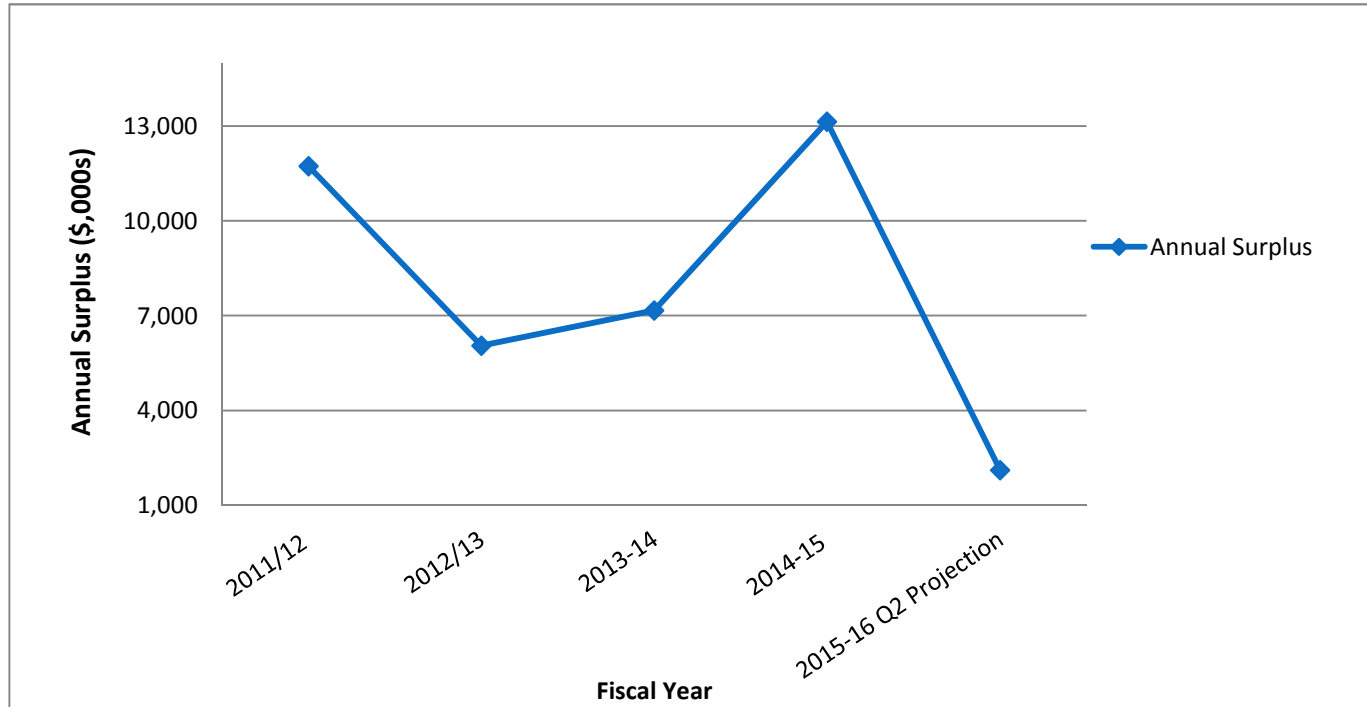
2 Public Relations and Communications was reported under Advancement as Executive Director's Office at Approved Budget. The college was restructured in-year resulting in the change of six positions from Advancement to International, Communications, and Strategic Priorities.

3 Partnerships and Applied Research was renamed from Associate Vice-President Academic at Approved Budget.

4 Mobile Learning and Teaching Services was amalgamated and previously reported as Mobile Computing and Learning and Teaching Services at Approved Budget.

5 Information Technology Services was reported under Finance and Administration at Approved Budget. The college was restructured in-year resulting in the change of 89 positions from Finance and Administration to Digital Technologies and Innovation.

Operating Results: Annual Surplus



Objective:

Measures the excess of revenues over expenses in a given year.

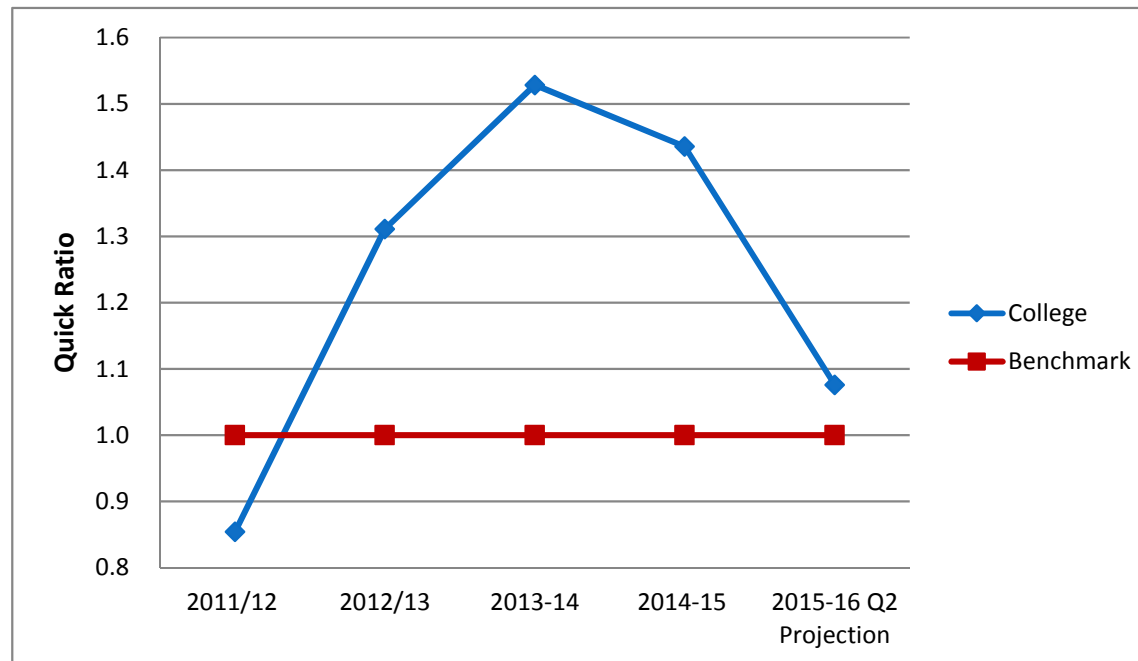
Benchmark:

Must be greater than \$0.

Rationale:

An annual deficit or declining surpluses may indicate a decline in an institution's financial health.

Measuring Liquidity: Quick Ratio



Objective:

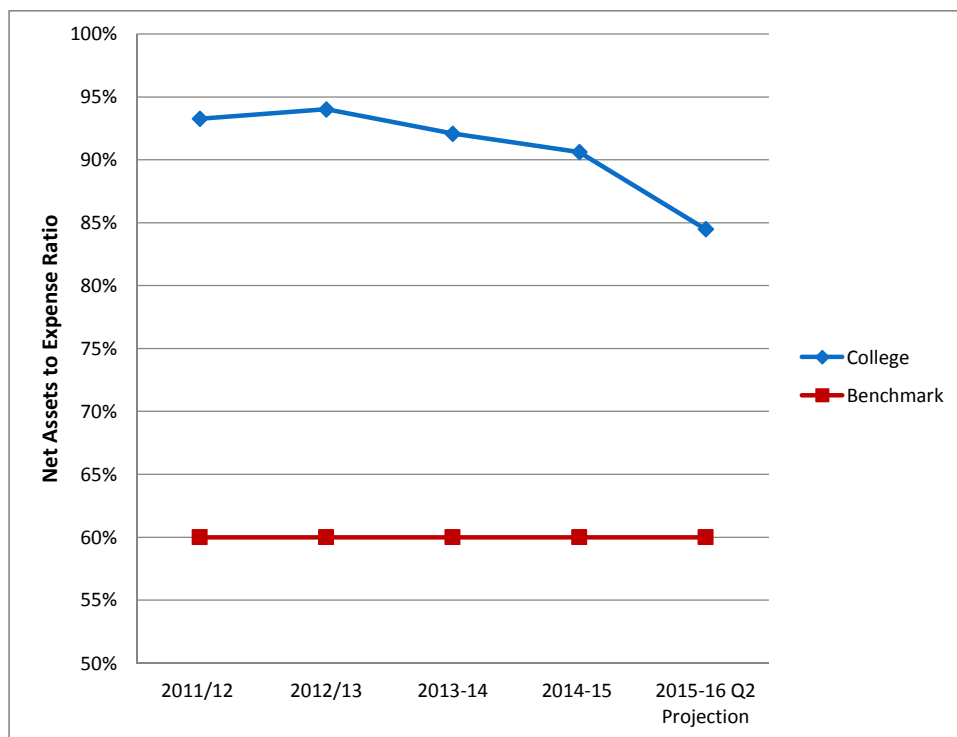
Fiscal performance indicator testing the college's ability to pay its short term maturing obligations (e.g. biweekly payroll payments).

Benchmark:

A ratio of 1 or higher indicates that a college should be able to meet its short term obligations.

Rationale: A ratio of 1 is a typical business standard. Less than 1 may indicate that a college is not able to meet its short term obligations. When including surplus cash invested in longer term investments (greater than 1 year) Algonquin's Quick Ratio was at 2:4 for Q2 2015/16.

Operating Results: Net Assets to Expense Ratio



Objective:

A traditional indicator to ascertain the ability of a college to continue operations in the event there is a delay in revenue streams.

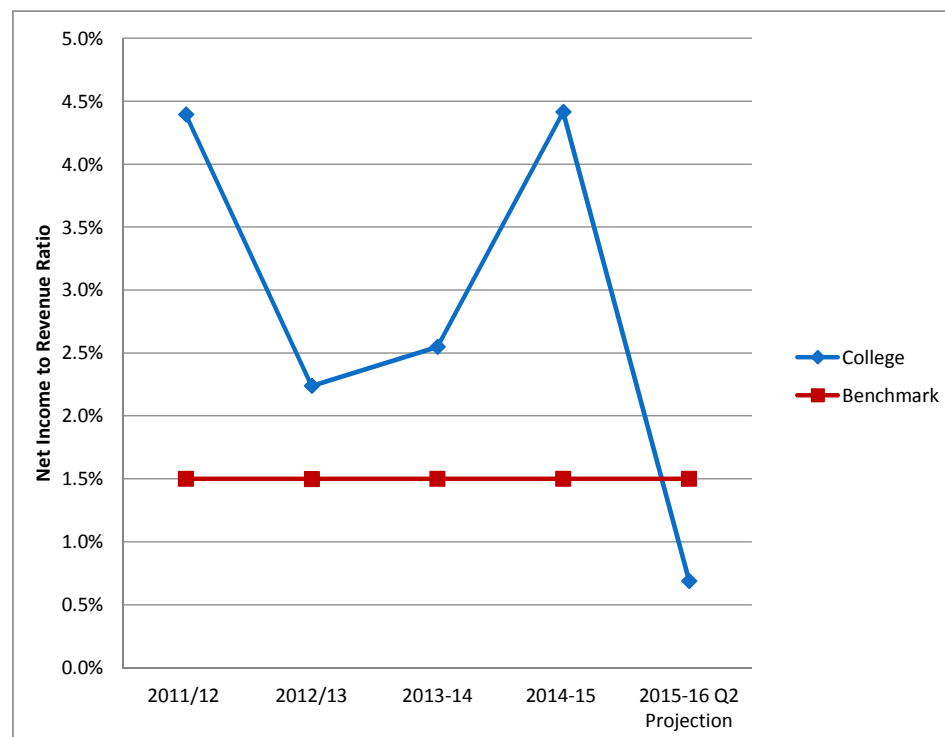
Benchmark:

60% or higher.

Rationale:

A net balance that is less than 60% of annual expenses may indicate a lower tolerance for variable or volatile revenues.

Operating Results: Net Income to Revenue Ratio



Objective:

This ratio measures the return an institution generates on each dollar of revenue.

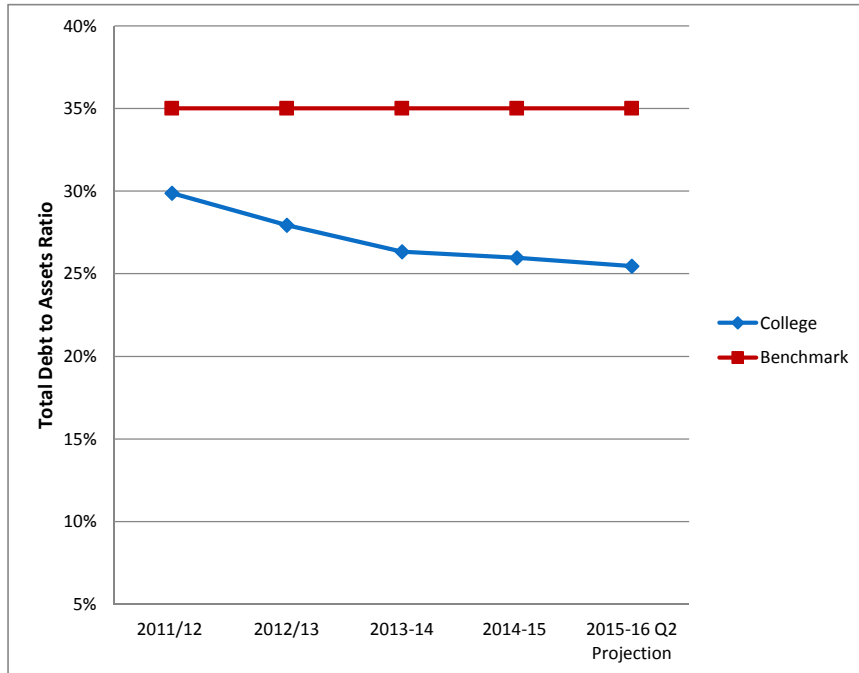
Benchmark:

Less than 1.5% may be a concern because it may indicate that the college may not be able to recover from a deficit position in a reasonable period of time.

Rationale:

A surplus less than 1.5% of revenues indicates that small changes in expenses or revenues may result in annual deficits for the institution.

Managing Debt: Total Debt to Assets Ratio



Objective:

Measures the proportion of total assets that are financed by debt. A high or increasing value may be predictive of future liquidity problems or a reduced ability to borrow money in the future.

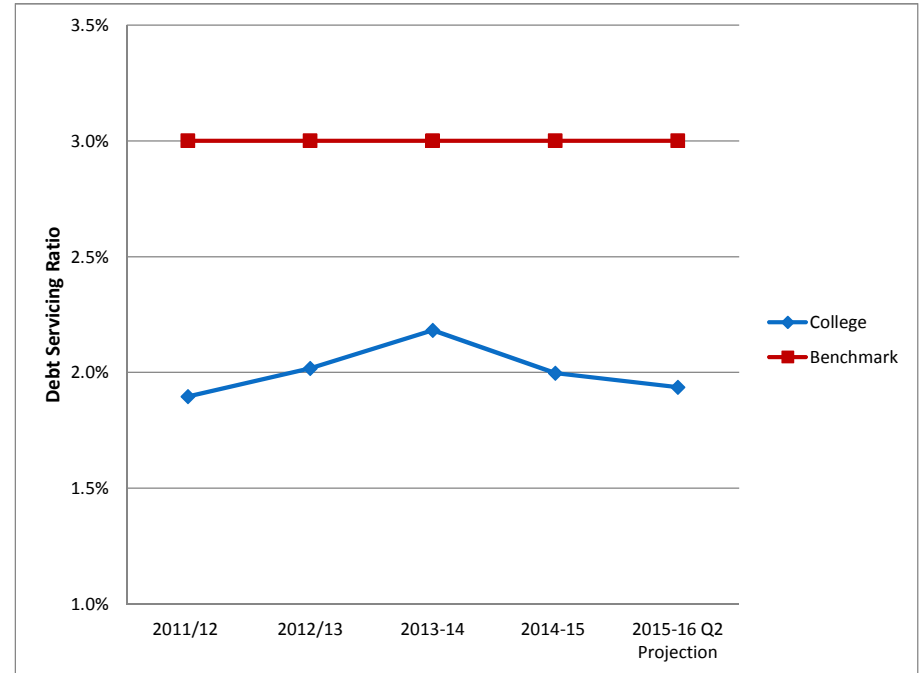
Benchmark:

Greater than 35% leads to a concern as this may indicate that a college will not be able to finance their ongoing operations due to the debt burden.

Rationale:

A high debt burden may indicate that the institution is vulnerable to its creditors, or will have reduced liquidity or a reduced ability to borrow in the future.

Managing Debt: Debt Servicing Ratio



Objective:

This ratio measures the College's spending on servicing the debt portfolio.

Benchmark:

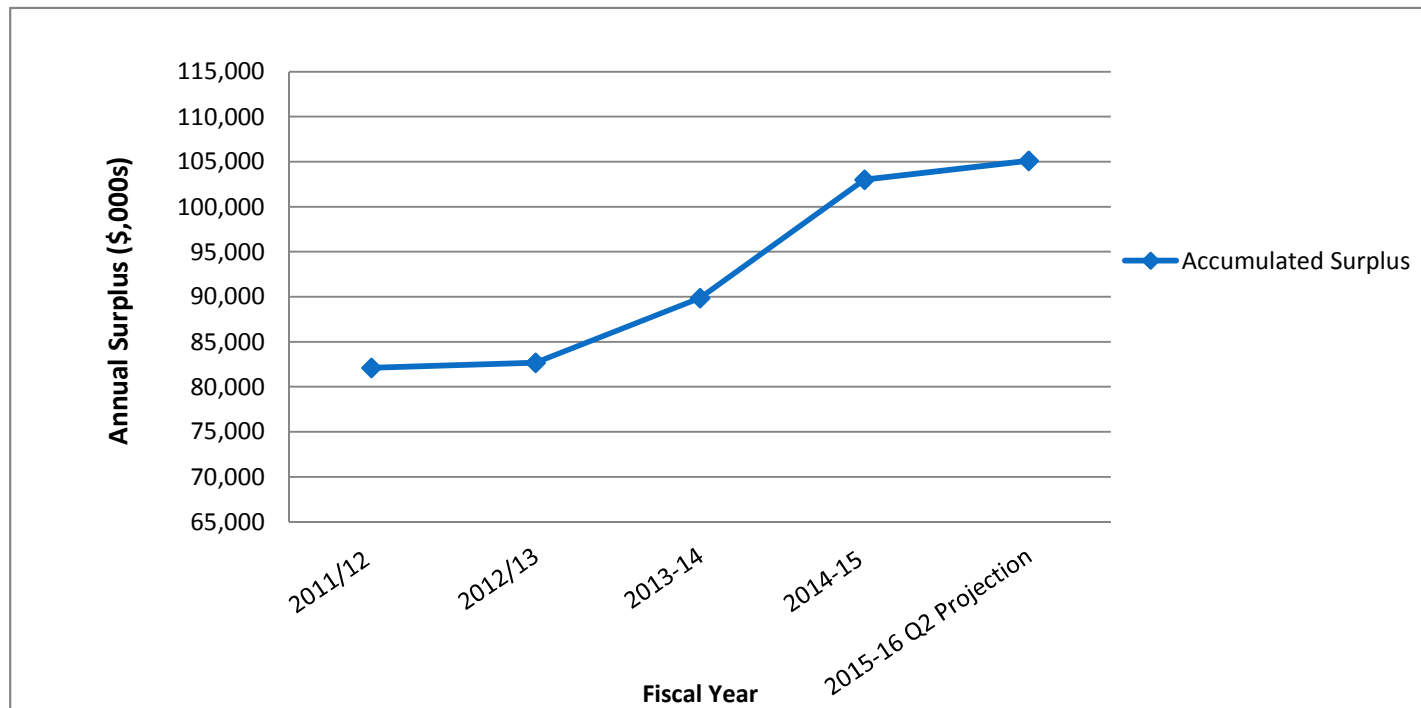
A ratio of 3% or lower, based on historical trend analysis and industry standard.

Rationale:

A ratio of greater than 3% may indicate a reduced or restricted cash flow as the College is spending less than 97% of revenues on core services.

Note: Compare with 2003-04 Debt Servicing Ratio of 2.7%.

Accumulated Surplus/(Deficit)



Objective:

Represents the cumulative wealth that an institution has under its own control to assist with ongoing operations.

Benchmark:

Must be greater than \$0.

Rationale:

An accumulated deficit indicates that the College may have borrowed to support its past operations and will have to make up this difference in the future.

Agenda 3.8
APPENDIX B

| ANNUAL BUDGET AND QUARTERLY FINANCIAL PROJECTIONS COMPLIANCE SCORECARD | | | |
|---|---|--|------------------------|
| | <u>Source</u> | <u>Budget/Projection Requirement</u> | <u>Compliant (Y/N)</u> |
| 1 | BGII-02 Board Financial Management Policy | 1.2 The annual budget [and Quarterly Projections] ... shall: 1.2.2 Have expenditures not exceeding revenues unless the Board has approved ... to spend from reserve funds; | Y |
| 2 | BGII-02 Board Financial Management Policy | 1.2 The annual budget [and Quarterly Projections] ... shall: 1.2.3 Have ancillary expenditures not exceeding ancillary revenues unless the Board has specifically directed otherwise. | Y |
| 3 | BGII-02 Board Financial Management Policy | 2.3 Quarterly projections of the annual budget shall be presented to the Board, ensuring the College's projected surplus or deficit are at least equal to or better than the Approved Budget. | Y |
| 4 | BGII-02 Board Financial Management Policy | 4.2 The President may not approve an unbudgeted expenditure or commitment that will result in the College's fiscal year-end total balance of unrestricted net assets plus internally restricted net assets being lower than budgeted without the approval of the Board. | Y |
| 5 | Strategic Plan 2012-2017 | 'Goal 9 - Align our funded operational expenditures with provincial funding' - we must ensure we budget and project 'Funded Activity' with balanced or surplus results | Y |
| 6 | President's Budget Overview - Annual Budget | President's Overview: 'We will be aggressively pursuing further opportunities in the non-funded area which will provide funds for investment in all of the things that are currently not funded through government sources such as technology upgrades, infrastructure improvements, equipment for faculty and staff etc.' we must ensure that our SIP expenditures (budgeted and projected) do not exceed the sum of: - Non-Funded Activities net contributions; - Specific grants and contributions; and - Allocations from Internally Restricted Net Assets such that the ending balance of Internally Restricted Net Assets is at least equal to or greater than the balance approved by the Board in the Annual Budget (see #4 above). | Y |

| | |
|-------------------|---|
| Report title: | Strategic Plan 2017-2022 Update |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Doug Wotherspoon, Vice President International, Communications & Strategic Priorities |

1. RECOMMENDATION:

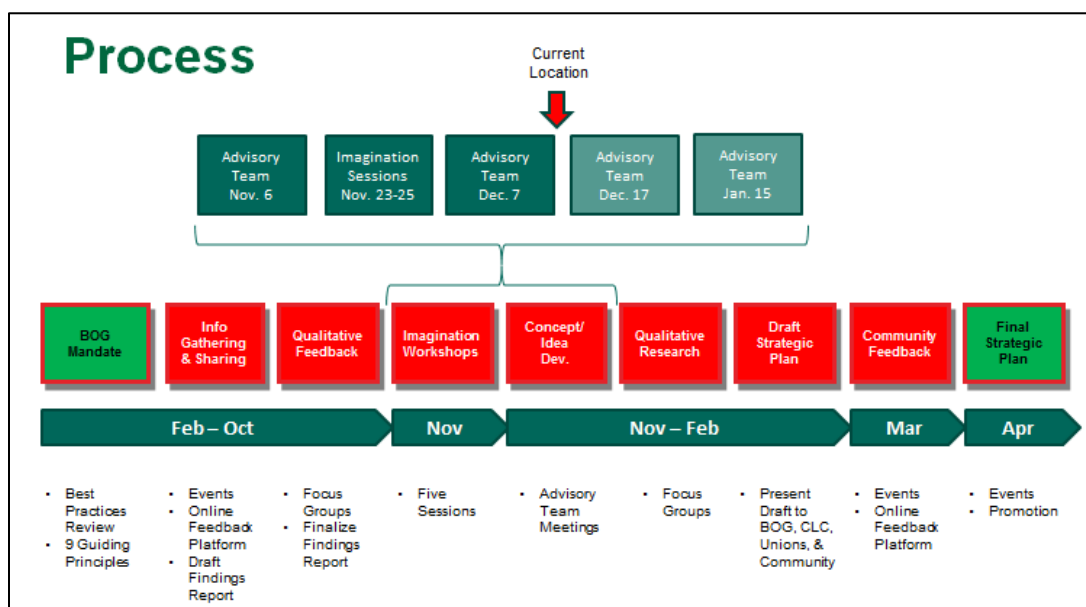
THAT the Board of Governors accepts the update for information.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to inform the Board of Governors of the ongoing efforts of the Strategic Plan Working Group in delivering a new five-year strategic plan to the Board of Governors for approval in June, 2016.

3. BACKGROUND:

At their December 7, 2014 Board of Governors meeting, the Board members approved the launch of an 18-month Strategic Plan engagement process, involving four central phases and nine specific steps.



At the February 2, 2015 meeting, the Board of Governors members approved nine guiding principles aimed at directing the College in the development of its new strategic plan. The principles were; Mission-driven, Aspirational, Inspirational, Inclusive, Transparent, Accountable, Evidence-based, Sustainable, and Integrated.

In May, 2015, the College issued a call for volunteers willing to serve on the Strategic Plan Advisory Team, a cross-college group tasked with synthesizing the college's thoughts into a draft Strategic Plan for review by the college community. Over 50 names were submitted with 20 being selected to serve.

In June, 2015, the College released an Interim Findings Report, a summary of the issues, opportunities and ideas raised by stakeholders at 13 information sessions.

From August through November, 2015, the College hosted a series of focus groups to delve deeper into the issues raised by stakeholders, identifying eight white spaces for further review and discussion. White spaces have been defined as a place that "provides a location for new thinking, testing and learning" or new business models. The eight white spaces identified were entitled;

- Career Focused
- Community
- My Destiny
- Flexible Learning
- College Redefined
- Employer of Choice
- Algonquin for Life, and
- Creativity, Entrepreneurship & Innovation.

In early November, 2015, Algonquin College launched an online Ideas Platform aimed at continuing to broaden the collection of issues, ideas and solutions from stakeholders.

In late November 2015, Algonquin College completed a series of imagination sessions, engaging five groups in three-hour blue-sky sessions around the identified white spaces. To ensure participants felt comfortable expressing their ideas candidly the sessions were organized by peer groups consisting of Board of Governor members, senior management, full- and part-time faculty, front line supervisors and support staff, and current students and recent graduates. On average, the sessions were exceptionally well received with participants providing it a rank of 8.3 out of 10 in terms of whether the session was worth their time.

On a scale of 1-10, 1 being not worth my time and 10 being exceptionally worthwhile, please rate how worthwhile you felt it was to attend the imagination session.

| Not worthwhile | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Exceptionally Worthwhile | Total Responses |
|-------------------|-------------|-------------|-------------|-------------|--------------|---------------|--------------|-----------------------------|--------------------|
| 0 (0.0%) | 0 (0.0%) | 2 (6.7%) | 1 (3.3%) | 0 (0.0%) | 3 (10.0%) | 11 (36.7%) | 3 (10.0%) | 10 (33.3%) | 30 |

In early December 2015, the Advisory Team met for the fourth time reviewing a draft outline of the Strategic Plan, extending their discussion on environmental drivers, mission, vision and values, and completing an imagination session of their own.

4. DISCUSSION:

Our immediate next steps in the process include;

- Publically promoting the work of the Imagination Sessions
- Continued meeting of the Strategic Plan Advisory Team with meetings scheduled for;
 - December 17th, 2015
 - January 15th, 2016
 - February 12th, 2016
 - April 12th, 2016
- Extending an offer to update the College's Union Executives on progress to date (January)
- Focus group testing an early rough draft of the Strategic Plan with stakeholders(February)
- Releasing the second draft of the Strategic Plan to the community (March)
- Completing a third draft of the Strategic Plan (April)
- Presenting a third draft of the Strategic Plan to the Board of Governors (April or June)

5. LINK TO STRATEGIC PLAN:

The 2017-2022 Strategic Plan builds off of the existing Strategic Plan

6. STUDENT IMPACT:

There is no impact identified at this stage of the engagement process.

7. FINANCIAL IMPACT:

There is no impact identified at this stage of the engagement process.

8. HUMAN RESOURCES IMPACT:

There is no impact identified at this stage of the engagement process.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

There is no impact identified at this stage of the engagement process.

10. COMMUNICATIONS:

The Strategic Plan efforts are continuously covered in the Good Morning Algonquin newsletter and the myAC employee portal.

11. CONCLUSION:

The College is on track to release a draft version of the 2017-22 Strategic Plan to the community in March, 2016 and present a final version to the Board no later than June, 2016.

Respectfully submitted:



Vice President, International, Communications
& Strategic Priorities

Approved for submission:



President

Appendices:

| |
|--|
| |
|--|

| | |
|-------------------|---|
| Report title: | International Update |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Doug Wotherspoon, Vice President International & Strategic Priorities |

1. RECOMMENDATION:

THAT the Board of Governors accepts the International Update for information.

2. PURPOSE / EXECUTIVE SUMMARY:

The Board of Governors has requested an update on the College's international activities on a regular basis, highlighting both successes and challenges, with a focus on risk mitigation.

3. BACKGROUND:

As outlined in the College's International Education Strategic Plan, Algonquin has identified three primary motivators for expanding its international education activities:

1. To serve as a catalyst for community prosperity through the development of human talent and applied research;
2. To support student and employee employability by providing relevant and rewarding global experiences; and
3. To improve College sustainability by embracing innovation, increasing quality and generating contributions for re-investment in the College.

Further, Algonquin's International efforts can be broken into two overarching categories, those activities conducted onshore and those conducted offshore.

4. DISCUSSION:

Onshore Post-secondary Education Programs

Enrolments:

- Spring Term 2015 enrolments are **up 15%** (New: 29%/Returning: 14%).
- Fall Term 2015 enrolments are **up 12%** and 7% above target (New: 16% / Returning: 9%). This success is significant given that last year's enrolments were **up 25%**.
- As of November 26, 2015: Applications for Winter 2016 are **up 38% with** Level one Registered already 15% greater than target (386 REG vs. 336 target)

Marketing:

- Traffic to the International website remains above last year since the changes made in September. A new, expanded International website is currently in the final stages of development.
- Five online webinars were hosted reaching eighty counsellors in Russia and India.

Automation & Process improvements:

- Beta testing on a new online Application and Admission Portal was completed and the site is now live to a limited set of targeted agents for further testing. The environment will improve transparency and communication flow between International Recruiters and Registrar's Office Client Service Officers.

Student Retention and Satisfaction:

The following actions were taken to improve student retention and satisfaction:

- A satisfaction survey was developed and deployed to students who used arrival services. Staff are in discussions with an arrival service provider to improve service for Winter 2016.
- Twenty-one International Student Mentors were introduced to 215 new International Students, through program specific matches, at the Fall 2015 International Academic Orientation on September 4th and September 12th.
- The first Annual Degree Pathways and International Opportunities Fair was held on November 12th.
- Offshore Bursary opportunities were promoted to Deans, Chairs and Coordinators in September and October.
- Staff automated the student "Requests for Letters" process, allowing students to request a letter online and then streamlining the process from ten minutes per request to three. The automation effort returned 350 hours of employee time to be used for higher value student facing work. Part of the Case Management Pilot Project.

Onshore - Language Training

Enrolments:

Enrolments for the fall term are as follows:

- 252 students enrolled in September 2015 EAP programs, **down 30%**.
- 254 students enrolled in November 2015 Pre-EAP + EAP programs, **down 40%**.

This decline is due primarily to the contraction/cancellation of state sponsorship programs from Brazil, Japan, Libya, and Saudi Arabia. The Language Institute staff will launch a strategic visioning exercise in December, running approximately six months, with the goal of identifying new opportunities and approaches in support of the College's International Education Strategy.

Marketing:

- Language Institute website visits have improved but remain below 2014 figures overall. A new website and marketing campaign are under development.

Offshore Campuses and Partnerships

Kuwait:

- Classes began on September 29th. Eighty-three students registered for the Fall term, spread across three levels of the preparatory program. A second intake is planned for January. Students accepted into Level three are expected to begin diploma studies in January.
- The AC-Kuwait Student Volunteer Club held its first outreach event promoting healthy living by distributing healthy snacks to the public.
- Students, faculty and staff participated in the Children's Evaluation & Rehabilitation Centre Run for a Cause.
- Recruitment efforts for a Spring intake were recently launched.

Jazan:

- A new three-month Discovery Program was introduced, aimed at providing under-prepared students with basic English, Math and IT skills, as well training covering as study skills and career counselling.
- An Energy Savings program was launched aimed at lowering energy costs.
- A review of campus and residence security services was completed, concluding that the College could deliver the service more effectively and at a lower cost. The transition from the current provider will take place in January, 2016.
- Staff signed a contract with TVTC to have the Jazan campus serve as the female and male Provincial Qiyas Testing Centre. Qiyas are the Saudi equivalent to the US based SAT post-secondary entrance exam. The contract is expected to increase visits to the campus by post-secondary focused students.
- Staff launched a feasibility study into the possibility of opening a female campus in Jazan.

United Arab Emirates:

- Staff facilitated a visit to Dubai by the Dean of the Faculty of Health, Public Safety and Community Studies as part of the College's due diligence associated with the establishment of an affiliated campus in the United Arab Emirates. If finalized, the agreement would see Algonquin College and the Basle Health Institute work collaboratively to deliver allied health

certificates, diplomas, post-graduate certificates and professional development training for in-service health professionals in the United Arab Emirates.

China:

- Staff have signed three new pathway agreements with Shaoxing University, Jinan Vocational College, and Huaihua Medical University.

Offshore Contract Training

Staff have accomplished the following over the fall semester:

- Piloted the delivery of English as a Second Language course in an online synchronous format with students in Liaoning, China from September 14 to October 13. A report detailing both on student and administration satisfaction as well as effectiveness is due in Q3.
- Delivered an Applied Research for Polytechnic Staff training contract to 21 visiting professors and staff from a select group of Indonesian colleges and universities.
- Submitted a proposal to host 50 TESL teachers from Mexico for a one-month intensive TESL training course.
- Submitted a proposal to provide LEED Training for a group from Nigeria.
- Submitted a proposal to provide customized teacher training to the Oman Ministry of Education over a 30 month period.

LINK TO STRATEGIC PLAN:

International activities support several goals articulated in the 2012 – 2017 Strategic Plan, under the pillars *Applied Education and Training*, *Student and Client Success* and *Financial Sustainability*. They include;

- Goal 1: Deliver an exemplary applied education and training experience.
- Goal 2: Create a unique suite of programs, products and services geared to meet the needs and expectations of our clients and students.
- Goal 5: Deliver exceptional service to our diverse student and client populations.
- Goal 6: Leverage technology to automate our business processes, fostering an environment of continuous improvement
- Goal 10: Expand non-funded opportunities to increase revenue.

5. STUDENT IMPACT:

Staff expect to maintain or improve overall student satisfaction numbers, with specific improvements in the application and admission portal and enhancements to the International Case Management System.

6. FINANCIAL IMPACT:

Increases in net contribution as a result of higher than budgeted onshore international post-secondary enrolments has been offset by a lower than expected net contribution from operations in Jazan, Kuwait, and the Language Institute.

7. HUMAN RESOURCES IMPACT:

No current human resources impact identified at this time.

8. GOVERNMENT / REGULATORY / LEGAL IMPACT:

No current government/regulatory/legal impact identified at this time.

9. COMMUNICATIONS:

International Education staff will be hosting a series of lunch and learn sessions aimed at broadening employees understanding of its activities across the College. The following sessions are tentatively scheduled;

- A Look inside the Jazan and Kuwait Campuses: The Differences and Similarities – Thursday, January 21, 2016, 12-2pm
- What could Language Training look like at Algonquin in 2022? – Tuesday, February 23, 2016, 4-6pm

10. CONCLUSION:

The College's international activities continue to be robust, multifaceted, and subject to changing global conditions. Weakness in the Language Institute and off-shore campus net contributions are balanced by growth in on-shore enrolments and off-shore partnerships. Focus for the remainder of the year will be on reviewing the Language Institute vision, investigating new strategies for growth in China, India and Vietnam, engaging employees in the discussion on automation and process improvement, and supporting the off-shore campus efforts through the continued development of the International Operating System.

Respectfully submitted:



Vice President, International & Strategic Priorities

Approved for submission:



President

Appendices:

| | |
|-------------------|---|
| Report title: | 2015-16 Algonquin College – Jazan Business Plan and Budget |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Doug Wotherspoon, Vice President International & Strategic Priorities |

1. RECOMMENDATION:

THAT, on the recommendation of the Algonquin College-Saudi Arabia Shareholders, the Board of Governors approves the 2015-16 Algonquin College-Jazan Business Plan and Budget,

AND

THAT, on the recommendation of the Algonquin College-Saudi Arabia Shareholders, the Board of Governors approves the transfer of a maximum of \$1.6M to compensate for the financial loss incurred in 2014-15 and fund operations through to the end of the fiscal year dated August 31, 2016.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to inform the Board of Governors of the 2014-15 financial results for its campus operations in Jazan, Saudi Arabia, and seek approval of its 2015-16 Business Plan and Budget.

3. BACKGROUND:

In its International Education Strategic Plan, the College identified a global opportunity to export Canadian polytechnic education abroad. Specifically, the College “made a considered decision to pursue engagement over isolation in the international arena, convinced that the greatest opportunity for global prosperity rests with the education of citizens.”

Part of this international focus included the establishment of the College’s first international campus in Jazan, Saudi Arabia. One of five international providers initially selected as part of the country’s ambitious upgrade to its technical and vocational education and training system, the Colleges of Excellence (CoE) program has since expanded to 10 international providers operating 37 colleges (18 female and 19 male). Included in this mix is Niagara College, operating two male colleges in Taif and Mecca, Saudi Arabia.

In its first year of operation, the College identified two significant challenges. First, the environment detailed in the bid documentation did not resemble the situation on the ground. Specifically, students’ English speaking skills and their academic preparedness were not at the levels for which

the curriculum and contract had been developed. Second, the College's systems and processes were not easily transferable and were in many cases in need of significant re-development given the different student landscape.

These realities were reflected in an updated five-year pro-forma presented to the Board of Governors in 2014, which projected the College would realize \$4.7M CAN in net profit over the duration of the contract. It anticipated a deficit of \$983K CAN in 2014-15, followed three years of profits of \$232K, \$2,043K, and \$3,592K.

4. DISCUSSION:

In 2014-15, Algonquin College's Jazan campus (AC-Jazan) saw improvements in some areas and challenges in others. Marketing and recruitment efforts have resulted in increased student numbers and our connections with employers have resulted in student sponsorships, and our recommendations for future improvements to the technical and vocational training system have been welcomed by Saudi officials. Additional investments in student mentoring, a new cafeteria, and new technologies also created a more engaging campus experience.

A mid-summer update to the Board anticipated stronger revenues which materialized in part. In the end, a CoE increase to our minimum guarantee was offset by:

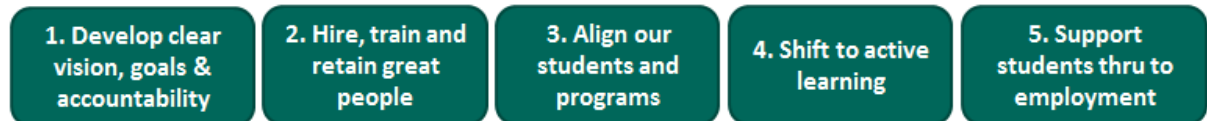
- a lower than anticipated quality assessment revenue
- the falling Canadian dollar, and
- business development expenses incurred in pursuit of the Jazan Consortium Contract that failed to materialize.

The final 2014-15 year end results returned a higher than expected deficit of \$1.486K

The 2015-16 Jazan Campus Business Plan and Budget is designed to continue our entrepreneurial work of building an exportable international education system, while at the same time working diligently to return the AC-Jazan campus to profitability. The updated five-year pro-forma projects a 2015-16 profit of \$202K, a 2016-17 profit of \$2,002K, and a 2017-18 profit of \$3,584K, for a five-year net profit of slightly under \$4.4M.

The recent launch of our branch campus in Kuwait and expressions of interest from potential partners in the United Arab Emirates, Oman, China and India are indicative of the attraction of both Algonquin's unique brand of polytechnic education and the potential for ongoing future revenues.

This business plan builds on the overall strategy outlined last year; strengthening our accountability systems, reviewing our international policies and processes, further evolving our hiring and training practices, aligning our academic offering to fit the environment, encouraging greater use of our applied learning environment, and improving our student sponsorship program.



On the Academic front, we will move all lesson plans on to a single learning management system and pilot the automation of test taking, to allow us to better monitor student progression and provide support services in real time. We will also make changes to our Foundation Program and add a Business Diploma program to align our academic offering with our students' capabilities and aspirations.

At our employees' request, we will review our pay structure, professional development investments, and employee engagement efforts. We will continue to strengthen relations with Colleges of Excellence, Technical Vocational Training Corporation officials, and existing international providers to ensure we are working collaboratively. We will also continue to investigate new business opportunities in the Kingdom that could mitigate risk and create economies of scale, including the opening of a female campus in Jazan. Finally we will review all existing contracts and financial control systems to provide stakeholders with assurances we are doing everything in our power to return positive net contributions.

To mitigate further risk, AC-Jazan undertook a formal review of all available options. In keeping with the risk assessment framework developed by Finance and Administration, AC-Jazan completed a detailed risk register, identifying strategies and activities and embedding them inside the 2015-16 Business Plan.

5. LINK TO STRATEGIC PLAN:

The AC-Jazan international activity supports Goal 10 - Alternate Revenues.

6. STUDENT IMPACT:

Improved attendance, retention and student graduation are expected.

7. FINANCIAL IMPACT:

A revised pro forma currently projects a five-year negative net contribution of \$4.4M.

8. HUMAN RESOURCES IMPACT:

Higher levels of employee engagement are expected.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

No impact is identified at this stage of the engagement process.

10. COMMUNICATIONS:

A communication plan has been developed that will inform stakeholders in an open, transparent and timely manner.

11. CONCLUSION:

We continue to believe that the work we are doing in Saudi Arabia will make a significant difference to the students we teach, the employers we engage, and the communities we serve at both overseas and in Canada.

Respectfully submitted:



Vice President, International, Communications
& Strategic Priorities

Approved for submission:



President

Appendices:

| |
|--|
| Appendix A – 2015-16 AC-Jazan Business Plan and Budget |
|--|

Date last revised: December 11, 2015

2015-16 Jazan Campus Business Plan & Budget

Last Updated:
December 10, 2015

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Executive Summary

In its International Education Strategic Plan, the College identified a global opportunity to export Canadian polytechnic education abroad. Specifically, the College “made a considered decision to pursue engagement over isolation in the international arena, convinced that the greatest opportunity for global prosperity rests with the education of citizens.”

Part of this international focus included the establishment of the College’s first international campus in Jazan, Saudi Arabia. One of five international providers initially selected as part of the country’s ambitious upgrade to its technical and vocational education and training system, the Colleges of Excellence (CoE) program has since expanded to 10 international providers operating 37 colleges (18 female and 19 male). Included in this mix is Niagara College, operating two male colleges in Taif and Mecca, Saudi Arabia.

In its first year of operation, the College identified two significant challenges. First, the environment detailed in the bid documentation did not resemble the situation on the ground. Specifically, students’ English speaking skills and their academic preparedness were not at the levels for which the curriculum and contract had been developed. Second, the College’s systems and processes were not easily transferable and were in many cases in need of significant re-development given the different student landscape.

These realities were reflected in an updated five-year pro-forma presented to the Board of Governors in 2014, which projected the College would realize \$4.7M CAN in net profit over the duration of the contract. It anticipated a deficit of \$983K CAN in 2014-15, followed by three years of profits of \$232K, \$2,043K, and \$3,592K.

In 2014-15, Algonquin College’s Jazan campus (AC-Jazan) saw improvements in some areas and challenges in others. This past year saw our marketing and recruitment efforts begin to make inroads, our connections with employers deliver real value in the form of student sponsorships, and our recommendations for future improvements to the technical and vocational training system welcomed by Saudi officials. Additional investments in student mentoring, a new cafeteria, and new technologies also created a more engaging campus experience.

A mid-summer update to the Board anticipated stronger revenues which materialized in part. In the end, a CoE increase to our minimum guarantee was offset by:

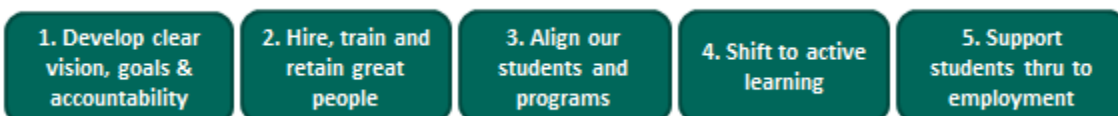
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To mitigate further risk, AC-Jazan staff undertook a formal review of all available options. In keeping with the risk assessment framework developed by Finance and Administration staff, AC-Jazan staff completed a detailed risk register, identifying strategies and activities and embedding them inside the 2015-16 Business Plan.

Environmental Scan

An analysis of the existing strengths, weaknesses, opportunities and threats is provided below:

| | |
|--|--|
| STRENGTHS <ul style="list-style-type: none"> Experienced executive team Engaged employees Strong community relations and marketing efforts Improving attendance and student support Relationship with COE AC-Canada support | WEAKNESSES <ul style="list-style-type: none"> Financial position Challenging academic program & Student progression rates English first approach Inconsistent use of learning management system Faculty lesson planning Aging campus facilities |
| OPPORTUNITIES <ul style="list-style-type: none"> CoE's TVET 2.0 Roadmap Growth of the Jazan Economic City Female campus International providers willingness to collaborate | THREATS <ul style="list-style-type: none"> Unpreparedness of students Preference for university Low price of oil Changing government players and priorities Slow pace of business Regional safety and security |

A detailed review of the most critical strengths, weaknesses, opportunities and threats is provided below.

Strengths

Recruitment

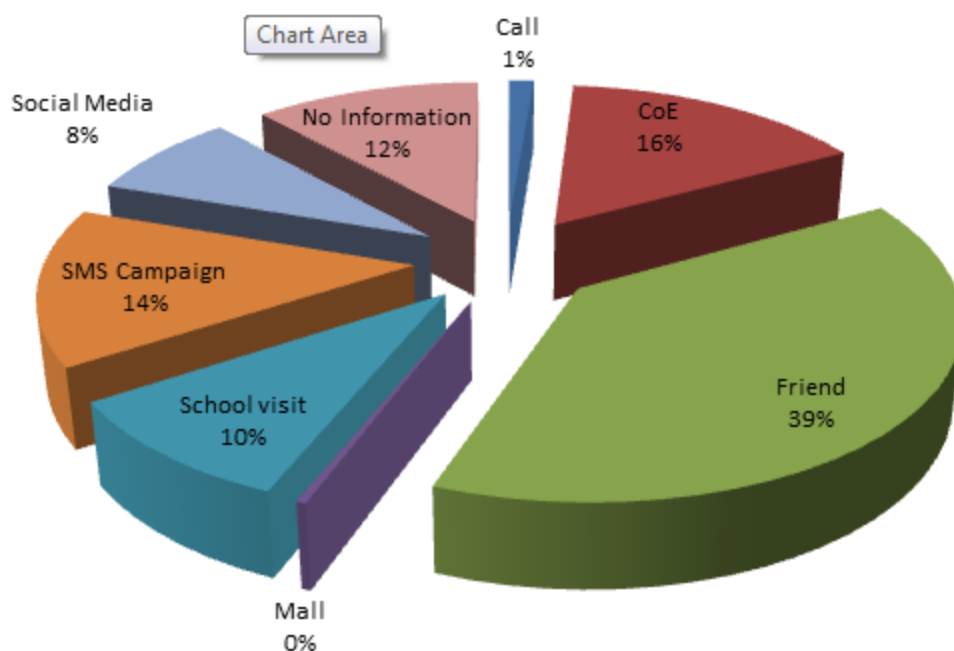
2014-15 saw our high school recruitment program begin to take shape with the recruitment team visiting 43 high schools and securing over 2,200 leads, for an average of 52 leads per visit. (*High Schools in Saudi Arabia are closed in June, July & August)

| High School Recruitment | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun* | TOTAL |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-------|
| High School Recruitment Visits | N/A | N/A | N/A | 4 | 3 | 2 | 9 | 18 | 7 | 0 | 43 |
| High School Leads Generated | N/A | N/A | N/A | 189 | 114 | 107 | 447 | 762 | 630 | 0 | 2249 |

Marketing

Our marketing efforts continue to be a strength. 2014-15 saw the team focus its efforts on text message marketing, expanding social media, telemarketing, and the implementation of a friend referral program. Applicant surveys indicate that those efforts are paying off with referrals from friends being the top source of new students.

Applicant Source



| Social Media Engagement | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | YR/YR GROWTH |
|-------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|--------------|
| Facebook Likes | 1903 | 1917 | 1949 | 1962 | 2421 | 2937 | 2990 | 3036 | 3105 | 63% |
| Facebook Posts | 21 | 40 | 111 | 139 | 167 | 180 | 208 | 233 | 242 | 1052% |
| Facebook Engagement | 5003 | 5582 | 7303 | 8720 | 10930 | 12607 | 16194 | 21149 | 32371 | 547% |
| Twitter Followers | 186 | 194 | 216 | 239 | 244 | 255 | 288 | 303 | 303 | 63% |
| Twitter Posts | 10 | 35 | 105 | 211 | 267 | 278 | 310 | 338 | 350 | 3400% |
| Twitter Retweets | 4 | 8 | 12 | 30 | 43 | 46 | 50 | 53 | 56 | 1300% |
| Twitter Favourites | N/A | N/A | 512 | 883 | 972 | 1083 | 1326 | 1661 | 1813 | 254% |
| YouTube Views | 203 | 282 | 400 | 536 | 620 | 681 | 758 | 788 | 833 | 310% |
| Instagram Followers | 64 | 112 | 189 | 224 | 259 | 277 | 298 | 309 | 324 | 406% |
| Instagram Posts | 65 | 171 | 312 | 440 | 529 | 559 | 655 | 694 | 714 | 998% |
| Instagram Comments | 2940 | 5933 | 10396 | 12628 | 14698 | 15812 | 16931 | 17416 | 17841 | 507% |

Additional work is required to create a website that is informative, easy to use, and converts visits into leads. Equally, additional work is needed to drive up website visits now that CoE has handed responsibility for marketing back to each individual international provider.

| Website Visits (Unique) | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | TOTAL | % |
|-------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------|
| 2013-14 | 15,788 | 6,130 | 5,499 | 3,750 | 5,305 | 5,205 | 4,408 | 4,083 | 3,209 | 4,241 | 3,656 | 7,482 | 68,756 | - |
| 2014-15 | 4,267 | 2,874 | 4,170 | 3,622 | 3,276 | 2,916 | 3,996 | 2,771 | 2,690 | 2,507 | 2,515 | 5,685 | 41,289 | -39.95% |

Community and employer outreach

Our community and employer outreach efforts have led to the creation of a Jazan Campus Advisory Committee with representatives from government, local industry and Jazan University. Additionally, AC-Jazan has partnered with employers to secure student sponsorship agreements covering 420 students. In addition to providing students with a monthly stipend of 3,000 SAR (above the state sponsorship of 1,000/month), these student sponsorships also guarantee the student employment upon graduation. Additional work is required in engaging students and faculty within the community.

Effective attendance tracking and student information system

This past year saw the continued rollout of our student information platform, including our attendance tracking and intervention system. A review of overall attendance notes improvement year-over-year, with average PYP attendance rising from 66% to 73% and average Diploma attendance rising from 68% to 73%.

| 2013-14 Attendance Average | T1Month1 | T1Month2 | T1Month3 | T1Month4 | T1Month5 | T2Month1 | T2Month2 | T2Month3 | T2Month4 | T2Month5 | TOTAL |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| Attendance (PYP) - Average | 69% | 46% | 68% | 75% | 51% | 78% | 60% | 70% | 67% | 74% | 66% |
| Attendance (Diploma) - Average | 70% | 63% | 65% | 68% | 63% | 89% | 64% | 61% | 69% | 68% | 68% |
| 2015-16 Attendance Average | T1Month1 | T1Month2 | T1Month3 | T2Month1 | T2Month1 | T2Month2 | T2Month3 | T3Month1 | T3Month2 | T3Month3 | TOTAL |
| Attendance (PYP) - Average | 85% | 74% | 64% | 70% | 70% | 68% | 73% | 78% | | | 73% |
| Attendance (Diploma) - Average | 87% | 67% | 65% | 70% | 70% | 68% | 74% | 78% | | | 73% |

Above 80% attendance

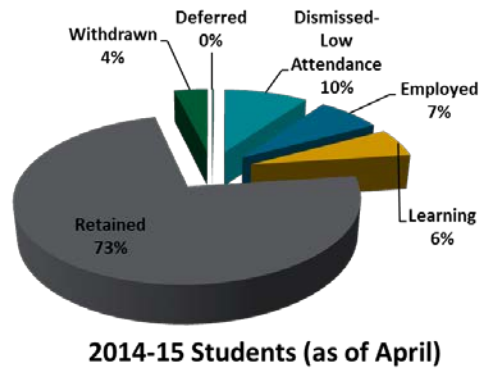
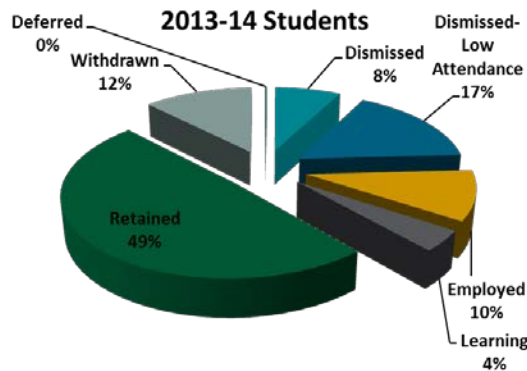
When comparing just students with an average attendance above 80% during the first intake, the level for which we are paid, this year has seen a significant increase year-over-year.

| Foundation Program | Week 7 Enrolled | Overall Att >= 80% | % |
|-----------------------|-----------------|--------------------|--------|
| 2013-14 Intake 1 (S1) | 663 | 102 | 15.38% |
| 2013-14 Intake 2 (S2) | 395 | 121 | 30.63% |
| 2014-15 Intake 1 (T1) | 334 | 208 | 62.28% |
| 2014-15 Intake 2 (T2) | 106 | 77 | 72.64% |
| 2014-15 Intake 3 (T3) | 151 | 67 | 44.37% |

Stabilized Foundation Year Program

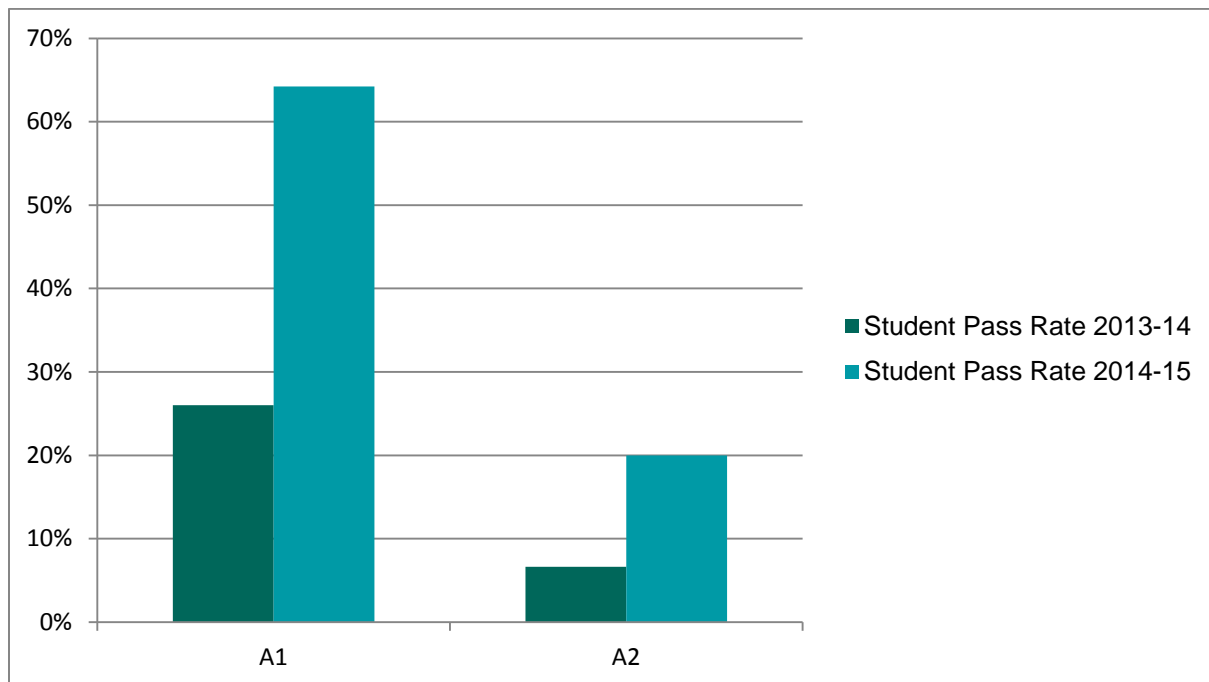
2014-15 saw the hiring of a new Foundation Program Chair, the introduction of new Program Coordinators, and investment in maturing our internal processes and procedures. The effort resulted in improvement in both retention and progression rates. Unfortunately, retention continues to be a significant challenge with more than 50% of students leaving the college by the end of the second trimester.

| Retention | Enrolled | Enrolled Week 7 | % | Retention S1 | % | Retention S2 | % | Employed or Learning | % |
|-----------------|----------|-----------------|-----|--------------|-----|--------------|-----|----------------------|-----|
| 13-14 Intake #1 | 676 | 663 | 98% | 302 | 45% | 238 | 35% | 146 | 22% |
| 14-15 Intake #1 | 381 | 334 | 88% | 288 | 76% | 173 | 45% | 86 | 23% |



Improved success rates

In addition to improved attendance, our revamped Foundation Year program saw improvement in its student pass rates. Efforts in this area will remain a focus in 2015-16.



Weaknesses

Fluctuating application numbers

In 2014-15, Colleges of Excellence decreased efforts in marketing and public relations, with responsibility for promotion shifting to each individual provider. Combined with increased local competition, the number of AC-Jazan eligible applications fell almost 73%. 2015-16 saw applications rebound, primarily as a result of an effective marketing campaign that promoted students' ability to be sponsored after completing the first term.

| 2013-14 Admissions | 13-14 Applicants /Eligible | 13-14 Admitted | 13-14 % |
|-------------------------------|-----------------------------------|-----------------------|----------------|
| Foundation Program (PYP) - T1 | 2628 | 754 | 28.7% |
| Foundation Program (PYP) - T2 | 1543 | 475 | 30.8% |
| TOTAL | 4171 | 1229 | 29.5% |
| | | | |
| 2014-15 Admissions | 14-15 Applicants /Eligible | 14-15 Admitted | 14-15 % |
| Foundation Program (PYP) - T1 | 517 | 447 | 86.5% |
| Foundation Program (PYP) - T2 | 363 | 139 | 38.3% |
| Foundation Program (PYP) - T3 | 250 | 240 | 96.0% |
| TOTAL | 1130 | 826 | 73.1% |

Even though we saw significant fluctuations in application numbers, AC-Jazan was able to increase the student entry GPA to 77.3%, above our 2014-15 goal of 77%. At the same time, the College saw a rise of only 0.1% in year-over-year Qiyas scores, below our 61% target. Staff are analyzing the data to better understand the correlation between GPA, Qiyas and other factors, and academic success.

| Admission Averages | 13-14 GPA | 13-14 Qiyas | 14-15 GPA | 14-15 Qiyas |
|---------------------------|------------------|--------------------|------------------|--------------------|
| PYP - T1 | 75.2% | 60.0% | 78.0% | 61.0% |
| PYP - T2 | 75.3% | 60.5% | 77.0% | 59.0% |
| PYP - T3 | | | 77.0% | 61.0% |
| TOTAL | 75.2% | 60.2% | 77.3% | 60.3% |

Lack of scalable policies, procedures, processes and systems

Staff has realized that the policies, procedures, processes and systems used to operate a mature Canadian-based educational institution are not the ones needed in an international start-up environment. This realization has required College staff to innovate at the same time as it operates adding an additional level of complexity to our operations in Jazan. 2015-16 will see a continued effort in the development of the College's international operating system.

Opportunities

Colleges of Excellence TVET 2.0 Roadmap

CoE has recognized that the original academic model is not working in the manner expected. Algonquin's challenges are felt by every international operator with all providers reporting lower than anticipated levels of student retention, progression, and graduation. The cause is linked primarily to a mismatch between the preparedness of students and the academic challenge and structure of the programs international providers are required to deliver under contract.

In response, CoE has designed a new model - TVET 2.0. The effort has two principle strategies:

1. Aligning academic programs and student preparedness

- Introducing fast track short courses, with a direct link to employment for those students more suited to employment track training.
 - Teaching in Arabic where appropriate.
 - Rewarding term-to-term success with a Saudi Skills Standards approved certificate so that those leaving early still earn a credential recognized by employers.
 - Introducing employer incentives to partner with institutions.
2. Attracting higher quality students
- Increasing stipends for top students.
 - Allowing providers to offer applied degrees and graduate certificates.

A change in Saudi government has slowed the introduction of the new TVET 2.0 model. Continued engagement with CoE and TVTC are required to showcase the importance of permitting providers to shift to the new model and aligning funding to support the transition.

Threats

Preparedness of Students

Over the course of the past two years, it has become clear that the students applying to AC-Jazan do not have the academic and social preparedness for which our academic programs were contractually designed. Specifically, the majority of students applying to enter the Colleges of Excellence system are:

1. Weak in English proficiency, with lower than anticipated levels of English language knowledge.
2. Weak in math and science proficiency, with limited ability perform elementary-level computation tasks such as fractions.
3. Weak in the study skills required to succeed in an academically challenging environment.
4. Weak in IT skills, with many capable of using a smartphone but less capable of navigating a desktop computer.
5. Weaker than expected Arabic language proficiency, as noted by Laureate in their introduction of an entry exam. The link between native language attainment and learning a new language is well documented in foreign language training literature.

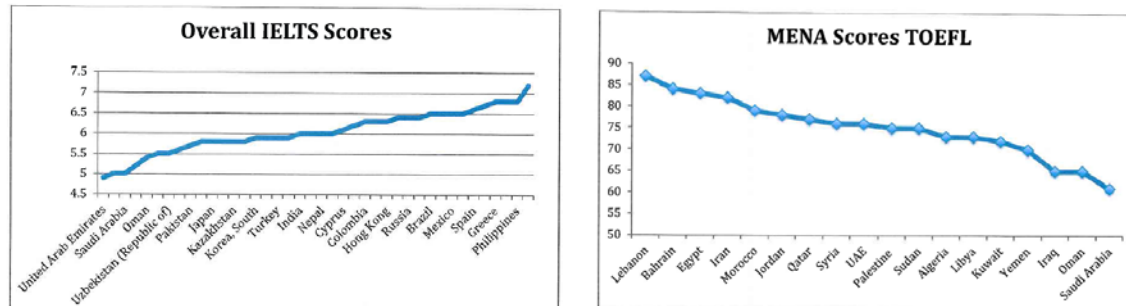
Math and Science

In a report published by the World Bank "Integrating TVET into the Knowledge Economy: Reform and Challenges in the Middle East and North Africa, (January 2005), the World Bank data show that Saudi Arabia had one of the lowest attainment scores in the TIMSS Math & Science (Trends in International Mathematics and Science Study). In the 2003 TIMSS math exam, 81% of the Saudi 8th grade students scored below the "low benchmark". In regard to the science exam, over 50% of the Saudi students scored below the "low benchmark".

English Language

In regard to English language acquisition in Saudi Arabia, according to proprietary information collected from Cambridge, Saudi has one of the lowest KET pass rates, averaging 49% overall pass rate compared to 68% for the rest of the world for 2013, and 54% passing rate in 2014 compared to 75% for the rest of the world. Considering the academic levels of high school students entering the TVET / CoE system, a low passing score on the KET exam after only one year of academic English is predictable.

A comparison of IELTS (International English Language Testing System) and TOEFL (Test of English as a Foreign Language) scores of students across the Middle East and North Africa region also indicate a weakness in English proficiency among Saudi students.



In summary, the data and our experience indicate that students arriving at AC-Jazan are, in general, unprepared for the rigor of the programs the College is mandated to deliver.

Preference for university

In Saudi Arabia, "students, parents, and career advisors still hold a strong bias in favour of degrees from traditional universities and see TVET programs as a "second tier" option that is suited for students with lower aspirations or lesser academic abilities."¹

Currently, about one million students are enrolled at Saudi universities and colleges, compared to 7,000 in 1970 – a dramatic increase. Of those, over half are female.

A presentation by CoE officials confirmed that there are more first-year spaces available at Jazan University each year than there are local high school graduates. Most Saudis see a university degree as a pathway toward working in government and a high income.

Our opportunity is showcasing that securing a degree does not guarantee success. According to an article published by Saudi Gazette on September 24, 2014, "90 percent of those who signed up for Hafiz Unemployment Aid Program hold degrees with specializations unsuitable for the market", Dr. John Sfakianakis, chief economist at Saudi-Fransi Bank, told Al-Hayat newspaper. According to Sfakianakis, 78 percent of high school graduates have been accepted to universities, which is the highest percentage globally. The average participation rate in OECD countries is 56 percent.

AC-Jazan Education Model & Strategy

The 2015-16 Business Plan and Budget recognizes these challenges and opportunities, and outlines a set of initiatives and measures aimed at helping Algonquin support Colleges of Excellence in its bold effort to upgrade the quality of technical vocational education and training across the country, improve current student success and delivering on the College's financial projections.

¹ J. Puckett, Jim Davidosn, and Elaine Lee, *Vocational Education: The Missing Link in Economic Development*, Boston Consulting Group, <http://www.bcg.com/documents/file117152.pdf>

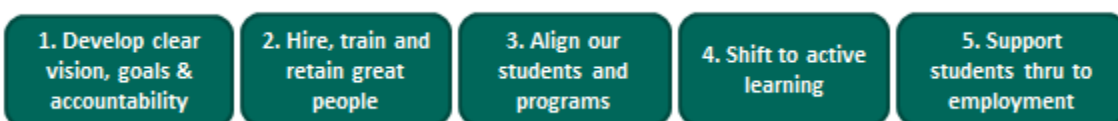
The opportunity lay in recognizing that our students require an environment that matches their capabilities and aspirations, and moving toward the TVET 2.0 model in a manner that respects existing contractual obligations.

Value Proposition & Position

Algonquin College will position itself as a top producer of internationally trained, job-ready graduates, who are in demand by employers because of their professionalism, hands-on skills training, and above average proficiency in English.

Strategic Direction

Critical to the College's ability to differentiate it from local and international competitors is the integration of the College's value proposition into daily College life. Toward that end, we have developed a five-part strategic direction.



1. Develop a clear vision, goals & accountability

All stakeholders will clearly understand our commitment *to help transform hopes and dreams into skills and knowledge, leading to lifelong career success*. Complementing our mission, vision and values will be a clear set of metrics used to show employees, at all levels of the organization, what success looks like. Finally, we will ensure expectations are clear through the development of succinct policies, procedures, processes and systems, which make up the College's international operating system.

2. Hire, train and retain great people

Essential to the College's success is the recruitment of excellent faculty and staff. Algonquin will hire highly skilled employees who possess an exceptional attitude and share our passion for helping students succeed. We will pay our employees fairly, enthusiastically support their professional development, and surround them with a system which focuses on daily continuous improvement. In return, we ask for an unwavering commitment to our students' personal and educational success.

3. Align our students and programs

We will admit students who fully appreciate the commitment to attendance, hard work and community engagement required to be successful at Algonquin. Having met the minimum academic entrance requirements, students will be admitted once they have completed an entrance exam which identifies their entry-level competency in English, Arabic and Math, have participated in a one-on-one interview, and have signed an admissions contract.

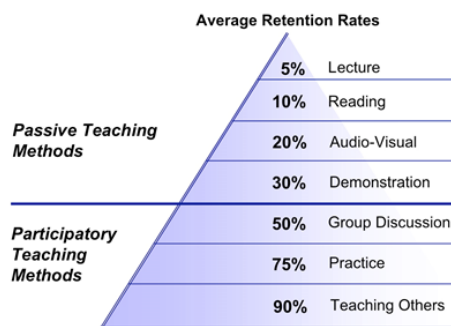
We will then enter students into the academic level appropriate to their skills and capabilities. Those that are uncertain about their career path or are in need of additional literacy, numeracy and

study skills training will be streamed into our new Discovery Program. Those with acceptable levels of English, Math and IT proficiency will move directly into the Foundation Program. Additionally, we will expand our diploma offerings to include a Business diploma, allowing those students who do not have the advanced skills in math and physics to pursue alternative post-secondary options. (See the Academic Plan section for additional detail).

4. Shift to active learning

Active learning is the process of involving students in activities that encourage them to develop a deeper understanding of the curriculum than they would receive simply from listening to a lecture. As an institute of applied learning, this style of education is at the core of the Algonquin Experience and our commitment to experiential education.

In alignment with the TEVT 2.0 model, we will begin to shift from an English first to an Applied first approach; ensuring students receive an experiential education from the first day of classes on. This commitment to applied education will include embedding work integrated learning in all programs, regularly welcoming industry speakers into class, aligning campus clubs with academic outcomes, and embracing the use of technology and community outreach into the learning environment.



5. Support students through to employment

To ensure our students are successful, we will surround them with support from the moment they arrive right through to their employment. To provide ongoing counsel we will continue to engage the Jazan Campus Advisory Committee, made up of community and industry representatives, as well as our Alumni.

In addition to acquiring technical skills, each student will also acquire the essential employability skills required to land and keep a promising career. Our students will graduate with:

- on the job work experience,
- a professionally designed resume,
- job interview skills, and
- communication and leadership skills acquired through participation in student clubs, community outreach, and academic competitions.

Finally, at each step along their academic journey, our faculty and student services team will support students in a manner in keeping with our core values of caring, learning, integrity and respect. From attendance tracking to academic counselling, we will work pro-actively to ensure our students feel valued and supported.

The 2015-16 Academic Plan

Accepting the preparedness level of our applicants, the biggest shift in 2015-16 is within our academic offerings. With guidance from CoE, the Saudi Skills Standards bureau and AC-Canada, the AC-Jazan team will begin a two-year effort to better align our program offerings with our students' skill level.

1. Assess and assign students based on their interest and skill level

To better match students' capacity and interests with the academic environment, AC-Jazan will refine its ability to assess an applicant's existing knowledge, personal interests and family support. Armed with a better understanding of their capabilities we will help them enroll in a program that matches their academic credentials, support system, and ambition.

2. Pilot a "Discovery" stream

Guided by AC-Canada's expertise in the development of preparation courses, in 2015-16 students who do not meet the academic requirements to enter the Foundation program will be offered a space in a three semester pilot "Discovery" program. Part career-sampler, the program will be used to better assess a student's potential, teach them basic computer and study skills, while at the same time introducing them to the variety of career options that are available at AC-Jazan and across the region.

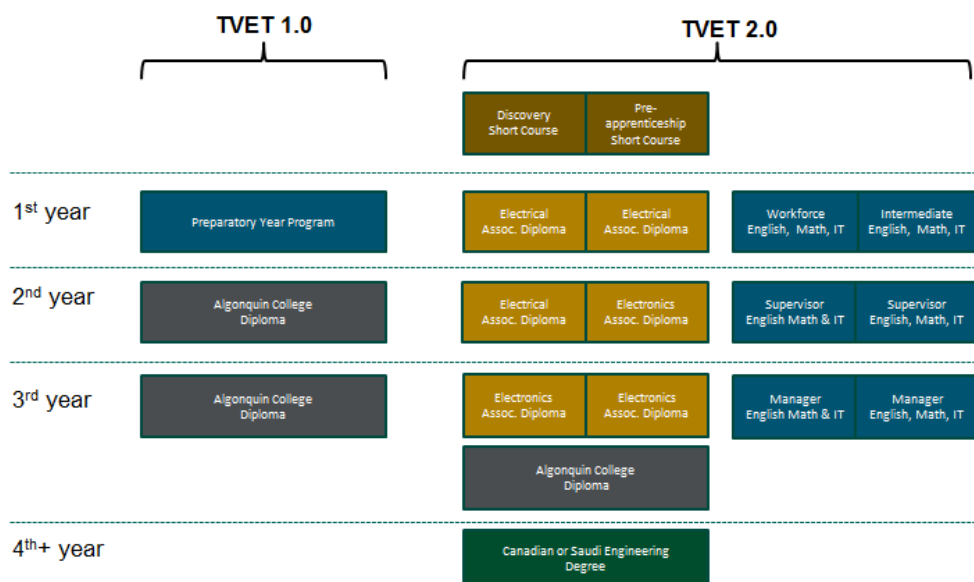
3. Shift the academic focus from English first to Applied Learning first

To capture the imagination of new students and embed an appreciation for hands-on experiential learning, Algonquin will begin a two-year process of transitioning from offering the traditional one-year foundation program, followed by the two-year diploma, to a combined three-year diploma with English, Math and IT integrated throughout the three years. This will allow staff to place students into the lab on their first day of classes and raise the English standard as the academic requirements increase.

The current model of requiring all students to take an intensive first year in English is proving to be a significant barrier to student retention. Over 90% of our students are applied learners. Requiring them to sit in a traditional classroom setting learning English for about hours a day is disengaging the students. We believe placing them in the lab and beginning to excite them about their trade, in combination with English, math and IT, will improve our attendance and retention rates.

4. Complete the shift to a modularized curriculum

Staff have begun the process of shifting to the delivery of the new Saudi Skills Standards (SSS) approved credentials. This shift will be completed in 2015-16 and include a further modularization of the curriculum to promote progression. AC-Jazan will modularize its offerings by breaking the one-year Associate Diploma and two-year Diploma programs into a series of three to four month modules. A student leaving after one semester and successfully completing their studies would be awarded a certificate for the portion of the curriculum completed. A student leaving after one and half years would depart with an English Language certificate and an Associate Diploma. After three years, the student would leave with additional SSS English Language certificates as well as two SSS Associate Diplomas and an SSS Diploma.



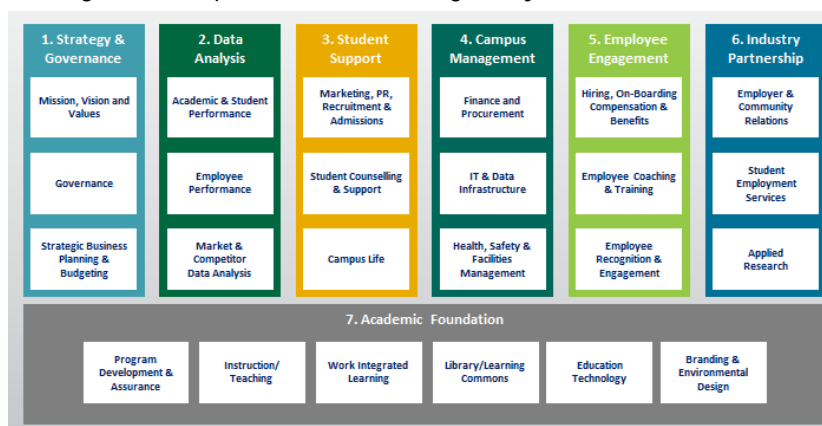
5. Add a Business Diploma Stream

To better align our program mix with student skills and aspirations, as well as employer demand, staff will introduce an SSS Associated Diploma in Business, leading to a full SSS Diploma in Small Business Management and Entrepreneurship and Human Resources. This addition will allow a significant number of Foundation year graduates to enter a diploma level stream.

6. **Return to the semester model.** In the fall of 2016, AC-Jazan will return to the semester model realigning with the university, secondary school and community timetable.

The Algonquin College International Operating System

Our work in Jazan is critical to the development of an exportable education system. Taking a page from those who have experience building efficient operations that scale globally, the International team is hard at work developing the *Algonquin College International Operating System*, a set of processes, procedures, and operational systems that will ensure the consistent delivery of hands-on, applied education whether in Saudi Arabia or elsewhere.



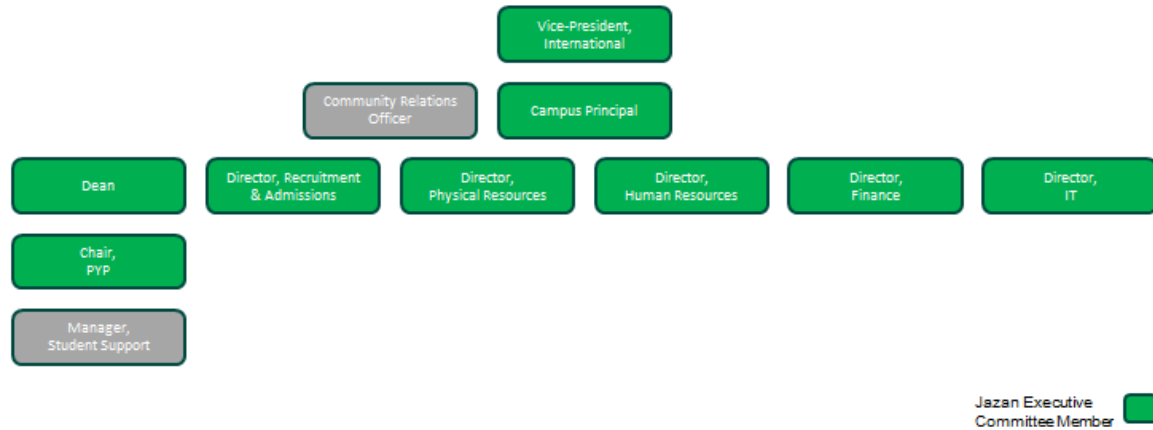
Key Performance Indicators

Aligned to the College's overarching objectives and the strategic direction are a set of key performance indicators (KPI) which serve to guide senior management in their day-to-day operations, and inform stakeholders as to whether the College is delivering on its commitments.

| 2015-16 Key Performance Indicators | 2015-16 Target |
|--|----------------|
| Goal #1: Clear vision, goals and accountability | |
| JEC Sign-off on Performance Contract | 100% |
| Budget | <> 2% |
| Goal #2: Hire, train and retain great people | |
| Employee Satisfaction | Benchmark |
| Employee Retention | 80% |
| Professional Development Hours Completed/Employee | 20 hrs |
| Goal #3: Admit the right students | |
| High School GPA – PYP | 75% |
| Qiyas – PYP | 61.0% |
| Enrolment - PYP (1st – yr over three Trimesters) | 746 |
| Enrolment - Diploma (1st - yr Electrical) | 20 |
| Enrolment - Diploma (1st - yr Business) | 20 |
| Enrolment – Discovery | Incl. in PYP |
| Goal #4: Shift to active learning | |
| Attendance over 80% - PYP (1st - yr) | 70% |
| Attendance over 80% - Diploma (1st - yr Electrical) | 90% |
| Attendance over 80% - Diploma (1st - yr Business) | 90% |
| Attendance over 80% - Discovery | 75% |
| Retention - PYP (1st - yr) | 61% |
| Retention - Diploma (1st - yr Electrical) | 75% |
| Retention - Diploma (1st - yr Business) | 75% |
| Retention - Discovery | 61% |
| Goal #5: Support students through to employment | |
| SSS Quality Assessment | Good |
| Graduation - PYP (1st - yr) | 25% |
| Graduation - Diploma (1st - yr Electrical) | 30% |
| Graduation - Diploma (1st - yr Business) | 30% |
| Graduation - Discovery | 85% |
| Graduate Employment | 90% |
| Student Satisfaction | Benchmark |
| Employer Satisfaction | Benchmark |

Human Resource Plan

To begin the new academic year, a renewed management team and organizational structure has been put in place to ensure accountability and better balance the senior leadership along key academic and administrative lines. This year will see the hiring of a new Campus Principal, along with the addition of an Academic Dean position.



Business Plan

AC – Jazan 2015-16

Business Plan Goals

| Goal | 2015-16 Business Plan Initiative | 2015-16 Measures | Dep't |
|---|--|--|------------------|
| 1: Clear vision, goals and accountability | (1) Draft, distribute and implement college business plan & budget | (1) 2015-16 Business Plan & Budget signed off by all JEC members (Q1) | Principal |
| | | (2) 2015-16 Business Plan & Budget distributed to all employees (Q1) | Principal |
| | | (3) Review Departmental plans with Department staff | All |
| | | (4) Quarterly Business Plan updates submitted to JEC and VP | Principal |
| | (2) Share information concerning the College's direction regularly | 2 mandatory employee town halls hosted per academic year (Q1, Q3) | Principal |
| | (3) Develop departmental strategic plans | (1) Template for Departmental Business Plans presented to JEC (Aug.) | Principal |
| | | (2) College Annual Report published (Q1) | Principal |
| | | (3) Quarterly updates submitted to Principal | Dean & Directors |
| | (4) Develop departmental strategic plans 2016/17 | (1) Academic Plan Working Group terms of reference drafted & submitted to JEC (Q2) | Dean |
| | | (2) 2 public meetings held with min. 20 attendees with minutes distributed via myAC Jazan (Q3) | Dean |
| | | (3) Plan submitted to JEC (Q4) | Dean |
| | | (4) Departmental Plan Working Groups formed (Q2) | All |
| | | (5) 2 public meetings held with minutes distributed via myAC Jazan (Q3) | All |
| | | (6) Departmental Plan submitted to JEC (Q4) | All |
| | (5) Provide consistent and constructive feedback to employees | (1) Section referencing College direction added to all new employee contracts (Q1) | HR |
| | | (2) 100% of new employees attend 1/2 day Jazan orientation session (including overview on benefits, employee code of conduct, student code of conduct, safety, Saudi culture) (Q1) | HR |
| | | (3) Employee news items posted to MyAC Jazan-monthly | HR |
| | | (4) Probationary employees list submitted to JEC for review (monthly) | HR |
| | | (5) Manager evaluation framework developed and presented to JEC (Aug.) | Principal |
| | | (6) 100% of Managers have mid-year evaluation completed & signed off by Supervisor and Employee (Dec.) | Principal |
| | | (7) Faculty evaluation framework developed and presented to JEC (Q1) | Dean |
| | | (8) 95% of faculty have mid-year evaluation completed & signed off by Coordinator and Employee (Q2) | Dean |
| | | (9) 100% of new employees have probationary review completed & signed off by manager and employee (Monthly) | All |
| | (7) Deliver on-budget | (1) Deliver their annual budget within a +/- range of 2.0% | All |

| | | | |
|--|--|---|--------------|
| | | (2) Financial reports distributed to JEC members (Monthly) | Finance |
| | | (3) Budget review sessions held, with focus on negative cost variances, with each JEC member and with Principal (Monthly) | Finance |
| | | (4) Budget Manual presented, with focus on authorization levels, to JEC (Q1) | Finance |
| | | (5) Purchasing policies reviewed and submitted to JEC, and published via myAC Jazan (Q1) | Finance |
| 2: Hire, train and retain great people. | (8) Draft and implement employee engagement plan | (1) Annual Employee Engagement Survey completed (Q4) | HR |
| | | (2) Employee Engagement Survey plan presented to JEC (Q2) | HR |
| | | (3) 2 Social events with average attendance of 20 employees/event (Quarterly) | HR |
| | | (4) 3 nominations for President's Star Awards submitted (Quarterly) | HR |
| | | (5) Employee Engagement Committee formed, meeting minutes presented to JEC (Quarterly) | HR |
| | (9) Complete Equity Review | (1) Salary review report completed (Q1) | Principal |
| | | (2) Final salary grid approved by VP. Results circulated to community. (Q2) | Principal |
| | (10) Update employee contracts and job descriptions | (1) Job descriptions review completed (Q2) | HR |
| | | (2) New contract template distributed for feedback (Q3) | HR |
| | | (3) Employee retention rate reported to JEC (Quarterly) | HR |
| | (11) Offer regular professional development opportunities | (1) 100% of Managers have Professional Development Contract signed off by Manager and Employee (Q1) | All |
| | | (2) Departmental PD Plans presented to JEC totalling a minimum of 20 hours per employee (Q1) | All |
| | | (3) Bridge is used to facilitate employee PD (Q1) | HR |
| | (12) Implement regular process for updating policies | (1) AC-Jazan organizational chart presented to JEC and posted on myAC Jazan (Q1) | Principal |
| | | (2) Process for updating policies and procedures presented to JEC (Q2) | Principal |
| | | (3) College policies submitted to JEC for review and published to myAC Jazan (Q2) | Principal |
| | (13) Build a safe, welcoming campus | (1) Occupational Health & Safety Committee Meetings held quarterly, with minutes submitted to JEC (Quarterly) | P. Resources |
| | | (2) Campus & compound safety audits completed and results presented to JEC (Q2, Q4) | P. Resources |
| | | (3) Two fire drills completed (Q1, Q3) | P. Resources |
| | | (4) Crisis Management course added to Bridge (Q1) | P. Resources |
| | | (5) Crisis management table-top exercise completed with JEC (Q2) | P. Resources |
| | | (6) Emergency SMS system tested (Q2, Q4) | P. Resources |
| | | (7) Safety Wardens identified and 1 training session completed (Q1) | P. Resources |
| | (14) Offer employees great accommodations | (1) Compound maintenance & furniture replacement schedule presented to JEC and | P. Resources |

| | | | |
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| 3: Admit the right students | | published on myAC Jazan (Q1) | |
| | | (2) CCTV camera system installed at both compounds and campus (Q2) | P. Resources |
| | | (3) Compound 3 Rooftop terrace plan drafted and implemented (Q2) | P. Resources |
| | | (4) Robust Internet Service introduced (Q1) | ITS |
| | (15) Begin transition to TVET 2.0 | (1) 2 SSS short course approved for delivery by CoE, SSS, and AC-Canada (Q2) | Dean |
| | | (2) Business diploma approved by CoE, SSS, and AC-Canada (Q2) | Dean |
| | (16) Administer Admissions standards | (1) 100% of conditionally accepted PYP students have a minimum combined score of 130, or independently a Qiyas of 6x or a High School GPA of 7x (Q1, Q2, Q3) | Admissions |
| | | (2) 85% of students take an online evaluation test in English, Math and Arabic (Q2) | Admissions |
| | | 100% have evaluation test completed by end of their first week of class | |
| | | (3) 100% of incoming students complete staff interview prior to admission (Q1, Q2, Q3) | Admissions |
| 4: Shift to active learning | | (4) 100% of enrolments have signed attendance contract (Q1, Q2, Q3) | Admissions |
| | | (5) Enrolment reports presented to JEC (Quarterly) | Admissions |
| | | (6) Consistent standard for statistics developed | |
| | (17) Generate a higher profile for the College | (1) Terms of reference for the AC-Jazan Advisory Committee reviewed by JEC (Q1) | Principal |
| | | (2) 2 meetings of the AC-Jazan Advisory Committee hosted with minimum of 10 community members in attendance (Q2, Q3) | Principal |
| | | (3) AC-Jazan Advisory Committee Mtg. minutes submitted to JEC and published via myAC Jazan (Q2, Q3) | Principal |
| | | (4) 3 new community partners or groups meet with Community Liaison Officer (Quarterly) | Principal |
| | | (5) Feasibility of Billboard marketing plan presented to JEC (Q1) | Admissions |
| | | (6) AC-JAZAN website visits increased 10% (Quarterly) | Admissions |
| | | (7) 12 new posts added to College website (Quarterly) | Admissions |
| | | (8) 60 social media posts posted (Quarterly) | Admissions |
| | | (9) One media event hosted (Quarterly) | Admissions |
| | | (10) Jazan corporate brochure published (Q2) | Admissions |
| | | (11) One community outreach event hosted (Quarterly) | Principal |
| | (18) Formalize recruitment activity | (1) Minimum of one College open house held per trimester with a total of 50 prospective students attending each event (Q2, Q3, Q4) | Admissions |
| | | (2) Recruitment visit plan developed (Q1) generating 2,500 leads by year end. (Q4) | Admissions |
| | | (3) Minimum of one recruitment focused txt message sent to our leads (Quarterly) | Admissions |
| | (19) Create an engaged classroom & campus | (1) Attendance Report submitted to JEC (Weekly) | Dean |
| | | (2) Report on expanded use of labs in PYP program presented to JEC (Q1) | Dean |
| | | (3) Report on clubs presented to JEC (Q1) | Dean |

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|-------------------------------|---|---|-----------|
| 5: Support student employment | | (4) Training flyers on use of Smart Boards submitted to JEC and posted to myAC Jazan (Q1) | Dean |
| | | (5) Bridge training courses for faculty covering "Use of Smart Board" developed and published to Bridge (Q1) | Dean |
| | | (6) Two employer/industry visits (Q1, Q2, Q3) | Dean |
| | | (7) One field trip per program (Q2, Q3, Q4) | Dean |
| | | (8) Campus club coordinators confirmed for 2015-16 (Q1) | Dean |
| | | (9) 2 Campus Club information sessions held per year (Q1, Q3) | Dean |
| | | (10) Student peer tutor program plan presented to JEC (Q1) | Dean |
| | (20) Test student progression regularly | (1) Progression report presented to JEC, confirming 100% of students have completed level-to-level evaluations (Quarterly) | Dean |
| | | (2) Program CRM to accept component marks and calculate GRF result. (Q2) | Dean |
| | (21) Secure an "Outstanding" score in SSS review | (1) Draft and present SSS plan to JEC (Q1) | Principal |
| | (22) Use technology to improve the employee, faculty and student outcomes | (1) Training flyers for faculty covering Attendance and Grade Reporting submitted to JEC and posted to myAC Jazan (Q1) | ITS |
| | | (2) Attendance and LMS Login reports and dashboards, for both faculty and students, developed and presented to JEC (Quarterly). | ITS |
| | | (3) Bridge training courses for faculty covering Attendance and Grade Reporting developed and published to Bridge (Q2) | ITS |
| | | (4) myAC Jazan launched (Q1) | ITS |
| | | (5) LMS and CRM integrated to allow the flow of grade, assignment, participation, & login data between systems (Q4) | ITS |
| | | (6) Bridge and CRM integrated to allow the set-up of a new employees on Bridge (Q1) | ITS |
| | | (7) Introduction to CRM presented to Finance (Q2) | ITS |
| | | (8) 100% of course materials loaded into LMS (Q3) | Dean |
| | | (9) 100% of grades entered into LMS. (Q2,Q3, Q4) | Dean |
| | | (10) Grades entered directly into CRM. (Q2) | |
| | | (11) All employee information stored in CRM. (Q2) | HR |
| | | (12) Employee Orientation course developed and loaded into Bridge. (Q1) | HR |
| | | (13) Negotiation completed to permit AC-Jazan employees access to AC-Canada Online PD programs. (Q1) | HR |
| | | (14) Events calendar, HR Policies & procedures, and HR Forms uploaded to myAC Jazan. (Q1) | HR |
| | | (15) Automated employee newsletter tested. (Q1) | HR |
| | | (16) Report on potential use of CRM in Finance presented to JEC (Q2) | Finance |
| | (23) Refine AC-Jazan student attendance tracking and intervention system | (1) Attendance taking report detailing faculty use of attendance taking system presented to JEC. (Quarterly) | Dean |
| | | CRM used to track all Attendance issues. (Quarterly) | Dean |

| | | |
|---|---|-----------|
| | (2) Counsellors hold a 1-on-1 meeting with each student once per Trimester (Q1, Q2, Q3) | Dean |
| | (3) Set up computers in SS Centre so attendance results can be accessed directly by students. (Q1) | Dean |
| | (4) Investigate options for class scheduling integration with CRM through the use of new software (Q2) | ITS |
| (24) Reward academic excellence | (1) Present Attendance certificates at the end of each term. (Q1-3) | Dean |
| | (2) Academic Award Committee to develop awards for high academic achievement established (Q2) | Dean |
| | (3) Academic Award plan incorporated in Academic Plan (Q) | |
| (25) Restructure Delivery of Student Success Program. | (1) Peer tutoring tracking system developed (Q1) | Dean |
| | (2) 100 peer tutoring sessions held (Quarterly) | Dean |
| | (3) 10 peer tutors recruited and trained (Q1) | Dean |
| | (4) Student satisfaction survey conducted each term and results presented to JEC (Q1, Q2, Q3) | Dean |
| | (5) One improvement stemming from survey confirmed by JEC and implemented each term (Q1, Q2, Q3) | Dean |
| | (6) Minutes from 8 Students' Council meetings posted to myAC Jazan | Dean |
| (26) Improve attendance | (1) Attendance taking normalized to 25% of Department effort. (Q1) | Dean |
| | (2) Attendance Policy drafted, distributed and implemented (Q1) | Dean |
| | (3) Attendance reports submitted and reviewed at JEC (Q1-3) | Dean |
| | (4) Attendance responsibilities added to Academic Dean, Chair, Coordinator and faculty member job descriptions (Q1) | HR |
| (27) Provide all vocational program students a work experience as part of their program | (1) 25 new Corporate Training/Community Leaders contacts entered into Salesforce (Quarterly) | Principal |
| | (2) 20 Corporate Training sales meetings held (Quarterly) | Principal |
| | (3) 8 Corporate Training quotes delivered to prospective clients (Quarterly) | Principal |
| | (4) 3 Employer contracts signed (Quarterly) | Principal |
| | (5) Employer satisfaction survey completed with 100% participation from contracted employers | Principal |
| | (6) Put a structured plan in place to serve the Electrical & Mechanical students with work placements during their last year. | Dean |

Financial Plan

2015-16 Budget Assumptions

A number of assumptions were made in the preparation of estimates to be included in the budget. A list of the most significant assumptions for 2015-16 follows:

Revenues

- Tuition revenue is based on billable students per month totaling;

| Billable Students Per Month | 2014/15 Actual | 2015/16 Total |
|-----------------------------|----------------|---------------|
| September | 436 | 635 |
| October | 453 | 635 |
| November | 369 | 635 |
| December | 380 | 635 |
| January | 462 | 635 |
| Feb | 350 | 635 |
| March | 325 | 635 |
| April | 304 | 635 |
| May | 217 | 635 |
| June | 200 | 635 |
| July | | 0 |
| August | | 0 |
| Average | 352 | 635 |

- Enrolments projections based on the following;

| Enrollment Projections | Tri 1 2015-16 | Tri 2 2015-16 | Tri 3 2015-16 |
|--|------------------|------------------|------------------|
| Technical Year 1 students enrolled at start of trimester | 77 | 81 | 70 |
| Technical Year 2 students enrolled at start of trimester | 53 | 0 | 12 |
| Diploma Pass Rate 1st Year | 30% | 30% | 30% |
| Diploma Pass Rate 2nd Year | 30% | 30% | 30% |
| Total Diploma | 120 | 74 | 63 |
| PYP Returning | 206 | 127 | 67 |
| PYP Repeat (50% tuition billed) | 140 | | |
| PYP 1st Semester Intake | 400 | 246 | 179 |
| PYP 2nd Trimester Intake | | 148 | 91 |
| PYP 3rd Trimester Intake | | | 208 |
| Total PYP | 746 | 521 | 545 |
| Total School | 866 | 595 | 608 |

- Enrolment projections include the following assumptions
 - PYP retention rate of 61%
 - Diploma retention rate of 75%

Expenditures


- Salaries are costed per funded position chart. All salaries in Jazan are full time.
- Saudi labour law provides that unless an employee is dismissed for cause or during probation, dismissal results in a buyout of the remaining contract. Contracts are timed to end on June 30 after an academic year is over. The minimum contract length is six-months.
- Vacation is accrued at 17.3% with staff receiving 46 days of vacation per year. This includes 16 statutory holiday days.
- Benefits are costed at 13%.
 - Health plans 3.4%
 - GOSI (Social Insurance like CPP and EI together) 2.6%
 - Vacation flights 3%
 - End of Service award 4%
- Operating expenses are based on 2014/15 actual
- A contingency of 2% is budgeted. \$360K
- Strategic Investment Priorities, The following program initiatives are being introduced in 2015-16;
 - New hires:
 - New Academic Dean
 - Capital Investments:
 - Vending machines and lounge areas will be added to enhance the appeal.
 - IT upgrade with 6 new servers and indoor wireless capacity in selected areas.
- Saudi Government investments:
 - TVTC has commenced construction of a facility with 150 staff apartments. This is a two-year project. Completion is scheduled for September 2016 and estimated for January 2017. A summary of the plans is available in soft copy.

Risk Assessment


The following risks have been identified and assessed. The Business Plan identifies a series of activities aimed at mitigating against the identified risk.

| Risk (Refer to Risk Definitions) | Inherent Risk | | | Mitigation / Risk Response Plan (Sept 2014) | Residual Risk | | | Action / Implementation Plan *Resources *Performance Measures *Monitoring Required *Risk Transfer Opportunities |
|--|---------------------------|-------------------------------|----------------------------|---|---------------------------|-------------------------------|----------------------------|--|
| | IMPACT (I) (1 to 5) | LIKELIHOOD (L) (1 to 5) | RISK SCORE (I) * (L) | | IMPACT (I) (1 to 5) | LIKELIHOOD (L) (1 to 5) | RISK SCORE (I) * (L) | |
| | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 5 | Step 5 | |
| Enrolments fall below expectations | 4 | 4 | 16 | * Enrollment plan drafted * Continued development of CRM tool to track admissions and provide clear reporting * Requirement of faculty to include community outreach in curriculum | 3 | 3 | 9 | Measurable Objective: CoE Program enrollment targets: September 866, December 595, March 608 |
| Number of billable students falls below budget projections | 4 | 4 | 16 | * Re-alignment of student success under academic unit * Expansion of Student Sponsorship program | 3 | 3 | 9 | Measurable Objective: September 561, October 791, November 759, December 722, January 940, February 904, March 907, April 1203, May 1169, June 1135, July 653 |
| Ability to retain and progress students effectively | 3 | 4 | 12 | * Hiring of new Academic Dean * Investment in faculty professional development * Repatriation of curriculum to a single learning management system * Development of formal faculty evaluation framework * Automation of student testing | 3 | 3 | 9 | Measurable Objective: Retention Rate: PYP 61%, Diploma 75%, JCC 90% Cambridge Pass Rate: A1 60%, A2: 30% |
| Relations between COE and Algonquin | 3 | 3 | 9 | * Hiring of new Campus Principal & Academic Dean * Establishment and regular meeting of Campus Advisory Committee * Increase in PR activities | 2 | 2 | 4 | Measurable Objective: * Academic and SSS plans presented to JEC (Q1) * Hosting of Campus Advisory Committee (Q1, Q3) * Media event (Q1, Q2, Q3, Q4) |
| Campus health and safety | 4 | 3 | 12 | * Continuation of Occupational Health & Safety Committee * Simulated emergency scenario * OH&S employee training course implemented | 3 | 2 | 6 | Measurable Objective: * Fire drills completed (Q1) * Evacuation table top exercise completed (Q2) |

Pro Forma Summary

|  Saudi Arabia LLC | | Five Year Financial Forecast Algonquin College - Jazan (all figures in CAN\$ 000's) | | | | |
|--|-------------------|---|-------------------------|---------------------|---------------------|--------------------|
| | Actual 2013/14 | Actual 2014/15 | Draft Budget 2015/16 | Forecast 2016/17 | Forecast 2017/18 | Five Year Total |
| Revenue | | | | | | |
| Diploma Program Tuition | \$ 588 | \$ 894 | \$ 1,847 | \$ 2,872 | \$ 3,957 | \$ 10,157 |
| Foundation Year Tuition | \$ 3,849 | \$ 6,254 | \$ 6,583 | \$ 6,799 | \$ 7,955 | \$ 31,441 |
| Minimum Guarantee subsidy | \$ 4,700 | \$ 2,637 | \$ 2,187 | \$ 1,000 | \$ - | \$ 10,524 |
| Total Tuition revenue | \$ 9,137 | \$ 9,785 | \$ 9,617 | \$ 10,617 | \$ 11,912 | \$ 51,067 |
| Contract Training | \$ 200 | \$ 50 | \$ 400 | \$ 675 | \$ 1,250 | \$ 2,575 |
| Performance Bonus | \$ - | \$ - | \$ 100 | \$ 512 | \$ 658 | \$ 1,270 |
| CoE Contract Adjustment | \$ - | \$ 390 | \$ 1,812 | \$ 812 | \$ 812 | \$ 3,826 |
| TOTAL REVENUE | \$ 9,336 | \$ 10,225 | \$ 11,929 | \$ 12,636 | \$ 14,632 | \$ 58,759 |
| Expenditures | | | | | | |
| Staff Costs | \$ 5,857 | \$ 7,568 | \$ 7,012 | \$ 6,238 | \$ 6,962 | \$ 33,636 |
| Operations Expense | \$ 1,403 | \$ 2,154 | \$ 2,531 | \$ 2,200 | \$ 2,200 | \$ 10,488 |
| Facilities Expense | \$ 1,815 | \$ 1,839 | \$ 1,962 | \$ 1,647 | \$ 1,054 | \$ 8,316 |
| Contract Costs | \$ 138 | \$ 151 | \$ 178 | \$ 146 | \$ 146 | \$ 760 |
| TOTAL EXPENDITURES | \$ 9,213 | \$ 11,712 | \$ 11,683 | \$ 10,231 | \$ 10,362 | \$ 53,201 |
| | | | \$ - | \$ - | \$ - | |
| Pretax Profits | \$ 123 | \$ (1,486) | \$ 246 | \$ 2,405 | \$ 4,370 | \$ 5,658 |
| Tax | \$ 74 | \$ - | \$ 44 | \$ 441 | \$ 786 | \$ 1,345 |
| NET INCOME/LOSS | \$ 50 | \$ (1,486) | \$ 202 | \$ 2,002 | \$ 3,584 | \$ 4,351 |
| Assumptions: Currency Exchange Rate \$ 0.34 Currency Exchange Rate \$ 0.35 Revenue for 2015/16 based on Minimum Guarantee of 635 | | | | | | |

Statement of Financial Position

| | | | Statement of Financial Position | |
|--|-----------------------------|-------------------------------|---------------------------------|-----------------|
|  Saudi Arabia LLC | | | Algonquin College Jazan | |
| | | | (all figures in '000's) | |
| | | | 31-Aug-14 | 31-Aug-15 |
| Assets | | | | |
| | Current | | | |
| | | Cash | \$ 7,111 | \$ 1,902 |
| | | Accounts Receivable | \$ 68 | \$ 1,300 |
| | | Other | \$ 1,886 | \$ 390 |
| | Total Current | | \$ 9,065 | \$ 3,592 |
| | Long Term | | | |
| | | Assets | \$ 4,150 | \$ 6,949 |
| | | Less Accumulated Amortization | \$ (502) | \$ (1,747) |
| | Total Long Term | | \$ 3,648 | \$ 5,202 |
| | | | \$ - | \$ - |
| Total Assets | | | \$ 12,713 | \$ 8,794 |
| Liabilities and Equity | | | | |
| | Current Liabilities | | - | - |
| | | Accounts Payable | \$ 81 | \$ 258 |
| | | Deferred Revenue | 4,832 | - |
| | | Payable to a related party | \$ 610 | \$ 2,146 |
| | Total Current | | \$ 5,523 | \$ 2,403 |
| | | | \$ - | \$ - |
| | Long Term Liabilities | | \$ - | \$ - |
| | | Loans Payable BSF | \$ 5,186 | \$ 7,355 |
| | | End-of-service indemnities | \$ 1,605 | \$ 386 |
| | Total Long Term Liabilities | | \$ 6,791 | \$ 7,740 |
| | Equity | | | |
| | | Owners Equity | \$ 171 | \$ 171 |
| | | Retained Earnings | \$ 228 | \$ (1,520) |
| | Total Equity | | 399 | (1,349) |
| | | | \$ - | \$ - |
| Total Liabilities and Equity | | | 12,713 | 8,794 |

Funded Positions

| | Jul-14 | 2014/15 ANNUAL BUDGET | 2015/16 ANNUAL BUDGET | Notes |
|------------------|--------|-----------------------------|-----------------------------|------------------------------------|
| Principal | 1 | 2 | 5 | Adds 2 positions from below & Dean |
| Diploma | | | | |
| Instruction | 15 | 11 | 9 | |
| PYP Instruction | 38 | 36 | 34 | |
| Physical Plant | 10 | 11 | 8 | |
| Finance | 4 | 4 | 4 | |
| HR | 4 | 3 | 3 | |
| ITS | 4 | 5 | 5 | |
| Registrar | 6 | 7 | 6 | |
| Administration | 3 | 3 | - | |
| Student Services | 3 | 6 | 5 | |
| Compound | - | - | | |
| Total | 88 | 88 | 79 | |

| | |
|-------------------|--|
| Report title: | Algonquin College – Saudi Arabia Audited Financial Statements for the year ended August 31, 2015 |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Duane McNair, Vice-President, Finance and Administration |

1. RECOMMENDATION:

THAT the Board of Governors approves the audited Financial Statements for Algonquin College – Saudi Arabia for the year ended August 31, 2015.

2. PURPOSE / EXECUTIVE SUMMARY:

The purpose of this report is to present the draft audited financial statements for Algonquin College – Saudi Arabia for the year ended August 31, 2015 (APPENDIX A).

3. BACKGROUND:

The Board of Governors is required to approve the audited financial statements of Algonquin College – Saudi Arabia for its year ended August 31, 2015. The draft financial statements have been prepared by Deloitte & Touche, Bakr Abulhair & Co. The draft 2014-15 audited financial statements for Algonquin College – Saudi Arabia are presented in Saudi Riyals (see APPENDIX A). The numbers presented include comparative audited figures from the prior fiscal year. APPENDIX B has been included for information to present the financial statements translated to Canadian dollars. The translation was based utilizing average foreign exchange rates for the fiscal year.

These draft financial statements were presented at the November 12, 2015 Shareholders Meeting of Algonquin College – Saudi Arabia. The two shareholders were represented by Cheryl Jensen (for Algonquin College) and Duane McNair (for 2364193 Ontario Ltd.). Governor Nancy Cheng was also in attendance at this meeting.

4. DISCUSSION:

The Statement of Operations (Statement of Income) shown in APPENDIX A shows that Algonquin College – Saudi Arabia has produced a net loss of SAR 4,633,557 (2014 Net Profit SAR178,503) for the fiscal year ended August 31, 2015. Translated to Canadian dollars at the average foreign exchange for the fiscal year, the net loss is \$1,486,444 (2014 Net Profit \$49,776) for the fiscal year ended August 31, 2015.

5. LINK TO STRATEGIC PLAN:

Goal 10 of the 2012-2017 Strategic Plan: Expand non-funded opportunities to increase revenue. By 2017, Algonquin will have attracted and generated alternative sources of revenue through corporate, contract, personal development and ancillary activities to invest in future strategic directions. The College will expand its international offerings; attracting more international students, working with partners to develop offshore campuses, providing opportunities for Canadian students to study abroad and 'exporting' Canadian applied education.

6. STUDENT IMPACT:

Algonquin College students will ultimately benefit from additional sources of revenue from alternate sources which will be invested in future strategic directions.

7. FINANCIAL IMPACT:

The College is required to consolidate the results of Algonquin College – Saudi Arabia, for the College year ended March 31, 2016 into its financial statements. Based on the audited financial statements of Algonquin College – Saudi Arabia for the period ended August 31, 2015 and the projected results from Algonquin College – Saudi Arabia to the Algonquin College fiscal year end of March 31, 2016, staff are projecting this loss to be approximately \$1.5M Canadian dollars.

8. HUMAN RESOURCES IMPACT:

Impacts on Algonquin College and/or Algonquin College – Saudi Arabia human resources will be presented within the 2015/16 Annual Business Plan for Algonquin College – Saudi Arabia.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

The Ministry of Training Colleges and Universities (MTCU) will be advised that Algonquin College – Saudi Arabia has realized accumulated losses. Algonquin College management will demonstrate to MTCU that all necessary actions are being taken to mitigate the risk of further losses.

10. COMMUNICATIONS:

The Algonquin College Public Relations and Communications Department will manage the communications of the August 31, 2015 financial results of Algonquin College – Saudi Arabia.

11. CONCLUSION:

Algonquin College management continues to closely monitor the activities of Algonquin College – Saudi Arabia. Risk assessment and mitigation strategies are reviewed and developed on an ongoing basis and reported to the Board of Governors as management strives to ensure that this venture is a success.

Respectfully submitted:

Approved for submission:



Duane McNair Vice President
Vice President, Finance and Administration



President

Appendices:

| |
|--|
| APPENDIX A: Algonquin College – Saudi Arabia Draft Financial Statements for the year ended August 31, 2015 APPENDIX B: Algonquin College – Saudi Arabia Draft Financial Statements (translated to Canadian dollars) for the year ended August 31, 2015. |
|--|

Date last revised: December 11, 2015

APPENDIX A

**ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED AUGUST 31, 2015**

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE YEAR ENDED AUGUST 31, 2015

| INDEX | PAGE |
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| Auditors' report | 1 |
| Balance sheet | 3 |
| Statement of income | 4 |
| Statement of cash flows | 5 |
| Statement of changes in shareholders' equity | 6 |
| Notes to the financial statements | 7 - 13 |

AUDITORS' REPORT

To the shareholders
Algonquin College Saudi Arabia
Jizan, Kingdom of Saudi Arabia

Scope of Audit

We have audited the balance sheet of Algonquin College Saudi Arabia ("the Company"), a Saudi limited liability company, as of August 31, 2015 and the related statements of income, cash flows and changes in shareholders' equity for the year ended August 31, 2015, and notes 1 to 19 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2015, and the results of its operations and its cash flows for the year ended August 31, 2015, in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

Emphasis of Matter

Without qualifying our opinion, we wish to draw attention to the following:

1. As stated in note 2 to the financial statements, that the Company's net working capital was SR 3.48 million and the Company has reported a net loss of SR 4.63 million for year ended August 31, 2015 and the accumulated losses as at year end amounted to SR 4.47 million, which exceeded 50% of the Company's share capital of SR 0.5 million. In compliance with Article 180 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

Deloitte & Touche
Bakr Abulkhair & Co.

Nasser M. Al-Sagga
License No. 322
29 Safar, 1436
November 30, 2015

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

BALANCE SHEET
AS OF AUGUST 31, 2015

| | Note | 2015 SR | 2014 SR |
|---|------|--------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 5,574,228 | 20,842,391 |
| Accounts receivable and prepayments | 5 | 3,810,022 | 1,605,816 |
| Unbilled revenue | 6 | 1,143,000 | - |
| Total current assets | | 10,527,250 | 22,448,207 |
| Non-current assets | | | |
| Property and equipment | 7 | 14,708,423 | 14,028,323 |
| Deferred charges | 8 | 538,916 | 783,875 |
| Total non-current assets | | 15,247,339 | 14,812,198 |
| TOTAL ASSETS | | 25,774,589 | 37,260,405 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable and other liabilities | 9 | 754,975 | 1,876,584 |
| Due to a related party | 11 | 6,288,844 | 4,704,607 |
| Unearned revenue | | - | 14,161,859 |
| Provision for income tax | 10 | - | 254,076 |
| Total current liabilities | | 7,043,819 | 20,997,126 |
| Non-current liability | | | |
| Long term loan | 12 | 21,555,262 | 15,198,578 |
| End-of-service indemnities | 13 | 1,130,562 | 386,198 |
| Total non-current liabilities | | 22,685,824 | 15,584,776 |
| Shareholders' equity | | | |
| Share capital | 1 | 500,000 | 500,000 |
| Statutory reserve | 14 | 17,850 | 17,850 |
| Retained earnings | | (4,472,904) | 160,653 |
| Total shareholders' equity | | (3,955,054) | 678,503 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 25,774,589 | 37,260,405 |

The accompanying notes form an integral part of these financial statements

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF INCOME
FOR THE YEAR ENDED AUGUST 31, 2015

| | Note | 2015 SR | 2014 SR |
|-------------------------------------|------|--------------------|-------------------|
| Revenue | | 31,873,612 | 32,740,125 |
| Cost of revenue | | (23,590,567) | (20,538,059) |
| Gross profit | | 8,283,045 | 12,202,066 |
| General and administrative expenses | 15 | (13,721,045) | (11,769,537) |
| Other income | | 804,443 | 50 |
| Net income before income tax | | (4,633,557) | 432,579 |
| Income tax | 10 | - | 254,076 |
| NET (LOSS) INCOME | | (4,633,557) | 178,503 |

The accompanying notes form an integral part of these financial statements

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED AUGUST 31, 2015

| | Share capital SR | Statutory reserve SR | Retained earnings SR | Total SR |
|--|------------------------|----------------------------|----------------------------|-------------|
| Share capital introduced | 500,000 | - | - | 500,000 |
| Net income for the period | - | - | 178,503 | 178,503 |
| Transferred to statutory reserve (note 14) | - | 17,850 | (17,850) | - |
| August 31, 2014 | 500,000 | 17,580 | 160,653 | 678,503 |
| Net loss for the year | - | - | (4,633,557) | (4,633,557) |
| August 31, 2015 | 500,000 | 17,850 | (4,472,904) | (3,955,054) |

The accompanying notes form an integral part of these financial statements

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015

| | 2015 SR | 2014 SR |
|---|--------------|--------------|
| OPERATING ACTIVITIES | | |
| Net income before income tax | (4,633,557) | 432,579 |
| Adjustments for: | | |
| Depreciation and amortization | 3,710,427 | 1,469,922 |
| End-of-service indemnities | 978,667 | 386,198 |
| Changes in operating assets and liabilities: | | |
| Accounts receivables and prepayments | (2,204,206) | (1,461,298) |
| Unbilled revenue | (1,143,000) | - |
| Accounts payable and other liabilities | (1,121,609) | 1,876,584 |
| Due to a related party | 2,063,841 | 4,704,607 |
| Deferred revenue | (14,161,859) | 14,161,859 |
| Net cash from operation | (16,511,296) | 21,570,451 |
| EOSI Paid | (234,303) | - |
| Income Tax paid | (254,076) | - |
| Net cash (used) from operating activities | (16,999,675) | 21,570,451 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (4,145,568) | (15,302,276) |
| Purchase of long term assets | - | (979,844) |
| Net cash used in investing activities | (4,145,568) | (16,282,120) |
| FINANCING ACTIVITIES | | |
| Long term loan | 5,877,080 | 15,054,060 |
| Share capital | - | 500,000 |
| Net cash from financing activities | 5,877,080 | 15,554,060 |
| Net change in cash and cash equivalents | (15,268,163) | 20,842,391 |
| Cash and cash equivalent at the beginning of the period | 20,842,391 | - |
| CASH AND CASH EQUIVALENTS, AUGUST 31, 2014 | 5,574,228 | 20,842,391 |
| Non-cash transaction: | | |
| Accrued interest on Murabaha loan for the period | 479,604 | 144,518 |

The accompanying notes form an integral part of these financial statements

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

1. ORGANIZATION AND ACTIVITIES

Algonquin College Saudi Arabia, a Saudi Limited Liability Company ("the Company"), registered in Jizan on 17 Sha'ban 1434H (September 25, 2013) under commercial registration number 5900024865. The share capital of the Company, amounting to SR 500,000 is divided into 100 shares of SR 5,000 each.

As of the period end the Company's shareholders are as follows:

| <u>Name</u> | <u>Incorporated in</u> | <u>Shareholding August 31, 2014</u> |
|--|----------------------------|---|
| The Algonquin College of applied Arts and Technology | Canada | 95% |
| 2364193 Ontario Inc. | Canada | 5% |
| | | <u>100%</u> |

The principal activity of the Company is to provide technical and vocational training and corporate programs under license of the Saudi Arabia Investment Authority number 29340832786 dated 29 sha'aban 1434. During the period, the Company entered into an Operation and Maintenance Agreement with Colleges of Excellence Company ("COE"), to operate and maintain technical and vocational colleges in the Kingdom of Saudi Arabia.

As per the articles of association, the first fiscal year of the Company is from the date of commercial registration to August 31, 2014. The head office of the Company is in the city of Jizan, Kingdom of Saudi Arabia.

2. GOING CONCERN

The Company's net working capital was SR 3.48 million and the Company has reported a net loss of SR 4.63 million for year ended August 31, 2015 and the accumulated losses for the year ended amounted to SR 4.47 million, which exceeded 50% of the Company's share capital of SR 0.5 million. In compliance with Article 180 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). Following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

Revenue recognition

Revenue from operation and maintenance of technical and vocational colleges are recognized on an accrual basis and billed monthly based on the courses offered as per the terms of the contract during the academic year. The fees are deferred to the extent that the courses extend beyond the financial year of the college.

General and administrative expenses

All periodic expenses, other than cost of revenue are classified as general and administrative expenses.

Accounts receivable

Accounts receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

The estimated useful lives of the principal classes of assets are as follows:

| | <u>Years</u> |
|----------------|--------------|
| Motor vehicles | 4 |
| Equipment | 5 |
| Books | 5 |

Deferred charges

Expenses which have a long term future benefit are treated as deferred charges and are amortized over the estimated periods of benefit not exceeding five years. Pre-operating and mobilization costs incurred before the commencement of the commercial operations are being amortized over a period of five years.

Impairment

As of each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Provision for obligations

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

Accounts payable and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Income tax

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Income tax is provided on an accruals basis and charged to the statement of income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred tax is provided for temporary timing differences that are material. A deferred tax asset is only recognized when there is a reasonable expectation that it will become realizable.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. As of August 31, 2015, cash and cash equivalents comprised entirely of cash and bank balances.

5. ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 2015 SR | 2014 SR |
|---------------------|------------------|------------------|
| Accounts receivable | 1,849,241 | 53,548 |
| Prepaid expenses | 1,174,916 | 1,206,450 |
| Advance for books | 23,100 | 100,800 |
| Others | 762,765 | 245,018 |
| | <u>3,810,022</u> | <u>1,605,816</u> |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

6. UNBILLED REVENUE

Unbilled revenue represents revenue for the month of August which forms a part of academic year 2015-16. The amount would be received from College of Excellence in the subsequent year.

7. PROPERTY AND EQUIPMENT

| | Machinery and equipment SR | Vehicles SR | Books SR | Capital work-in- progress SR | Total SR |
|-----------------------|-------------------------------------|----------------|------------------|---------------------------------------|-------------------|
| Cost | | | | | |
| September 1, 2014 | 7,723,057 | 713,265 | 2,746,320 | 4,119,634 | 15,302,276 |
| Additions | 3,308,241 | 97,000 | - | 740,327 | 4,145,568 |
| Transfer from CWIP | 4,119,634 | - | - | (4,119,634) | - |
| August 31, 2015 | <u>15,150,932</u> | <u>810,265</u> | <u>2,746,320</u> | <u>740,327</u> | <u>19,447,844</u> |
| Depreciation | | | | | |
| September 1, 2014 | 608,638 | 116,051 | 549,264 | - | 1,273,953 |
| Charge for the year | 2,708,884 | 207,320 | 549,264 | - | 3,465,468 |
| August 31, 2015 | <u>3,317,522</u> | <u>323,371</u> | <u>1,098,528</u> | <u>-</u> | <u>4,739,421</u> |
| Net book value | | | | | |
| August 31, 2015 | <u>11,833,410</u> | <u>486,894</u> | <u>1,647,792</u> | <u>740,327</u> | <u>14,708,423</u> |
| August 31, 2014 | <u>7,114,419</u> | <u>597,214</u> | <u>2,197,056</u> | <u>4,119,634</u> | <u>14,028,323</u> |

Capital work-in-progress relates to advances made to suppliers against procurement of new equipment.

8. DEFERRED CHARGES

| | 2015 SR | 2014 SR |
|--|----------------|----------------|
| Pre-operating and mobilization expenses incurred | 979,844 | 979,844 |
| Amortization for the period | (440,928) | (195,969) |
| August 31, 2015 | <u>538,916</u> | <u>783,875</u> |

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

| | 2015 SR | 2014 SR |
|---|----------------|------------------|
| Trade accounts payable | 251,352 | 128,212 |
| Electricity accruals | 270,000 | 1,420,000 |
| Employee payables | 7,044 | 98,872 |
| Excess receipts from Colleges of Excellence | 11,500 | 11,500 |
| Others | 215,079 | 218,000 |
| | <u>754,975</u> | <u>1,876,584</u> |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

10. INCOME TAX

The movement in the income tax provision is as follows:

| | 2015 SR | 2014 SR |
|--------------------------|------------|------------|
| Opening | 254,076 | - |
| Provision for the period | - | 254,076 |
| Paid during the year | (254,076) | |
| August 31 | - | 254,076 |

The charge for the period for income tax is as follows:

| | 2015 SR | 2014 SR |
|------------------------------------|------------|------------|
| Charged to the statement of income | - | 254,076 |

Deferred tax:

The deferred tax effect of all the temporary differences are not significant and therefore not recognized.

11. RELATED PARTY TRANSACTIONS

During the period, the Company mainly transacted with the following related parties:

| <u>Name</u> | <u>Relationship</u> |
|--|---------------------|
| The Algonquin College of applied Arts and Technology | Parent company |

Due to related parties as of August 31, 2015 are comprised of the following:

| | 2015 SR | 2014 SR |
|--|------------|------------|
| The Algonquin College of applied Arts and Technology | 6,288,844 | 4,704,607 |

12. LONG TERM LOAN

The Company obtained a long term Murabaha Loan from a local bank in the amount of SR 21.08 million. The loan is repayable in 6 unequal semi-annual installments with first installment due on September 6, 2016. This loan carries special commission at normal commercial rates and as at August 31, 2015, the entire loan of SR 21.08 million is outstanding. The Company is required to maintain certain financial covenants during the term of the loan. The loan is guaranteed by COE and Human Resources Development Fund. The repayment of the Murabaha loan ranks pari passu with other unsecured and unsubordinated debts. As per the agreement entered between the COE and the Company, interest payable on the above loan will be reimbursed by the COE and at the end of the year the total interest accrued on this loan is SR 479,604.

The maturities of outstanding loan as of August 31, are summarized as follows:

| | <u>SR</u> |
|-------------|-------------------|
| Due in 2016 | 3,499,388 |
| Due in 2017 | 7,014,606 |
| Due in 2018 | 7,035,766 |
| Due in 2019 | 3,525,898 |
| | <u>21,075,658</u> |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

13. END-OF-SERVICE INDEMNITIES

The movement in the end-of-service indemnities provision is as follows:

| | 2015 SR | 2014 SR |
|--------------------------|------------------|----------------|
| September 1 | 386,198 | - |
| Provision for the period | 978,667 | 386,198 |
| Paid during the year | (234,303) | - |
| August 31 | <u>1,130,562</u> | <u>386,198</u> |

14. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

15. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2015 SR | 2014 SR |
|-----------------------------|-------------------|-------------------|
| Employee related expenses | 4,296,155 | 3,017,524 |
| Rent & utilities | 2,290,000 | 2,709,111 |
| Legal and professional | 708,127 | 100,000 |
| Travelling expenses | 251,147 | 233,746 |
| Visa and Insurance expenses | 1,284,673 | 477,248 |
| Communication | 103,856 | 273,039 |
| Others | 4,787,087 | 4,958,869 |
| | <u>13,721,045</u> | <u>11,769,537</u> |

16. OPERATING LEASE ARRANGEMENTS

| | 2015 SR | 2014 SR |
|--|------------------|------------------|
| Payments under operating leases recognized as an expense during the period | <u>2,290,000</u> | <u>2,582,933</u> |

Operating lease payments represent rentals payable by the Company for employees' accommodation. Leases are negotiated for an average term of one year and rentals are fixed during the lease period. There was no significant future related commitments at the period end.

17. CONTINGENCIES

At August 31, the Company had the following contingencies:

| | 2015 SR | 2014 SR |
|--|-------------------|-------------------|
| Advance payment guarantee and performance bond | <u>42,918,000</u> | <u>50,918,000</u> |

The above guarantees have been provided by the related parties on behalf of the Company.

**ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015**

18. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

19. COMPARATIVE FIGURES

Certain figures for 2014 have been reclassified to conform to the presentation in the current period.

**ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015**

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

BALANCE SHEET
AS OF AUGUST 31, 2015

| | Note | 2015 CAD | 2014 CAD |
|--|------|--------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 1,960,233 | 6,035,956 |
| Accounts receivable and prepayments | 5 | 1,339,832 | 465,044 |
| Unbilled revenue | 6 | 401,947 | - |
| Total current assets | | 3,702,012 | 6,501,000 |
| Non-current assets | | | |
| Property and equipment | 7 | 4,301,766 | 4,062,602 |
| Pre-operating expenses | 8 | 170,257 | 227,010 |
| Total non-current assets | | 4,472,023 | 4,289,612 |
| TOTAL ASSETS | | 8,174,035 | 10,790,612 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | | |
| Current liabilities | | | |
| Accounts payable and other liabilities | 9 | 434,152 | 543,459 |
| Due to a related party | 11 | 2,211,535 | 1,362,454 |
| Unearned revenue | | - | 4,101,274 |
| Provision for income tax | 10 | - | 73,580 |
| Total current liabilities | | 2,645,687 | 6,080,767 |
| Non-current liabilities | | | |
| Long term loans | 12 | 7,411,466 | 4,401,508 |
| End-of-service indemnities | 13 | 373,606 | 111,843 |
| Total non-current liabilities | | 7,785,072 | 4,513,351 |
| Shareholders' deficit | | | |
| Share capital | 1 | 144,800 | 144,800 |
| Statutory reserve | 14 | 4,978 | 4,978 |
| (Accumulated losses) retained earnings | | (2,406,502) | 46,716 |
| Total shareholders' deficit | | (2,256,724) | 196,494 |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | | 8,174,035 | 10,790,612 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

BALANCE SHEET
AS OF AUGUST 31, 2015

| | | For the period from inception (September 25, 2013) to August 31, 2014 | |
|-------------------------------------|------|--|-------------|
| | Note | 2015 CAD | 2014 CAD |
| Revenue | | 10,225,055 | 9,336,338 |
| Costs of revenue | | (7,567,854) | (5,856,736) |
| Gross profit | | 2,657,201 | 3,479,602 |
| General and administrative expenses | 15 | (4,401,711) | (3,356,260) |
| Operating income | | (1,744,510) | 123,342 |
| Other income | | 258,065 | 14 |
| Net (loss) income before income tax | | (1,486,445) | 123,356 |
| Income tax | 10 | - | (73,580) |
| NET (LOSS) INCOME | | (1,486,445) | 49,776 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS.
FOR THE YEAR ENDED AUGUST 31, 2015

| | | For the period from inception (September 25, 2013) to August 31, 2014 |
|---|--------------------|--|
| | 2015 | |
| | CAD | CAD |
| OPERATING ACTIVITIES | | |
| Net (loss) income before income tax | (1,486,445) | 123,356 |
| Adjustments for: | | |
| Depreciation and amortization | 1,275,419 | 425,690 |
| End-of-service indemnities | 344,158 | 111,843 |
| Changes in operating assets and liabilities: | | |
| Accounts receivables and prepayments | (874,788) | (465,044) |
| Unbilled revenue | (401,947) | - |
| Accounts payable and other liabilities | (109,307) | 543,459 |
| Due to a related party | 849,081 | 1,362,454 |
| Unearned revenue | (4,101,274) | 4,101,274 |
| Net cash (used in) from operation | (4,505,103) | 6,203,032 |
| End-of-service indemnities paid | (82,395) | - |
| Income tax paid | (73,580) | - |
| Net cash (used in) from operating activities | (4,661,078) | 6,203,032 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (1,457,830) | (4,431,539) |
| Purchase of long term assets | - | (283,763) |
| Net cash used in investing activities | (1,457,830) | (4,715,302) |
| FINANCING ACTIVITIES | | |
| Long term loans | 3,009,958 | 4,401,508 |
| Share capital introduced | - | 144,800 |
| Net cash from financing activities | 3,009,958 | 4,546,308 |
| Net change in cash and cash equivalents | (3,108,950) | 6,034,038 |
| Cash and cash equivalent at the beginning of the year | 6,035,956 | - |
| Effects of currency translation | (966,773) | 1,918 |
| CASH AND CASH EQUIVALENTS, AUGUST 31 | 1,960,233 | 6,035,956 |
| Non-cash transaction: | | |
| Accrued interest on Murabaha loan for the year/period | 168,658 | 41,852 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEAR ENDED AUGUST 31, 2015

| | Share capital CAD | Statutory reserve CAD | Retained earnings (Accumulated loss) CAD | Total CAD |
|--|-------------------------|-----------------------------|--|---------------------|
| Share capital introduced | 144,800 | - | - | 144,800 |
| Net income for the period | - | - | 49,776 | 49,776 |
| Transferred to statutory reserve (note 14) | - | 4,978 | (4,978) | - |
| Translation reserve | - | - | 1,918 | 1,918 |
| August 31, 2014 | 144,800 | 4,978 | 46,716 | 196,494 |
| Net loss for the year | - | - | (1,486,445) | (1,486,445) |
| Translation reserve | - | - | (966,773) | (966,773) |
| August 31, 2015 | 144,800 | 4,978 | (2,406,502) | (2,256,724) |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

1. ORGANIZATION AND ACTIVITIES

Algonquin College Saudi Arabia, a Saudi Limited Liability Company (“the Company”), registered in Jizan on 17 Sha’ban 1434H (September 25, 2013) under commercial registration number 5900024865. The share capital of the Company, amounting to SR 144,800 is divided into 100 shares of SR 1,448 each.

As of August 31, 2015 and 2014, the Company’s shareholdings are as follows:

| <u>Name</u> | <u>Incorporated in</u> | <u>Shareholdings</u> |
|--|----------------------------|----------------------|
| The Algonquin College of applied Arts and Technology | Canada | 95% |
| 2364193 Ontario Inc. | Canada | 5% |
| | | <u>100%</u> |

The principal activity of the Company is to provide technical and vocational training and corporate programs under license of the Saudi Arabia Investment Authority number 29340832786 dated 29 sha’aban 1434. In 2014, the Company entered into an Operation and Maintenance Agreement with Colleges of Excellence Company (“COE”), to operate and maintain technical and vocational colleges in the Kingdom of Saudi Arabia. The head office of the Company is in the city of Jizan, Kingdom of Saudi Arabia.

2. GOING CONCERN

The Company’s net working capital was in deficit by CAD 1.26 million as at August 31, 2015, the Company has reported a net loss of CAD 1.59 million for year then ended and the accumulated losses for the year ended amounted to CAD 1.39 million, which exceeded 50% of the Company’s share capital of CAD 0.145 million. In compliance with article 180 of the Regulation for Companies, the shareholders are required to resolve to continue in business and provide support for the Company or liquidate the Company. Such resolution must be published in the official Gazette. No such resolution was made till the date of our report. The ability of the Company to continue as a going concern is dependent upon the shareholders’ continued adequate financing and profitable future operations. The financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). Following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Revenue from operation and maintenance of technical and vocational colleges are recognized on an accrual basis and billed monthly based on the courses offered as per the terms of the contract during the academic year. The fees are deferred to the extent that the courses extend beyond the financial year of the college. Unbilled revenue represents the work performed up to the balance sheet date and invoiced subsequently to the year-end.

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis

Accounts receivable

Accounts receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated useful lives of the principal classes of assets are as follows:

The estimated useful lives of the principal classes of assets are as follows:

| | <u>Years</u> |
|----------------|--------------|
| Motor vehicles | 4 |
| Equipment | 5 |
| Books | 5 |

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Deferred charges

Expenses which have a long term future benefit are treated as deferred charges and are amortized over the estimated periods of benefit not exceeding five years. Pre-operating and mobilization costs incurred before the commencement of the commercial operations are being amortized over a period of five years.

Impairment

As of each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of operation.

Provision for obligations

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

Accounts payable and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Income tax

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Income tax is provided on an accruals basis and charged to the statement of income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred tax is provided for temporary timing differences that are material. A deferred tax asset is only recognized when there is a reasonable expectation that it will become realizable.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to statement of operation on a straight-line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. As of August 31, 2015 and 2014, cash and cash equivalents comprised entirely of cash and bank balances.

5. ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 2015 | 2014 |
|---------------------|------------------|-------------|
| | CAD | CAD |
| Accounts receivable | 650,304 | 15,508 |
| Prepaid expenses | 413,171 | 349,388 |
| Advance for books | 8,123 | 29,192 |
| Others | 268,234 | 70,956 |
| | 1,339,832 | 465,044 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

6. UNBILLED REVENUE

Unbilled revenue represents revenue for the month of August 2015, amounting to CAD 0.4 million, wherein the service was provided in the same month, but invoiced to the customer subsequent to the year-end.

7. PROPERTY AND EQUIPMENT

| | Machinery and equipment CAD | Vehicles CAD | Books CAD | Capital work-in- progress CAD | Total CAD |
|-----------------------|--------------------------------------|-----------------|--------------|--|--------------|
| Cost | | | | | |
| September 1, 2014 | 2,236,597 | 206,562 | 795,334 | 1,193,046 | 4,431,539 |
| Additions | 1,163,376 | 34,111 | - | 260,343 | 1,457,830 |
| Transfer | 1,448,710 | - | - | (1,448,710) | - |
| August 31, 2015 | 4,848,683 | 240,673 | 795,334 | 4,679 | 5,889,369 |
| Depreciation | | | | | |
| September 1, 2014 | 176,262 | 33,608 | 159,067 | - | 368,937 |
| Charge for the year | 952,606 | 72,906 | 193,154 | - | 1,218,666 |
| August 31, 2015 | 1,128,868 | 106,514 | 352,221 | - | 1,587,603 |
| Net book value | | | | | |
| August 31, 2015 | 3,719,815 | 134,159 | 443,113 | 4,679 | 4,301,766 |
| August 31, 2014 | 2,060,335 | 172,954 | 636,267 | 1,193,046 | 4,062,602 |

Capital work-in-progress relates to advances made to suppliers against procurement of new equipment.

8. PRE-OPERATING EXPENSES

| | 2015 CAD | 2014 CAD |
|--|-------------|-------------|
| Pre-operating and mobilization expenses at the beginning of the year | 227,010 | |
| Pre-operating and mobilization expenses incurred during the period | - | 283,763 |
| Charge for the year/period | (56,753) | (56,753) |
| August 31, 2015 | 170,257 | 227,010 |

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

| | 2015 CAD | 2014 CAD |
|--------------------------|-------------|-------------|
| Trade accounts payable | 88,390 | 37,130 |
| Electricity accruals | 94,948 | 411,232 |
| Employee payables | 2,477 | 28,633 |
| Excess receipts from COE | 4,044 | 3,330 |
| Others | 244,293 | 63,134 |
| | 434,152 | 543,459 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

10. INCOME TAX

The movement in the income tax provision is as follows:

| | 2015 | 2014 |
|--------------------------|-----------------|------------|
| | CAD | CAD |
| September 1 | 73,580 | - |
| Provision for the period | - | 73,580 |
| Paid during the year | (73,580) | |
| August 31 | - | 73,580 |

The charge for the period for income tax is as follows:

| | 2015 | For the period from inception (September 25, 2013) to August 31, 2014 |
|--|-------------|--|
| | CAD | CAD |
| Charged to the statement of operations | - | 73,580 |

Income tax

No provision for income tax has been made as the Company has incurred tax losses. The Company has submitted its Tax return up to year ended August 31, 2014 and obtained the required certificates and official receipts.

Deferred tax:

Deferred tax effect of all the temporary differences works out to be CAD 0.4 million credit. This has not been recognized in these financial statements due to uncertainty of future results.

11. RELATED PARTY TRANSACTIONS

During the period, the Company mainly transacted with the following related parties:

| <u>Name</u> | <u>Relationship</u> |
|--|----------------------------|
| The Algonquin College of applied Arts and Technology | Parent company |

The significant transactions and the related amounts are as follows:

| | 2015 | For the period from inception (September 25, 2013) to August 31, 2014 |
|--|----------------------|--|
| | CAD | CAD |
| | (Un-audited) | (Un-audited) |
| Assets purchased | 295,788 | 5,983,651 |
| Expenses incurred/liabilities settled on behalf of the Company | 145,141 | 92,184 |

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

11. RELATED PARTY TRANSACTIONS (Continued)

Due to related parties as of August 31, 2015 is comprised of the following:

| | 2015 | 2014 |
|--|-------------------------|------------------|
| | CAD | CAD |
| The Algonquin College of applied Arts and Technology | <u>2,211,535</u> | <u>1,362,454</u> |

12. LONG TERM LOANS

In the financial year 2013-14, the Company obtained a long term Murabaha loan from a local bank for CAD 5.30 million and in the financial year 2014-15, the Company obtained an additional long term Murabaha loan of CAD 2.11 million from the same bank. The loans are repayable in 6 unequal semi-annual installments with the first installment due on September 6, 2016. These loans carry special commission at commercial rates and as at August 31, 2015, the entire loans of CAD 7.41 million were outstanding. The Company is required to maintain certain financial covenants during the term of the loans. The loans are guaranteed by COE and Human Resources Development Fund. The repayment of the Murabaha loan ranked pari passu with other unsecured and unsubordinated debts. As per the agreement entered between the COE and the Company, interest payable on the above loans will be reimbursed by the COE and at the end of the year the total interest accrued on these loan amounted to CAD 168,658.

The maturities of outstanding loan as of August 31, are summarized as follows:

| | CAD |
|-------------|-------------------------|
| Due in 2016 | 1,230,595 |
| Due in 2017 | 2,466,756 |
| Due in 2018 | 2,474,197 |
| Due in 2019 | <u>1,239,918</u> |
| | <u>7,411,466</u> |

13. END-OF-SERVICE INDEMNITIES

The movement in the end-of-service indemnities provision is as follows:

| | 2015 | 2014 |
|-------------------------------|-----------------------|----------------|
| | CAD | CAD |
| September 1 | 111,843 | - |
| Provision for the year/period | 344,158 | 111,843 |
| Paid during the year | (82,395) | - |
| August 31 | <u>373,606</u> | <u>111,843</u> |

14. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No appropriation to the statutory reserve was made for the year ended August 31, 2015 as the Company reported a loss.

ALGONQUIN COLLEGE SAUDI ARABIA
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2015

15. GENERAL AND ADMINISTRATIVE EXPENSES

| | | For the period from inception (September 25, 2013) to August 31, 2014 |
|-----------------------------|------------------|--|
| | 2015 | |
| | CAD | CAD |
| Employee related expenses | 1,378,207 | 860,492 |
| Rent & utilities | 734,632 | 772,544 |
| Visa and Insurance expenses | 412,123 | 136,094 |
| Legal and professional | 227,167 | 28,517 |
| Travelling expenses | 80,568 | 66,656 |
| Communication | 33,317 | 77,861 |
| Others | 1,535,697 | 1,414,096 |
| | 4,401,711 | 3,356,260 |

16. OPERATING LEASE ARRANGEMENTS

| | | For the period from inception (September 25, 2013) to August 31, 2014 |
|---|----------------|--|
| | 2015 | |
| | CAD | CAD |
| Payments under operating leases recognized as an expense during the period | 734,632 | 736,562 |

Operating lease payments represent rentals payable by the Company for employees' accommodation. Leases are negotiated for an average term of one year and rentals are fixed during the lease period.

17. CONTINGENCIES

At August 31, the Company had the following contingencies

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | CAD | CAD |
| Advance payment guarantee and performance bond | 15,092,544 | 14,745,853 |

The above guarantees have been provided by the related parties on behalf of the Company.

18. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

19. COMPARATIVE FIGURES

Certain figures for 2014 have been reclassified to conform to the presentation in the current period.

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|-------------------|--|
| Report title: | Healthy Living Education Update |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Claude Brulé, Senior Vice President Academic |

1. RECOMMENDATION:

THAT the Board of Governors accepts the report for information.

2. PURPOSE / EXECUTIVE SUMMARY:

This report will provide the Board of Governors with an update on the status of the College's Healthy Living Education initiative.

3. BACKGROUND:

This update is a follow-up to the formal Healthy Living Education presentation that occurred at the June 8, 2015 Board meeting and the verbal update of the October 13, 2015 Board meeting.

4. DISCUSSION:

The following summarizes the activities that have taken place since the last Board meeting to continue making progress on developing the Healthy Living Education options, business case, and advocacy/communications plan.

Governance

The Healthy Living Education governance structure has been revised to have the Advisory Panel report to President. It has also been revised to include the Students' Association's athletics and recreation expansion. More resources were added to support the Steering Committee.

Project Definition

The Healthy Living Education Team is working on options for the project definition, including the Community Hub Development concept, ensuring alignment of community needs and learning opportunities within the Hub framework.

Communications

The following activities have occurred:

- New visuals have been created for the centre
- A Healthy Living Education brochure is in development and a video has been created, all for the purpose of communicating key messages to specific stakeholder audiences, created enhanced awareness of Algonquin's HLE initiative and contribute to the advocacy.
- A Health and wellness Speaker Series has been developed in collaboration with Champlain LHIN. Two sessions have been held, and plans are underway for sessions in January, February and March 2016.
- A Community Hub two-page document was prepared for use when discussing the initiative with Government officials and community members.

Advocacy

The following activities were held:

- Energy Minister Bob Chiarelli and Minister for Seniors Mario Sergio addressed college staff and health and wellness stakeholders at the launch of the Retirement Communities Management Program.
- Discussions are occurring regarding the engagement of Government Relation expertise specific to the Health care sector.
- Cheryl Jensen has held meetings with various officials in Queen's Park as well as with John Fraser, Parliamentary Secretary to the Minister of Health, at his office in Ottawa, to discuss the initiative.
- College Foundation staff continue to work in the preparation of a Healthy Living Education Case for Support. Potential donors are being approached on a case by case basis, until the full strategy has been completed.

Financing

A Financing white paper related to Section 28 (Entrepreneurial Activity Directive) has been completed to inform the HLE team on the scenarios and circumstances, in particular, those related to development partnerships, which could trigger a need for Section 28 application under the Financial Administration Act.

Community Partnerships

Work continues on the development and construction of a Smart Apartment in partnership with the Western Ottawa Community Resource Centre. An Adult Day program operated by the Western Ottawa Community Resource Centre will open in January 2016, with ten clients attending on Fridays and Saturdays. This will raise the profile of Algonquin as a community hub, and as an exemplar, showcasing how the College helps meet a community need, provides work-integrated learning opportunities for students, and leads with state-of-art applied research.

5. LINK TO STRATEGIC PLAN:

This project continues to support the following goal articulated in the 2012-17 Strategic Plan:

- Goal 2: Create a unique suite of programs, products and services geared to meet the needs and expectations of our clients and students.

6. STUDENT IMPACT:

The soon-to-open Adult Day program partnership will create an opportunity to bring real life experiential learning to students in several programs of study while at the college.

7. FINANCIAL IMPACT:

The following three options continue to be refined, developed, and assessed for viability/affordability:

- a. College-funded;
- b. College-funded with Government support;
- c. College-funded with Government support, and development partners / potential tenants

8. HUMAN RESOURCES IMPACT:

Not applicable.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

A full report of the work that has been done to date is given in the Discussion section of this report.

10. COMMUNICATIONS:

In addition to the details provided in the discussion section of this transmittal, Board members will view a short video on Healthy Living Education that has been prepared by the College.

11. CONCLUSION:

The Healthy Living Education initiative is progressing well and tracking to meet its timeline of providing the Board of Governors with a complete Business case and financial commitment package at its June 2016 meeting.



President/Board of Governors

Agenda Item No: 04.2

Respectfully submitted:

A handwritten signature in blue ink, appearing to read "Claude B.", with a stylized flourish at the end.

Senior Vice President Academic

Approved for submission:

A handwritten signature in blue ink, appearing to read "Cheryl Jensen", written in a cursive style.

President

Appendices:

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Date last revised:

| | |
|-------------------|--|
| Report title: | 2016/2017 Budget Assumptions and 3-Year Pro Forma |
| Report to: | Board of Governors |
| Date: | December 14, 2015 |
| Author/Presenter: | Duane McNair, Vice-President, Finance and Administration |

1. RECOMMENDATION:

THAT the Board of Governors accepts this report for information.

2. PURPOSE / EXECUTIVE SUMMARY:

This report will provide the Board of Governors with a preliminary three year pro forma budget forecast.

3. BACKGROUND:

Based on the 2015 Ontario Budget, Algonquin College can anticipate continued funding reductions as the Province plans to eliminate its deficit in the next few years. Provincial funding makes up approximately 39% of Algonquin College's budgeted revenue and, therefore, reductions associated with the Ontario Budget will directly impact the College budget.

The College Budget Committee (a cross-sectional team of Deans and Directors) has worked collaboratively since the spring to develop estimates and assumptions supporting the three year pro forma budget forecast. Budget details are currently being updated, by budget holders, in the College's Budget System. This will be utilized to develop the final 2016/17 Annual Budget, which will be presented to the Board of Governors at the February 8, 2016 meeting.

4. DISCUSSION:

The attached report (see Appendix A – Three Year Pro Forma Summary 2016-17 to 2018-19) provides preliminary estimates for the three year pro forma from fiscal year 2016/17 to fiscal year 2018/19.

The preliminary pro forma for 2016/17 includes the following assumptions:

- One percent full-time post-secondary enrolment growth and three percent tuition fee increase for full-time tuition and ancillary fees
- Stable General Purpose Operating funding
- Continued Growth funding but at a lower year over year increase due to lower enrolment growth than past years

- Salaries and benefits estimates based on current collective agreements and legislation
- A zero to two percent increase for most other operating expenditures
- The accounting policy will be adopted to allow capitalization of a portion of enterprise resource planning system implementation costs (Project Fusion).

5. LINK TO STRATEGIC PLAN:

This aligns with the Financial Sustainability pillar of the Strategic Plan that requires an alignment of funded operational expenditures with provincial funding.

6. STUDENT IMPACT:

The 2016/17 pro forma provides adequate resources to maintain existing service levels and academic program standards for Algonquin College students.

7. FINANCIAL IMPACT:

Funded Activity for 2016/17 and beyond is projected to produce a cash net contribution that will be sufficient to annually fund two million dollars in contributions to Reserve Funds (for long term capital investments) and to maintain a Contingency Reserve Fund balance equal to three percent of the operating budget revenues.

This budget will include a drawdown of internally restricted specific reserves to fund strategic investment priorities including Project Fusion (upgrade to the enterprise resource planning systems for Human Resources, Payroll and Finance), Energy Savings Contract 2 (ESCO2) – Phase IV, infrastructure renewal and investments in Residence and other College Ancillary Services.

8. HUMAN RESOURCES IMPACT:

The pro forma estimates include a provision for additional full time positions to support new programs and initiatives.

9. GOVERNMENT / REGULATORY / LEGAL IMPACT:

The pro forma for net assets is projected to result in a positive fiscal year-end balance for Unrestricted Net Assets plus Internally Restricted Net Assets. This is compliant with the Ministry's Business Plan Directive on Deficit Recovery Plans and the College's Board Financial Management Policy.

10. COMMUNICATIONS:

The budget estimates will be incorporated into the College's annual Business Plan that will be presented to the Board of Governors for approval at the February 8, 2016 meeting.

11. CONCLUSION:

Reduced enrolment growth will continue to impact the College's funding sources requiring innovative budget solutions to ensure financial sustainability. The Responsibility Centre Management model will enable College leaders to identify innovative and entrepreneurial solutions to the College's fiscal challenges going forward while maintaining quality programs and services.

Respectfully submitted:



Duane McNair,
Vice President, Finance & Administration

Approved for submission:



President

Appendices:

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|--|
| Appendix A – Three Year Pro Forma Summary 2016-17 to 2018-19 |
|--|

Date last revised:

| | Year-End Actuals 2014/15 | Approved Annual Budget 2015/2016 | Q2 Projection 2015/16 | Pro Forma 2016/2017 | Pro Forma 2017/2018 | Pro Forma 2018/2019 |
|--|--------------------------------|---|-----------------------------|------------------------|------------------------|------------------------|
| Funded Activity/College Operations | | | | | | |
| Revenue | \$ 218,911 | \$ 222,264 | \$ 225,883 | \$ 229,500 | \$ 233,000 | \$ 237,000 |
| Expenditures * | 204,227 | 213,930 | 215,412 | 219,000 | 222,000 | 226,000 |
| Net Contribution | 14,684 | 8,334 | 10,471 | 10,500 | 11,000 | 11,000 |
| Contract Activity & Other Non-Funded Activity | | | | | | |
| Revenue | 29,098 | 24,822 | 28,445 | 27,500 | 27,500 | 27,500 |
| Expenditures | 26,836 | 23,189 | 26,817 | 25,900 | 25,900 | 25,900 |
| Net Contribution | 2,262 | 1,633 | 1,628 | 1,600 | 1,600 | 1,600 |
| College Ancillary Services | | | | | | |
| Revenue | 40,683 | 43,420 | 43,388 | 45,500 | 46,500 | 47,600 |
| Expenditures * | 33,970 | 36,458 | 36,220 | 37,800 | 38,500 | 39,000 |
| Net Contribution | 6,713 | 6,962 | 7,168 | 7,700 | 8,000 | 8,600 |
| International Education Centre | | | | | | |
| Revenue | 21,972 | 21,089 | 20,342 | 17,000 | 19,400 | 21,500 |
| Expenditures | 14,860 | 16,068 | 17,065 | 14,000 | 14,500 | 15,200 |
| Net Contribution | 7,112 | 5,021 | 3,277 | 3,000 | 4,900 | 6,300 |
| Strategic Investment Priorities | | | | | | |
| Revenue ** | 3,092 | 1,479 | 3,236 | 1,500 | 2,100 | 2,500 |
| Expenditures *** | 22,782 | 19,565 | 20,381 | 36,000 | 19,500 | 22,000 |
| Net Contribution | (19,690) | (18,086) | (17,145) | (34,500) | (17,400) | (19,500) |
| Net Gain on Sale of Former Pembroke Campus | 924 | - | - | - | - | - |
| Non-Cash Revenue Adjustments | | | | | | |
| Capital Grants recorded as Deferred Capital Contributions | (2,630) | (1,000) | (2,000) | (2,000) | (2,000) | (2,000) |
| Amortization of Deferred Capital Contributions | 8,233 | 7,500 | 8,000 | 8,000 | 8,000 | 8,000 |
| Non-Cash Expenditure Adjustments | | | | | | |
| Expenditures to be Capitalized | 10,659 | 4,500 | 5,000 | 12,000 | 5,000 | 5,000 |
| Amortization Expense | (15,048) | (14,000) | (15,000) | (16,500) | (18,500) | (18,500) |
| Change in Vacation, Sick Leave & Post-Employment Benefits | (77) | 624 | 712 | 650 | 650 | 650 |
| Net Contribution as per Public Sector Accounting Standards (PSAS) *** | \$ 13,142 | \$ 1,488 | \$ 2,111 | \$ (9,550) | \$ 1,250 | \$ 1,150 |

* Expenditures do not include 'Contributions to Reserve Funds' and 'Principal Repayments of Debt'.

***Strategic Investment Priorities Expenditures includes authorized and proposed spending from Internally Restricted Net Assets.

**** 2015/20156Approved Budget, and 2015/20156 Q1 Projection Net Contributions are presented as per Generally Accepted Accounting Principles (GAAP).

2015 Fall Key Messages

Recent Success Stories

- The Thunder Men and Women's Soccer teams both earned berths in the Canadian College Athletics Association national competition this season. The Men went 7-0-3 in the regular season, while the Women went 12-0.
- Algonquin was once again on *The Rick Mercer Report* – though it was Perth campus Heritage Masonry students, showcasing their skills at the Irish-Canadian Dry Stone Festival!
- The College's Healthy Living Education Committee hosted two highly successful "Future of Health and Wellness" Breakfast Speaker Series events – one in October and one in November – bringing influential leaders from the local industry on campus and highlighting the College's thinking about the future of health and wellness programming.
- Hundreds of graduates were joined by family and friends at Fall Convocation on November 10, held at the National Arts Centre.
- The new Retirement Communities Management program was launched on October 29, with the help of faculty and administrators who were joined by industry partners, prospective and registered students, and Ontario Ministers Mario Sergio and Bob Chiarelli. Minister Sergio led a round table session on-campus following the launch event.

In the Community

- Community and Justice Services students held their annual 24 hour camp out in Minto Park on October 2-3, raising thousands of dollars for Operation Come Home.
- The second annual Perth campus golf tournament, organized by Police Foundations students, raised \$1,800 in support of student bursaries.
- Over 100 students from the Police Foundations, Paramedic, Pre-Service Firefighter, Fitness and Health Promotion, and Culinary programs participated in the 9 Run Run, either by running the half marathon in support of Ottawa's Emergency Services or by volunteering at the event. They raised more than \$700.
- Over 100 friends, family, and well-wishers attended Gay Cook's 85th birthday at the College on Sunday, November 8. The former Ottawa Citizen columnist turned her birthday into a fundraiser for upgraded baking facilities for the School of Hospitality and Tourism.

2015 Fall Key Messages

- TEDx is a program of local, self-organized events that bring people together to share a TED-like experience in their own community. Our theme of *Healthy Body, Mind and Spirit* accurately represented a new major College-wide initiative focused on healthy living education. As the College embarks upon this ambitious project, with its mission of helping Canadians lead healthier lives, the goal was to unite brilliant minds to provide talks that are relevant, inspiring, and educational.

In the News

Healthy Living Education

The College's Healthy Living Education initiative advocacy campaign continues to roll out. The HLE committee will be hosting further Breakfast Speaker Series events in January, February, and March to grow and focus the conversation with our local health and wellness stakeholders. Additionally, Public Relations will be promoting our new HLE video and working with the HLE committee to gather letters of support from key partners.

Algonquin College Loggersports

The Algonquin College's Loggersport team (Pembroke Campus), who normally saw "wood cookies" for every home team touchdown at the Ottawa RedBlack games, weren't allowed to participate in the Grey Cup festivities as planned despite showing up for the game. In light of mild controversy, they and AC received intensified and sympathetic national coverage during Grey Cup festivities.

Entrepreneurship and Innovation

The College communicated a number of successful entrepreneurship and innovation related announcements throughout October and November, including President Jensen's signing of the National Association of Community College Entrepreneurship (NACCE) President's Pledge, the launch of the Perth campus Residential Living Lab, the release of several profiles of entrepreneurs within our community, a student entrepreneur market, the hosting of Startup Canada's national #EveryEntrepreneur tour, and several other worthwhile initiatives. The College's Entrepreneurship centre will be formally launched in January.

**Report from the Chair
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Colleges Ontario 2015 Higher Education Summit

Colleges Ontario held their Higher Education Summit in Toronto in November – Algonquin College was well-represented. The College Centre of Board Excellence Good Governance workshops and New Governor Orientation were held immediately prior to the conference and new Governors Stephen Heckbert, Shubham Bawa and Shellee Fournier attended this year, as did Governors Jim Brockbank, Sherryl Fraser.

Premier's Lifetime Achievement Award

The 2015 Premier's Awards Gala was held as part of the Higher Education Summit on November 16. The College nominated an illustrious list of alumni for Premier's Awards this year and we congratulate them and thank them for attending the Awards Gala. This year's nominees were: Greg Kells, President Sunbelt Business Brokers Canada, nominated in the Business category; Christine Gaitens, Chief of Child and Youth Services, Toronto District School Board, nominated in the Community Services category; Janice Dean, Senior Meteorologist, Fox News Channel, nominated in the Creative Arts and Design category; Dean DiMonte, President Premergency Inc, nominated in the Health Services category; Philippe Smith, Owner, Smith and Barber Sculpture Atelier Inc, nominated in the Technology category; and Derek Lothian, Vice President Canadian Manufacturers and Exporters, nominated in the Recent Graduate category. The highlight of the Premier's Awards was the Lifetime Achievement award that was given to former Algonquin College President, Robert Gillett. Robert and his wife Anne were in Toronto to accept the award and to celebrate with Algonquin College attendees.

College Day 2015

The Chair and the President attended College Day in Toronto on November 17, following the Higher Education Summit. College Board Chairs and Presidents from across the Province attended a meeting of the College Employer's Council, followed by meetings with Ministers and government officials at Queens Park.

Winter 2016 Board Retreat – Saturday, March 12, 2016

Members are reminded that the Winter 2016 Board Retreat has been rescheduled from February 1st to March 12. Planning is underway and the agenda and logistics will be circulated in early 2016.

United Way 2015

Algonquin College's United Way campaign contributions raised a total of \$71,906.68 from donations and events, which in turn impacted 266 lives. Twenty College events took place over the course of the twenty-day campaign. Collectively these events raised over \$16,046. A total of \$34,176 from the monies raised was directed to the Plant Some Roots campaign. These contributions will assist hundreds of students who need support in times of emergency. Over the last ten years, including this year's donations, Algonquin College has raised over \$1,419,617 impacting over 5,225 lives. A special thanks to Governor Lynne Clark who attended

**Report from the Chair
Board of Governors Meeting
December 14, 2015**

many of the College's United Way events as a United Way representative, and importantly, as a representative of our Board.

Lieutenant Governor in Council appointments

As you will see from the Governance Committee report, Governors Fournier and Tremblay have submitted applications for LGIC appointments for terms beginning September 1, 2015, and Governor Nadeau has submitted his application for LGIC reappointment. This places the Board in a good position to have all LGIC vacancies filled for the beginning of the 2016/2017 academic year.

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Launch of Retirement Communities Management Graduate Program

Algonquin College hosted the Honourable Mario Sergio, Minister for Seniors Affairs and the Honourable Bob Chiarelli, Minister of Energy and MPP for Ottawa West-Nepean at the launch of the College's new Retirement Communities Management graduate program that starts in January, 2016. With over ninety retirement homes operating in the greater Ottawa area, industry leaders see the need for individuals with the appropriate skills to meet the needs of an aging population and Algonquin College is poised to meet that need.

Fall Convocation 2015

Algonquin College Woodroffe campus held its Fall Convocation ceremonies at the National Arts Centre on November 10th. Vice Chair Sutcliffe was in attendance, representing the Board of Governors.

Entrepreneurship at Algonquin College

Executive in Residence and Entrepreneurship Working Group Co-Chair, Andrew Foti, attended the National Association for Community College Entrepreneurship (NACCE) conference and, on behalf of Algonquin College and President Cheryl Jensen, presented our signed NACCE President's Pledge. Through this pledge, the College commits to advancing entrepreneurship in our community, to creating an entrepreneurial culture on campus and to providing multiple access points to support local start-ups and small businesses. Algonquin College is proud to be the second Canadian college and the first in Ontario to sign the pledge.

Algonquin College Loggersports Team

The Loggersports Team from Algonquin College's Pembroke campus has attended every REDBLACKS home game including the Eastern Final that propelled Ottawa into the final. Following each touchdown, the team cuts a 'wood cookie'. This has become a tradition for the REDBLACKS and the Loggersports Team is seen as a sign of good luck. The team were initially approved to attend the the CFL Grey Cup in Winnipeg but the CFL rescinded their permission and would not allow the Loggersports team to cut wood cookies following REDBLACKS touchdowns. The student athletes and Coach Ryan were allowed to cheer from the sidelines instead. The Loggersports Team is supported by both Algonquin College and the Algonquin Students' Association. The team is part of the Intercollegiate Lumberjack Association and competes in several competitions each year against other colleges and universities from across Eastern Canada and the Northeastern United States.

Committee of Presidents meeting – November, 15, 2015

Submission for the 2016 Ontario Budget

The Committee of Presidents (COP) approved the draft text of the colleges' submission to the province for the 2016 Ontario Budget. The submission is framed within the context of the college sector's upcoming 50th anniversary. It will point to the importance of strengthening college education for the next 50 years. Recommendations in the submission include a proposal to create a new three-year, \$50-million fund for capital improvements that would be matched

**Report from the President
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by private contributions. The submission will also call for new funding to strengthen programs for students with disabilities and increased funding to improve access and retention rates for students from underrepresented groups. As well, the submission highlights the need for enhanced operating funding and for increased investments in priority areas such as applied research. A final version of the submission will be sent to government in December.

Accreditation

Presidents voted to delay the implementation of an accreditation process for colleges for up to one year while work continues to address questions about accreditation. COP will then decide whether it should reaffirm or stop the planned transition to accreditation. The transition from the current audit process for colleges to accreditation was initially approved by COP in 2012 and was scheduled to start in this fiscal year.

The intent was for colleges to follow the Ontario Colleges Quality Assurance Service (OCQAS) audit guidelines for institutions that are used now, but the OCQAS could award a college a three-year or five year “accredited” status at the end of a successful review. Pilot runs have already taken place at some colleges. However, several vice-presidents, academic, have expressed concerns that the accreditation process could become much too cumbersome and expensive for institutions. It was noted that institutions in the U.S. that have accreditation processes have seen the requirement standards get out of control. As well, there are different views about whether accreditation will help colleges to market themselves internationally. Officials in the Ministry of Training, Colleges and Universities have also asked questions about the proposed transition. The additional time of up to one year will allow OCQAS to continue working to address those questions and concerns. During that period, the existing audit process for institutions will remain in place.

A small task force of presidents and vice-presidents, academic, chaired by Algonquin College President Cheryl Jensen will be set up to review the issue. In the event that the decision to transfer to accreditation is reaffirmed, colleges that have already gone through the accreditation process will not need to start again.

Priorities for the new MTCU deputy

The presidents endorsed a list of priority items that could be implemented quickly or over a longer period when former Ryerson University president Sheldon Levy starts his new role as the Deputy Minister of Training, Colleges and Universities in December. The priorities include the recommended seconding a college official to the ministry to improve the knowledge base about colleges within the ministry, pursuing the reinstatement of the sustainability grant for some colleges for another two years, developing a provincial vision for applied education, and modernizing the apprenticeship system.

Sexual violence

Bill Summers, the vice-president of research and policy at Colleges Ontario, provided an update to presidents on the provincial government’s recently tabled bill on sexual violence. The bill follows Premier Kathleen Wynne’s announcement earlier this year of a new provincial action

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plan on sexual violence. The bill has two areas that are particularly important for colleges: Requirements for reporting incidents of sexual violence and requirements for reporting on each institution's awareness campaigns. Presidents expressed concerns that the increased requirements are creating new cost pressures that have so far gone unfunded.

The government may also be looking at conducting anonymous surveys of students, similar to surveys that are done in the U.S. Based on the U.S. experience, there are concerns the anonymous surveys will produce numbers that are significantly higher than the number of incidents reported to institutions and authorities. There are also concerns that the anonymous surveys could lead to misleading rankings of institutions, due to factors such as the varying sizes of student residences at different institutions.

Syrian refugees

The presidents have raised questions about how colleges will be asked to support the Syrian refugees that will be accepted into Canada and into Ontario, and whether there should be a system-wide approach. Linda Franklin, the president and CEO of Colleges Ontario, said Colleges Ontario will consult on this matter with government officials, international experts at the colleges, and Colleges and Institutes Canada and will develop some approaches.

Pension plan changes

Presidents had a long discussion about proposed changes to the CAAT Pension Plan that the plan's sponsors committee will be considering in December. Several issues were raised that presidents will be pursuing with the CAAT Pension Plan and with Sheridan College president Jeff Zabudsky, the COP representative on the sponsors committee.

For Algonquin College to deliver on its Mission and Vision we have 4 Strategic Pillars and 12 supporting goals. These commitments guide our strategic priorities and budget process.

Strategic Pillars

Reporting Timeframe: September 11, 2015 to November 8, 2015

APPLIED LEARNING & TRAINING

Goal 1: Deliver an exemplary applied education and training experience

Goal 2: Create a unique suite of programs, products and services geared to meet the needs and expectations of our clients and students

Goal 3: Leverage technology to enhance the educational experience

Goal 4: Provide opportunities for every full-time student to have a work experience outside of the classroom

Summary Report from:

- ✓ Student Services
- ✓ International, Communications & Strategic Priorities
- ✓ Academic

Activity:

- For the first time, the annual Guidance Counsellors' Forum was held at the Perth Campus to highlight the campus and present it as a destination of choice for students. Over 100 participants met staff, toured the Campus and participated in networking. The Forum has become very popular with Secondary School Counsellors, drawing from Ottawa as well as the towns of Cornwall, Brockville, Kingston and Belleville.
- The Fall Open House was held over two days on November 3rd and 4th. Both days were targeted at the direct market and guests travelled from as far as Kingston. Total attendance during the Fall Open House was approximately 2,700 potential students, which is the average attendance seen over the past five years.
- Recruiters finished the six week College Information Program that includes attending every career fair for high school students, including one of the largest events, the College Information Fair in Toronto.
- Algonquin College signed a Memorandum of Understanding with the Ontario College Application Service specific to the College Branded User Interface. This pilot provides a new streamlined method of college application specifically targeted at non-traditional audiences.
- As part of the Ministry of Training, Colleges and Universities' funded Harm Reduction Pilot, the Umbrella Project website was launched with information for students, parents and staff (<http://www.algonquincollege.com/umbrellaproject/>). In addition, the Umbrella Project team facilitated the first related Student Advisory Board and Staff Advisory Board meetings. This Project has had a very visible presence in Residence and at various campus events.
- Twenty-one International student mentors were introduced to 215 new International Students as part of the Fall International Academic Orientation.
- The English for Academic Purpose Orientation program was redesigned and delivered this fall, reaching 63% of

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| | <p>eligible first year students. Efforts are underway to raise the orientation attendance rate to 80%.</p> <ul style="list-style-type: none"> • International Education staff piloted an online, synchronous English as a Second Language course, with students in Liaoning, China, using Blackboard Collaborate Ultra and Adobe Connect technology. A final report on the pilot's success is to be submitted by the end of the third quarter. • Algonquin College continues to outperform all other Canadian colleges in social media growth and engagement. The College's primary Facebook account (52K followers) produces our highest levels of engagement. Our main Twitter account (22K followers) produces the most impressions, and our Instagram account (2.5k followers) is our fastest growing channel. • Communications staff produced its first in-house video news story https://youtu.be/2ggpRj9UzNQ, generating 259 unique views. • The use of the myAC employee portal grew, with College news and events now averaging 40,000 page-views each week (an increase of 39% compared to June). In addition, a myAC user satisfaction survey was completed in October, with 78% of the over 300 respondents indicating they would recommend myAC to a colleague, and 65% of users believing that myAC is an improvement over myAlgonquin, the former electronic announcement bulletin board for employees. • Commissioned by the Office of Applied Research and Innovation, the Construction Carpentry – Advanced Housing second year students at the Perth Campus are building a Residential Living Lab from the foundation to the finished product. This will be a high-performance low-energy structure that will be used for collaboration between the College and community partners. Funding received from the Canadian Foundation for Innovation and the Ontario Resesarch Foundation has made this project possible. • All second year students in the Journalism, Ontario College Diploma program worked as local reporters for Sun Media and Metroland throughout the Federal election campaign. • June 2015 graduates from the Woodroffe Practical Nursing, Ontario College Diploma program have achieved a 95% pass rate on the Canadian Practical Nurse Registration Examination. • This Fall, over 380 students are involved in Applied Research with 358 students participating in in-class projects and 22 hired on stand-alone projects. |
| <p>STUDENT & CLIENT SUCCESS</p> <p>Goal 5: Deliver exceptional service to our diverse student and client populations</p> <p>Goal 6: Leverage technology to automate and modernize our business processes, fostering an environment of continuous improvement</p> | |
| <p>Summary Report from:</p> <ul style="list-style-type: none"> ✓ Finance and Administration ✓ Student Services ✓ Digital Technologies & Innovation | <p>Activity:</p> <ul style="list-style-type: none"> • The co-generation plant project is progressing well. The first generator is slated for commissioning by December 31, 2015. The generator is anticipated to be in service early in 2016, following the necessary tests and certification by Ottawa Hydro/Hydro One. |

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| <p>√ International, Communications & Strategic Priorities</p> <p>√ Academic</p> | <ul style="list-style-type: none"> • Ancillary Services is evaluating the performance of the U-pass implementation and preparing for the winter intake. Monitoring is underway regarding the impact of the U-Pass program on parking and transit demand patterns on the Woodroffe campus. Early indications show a slight decrease in parking demand. • To assist with the implementation of the mandatory U-Pass, an electronic opt out U-Pass process was developed and implemented. • A reporting structure was implemented to support the U-Pass agreement and to determine the September and October payments. Detailed reports have been sent to OC Transpo. • The 2015 Fall Convocation took place on Tuesday, November 10th at the National Arts Centre. Ceremonies were held at 2:00 p.m. and 6:30 p.m. with 726 graduates in attendance. This represents a 13% increase in attendance from the previous year. • New for the 2015 Fall Bursary cycle, students were able to apply online through one bursary application and be automatically assessed for all available bursaries. The application window closed on October 12th with a total of 6,273 applicants. This is an increase of 2,245 applicants (or 56%) compared to the last fall application cycle. This significant increase is attributable to a longer application time period, and the efficiency of an automated bursary application that allows students eligibility to over 260 different bursaries with just one application. The funding pool for fall bursaries has grown 24% from \$1.72M to \$2.13M, due to government bursary funding as well as increase in donor bursaries. • With the introduction of the new \$500 Tuition Fee Deposit policy, the Registrar's Office developed an automated \$500 exception request process to assist students in financial need that were unable to pay the required amount by the due date. For the 2015 Fall term, there were a total of 1,050 exception requests. • In order to implement the new tuition payment guidelines which no longer permit a deposit requirement per term, the Registrar's Office, in collaboration with Information Technology Services, developed an online fee deferral capability on the Algonquin College Student Information System portal. This allowed returning students to confirm their intent to return in the winter term and to agree to pay their 2016 Winter fees by the end of January, 2016. This automation supported improved access to service for students by removing the need for an in-person visit to the Registrar's Office for the completion of a paper form. • Twenty four students were trained to become mental health promoters via the Purple Couch initiative. • Student-led Flu Clinics were hosted on campus for four days during November completing 1,784 flu vaccinations which is a 7% increase compared to last year. • The Peer Tutoring Services reflect an increase in demand for services with a 22% overall growth. The Student Learning Centre (SLC) has also shown a 19% overall increase in students served. The increased demand for these services may be due to a number of factors such as: the increase in outreach to the academic area at Chairs Council, classroom visits and departmental meetings, an improved booking system where students are now able |
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| | <p>to access the system with ease while off campus, and the acceptance of online payments for peer tutoring sessions. There is no charge for SLC services.</p> <ul style="list-style-type: none"> • The College successfully completed the first pilot of financial reporting for Responsibility Center Management with 12 individuals across multiple College departments. • The RFP evaluation process for the selection of a Software as a Services provider and implementation services provider is completed, with contract finalization on target for completion by November 30, 2015. Preparation activities were completed for preliminary business transformation scope, data conversion, change management, preliminary business case and implementation team resourcing. The target to begin the implementation phase is January 4, 2016. In addition to this initiative relating to Student and Client Success, it also relates to Empowered People and Financial Sustainability. • The International Student Club held its first meet and greet with 50 students attending. • The Language Institute distributed a client satisfaction survey to all French as Second Language students. • With beta testing completed, the new International Admissions Web Portal was released to a limited number of targeted clients. A full release is planned for February 2016. • International helped the Ontario Government host an Immigration information session covering the Provincial Nomination Program. Sixty Algonquin College International students attended. • The Academic Upgrading program continues to be a strong pathway for Algonquin students. In Fall 2015, 625 former students went on to Post Secondary programs - an increase of 15 from the previous year. • Experienced Worker Centre Intake and Referral Consultants met with 111 new clients and provided additional support and guidance to almost 150 Second Career students entering their first semester. Approximately 470 Second Career students are currently enrolled in semesters one through four. |
| <p>EMPOWERED PEOPLE</p> <p>Goal 7: Attract, develop and retain employees who have the knowledge and skills to be fully contributing members of the College</p> <p>Goal 8: Create and foster an environment in which the College's model of leadership competencies and behaviours is supported</p> | |
| <p>Summary Report from:</p> <ul style="list-style-type: none"> ✓ Student Services ✓ International, Communications & Strategic Priorities ✓ Academic ✓ Human Resources | <p>Activity:</p> <ul style="list-style-type: none"> • Forty-three front line Algonquin College employees completed day one of a three-day "Addiction and Family Intervention" training" (AFIT). An additional 27 front line employees completed day two of the AFIT training. This training is provided by Rideauwood Addiction and Family Services, a junior partner in the College's MTCU funded Umbrella Project. This training is for front line Algonquin staff likely to encounter a student struggling with substance abuse. This two year project is built on a harm reduction model. • Five members of the International Education team attended the Driving Lean Change in Higher Education Conference at the University of Waterloo.. • The Bruyère Centre for Learning, Research and Innovation in Long Term Care, along with the two other Centres |

for Learning, Research and Innovation (CLRI) in Ontario hosted its first national conference in Ottawa. Three of our Nursing faculty presented on the educational opportunities the College provides, focusing on End of Life care, Leadership in Nursing, and integration of gerontology in our Bachelor of Science in Nursing experience. Over 300 guests attended the conference and were introduced to these new initiatives.

- The 2015 Accessibility for Ontarians with Disability Act report was filed with the Accessibility Directorate. The College is in full compliance.
- The 2015 Fall Algonquin Leadership in Education Institute offerings are in progress. ALEI I and ALEI II have full registration. The 2015 Eastern Region “Getting Connected” Support Staff Conference was attended by 12 Algonquin employees, along with 64 colleagues from five other Eastern Region colleges. The theme was “Innovation and Creativity”.
- Over 20 professional development sessions were offered to all employees by the Center for Organizational Learning. The Employee Orientation welcomed our new employees; nine support staff, six administrators and four professors. Two courses “Working @ AC” and “Enhancing our Learning and Teaching @ AC” ran, supporting 26 full-time professors from the Full-time Faculty Learning Program.
- The Teaching Adult Lifelong Learners program is running three courses this fall with 56 registrants. The courses are “Teaching Adults: Getting Started”; “Engaging Adult learners with Effective Teaching Strategies” and “Course Planning”.
- The Fall Management Academy offerings are in progress. To date, six sessions have been offered to 56 employees. The Leadership Mentoring Program has paired 14 mentors/mentees. This is a record high since the implementation of the program in 2013.
- Twenty-four academic part-time postings were completed to support hiring for the winter semester.
- Twenty-seven Employee Engagement departmental sessions were facilitated by three Human Resources Officers across the college. Each session allowed employees to further engage in dialogue surrounding the departmental survey results and to develop action plans. An overall College report will be compiled to include themed results from the departmental sessions and the priorities identified by the Tiger Team report. In addition to the College-wide action plan, each department/faculty/school will continue to work on established priorities over the next 18 months. Updates will be provided to President’s Council and the wider College community before the 2016 summer break and again in late fall.

FINANCIAL SUSTAINABILITY

Goal 9: Align our funded operational expenditures with provincial funding

Goal 10: Expand non-funded opportunities to increase revenue

Goal 11: Leverage strategic business partnerships to meet the capital needs of the College

Goal 12: Create the technological foundation to align with the digital direction

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| <p>Summary Report from:</p> <ul style="list-style-type: none"> ✓ Digital Technologies & Innovation ✓ International, Communications & Strategic Priorities ✓ Academic | <p>Activity:</p> <ul style="list-style-type: none"> • For the current reporting period, there were no outages for Internet access or Wireless connectivity. The Core Network connectivity was at 99.7%. • The College's Internet connectivity has been upgraded at all three campuses (Perth, Pembroke and Woodroffe) to include redundant links at all locations and increased capacity and performance. The total bandwidth is now 2.8 Gb/s which a 30% increase year over year. • Significant upgrades occurred to the College's wireless network. Wireless coverage is now at all of the College facilities including the Student Residence, with 70% of the College wireless network supporting the latest 802.11ac standard. • The rollout of network evergreening continues at the access layer, with 140 access layer switches (18%) updated to an enhanced architecture; aiming to achieve 25% rollout by the end of this fiscal year. • International submitted a proposal to the Sultanate of Oman in consultation with the Canadian Bureau of International Education to design, deliver and manage an instructor training program for English teachers. This 30 month project is valued at \$1.49m with a potential contribution margin to Algonquin College of \$300,000. • The College signed a contract with Niels Brock Business School (Denmark) to host 58 students for eight weeks from January through March, 2016. • The College signed a ten-year Collaborative Education Agreement with the Basle Health Institute in Dubai, United Arab Emirates. The agreement is subject to a final site visit by representatives of the School of Health and Community Studies. If given the final go ahead, the agreement would see Algonquin work collaboratively with the Basle Health Institute to deliver allied health certificates, diplomas, post-graduate certificates and professional development training for in-service health professionals. • Forty-seven of forty-nine Brazilian students enrolled in the <i>Science Without Borders</i> completed their 12-18 month studies at Algonquin College. • In November, Algonquin College was awarded a \$1.3 million Local Employment Planning Council contract with the Ministry of Training, Colleges and Universities to run an 18-month pilot project on behalf of the community, building on the four years of work undertaken as part of the Partnerships & Applied Research's Labour Market Ottawa initiative. • Corporate Training has secured the following training contracts: <ul style="list-style-type: none"> ▪ Wildlife and Environmental Enforcement Officers, November 16 – December 18. Contract value: \$189,850. ▪ Royal Canadian Mint Annual Professional Workshop Calendar, September - December 2015. Contract value: \$50,000. ▪ Project Management Essentials certificate program for Cree Nation of Ouje-Bougoumou, October 2015 – March 2016. Contract value: \$69,500. |
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| <p>Student & Employee Successes:</p> <p>✓ International, Communications & Strategic Priorities</p> <p>✓ Academic</p> | <ul style="list-style-type: none"> • Communications secured media coverage for; <ul style="list-style-type: none"> ○ Gay Cook's 85th Birthday event via <i>Ottawa Citizen</i>, <i>CTV News</i> and <i>CBC Ottawa</i> ○ Algonquin's National Association for Community College Entrepreneurship President's Pledge via <i>Academica Top Ten</i> ○ Algonquin College's support for Syrian refugees via <i>News Talk 580 CFRA radio</i>. • The College handed out two President's Star Award; one to Martine Plouffe (Centre for Continuing and Online Learning), and the other to Lisa Roots (Police and Public Safety Institute). • The Second Annual Perth Campus Golf Tournament organized by the students at the Perth Campus raised over \$1,800 for student bursaries. • The Ottawa Tourism/Ottawa Gatineau Hotel Association helped to raise \$15,000 in the annual golf tournament to support bursaries in the School of Hospitality and Tourism. • Sponsored by Ottawa Tourism, Caitlin O'Connor, Culinary Management and Sara MacDonald, Bachelor of Hospitality Tourism attended the annual "One Young World Summit" on November 18-21 in Bangkok, Thailand. This is an opportunity for young talent from global and national companies, NGOs, colleges and universities and other forward-thinking organizations to mix with world leaders. • The Pembroke Campus Speaker Series brought one of North America's most influential Hockey commentators, TSN's Bob McKenzie, to the Pembroke Campus to speak with students and members of the public. The event raised money for a bursary at the College that supports Pembroke Lumber Kings players who study at the campus. • School of Business faculty members Wendy Threader and Ian Anderson completed their respective MBA programs. • Carol Ann Samhaber, professor in the School of Business, completed her PhD in Education. • The Battle of the Knives Culinary Competition, held in November was featured on CTV. • Congratulations to Culinary Skills – Chef Training graduate Resa Solomon-St.Lewis, of Bacchanalle in Ottawa, who won the Embassy Chef Challenge 2015. • Congratulations to Sommelier graduate Chef Marc Lepine, owner of Atelier, for winning the 2015 Gold Medal Plates - Ottawa Competition. • Two Culinary graduates, Chefs Oliver Truesdale-Jutras and Phoebe Oviedo opened a restaurant in the northeastern Moroccan city of Fez called Restaurant Numero 7. • The World's #2 Sommelier and Algonquin graduate, Véronique Rivest, has opened her own restaurant called <i>Soif</i> in Gatineau which has been nominated as Canada's top new restaurant of 2015. • In November, Canada's new Prime Minister is receiving world-wide attention... for his hair! And it turns out there's an Algonquin College connection to his coif – Stefania Capovilla, a part-time faculty member in our |
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| | <p>Hairstylist program, is his stylist. The Toronto Star recently wrote about Trudeau and his new look featuring Stefania. Our students are learning from the best!</p> <ul style="list-style-type: none"> • Tickets to WE Day were awarded to Brenda Gaitens for being the Academic Access Centre United Way hero. Brenda has been the canvasser and organizer of countless United Way events for the area over many years. • At the Fall Academic Upgrading Achievement Awards ceremony, 30 Academic and Career Entrance Certificates (grade 12 equivalency) were presented, as well as individual class awards for students who demonstrated hard work, dedication, and good attendance. • Forty Dental Hygiene students, some graduates and three faculty members participated in a community event for “Sharing Smile Day”, educating special needs children about dental care through games and play. • Hydro Ottawa has nominated Algonquin College for Electricity Human Resources Canada’s Innovation in HR Practices – Education / Training Institution 2015 Award for the impact the Powerline Technician, Ontario College Diploma program has had on the electrical sector. • Civil Engineering Technology student, Garrett Osborne presented his research project to the 69th Canadian Geotechnical Conference in Quebec City. • Jessica Kruk, graduate of the Architectural Technology program, won second place in the Canadian Council of Technicians and Technologists - Technology Contest 2015. • Jim Catton, Professor, Technical Writer, received an Outstanding Educator award at the recent Ontario Association of Certified Engineering Technicians and Technologists Awards Gala in Toronto. • Anne Davis, Academic Upgrading Coordinator at Smiths Falls, participated on the organizing committee for the October 26th and 27th Eastern Region Literacy and Basic Skills Conference held in Gananoque. Brenda Gaitens and Claire Ramsay each led workshops, while other faculty attended to share ideas and best practices. |
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