



**ANNUAL REPORT**  
TO ALBERTA ADVANCED EDUCATION  
*For the year ended March 31, 2017*

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MESSAGE FROM THE PRESIDENT



## MESSAGE FROM THE PRESIDENT



When I joined Athabasca University in October of 2016, I committed to hit the ground listening and to work with people throughout the university community and the Government of Alberta to develop and implement a process for overcoming the challenges that we were facing at that time. I expressed confidence that we would emerge from that process as a stronger student-focused open university and resume our longstanding position as a global leader in online and distance learning and technology.

Making good on that commitment has necessitated extensive research and consultation. Planning activities, some of which were already in progress, have occupied a lot of the time and attention of members of the university community in the intervening months. The results of those activities, together with the findings and recommendations of the Independent Third-Party Review commissioned by the Board of Governors and the Ministry of Advanced Education in 2016, have positioned AU to begin to realize the stronger future that I anticipated last October and of which I remain equally confident.

The groundwork that was laid in 2016-17 and that is detailed in this Annual Report has prepared us to move forward quickly and aggressively—following a schedule proposed by the report of the Independent Third-Party Review—to shape our future path, to leave behind, as we have done before, the art of the possible and embrace the art of the imagination in meeting the needs of our learners and the communities we serve.

In the coming year, we will, through an inclusive and transparent planning process, develop and begin to implement a new five-year strategic plan, one which will define our shared work ahead in achieving excellence in twenty-first century online and distance education and in assuring a sustainable future for AU in meeting the needs of adult learners throughout Alberta and around the world.

Sincerely,

*Original signed by Dr. Neil Fassina*

Neil Fassina, PhD, CPHR, ICD.D



ACCOUNTABILITY STATEMENT  
MANAGEMENT'S RESPONSIBILITY FOR REPORTING  
PUBLIC INTEREST DISCLOSURE  
(WHISTLEBLOWER PROTECTION) ACT

# ACCOUNTABILITY STATEMENT

Athabasca University's Annual Report for the year ended March 31, 2017, was prepared under the direction of the Governors of Athabasca University in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

*Original signed by Vivian Manasc*

Vivian Manasc, Chair  
The Governors of Athabasca University

## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

The Annual Report has been developed under the oversight of the Audit Committee of the Board of Governors and approved by the Board of Governors and prepared in accordance with the *Fiscal Planning and Transparency Act* and the *Post-secondary Learning Act*.

The Auditor General of the Province of Alberta, Athabasca University's external auditor, appointed under the *Auditor General Act*, performs an annual independent audit of the consolidated financial statements, which are prepared in accordance with Canadian public sector accounting standards.

*Original signed by Dr. Neil Fassina*

Neil Fassina, PhD, CPHR, ICD.D  
President

*Original signed by Estelle Lo*

Estelle Lo, B.Comm., MBA, CPA, CMA  
Vice-President Finance and Administration

## PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

AU is committed to maintaining the highest standards of ethical conduct in all of its activities and to acting immediately on any reported wrongdoing. As required by the *Public Interest Disclosure (Whistleblower Protection) Act*, the university provides various mechanisms for employees to disclose their concerns. No disclosures were made under the *PIDA* in 2016-17.



## OPERATIONAL OVERVIEW





# OPERATIONAL OVERVIEW

## Mission

Athabasca University, Canada's Open University, is dedicated to the removal of barriers that restrict access to and success in university-level study and to increasing equality of educational opportunity for adult learners worldwide. We are committed to excellence in teaching, research and scholarship and to being of service to the general public.

## Mandate

Founded in 1970 and operating as a Comprehensive Academic and Research Institution under the authority of the Alberta *Post-secondary Learning Act*, Athabasca University is a public, board-governed, open and distance education university which serves students throughout Alberta, across Canada and around the world. Working as a partner within Campus Alberta, Athabasca University is committed to collaborating with other key stakeholders to ensure a seamless and responsive advanced education system that provides high-quality learning opportunities in support of lifelong learning.

The university offers a range of courses and programs leading to graduate and undergraduate degrees, certificates and diplomas in the humanities, the social sciences, the sciences, technology, business and the health disciplines.

As an open university, AU seeks to remove barriers to undergraduate and graduate education. It offers flexible enrolment opportunities for learners, regardless of age, gender, culture, income, disability, career and family obligations, geographic location or educational background. As a distance education university, AU provides flexibility for lifelong learners who cannot or choose not to undertake residential post-secondary education. The university offers learners the opportunity to interact with students across Canada and around the world through programs in established and emerging areas as it seeks to meet the needs of career professionals, develop research expertise and create knowledge that fosters a global outlook among its graduates.

AU provides high-quality, interactive learning environments that include a variety of online and other media technologies for individualized and cohort learning. The university's library and tutorial services and extensive student support services that facilitate access and increase learner success are integral aspects of a quality open and distance education system. Similarly, its course designs and technology applications are based on current research in open and distance education, pedagogical advances in lifelong learning and contemporary developments in online learning technologies. The university actively pursues technological innovations that can enhance its teaching, research and administrative functions.

The university provides undergraduate degree completion opportunities for university transfer students and college diploma graduates through credit co-ordination, credit transfer, prior learning assessment and associated forms of learning accreditation. It supports collaborations such as its degree completion agreements with colleges and partnership with Alberta-North. These collaborations, together with its participation in initiatives such as the Canadian Virtual University, reflect AU's long-standing commitment to adult and lifelong learners, to Indigenous communities, to learners in remote, rural and northern areas, to under-served urban populations and to program students at other universities who seek courses to accelerate degree completion. The university also acquires and maintains accreditation in other Canadian provinces and in appropriate international jurisdictions.

AU pursues and demonstrates excellence in research and scholarship, viewing research as central to the creation and mobilization of knowledge, the enhancement of its programs, the education of its students, the betterment of its community and the development of its faculty and future scholars. Besides its international reputation for research in all aspects of open and distance education and learning technologies innovation, the university is developing notable strength in interdisciplinary research in several areas such as Canadian studies, globalization and cultural studies, Indigenous education, space and environmental sciences, project management, and nursing and health management. Aspects of technological change are integral to many of these theme areas. By supporting and conducting research activity in all program areas, AU makes significant contributions to cultural, scientific and professional development in Alberta and beyond.

AU's academic, professional and support staff engage in professional service within the education system at local, provincial, national and international levels. The university encourages its members to serve a wide range of communities through activities such as volunteerism, community based research, involvement in local community organizations and participation in virtual learning communities.

*(Approved by the Minister of Advanced Education and Technology, November 17, 2009)*

## 2016-17 in Review

The past year at AU was marked by extensive reflection, consultation and planning as the university readies itself for its second half century of leadership in open and online education. At the same time, substantial steps were taken toward realizing the goals and priority initiatives identified in the *Comprehensive Institutional Plan: 2016-19*.

### Governance

AU operates through a bicameral governance structure, as set out in the *Post-secondary Learning Act* and the *Athabasca University Regulation*. The Board of Governors is the senior governing body but shares academic governance with the General Faculties Council, the academic governing body. The Government of Alberta appoints members of the Board of Governors, which consists of the chair, up to 10 public members, two representatives of the academy, one tutor, one non-academic staff member, one graduate student, two undergraduate students and one alumni representative. The president of the university is an *ex officio* member of the Board. Academic, tutor, staff, student and alumni representatives are nominated by their respective groups.

Composition of the Board of Governors changed significantly in 2016-17. Following an eight-month search conducted by a President Advisory Search Committee, Dr. Neil Fassina was named AU's eighth president on August 17, 2016, his term of office beginning on October 11. The Government of Alberta appointed five new public Board members on September 15, 2016, and a new Board chair on March 14, 2017. As of March 31, 2017, membership of the Board was as follows:

- Chair: Vivian Manasc
- President: Dr. Neil Fassina
- Public Members: Robert Balay, Rai Batra, Lynn Hamilton, Cheryl Hunter Loewen, Heather Kennedy, Debby Kronewitt Martin, McDonald Madamombe, Margaret Mrazek (Vice-Chair), Peter Thiveos, Chief Charles Weaselhead
- Academic Members: Dr. Derek Briton, Dr. Michael Mauws
- Tutor Member: Dr. Grant Grams
- Non-academic Staff Member: Paulette Patry
- Graduate Student Member: Teagan Gahler
- Undergraduate Student Members: Shawna Wasylyshyn, Julian Teterenko
- Alumni Member: Douglas Schindel

### Independent Third-Party Review

On March 22, 2016, the Government of Alberta, in collaboration with the AU Board of Governors, called for an independent third-party review of the university in support of creating a sustainable future. In January 2017, Minister of Advanced Education Marlin Schmidt, Acting Board Chair Margaret Mrazek and President Fassina jointly announced that Dr. Ken Coates, professor, Canada Research Chair in Regional Innovation and director of the International Centre for Northern Governance and Development at the University of Saskatchewan, would conduct the review and deliver a report to the government and the Board of Governors by the end of April 2017.

The stated objectives of the review, to be based on documentary research and extensive consultation with AU and its communities and government and Campus Alberta stakeholders, were to ensure long-term sustainability within the Town of Athabasca and Campus Alberta and to clearly articulate the value proposition that AU provides to students and to Campus Alberta. Dr. Coates' mandate in addressing the long-term sustainability of the university was to focus on four primary principles: commitment to the Town of Athabasca, improving accountability, responsible use of taxpayer and student dollars, and student-focused accessibility, and two secondary principles: government investment and partnering opportunities. Less focus was to be placed on sustainability options based on financial savings achieved through staff reductions or relocations and on closing, relocating or repurposing the institution.

At the end of March 2017, Dr. Coates' research was well underway, and he was in the midst of a thorough consultation process with members of all sectors of the AU community and an extensive list of external stakeholders.

### Strategic Planning

Work began in 2016-17 on processes to refine and align AU's internal planning, implementation and measurement cycles, to develop an integrated planning framework to support strategic decision making and to develop a new long-term strategic plan. These strategic planning processes are expected to be completed in the coming year, and all will be informed by the findings and recommendations of the report of the Independent Third-Party Review and other analytical studies carried out by the university in recent years.

## Provostial Model

In January 2017, the Board of Governors approved the adoption of a provostial model of administration to be integrated with the operations of the Office of the Vice-President Academic. The provost and vice-president academic will oversee long-term planning and priority-setting for AU and work in partnership with the university community to ensure that budgetary planning and resource allocation are consistent with institutional priorities.

## Human Resources

Recruitment to AU's Executive Group has been a major focus of human resource planning and activity in 2017. A search for the university's inaugural provost and vice-president academic was initiated in January, with competitions for a permanent vice-president information technology and chief information officer and a permanent vice-president advancement planned for later in the year. A full roster of permanent members of the Executive Group is expected to be in place in 2017-18. Another key recruitment activity in 2017 was to fill the vacant position of chief human resources officer, a critical role given AU's need to focus on human capital in the coming years.

As of March 31, 2017, AU employed 1,133 faculty and staff members (Table 1). Year-to-year variations within employee categories reflect continued restructuring within departments, responses to service demand and project priorities, and temporary coverage of or permanent recruitment to vacancies.

**Table 1: Employee Complement (2014-15 to 2016-17)**

Employee Category	2014-15	2015-16	2016-17	Change from 2015-16
Academic, full-time	170	186	179	(3.8%)
Academic, part-time	41	29	26	(10.3%)
Tutors	354	358	354	(1.1%)
Professional	225	243	242	(0.4%)
Management and executive	27	24	23	(4.2%)
Support and temporary	242	260	244	(6.2%)
Casual	82	63	65	3.2%
<b>Total</b>	<b>1,141</b>	<b>1,163</b>	<b>1,133</b>	<b>(2.6%)</b>

AU's workforce is widely distributed across Alberta, its employees depending on the university's information and communication technology infrastructure to interact with one another and with students. AU employees work on the main Athabasca campus, at AU satellite locations in Edmonton and Calgary, in home offices or in other off-site locations as shown in Table 2.

**Table 2: Employee Distribution (2014-15 to 2016-17)**

Location	2014-15	2015-16	2016-17	Change from 2015-16
Athabasca	393	415	409	(1.4%)
Edmonton	103	113	111	(1.8%)
Calgary	22	21	23	9.5%
Home Office	616	607	585	(3.6%)
Other Off-site Locations <sup>1</sup>	7	7	5	(28.6%)

<sup>1</sup> Collaborations or internships at other institutions

## Community Relations

Development and implementation of Phase 1 of a multi-phase communication plan was a university priority for the final quarter of 2016-17. The primary goal of Phase 1 was to achieve an improved flow of balanced, objective and timely information from the Executive Group to members of the AU community. Secondary goals were to enhance employee engagement, increase a sense of community and reinforce the university's, mission, vision and strategies. Later phases of the communication planning process will focus on supporting and enhancing formal and organic communication channels within the AU community and on reviewing and improving available communication tools.

## Academic Programs

As one of four Alberta Comprehensive Academic Research Institutions, AU is committed to excellence in teaching, research and scholarship. The integration of research and creative activity with teaching informs curriculum planning and development and provides opportunities for highly qualified graduates to promote innovation and to participate more fully in society. A vibrant research community, informed teaching and a supportive learning environment are reflected in quality programs and courses. AU's academic program offerings were unchanged in 2016-17, except for the addition of one specialization (hockey management) to the MBA program.

### Graduate Programs

AU offers the following nine graduate degrees and 15 graduate-level diplomas and certificates:

- Doctor of Education (Distance Education)
- Doctor of Business Administration
- Master of Arts (Integrated Studies)
- Master of Business Administration
- Master of Counselling
- Master of Education (Distance Education)
- Master of Health Studies
- Master of Nursing
- Master of Science (Information Systems)

### Undergraduate Programs

In addition to 23 undergraduate certificate and diploma programs, AU offers the following undergraduate degrees, many of which are available as both regular and post-diploma programs:

- Bachelor of Arts, four-year (majors in anthropology, Canadian studies, English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology, women's and gender studies or a combined major)
- Bachelor of Arts, three-year (general or with a concentration in English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's and gender studies)
- Bachelor of Commerce (general or with a major in accounting, e-commerce or financial services)
- Bachelor of General Studies (in arts and science or applied studies)
- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, four-year (general or with a major in human resource management, marketing or Indigenous nations and organizations)
- Bachelor of Management, three-year
- Bachelor of Nursing (post LPN or post RN)
- Bachelor of Professional Arts (with a major in communication studies, criminal justice, human services or governance, law and justice)
- Bachelor of Science (general or with a major in applied mathematics, architecture, computing and information systems or human science)

## Recruitment

Increased competition, shifts in recruitment technologies and increased prospective student expectations are among significant factors contributing to a changing and increasingly complex student recruitment environment. In response, AU has developed recruitment and marketing strategies and plans that are innovative, entrepreneurial, action-oriented and measurable.

## Enrolment

Total enrolment (full-load equivalents) increased 2.1 per cent in 2016-17 (See "Enrolment Report," page 20). However, the number of Alberta students who took advantage of AU educational services rose 5.3 per cent overall, six per cent at the undergraduate level and 1.5 per cent at the graduate level as shown in Table 3.

**Table 3: Alberta Student Enrolment (Full-load-equivalents): 2014-15 to 2016-17**

	2014-15	2015-16	2016-17
Undergraduate	2,757	2,905	3,079
Graduate	503	539	547
<b>Total</b>	<b>3,260</b>	<b>3,444</b>	<b>3,626</b>

## Program Completion

AU awarded 2,037 academic credentials in 2016-17, 971 at the graduate level and 1,066 at the undergraduate level, as shown in Table 4.

**Table 4: Academic Credentials Awarded (2014-15 to 2016-17)**

Program	2014-15	2015-16	2016-17
Bachelor of Administration <sup>1</sup>	15	10	9
Bachelor of Arts	101	85	108
Bachelor of Commerce	73	70	85
Bachelor of General Studies	98	130	159
Bachelor of Health Administration	9	7	12
Bachelor of Human Resources Labour Relations	58	66	65
Bachelor of Management	109	102	120
Bachelor of Nursing	183	234	237
Bachelor of Professional Arts	96	123	104
Bachelor of Science	26	27	26
<b>Total Bachelor Degrees</b>	<b>768</b>	<b>854</b>	<b>925</b>
Undergraduate Certificate and Diplomas	116	119	141
<b>Total Undergraduate Credentials</b>	<b>884</b>	<b>973</b>	<b>1,066</b>
Doctor of Business Administration	4	6	5
Doctor of Education (Distance Education)	4	3	4
Master of Arts (Integrated Studies)	92	86	82
Master of Business Administration	177	175	168
Master of Counselling	70	66	82
Master of Education (Distance Education)	56	57	85
Master of Health Studies	61	84	70
Master of Nursing	182	218	203
Master of Science (Information Systems)	23	19	29
<b>Total Graduate Degrees</b>	<b>669</b>	<b>714</b>	<b>728</b>
Graduate Certificates and Diplomas	207	187	243
<b>Total Graduate Credentials</b>	<b>876</b>	<b>901</b>	<b>971</b>
<b>Total Credentials Awarded</b>	<b>1,760</b>	<b>1,874</b>	<b>2,037</b>

<sup>1</sup> Program closed December 31, 2004.

A young man in a blue and red plaid shirt and a dark hat is balancing on a metal railing. He is smiling and has his arms outstretched. In the background, a young woman with glasses, wearing a pink shirt and a black vest, is sitting on a metal bench. She is holding a laptop and looking towards the camera. The scene is outdoors, possibly on a rooftop or a balcony, with a cityscape visible in the distance.

GOALS, PRIORITY INITIATIVES,  
PERFORMANCE MEASURES AND OUTCOMES

# GOALS, PRIORITY INITIATIVES, PERFORMANCE MEASURES AND OUTCOMES

For nearly 50 years, Athabasca University has provided access to education for post-secondary learners everywhere, regardless of their background or circumstances. Through the flexibility and reach of technology-enabled delivery, AU continued in 2016-17 to offer students, anywhere in Alberta or around the world, affordable access to quality learning opportunities, in their own community and on their own schedule. Importantly, as an open university, AU provides access to those learning opportunities to many who would not have the option of studying at conventional post-secondary institutions.

## Accessibility

Removing barriers to post-secondary learning is central to AU's mandate. The flexibility provided by AU's online individualized study programs affords access to learners whose personal, professional, family, community or other responsibilities or limitations prevent them from relocating to a campus-based university or following a conventional, fixed academic schedule.

A new marketing program launched in 2016 highlights the control that AU students have over the timing of their learning to show how AU's flexibility allows them to balance the demands of work and life with study. Simultaneously with the campaign launch, the Student Recruitment Unit launched AU Open House, twice monthly, live online webinars for prospective undergraduates, featuring information about AU programs, available student supports and AU's unique learning system. Forty-one per cent of the prospective students who participated in the webinars over the first eight months applied to AU. In March 2017, a face-to-face version of AU Open House was successfully piloted in Edmonton and Calgary and presentations in northern and rural communities across Alberta are planned.

To make it easier for prospective students to discover and enrol in AU courses and programs and become aware of available student services, a series of website improvements was implemented over the past year. These changes have made course and program information more accessible, made it easier for prospective students to apply, and improved automated communications of various types to maintain more effective communication with applicants and students.

Through a number of initiatives, AU continued to support access for Indigenous students (See also "Indigenous Communities," page 25). Indigenization of the curriculum through responsive academic programming is underway, and a new speakers series, Kiskinwahatoyak (teaching one another), was launched to examine the 2015 Truth and Reconciliation Commission's Calls to Action, their future impact on education and how universities and students can work together to realize the commission's recommendations.

Learners with a variety of individual learning needs continued to benefit from AU's adaptive and flexible, technology-supported learning environment. Nearly 3,800 students registered with Access for Students with Disabilities in 2016-17, a number which has increased by almost 200 per cent over the past five years.

AU contributes to a strong and resilient Alberta economy by providing working professionals with flexible access to academic or professional upgrading while they remain in the workplace and supports Campus Alberta partners by providing students enrolled at other universities with opportunities to overcome scheduling or other barriers that threaten to delay degree completion. In 2016-17, 1,480 college graduates sought to upgrade their professional qualifications through degree completion at AU, and 4,037 students from other Alberta post-secondary institutions took AU courses for transfer to their home institution.

Through its participation in the Western Canadian Deans of Graduate Studies Agreement, AU promotes access to graduate studies at western Canadian universities. Under the agreement, graduate students can take required courses not available at their home university at any western Canadian university. Given the accessibility of its graduate courses through online delivery, AU's involvement in the agreement enriches opportunities for graduate students throughout western Canada.

AU's leadership role in the Canadian Virtual University-*Université virtuelle canadienne*, a consortium of Canadian universities committed to providing high-quality online distance education, eases access to courses for university students Canada-wide. From CVU-UVC's website, students can search among over 2,000 courses in 400 programs offered by the 11 member universities. In 2016-17, students registered in more than 246,000 courses through CVU-UVC. Registration has doubled since 2000, and continued growth is projected.

Two accessibility related goals were identified in the *Comprehensive Institutional Plan 2016-19*:

1. To improve pathways for degree completion, especially for students from Indigenous, rural and northern communities
2. To expand and enhance the virtual learning environment

Results relative to those goals and the associated priority initiatives are provided in Table 5.

**Table 5: Accessibility Goals, Priority Initiatives, Performance Measures and Results**

<b>G1 Improve pathways for degree completion, especially for students from Indigenous, rural and northern communities.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
PI1 Increase awareness of AU's open and flexible learning model through marketing and recruitment efforts.	EO1 Maintained or increased credential attainment by Indigenous, rural and northern students	PM1 Number of credentials conferred on Indigenous, rural and northern students	Ongoing	Compared to 2015-16: <ul style="list-style-type: none"> <li>• The number of Indigenous students completing credentials increased from 62 to 63.</li> <li>• The number of northern students (YU, NU, NWT) completing credentials dropped from 21 to 15.</li> <li>• The number of non-northern rural students completing credentials fell from 221 to 217.</li> </ul>
PI2 Enhance existing partnerships with northern colleges and learning communities to provide pathways to credential completion.	EO1 Partnerships reviewed to enhance pathways	PM1 Number of partnerships renewed	2018	<ul style="list-style-type: none"> <li>• Partnerships with three northern colleges (Grande Prairie Regional College, Lakeland College and Aurora College) and with Lethbridge College were renewed.</li> </ul>
PI3 Learning Communities Project	EO1 Enhanced access to post-secondary learning, training, and funding opportunities for Indigenous communities	PM1 Number of participants  PM2 Number of workshops	2017 (Continuation dependent on funding)	<ul style="list-style-type: none"> <li>• Learning Communities Project activities attracted 1,450 participants.</li> <li>• Seventy workshops were delivered.</li> </ul>
<b>G2 Expand and enhance the virtual learning environment.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
PI1 Foster innovation and excellence in online learning in Alberta and beyond.	EO1 AU's virtual services and technologies enhanced	PM1 Number of users of virtual services and technologies	Reviewed annually	<ul style="list-style-type: none"> <li>• All students use AU's virtual environment to access a broad range of services. Underlying ICT infrastructure and enabling technologies (e.g. network, storage, monitoring software) were enhanced to improve responsiveness, reliability and scalability.</li> </ul>
PI2 Continue to support the virtual Writer in Residence Program, connecting emerging writers, wherever they live, with accomplished ones.	EO1 Support provided to an accomplished writer  EO2 Virtual mentorship provided to students and faculty interested in creative writing	PM1 Number of literary events	Reviewed annually	<ul style="list-style-type: none"> <li>• The program is now in its eighth year. Non-fiction writer and novelist John Vaillant was writer in residence in 2016-17.</li> <li>• Two public events were held in 2016-17, and 30 aspiring writers were mentored.</li> </ul>



## Quality

Comprehensive program reviews consistently confirm that AU's programs meet the highest academic standards. In addition, provincial, national and international professional and regulatory bodies approve and accredit several AU professional programs that lead to certification or licensure.

One new academic program received government approval in 2016-17. AU has collaborated with the Business of Hockey Institute to develop a specialization in hockey management for its online MBA program. The program is designed for managers in hockey and related industries who have significant experience in important industry functions such as ticketing, marketing, communication, fan development, customer service, sales, events, building operations, legal affairs, merchandising, finance, analytics and hockey operations. Hockey-specific courses build on AU's acclaimed online MBA for executives program, focusing on issues, challenges and opportunities confronting middle and senior level managers including strategy, accounting, analytics, human resources, finance, marketing and operations as these disciplines apply to the global hockey industry and its business operations.

An internal review of the Doctor of Education (Distance Education) program begun in 2015-16 was completed in 2016-17, and four additional programs: the Doctor of Business Administration, the Master of Arts (Integrated Studies), the Master of Science (Information Systems) and the Bachelor of Nursing (Post LPN and Post RN), were scheduled for internal review. Two of the four reviews (of the BN and DBA) have been completed, and the remaining two are scheduled for completion in the second quarter of 2017-18.

In 2006, AU became the first Canadian public university to receive American accreditation, through the Middle States Commission on Higher Education, one of six regional accreditors in the United States. This accreditation tracks the cycle of continuous improvement at member institutions. In November 2016, MSCHE notified AU that it accepted the university's Periodic Review Report but warned that its accreditation may be lost because of insufficient evidence of compliance with MSCHE Standard 7 (institutional assessment), Standard 14 (assessment of student learning) and Standard 3 (institutional sustainability). AU remains accredited by MSCHE but must submit by September 2017 a monitoring report documenting that it has achieved and can sustain compliance with these three standards. Two working groups have been struck to compile the needed documentation.

Quality assurance and continuous improvement are also being supported by the implementation of the recommendations and commitments of the *Focused on the Future of Learning: Educational Review 2015-16 Report*, completed in June 2016. Informed by faculty strategic plans, the report offered 31 recommendations in three broad categories (quality, efficiency and effectiveness, and innovation) and committed to actions in support of academic rejuvenation, renewal and realignment. Implementation of processes that support accountability and efficiency, reduce duplication, and emphasize alignment of assessments and outcomes were initiated in 2016-17, and improvements to programs and learning environments are already evident. Full implementation of the report's recommendations is expected to be completed within a two-year period.

In the fall of 2016, AU's Enrolment Management Committee struck a Strategic Enrolment Management Plan Working Group with membership from across the university to develop a successor to the *Strategic Enrolment Management Plan: 2014-16*. The group was tasked with exploring how AU could improve student retention over the following year. The transitional *Strategic Enrolment Management Action Plan: 2017-18* provided short-term recommendations geared to achieving priority improvements at six specific points in the student life cycle. A comprehensive and integrated strategic enrolment plan aligned with the forthcoming new strategic plan will be developed in 2018.

Development of the *Student Service Plan: 2017-20* was a major undertaking in 2016-17. The plan focuses on promoting student success by encouraging progression and facilitating a positive learning experience. Guided by the principles of flexibility, accessibility, transparency, quality and consistency, sustainability, engagement and community, the plan makes 32 recommendations directed to supporting an engaging and interactive student experience, supporting access and inclusion, supporting student well-being, supporting the AU community in serving students, cultivating a culture of student service and strengthening student service operations. Implementation of the plan, beginning in 2017-18, will improve and integrate student services, processes and experiences to ensure that all learners' experiences are consistent with AU's mission.

The *Comprehensive Institutional Plan: 2016-19* identified three quality focused goals:

1. To provide a superior interactive and engaging student experience
2. To cultivate research excellence by building research capacity in strategic areas
3. To improve institutional effectiveness through assessment and renewal

Progress toward realization of these goals is shown in Table 6. For a full discussion of research activity over the past year, see "Research, Applied Research and Scholarly Activities," page 22.

**Table 6: Quality Goals, Priority Initiatives, Performance Measures and Results**

<b>G1 Provide a superior interactive and engaging student experience.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
PI1 Support excellence in teaching and learning.	EO1 Delivery of exemplary student experience  EO2 Activation of Educational Review implementation plan	PM1 Student experience survey results	Reviewed annually	<ul style="list-style-type: none"> <li>GOS results: 96% satisfied or very satisfied with overall experience.<sup>1</sup></li> <li>NSSE results: 83% of first-year students rate experience excellent or good, and 90% would attend AU again; 84% of senior students rate experience excellent or good, and 86% would attend again.<sup>2</sup></li> <li>CGPSS results: 91% gross satisfaction rate (excellent, very good or good).<sup>3</sup></li> </ul>
PI2 Promote student success initiatives in support of retention and completion.	EO1 Increased emphasis on education and student engagement	PM1 Course starts  PM2 Pass rate	Reviewed annually	<ul style="list-style-type: none"> <li>Undergraduate course starts increased 3.2% (7.1% for Alberta students). Graduate course starts increased 1.5% (0.7% for Alberta students).<sup>4</sup></li> <li>Undergraduate pass rate for credit courses dropped from 84.9% to 83.9%. Pass rate for graduate courses remained at 99.8%.<sup>5</sup></li> </ul>
PI3 Align course and program outcomes with the Alberta Credentials Framework.	EO1 Enhanced and enriched curriculum, teaching and assessment	PM1 Number of courses affected	Ongoing	<ul style="list-style-type: none"> <li>The Alberta Credentials Framework has not been finalized, but learning outcome assessment is in progress.</li> </ul>
PI4 Complete priority academic ICT projects.	EO1 Completion of priority projects	PM1 Proportion of projects completed (or in progress)	Reviewed annually	<ul style="list-style-type: none"> <li>Overall, the four 2016-17 projects aimed at providing a superior and engaging student experience were 65% completed: Student Relationship Management (Phase 1, 100% complete); Digitization Platform for Student Records (95% complete); Systems Alignment with the Faculty of Humanities and Social Sciences Reorganization (40% complete); Gradebook: (Cancelled, replaced with Grade Integration and Tutor Pay, 24% complete). See "Capital Plan Update," page 36.</li> </ul>
<b>G2 Cultivate research excellence by building research capacity in strategic areas.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
PI1 Enhance research capacity.	EO1 Grants mentorship  EO2 Improved quality of grant applications  EO3 Recruitment to vacant research chairs	PM1 Research revenue from tri-agency, industry and community sources  PM2 Percentage of research revenue from tri-agency sources	Ongoing	<ul style="list-style-type: none"> <li>Group and one-on-one grant mentorship continues.</li> <li>Total research revenue (\$3,575,000) declined 1%, compared to 2015-16, but the percentage of revenue from tri-agency sources was unchanged at 26%.</li> <li>Two CRC nominations have been submitted, others are in progress. NSERC IRC nomination is in progress.</li> </ul>

PI2 Foster high-quality personnel training.	EO1 Research training provided to students and post-doctoral fellows	PM1 Number of student research assistantships  PM2 Number of post-doctoral fellows	Ongoing	<ul style="list-style-type: none"> <li>• Training high-quality research personnel remains a priority.</li> <li>• Number of student research assistants: 54.</li> <li>• Number of post-doctoral fellows: 8.</li> </ul>
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**G3 Improve institutional effectiveness through assessment and renewal.**

Priority Initiatives	Expected Outcomes	Performance Measures	CIP Completion Date	Progress in 2016-17
PI1 Renew strategic and academic plans with the full engagement of the university community.	EO1 Integrated university plans	PM1 Plans completed	2017-18	<ul style="list-style-type: none"> <li>• The next strategic plan is scheduled for completion in September 2017.</li> <li>• The submission date for AU's <i>Comprehensive Institutional Plan: 2017-20</i> was extended by Advanced Education to July 28, 2017.</li> </ul>
PI2 Invest in accreditation activities as appropriate.	EO1 Continuous improvement of university and educational programs	PM1 Affirmation or reaffirmation by accrediting bodies  PM2 Completed program reviews	2019  Ongoing	<ul style="list-style-type: none"> <li>• AU is on warning from MSCHE.<sup>6</sup> A monitoring report documenting compliance with MSCHE standards 3, 7 and 14 is due by September 2017 (See page 18).</li> <li>• Three program reviews were completed in 2016-17. Two others are in progress.</li> </ul>

<sup>1</sup> Graduate Outcome Survey, Class of 2013-14

<sup>2</sup> National Survey of Student Engagement, 2016

<sup>3</sup> Canadian Graduate and Professional Student Survey, 2016

<sup>4</sup> Includes credit and non-credit courses, excluding early withdrawals.

<sup>5</sup> Excludes early withdrawals.

<sup>6</sup> Middle States Commission on Higher Education

## Enrolment Report

Overall, the full-load-equivalent enrolment count for 2016-17 was one per cent above Enrolment Plan projections in the *Comprehensive Institutional Plan: 2016-19*, representing a 2.1 per cent increase over full-load-equivalent enrolment in 2015-16. Alberta enrolment growth exceeded that of other regions as competitive pressures continued to increase outside the province. Comparative enrolment results for the past three years are shown in Table 7.

Regulation changes for the Bachelor of Nursing program did not result in transfers to the Bachelor of Health Administration program as anticipated in the *Comprehensive Institutional Plan: 2016-19*. Adjustments to partnership delivery also did not result in enrolment decline in the Bachelor of Professional Arts and the Bachelor of Management programs in this reporting cycle as projected in the CIP, but these declines are still expected in future years.

Improved tracking of students working on dissertations resulted in an upward adjustment to previously understated doctoral program enrolment. Apart from this technical adjustment and an increase in the number of Master of Nursing students, enrolment in graduate programs was generally lower than projected. This decline reflects continued economic pressures affecting firms that normally provide employee tuition support and continued concerns about AU's sustainability pending the findings of the Independent Third-Party Review.

AU students registered for a total of 77,190 courses in 2016-17 (66,816 at the undergraduate level and 10,374 at the graduate level) representing a 2.9 per cent increase over the previous year's total of 74,993 (64,733 at the undergraduate level and 10,220 at the graduate level).

**Table 7: Enrolment Results: 2014-15 to 2016-17 (Full-load-equivalents)**

Level	Program	2014-15 Actual	2015-16 Actual	2016-17 Projected	2016-17 Actual	2016-17 Growth (%)
<b>Non-Credential</b>						
	Open Studies	4,538	4,504	4,527	4,537	0.7
<b>Certificate</b>						
	Post-Master's	1	3	3	4	33.3
	Post-Baccalaureate	14	21	23	25	19
	University	120	123	129	135	9.8
<b>Diploma</b>						
	Post-Masters	9	11	12	9	(18.2)
	Post-Baccalaureate	90	108	125	96	(11.1)
	University	12	7	7	13	85.8
<b>Baccalaureate</b>						
	Bachelor of Administration <sup>1</sup>	7	5	2	4	(20)
	Bachelor of Arts	256	261	264	266	1.9
	Bachelor of Arts (3-Year)	118	118	118	135	14.4
	Bachelor of Commerce	320	328	344	353	7.6
	Bachelor of General Studies	80	75	75	76	1.3
	Bachelor of Health Administration	45	54	57	46	(14.8)
	Bachelor of Human Resources and Labour Relations	118	127	133	125	(1.6)
	Bachelor of Management	101	101	99	101	0
	Bachelor of Management (3-Year)	142	139	141	149	7.2
	Bachelor of Nursing	452	505	495	520	3
	Bachelor of Professional Arts	197	182	184	198	8.8
	Bachelor of Science	155	158	171	176	11.4
<b>Master's</b>						
	Master of Arts	183	167	164	146	(12.6)
	Master of Business Administration	293	302	308	305	1
	Master of Counselling	248	248	248	248	0
	Master of Education	101	111	114	106	(4.5)
	Master of Health Studies	191	173	173	154	(11)
	Master of Nursing	472	522	532	586	12.3
	Master of Science	60	65	66	61	(6.2)
<b>Doctoral</b>						
	Doctor of Business Administration	20	20	20	30	50
	Doctor of Education	26	32	28	43	34.4
<b>Total<sup>2</sup></b>		<b>8,368</b>	<b>8,469</b>	<b>8,561</b>	<b>8,648</b>	<b>2.1</b>

<sup>1</sup> Program closed December 31, 2004.

<sup>2</sup> Program enrolment numbers may not add to totals due to rounding.

## Affordability

For nearly 50 years, AU's distance education model, an efficient and affordable way to deliver post-secondary learning, has provided an excellent return on investment to taxpayers and students alike. Students who access online programs from their home community are relieved of many of the costs associated with attending campus-based institutions

(e.g., moving, accommodation, travel and living expenses). Online programs also enable students who work full- or part-time to maintain their employment while they complete their studies. Together these benefits allow distance education students to avoid accumulating high levels of debt and the burden of loan repayment after graduation. By reducing costs and offering students flexibility in where and when they can study, AU makes learning both less costly and more accessible.

Development of its Student Awards portfolio is an ongoing AU priority in support of access and affordability. Over 600 financial awards with a total value of \$1,125,934 were distributed in 2016-17. New donor-funded awards created during the period included the Dr. Jim Carter and Dr. Lorraine Bray Award in support of Indigenous undergraduate and graduate business students; the Walker Wood Foundation Undergraduate First-in-Family Bursaries available to Canadian citizens who are the first in their family to attend university; and the Northern Lights Award for AU Master of Education Students (Greek Cohort), an entrance award for Greek residents entering the M.Ed. program. In response to the impact on AU students of the devastating spring 2016 wildfire in Fort McMurray, AU introduced two new awards to help students affected: the Natural Disaster Convocation Bursary and the Natural Disaster Emergency Bursary. While inspired by the Fort McMurray disaster, the awards will remain in place to help students who may be affected by other natural disasters in the future.

A Virtual Examination Invigilation Pilot Project carried out in 2016-17 successfully tested an online exam writing process, allowing students to write exams from any location with a suitable Internet connection. The process, which has been evaluated for permanent adoption, will significantly reduce students' evaluation related costs while maintaining the integrity of the examination system.

AU students also continued to benefit from the university's leadership role in the Campus Alberta Open Educational Resources Initiative, which is growing the capacity and a sustainable foundation for the development, assembly, use and assessment of open educational resources across Alberta and beyond. This initiative has the potential to significantly reduce costs for post-secondary students. AU leads all other institutions in Canada in introducing and supporting OERs. Thirteen new OER-based courses in a range of disciplines (e.g., mathematics, biology, chemistry, geography, English, Spanish, accounting, health sciences), some of which are already in delivery, were developed in the past year.

The *Comprehensive Institutional Plan: 2016-19* identified three affordability focused goals:

1. To reduce financial barriers for students
2. To enhance the efficiency and effectiveness of business practices and support innovation across the university
3. To identify new funding sources and secure new funding in support of research, teaching and service

Results achieved in terms of these goals and related priority initiatives are presented in Table 8.

## Research, Applied Research and Scholarly Activities

### Strategic Goals and Initiatives

As stated in the *Comprehensive Institutional Plan: 2016-19*, the desire to cultivate research excellence and engage with industry guide the strategic direction of AU's research, applied research and scholarly activities. The first of these objectives builds on existing research strengths and affords timely responses to emerging research opportunities and social concerns. The second affords high-quality industry-based training to students and fosters the uptake of innovative products and services in Alberta and beyond. The cultivation of research excellence demands innovative strategies to build research capacity, increase researchers' success in securing competitive research grants and awards, and replenish AU's complement of research chairs. For results related to research goals and priority initiatives, see Table 6 on page 19.

Outstanding nominees have been recruited to Canada Research Chair positions in Community, Identity and Digital Media and in Environmental Sustainability. Nominations for both were submitted to the Canada Research Chair program in 2016-17, and final approval is expected in 2017.

Recruitment to two additional research chair positions, one focused on Digital Disruptions and Organizational Transformation and the other on Analytics, Adaptivity and Anthropomorphism, is in progress. Strategic research priorities of the faculty which will host these chairs guided the selection of research foci. Synergies between the work of these chairs and that of other AU researchers will strengthen the university's research capacity, open new avenues to exploration and offer additional research training opportunities for students and post-doctoral fellows.

**Table 8: Affordability Goals, Priority Initiatives, Performance Measures and Results**

<b>G1 Provide a superior interactive and engaging student experience.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
<p>PI1</p> <p>Seek additional investment in support of student awards for all Alberta learners, including part-time students.</p>	<p>EO1</p> <p>Increased awareness of available student awards</p> <p>EO2</p> <p>Increased number and value of student awards</p>	<p>PM1</p> <p>Total value of student awards</p> <p>PM2</p> <p>Number of awards distributed</p>	Ongoing	<ul style="list-style-type: none"> <li>Total value of student awards was \$1,125,934, a 4.8% increase over 2015-16.</li> <li>The number of financial awards distributed totalled 607, a 9% increase over 2015-16.</li> </ul>
<b>G2 Enhance the efficiency and effectiveness of business practices and support innovation across the university.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
<p>PI1</p> <p>Systematic process review and ongoing assessment activities.</p>	<p>EO1</p> <p>Report of the Independent Third-Party Review</p>	<p>PM1</p> <p>TBD (depending on strategy adopted)</p>	Ongoing	<ul style="list-style-type: none"> <li>The Independent Third-Party Review began in January 2017 with a reporting deadline of April 30, 2017. Further planning and assessment activities will be informed and guided by the recommendations of that report.</li> </ul>
<p>PI2</p> <p>Increase integration of budgeting and academic planning.</p>	<p>EO1</p> <p>Responsibility Centre Management implemented for business planning and budgeting</p>	<p>PM1</p> <p>Progress on Responsibility Centre Management implementation</p>	2019	<ul style="list-style-type: none"> <li>Phase 1 of the three-phase Responsibility Centre Management implementation (allocation of direct revenues and costs to faculties and courses) was completed on schedule in March 2017. Phase 2 (adoption and implementation of a new full-cost budget model) is in progress.</li> </ul>
<b>G3 Identify new funding sources and secure new funding in support of research, teaching and service.</b>				
<b>Priority Initiatives</b>	<b>Expected Outcomes</b>	<b>Performance Measures</b>	<b>CIP Completion Date</b>	<b>Progress in 2016-17</b>
<p>PI1</p> <p>Improve donor prospect research and management.</p>	<p>EO1</p> <p>Increased number of funding case presentations and foundation grant applications</p>	<p>PM1</p> <p>Value of donations and grants received</p>	Ongoing	<ul style="list-style-type: none"> <li>The value of donations received in 2016-17 in support of research, teaching and services was 27% higher than the previous year's total.</li> <li>The number of funding case presentations made and grant applications submitted was 21% higher than the previous year's total.</li> </ul>

Evidence of the effectiveness of AU's grants mentorship program, which provides group as well as one-on-one mentorship to researchers, is evident in the significant increase in the university's success rate in highly competitive external grant and award competitions in 2016-17. The recent adoption of a proactive, project management approach to grant management has also shown promise in reducing the administrative burden of dealing with complex research fund portfolios. This initiative, which has been strongly embraced by researchers, provides a single point of contact, timely advice and one-on-one assistance with grant administration and milestone reporting.

Approval of an *Animal Ethics Policy* and *Animal Ethics Procedures* and the concurrent establishment of an *Agreement on Animal Care Ethics Review* with the University of Alberta were significant achievements of 2016-17. Because the cost of obtaining a Canadian Council on Animal Care Probationary Certificate of Good Animal Practice was prohibitive, concurrent discussions were also held with the CCAC and the U of A regarding a process for obtaining initial certification under the auspices of the U of A. The application has been submitted and ongoing certification will be sought in conjunction with the formal CCAC review of the U of A's animal care practices in the summer and fall of 2017. To date, one AU researcher has succeeded in navigating animal ethics approval, attesting to the soundness of this process.

Identification of alternative funding sources permitted continuation of AU's industry liaison position, following expiration of the Alberta Innovates – Technology Futures Applied Research and Innovation Activities Program grant. The industry liaison officer works closely with academics and with industry to identify and leverage funds to establish strong academic-industry partnerships and increase the number of industry-based training opportunities available to students. A significant increase in the amount of research revenue attributable to the work of this position and a concurrent increase in the university's visibility in related industry sectors attests to the success of this initiative. Efforts to secure sustaining funding for this position are in progress; however, such funding is limited given fiscal constraints in the province and beyond.

## Synergies with the Alberta Research and Innovation Plan

The breadth of AU's research and its synergy with the priorities articulated in the *Alberta Research and Innovation Plan* are demonstrated by the examples that follow. Together these endeavors afford myriad opportunities to cultivate research excellence, extend the outcomes and impact of AU's research agenda, and provide outstanding research training to undergraduate and graduate students and post-doctoral fellows.

### Effective Resource Management and Environmental Stewardship

AU's two Campus Alberta Innovation Program research chairs and other researchers associated with the Athabasca River Basin Research Institute continue to be actively engaged in research related to water quality and management of the cumulative effects over time of land and water use in the Athabasca River Basin. One research chair nominee, whose research focuses on oilsands reclamation, will add yet another dimension to this work.

The Athabasca River Basin Research Institute's network of collaborators was further extended in 2016 when the institute was invited to become an associate member of the Canadian Oil Sands Innovation Association, a collaboration that is further complemented by the work of another research team that is seeking to map the myriad actors in Alberta's energy sector.

The Athabasca River Basin Online Bibliography and Repository offers free access to hundreds of publications and reports, interactive maps and audio-visual resources about the Athabasca River Basin to researchers and other stakeholders. Continued investment in its development has ensured that information about the basin and its inhabitants is digitally preserved for future use. Many individuals from the region have donated personal collections of artifacts to the repository to strengthen this unique resource.

### Strong Economy

Through a number of academic-industry partnerships with small and medium enterprises in several industry sectors (e.g., educational technology, oil and gas, banking, sports and gaming), AU is actively engaged in initiatives to bring innovative products, services and business models to market in Alberta and elsewhere. Industry, NSERC and MITACS funding has been effectively leveraged to advance several of these projects. A key outcome of this initiative is the ever-increasing number of hands-on, industry-based training opportunities for students.

Other researchers, together with their research trainees, are actively pursuing questions related to the use of social networking, protection of personal privacy in big data analytics, learning analytics, personalization and adaptivity, virtual reality and open educational resources in creating virtual learning environments for K-12 and adult learners. Uptake by the oil and gas sector of safety training materials developed by one of these teams is one example of the impact of this research.

### Supporting Albertans in their Communities

AU researchers continue to make substantial contributions to the understanding of health promotion and the management of chronic diseases such as diabetes, cancer and dementia. The Alberta Innovates Strategy for Patient-Oriented Research Patient Engagement Platform is engaged in understanding how patients want to be engaged in decision-making about their own health. Other areas of health-related research also have the potential to contribute to evidence-informed decision-making and policy development related to harm reduction, homelessness, relationship-based parenting, elder care and Indigenous health, well-being and traditional medicine. One research team is screening fungal isolates with a view to discovering new antibiotics, while another is exploring the properties of human breast milk.

Other researchers are intent on fostering community-engaged scholarship to explore a broad range of questions related to the preservation of Indigenous and other cultures and economic diversity and sustainability, including through co-operatives and sustainability-related social movements that share concerns about social financing, food security, energy conservation and renewable energy. Fostering and promoting citizen science is an emerging research area that is expected to generate new ways of thinking about information and knowledge, environmental concerns, and communities and the health and wellness of people who live in them. In a similar vein, the long-standing Learning Communities Project continues its focus on education and skills training in primarily rural and remote Indigenous communities in Alberta.

## Community

AU continued to extend its outreach to diverse communities in 2016-17, providing opportunities for college students to ladder their diplomas into degrees, high-school students to earn university credits and professionals to acquire degrees while working full time. To strengthen Alberta's economy, AU partners with employers, professional associations and not-for-profit organizations to provide professional development and other learning opportunities for individuals and groups. The Advancement Division develops or assists other units of the university to develop partnerships and collaborative arrangements with other educational institutions and with organizations, associations and government departments or agencies for a variety of strategic reasons.

### College Partnerships

For many years, AU has maintained articulation pathways with Campus Alberta partners, allowing college graduates to ladder approved college diplomas into AU degrees while maintaining employment in their home communities. Over the past two years, the university has reviewed and assessed all existing articulation pathways with a view to increasing access and improving delivery while at the same time striving to identify and explore new articulation opportunities.

In 2016-17, AU updated longstanding agreements with Lakeland College and Medicine Hat College to provide business degree pathways for Lakeland students and pathways to several professional degrees for Medicine Hat students. Through the new arrangement, students at these colleges will now complete their degrees through a combination of college classroom courses and AU online courses.

AU also negotiated a one-year renewal of its grouped study partnerships with Grand Prairie Regional College, Bow Valley College, Lethbridge College and Aurora College and continued to offer on-site classroom courses at these locations.

### Dual Credit

Development of dual-credit study opportunities, which allow high-school students to jump start their post-secondary education, is a priority for both Alberta Education and Alberta Advanced Education. Through its partnership with Aspen View Public Schools Division No. 78, AU continued to register high school students for AU courses and transition these young learners to university-level studies. Aspen View students have registered for 33 dual-credit courses since 2014.

New dual-credit partnerships are in development with Northern Lights School Division No. 69 and the Calgary Catholic School Division, and AU is exploring additional partnership opportunities with other Alberta school divisions to expand dual-credit opportunities for learners across the province.

Six AU courses are approved and available for dual-credit study through the Alberta Education system, and an additional 11 courses are in the development phase. AU has also developed an onboarding and retention strategy to support high-school students' needs and encourage their success in AU courses.

### Indigenous Communities

AU's engagement with Indigenous communities continues to grow.

The Learning Communities Project continued its work in northern Alberta First Nations and Métis communities in 2016-17, delivering educational workshops in a variety of areas including computer skills training, heavy equipment operation, crane and hoist training, introduction to starting a business, introduction to careers in health, leadership training, business planning, communication and team building.

In October 2016, the university entered into a new articulation agreement with the First Nations Health Managers Association, entitling graduates of FNHMA's Certified Health Managers Program to up to 15 credits toward an AU degree. FNHMA aims to provide the strategies, best practices and professional development and certification programs needed to expand capacity in First Nations communities across the country. In November, AU attended the association's annual general meeting and conference in Vancouver to promote this new pathway for Indigenous health leaders.

AU is an active participant in the Alberta Aboriginal Recruitment Network and over the past year participated in numerous events and activities focused on assisting Indigenous youth and adults to continue their education, including AARN events in Lethbridge, Calgary, Red Deer, Edmonton, Lac La Biche and Grande Prairie; the Treaty-Six First Nations Career Fair in Edmonton; the University nuhelot'ine thaiyots' i nistameyimâkanak Blue Quills Career Fair in St. Paul, and the Maskwacis Career Fair. The university also supported the Alberta Teachers' Association's First Nations, Métis and Inuit Education Council annual conference in Calgary.

AU continues to provide sponsorship support for the annual Belcourt Brosseau Métis Awards, which help Métis Albertans realize self-sufficiency through post-secondary education and skills development, and to work with Indspire,



an Indigenous-led registered charity that invests in the education of Indigenous people, to increase the number of student awards for Indigenous business students.

Discussions aimed at identifying needs and partnership opportunities between AU and Indigenous Colleges, including Red Crow Community College, Yellowhead Tribal College and University nuhelot'ine thaiyots' i nistameyimâkanak Blue Quills, are ongoing.

## Industry and Professional Groups

AU continues to develop and maintain mutually beneficial collaborative relationships with a variety of industry organizations and professional associations. Building strong industry-academic links increases AU's community profile and provides opportunities to advance the university's innovation agenda. New relationships formed in 2016-17 included those with the following organizations:

- **Supply Chain Management Association:** With over 7,500 members working in sourcing, procurement, logistics, inventory and contract management, the SCMA, Canada's largest association for supply chain management professionals, sets standards of excellence and ethics and is the main source of professional development and accreditation in supply chain management. AU now recognizes the SCMA's Supply Chain Management Professional designation for credit in its MBA program, and supply chain professionals who are enrolled in the MBA program now have the opportunity to simultaneously earn the SCMA designation and transfer MBA credit toward the requirements of that designation.
- **United Food and Commercial Workers Union:** The UFCW has developed a number of online courses to advance the education and skills of its more than 250,000 members, over 40 per cent of whom are under 30. AU now recognizes the union's courses for transfer credit to the Bachelor of Human Resources and Labour Relations certificate and degree programs, providing UFCW members with a pathway to a university credential.
- **Canadian Olympic Committee:** The COC has created Game Plan, a total wellness program for active and retired Olympic and Paralympic athletes across Canada and around the world. Education is a major area of focus, and AU will be an educational partner. This partnership will strengthen AU's brand as an open and flexible university.

Additional potential partnerships are in various stages of development.

## Alumni Engagement

Alumni engagement continues to be a long-term strategy in expanding AU's development program. Through events and communication, including newsletters, social media and face-to-face interactions with alumni members, AU strives to build connections and foster a sense of community among graduates and students. Alumni members serve as ambassadors for the university, formally and informally promoting AU and helping to strengthen its profile in Alberta and around the world. In 2016-17, 26 alumni events were held across Canada, and over 90 face-to-face meetings were arranged with alumni members and community leaders. The quarterly AU alumni newsletter regularly reached about 11,000 readers.

## Writer in Residence Program

With financial support from ZoomerMedia Inc., AU's Writer in Residence Program offers a virtual residency through which accomplished writers mentor and teach aspiring writers from the university community while advancing their own work. Award-winning non-fiction writer and novelist John Vaillant served as AU's 2016-17 writer in residence. In addition to hosting in-person events in Athabasca and Edmonton, the writer in residence works closely with about 30 aspiring writers during each program year. The virtual aspect of the program gives AU learners across Canada an opportunity to benefit from such mentoring.

## Science Outreach

Science Outreach – Athabasca continued to promote scientific knowledge and environmental awareness in the Greater Athabasca Area in 2016-17 through organized activities for scientifically inclined community members of all ages. Science Outreach – Athabasca contributes significantly to AU's community relationships and informal public education. The group maintains a website (<http://scienceoutreach.ab.ca>) and has contributed 25,000 scientific references to the *Bibliography of the Athabasca River Basin* (now a part of the Athabasca River Basin Research Institute).



FINANCIAL AND BUDGET  
INFORMATION

# FINANCIAL AND BUDGET INFORMATION

## Financial Highlights and Key Variances

The following discussion and analysis is a supplement to the information contained in AU's audited financial statements for the year ended March 31, 2017, (See Appendix A) and, as such, should be read in conjunction with the audited financial statements and their accompanying notes.

This narrative provides management's analysis of AU's financial performance and other relevant information for the fiscal year ended March 31, 2017, with comparative results for the previous year, ended March 31, 2016, and identifies the key variances by comparing 2016-17 budget to 2016-17 actual.

## Financial Statement Presentation

As AU is part of the provincial government reporting entity, it modified, in 2016-17, its presentation of the Statement of Financial Position in keeping with the Government of Alberta's expectation that post-secondary institutions would report *portfolio investments - restricted for endowments* in a new section of the statement of financial position, preceding the traditional net debt line. As a consequence, certain of the comparative amounts for 2015-16 have been reclassified to conform to the 2016-17 presentation. This presentation produces two net debt amounts on the Statement of Financial Position, one before *portfolio investments - restricted for endowments* and one after.

## Statement of Operations

### Comparison of 2016-17 and 2015-16 Actual

As reported in the Statement of Operations, AU's revenue for the year ended March 31, 2017, exceeded expenses by \$3.7 million. The \$3.7 million annual surplus includes \$152,000 of donations directed to endowments and endowment capitalized income as well as a \$1.4 million reduction in the Universities Academic Pension Plan unfunded liability, which is outside of AU's control. Table 9 provides a comparison of the current year's results with those of the previous year.

Table 9: Operating Results: 2016-17 Compared to 2015-16 (Millions of Dollars)

	2016-17 Actual	2015-16 Actual	Change Amount	Change Per cent
Revenue	\$ 137.4	\$ 132.6	\$ 4.8	3.6%
Expense	<u>133.8</u>	<u>133.2</u>	<u>0.6</u>	0.5%
Annual operating surplus (deficit)	3.6	( 0.6)	4.2	
Endowment contributions and capitalized income	<u>0.1</u>	<u>0.1</u>	-	
Annual surplus (deficit)	\$ <u>3.7</u>	\$ <u>(0.5)</u>	\$ <u>4.2</u>	

### Comparison of 2016-17 Budget to 2016-17 Actual

The \$3.7 million annual surplus versus the \$3.3 million budgeted annual deficit resulted in a year-end actual to budget variance of \$7 million. This positive variance is attributable to various factors including a number of one-time revenue items, a reduction in the UAPP unfunded liability and management's prudent monitoring of expenses while adhering to mitigation strategies implemented during the year to reduce the planned deficit. Table 10 shows the variance amounts from the current year's budget to actual current results.

Table 10: 2016-17 Budget Compared to Actual Results (Millions of Dollars)

	2016-17 Budget	2016-17 Actual	Variance Amount	Variance Per cent of Total Budget
Revenue	\$ 132.8	\$ 137.4	\$ 4.6	3.5%
Expense	<u>136.1</u>	<u>133.8</u>	<u>2.3</u>	1.7%
Annual operating surplus (deficit)	(3.3)	3.6	6.9	
Endowment contributions and capitalized income	<u>-</u>	<u>0.1</u>	<u>0.1</u>	
Annual surplus (deficit)	\$ <u>(3.3)</u>	\$ <u>3.7</u>	\$ <u>7.0</u>	

### Revenue by Source

Total revenue for the year ended March 31, 2017, was \$137.4 million, an increase of \$4.8 million (3.6 per cent) over the previous year and \$4.6 million (3.5 per cent) greater than budgeted revenue. Revenue sources are illustrated in Figures 1 and 2 below.

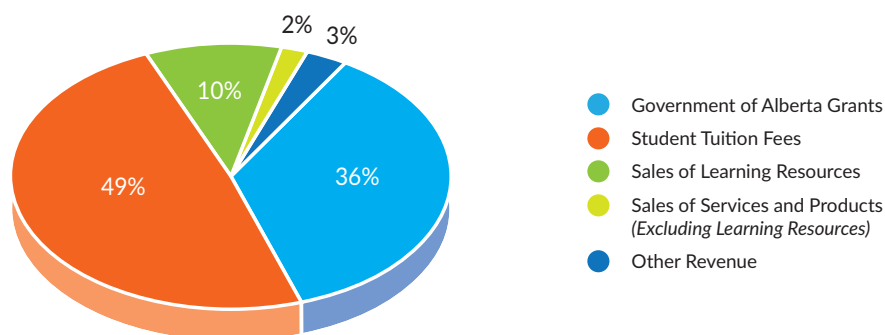


Figure 1: Major Revenue Sources as a Percentage of Total Revenue: 2016-17

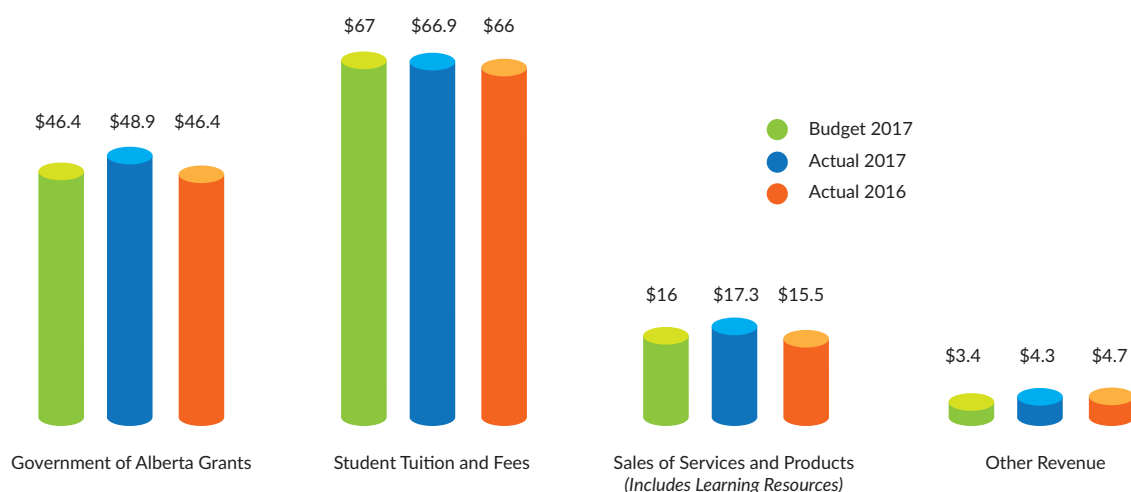


Figure 2: Revenue by Source: 2016-17 (Millions of Dollars)

Government of Alberta grants include the Campus Alberta Operating Grant and a number of conditional and one-time grants. The positive variance in 2017 compared to both budget and 2016 levels was primarily due to a \$1.6 million increase in the operating grant, tuition freeze funding (in lieu of increases to student fees) and the receipt of an unbudgeted \$1.3 million externally restricted grant.

Tuition and mandatory non-instructional fees remained at the 2014-15 rate because of the provincial government freeze. The \$900,000 increase from the previous year resulted from a \$1.3 million increase in undergraduate registration revenue offset by a decrease in graduate tuition revenue. At \$66.9 million, student tuition and fees were \$100,000 below budget for the year.

More than 80 per cent of revenue from sales of services and products is attributable to learning resources fees. The \$1.8 million increase over the previous year results from a \$400,000 increase in sales of learning resources, a \$700,000 gain on land exchanged with Aspen View Public School Division and a \$700,000 recovery of GST on textbooks following a favourable federal tax court ruling. At \$17.3 million, revenue from sales of services and products was \$1.3 million over budget for 2016-17.

Other revenue sources include federal grants, donations and other grants, and investment income. The \$400,000 decrease in revenue from other sources compared to the previous year was mainly due to a \$100,000 reduction in federal grants combined with a \$200,000 reduction in donations and other grants. At \$4.3 million, revenue from other sources was \$900,000 over budget for the year, primarily as a result of higher than projected investment earnings and research funding from industry.

### Expense by Object

Total expenses for the year ended March 31, 2017, were \$133.8 million, an increase of \$600,000 (0.5 per cent) over the previous year and \$2.3 million (1.7 per cent) less than budgeted.

Expense amounts are presented by object in the notes to the financial statements. Expense by object is illustrated in Figures 3 and 4 below.

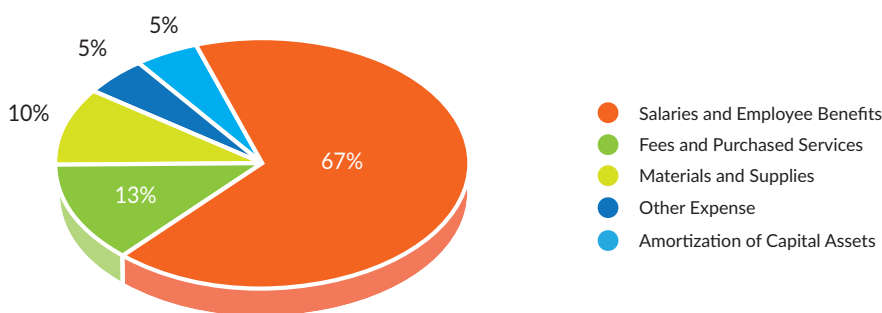


Figure 3: Expense by Object as a Percentage of Total Expense: 2016-17

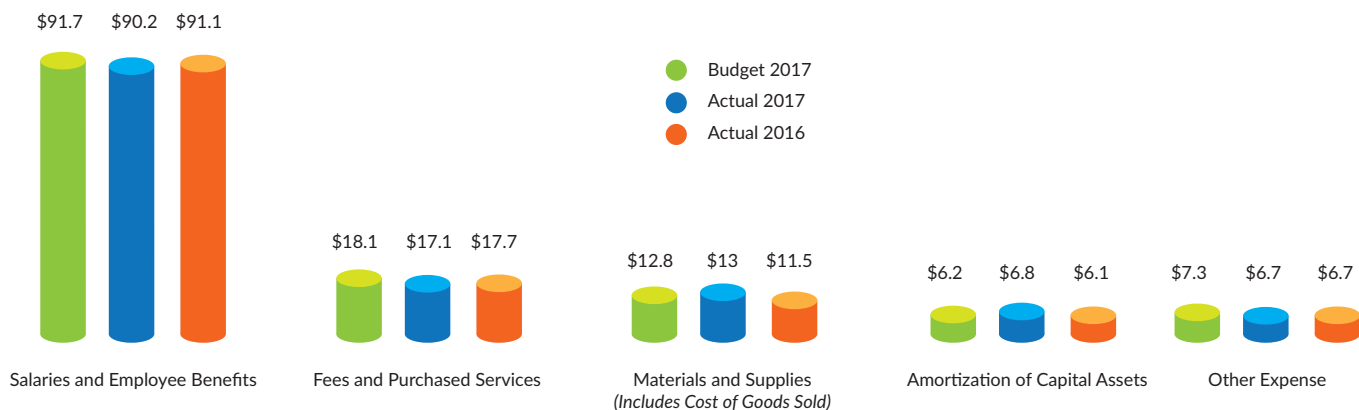


Figure 4: Expense by Object (Millions of Dollars)

At two thirds of total expenses, salaries and employee benefits represent AU's largest expense. The \$900,000 decrease in employee benefit expense from the previous year includes a \$1.4 million reduction in the UAPP liability offset by inflationary increases in the cost of benefit premiums. At \$90.2 million, salary and employee benefits expense was \$1.5 million below budget for 2016-17 with most of the variance resulting from the UAPP liability reduction.

The fees and purchased services expense of \$17.1 million was \$1 million under budget and \$600,000 less than the previous year, mainly due to savings in computing maintenance contracts with suppliers.

The \$1.5 million increase in the cost of materials and supplies compared to the previous year includes the internally funded portion of a \$900,000 write down of an ICT capital project and a \$500,000 increase in e-text learning resource expenses. At \$13 million, the materials and supplies expense was \$200,000 over budget for the year.

Part of the \$700,000 increase in amortization of capital assets compared to the previous year was attributable to the externally funded portion of a \$600,000 write down of an ICT capital project. The 2016-17 year expense of \$6.8 million was \$600,000 higher than budget for the reason noted in the year-over-year comparison.

Other expenses include communication and travel, institutional operations (rental, insurance and utilities), and scholarships and bursaries. At \$6.7 million, the total for the year was \$500,000 below budget, mainly due to reduced communication charges resulting from negotiating more favourable rates.

## Expense by Function

AU reports expense amounts by function (Figure 5 and Table 11) in the Statement of Operations and uses the definitions in the Ministry of Advanced Education’s Financial Reporting Information System as the basis for categorization. Over the years, some Alberta post-secondary institutions have condensed these functions for presentation; however, AU continues with the established format, in particular separating computing and communication, in order to emphasize the importance of information technology to the university’s online delivery mandate.

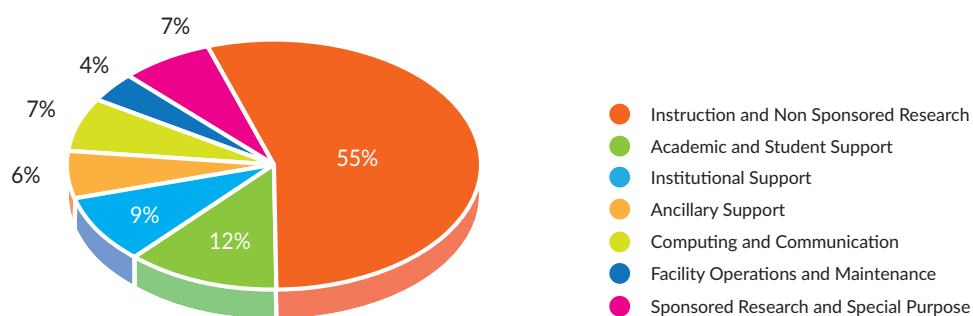


Figure 5: Expense by Function as a Percentage of Total Expense: 2016-17

Table 11: Expense by Function: 2016-17 Compared to 2015-16 (Millions of Dollars)

	2016-17 Actual	2015-16 Actual	Change Amount	Change Per cent
Instruction and non-sponsored research	\$ 74.1	\$ 74.7	\$ (0.6)	(0.8)%
Academic and student support	16.3	16.2	0.1	0.6%
Institutional support	11.7	11.8	(0.1)	(0.9)%
Sponsored research and special purpose	10.0	9.1	0.9	9.0%
Computing and communication	8.8	8.9	(0.1)	(1.1)%
Ancillary services	7.6	7.3	0.3	3.9%
Facility operations and maintenance	5.3	5.2	0.1	1.9%
<b>Total Expense by Function</b>	<b>\$ 133.8</b>	<b>\$ 133.2</b>	<b>\$ 0.6</b>	

Expense by function remained relatively unchanged year-to-year for most categories except

- sponsored research and special purpose: change attributable largely to the \$600,000 externally funded portion of a write down of an ICT capital project and an increase in project expenses funded from external sources
- ancillary services (textbooks and materials warehouse operations): change attributable to a \$500,000 increase in the e-text learning resource expense

Instruction and non-sponsored research, together with academic and student support functions, represent two thirds of total expenses. These functions comprise the university’s academic activities: innovative learning, teaching, scholarly activities and internally funded research as well as student support services.

The commentary in regard to the year-to-year comparisons in the “Expense by Object” section are relevant to each of the expense by function categories to some degree. For example, factors such as the decrease in UAPP unfunded liability cost apply across nearly all functional categories.

## Statement of Financial Position

The Statement of Financial Position reports a \$5.7 million decrease in net debt over the year and a \$3.8 million increase in net assets.

### Net Debt

Net debt (Table 12) is a measure of AU’s ability to use its financial assets to cover liabilities and fund future operations. A negative amount indicates the amount of future revenue required to pay for past transactions and events (past spending). The net debt calculation does not include non-financial assets such as tangible capital assets and therefore is a different financial indicator than the net assets (all assets less liabilities) amount.

**Table 12: Net Debt: 2016-17 Compared to 2015-16 (Millions of Dollars)**

	2016-17 Actual	2015-16 Actual	Change Amount	Change Per cent
Net debt before portfolio investments-restricted for endowments	\$ (7.1)	\$ (12.4)	\$ 5.3	42.7%
Net debt after portfolio investments-restricted for endowments	\$ (3.3)	\$ (9.0)	\$ 5.7	63.3%

Because endowment restricted investments must be maintained in perpetuity, they are not available to pay for university liabilities or future operations, including capital purchases. The net debt amount before *portfolio investments - restricted for endowments* can therefore be considered a more meaningful indicator of financial condition. This is one rationale, offered by the Government of Alberta for adopting the change in presentation, with the goal of improving the comparability of net debt before *portfolio investments - restricted for endowments* amounts among Alberta post-secondary institutions and those in other jurisdictions.

AU’s net debt before *portfolio investments - restricted for endowments* was reduced by \$5.3 million in 2016-17 as a result of a \$4.2 million increase in financial assets and a \$1.1 million decrease in liabilities. The net debt after *portfolio investments - restricted for endowments* was reduced by \$5.7 million as a result of the same factors plus a \$400,000 increase in the *portfolio investments - restricted for endowments* balance.

### Net Assets

AU’s net asset balance is an important indicator of the financial health of the university. The balance is derived from the total value of all assets less the total of all liabilities.

The net asset balance (Table 13) is comprised of accumulated surplus and accumulated remeasurement gains. Accumulated surplus includes the accumulated deficit from operations, investment in tangible capital assets and endowments.

**Table 13: Net Assets: 2016-17 Compared to 2015-16 (Millions of Dollars)**

Components of Net Assets	2016-17 Actual	2015-16 Actual	Change Amount	Change Per cent
Accumulated deficit from operations	\$ (5.6)	\$ (10.5)	\$ 4.9	46.7%
Investment in tangible capital assets	12.5	13.7	(1.2)	8.8%
Endowments	<u>3.3</u>	<u>3.2</u>	<u>0.1</u>	3.1%
Total Accumulated Surplus	10.2	6.4	3.8	59.4%
Accumulated remeasurement gains	0.4	0.4	-	
<b>Total Net Assets</b>	<b>\$ <u>10.6</u></b>	<b>\$ <u>6.8</u></b>	<b>\$ <u>3.8</u></b>	<b>55.9%</b>

Another indicator of financial health is accumulated surplus from operations, an amount that has not been spent on capital or committed to future expenditures. AU's accumulated deficit from operations has been reduced by \$4.9 million over the year, representing nearly half of the prior year's accumulated deficit. This improvement is mainly due to the year-end surplus of \$3.7 million and replenishment from the investment in tangible capital assets of \$1.2 million. The replenishment frees up surplus funds that were previously used to pay for capital assets.

Investment in tangible capital assets decreased by \$1.2 million as a result of amortization and disposal amounts that were greater than the capital asset acquisitions during the year.

Endowments increased by \$152,000 from donations and the capitalization of investment income.





INTERNATIONALIZATION

# INTERNATIONALIZATION

Internationalization has different dimensions at Athabasca University than at campus-based institutions. International students studying online do not need visas, but programs with residential components, including those offered in collaboration with other institutions, do attract a few traditional international students. About two per cent of AU undergraduates and three per cent of graduate students, including a number of Canadians working overseas, take advantage of cross-border delivery opportunities.

## International Partnerships

In the spring of 2016, AU partnered with the International Centre for the Study of the Preservation and Restoration of Cultural Property to offer a two-week, online training course to support ICCROM's face-to-face training program for cultural conservationists in Rome, Italy.

In January 2017, AU and Chung Yuan Christian University, Taiwan, entered into an agreement to integrate CYCU students into AU's Master of Science (Information Systems) program. This agreement builds on an earlier one to provide learning pathways for CYCU students.

Six students from the first cohort in AU's Master of Education (Distance Education) program offered in partnership with the Eastern Macedonia and Thrace Institute of Technology, Kavala, Greece, graduated in early 2017. A second cohort began their studies in September of 2016, and a third cohort is planned for September 2017.

Two new international research projects were initiated in 2016-17. Continuing a partnership initiated in 2015 to increase access to post-secondary education for members of under-represented groups, AU and the University of Piura, Peru, collaborated on the development of a new research project, Mobile Learning in Peru. In September 2016, AU and Beijing Normal University, China, established a partnership to carry out the research project A Large Scale Analytical Study about Learners' Behaviour in Online/Blended Courses through Technical Innovation in Learning Analytics.

## International Academic Activities

Groups of AU Business Administration students participated in several international activities over the course of 2016-17. Students in the MBA (Hockey Management) program travelled to Buffalo, New York, to experience the NHL Entry Draft, enriching their learning experience and increasing their understanding of hockey operations. Another group of MBA students had the opportunity to study for a week in Washington, DC, to fulfil the in-residence component of the graduate course International Business: Understanding and Managing Legal Risks. In the spring of 2017, six AU teams competed in a field of 595 teams from business programs around the world in the Chicago Mercantile Exchange Global Trading Challenge. Two of AU's teams finished in the top one per cent and were invited to attend a market education day in Chicago, where they met with business leaders, toured the Mercantile Exchange and were introduced to the world of commodities trading.

AU's Centre for Distance Education collaborated with the Commonwealth of Learning in British Columbia to develop a new MOOC (massive open online course) with international implications. Introduction to Technology-Enabled Learning is a course intended to engage teachers worldwide who work in any level of education and are interested in technology-enabled learning and open educational resources. The five-week MOOC was first offered in January and February 2017, using the mooKIT platform developed by the Indian Institute of Technology, Kanpur.

The RAIC Centre for Architecture at AU launched a first-of-its-kind technological collaboration to promote energy-efficient building design through its online global partnerships. This innovative, three-part workshop series, powered by the teleconferencing and video-conferencing facilities of AU, enables students and faculty from four international post-secondary institutions to connect in real time to showcase the energy-efficient performance of their designs and to share information and resources affecting sustainable design. The three international post-secondary institutions working with the RAIC Centre are Mexico's Tecnológico de Monterrey, the Cardiff School of Art and Design in Wales, and the University of the Witwatersrand's Department of Architecture and Planning, Faculty of Engineering and the Built Environment in Johannesburg, South Africa.

A young man with dark hair, wearing a light-colored hoodie and a plaid scarf, is sitting at a wooden table in a library. He is looking down at an open book, holding a pen. On the table, there are several other books, a stack of papers, and a dark hat. The background shows bookshelves and other tables in the library. A blue horizontal band is overlaid on the top half of the image, containing the text 'CAPITAL PLAN UPDATE' in white capital letters, enclosed in a white rectangular border.

## CAPITAL PLAN UPDATE

# CAPITAL PLAN UPDATE

Capital preservation, expansion, new or upgrade projects at AU involve information and communication technology infrastructure as well as traditional facilities and other physical infrastructure. A number of stakeholders university-wide are involved in development of the Summary Capital Plan, which addresses both short- and long-term capital priorities.

## Information and Communication Technology Infrastructure

AU's information and communication technology infrastructure is critical to providing reliable, secure and responsive service in support of students' academic success. ICT is constantly evolving, however, and to maintain its reputation for excellence, openness, flexibility and innovation, the university must continually invest to optimize its ICT infrastructure and the systems and services which rely upon it.

To plan and manage its ICT investments effectively, AU created a series of ICT investment programs based on enterprise architecture principles. Investments are converted into ICT projects and assigned to a specific program. This enterprise-wide tactic helps ensure the overall ICT environment evolves holistically, mitigating the risk of functional redundancies, optimizing the quality and exchange of data across systems, and facilitating the development of a more agile and interoperable enterprise so that the university can be more responsive to change. This approach was reflected in the university's *Comprehensive Institutional Plan: 2016-19*. ICT investment programs included:

- **Interfaces Program:** the interfaces used by students and employees to access the information, systems, services and resources they require to achieve their objectives (e.g., a portal)
- **Application Suite: Pedagogy and Research:** systems and services focused on teaching, learning and research (e.g., learning management system)
- **Application Suite: Student Service and Administration:** systems and services focused on providing effective and responsive student service and related administrative systems (e.g., student relationship management)
- **Application Suite: Enterprise Resource Planning:** systems and services related to AU's ERP (e.g., finance system, human resources/payroll system, student information system)
- **Analytical Platform:** systems and services related to data warehousing, analytics and reporting used to support effective decision making
- **Infrastructure Renewal:** the hardware and utilities on which all other programs are dependent (e.g., servers, storage, networks)
- **Infrastructure Operations Support:** systems and services that work with the components within the infrastructure renewal program to ensure effective business operations and continuity (e.g., systems monitoring)
- **Enterprise Architecture Planning:** systems and services that support enterprise architectural planning

Table 14 below updates the status of priority or secondary ICT projects identified in the *Comprehensive Institutional Plan: 2016-19* that were in progress 2016-17. Table 15 shows priority ICT infrastructure projects identified in the *Comprehensive Institutional Plan: 2016-19* that will be initiated over the next three to five years.

**Table 14: Status of CIP Identified ICT Infrastructure Projects in Progress in 2016-17**

Type	Description	CIP Completion Date	Progress in 2016-17
<b>Applications Suite: Pedagogy and Research</b>			
New	Grade Integration and Tutor Pay: to reduce the time needed to provide student grades and to ensure consistency of grade-related data across systems	2016-17	In progress. Project plan formulated; completion target in 2017-18.
New	Gradebook: to integrate multiple legacy systems into an integrated solution for handling grades	2016-17	Project was re-evaluated and cancelled in 2016-17.
<b>Applications Suite: Student Service and Administration</b>			
New	Student Relationship Management: a multi-year project to implement an SRM platform to improve the overall student experience	2016-17	Phase 1 completed in 2016-17. Phase 2 is active; completion target in 2017-18.
New	Staff Email and Calendar Replacement: replace antiquated e-mail and calendaring system to improve staff communication and collaboration	2015-16	Project completed.
New	Digitization Platform for Student Records: implement scanning and document management technologies to automate storage and retrieval of high-volume student documents	2016-17	Completion was planned for 2016-17 but now in a 'warranty' phase; will be completed in 2017-18.
Preservation	Systems Alignment with the Faculty of Humanities and Social Sciences Reorganization: configuration of enterprise systems to ensure accuracy of data in critical reports used by FHSS	2016-17	Completion planned for 2016-17, but a revised target date is being reassessed.
Upgrade	Student Information System: Upgrade of the student information system (Banner) to Version 8	2016-17	Project went live in August 2016.
<b>Infrastructure Renewal</b>			
Preservation	Network Renewal: a multi-year project to increase network availability and simplify network management	2016-17	Phase 1 completed in 2016-17. Phase 2, procurement and implementation, is active; completion target TBD.
Upgrade	Enterprise Robotic Library Renewal: update to existing robotic library required to create back-up media for off-site storage	2016-17	Project completed.
Upgrade	Conference System Upgrade: update conferencing systems which have become unreliable	2016-17	Project completed.
<b>Applications Suite: Enterprise Resource Planning</b>			
Preservation	Budget Planning System Upgrade: to ensure financial accountability	2016-17	In progress. Revised completion target is 2017-18.
<b>Infrastructure Operations Support</b>			
Preservation	Security Remediation: a two-year project aimed at strengthening AU's security posture	2016-17	Phase 1 completed in 2016-17. Phase 2 active; completion target is 2017-18.
Upgrade	Identity Management Upgrade: to improve single-sign-on capabilities	2016-17	Project completed.
Upgrade	Infrastructure-Systems Monitoring and Alert Software Upgrade: to improve system monitoring capabilities to mitigate the risk of service outages	2016-17	Project completed.

**Table 15: CIP Identified ICT Infrastructure Projects Planned to Start in 2017-20**

Type	Description	CIP Completion Date	Planned Start Date
<b>Interfaces</b>			
Preservation	Student and Staff Portal Upgrades: update multiple portal platforms (unsustainable as the underlying technology is no longer supported by the vendor)	2019-20	2018-19
<b>Applications Suite: Pedagogy and Research</b>			
Preservation	Learning Management System Upgrade: update learning management system to the newest version	2019-20	2019-20
<b>Analytical Platform</b>			
Expansion	Analytical Platform: a multi-year program aimed at integrating key data sources to create an enterprise-wide data repository, a foundational component to realizing analytical capabilities	2020-21	2018-19
<b>Applications Suite: Enterprise Resource Planning</b>			
Preservation	Student Information System Decustomization: to increase the stability and interoperability of Banner by decustomizing the student module on which it is based	2019-20	2019-20
Preservation	Enterprise Resource Planning System Upgrade: update ERP platform (Banner) to version 9	2019-20	2019-20
<b>Infrastructure Operations Support</b>			
Preservation	High Availability Computing Environment: to provide ICT infrastructure to ensure that when a critical system fails it does not interfere with service delivery to students or effect university operations	2017-18	2017-18

## Facilities and Other Physical Infrastructure

Although AU's pedagogical platform is based on open and distance education, delivered largely through the Internet to students dispersed across Canada and around the world, the university still requires physical facilities in order to carry out its student service, research and administrative activities.

In 2016-17, the university continued to focus on minor upgrades to existing aging infrastructure to ensure it meets the health and safety needs of employees and the operational requirements of academic, research and administrative departments. These improvements included renewal of building structures to meet the requirements of current building codes and management technologies. Initiatives completed during the year were non-capital, involving key electrical components and cooling systems on the main campus.

A number of the facilities and other physical infrastructure capital projects identified in the *Comprehensive Institutional Plan: 2016-19* are in the planning phase. Table 16 below updates the status of CIP identified facilities and other physical infrastructure projects that were in progress in 2016-17. Table 17 shows CIP identified facilities and other physical infrastructure projects planned for the next three to five years, subject to confirmation of funding.

**Table 16: Status of CIP Identified Facilities and Other Physical Infrastructure Projects in Progress in 2016-17**

Type	Description	CIP Completion Date	Progress in 2016-17
Preservation	Library Collections: digital repository of online reference and on-site collections	2020-21	Planned capital additions were completed in 2016-17. Project will continue as planned.

**Table 17: CIP Identified Facilities and Other Physical Infrastructure Projects Planned to Start in 2017-21**

Type	Description	CIP Completion Date	Planned Start Date
Expansion	Integrated Learning Centre: to consolidate AU's Capital Region operations and eliminate ongoing lease costs	2020-21	2017-18
Preservation	Main Campus Building Mechanical and Structural Systems Upgrade: to accommodate changes in technology, environmental compliance and health and safety regulations or meet changes to current building codes	2020-21	2017-18
Preservation	Main Campus Roads, Parking Lot and Trail System Upgrade: to prevent further deterioration and to rectify safety hazards	2020-21	2017-18
Preservation	Equipment Renewal: to update obsolete equipment in use in order to address workplace health and safety requirements	2020-21	2017-18

APPENDIX A:  
FINANCIAL STATEMENTS MARCH 31, 2017





# APPENDIX A



Athabasca  
University

FINANCIAL STATEMENTS  
MARCH 31, 2017

# Athabasca University

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Year ended March 31, 2017

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## Athabasca University

### Statement of Management Responsibility

Year ended March 31, 2017

The financial statements of Athabasca University have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The financial statements present fairly the financial position of the University as at March 31, 2017 and the results of its operations, remeasurement gains and losses, changes in net debt and cash flows for the year then ended.

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

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

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. With the exception of the President, all members of the Audit Committee are not employees of the University. The Audit Committee meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit Committee, with and without the presence of management.

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

*Original signed by Dr. Neil Fassina*

*Original signed by Estelle Lo*

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Dr. Neil Fassina, PhD, CPHR, ICD.D  
President

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Estelle Lo, B. Comm., MBA, CPA, CMA  
Vice-President, Finance and Administration



## Independent Auditor's Report

To the Governors of Athabasca University

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Athabasca University, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net debt, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Athabasca University as at March 31, 2017, and the results of its operations, its remeasurement gains and losses, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

May 26, 2017

Edmonton, Alberta

# Athabasca University

## Statement of Financial Position

As at March 31, 2017

(thousands of dollars)

	<u>2017</u>	<u>2016</u>
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash and cash equivalents (Note 3)	\$ 5,255	\$ 2,729
Portfolio investments - non-endowment (Note 4)	37,382	35,833
Accounts receivable	2,342	1,859
Inventory for resale	1,355	1,710
	<u>46,334</u>	<u>42,131</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	9,713	10,030
Employee future benefit liabilities (Note 6)	19,856	21,095
Deferred revenue (Note 7)	23,857	23,441
	<u>53,426</u>	<u>54,566</u>
<b>Net debt excluding portfolio investments restricted for endowments</b>	(7,092)	(12,435)
Portfolio investments - restricted for endowments (Note 4)	3,839	3,417
<b>Net debt</b>	<u>(3,253)</u>	<u>(9,018)</u>
<b>Non financial assets</b>		
Tangible capital assets (Note 8)	52,710	56,948
Prepaid expenses	1,474	2,118
	<u>54,184</u>	<u>59,066</u>
<b>Net assets before spent deferred capital contributions</b>	50,931	50,048
Spent deferred capital contributions (Note 9)	40,315	43,218
<b>Net assets</b>	<u>\$ 10,616</u>	<u>\$ 6,830</u>
<b>Net assets is comprised of:</b>		
Accumulated surplus (Note 10)	\$ 10,190	\$ 6,442
Accumulated remeasurement gains	426	388
	<u>\$ 10,616</u>	<u>\$ 6,830</u>

Contingent liabilities and contractual obligations (Note 11 and 12)

Approved by the Board of Governors: (Note 18)

*Original signed by Vivian Manasc*  
Vivian Manasc  
Chair, Board of Governors

*Original signed by McDonald Madamombe*  
McDonald Madamombe  
Chair, Audit Committee

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

# Athabasca University

## Statement of Operations

Year ended March 31, 2017

(thousands of dollars)

	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Actual 2016</b>
	(Note 13)		
<b>Revenue</b>			
Government of Alberta grants (Note 14)	\$ 46,429	\$ 48,894	\$ 46,424
Student tuition and fees	67,009	66,942	65,952
Sales of services and products	15,981	17,309	15,531
Federal and other government grants	1,865	1,811	1,943
Investment income	1,060	1,433	1,545
Donations and other grants	497	1,043	1,245
	<u>132,841</u>	<u>137,432</u>	<u>132,640</u>
<b>Expense</b>			
Instruction and non-sponsored research	77,074	74,093	74,771
Academic and student support	14,936	16,305	16,168
Institutional support	17,300	11,672	11,750
Sponsored research and special purpose	3,710	10,027	9,096
Computing and communication	8,740	8,788	8,944
Ancillary services	9,429	7,627	7,279
Facility operations and maintenance	4,906	5,324	5,199
	<u>136,095</u>	<u>133,836</u>	<u>133,207</u>
<b>Annual operating surplus (deficit)</b>	(3,254)	3,596	(567)
Endowment contributions and capitalized investment income (Note 10)	-	152	37
	<u>(3,254)</u>	<u>3,748</u>	<u>(530)</u>
<b>Annual surplus (deficit)</b>	(3,254)	3,748	(530)
<b>Accumulated surplus, beginning of year</b>	6,442	6,442	6,972
<b>Accumulated surplus, end of year</b>	<u>\$ 3,188</u>	<u>\$ 10,190</u>	<u>\$ 6,442</u>

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

# Athabasca University

## Statement of Change in Net Debt

Year ended March 31, 2017

(thousands of dollars)

	<b>Budget 2017</b>	<b>Actual 2017</b>	Actual 2016
<b>Annual surplus (deficit)</b>	\$ (3,254)	\$ 3,748	\$ (530)
Acquisition of tangible capital assets	(4,229)	(3,549)	(4,274)
Proceeds from sale of tangible capital assets	-	-	3
Amortization of tangible capital assets	6,178	6,805	6,148
Loss (gain) on disposal of tangible capital assets	-	982	(3)
Change in prepaid expenses	534	644	(449)
Change in spent deferred capital contributions	(2,073)	(2,903)	(1,545)
Net accumulated remeasurement gains (losses)	-	38	(1,321)
	<u>(2,844)</u>	<u>5,765</u>	<u>(1,971)</u>
<b>Decrease (increase) in net debt</b>			
<b>Net debt, beginning of year</b>	<u>(9,018)</u>	<u>(9,018)</u>	<u>(7,047)</u>
<b>Net debt, end of year</b>	<u>\$ (11,862)</u>	<u>\$ (3,253)</u>	<u>\$ (9,018)</u>

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

# Athabasca University

## Statement of Remeasurement Gains and Losses

Year ended March 31, 2017

(thousands of dollars)

	<u>2017</u>	<u>2016</u>
<b>Accumulated remeasurement gains, beginning of year</b>	<u>\$ 388</u>	<u>\$ 1,709</u>
Unrealized gains (losses) attributable to:		
Portfolio investemnts - non endowment	137	(1,337)
Amounts reclassified to the statement of operations:		
Portfolio investments - non endowment	<u>(99)</u>	<u>16</u>
	<u>38</u>	<u>(1,321)</u>
<b>Accumulated remeasurement gains, end of year</b>	<u><u>\$ 426</u></u>	<u><u>\$ 388</u></u>
<b>Accumulated remeasurement gains is comprised of:</b>		
Portfolio investments - non endowment	<u><u>\$ 426</u></u>	<u><u>\$ 388</u></u>

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



# Athabasca University

## Statement of Cash Flows

Year ended March 31, 2017

(thousands of dollars)

	<u>2017</u>	<u>2016</u>
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 3,748	\$ (530)
Add (deduct) non-cash items:		
Amortization of tangible capital assets	6,805	6,148
Expended capital recognized as revenue	(4,149)	(3,607)
Loss (gain) on disposal of tangible capital assets, net	982	(3)
Decrease in employee future benefit liabilities	(1,239)	(29)
Change in non-cash items	2,399	2,509
(Increase) decrease in accounts receivable	(483)	1,124
Decrease in inventory for resale	355	276
(Decrease) increase in accounts payable and accrued liabilities	(317)	235
Increase (decrease) in deferred revenue	147	(304)
Increase in spent deferred capital contribution, less expended capital recognized as revenue	1,246	2,062
Decrease (increase) in prepaid expenses	644	(449)
Cash provided by operating transactions	<u>7,739</u>	<u>4,923</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(3,549)	(4,274)
Proceeds on sale of tangible capital assets	-	3
Cash applied to capital transactions	<u>(3,549)</u>	<u>(4,271)</u>
<b>Investing transactions</b>		
Purchases of investments	<u>(1,664)</u>	<u>(1,800)</u>
Cash used in investing transactions	<u>(1,664)</u>	<u>(1,800)</u>
Increase (decrease) in cash and cash equivalents	2,526	(1,148)
Cash and cash equivalents, beginning of year	<u>2,729</u>	<u>3,877</u>
Cash and cash equivalents, end of year	<u>\$ 5,255</u>	<u>\$ 2,729</u>

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 1 Authority and Purpose

The Governors of Athabasca University is a corporation which manages and operates Athabasca University (“the University”) under the *Post-secondary Learning Act* (Alberta), and the Athabasca University Regulation (Alberta Regulation 50/2004). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, the University is a comprehensive academic and research institution offering undergraduate and graduate degree programs through distance education. The University is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

### 2 Summary of Significant Accounting Policies and Reporting Practices

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

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

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

#### (b) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Amortized Cost
Portfolio investments	Fair value
Account receivable	Amortized cost
Inventory for resale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Amortized cost

Unrealized gains and losses from changes in the fair value of unrestricted financial assets and liabilities are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (b) Valuation of Financial Assets and Liabilities (continued)

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs for financial instruments measured at fair value are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

The University does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

University administration evaluates contractual obligations for the existence of embedded derivatives and elects to either measure the entire contract at fair value or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the University's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities. The University does not have any embedded derivatives.

#### (c) Revenue Recognition

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

##### Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

Government grants without terms for the use of the grant are recorded as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

In kind donations of services, materials or tangible capital assets are recorded at fair value when a fair value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded at the carrying value. While volunteers as well as staff members of the University contribute a significant amount of time each year to assist the University in carrying out its mission, the value of their services is not recognized in the financial statements because fair value cannot be reasonably determined.

##### Grants and donations related to land

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased. An in-kind contribution of land is recognized as revenue at the fair value of the land when a fair value can be reasonably determined. When the fair value cannot be reasonably determined the in-kind contribution is recorded at nominal value.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (c) Revenue Recognition (continued)

##### Endowments donations

Endowment donations are recognized as revenue in the statement of operations in the year they are received, and are required by donors to be maintained intact in perpetuity.

##### Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments.

Realized investment income on portfolio investments from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as revenue in the statement of operations when the terms of the grant or donation are met.

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

Unrealized gains and losses on portfolio investments from unrestricted grants and donations are recognized in the statement of remeasurement gains and losses until the related investments are sold. Once realized, these gains or losses are recognized as revenue or expense in the statement of operations. Unrealized gains and losses on portfolio investments from restricted grants and donations are recognized in deferred revenue until the related investments are sold.

##### Endowments

Endowments consist of

- externally restricted donations received by the University, the principal of which is required to be maintained intact in perpetuity.
- capitalized investment income that has been allocated for annual inflation.

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

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

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

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is adjusted and the donors are notified, where appropriate.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (c) Revenue Recognition (continued)

##### Endowments (continued)

Endowment contributions, and associated capitalized investment income allocated for the preservation of endowment capital purchasing power, are recognized in the statement of operations in the period they are received.

#### (d) Inventory

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

#### (e) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, and costs associated with asset retirement obligations. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

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

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over the estimated useful lives as follows:

Buildings	40 years
Site improvements	10 - 25 years
Computer hardware and software	3 - 10 years
Furniture and equipment	5 - 20 years
Leasehold improvements	lesser of 5 years or lease term
Library resources	10 years

Tangible capital asset write downs are recorded when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are recognized as an expense in the statement of operations.

Works of art, cultural and historical properties, and archival materials are expensed when acquired and not recognized as tangible capital assets.

#### (f) Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (c) Revenue Recognition (continued)

##### Endowments (continued)

Endowment contributions, and associated capitalized investment income allocated for the preservation of endowment capital purchasing power, are recognized in the statement of operations in the period they are received.

#### (d) Inventory

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

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Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the statement of financial position date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (f) Foreign Currency Translation (continued)

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

#### (g) Employee Future Benefits

##### Pension

The University participates with other employers in the Public Service Pension Plan (PSPP) and the Universities Academic Pension Plan (UAPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the University's participating employees based on years of service and earnings.

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each participant based on their respective percentage of employer contributions. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life of the related employee group.

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

##### Administrative Leave

For the Administrative Leave Plan, the cost of benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of valuation assumptions. Net actuarial gains (losses) are recognized immediately in the statement of operations.

##### Life Insurance, Short Term Disability, and Long Term Disability

For the Life and Dependent Life Insurance, Weekly Indemnity (Short Term Disability) and Long Term Disability Plans, the cost of the employee future benefit, if any, is not recognized as a liability. The cost of providing non-vesting and non-accumulating benefits under these plans is expensed in full when the event occurs that obligates the University to provide the benefit. Future premium rates are negotiated annually. Rate adjustments are determined based on a combination of the insurer's manual rate and the University's actual claims experience over the past five years. Any plan assets resulting from the surplus or deficit of the plans are attributed to the insurer.

##### Extended Health and Dental Care

For the Extended Health and Dental Care Plans, the costs of benefits earned by employees are the actual claims paid during the period, the insurer's cost of administration (net of interest), plus the year-over-year change in the estimate for any claims that may have occurred but have not been paid. The net change is recorded as an expense or recovery in the statement of operations. Employees on administrative leave or disability (short or long-term) leave are also eligible for this benefit.

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (h) Expense by function

The University uses the following function categories on its statement of operations

##### Instruction and non-sponsored research

Expenses relating to the academic activities supporting innovative learning, programming, and teaching. This function also includes expenses incurred by faculty and within academic departments for their scholarly and non-sponsored research activities.

##### Academic and student support

Expenses relating to activities directly supporting the academic functions and support of the student body. Includes expenses incurred by the library and centralized administrative activities supporting students such as registry, counseling services and scholarship awards.

##### Institutional support

Expenses relating to administration, governance, public relations and marketing, alumni relations, fund development, finance, human resources and any other centralized university-wide administrative services.

##### Ancillary services

Expenses relating to the provision of course materials to students, including textbooks (print or electronic) and other learning resources, print production materials, shipping and handling.

##### Computing and communication

Expenses relating to the delivery and support of centralized core computing, networks, data communication, and other information technology activities. Includes operations, maintenance, and amortization of information technology systems.

##### Facility operations and maintenance

Expenses relating to the operation and maintenance of all University facilities (owned or leased) that house the teaching, research and administrative activities. Includes utilities, rental costs, facilities administration, building maintenance, custodial services, grounds keeping, major repairs and renovations, and amortization of building and facility related equipment.

##### Sponsored research and special purpose

Expenses specifically funded by externally restricted grants and donations; sponsored research activities and expenses for student scholarships, bursaries, and other initiatives involving teaching and learning, and community service.

#### (i) Future Accounting Changes

In March 2015 the Public Sector Accounting Board issued the following two accounting standards that are effective for fiscal years starting on or after April 1, 2017.

- PS2200 - Related Party Disclosures: defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS3420 - Inter-entity Transactions: establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.



## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

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

#### (i) Future Accounting Changes (continued)

In June 2015 the Public Sector Accounting Board issued the following three accounting standards that are effective for fiscal years starting on or after April 1, 2017.

- PS3210 - Assets: provides guidance for applying the definition of assets set out in PS1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS3320 - Contingent Assets: defines and establishes disclosure standards for contingent assets.
- PS3380 - Contractual Rights: defines and establishes disclosure standards on contractual rights.

In June 2015 the Public Sector Accounting Board issued the following accounting standard that is effective for fiscal years starting on or after April 1, 2018.

- PS3430 - Restructuring Transactions: defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

University administration is currently assessing the impact of these new standards on the financial statements. The University discloses transactions and balances related to the Government of Alberta in Note 14.

### 3 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposit, money market funds and short-term investments with a maturity less than three months from the date of acquisition.

### 4 Portfolio Investments

	<u>2017</u>	<u>2016</u>
Portfolio investments - non-endowment	\$ 37,382	\$ 35,833
Portfolio investments - restricted for endowments	<u>3,839</u>	<u>3,417</u>
	<u>\$ 41,221</u>	<u>\$ 39,250</u>

All of the University's investments are in units of pooled investment funds and are valued based upon quoted prices in active markets for identical investments. The composition of portfolio investments measured at fair value is as follows:

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***4 Portfolio Investments (continued)**

	2017			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 31,704	-	-	\$ 31,704
Equities listed in active market	6,987	-	-	6,987
Money Market Funds	2,530	-	-	2,530
Total Investments	<u>\$ 41,221</u>	<u>-</u>	<u>-</u>	<u>\$ 41,221</u>
	2016			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 30,355	-	-	\$ 30,355
Equities listed in active market	6,470	-	-	6,470
Money Market Funds	2,425	-	-	2,425
Total Investments	<u>\$ 39,250</u>	<u>-</u>	<u>-</u>	<u>\$ 39,250</u>

The fair value measurements are derived from:

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

Level 2: Inputs other than quoted prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

The average effective yields and the terms to maturity are as follows:

- Money Market pooled funds: 1.64%; term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 2.82%; terms to maturity: range from less than one year to more than 10 years.

In addition to recognizing the realized gains and losses on the sale of portfolio investments in the statement of operations, the University reports unrealized gains and losses on portfolio investments as follows:

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 4 Portfolio Investments (continued)

	2017		2016	
	Deferred revenue endowments (Note 7)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized gains, beginning of year	\$ 221	\$ 388	\$ 609	\$ 2,208
Unrealized gains (losses) attributable to portfolio investments	269	137	406	(1,615)
Amounts reclassified to statement of operations	-	(99)	(99)	16
Net unrealized gains, end of year	<u>\$ 490</u>	<u>\$ 426</u>	<u>\$ 916</u>	<u>\$ 609</u>

### 5 Financial Risk Management

The University is exposed to the following risks:

#### Market risk

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

The University assesses its portfolio sensitivity to a percentage increase or decrease in market prices. At March 31, 2017, if market prices had a 5% (2016 - 5%) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and deferred revenue for the year would have been a total of \$2,061 (2016 - \$1,963).

#### Credit Risk

Credit risk on portfolio investments arise from the potential failure of a counterparty, debtor or issuer to honor its contractual obligations. To manage this risk the University has established an investment policy with required minimum credit quality standards and issuer limits. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The University has indirectly invested in debt securities with the following credit ratings and percentages of the total pooled investment funds:

	2017	2016
Credit rating		
AAA	39 %	43 %
AA	13 %	5 %
A	23 %	27 %
BBB	8 %	9 %
	<u>83 %</u>	<u>84 %</u>

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***5 Financial Risk Management (continued)**Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting short-term financial obligations that require cash settlement. The University manages this risk by maintaining a portfolio of short-term investments with rolling maturity dates.

Interest rate risk

Interest rate risk is the risk that future cash flows or fair values will fluctuate from the degree of volatility of interest rates. The University invests in units of pooled investment funds. Indirectly the University is exposed to risks associated with interest rate fluctuation and volatility. This risk is managed by managing the term to maturity of certain fixed income securities that the University holds.

The maturity of the interest bearing investments held in pooled funds are as follows:

	Less than 1 year	1 to 5 years	Greater than 5 years
Money Market Funds	\$ 2,530	\$ -	\$ -
Bonds listed in active market	\$ 218	\$ 14,683	\$ 16,803

The impact on the statement of remeasurement gains and losses of a change in interest rates on those pooled investment funds that are primarily invested in fixed income debt instruments is as follows:

	0.50% decrease	0.25% decrease	0.25% increase	0.50% increase
Dollar value change	\$ 880	\$ 440	\$ (440)	\$ (880)

Foreign currency risk

Foreign currency risk on investments is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign currency. The University invests primarily in Canadian dollar denominated securities and therefore has minimal exposure to currency risk. The University's exposure to foreign exchange risk is very low due to minimal business activity conducted in foreign currency.

**6 Employee Future Benefit Liabilities**

Employee future benefit liabilities are comprised of the following:

	2017	2016
Universities Academic Pension Plan (UAPP)	\$ 17,702	\$ 19,110
Administrative Leave Plan	2,154	1,985
	<u>\$ 19,856</u>	<u>\$ 21,095</u>

**(a) Defined Benefit Plans accounted for on a defined benefit basis**Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2014. This was then extrapolated to the plan's year end of March 31, 2017. The University's portion of the UAPP deficit has been

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***6 Employee Future Benefit Liabilities (continued)****(a) Defined Benefit Plans accounted for on a defined benefit basis (continued)**

allocated based on its percentage of the plan's total employer contributions for the year.

The UAPP unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2016 - 1.25%) of total salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.54% (2016 - 3.54%) of total salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$293,557 at March 31, 2017 (2016 - \$280,477).

Administrative Leave Plan

The University's Administrative Leave Plan has no plan assets. The University has provided for the plan by accruing a benefit obligation of \$2,154 (2016 - \$1,985) in employee future benefit liabilities. An actuarial valuation of these benefits was carried out as at March 31, 2017. The University plans to use its working capital to finance these future obligations.

The University's expense and financial position of these defined benefit plans is as follows:

	2017		2016	
	UAPP	Administrative Leave	UAPP	Administrative Leave
<b>Financial Operations</b>				
Expense				
Current service cost	\$ 4,533	\$ 420	\$ 4,469	\$ 384
Interest cost	994	49	1,401	82
Amortization of net actuarial (gain) loss	(350)	(124)	223	(54)
<b>Total Expense</b>	<b>\$ 5,177</b>	<b>\$ 345</b>	<b>\$ 6,093</b>	<b>\$ 412</b>
<b>Financial Position</b>				
Accrued benefit obligation:				
Balance, beginning of year	\$ 115,336	\$ 1,985	\$ 115,147	\$ 1,945
Current service cost	4,533	420	4,469	384
Interest cost	7,043	49	7,138	82
Benefits paid	(4,963)	(176)	(5,184)	(372)
Actuarial gain	(3,960)	(124)	(6,234)	(54)
Balance, end of year	117,989	2,154	115,336	1,985
Plan assets	(105,978)	-	(100,005)	-
Plan deficit	12,011	2,154	15,331	1,985
Unamortized net actuarial gain	5,691	-	3,779	-
<b>Accrued benefit liability</b>	<b>\$ 17,702</b>	<b>\$ 2,154</b>	<b>\$ 19,110</b>	<b>\$ 1,985</b>

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***6 Employee Future Benefit Liabilities (continued)****(a) Defined Benefit Plans accounted for on a defined benefit basis (continued)**

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

	2017		2016	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	6.00%	2.56%	6.00%	2.11%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	6.00%		6.00%	
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Alberta inflation (long term)	2.00%		2.00%	
Estimate average remaining service life:	10.8 years	5.0 years	10.8 years	6.0 years
Retirement age	65	65	65	65

**(b) Defined Benefit Plan accounted for on a defined contribution basis**Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the University does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these financial statements is \$1,583 for 2017 (2016 - \$1,505).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2016 from the actuarial valuation as at December 31, 2014 with the updated assumptions. At December 31, 2016, the PSPP financial statements reported an actuarial surplus of \$302,975 (2015 - deficit of \$133,188). For the year ended December 31, 2016, PSPP reported employer contributions of \$347,860 (2015 - \$347,759). For the 2016 calendar year, the University's employer contributions were \$1,567 (2015 - calendar year - \$1,401). The PSPP's deficit is being discharged through additional contributions from both employees and employers until 2026. Other than the requirement to make all additional contributions, the University does not bear any risks related to the PSPP deficit.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 7 Deferred Revenue

	2017			2016	
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total	
Balance, beginning of year	\$ 8,525	\$ 14,916	\$ 23,441	\$ 24,024	
Grants, tuition and donations	6,104	51,575	57,679	57,048	
Investment income	136	-	136	147	
Unrealized gain (loss) (Note 4)	269	-	269	(278)	
Transfers to spent deferred capital contributions (Note 9)	(1,246)	-	(1,246)	(2,062)	
Recognized as revenue	(4,940)	(51,482)	(56,422)	(55,438)	
Balance, end of year	<u>\$ 8,848</u>	<u>\$ 15,009</u>	<u>\$ 23,857</u>	<u>\$ 23,441</u>	

### 8 Tangible Capital Assets

	2017					2016	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library resources	Total	Total
Cost							
Beginning of year	\$ 1,565	61,958	39,329	7,993	7,616	\$ 118,461	\$ 114,550
Acquisitions	740	-	2,753	6	50	3,549	4,274
Disposals, including write-downs	(51)	-	(2,083)	(2)	(52)	(2,188)	(363)
	<u>\$ 2,254</u>	<u>61,958</u>	<u>39,999</u>	<u>7,997</u>	<u>7,614</u>	<u>\$ 119,822</u>	<u>\$ 118,461</u>
Accumulated amortization							
Beginning of year	\$ -	25,446	23,616	5,790	6,661	\$ 61,513	\$ 55,728
Amortization expense	-	1,609	4,521	431	244	6,805	6,148
Effects on disposals, including write-downs	-	-	(1,152)	(2)	(52)	(1,206)	(363)
	<u>\$ -</u>	<u>27,055</u>	<u>26,985</u>	<u>6,219</u>	<u>6,853</u>	<u>\$ 67,112</u>	<u>\$ 61,513</u>
Net book value at March 31, 2017	<u>\$ 2,254</u>	<u>34,903</u>	<u>13,014</u>	<u>1,778</u>	<u>761</u>	<u>\$ 52,710</u>	
Net book value at March 31, 2016	<u>\$ 1,565</u>	<u>36,512</u>	<u>15,713</u>	<u>2,203</u>	<u>955</u>		<u>\$ 56,948</u>

Included in computer hardware and software is \$0 (2016 - \$6,801) work in progress, that is not amortized as the assets are not yet available for use.

No interest was capitalized by the University for the year ended March 31, 2017. Write-downs in the amount of \$1,544 (2016 - \$0) are included within the disposals amounts.

The University holds a number of works of art, cultural and historical properties, and archival materials. These items are expensed when acquired and therefore not included in tangible capital assets.

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***9 Spent Deferred Capital Contributions**

Spent deferred capital contributions is comprised of externally restricted grants and donations spent on tangible capital assets, less amortization recognized as revenue.

	2017	2016
Balance, beginning of year	\$ 43,218	\$ 44,763
Transfers from restricted grants and donations	1,246	2,062
Expended capital recognized as revenue	<u>(4,149)</u>	<u>(3,607)</u>
Balance, end of year	<u>\$ 40,315</u>	<u>\$ 43,218</u>

**10 Net Assets**

	Accumulated deficit from operations	Investment in tangible capital assets	Endowments	Total
Balance as at March 31, 2015	\$ (8,538)	\$ 14,059	\$ 3,160	\$ 8,681
Annual operating deficit	(530)	-	-	(530)
Endowments				
New donations	(2)	-	2	-
Capitalized investment income	(35)	-	35	-
Tangible capital assets				
Acquisition of tangible capital assets	(2,212)	2,212	-	-
Amortization of tangible capital assets	2,541	(2,541)	-	-
Change in accumulated remeasurement gains	<u>(1,321)</u>	<u>-</u>	<u>-</u>	<u>(1,321)</u>
Balance as at March 31, 2016	(10,097)	13,730	3,197	6,830
Annual operating surplus	3,748	-	-	3,748
Endowments				
New donations	(117)	-	117	-
Capitalized investment income	(35)	-	35	-
Tangible capital assets				
Acquisition of tangible capital assets	(2,303)	2,303	-	-
Amortization of tangible capital assets	2,656	(2,656)	-	-
Net book value of tangible capital asset disposals	982	(982)	-	-
Change in accumulated remeasurement gains	<u>38</u>	<u>-</u>	<u>-</u>	<u>38</u>
Balance as at March 31, 2017	<u>\$ (5,128)</u>	<u>\$ 12,395</u>	<u>\$ 3,349</u>	<u>\$ 10,616</u>
Net assets is comprised of:				
Accumulated surplus	\$ (5,554)	\$ 12,395	\$ 3,349	\$ 10,190
Accumulated remeasurement gains	<u>426</u>	<u>-</u>	<u>-</u>	<u>426</u>
	<u>\$ (5,128)</u>	<u>\$ 12,395</u>	<u>\$ 3,349</u>	<u>\$ 10,616</u>



# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 11 Contingent Liabilities

The University has no legal claims as at March 31, 2017 that administration believes would have a material adverse effect on the financial position or the results of operations of the University.

### 12 Contractual Obligations

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

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

	Service Contracts	Capital Projects	Information Systems and Technology	Long-term Leases	Total
2018	\$ 8,521	\$ -	\$ 939	\$ 737	\$ 10,197
2019	645	-	26	746	1,417
2020	34	-	-	743	777
2021	5	-	-	61	66
2022	-	-	-	-	-
Thereafter	-	-	-	-	-
	<u>\$ 9,205</u>	<u>\$ -</u>	<u>\$ 965</u>	<u>\$ 2,287</u>	<u>\$ 12,457</u>

### 13 Budget Figures

The University's 2016-2017 budget figures have been provided for comparison purposes. The amounts have been approved by the Board of Governors and were presented to the Minister of Advanced Education as part of the University's 2016-2019 Comprehensive Institutional Plan.

The following table provides the amounts derived from the 2016-2017 budget, expense by object and expense by function:

Function	Instruction and non- sponsored research	Academic and student support	Institutional support	Ancillary services	Computing and communication	Facility operations and maintenance	Sponsored research and special purpose	Total
Salaries	\$ 52,374	\$ 9,258	\$ 7,131	\$ 406	\$ 3,594	\$ 1,137	\$ 1,501	\$ 75,401
Employee benefits	10,490	2,587	1,756	100	896	269	236	16,334
Fees and purchased services	8,396	1,586	3,866	953	1,896	936	496	18,129
Cost of goods sold	1,244	-	-	7,943	-	-	-	9,187
Materials and supplies	1,686	966	379	-	408	72	125	3,636
Communication and travel	2,446	217	367	27	31	18	139	3,245
Rental, insurance and utilities	433	137	30	-	-	2,165	-	2,765
Amortization of capital assets	-	185	3,769	-	1,915	309	-	6,178
Scholarships and bursaries	5	-	2	-	-	-	1,213	1,220
Expense Budget Total	<u>\$ 77,074</u>	<u>\$ 14,936</u>	<u>\$ 17,300</u>	<u>\$ 9,429</u>	<u>\$ 8,740</u>	<u>\$ 4,906</u>	<u>\$ 3,710</u>	<u>\$ 136,095</u>

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 14 Government of Alberta Transactions and Balances

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

	<u>2017</u>	<u>2016</u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 42,145	\$ 40,525
Infrastructure Maintenance Program	1,793	1,793
Other	793	551
Total Advanced Education	<u>44,731</u>	<u>42,869</u>
Other Government of Alberta departments and agencies:		
Health	1,338	846
Economic Development and Trade	705	665
Treasury Board and Finance	-	404
Culture and Tourism	75	75
Labour	42	-
Justice & Solicitor General	2	-
Total other Government of Alberta departments and agencies	<u>2,162</u>	<u>1,990</u>
Total grants received	46,893	44,859
Expended capital recognized as revenue	3,696	2,796
Less deferred revenue	<u>(1,695)</u>	<u>(1,231)</u>
Total grants from Government of Alberta	<u>\$ 48,894</u>	<u>\$ 46,424</u>
Accounts receivable		
Other Government of Alberta departments and agencies	\$ 26	\$ 36
Other post-secondary institutions	10	-
	<u>\$ 36</u>	<u>\$ 36</u>
Accounts payable		
Advanced Education	\$ 5	\$ 5
Other Government of Alberta departments and agencies	15	15
Other post-secondary institutions	-	93
	<u>\$ 20</u>	<u>\$ 113</u>

In addition to the grants listed above, the University received \$201 (2016 - \$248) from the Ministry of Culture and Tourism, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

The University has \$64 (2016 - \$12) of contractual obligations with other post-secondary institutions for service and lease agreements that will become liabilities in the future when the terms of the agreements are met.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2017

(thousands of dollars)

### 15 Expense by Object

	2017		2016
	Budget (Note 13)	Actual	Actual
Salaries <sup>(1)</sup>	\$ 75,401	\$ 75,646	\$ 75,625
Employee benefits	16,334	14,527	15,443
Fees and purchased services	18,129	17,145	17,692
Cost of goods sold	9,187	7,875	7,718
Materials and supplies	3,636	5,136	3,839
Communication and travel	3,245	2,921	3,238
Rental, insurance and utilities	2,765	2,605	2,387
Amortization of capital assets	6,178	6,805	6,148
Scholarships and bursaries	1,220	1,176	1,117
	<u>\$ 136,095</u>	<u>\$ 133,836</u>	<u>\$ 133,207</u>

(1) Includes \$323 (2016 - \$310) termination benefits as defined under PSA Handbook section 3255.

### 16 Salary and Employee Benefits

	2017			2016	
	Base Salary <sup>(5)</sup>	Cash Benefits <sup>(6)</sup>	Non-cash Benefits <sup>(7)</sup>	Total	Total
<b>Governance<sup>(1)</sup></b>					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-	-
<b>Executive Officers</b>					
President <sup>(2)</sup>	371	32	110	513	377
Vice-Presidents:					
Vice-President Academic	250	1	89	340	337
Vice-President Advancement <sup>(3)</sup>	232	13	39	284	311
Vice-President Finance and Administration	248	17	89	354	351
Vice-President Information Technology and CIO <sup>(4)</sup>	222	8	34	264	253

(1) The Chair and the Members of the Board of Governors receive no remuneration for participation on the Board.

(2) In 2017, two individuals held this position; the past interim incumbent for 6.36 months and the current incumbent for 5.64 months. The past interim incumbent did not accrue administrative leave benefits.

(3) In 2017, two individuals held this position; the past incumbent for 9 months, then commenced administrative leave, and the current interim incumbent for 3 months. The current interim incumbent does not accrue administrative leave benefits.

## Notes to the Financial Statements

Year ended March 31, 2017

*(thousands of dollars)***16 Salary and Employee Benefits (continued)**

- (4) In 2017, two individuals held this position; the past incumbent for 6 months, then commenced administrative leave, and the current interim incumbent for 6 months. The current interim incumbent does not accrue administrative leave benefits.
- (5) Base salary is pensionable and includes pay for vacation time taken.
- (6) Cash benefits include, if applicable, earnings such as vacation payouts, amounts to compensate for the UAPP salary cap, expense allowance (president position), and other nonpensionable direct cash payments including severance. No bonuses were paid during the year.
- (7) Non cash benefits include the employer's share of all employee benefits and contribution payments made on behalf of employees for pension, extended health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. Non cash benefits for some of the executive include the employer's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) for the Administrative Leave Plan.

The current service cost and accrued obligation for each executive officer under the Administrative Leave Plan is as follows:

	Accrued Obligation March 31, 2016	Service Costs	Interest and other costs	Payments	Actuarial loss (gain)	Accrued Obligation <sup>(8)</sup> March 31, 2017
President	\$ -	\$ 68	\$ 1	\$ -	\$ (2)	\$ 67
Vice-Presidents:						
Vice-President Academic	222	48	6	-	(2)	274
Vice-President Advancement <sup>(3)</sup>	255	32	5	(61)	(19)	212
Vice-President Finance and Administration	235	50	6	-	(2)	289
Vice-President Information Technology and CIO <sup>(4)</sup>	31	22	-	(114)	66	5

(8) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 6.

**17 Comparative Figures**

Certain 2016 figures have been reclassified to conform to the presentation in the 2017 financial statements.

**18 Approval of Financial Statements**

The financial statements were approved by the Board of Governors of Athabasca University.



# Athabasca University

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