



Athabasca  
University



**REMOVING  
BARRIERS**

2020-21  
ANNUAL REPORT

TO ALBERTA ADVANCED EDUCATION  
FOR THE YEAR ENDED MARCH 31, 2021



A composite image featuring a young man's profile in the foreground, looking towards the right. Inside his head, a detailed landscape of a mountain range is visible, with a prominent peak in the center. The mountains are covered in snow and have a warm, golden glow, suggesting a sunrise or sunset. The foreground man is wearing a white shirt. The overall composition is set against a light, hazy background.

**CARVE YOUR  
OWN PATH**



Athabasca  
University

**2020-21  
ANNUAL REPORT**

TO ALBERTA ADVANCED EDUCATION  
FOR THE YEAR ENDED MARCH 31, 2021



A woman wearing a dark grey hijab is shown in profile, facing right. Her face is partially obscured by a semi-transparent overlay of a nature scene. The scene includes a dark silhouette of a forest in the foreground, a range of mountains in the middle ground, and a bright, hazy sky in the background. The overall color palette is dominated by blues, greys, and whites.

## OUR VISION

Transforming Lives,  
Transforming Communities.

## OUR 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.

## ACKNOWLEDGMENT

The members of the Athabasca University community respectfully acknowledge that we live and work on the traditional lands of the Indigenous Peoples of Canada (First Nations, Inuit, Métis). We honour the ancestry, heritage, and gifts of the Indigenous Peoples and give thanks to them.

*Trigger warning: Indian residential schools, death*

In May 2021, we received the tragic news of the discovery of the remains of 215 children at the site of the former Kamloops Indian Residential School in B.C. The entire university community shares the horror and sadness of Canadians, particularly of Indigenous peoples, at this and subsequent discoveries, and the multi-generational trauma that has resulted from the treatment of Indigenous peoples. We are committed to working towards truth and reconciliation with Indigenous peoples and implementing the action plan of Nukshahtowin at AU. We have lowered the flags at our Athabasca buildings for 215 days in an expression of respect, grief, and remembrance.

We urge all members of our community to remember and reflect on the lives lost to the residential school system and to acknowledge the impact on the survivors and their families for generations.

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## ACCOUNTABILITY STATEMENT

Athabasca University's Annual Report for the year ended March 31, 2021, 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 Nancy Laird*

Nancy Laird, BA (Hons.), MBA, ICD.D  
Chair, The Governors of Athabasca University

September 13, 2021

## 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, are executed in accordance with all relevant legislation, regulations, and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

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

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

*Original signed by Deborah L. Meyers*

Deborah L. Meyers, CPA, CA

President (*Interim*)

*Original signed by David Head*

David Head, MBA, B. Comm (Co-op), CRM

Vice-President Finance and Performance Services  
and Chief Financial Officer (*Interim*)





**MESSAGE  
FROM THE  
PRESIDENT**



## MESSAGE FROM THE PRESIDENT

The past year has been full of challenges and excitement for Athabasca University, marked by growth in our learner population across the country and the launch of new initiatives to assure our continued success.

While the COVID-19 pandemic and associated restrictions have been far and away the greatest factor affecting the post-secondary sector, the international health crisis has brought opportunity along with challenges, particularly for AU, Canada's Online University. We have continued to work towards the fulfilment of our *Imagine* strategic plan, removing barriers to learners' participation in post-secondary education.

Over the past year, AU's accessible, online courses and programs have enabled learners across Canada and beyond to pursue their educational goals uninterrupted, in an environment that is purpose-built for digital learning.

In 2020–21, AU saw an increase in enrolment among all learners, particularly among Alberta learners, which increased by 5.7 per cent. Overall, registrations grew by 8.6 per cent in 2020–21, and by 14 per cent among Alberta learners. Our full-load equivalent (FLE) increase was 5.8 per cent.

Financially, AU ended the year with an annual surplus of \$1.6 million, within one per cent of the approved expense budget. The result reflects a balance between investing in the *Imagine* strategic plan and supporting learners and team members during the pandemic.

The university also made great progress this year on our most transformational project to date—a new integrated learning environment that will bring together all aspects of online learning and learner support into one seamless ecosystem befitting a leading-edge, digital-first institution. This initiative will greatly enhance our learners' experience and help our team members continue to advance their digital skills.

AU also collaborated with numerous educational partners in the public, non-profit, and private sectors throughout the year by offering our own accessible, online programming through the university's entrepreneurial unit, PowerED™, and by elevating and enhancing course content for others on the PowerED™ learning platform.

The university streamlined its operations on many fronts this year, optimizing the financial services and information technology divisions and becoming the first post-secondary institution in Canada to move all of its digital infrastructure to AU's own secure cloud environment.

We also marked a year of celebrations in 2020–21, most notably AU's 50th anniversary, with a series of events and festivities that included the launch of a podcast, a commemorative art installation in Athabasca, and a series of socially distanced "Light the Night" celebrations in Athabasca, Edmonton, and Calgary.

To fittingly celebrate the accomplishments of our learners during this difficult year, AU held its first virtual convocation in October 2020, with close to 2,000 graduates, family, friends, and AU team members participating from all over Canada and around the world. This unique, online event gave learners an opportunity to connect with professors and classmates and celebrate their incredible milestone despite the restrictions of the pandemic. It also won the award for the best virtual event at the 2021 International Live Events Association Esprit Awards, which showcase the most successful and innovative events from 2020.

One of AU's biggest accomplishment of 2020–21 was, however, less outwardly visible: the willingness and enthusiasm of its community to embrace challenge and change. Despite the many challenges of the pandemic, including a sudden, emergency shift for many of our team members to working remotely, the university made significant progress on many key initiatives while continuing to grow. This success in the face of adversity speaks to the resilience of our team members and their ongoing commitment to our learners. I trust that the coming year will continue to bring positive, progressive change at AU.

Deborah L. Meyers, CPA, CA  
President (*Interim*)

## **PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT**

In 2013, the Government of Alberta enacted the *Public Interest Disclosure (Whistleblower Protection) Act* and associated regulations. The legislation protects employees making disclosures of wrongdoing that they have observed in the workplace for the purpose of facilitating the disclosure of wrongdoing, resolving problems revealed through investigation, and promoting public confidence in the public sector. In compliance with legislated reporting requirements, no disclosures were received or referred under the *Whistleblower Protection Act* in 2020–21.





“

*Thank you, AU, from the bottom of my heart, for helping me achieve my dream of earning my degree. Thank you for breaking down the barriers in students' lives that keep them from receiving an education. Thank you for transforming my life.*

*Courtney King, Bachelor of Arts in Anthropology student*

5%



**5% of learners have self-identified disabilities.**



38

**The average AU graduate student is 38 years old.**

“

*Knowing that AU is supporting me throughout my program provides me courage, comfort, and drive to keep reaching toward my goal and completing this program successfully. As a nurse who is currently working full-time, I am grateful that a convenient university such as AU exists.*

*Maribel Jody, Master of Nursing student*

“

*Since enrolling as a student with AU, I have not had to sacrifice opportunities, goals, or dreams. Their structure has fit into my life (and my structure into their life!) with ways that allowed me to continue to pursue any opportunity that came my way. I am grateful for the structure AU provides.*

*Jenna Maclaine, Bachelor of Science student*



# OPERATIONAL OVERVIEW



## OPERATIONAL OVERVIEW

The pandemic was the most significant factor affecting all aspects of society worldwide over the past year, and the post-secondary sector was no exception. Health and safety restrictions closed schools and universities across the country, forcing a sudden, emergency shift to online learning for most. Even for Athabasca University, a leader in digital-first education, the COVID-19 pandemic caused significant disruption for learners and team members alike, affecting their learning and work environments, their mobility, and their physical and mental health.

While the AU community faced many challenges during the year, there were also many opportunities for growth, development, and partnership. The pandemic highlighted the importance of information technology in education and accelerated the demand for digitally enabled learning. For learners, AU offered a means to continue or start their education journey safely, without the need to travel to a physical campus.

As a result, the university saw a significant increase in enrolment over the course of the fiscal year, with registrations increasing by 8.6 per cent overall, and by 14 per cent in Alberta. Total learners increased by 1.1 per cent from March 2020 to March 2021, with the number of Alberta learners growing by 5.7 per cent in the same period. Because 75 per cent of AU's program learners are already in the workforce, the university was able to provide them with new opportunities to build skills and advance their careers. Learners were also able to gain valuable work-integrated learning opportunities by participating in an expanded virtual co-op program in the Faculty of Business. AU is committed to offering quality education through continuous assessment to ensure our programs and courses are adaptable, strategic, and sustainable.

AU's new Strategic Enrolment Management (SEM) Plan was approved in April 2020. This established a connected, proactive, strategic approach to managing enrolment, focusing on both recruitment and retention. A working committee has been established to govern and drive SEM activities.

The university's entrepreneurial arm, PowerED™, created significant offerings for professionals to advance their skills and build resilience this year, through courses like Navigating Extraordinary Times, a free offering that launched in May 2020 and now has more than 2,200 registrants across Canada and internationally, and Embracing Allyship and Inclusion, a course launched in November 2020. PowerED™ is

also a revenue generator for AU, providing a net contribution of \$1.08 million to the university in 2020–21.

Not only was AU able to help more learners this year, its experts in online and digital learning forged formal and informal partnerships in the community to support others as they transition into the online learning space. AU created and posted resources on its website and continues to offer its course Learning to Learn Online for free to thousands of learners and educators around the world.

PowerED™ helped numerous post-secondary partners move their course material online, such as Algoma University, Grande Prairie Regional College, and the Banff Centre for Arts and Creativity. Community partners also benefited from the university's expertise. Groups like Chartered Professionals in Human Resources Alberta, the Canadian Football League, The Rick Hansen Foundation, and others have partnered with AU to develop courses and/or make courses available to their members.

While Athabasca University has been a semi-virtual organization since the early 2000s, with more than half of team members working remotely, the pandemic necessitated the move of almost all team members to remote work. Statistics Canada reported 5.4 million Canadian employees aged 15 to 69 worked most of their hours from home in January 2021, compared to only 1.8 million pre-pandemic. A recent Conference Board of Canada report on remote work found organizations they surveyed reported a tenfold increase in their remote workforce during the pandemic. In keeping with this societal shift, in May 2020, AU's Board of Governors approved the shift of AU from a semi-virtual to a near-virtual organization. The details of this new work environment are currently under development through an engagement process with the AU community.

Despite the disruptions of the pandemic, which presented challenges to many areas of research activity, AU's research culture continued to grow in 2020–21. Research activity and funding grew, as did partnerships with external community groups and industry. This is further described in Goal 4 and the Research section. AU also pressed further into the digital domain with a plan to develop, deliver, and disseminate research in the cloud. The IDEA (innovation, discovery, exploration, and acceleration) Lab will position AU researchers to advance research and innovation further and faster by using cloud technologies through partnership with Amazon Web Services. This early investment and plan for growth will add a new and essential element to the provincial economy.

After setting the stage in 2019–20, this year AU was able to launch the creation of a state-of-the-art integrated learning environment unique in the Canadian post-secondary landscape. Contracts with software company partners D2L and Ellucian were signed in October 2020 and work continues to engage a broad spectrum of the university community in its build and implementation.

The platform will provide more interactive course content for learners, provide individualized learning paths, give learners personalized feedback, and engage them through social tools and video. It will also include the management of learning, data records, academic and financial services, credentialling, and customer relations, all in a secure cloud environment.

AU made great strides in recognizing and nurturing the diversity of its community through a series of equity, diversity, and inclusion initiatives. It also finalized the Nukskahtowin plan, formalizing goals to create an environment that respects Indigenous knowledge and values, and promote Indigenous teachings throughout the university.

While improving its services and offerings for learners, the university also made progress on an ambitious series of administrative projects to streamline and optimize its operations. These include IT services, finance, financial planning and analysis, data and analytics, the Office of the Registrar, and communications and marketing.



“

*I am the first in my family to attend university, and with the support of my loving husband and two amazing kiddos, I am going to succeed...I have the chance to be something, to do something, and to finally embrace that five-year-old who wanted to take on the world.*

*Carla Cyr, Bachelor of Arts student*



31

**The average AU undergraduate is 31 years old.**

“

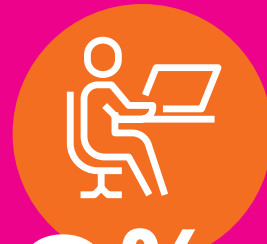
*I have chosen to restart my life after the age of 50 and build a better me...You will never regret joining Athabasca University. The professors helped me so much guiding me on how to plan myself for projects, and also giving encouraging feedback to submitted assignments. I love being back learning.*

*Nazira Chatur, Bachelor of Arts student*

“

*Knowledge is power, and at Athabasca University, I have been able to rebuild my power.*

*Leah Stienstra, Applied Mathematics student*



89%

**89% of learners are from urban areas.**



# ENROLMENT AND PROGRAM CHANGES



## ENROLMENT AND PROGRAM CHANGES

A total of 43,303 learners worldwide took advantage of AU's flexible online learning programs in 2020-21. This marks an increase in both total learners and Alberta learners at both the undergraduate and graduate levels.

The number of Alberta learners increased by 5.7 per cent to 18,987, up 5.8 per cent at the undergraduate level and up 4.4 per cent at the graduate level. Overall enrolment increased by 1.1 per cent, while enrolment as full-load equivalents increased by 5.8 per cent overall. (Figure 1)

Course registrations also increased over the previous year, by 8.6 per cent overall in 2020–21. (Figure 2) Course registrations by Alberta learners rose 14 per cent, increasing at both the undergraduate level (14.6 per cent) and the graduate level (8.1 per cent). These course registrations include a significant number of learners who take courses at AU and transfer credit to another institution, or for general interest, but who are not enrolled in an AU credential program. This is consistent with AU's mission to remove barriers for learners to access and succeed in university-level study, wherever they may be in their educational journey.

Figure 1

Learners Enrolled at AU: 2018–19 to 2020–21

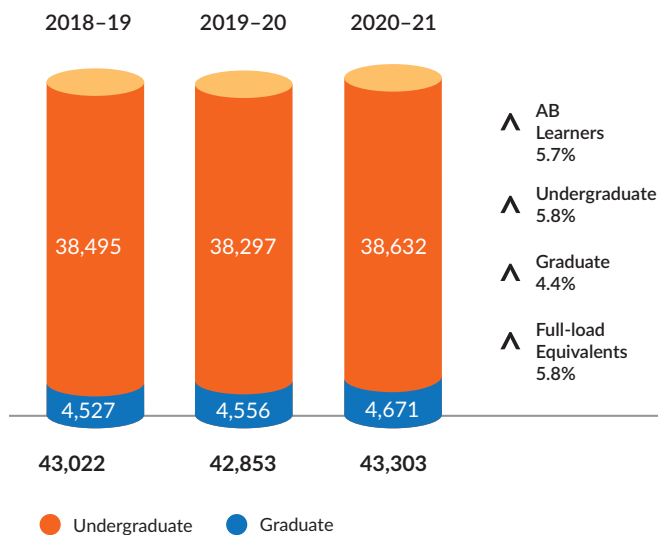
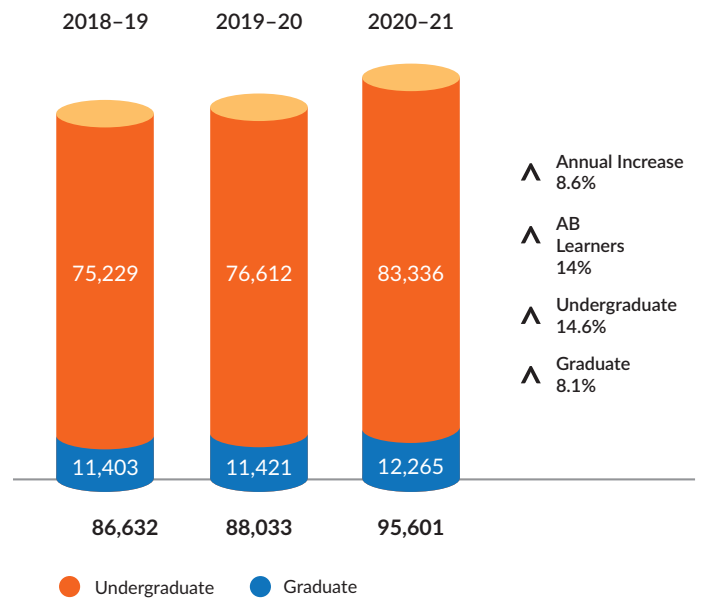


Figure 2

AU Course Registration: 2018–19 to 2020–21



AU continues to consider new proposals through the prism of a new program development framework. Proposals that align with *Imagine* and the ministry's priorities have been submitted to the ministry.

AU is committed to providing an adaptable, data-informed, strategic, and sustainable mix of credentials, programs, and courses. Curriculum renewal initiatives are ongoing and include:

- The Master of Education in Distance Education underwent a name change to the Master of Education in Open, Digital, and Distance Education, effective September 1, 2020.
- Master of Counselling: Career Counselling Specialization will be terminated, pending approval by Alberta Advanced Education.
- The Master of Counselling: Art Therapy Specialization has closed, effective March 17, 2021.
- The Bachelor of Health Administration Program will close, effective upon approval by Alberta Advanced Education of the Bachelor of Health Studies.
- Program regulation changes to the Graduate Diploma in Legislative Drafting, effective upon approval by Alberta Advanced Education as follows: 15-credit program to 18-credit program.

“

*I have never thought I could learn this much, accomplishing knowledge that is connecting with my previous studies, making me envision who I want to be as person with disabilities, and giving my knowledge to the technology industry.*

*Henry Ochoa, Bachelor of Computer Science and Information Technology student*



43,303

43,303 total learners at AU

4%



4% of learners self-identify as Indigenous

“

*I am now almost one-and-a-half years cancer free...I'm so grateful to have been doing my degree through a university that afforded me the flexibility to pause when I needed to, and to resume at odd months when it was convenient for me.*

*Megan Maksym, Bachelor of Arts in Psychology student*

“

*Never give up on yourself and never let anyone tell you that you cannot complete your educational goals whatever they may be.*

*David Newman, Doctorate in Business Administration candidate*



# GOALS AND PERFORMANCE MEASURES



## GOALS AND PERFORMANCE MEASURES

The goals of Athabasca University are outlined in its strategic plan, *Imagine: Transforming Lives, Transforming Communities*, and focus on the university's role as an academic and research institution dedicated to removing barriers between learners and their educational goals, advancing strategic research priorities, and working with community and educational partners across the post-secondary landscape. The university's goals, along with the performance measures for each, are detailed below.

### GOAL 1. Systemically remove barriers to create a culture of inclusion in which all learners are welcome

This is a key goal for AU. To this end, the university advanced several important projects in 2020–21 to further a culture of inclusion. These include the approval of a three-year mental health strategy and the establishment of a new, dedicated mental health website for the AU community with resources, including a 1-800 number, to support learners in crisis through the university's mental health co-ordinator. More than 50 learners self-referred in 2020–21. In response, AU has approved an additional investment of \$300,000 in mental health for 2021–22 to address this identified need.

As well, the university invested in a series of resources for team members, including mental health and wellness training modules and resources for those who work directly with learners, and unconscious bias training through our equity, diversity, and inclusion initiative. The university's General Faculties Council also developed guiding principles for redeveloping assessments at AU, recognizing the need for an inclusive approach that faculties will work to embed in the future.

Efforts are also underway across AU faculties to Indigenize course content and create additional supports for Indigenous learners.

In partnership with AU's undergraduate and graduate students' associations, the university awarded \$444,000 in emergency bursaries, recognizing the financial hardship faced by some learners. An additional \$1 million has been allocated to bursaries in 2021–22 and will be targeted to some of the most marginalized learners. Because of the additional difficulties learners experienced during the pandemic, the university has also continued to provide flexibility around course extensions for learners who require more time to complete their courses.

While the majority of Alberta post-secondary institutions increased tuition for the upcoming academic year by the maximum-allowable seven per cent, AU chose to limit its tuition fee increase to five per cent to lessen the financial strain on learners. This was strongly informed by feedback from our student unions about the particular impact of tuition increases on our learners.

### PERFORMANCE MEASURES

learner age: undergraduate 31.5, graduate 38.3; overall 32.2  
(2019–20: undergraduate 31.0; graduate 38.6; overall 31.8)

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percentage of learners with self-identified disability: 5%

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percentage of learners who self-identify as Indigenous: undergraduate 4.2%; graduate 3.4%; overall 4.1%  
(2019–20: undergraduate 3.7%; graduate 2.9%; overall 3.6%)

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domestic learners living in rural areas: 11.1% (2019–20: 10.9%)

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domestic learners living in urban areas: 88.9% (2019–20: 89.1%)

international learners: 3.27% (2019–20: 3.11%)

total funds distributed through needs-based grants: \$658,673 (2019–20: \$258,578)

number of learners registered to receive accessibility services: 3,769

number of learners registered with one disability: 2,698

numbers of learners self-identifying with two or more disabilities: 1,071

number of learners identifying a mental-health disability: 1,661

number of exam accommodations for learners registered with Accessibility Services: 5,155

number of learners who received alternative forms of assessment in their courses: 171

## **GOAL 2. Leadership in quality, innovative, accessible, and research-informed open, digital, and distributed learning**

The university's integrated learning environment (ILE) transformation program is underway, following the signing of contracts in October 2020 with partners Ellucian and D2L. Learners have been involved in co-designing the first phase pilot of the new Brightspace learning management system within the ILE, in particular through participation in design sessions for a new look and feel and navigation. When complete, AU's ILE will be one of the most innovative and accessible digital learning experiences in the post-secondary space.

AU is recognized as a leader in online and distance learning research. Our ongoing, artificial-intelligence-powered virtual co-op research project in the Faculty of Business is expanding to include an additional sector—construction and project management services—and a new pilot in design within the Architecture program of the Faculty of Science and Technology. Two other business courses, including one required for all undergraduate business learners, have also become AI-powered simulation courses during the past year. Learner feedback to this innovative and highly relevant approach has been very positive.

New technologies such as Mobius, a specialized math teaching platform, are being used for math assessment and as part of a pilot of full online course delivery in math, freeing up time for tutors to spend one-on-one with learners.

The Faculty of Science and Technology is developing three micro-credentials (in cooperation with PowerED™) in Innovative and Diverse Energy Resources, Energy Efficiency in Architecture and Construction, and Ethics and AI. These were funded by the Government of Alberta, in recognition of the key role micro-credentials can play in workforce growth and development.

In the Faculty of Humanities and Social Sciences, two new assistant professors in Distance Education are bringing expertise in emerging technologies, techno-pedagogical models, and digitally innovative ideas. The faculty also offered Massive Open Online Courses about blended learning practice and learning to learn online through ongoing partnerships with the Commonwealth of Learning and Contact North.

## **PERFORMANCE MEASURES**

learner satisfaction with learning experience: 78.4% (undergraduate); 2019–20: 78.5% (undergraduate)

learner satisfaction with course materials: 75.2% (undergraduate); 2019–20: 74.3% (undergraduate)

## GOAL 3. Integrated, affordable, accessible, relevant, and up-to-date learning resources

AU's new integrated learning environment, currently under development, will significantly improve the baseline accessibility of AU's courses and provide a platform on which to expand its future use of open educational resources.

AU provides all textbooks to learners as part of their course package, and has been increasingly adopting digital versions of texts over the last year, in part as a response to pandemic supply-chain issues. As part of this work, AU conducted a full audit of all courses to understand textbook availability and affordability. This data will inform the Learning Resources Strategy in the coming year.

Cost is a significant factor in access to learning for AU learners, and as mentioned under Goal 1, AU distributed \$444,000 in emergency bursaries to learners over the past year and limited its tuition fee increase to five per cent, based on learner feedback about affordability.

The Faculty of Science and Technology, in partnership with PowerED™, AU's entrepreneurial arm, received \$1.042 million in provincial government funding to support the development of three new micro-credentials: Innovative and Diversified Energy Resources; Energy Efficiency in the Architecture, Engineering, and Construction Industry; and Ethics and Artificial Intelligence. Each micro-credential includes a work-integrated learning component and will be available online and on-demand to meet the needs of Albertans and the broader global market.

As well, PowerED™ continued to develop and rapidly deploy new micro-courses and certificates to meet upskilling and reskilling needs in the market, including project management, leadership development, and allyship and inclusion.

### PERFORMANCE MEASURES:

learner satisfaction with learning experience: 78.4% (undergraduate)

learner satisfaction with course materials: 75.2% (undergraduate)

## GOAL 4. Reputation for scholarly activity, dissemination and impact reflecting our comprehensive research university status

The continual growth of AU's research culture has resulted in greater research energy and activity within and across faculties, and well beyond the virtual campus. This includes increased success in securing funding and refining research revenue metrics. In 2020–21, AU's total institutional research funding reached \$3.5 million. This blend of internal and external funds enabled discovery, development, and dissemination of research at AU.

Faculty researchers secured more than \$855,000 in research grants from Tri-Agency—Social Sciences and Humanities Research Council (SSHRC), Natural Sciences and Engineering Research Council (NSERC), and Canadian Institutes of Health Research (CIHR). This is due to an increasingly collaborative and responsive approach to research as well as a 50-per-cent increase in Tri-Agency applications, resulting in a 122-per-cent increase in successful applications over the previous year.

The university began planning for the development and implementation of a research data management (RDM) strategy. This work is to ensure compliance with the recently released Tri-Agency policy on Research Data Management, which requires institutions to have an RDM strategy in place by March 1, 2023, to be eligible to manage Tri-Agency grants.

External funding from non-Tri-Agency sources was significant, exceeding \$1.5 million. This revenue enhanced AU's capacity to integrate and partner with external community groups and industry. To continue the trajectory of success in research funding, AU delivered a strategic and focused program of grant development workshops and consultations this year.



The research funding from these sources enabled AU researcher to both answer existing questions of societal significance and craft future-forward questions for yet-unknown challenges and unrealized opportunities. The funding secured in 2020–21 will launch and sustain research into key areas including:

- Advances in machine learning, artificial intelligence, intelligent agents, and gamification for innovating the future of online and technology-enabled learning.
- Innovations in environmental monitoring in at-risk ecological areas using emerging sensor technologies and hybrid approaches with community-based data collection.
- Development and dissemination of sustainable architectural design challenges and practices in a globally connected design studio.
- Assessing gaps and leading recommendations for organizational transformation and expanding economies due to digitization or disruption.
- Exploring historic and contemporary risks to the rights and resources of Indigenous communities in Canada.
- Research and recommendations into the evolving needs of health disciplines training and delivery in virtual practices or care facilities disrupted by the pandemic.

The impact of AU's research in these and other initiatives reaches across disciplines. AU's most prolific areas and published outcomes contribute to the top-three categories of social sciences, health disciplines, and informational and computer science. Mapping these metrics onto the United Nations Sustainable Development Goals indicates that AU scholars are leading in advancing the goals of quality education, climate action, and good health and well-being. In this way, AU research is increasingly locally invested yet internationally oriented.

Recent successes in AU's research revenue also enabled the growth of the university's Canada Research Chairs program. AU's current allocation of five Tier II Canada Research Chairs positions (four active, one open) increased to six following a federal allocation exercise. AU has initiated the search process for the two open positions with nominations planned for spring 2022. AU's broader cadre of chairholders—supported by Canada Research Chairs, Campus Alberta Innovates Program, UNESCO, and Association of Commonwealth Universities—continued to lead and shape their academic disciplines with outcomes impacting both the public and industry.

To ensure AU's impact extends beyond the ivory tower and academic guilds, researchers continued to pursue open access publication of findings and embraced new opportunities for public engagement with research. By 2020–21, 34.9 per cent of all research publications were open access, which is above the Canadian average of 26.5 per cent.<sup>1</sup> In January 2021, AU became an institutional member of The Conversation Canada, part of a global online publishing consortium that brings academic voices to timely topics in society and culture. In this short time, AU researchers' articles have reached more than 114,000 readers around the world. Several articles were picked up and republished through leading media outlets including University Affairs, Global News, World Economic Forum, and the National Post. In this growing library of research-informed articles designed with the public in mind, AU researchers are bringing their voices to complex issues such as the surge of anti-Asian racism, encroachment on Indigenous communities and resources, sustainable community policing, and emerging technologies and supports for distributed learning in, and after, the COVID-19 pandemic.

While the pandemic presented many challenges to the feasibility and progression of some research, AU found opportunities within adversity to ensure both emerging and established researchers were equipped for impact. Thirteen researchers were supported through a special internal call for COVID-19-related research projects. As part of a developing research-communications strategy, the Research Centre and the University Relations division partnered on a pilot "Research with Reach" online video series to communicate the contributions of AU researchers in this time. The four researchers profiled brought an informed perspective to complex issues revealed or accentuated in the past year, including: the legacy and impacts of sexual violation of Indigenous women; understanding and assessing pain in long-term elderly care; mental health impacts of the pandemic on transgender communities; and uncovering and revolutionizing masculinity in policing organizations.

To mitigate against some of the effects of pandemic restrictions for sharing research that pose a particular career risk to graduate and early-career researchers, the Research Centre, Faculty of Graduate Studies, and PowerED™ partnered on an open course called "Design Your Research for Impact: Emerging Methods for Mobilization." This course provides forward-looking training for researchers to establish their profile and present their research in multiple ways, while gaining transferable skills in the process.

<sup>1</sup> For global rankings and data, see European Commission statistics.

The reach of the open course will expand across Canada and globally with the support of an Early Career Researcher Training Grant secured through the Association of Commonwealth Universities.

## PERFORMANCE MEASURES:

learners employed in research projects: 37 (2019–20: 31)

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percentage of AU faculty who held external funding in the past year: 6% (new metric)

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total Tri-Agency research grant funding: \$855,000

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Tri-Agency application success rate: 61% or 20 of 33 (2019–20: 42% or 9 of 22)

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non Tri-Agency research grant funding: \$1.5 million

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non Tri-Agency funding success rate: 55% or 16 of 29 (2019–20: 48% or 15 out of 31)

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percentage of research publications that are open access: 35% (Canadian average is 26.5%, see footnote p. 14)

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## GOAL 5. New pedagogies, ideas, technologies, and processes that support learning and research are identified, tested, deployed, assessed, and retired in real time

A variety of new pedagogical approaches, ideas, and technologies were used this year across the faculties at AU.

As a result of adapting to the COVID-19 pandemic, paper-based exams have been replaced by the Mobius learning platform in Math courses, and Lyrinx in Accounting courses. The Faculty of Science and Technology moved math examinations to Mobius to address additional assessment needs and the requirement for greater functionality. This platform is now being evaluated for possible expansion to more courses to deliver additional online exams with enhanced accessibility, integration, and security, that are highly scalable. Learner interactions with Mobius are also being explored to trace evidence of learning and to support learner reflection and progress towards goals. A similar approach to the use of formative analytics is being considered for computing courses in the next year using a different tool.

Virtual studios for Architecture and a virtual global lecture series connecting learners and faculty around the world are successful examples of new technologies used this year. An Agile methodology is being integrated in the faculty's graduate Research Methods course to significantly improve the level of engagement of learners and help them regulate their study habits. Further, Agile learning is expected to empower instructors to personalize the study experiences of learners.

As mentioned previously, the virtual co-op program is expanding in the Faculty of Business and two additional AI-powered simulation business courses have been created. AU's experiences on the pedagogical implications of using artificial intelligence in courses have been shared across Canada in a variety of outreach publications. The Faculty of Business also developed an Assurance of Learning (AoL) handbook and all programs have conducted two cycles of AoL assessments and addressed the gaps identified. Significant work on redeveloping the Indigenous Business major has also taken place over the year. The Indigenous major is now delivered through a hybrid model of cohort-based classroom learning and online learning to Indigenous learners. An independent survey showed the delivery model was well-received.

In the Faculty of Health Disciplines, technology allowed in-person practicum courses to become online clinicals in the Master of Counselling program in response to the COVID-19 pandemic.

The Write Site in the Faculty of Humanities and Social Sciences (FHSS) has moved to support learners at all stages of the writing process by providing them with real-time appointments prior to the revising, editing, and proofreading stages of writing their assignments. FHSS academics have proposed the development of a foundational Indigenous Research Methods course to be used across disciplines and faculties. Additionally, programs in the faculty, such as the Heritage Resources program, supported the online delivery of in-person practicum courses in response to the restrictions caused by the pandemic.



The Faculty of Graduate Studies is implementing a formal program of essential skills training and professional development for graduate learners.

PowerED™ has been working to develop new micro-learning experiences that provide targeted content to develop specific skills. The majority of PowerED™ courses are self-directed, asynchronous, and available on demand. Learners can get started when and where they want. While content is sequenced, learners are given the flexibility to explore courses in the order they choose. Practical, relevant training is important for adult learners, so PowerED™ is creating simulated scenarios using artificial intelligence (AI) to integrate real-world experience into its digital offerings and provide real-time feedback for the learner to reflect and adjust their actions and behaviours. Work-integrated learning through AI simulations is also a key component of three new, government-funded micro-credentials that are industry-endorsed to develop technical and soft skills for Albertans and the broader market.

PowerED™ crowdsources content for its micro-courses, using its social network to tap into the ideas and experiences of its community, and then builds these ideas and experiences into courses as features, videos, blogs, quotes, and more. Examples of crowdsourced content can be found in Navigating Extraordinary Times, Embracing Allyship & Inclusion, and Purpose & Flow.

“The Uplift” is a large-scale crowdsourcing initiative to engage the PowerED™ community and involve them in the creation of a new course, from generating the idea to helping in the concept and design. The course is then shared back to the community for free.

## PERFORMANCE MEASURES:

learner satisfaction with learning experience 78.4% (undergraduate)

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PowerED™ micro-courses:

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percentage of learners satisfied with experience: 100%

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percentage of learners who would recommend the course(s) to colleagues, family and friends: 95%

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percentage of learners who feel confident applying what they have learned to their work: 95%

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## GOAL 6. Partnerships that enable the creation of value

AU has continued to build partnerships this year both within the post-secondary sector and in the broader community, working with a wide range of organizations to enable lifelong learning opportunities for their members and stakeholders.

In addition to articulation agreements with thousands of national and international institutions allowing transfer credit for more than 50,000 courses, AU has formed strategic partnerships and collaborations with the following learning providers:

- The Alberta Ministry of Education and Saskatchewan Ministry of Education for dual-credit opportunities. In Alberta, AU is partnered with 13 school divisions that allow high school learners to earn AU credits; similarly in Saskatchewan, every high school learner has access to earning AU credits through five foundational courses.
- A range of colleges, to create pathways for learners to earn an AU degree through program transfer agreements. In the last year, AU has developed new collaborations with George Brown College, Humber College, Bow Valley College and Maskwacis Cultural College. AU has also partnered with Mother Teresa Women’s University (India) to create learner exchange opportunities at the graduate level.

In the broader community, AU has expanded its partnership portfolio with several institutions and corporate organizations:

- In sports and entertainment, AU has built partnerships with several national sports organizations, including the Western Hockey League, the Professional Hockey Players’ Association, the Canadian Football League Players’ Association, the Canadian Football League Alumni Association, and the Canadian Olympic Committee. Members within these organizations are able to take advantage of AU courses and programs while balancing their commitments to professional athletics.

- In other industries, AU has formed partnerships with Global Affairs Canada, the United Food and Commercial Workers, the Climate Heritage Network, and the Canadian College of Health Leaders. These partnerships enable these organizations to offer AU courses and programs to their respective memberships.
- A partnership with the Military Employment Transition Program College Consortium also recognizes approved military experiences and training as credit toward AU programs.

As well, PowerED™ has a variety of partnerships with government, non-profit, corporate, and post-secondary institutions in Alberta and Ontario. These include The Rick Hansen Foundation, the Digital Wellness Institute, Justice Sector Constellation, Chartered Professionals in Human Resources Alberta, the Banff Centre for Arts and Creativity, Algoma University, Grande Prairie Regional College, and the University of California–Irvine.

AU continued to build engagement with alumni virtually during the past year, launching several new initiatives including an alumni book club, and a new alumni engagement survey that launched in November 2020. Alumni Connect, a networking program for alumni and learners funded through RBC Future Launch, saw 811 active members participating to build their networks and discussed shared interests and goals.

## PERFORMANCE MEASURES:

number of partnership renewals: 4 (Saskatchewan Polytechnic, High Prairie School Division, St. Albert Public Schools, CFLPA agreement renewal)

number of new partnerships: 4 (Canadian College of Health Leaders, Mother Teresa Women's University, Canadian Writing Center Association, Maskwacis Cultural College)

number of additional dual credit courses: added 6 new dual credit courses

## Goal 7. AU leaders, teams and individuals respond to opportunities and challenges with a lens focused on continuous improvement in all that we do

AU's focus on continuous improvement is embedded across the organization, from the transformation of frontline learner services and the new integrated learning environment to optimization projects in IT, digital security, web, finance, and communications services.

In a number of areas, the university has focused on integrations that will scale operational capacity through efficiencies in people, processes, and technology. For example, enhancements and upgrades to AU's backend infrastructure, migration to cloud-based systems, and integration of key web-based technologies have modernized AU's online and web-based digital experience.

AU's Finance and IT divisions began a streamlining and optimization process this year. The Finance team is focusing on improvements in five key areas: service, accountability, process, organizational performance management, and data-driven decision-making. A new service model for financial planning and analysis is also in the works. In IT, optimization is underway to meet the strategic cloud business, digital strategy, and digital security needs of the university.

AU's *Imagine* strategy depends on using digital technologies at the speed of exploration and innovation, resulting in opportunities, but also introducing new digital or cybersecurity risks. The Digital Security Program was conceived to anticipate and adapt to the proliferation of new and evolving advanced threats, changes in rapidly transformation of technologies, and the increasingly volatile macro-economic landscape. Adaptive cybersecurity updates have included adoption and implementation of an enterprise cybersecurity framework, enablement of enhanced cybersecurity controls in AU's cloud environments, security awareness training, enhancing staff security through the use of multifactor authentication, and improvements in cybersecurity monitoring capabilities.

The program continues to mature to ensure the removal of cybersecurity barriers to the university's strategic objectives while assuring resilience, privacy, and safety through alignment with, and adoption of, industry-leading cybersecurity frameworks to protect the AU environment for both team members and learners.

In 2018, AU implemented an integrated planning framework, which it continues to refine and enhance. Integrated planning has facilitated better collaboration across boundaries, and a strong commitment to AU's vision of the future. More effective planning processes have resulted in a more sustainable approach to planning that builds relationships, aligns the organization, and enables transformation. AU continues to refine its assessment and evaluation processes to support institutional effectiveness and is developing an assessment framework to get a clear picture of performance and the use of data to inform decisions.

Advances in research this year were coupled with several initiatives to enhance the success and supports for AU's research culture. Members of the Equity, Diversity, and Inclusion (EDI) Committee submitted a successful Canada Research Chairs (CRC) EDI Action Plan. The plan builds on an assessment of the current state of EDI at AU and resulted in focused recommendations and action items to grow representation in and through AU's growing Canada Research Chair (CRC) program. By adopting a dual focus on academic and inclusive excellence in this leading program, AU will both meet equity targets set by the agency and build a more sustainable chair program.

To ensure that AU's research is increasingly represented and aligned with priorities and strategies of external funding agencies, the university extended and embraced opportunities to liaise with those agencies. AU now has research representation on all three researcher/institutional consultation networks of the three Tri-Agency funders: SSHRC, NSERC, and CIHR. AU maintained an active voice in conversations with the New Digital Research Infrastructure Organization (NDRIO) through participation in consultation initiatives as well as contributions of documentation and recommendations. These opportunities allow for ongoing representation, protracted alignment of research priorities, and refinement of strategic directions.

As a digital-first university with an ambitious research mandate, AU advanced two parallel digital infrastructure initiatives that will increase capacity for research and innovation as well as improve the representation and reporting of research activities.

Building on the successes of AU's digital transformation, the university developed an implementation plan to develop, deliver, and disseminate research using cloud storage, tools, and assets within a virtual research domain. Powered through partnership with Amazon Web Service (AWS), AU's IDEA Lab will be a sector first. It will enable innovation, discovery, exploration, and acceleration (IDEA) of research that is increasingly collaborative and responsive to challenges and opportunities in communities and industry. As a signature and strategic asset for AU, this virtual space and its resources will also include future-forward training and research experiences for undergraduate and graduate learners. These learner partners in research will acquire cutting-edge skills and knowledge of technology-enabled research that can be applied to future academic endeavours and employment opportunities.

To improve AU's ability to capture and collect data related to research outcomes, the university has assessed needs around research analytics for strategy, faculty advancement, accreditation, and external reporting. These needs have informed a request for proposal that will result in a digital solution for research assessment. The data and analytics capabilities of the solution will also extend AU's strategy for external engagement and representation of research to continually advance the university's status as a public research university in Alberta.

## PERFORMANCE MEASURES:

Integrated Resource Plan process rating (from members of AU's Administrative Council): 6.2/10

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Employee engagement survey results:

"I understand how my role contributes to achieving our vision": 51% (2019 survey, up 4% from 2018)

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"We understand what needs to be done for us to succeed in the long run": 61% (2019 survey, up 7% from 2018)

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"We live the AU value of Community": 61% (2019 survey, up 11% from 2018)

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## GOAL 8. Our university reflects a culture of inclusion

The university's Equity, Diversity and Inclusion (EDI) framework is almost complete. To build awareness within the AU community, unconscious bias training was made available to all team members starting in March 2021. Facilitator-led training sessions were provided to search committees for the president and deans, as well as to HR team members, senior leaders, and managers and supervisors at the institution. AU has also partnered with the Queer Education Foundation to begin a document review process to ensure all AU forms and documents are incorporating an intersectional EDI and gender-inclusive lens. The EDI committee at AU is also working with Nukskahtowin on an intersectional approach to EDI. A SharePoint site was also launched to promote and facilitate an inclusive culture and provide educational content to help create and enhance an environment that addresses the under-representation of groups that have been historically disadvantaged in employment.

In alignment with the ongoing work of striving towards inclusive excellence at AU, members of the EDI committee submitted a successful Canada Research Chairs EDI Action Plan. The plan builds on an assessment of the current state of EDI at AU and resulted in focused recommendations and action items to grow representation in and through AU's growing CRC program (see Goal 7). By adopting a dual focus on academic and inclusive excellence in this leading program, AU will both meet equity targets set by the agency and build a more sustainable chair program.

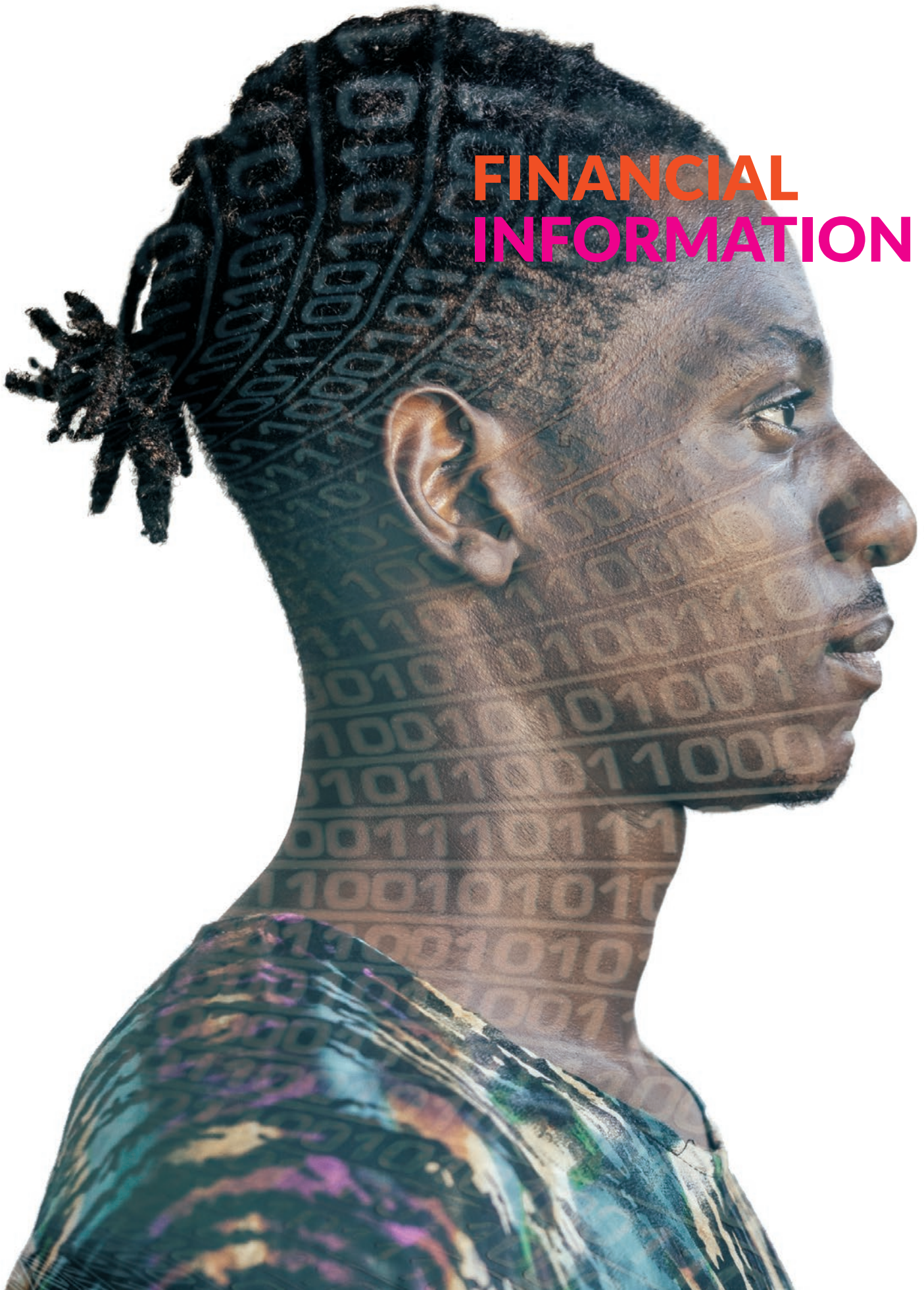
AU course content also reflects an EDI approach. In November 2020, PowerED™ launched the micro-course Embracing Allyship & Inclusion, enabling participants to recognize discriminatory practices, develop inclusive behaviours, and lay the groundwork for meaningful allyship in the workplace and beyond. The online micro-experience is enriched with multimedia stories from the community, and includes reflective activities to increase awareness and inspire action.

In January 2021, PowerED™, in partnership with the Rick Hansen Foundation, launched Accessible Spaces 101. This new course builds on the success of the first-ever online offering of Rick Hansen Foundation Accessibility Certification™ (RHFAC) Training. Accessible Spaces 101 is a fully on-demand course that can be completed within a two-week period. The course examines the impact of the social and physical environment on persons with disabilities and introduces the application of Universal Design for creating meaningful access.

The PowerED™ delivery model also supports a culture of inclusion. Its flexible, online and on-demand digital offerings enable learners to get started at a time that works best for them. Learners can schedule coursework around other work and life commitments, and the micro-format enables them to move quickly through the experience, developing practical skills that can be immediately applied to their careers.

### PERFORMANCE MEASURES:

AU team members' response to equity, diversity, and inclusion survey question (2020) "Our culture at AU is supportive of equity, diversity, and inclusion": 60% agree, 25% neutral, 15% disagree.



# FINANCIAL INFORMATION

# OVERVIEW

## Delivering Solid Results

Athabasca University's financial results reflect its vision to be a leading, digital-first, post-secondary education institution. The resilience of the vision was made clear when a global pandemic disrupted almost every aspect of life.

AU closed the 2020–21 fiscal year with an annual surplus of \$1.6 million (\$3.1 million in 2019–20), within one per cent of the approved expense budget. The result reflects a balance between investing in the *Imagine: Transforming Lives, Transforming Communities* strategic plan and providing responsive support to learners and team members during the pandemic.

AU increased net assets to \$38.4 million—up \$7.2 million from \$31.2 million the prior year, largely as a result of an increase in unrealized gains of \$5.6 million in the fair value of portfolio investments.

Understanding the financial results begins with an analysis of the pandemic's pervasive and profound impact. The pandemic has been a source of concern and disruption in the lives of learners and team members. It has, however, had both favourable and unfavourable effects on AU's bottom line.

With in-person learning suspended at most post-secondary institutions across the country, government restrictions in workplaces, higher unemployment, and the closure of public places where people regularly gather, the demand for well-established, online, post-secondary programs has risen.

More people than ever used the time they “found” to learn with AU. Total learner headcount grew by 1.1 per cent, registrations grew by 8.6 per cent, and full-load equivalents (FLEs) grew by 5.8 per cent.

Other favourable outcomes of the pandemic that contributed to the annual surplus include reduced expenses for travel and for materials and supplies.

In recognition of the struggles that many learners were facing, AU increased learner financial aid. While the financial impact was unfavourable, supporting our learners was the right thing to do.

Against the pandemic backdrop, AU continued to advance its strategic priorities, invest in learner-

focused initiatives, strengthen its digital security, accelerate its transition to a near-virtual work environment, evolve its organizational structure, and invest in tools and infrastructure that will enable it to build on the growth of the last year.

Many organizations were suddenly forced to work remotely by the pandemic. With more than 50 per cent of its team members already working remotely, AU was able to quickly transition to having more than 95 per cent of its team members work remotely in response to the COVID-19 pandemic. While the planning for the transition of a greater number of team members working remotely began in 2018, AU's response to the pandemic has accelerated this initiative.

As Alberta faces the combined challenges of an economic downturn and the pandemic, government grants have been, and will continue to be, under pressure. The Alberta government expects that the post-secondary sector will be 49 per cent internally funded in 2021–22, rising to 52 per cent in 2022–23<sup>2</sup>. AU's internal funding rate is one of the highest in the province at 69.1 per cent, significantly higher than the provincial average.

At the same time, the government has encouraged post-secondary institutions to diversify their revenue. AU has responded. The PowerED™ team has leveraged AU's experience as a digital-learning leader to enable other institutions to successfully transition to the delivery of online education. PowerED™ provided a net contribution of \$1.08 million, after direct costs, to the university in 2020–21 through open enrolment course sales, custom learning offerings for corporate organizations, collaborations with organizations to digitally transform in-person learning, and through licensing PowerED™ courses. PowerED™ is one example of how AU's vision is delivering new revenue and benefits.

Audited financial results are provided in the appendix.

<sup>2</sup> Government of Alberta. (2020). *Fiscal Plan Protecting Lives and Livelihoods 2021–24*. <https://open.alberta.ca/dataset/6f47f49d-d79e-4298-9450-08a61a6c57b2/resource/ec1d42ee-ecca-48a9-b450-6b18352b58d3/download/budget-2021-fiscal-plan-2021-24.pdf>



# OPERATING STATEMENT

## Navigating Adversity

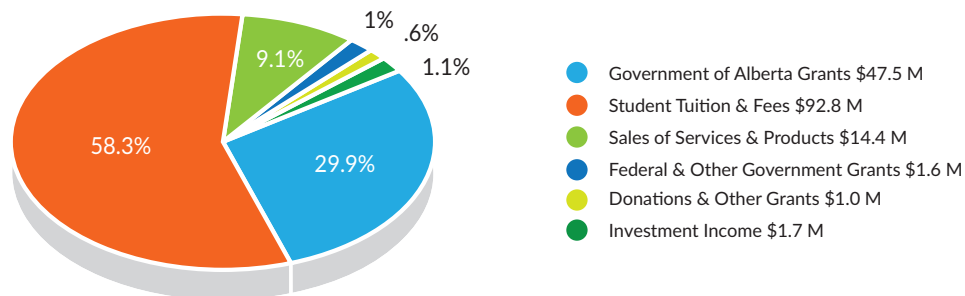
The 2020–21 operating statement reflects the varied and significant impacts of the pandemic. While it's difficult to measure precisely, a number of specific areas were directly affected.

### Revenue

- Increased enrolment generated higher learner tuition and fees, along with a corresponding increase in the sales of services and products.
- As the pandemic elevated uncertainty and stress in the lives of many learners, AU began offering free course extensions to give learners time to reassess their ability to continue their programs under pandemic conditions. Extension fees were waived for four months during the year; however, demand for extensions continued at higher levels even after this period, resulting in higher extension fee revenue for the year.
- In-person examination fees were waived as AU pivoted in response to COVID-19 restrictions to protect the health of team members and learners by moving examinations online.

Figure 3

Sources of Revenue (\$ Millions) 2020–21



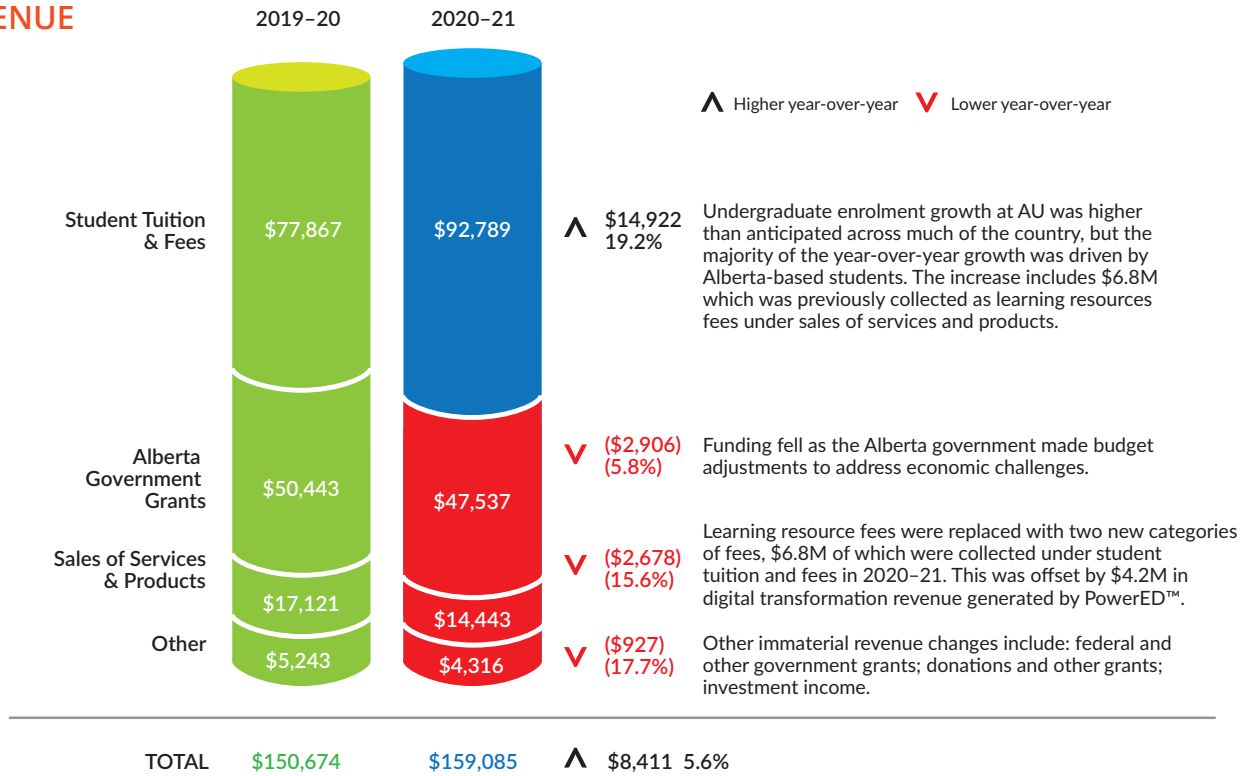
### Expenses

- Team members' travel expenses were significantly reduced as most worked from home and greater reliance was placed on video-conferencing technology to facilitate meeting needs.
- Savings resulted when rented spaces for events, conferences, and convocation were no longer required after these activities transitioned to virtual delivery in response to COVID-19.
- Emergency learner financial aid bursaries were provided to support at-risk learners in overcoming the financial pressures of the pandemic without sacrificing their educational aspirations.
- The shift to a near-virtual work environment resulted in higher expenses than budgeted, including the cost of one-time home-office setups, biweekly payments for incidental home-office costs, the rollout of the unified communications strategy, and increased support and training. These activities were planned for future years, but their acceleration will provide budget repurposing opportunities as AU's demand for office space declines.

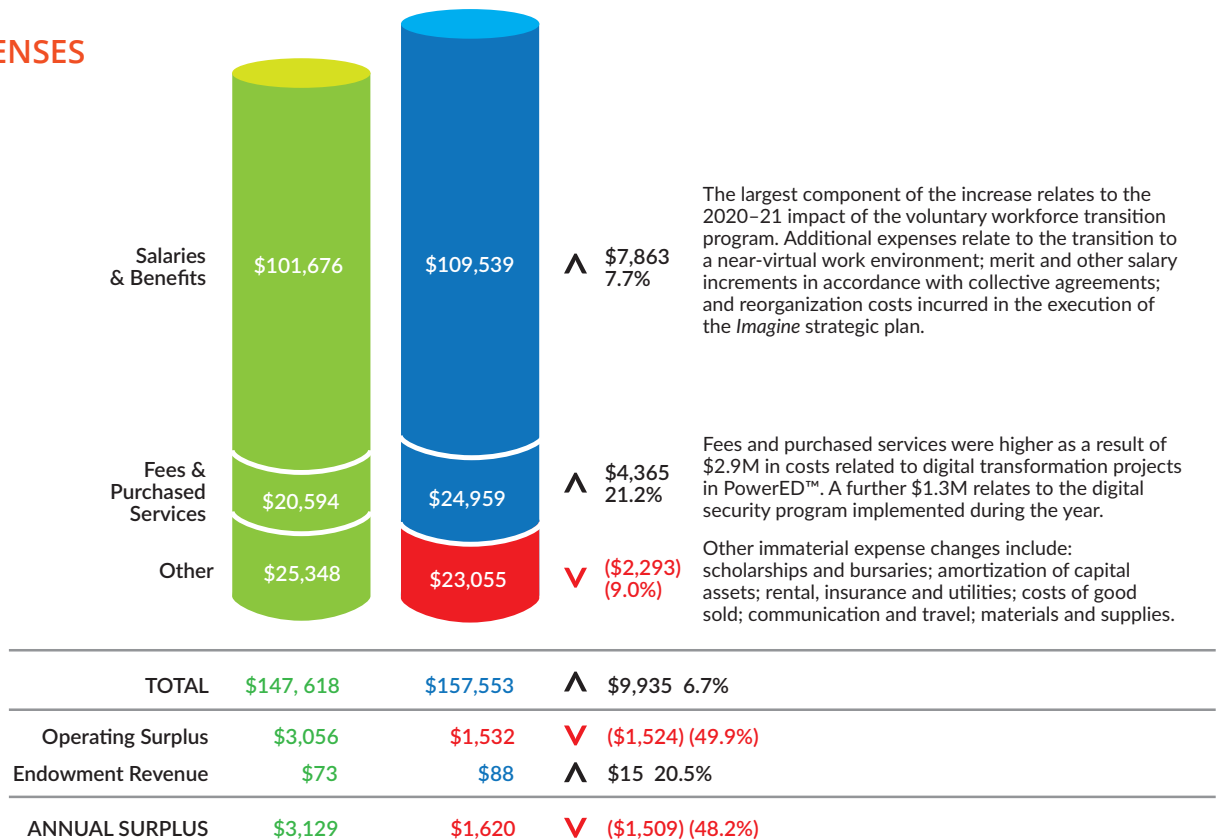
STATEMENT OF OPERATIONS

YEAR-OVER-YEAR COMPARISON *(Thousands of Dollars)*

REVENUE



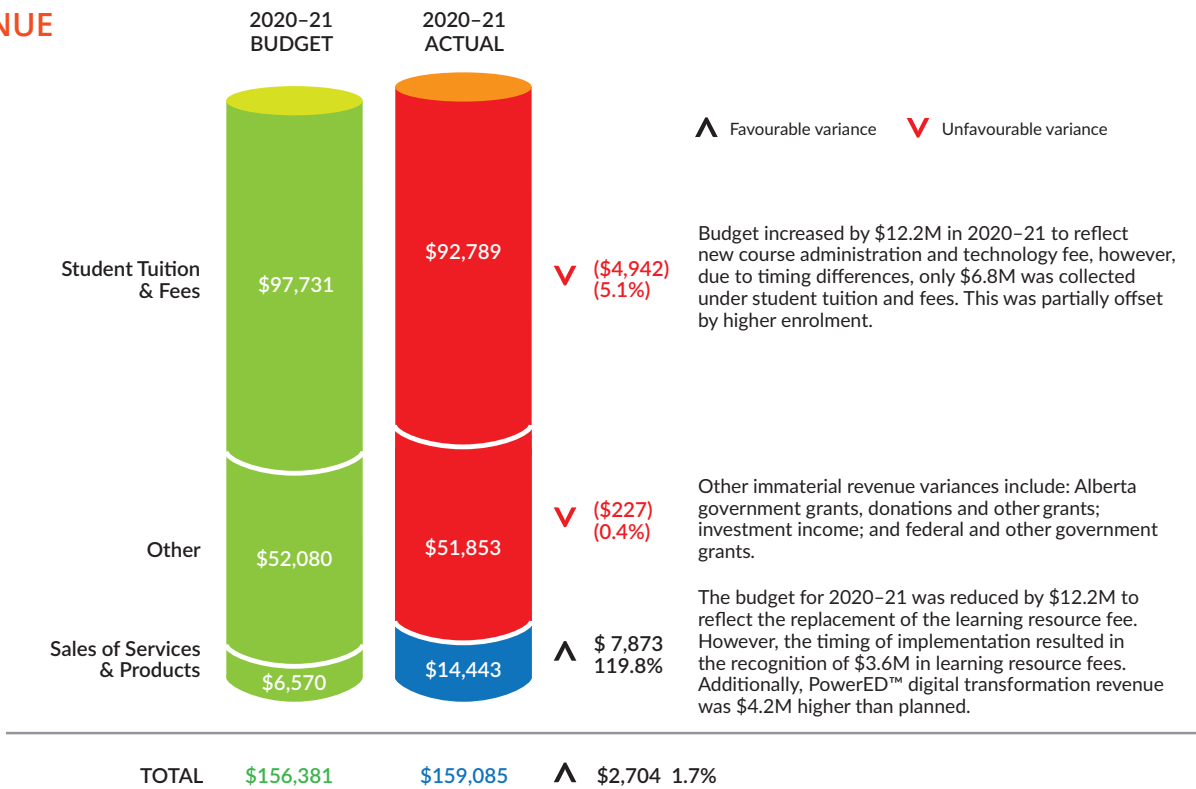
EXPENSES



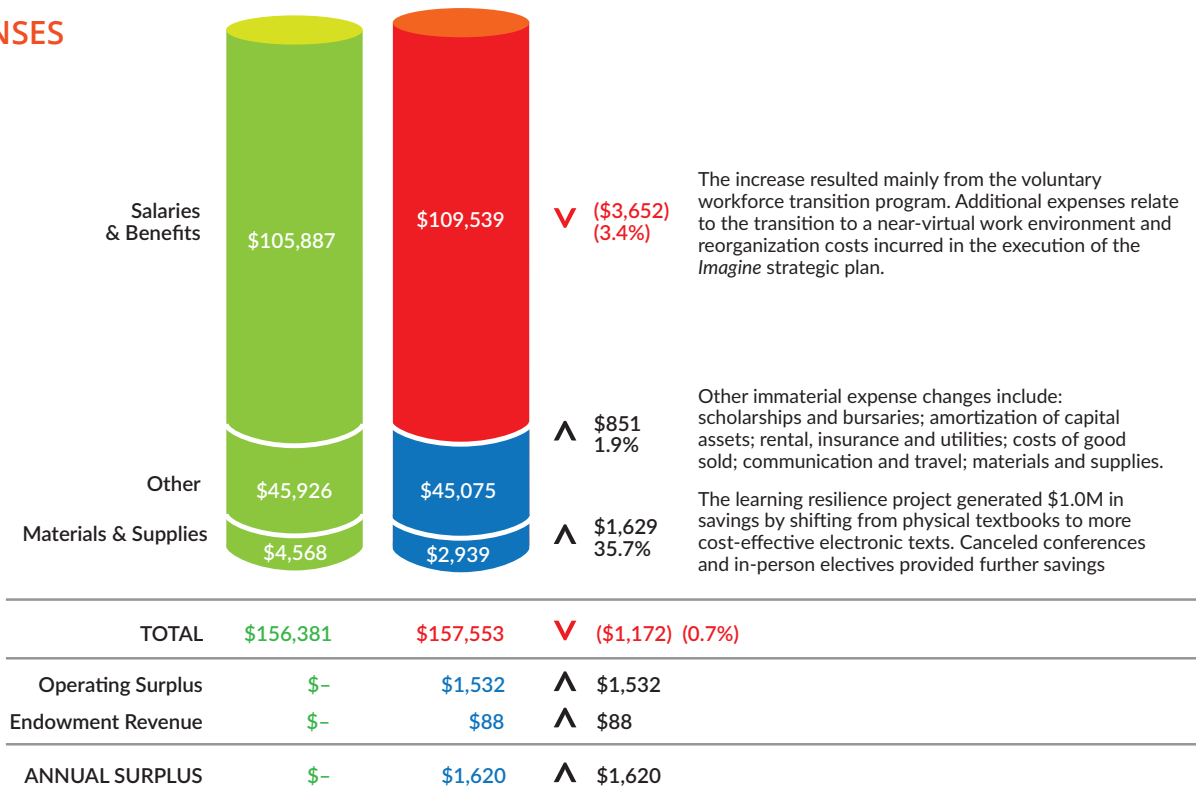
STATEMENT OF OPERATIONS

**BUDGET VS ACTUAL** (Thousands of Dollars)

REVENUE



EXPENSES



Operating Surplus	\$-	\$1,532	▲ \$1,532
Endowment Revenue	\$-	\$88	▲ \$88
<b>ANNUAL SURPLUS</b>	<b>\$-</b>	<b>\$1,620</b>	<b>▲ \$1,620</b>



## STATEMENT OF OPERATIONS

### EXPENSES BY FUNCTION

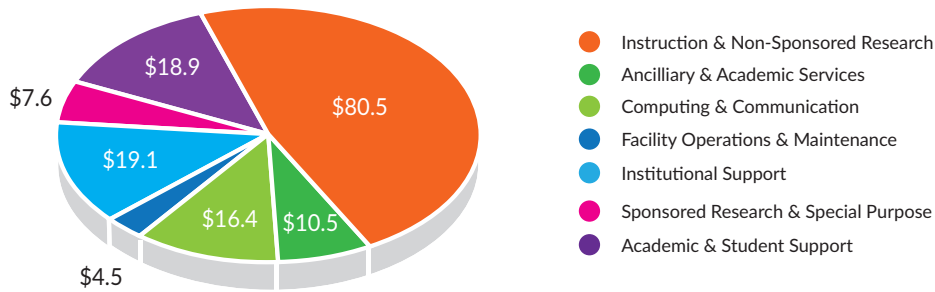
Exploring the university's operating expenses by function provides additional perspective on where expenses are incurred in the delivery of programs and services that support AU's mission. AU uses the definitions in the Ministry of Advanced Education's Financial Reporting Information System as the basis for categorization<sup>3</sup>.

As a digital-first, online university, it is important to recognize the critical role that AU's computing and communication infrastructure plays in its instructional activities.

While AU's resources remain dedicated to the delivery of its core instructional and research mandates, growth in ancillary services expenses related to the digital transformation activities of PowerED™ support additional revenue generation in the year and help mitigate the need for tuition increases in the future.

Figure 4

**Expenses by Function (Figures Rounded to \$ Millions) 2020–21**



<sup>3</sup> Athabasca University uses government definitions as the basis for the categorization. The definitions are provided in note 2(i) of the detailed financial statements.

# STATEMENT OF FINANCIAL POSITION

## Increasing Net Assets

The balance sheet provides a snapshot of the assets and liabilities of the university. Over the year, net financial assets increased \$5.4 million, and net assets increased \$7.2 million. The chart on page 34 provides a summary.

The university's liquidity needs are met primarily through operating cash flows, working capital balances and funding received through grants. The net financial assets identify the availability of net financial resources to fund future operations after considering liabilities owed to third parties. During the year, net financial assets increased mainly as the result of growth in learner enrolments. The growth in learner enrolments affected both financial assets (i.e., cash, including portfolio investments—non-endowment) and, by a lesser amount, liabilities related to deferred revenue for the portion of courses paid for but not yet delivered. Liabilities also increased as a result of salaries and employee benefits related to reorganization costs.

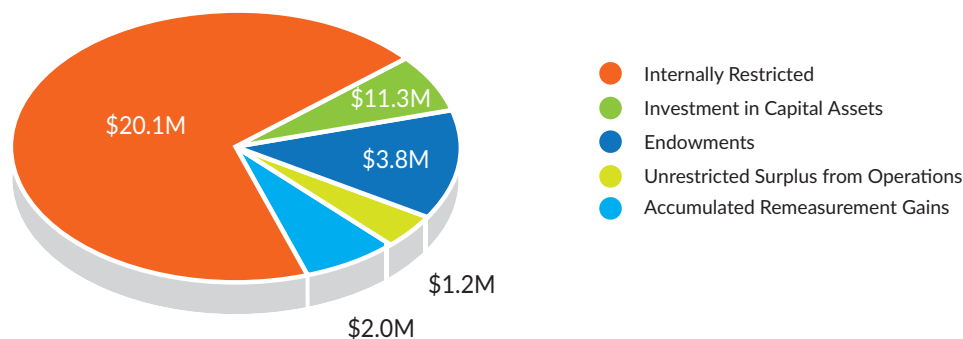
The university's net financial assets balance of \$24.8 million includes \$4.0 million of portfolio investments restricted for endowments. Endowment-restricted investments represent donations that must be maintained in perpetuity and capitalized investment income (to protect the economic value of endowment) that also must be maintained in perpetuity. Consequently, these investments are not available to pay liabilities or fund future operations, including capital purchases.

Non-financial assets—which comprise tangible capital assets, purchased intangible assets, and prepaid expenses—increased by \$1.1 million. This increase resulted from additions, net of amortization, to tangible capital assets primarily for computer hardware and software.

The university's net asset balance is the difference between assets and liabilities and is an important indicator of the university's financial health and sustainability. The \$7.2 million increase in net assets at March 31, 2021, comprises a net surplus of \$1.6 million and a \$5.6 million increase in unrealized gains in the fair value of portfolio investments. AU has sufficient net assets to provide for the ongoing operations of the organization. Net assets comprise accumulated surplus and accumulated remeasurement gains. Accumulated surplus includes the cumulative surplus from operations (inception-to-date operating surpluses and deficits) allocated as both unrestricted and internally restricted, investment in capital assets (university-funded), and endowments (externally restricted). The proportions that make up the total net assets at March 31, 2021, are presented in the chart below.

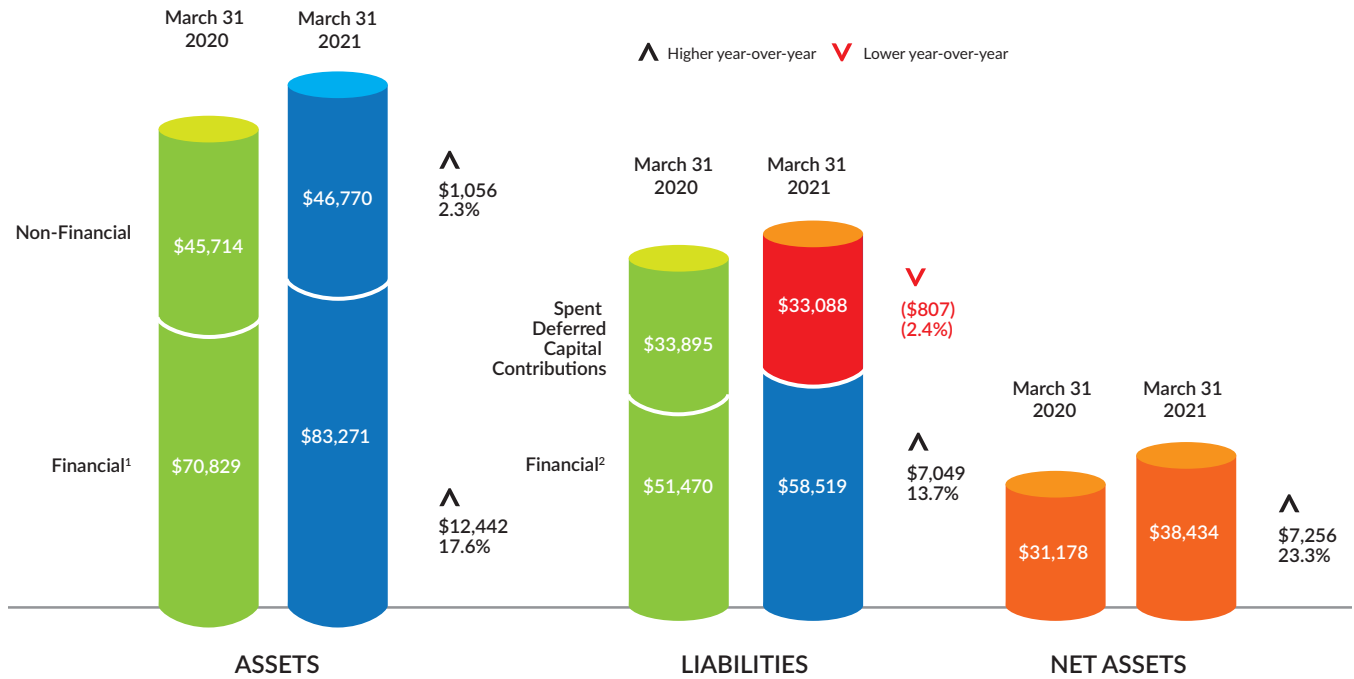
Figure 5

Net Assets (\$ Millions)



STATEMENT OF FINANCIAL POSITION

YEAR-OVER-YEAR COMPARISON *(Thousands of Dollars)*



<sup>1</sup> Including portfolio investments restricted for endowments of \$3,092

<sup>2</sup> Including portfolio investments restricted for endowments of \$3,983





**CAPITAL  
REPORT**

## CAPITAL REPORT

AU's 2020–21 capital plan was developed in alignment with the strategic priorities outlined in AU's *Imagine* plan. It was formulated with a focus on ensuring AU's stability, sustainability, and scalability, recognizing that the university is in a complex and changing environment. The plan was guided by the theme "focus, finish, and find efficiencies" to ensure AU continues its transformation through the completion of key institutional projects.

Under this plan AU identified five priorities:

### **Integrated Learning Environment**

- The Integrated Learning Environment offers a new set of solutions that will shape the AU digital environment as a digital-first university. Once complete, it will enable the new *Imagine* learning framework and the new innovation pipeline and learner services models that will be tightly entwined with the new learner experience.
- This project is underway and expected to go live in fall of 2022. Under an Agile methodology, enhancements will continue in 2022–23.

### **Digital Experience Project**

- The Digital Experience Project will design and develop an improved digital, end-user experience for current and prospective AU learners across external web properties using cloud-based web infrastructure, technology integrations, and a new information architecture.
- This project is ongoing and will be completed in 2021–22.

### **Digital Security Program**

- Central to AU's digital learning experience is a comprehensive digital security program. This program provides a framework to enable and support the realization of AU's digital business objectives and removes cybersecurity barriers to the university's strategic objectives.
- Approved elements of the program roadmap are being implemented with additional implementations scheduled for completion in early 2021–22. In response to an evolving digital business landscape, the program will continue to adapt to support business objectives.

### **Rapid Cloud Migration**

- As a key deliverable of the *Imagine* strategic plan and RISE, the IT strategic plan, the Rapid Cloud Migration project will enable AU to grow its learner base in a scalable cloud environment.
- This project was completed in 2020–21.

### **Near-Virtual Transition**

(formerly Greater Edmonton Area Space Consolidation)

- AU has operated a semi-virtual work environment since 2006 and, in December of 2018, the board of governors approved the design of a purposeful and supported approach to optimizing it. In March 2020, in response to the pandemic, all roles that could work remotely were required to do so. At that time, 54 per cent of AU's team members were already home-based. In May 2020, the board approved a plan to shift from a semi-virtual work environment to a near-virtual one post-pandemic.
- AU will be engaging broadly with team members, committees, governing bodies, and learners over the summer of 2021 as it designs a near-virtual environment optimized for AU's needs.
- As a result of the shift to a near-virtual work environment, the greater Edmonton area space consolidation project has changed.

AU's reliance on digital infrastructure results in most of its capital investment targeted at information technology assets. However, it also incurred capital expenditures during the year for maintenance of physical locations which support both teaching and administrative functions. The capital plan also included various smaller capital investments which ensured the sustainment of AU assets and capabilities.



**RESEARCH,  
APPLIED  
RESEARCH  
AND  
SCHOLARLY  
ACTIVITIES**





## RESEARCH, APPLIED RESEARCH AND SCHOLARLY ACTIVITIES

AU researchers continue to advance the thematic areas established in the Strategic Research Plan (SRP) in alignment with the key performance indicators of *Imagine*. The priorities and directions of the SRP include the following four areas:

- 1 Environmental and societal dynamics of sustainability.
- 2 Disruptive pedagogies.
- 3 Culture, health, and well-being.
- 4 Digital futures.

Scaling success in research across these themes positioned AU scholars to both advance existing areas of research excellence and lead in emerging areas of research opportunities. The SRP's goals and performance measures focus on (1) advancing researcher activities and achievements in areas of social and cultural significance and (2) amplifying AU's reputation for high-impact research that includes and recognizes the key roles of learners, communities, and partners within and beyond Alberta.

The research enterprise at AU continues to prioritize the integration of learners into projects, directly contributing to job creation as well as training for a diversified economy. AU researchers employed 37 learners in externally funded projects and were proactive in optimizing internal and external funding opportunities for integration of highly qualified personnel. These include the NSERC Undergraduate Research Award (six allocations, 2020) and Alberta Innovates Summer Studentship program (five allocations, 2020) as well as regular, prioritized funding for research assistants through the AU Academic Research Fund and direct support for early career researchers in the Graduate Student Research Fund. AU's IDEA Lab virtual research domain includes dedicated funding to attract and develop emerging talent in cloud technology for research and impact in the economy. AU's faculties and faculty researchers continue to remove barriers to job creation through innovations in the uses of artificial intelligence to develop and deploy virtual settings for training in key sectors, particularly by honing skills through a virtual co-op of simulated work experiences led by AU's Faculty of Business.

AU research advances in the areas of environment and ecology have contributed to industry-relevant insights into the recovery and effects of natural resource development in the areas of bioremediation, hydroecology, sensor development and applications, computer-assisted modelling, and environmental monitoring that integrates scientific approaches with Indigenous knowledge. AU's leadership in these areas is supported through growing networks and outputs of the Athabasca River Basin Research Institute, which includes membership of three research chairs and an exceptional cadre of cross-disciplinary researchers in the Faculty of Science and Technology (FST) and the Faculty of Humanities and Social Sciences (FHSS). A sample of the advances and opportunity in this area include Dr. Shauna Zenteno's (FST) Canada Foundation for Innovation John R. Evans Leaders Fund award to undertake metagenomic analysis of microbial communities in northern Alberta to determine aquatic system health.

The leadership of AU researchers in the spaces of sustainable and regenerative design contributes to positioning Alberta as a leader and innovator in strategies and practices for smarter and greener infrastructure design. Dr. Douglas MacLeod (FST) was successful in securing SSHRC funding to expand the reach and impact of the Global Design Studio, which currently has an architectural and design network that spans 18 organizations, eight countries, and four continents. Dovetailing this excellence in design with leadership in cultural priorities, Dr. Henry Tsang (FST) was awarded the 2020 Canadian Architect Award of Excellence for his design of the Calgary Japanese Community Association.

Research partnerships with both industry and community groups continue to be a priority and an area of strategic development. In 2020–21, AU researchers across faculties initiated or developed relationships for research in a diversity of sectors to advance research, contribute to economic vitality, and improve the lives of Albertans. These include partnerships or collaborations with members of the energy industry, environmental groups, health clinics and networks, and telecommunications and technology companies. In addition to this growing integration with the private sector, AU researchers remain active academic partners within the province. By published outcomes of research, AU's top collaborators include the University of Alberta and University of Calgary.

AU occupies a unique space in the provincial sector and has a bold vision for building upon its existing areas of research excellence, outcomes, and impact while optimizing its digital-first identity, assets, and opportunities to discover and innovate with, and on behalf of, Albertans.



**REGIONAL STEWARDSHIP,  
FOUNDATIONAL LEARNING AND  
UNDER-REPRESENTED LEARNERS**



## REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING AND UNDER-REPRESENTED LEARNERS

AU made significant progress this year on initiatives to support under-represented learners, particularly Indigenous learners, low-income learners, and learners with disabilities.

The university's Nukskahtowin team finalized its strategic plan, a significant milestone in AU's journey toward conciliation. The plan was developed through a self-determined engagement process and includes four broad goals: developing a cultural framework; creation of an ethical space to discuss Indigenous knowledge and issues; naturalization of Indigenous knowledge; and Indigenous research opportunities. Through the year, the leadership of Nukskahtowin worked to implement several of the initiatives described in the strategy, including the creation of a Council of Allies, a Council of Elders, and an Indigenous art gallery in the Nukskahtowin Centre in Athabasca. The Council of Elders will be in place by the end of August and will work on implementing the goals of the Truth and Reconciliation Commission of Canada.

The Nukskahtowin team participated in two international symposiums on Indigenous sustainability in 2020–21 and is co-hosting a national discussion on Métis identity with Ryerson University in the fall of 2021. Cultural outreach programs continued virtually through the pandemic, including a virtual "bannock and a movie" series, and the monthly book club and cultural teachings/discussions with AU Elder Maria Campbell. Within the faculties, efforts are underway to Indigenousize course content and provide supports to Indigenous learners.

As referenced earlier in the report, the university also awarded \$444,000 in emergency bursaries, recognizing the financial hardship faced by some learners, and in 2021–22 allocated \$1 million to bursaries targeted to some of the most marginalized learners.

AU has also developed unique partnerships to support learners from under-represented groups. An Indigenous-focused partnership with Maskwacis Cultural College is enabling AU to co-develop information technology (IT) learning materials. For athletes with disabilities, AU's partnership with the Canadian Olympic Committee provides Paralympic athletes access to AU courses and programs.

Within rural communities, AU's partnerships and collaborations with both Alberta and Saskatchewan high school divisions provide access to many rural-based high school learners to take advantage of AU's courses and programs. In addition, partnerships with rural-based institutions, such as Lakeland College, support rural-based populations.

For many AU learners registered with Accessibility Services and learners with pre-existing mental illnesses, pandemic restrictions significantly impacted their mental health and well-being. Learners who had not experienced mental illness and were registered with Accessibility Services also struggled to manage their diagnoses and presented with higher levels of anxiety and depression.

To support these learners, AU's Accessibility Services partnered with the Learning Disabilities Association of Saskatchewan to provide learners with academic strategists, subject-specific tutoring, and psychoeducational assessments. Individual strategists and tutors are available to provide additional supports to learners depending on where they live in Canada. Because the cost of a psychoeducational assessments can often be prohibitive to learners, a referral process has been created directing AU learners to Alberta Works' Disability Related Employment Supports (DRES) program for the assessments.

The pandemic has prompted post-secondary institutions to critically analyze the delivery of education and how learning is assessed. Accessibility Services provided workshops to support faculty members in understanding assessment under the duty to accommodate, with a focus on understanding how we can accommodate all learners while maintaining high academic standards and rigour.

As disability service providers at post-secondary institutions across Canada were thrown into a new way of supporting learners with disabilities at a distance, members of the Accessibility Services team provided informational sessions on the provision of services and accommodations at a distance to the Network of Assistive Technologists and a variety of other smaller, disability-related service associations via Zoom and MS Teams. In addition, AU's co-ordinator of Accessibility Services is now serving on the executive team of the Post-secondary Accessibility and Disability Resource Association (PADRA) to provide expertise on delivering a spectrum of services and supports via distance learning to learners who experience disability.

# INTERNATIONALIZATION



## INTERNATIONALIZATION

International learners, drawn from 81 countries in 2020–21, currently make up about three per cent of AU's undergraduate and graduate populations.

AU's vision is to break down barriers and expand the concept of internationalization. A new framework for internationalization at AU was completed in 2019, aligning the institution's internationalization efforts with the *Imagine* strategic plan to facilitate an integrated approach to global learning.

In 2020, AU's General Faculties Council approved an Ad Hoc Committee on International Activities in support of the Internationalization Framework. The work, completed this year, highlights how AU can deepen and enhance global engagement. This is consistent with the government's Alberta 2030 plan, which seeks to strengthen internationalization, not only by attracting international learners to Alberta post-secondary institutions, but by equipping all learners with international skills and competencies. Recommendations from AU's ad hoc committee include establishing an international office at the university to co-ordinate international efforts and partnerships, developing appropriate supports for international learners, and helping learners and team members gain international competencies through their programs of study. AU will consider the recommendations during its annual integrated resource planning process set for fall 2021.



A composite image of a man's profile, facing left. The man has a beard and short hair. The image is layered with a forest scene, where the trees and landscape are integrated into the man's hair and beard, creating a surreal effect. The colors are muted, with a mix of blues, greens, and browns.

# APPENDIX A FINANCIAL STATEMENTS

# APPENDIX A



Athabasca  
University

## FINANCIAL STATEMENTS

MARCH 31, 2021

## Athabasca University

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**Athabasca University**  
**Statement of Management Responsibility**  
 Year ended March 31, 2021

The financial statements of Athabasca University (“the 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, 2021 and the results of its operations, remeasurement gains and losses, changes in net financial assets, and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that 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. All members of the Audit Committee are not employees of the University. The Audit Committee meets with management and the external auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have 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 Deborah L. Meyers*

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Deborah L. Meyers  
 President (Interim)

*original signed by David Head*

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David Head  
 Vice-President, Finance and Performance Services and,  
 Chief Financial Officer (Interim)



## Independent Auditor's Report

To the Board of Governors of Athabasca University

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

#### **Opinion**

I have audited the financial statements of Athabasca University (the University), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2021, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for opinion**

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

#### **Other information**

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

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

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

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

May 21, 2021  
Edmonton, Alberta

## Athabasca University

## Statement of Financial Position

As at March 31, 2021

*(thousands of dollars)*

	<u>2021</u>	<u>2020</u>
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash	\$ 7,594	\$ 21,260
Portfolio investments - non-endowment (Note 4)	64,560	42,541
Accounts receivable	6,427	2,707
Inventory held for sale	707	1,229
	<u>79,288</u>	<u>67,737</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,033	13,884
Employee future benefit liabilities (Note 6)	14,171	13,971
Deferred revenue (Note 7)	29,315	23,615
	<u>58,519</u>	<u>51,470</u>
<b>Net financial assets excluding portfolio investments restricted for endowments</b>	20,769	16,267
Portfolio investments - restricted for endowments (Note 4)	3,983	3,092
<b>Net financial assets</b>	<u>24,752</u>	<u>19,359</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	44,346	43,337
Purchased intangible capital assets (Note 9)	92	-
Prepaid expenses	2,332	2,377
	<u>46,770</u>	<u>45,714</u>
<b>Net assets before spent deferred capital contributions</b>	71,522	65,073
Spent deferred capital contributions (Note 10)	33,088	33,895
<b>Net assets</b> (Note 11)	<u>\$ 38,434</u>	<u>\$ 31,178</u>
<b>Net assets is comprised of:</b>		
Accumulated surplus	\$ 36,446	\$ 34,826
Accumulated remeasurement gains (losses)	1,988	(3,648)
	<u>\$ 38,434</u>	<u>\$ 31,178</u>
Contingent assets and contractual rights (Note 12 and Note 14)		
Contingent liabilities and contractual obligations (Note 13 and Note 15)		

Approved by the Board of Governors (Note 22)

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

## Athabasca University

## Statement of Operations

Year ended March 31, 2021

*(thousands of dollars)*

	Budget 2021	Actual 2021	Actual 2020
	(Note 21)		
<b>Revenue</b>			
Government of Alberta grants (Note 16)	\$ 47,411	\$ 47,537	\$ 50,443
Student tuition and fees	97,731	92,789	77,867
Sales of services and products	6,570	14,443	17,121
Investment income	1,806	1,741	2,436
Federal and other government grants (Note 16)	1,856	1,593	1,687
Donations and other grants	1,007	982	1,120
	<u>156,381</u>	<u>159,085</u>	<u>150,674</u>
<b>Expense</b>			
Instruction and non-sponsored research	82,543	80,504	78,834
Academic and student support	20,683	18,908	17,371
Institutional support	15,827	19,122	16,340
Computing and communication	15,038	16,418	11,667
Sponsored research and special purpose	7,817	7,547	10,457
Ancillary and academic services	9,193	10,510	8,382
Facility operations and maintenance	5,280	4,544	4,567
	<u>156,381</u>	<u>157,553</u>	<u>147,618</u>
<b>Annual operating surplus</b>	-	1,532	3,056
Endowment contributions (Note 11)	-	47	8
Endowment capitalized interest income (Note 11)	-	41	65
<b>Annual surplus</b>	-	1,620	3,129
<b>Accumulated surplus, beginning of year</b>	-	34,826	31,697
<b>Accumulated surplus, end of year</b>	<u>\$ -</u>	<u>\$ 36,446</u>	<u>\$ 34,826</u>

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



## Athabasca University

## Statement of Change in Net Financial Assets

Year ended March 31, 2021

*(thousands of dollars)*

	Budget 2021	Actual 2021	Actual 2020
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net financial assets, beginning of year</b>	\$ 19,359	\$ 19,359	\$ 19,545
Annual surplus	-	1,620	3,129
Acquisition of tangible capital assets	(8,147)	(6,939)	(3,110)
Purchase of intangible capital assets		(104)	-
Proceeds from sale of tangible capital assets		-	14
Amortization of tangible capital assets	5,362	5,930	5,731
Amortization of purchased intangible capital assets		12	-
Gain on disposal of tangible capital assets		-	(14)
Change in prepaid expenses		45	(401)
Change in spent deferred capital contributions	1,497	(807)	(1,733)
Change in accumulated rereasurement gains (losses)		<u>5,636</u>	<u>(3,802)</u>
<b>Increase (decrease) in net financial assets</b>		<u>5,393</u>	<u>(186)</u>
<b>Net financial assets, end of year</b>	<u>\$</u>	<u>\$ 24,752</u>	<u>\$ 19,359</u>

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

## Athabasca University

### Statement of Remeasurement Gains and Losses

Year ended March 31, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
<b>Accumulated remeasurement (losses) gains, beginning of year</b>	<u>\$ (3,648)</u>	<u>\$ 154</u>
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	5,715	(3,183)
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	<u>(79)</u>	<u>(619)</u>
Net change for the year	<u>5,636</u>	<u>(3,802)</u>
<b>Accumulated remeasurement gains (losses), end of year</b>	<u>\$ 1,988</u>	<u>\$ (3,648)</u>
<b>Accumulated remeasurement gains (losses) is comprised of:</b>		
Portfolio investments - non-endowment	<u>\$ 1,988</u>	<u>\$ (3,648)</u>

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

## Athabasca University

### Statement of Cash Flows

Year ended March 31, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
<b>Operating transactions</b>		
Annual surplus	\$ 1,620	\$ 3,129
Add (deduct) non-cash items:		
Amortization of tangible capital assets	5,930	5,731
Amortization of purchased intangible capital assets	12	-
Expended capital recognized as revenue	(3,383)	(3,157)
Gain on sale of portfolio investments	(79)	(619)
Gain on disposal of tangible capital assets	-	(14)
Increase in employee future benefit liabilities	200	434
Change in non-cash items	2,680	2,375
Increase in accounts receivable	(3,720)	(129)
Decrease (increase) in inventory held for sale	522	(85)
Increase in accounts payable and accrued liabilities	1,149	3,251
Increase (decrease) in deferred revenue	4,897	(4,647)
Decrease (increase) in prepaid expenses	45	(401)
Cash provided by operating transactions	<u>7,193</u>	<u>3,493</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(6,939)	(3,110)
Purchase of intangible capital assets	(104)	-
Proceeds on sale of tangible capital assets	-	14
Cash applied to capital transactions	<u>(7,043)</u>	<u>(3,096)</u>
<b>Investing transactions</b>		
Purchases of portfolio investments	(23,984)	(42,849)
Proceeds on sale of portfolio investments	7,592	40,883
Cash applied to investing transactions	<u>(16,392)</u>	<u>(1,966)</u>
<b>Financing transactions</b>		
Increase in spent deferred capital contributions, less expended capital recognized as revenue	2,576	1,424
Cash provided by financing transactions	<u>2,576</u>	<u>1,424</u>
Decrease in cash	(13,666)	(145)
Cash, beginning of year	21,260	21,405
Cash, end of year	<u>\$ 7,594</u>	<u>\$ 21,260</u>

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



## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(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*, the University is a comprehensive academic and research university offering fully-accredited distributed learning from its online virtual campus. Athabasca University offers credit and non-credit learning experiences that lead to professional, undergraduate, masters, and doctoral credentials across ever evolving and comprehensive disciplines. 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 and use of estimates

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The University's management uses judgment to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets, and the revenue recognition for expended capital are the most significant items based on estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these 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	Cost
Portfolio investments	Fair value
Account receivable	Lower of cost or net recoverable value
Inventory held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	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. 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, that is other than temporary, is not reversed for a subsequent increase in value.

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

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 2 Summary of significant accounting policies and reporting practices (continued)

##### (b) Valuation of financial assets and liabilities (continued)

measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

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

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either 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 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.

##### 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.

##### Endowment contributions

Endowment contributions 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.

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 2 Summary of significant accounting policies and reporting practices (continued)

##### (c) Revenue recognition (continued)

###### Investment income

Investment income includes dividends, 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.

Unrealized gains and losses on portfolio investments from unrestricted grants and donations are recognized in the accumulated remeasurement gains and losses until settlement. 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.

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 held for sale

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

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 2 Summary of significant accounting policies and reporting practices (continued)

##### (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:

<u>Asset category</u>	<u>Estimated useful life</u>
Buildings	40 years
Site improvements	10 - 25 years
Computer hardware and software	3 - 10 years
Furniture and equipment	5 - 20 years
Leasehold improvements	term of lease
Library holdings	10 years

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

##### (f) Purchased intangible capital assets

Purchased intangible capital assets is a change in accounting policy: refer to Note 3. Intellectual property including licenses and course content where the University controls access to, is recorded at cost, which includes amounts that are directly related to the acquisition, initial update or modifications to bring these assets into service. Intangible assets acquired through a transfer, contribution, or inter-entity transactions are not capitalized.

The cost, less residual value, of the purchased intangible capital asset, is amortized on a straight-line basis over the lesser of the expected useful life or the license expiry date.

Developed or inherited intangible assets, works of art, cultural and historical properties, and archival materials are expensed when acquired and not recognized as capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

##### (g) 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.



## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 2 Summary of significant accounting policies and reporting practices (continued)

##### (h) 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 participating employer 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

The University provides for certain senior administrators to accrue a compensated leave. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are recognized immediately in the statement of operations.

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

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.

##### (i) Expense by function

The University uses the following categories of functions 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.

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021  
(thousands of dollars)

#### 2 Summary of significant accounting policies and reporting practices (continued)

##### (i) Expense by function (continued)

###### 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.

###### 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.

###### Ancillary and academic services

Expenses relating to product and service sales including the provision of course materials and other learning resources to students, and consulting services for digital online transformation support to organizations and institutions.

###### 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.

##### (j) Internally restricted funds and reserves

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

##### (k) Future accounting changes

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

In November 2018, the PSAB issued PS 3400, Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, by distinguishing between revenue that arises from transactions that include performance obligations from transactions that do not have performance obligations.

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

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 3 Changes in accounting policies

The University has early adopted the Public Sector Guideline, PSG-8, for Purchased Intangible Assets. In previous years, the University accounted for purchased intangibles, such as intellectual property including licenses and course content where the University controls access to, as an expense in the year of acquisition. Effective April 1, 2020 purchased intangibles are recognized as assets in the financial statements when they meet the asset definition outlined in Public Sector Accounting Standards. The University has applied this guideline prospectively.

#### 4 Portfolio investments

	2021	2020
Portfolio investments - non-endowment	\$ 64,560	\$ 42,541
Portfolio investments - restricted for endowments	3,983	3,092
	<u>\$ 68,543</u>	<u>\$ 45,633</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:

	2021			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 35,229	-	-	\$ 35,229
Equities listed in active market	30,035	-	-	30,035
Money Market Funds	3,279	-	-	3,279
Total Investments	<u>\$ 68,543</u>	<u>-</u>	<u>-</u>	<u>\$ 68,543</u>
	2020			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 24,399	-	-	\$ 24,399
Equities listed in active market	17,093	-	-	17,093
Money Market Funds	4,141	-	-	4,141
Total Investments	<u>\$ 45,633</u>	<u>-</u>	<u>-</u>	<u>\$ 45,633</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).

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 4 Portfolio investments (continued)

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

- Money Market pooled funds: .73%; term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 3.32%; 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:

	2021		2020	
	Deferred revenue endowments (Note 7)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized (losses) gains, beginning of year	\$ (581)	\$ (3,648)	\$ (4,229)	\$ 625
Unrealized gains (losses) attributable to portfolio investments	803	5,715	6,518	(4,237)
Amounts reclassified to statement of operations	-	(79)	(79)	(619)
Net unrealized gains (losses), end of year	\$ 222	\$ 1,988	\$ 2,210	\$ (4,231)

#### 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 investment sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined, by the University's investment consultant, using the historical annualized standard deviation for the total portfolio investments over a four year period. At March 31, 2021, if market prices had a 5% (2020 - 3.7% revised) 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 \$3,427 (2020 - \$1,688 revised).



## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 5 Financial risk management (continued)

##### 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 credit rating distribution of bonds held are as follows:

	<u>2021</u>	<u>2020</u>
Credit rating		
AAA	36 %	39 %
AA	10 %	10 %
A	35 %	37 %
BBB	19 %	14 %
	<u>100 %</u>	<u>100 %</u>

##### Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University does not have an available line of credit, however it manages liquidity risk by maintaining a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements.

##### 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	Total
Money Market Funds	\$ 3,279	\$ -	\$ -	\$ 3,279
Bonds listed in active market	600	24,324	10,305	35,229
	<u>\$ 3,879</u>	<u>\$ 24,324</u>	<u>\$ 10,305</u>	<u>\$ 38,508</u>

The impact of a change in interest rates on those pooled investment funds, that are primarily invested in fixed income debt instruments, are as follows:

	0.50% decrease	0.25% decrease	0.25% increase	0.50% increase
Dollar value change	\$ 603	\$ 302	\$ (302)	\$ (603)

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 5 Financial risk management (continued)

##### 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 negligible due to minimal business activity conducted in foreign currency.

#### 6 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2021	2020
Universities Academic Pension Plan (UAPP)	\$ 12,802	\$ 12,107
Administrative Leave Plan	1,369	1,864
	<u>\$ 14,171</u>	<u>\$ 13,971</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 completed as at December 31, 2018, and was then extrapolated to March 31, 2021, resulting in a UAPP deficiency of \$817,447 (2020 - \$1,276,243) consisting of a pre-1992 deficiency of \$832,342 (2020 - \$882,337) and a post-1991 surplus of \$14,895 (2020 deficiency - \$393,906). The University's portion of the UAPP pre-1992 deficiency and post-1991 surplus has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2020 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.90% (2020 - 2.90%) of salaries until June 30, 2020 and 3.04% (2020 - 3.04%) thereafter required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$249,339 at March 31, 2021 (2020 - \$267,201).

The unfunded deficiency for service after December 31, 1991 is financed by special payments, all shared equally between employees and employers, of:

- 3.38% (2020 - 3.38%) of salaries until June 30, 2020, then reducing to 3.24% (2020 - 3.24%) of salaries until December 31, 2021
- 1.71% (2020 - 1.71%) of salaries for 2022 and 2023
- 0.70% (2020 - 0.70%) of salaries for 2024 and 2025
- 0.25% (2020 - 0.25%) of salaries for 2026 and 2027

## Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

## 6 Employee future benefit liabilities (continued)

## (a) Defined benefit plans accounted for on a defined benefit basis (continued)

Administrative Leave Plan

The University provides for certain senior administrators to accrue a compensated leave. The individual's salary and benefits in effect at the time of commencing the leave are paid for the duration of the leave. The leave obligation is actuarially determined using the projected benefit method prorated on service and is calculated based on assumptions that have been adopted as a best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2021. Net actuarial gains or losses are recognized immediately in the statement of operations. The University has provided for the plan by accruing a benefit obligation of \$1,369 (2020 - \$1,864) in employee future benefit liabilities. The University's Administrative Leave Plan has no plan assets. 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:

	2021		2020	
	UAPP	Administrative Leave	UAPP <sup>(1)</sup>	Administrative Leave
Financial Operations				
Expense				
Current service cost	\$ 5,303	\$ 287	\$ 5,679	\$ 346
Interest cost	1,647	74	1,290	37
Amortization of net actuarial loss (gain)	1,498	(371)	882	(110)
Total expense (income)	<u>\$ 8,448</u>	<u>\$ (10)</u>	<u>\$ 7,851</u>	<u>\$ 273</u>
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 152,855	\$ 1,864	\$ 155,461	\$ 1,779
Current service cost	5,303	287	5,679	346
Interest cost	8,656	74	8,831	37
Benefits paid	(7,173)	(485)	(6,880)	(188)
Actuarial (gain) loss	16,477	(371)	(10,236)	(110)
Balance, end of year	176,118	1,369	152,855	1,864
Plan assets	<u>(160,084)</u>	<u>-</u>	<u>(124,865)</u>	<u>-</u>
Plan deficit	16,034	1,369	27,990	1,864
Unamortized net actuarial gain (loss)	<u>(3,232)</u>	<u>-</u>	<u>(15,883)</u>	<u>-</u>
Accrued benefit liability	<u>\$ 12,802</u>	<u>\$ 1,369</u>	<u>\$ 12,107</u>	<u>\$ 1,864</u>

<sup>(1)</sup> In the prior year, an adjustment was made, by UAPP to its plan asset values, that was not reflected in the University's note to the financial statements. The adjustment resulted in a change to the University's share of the plan assets and the unamortized actuarial losses, however did not change amounts presented on the Statement of Financial Position.

**Athabasca University****Notes to the Financial Statements**

Year ended March 31, 2021

*(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:

	2021		2020	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	5.20%	3.85%	5.60%	3.85%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	5.60%		5.60%	
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	10.6 years	10.0 years	10.6 years	9.0 years
Retirement age	65	67.5	65	67.5

**(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 \$1,359 for 2021 (2020 - \$1,361).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2020 from the actuarial valuation as at December 31, 2019 with the updated assumptions. At December 31, 2020, the PSPP reported a surplus of \$2,223,582 (2019 - \$2,759,320). For the year ended December 31, 2020, PSPP reported employer contributions of \$323,497 (2019 - \$321,306). For the 2020 calendar year, the University's employer contributions were \$1,360 (2019 calendar year - \$1,356).



## Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

## 7 Deferred revenue

	2021			2020
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 9,098	\$ 14,517	\$ 23,615	\$ 29,316
Grants, tuition and donations	8,222	73,387	81,609	68,305
Investment income	68	-	68	804
Unrealized gain (losses) (Note 4)	803	-	803	(1,054)
Transfers to spent deferred capital contributions (Note 10)	(2,576)	-	(2,576)	(1,424)
Recognized as revenue	(4,825)	(69,379)	(74,204)	(72,332)
Balance, end of year	\$ 10,790	\$ 18,525	\$ 29,315	\$ 23,615

## 8 Tangible capital assets

	2021					2020	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library holdings	Total	Total
Cost							
Beginning of year	\$ 2,180	61,958	45,294	8,209	7,390	\$ 125,031	\$ 122,098
Acquisitions	-	-	5,713	1,075	151	6,939	3,110
Disposals, including write-downs	-	-	(123)	(39)	(4)	(166)	(177)
	\$ 2,180	61,958	50,884	9,245	7,537	\$ 131,804	\$ 125,031
Accumulated amortization							
Beginning of year	\$ -	31,883	35,847	6,862	7,102	\$ 81,694	\$ 76,140
Amortization expense	-	1,609	3,849	402	70	5,930	5,731
Effects on disposals, including write-downs	-	-	(123)	(39)	(4)	(166)	(177)
	\$ -	33,492	39,573	7,225	7,168	\$ 87,458	\$ 81,694
Net book value at March 31, 2021	\$ 2,180	28,466	11,311	2,020	369	\$ 44,346	
Net book value at March 31, 2020	\$ 2,180	30,075	9,447	1,347	288		\$ 43,337

Included in computer hardware and software is \$3,925 (2020 - \$952) work in progress, that is not amortized as the assets are not yet available for use.

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.

## Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

*(thousands of dollars)***9 Purchased intangible capital assets**

	<u>2021</u>	<u>2020</u>
Cost		
Beginning of year	\$ -	\$ -
Purchases	104	-
Disposals, including write-downs	-	-
	<u>\$ 104</u>	<u>\$ -</u>
Accumulated amortization		
Beginning of year	\$ -	\$ -
Amortization expense	12	-
Effects on disposals, including write-downs	-	-
	<u>12</u>	<u>-</u>
Net book value	<u>\$ 92</u>	<u>\$ -</u>

**10 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.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 33,895	\$ 35,628
Transfers from restricted grants and donations	2,576	1,424
Expended capital recognized as revenue	<u>(3,383)</u>	<u>(3,157)</u>
Balance, end of year	<u>\$ 33,088</u>	<u>\$ 33,895</u>

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 11 Net assets

	Accumulated surplus from operations	Investment in capital assets <sup>(1)</sup>	Endowments	Total
Balance as at March 31, 2019	\$ 17,919	\$ 10,330	\$ 3,602	\$ 31,851
Annual operating surplus	3,056	-	-	3,056
Endowments				
New contributions	-	-	8	8
Capitalized investment income	-	-	65	65
Tangible capital assets				
Acquisition of tangible capital assets	(1,686)	1,686	-	-
Amortization of tangible capital assets	2,574	(2,574)	-	-
Change in accumulated remeasurement gains (losses)	(3,802)	-	-	(3,802)
Balance as at March 31, 2020	18,061	9,442	3,675	31,178
Annual operating surplus	1,532	-	-	1,532
Endowments				
New contributions	-	-	47	47
Capitalized investment income	-	-	41	41
Capital assets <sup>(1)</sup>				
Acquisition of capital assets <sup>(1)</sup>	(4,467)	4,467	-	-
Amortization of capital assets <sup>(1)</sup>	2,559	(2,559)	-	-
Change in accumulated remeasurement gains (losses)	5,636	-	-	5,636
Balance as at March 31, 2021	<u>\$ 23,321</u>	<u>\$ 11,350</u>	<u>\$ 3,763</u>	<u>\$ 38,434</u>
Net assets is comprised of:				
Accumulated surplus	\$ 21,333	\$ 11,350	\$ 3,763	\$ 36,446
Accumulated remeasurement gains (losses)	1,988	-	-	1,988
	<u>\$ 23,321</u>	<u>\$ 11,350</u>	<u>\$ 3,763</u>	<u>\$ 38,434</u>

<sup>(1)</sup> Includes tangible capital assets and purchased intangible capital assets (effective April 1, 2020)

#### 12 Contingent assets

The University has no contingent assets as at March 31, 2021.

#### 13 Contingent liabilities

The University has no legal claims as at March 31, 2021 that management believes would have a material adverse effect on the financial position or the results of operations of the University.

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021  
(thousands of dollars)

#### 14 Contractual rights

Contractual rights are entitlements of the University to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. The University has no material contractual rights arising from such contracts or agreements.

#### 15 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	Information Systems and Technology	Long-term Leases	Total
2022	\$ 11,328	\$ 5,899	\$ 883	\$ 18,110
2023	1,856	1,645	63	3,564
2024	703	1,369	-	2,072
2025	212	1,333	-	1,545
2026	115	885	-	1,000
Thereafter	-	-	-	-
Total at March 31, 2021	<u>\$ 14,214</u>	<u>\$ 11,131</u>	<u>\$ 946</u>	<u>\$ 26,291</u>
Total at March 31, 2020	<u>\$ 14,360</u>	<u>\$ 3,021</u>	<u>\$ 1,577</u>	<u>\$ 18,958</u>

Service contracts include contractual obligations for services such as course delivery, learning materials, electricity, and consulting services. Information systems and technology include contractual obligations for services to systems. Long-term leases are contractual obligations the University has entered into for facility space with fixed term costs.

The University is one of 64 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected costs of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2020, CURIE had an accumulated surplus of \$99,449 (2019 - \$90,185), of which the University's pro rata share is approximately 0.53% (2020 - 0.53%). This accumulated surplus is not recognized in the financial statements.



## Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

*(thousands of dollars)*

## 16 Government transfers

	<u>2021</u>	<u>2020</u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 42,274	\$ 43,261
Special purpose	3,600	804
Total Advanced Education	<u>45,874</u>	<u>44,065</u>
Other Government of Alberta departments and agencies:		
Environment and Parks	1,000	-
Culture, Multiculturalism and Status of Women	104	120
Jobs, Economy and Innovation	36	132
Health	3	-
Labour and Immigration	(15)	30
Total other Government of Alberta departments and agencies	<u>1,128</u>	<u>282</u>
Total grants received	47,002	44,347
Expended capital recognized as revenue	3,188	2,954
Deferred revenue	<u>(2,653)</u>	<u>3,142</u>
Total Government of Alberta grants	<u>\$ 47,537</u>	<u>\$ 50,443</u>
Grants from Federal and other government		
Special purpose grants received	\$ 2,104	\$ 1,571
Expended capital recognized as revenue	186	198
Deferred revenue	<u>(697)</u>	<u>(82)</u>
Total Federal and other government grants	<u>\$ 1,593</u>	<u>\$ 1,687</u>

In addition to the grants listed above, the University received \$212 (2020 - \$343) from the Ministry of Culture, Multiculturalism and Status of Women, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 17 Related parties

The University is a related party to organizations within the Government of Alberta reporting entity, such as Ministries, Alberta universities and colleges, and school districts. Related parties also include key management personnel, the Board of Governors, and their close family members.

During the year the University conducted business transactions with related parties. The revenue received or expense incurred for these transactions have been included in the statement of operations but have not been separately quantified. These transactions are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

During the year, the University received or provided the following services at nominal or reduced amounts:

- the University leased space owned by Bow Valley College, an entity subject to common control, on an operating cost recovery basis.
- the University operated a research observatory station on land leased, at nominal cost, from the Alberta Ministry of Environment and Parks.
- the University leased space to Northern Lakes College, an entity subject to common control, on an operating cost recovery basis.

#### 18 Expense by object

	2021		2020
	Budget (Note 21)	Actual	Actual
Salaries <sup>(1)</sup>	\$ 86,876	\$ 90,613	\$ 83,950
Employee benefits	19,011	18,926	17,726
Fees and purchased services	23,805	24,959	20,594
Cost of goods sold	8,793	7,575	8,132
Materials and supplies	4,568	2,939	4,058
Communication and travel	4,063	2,685	3,523
Rental, insurance and utilities	2,851	2,289	2,666
Scholarships and bursaries	1,052	1,625	1,238
Amortization of capital assets	5,362	5,942	5,731
	<u>\$ 156,381</u>	<u>\$ 157,553</u>	<u>\$ 147,618</u>

<sup>(1)</sup> Includes \$5,998 (2020 - \$2,017) termination benefits as defined under PSA Handbook section 3255. Of the current year amount, \$3,739 is a result of a Voluntary Work Transition Program offered to eligible employees in March 2020 and the applications were accepted, and payments made, during the current year.

## Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

## 19 Salary and employee benefits

	2021				2020
	Base salary <sup>(1)</sup>	Cash benefits <sup>(2)</sup>	Non-cash benefits <sup>(3)</sup>	Total	Total
<b>Governance<sup>(4)</sup></b>					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Executive</b>					
President <sup>(5)</sup>	309	50	(263)	96	596
Provost and Vice-President Academic <sup>(6)</sup>	290	23	120	433	404
Vice-President Finance and Administration and CFO	257	18	36	311	307
Vice-President Information Technology and CIO	257	18	43	318	316
Vice-President University Relations	245	17	43	305	303

<sup>(1)</sup> Base salary includes pensionable base pay.

<sup>(2)</sup> Cash benefits include, if applicable, earnings such as vacation payouts, amounts to compensate for the UAPP salary cap, expense allowance, relocation benefit, and other non-pensionable direct cash lump sum payments.

<sup>(3)</sup> Non-cash benefits include the University'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 University's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) of the Administrative Leave Plan.

<sup>(4)</sup> The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.

<sup>(5)</sup> Other non-cash benefits, for the individual in this role, include capped earned future administrative leave benefits during the year, and the forfeited balance of administrative leave benefits upon resignation on March 31, 2021 as a result of the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation section 7(5)*.

<sup>(6)</sup> Other non-cash benefits for the individual in this role, include earned future administrative leave benefits during the year.

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

	Accrued Obligation		Interest and other costs	Benefits paid	Actuarial loss (gain)	Other <sup>(1)</sup>	Accrued Obligation <sup>(2)</sup>	
	March 31, 2020	Service costs					March 31, 2021	
President	\$ 307	6	(33)	-	-	(280)	\$	-
Provost and Vice-President Academic	\$ 204	56	10	-	10	-	\$	280

<sup>(1)</sup> Amount forfeited upon resignation on March 31, 2021 as a result of the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation section 7(5)*.

<sup>(2)</sup> The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 6.

## Athabasca University

### Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

#### 20 Impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared a strain of the novel coronavirus, COVID-19, to be a global pandemic. On March 17, 2020 the Government of Alberta declared a state of public health emergency related to COVID-19 and was subsequently lifted June 15, 2020, then reimposed November 24, 2020 and is currently enforced. In addition to the state of emergencies the federal and provincial governments enacted a series of measures for its citizens and businesses to follow, intended to minimize the spread of the virus. These public health restrictions during the COVID-19 pandemic are complex and continue to be volatile along with duration uncertainty.

The University is an on-line learning institution providing the majority of its services virtually and therefore has not been significantly impacted by certain federal and provincial government measures designed to combat the spread of COVID-19, such as campus closures to students during the health pandemic. Staff members continue working remotely as the University fully implements its near-virtual work environment. University management continues to assess the impacts on its operations and learners as governments respond and the economy reacts to these uncertainties.

#### 21 Budget figures

The University's 2020-2021 budget figures have been provided for comparison purposes. The budget was approved by the Board of Governors and was presented to the Minister of Advanced Education.

#### 22 Approval of financial statements

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



“

*My degree will elevate me professionally and will help me to enter a second stage of my career where I practice nursing by sharing my knowledge, contributing to creating new nursing knowledge, and conducting research in an academic setting.*

*Jiun-yi Zullo, Master of Nursing graduate 2021*



**Athabasca  
University**

“

*My future is secure, bright, and hopeful, all because I opened the door with a key given by AU.*

*JP Hare, Bachelor of Management graduate 2020*

“

*AU has changed my life for better! I recommend AU to anyone who wants to pursue their academic goal while still working full-time, or raising a family.*

*Dany Bianca, Bachelor of General Studies student*



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# Athabasca University

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