



Athabasca
University

2022-23 ANNUAL REPORT

TO ALBERTA ADVANCED EDUCATION FOR THE YEAR ENDED MARCH 31, 2023

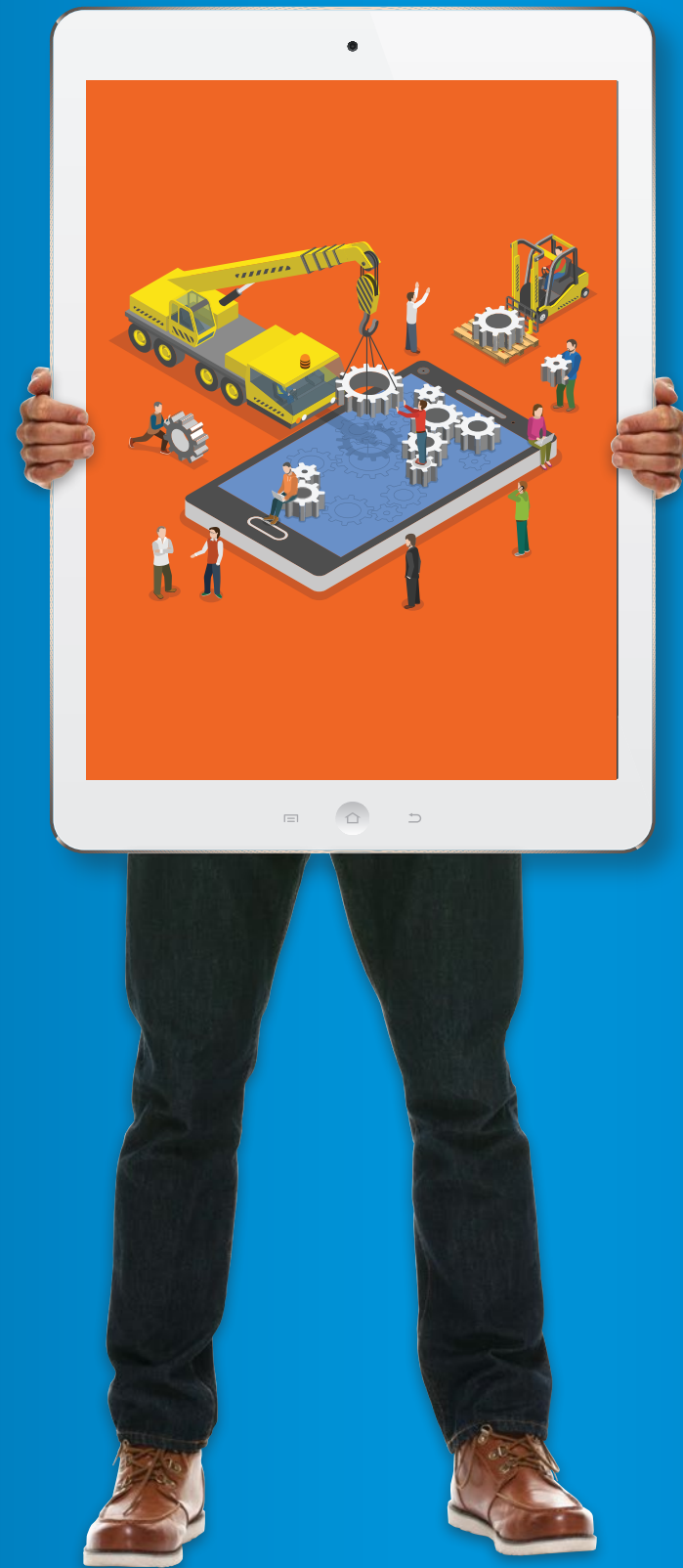
Grounding for Growth



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TO ALBERTA ADVANCED EDUCATION
FOR THE YEAR ENDED MARCH 31, 2023



Grounding for Growth

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.

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ACCOUNTABILITY STATEMENT

Athabasca University’s Annual Report for the year ended March 31, 2023, 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 Byron Nelson

Byron Nelson
Chair, the Governors of Athabasca University

September 25, 2023

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 *Auditor General Act*, performs an annual independent audit of the financial statements, which are prepared in accordance with Canadian public sector accounting standards.

Original signed by Dr. Alex Clark

Dr. Alex Clark
President

Original signed by David Head

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



MESSAGE FROM THE PRESIDENT

In many ways, 2022–23 marked a turning point for Athabasca University. Since my appointment in February 2023, I have been working closely with AU staff and students, our beautiful home community of Athabasca, and our government, industry, and community partners to refocus AU efforts on providing a world-leading educational experience for our learners, supporting Alberta's economic growth—especially for rural, Indigenous, and remote communities—and improving our research performance and impact.

AU's strength and impact is grounded in our roots: we are proud to be Alberta's, and Canada's, open university. We strive to remove barriers that restrict access to university study and professional development. We empower students in rural, remote, and Indigenous communities, as well as those in urban centres, to achieve high-quality university experiences. Nearly 70% of our undergraduate program students are the first in their families to attend university—a testament to the unique opportunities that AU provides.

This year more than 35,000 learners from across Alberta and Canada and around the world studied in AU's undergraduate, graduate, and professional programs. I am proud of our work. I also know that we can achieve even greater impact.

To that end, this year we launched our new integrated learning environment: a leading-edge platform designed to enhance and create a seamless experience for AU students. The cloud-based infrastructure that supports AU's online learners is unique in Canada, and is based right here in Athabasca, Alberta.

We also dedicated new resources to strategic enrolment management. As one of the most scalable models in post-secondary education, we have begun building towards sustainable growth that enables AU to bolster our impact in communities from local to global.

This year also marked the end of our five-year strategic plan, *Imagine*. We have succeeded in implementing many of the strategies and projects it captured, and the AU community can take pride in its efforts to create an exceptional learning environment, build its research capacity and impact, forge strong partnerships, and ensure AU's sustainability. I look forward to leveraging our successes as we move forward on developing AU's next strategic plan over the coming year.

As I reflect on the year past and the years to come, I see enormous potential for AU to drive vital economic and social benefits in this region, province, and country, and to generate transformative experiences for learners wherever they live and whatever their life circumstances. AU transforms lives, and in doing so, strengthens communities.

I look forward to realizing this vision together.

Dr. Alex Clark
President

PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

In 2013, the Government of Alberta enacted the *Public Interest Disclosure (Whistleblower Protection) Act* and associated regulations. The act applies to provincial government departments, offices of the Legislature and to public entities. Public entities include any agency, board, commission, provincial corporation, or other entity designated in the regulations which includes Athabasca University.

The purposes of the act are to:

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

One disclosure that falls within the definition of wrongdoing as defined in the Act was reported during the reporting period (April 1, 2022 to March 31, 2023). The disclosure was made directly to the Public Interest Commissioner (PIC) and remains open and under review by the PIC.

Two additional disclosures were received through the AU confidence line during the reporting period. It was recommended that these matters be reviewed under different AU policies and/or collective agreements.

“

Knowing that AU is supporting me throughout my program provides me courage, comfort, and drive to keep reaching toward my goal.

Maribel Jody (Master of Nursing student)



7.1%

7.1% of learners have self-identified disabilities.



32.7

The average AU student is 32.7 years old.

“

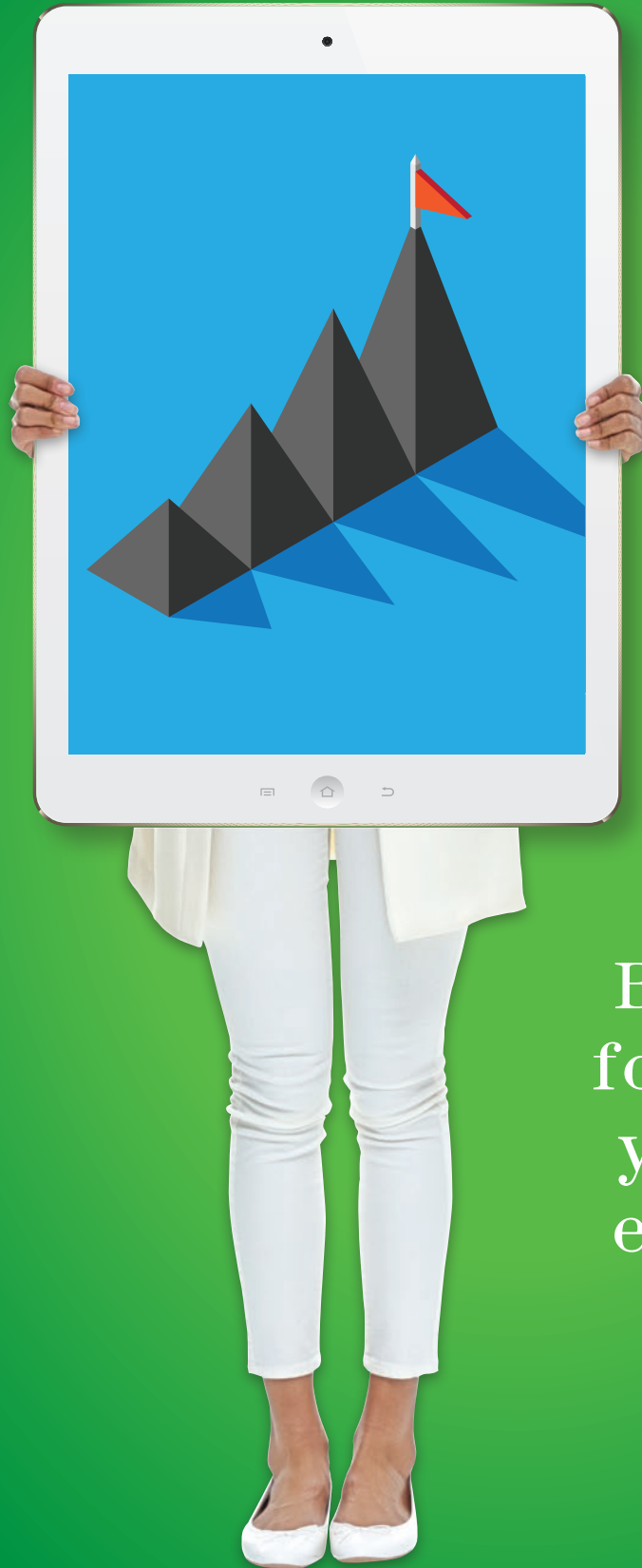
Thanks to AU's flexibility, I didn't have to cut back on my love of running to find the time to study.

Jodi Moore (Bachelor of Arts – Psychology '22)

“

I am now two years into my degree and am loving it! The principles I am learning have helped me in more ways than just my career.

Elijah Buchan (Bachelor of Management student)



“
Build a strong
foundation and
you can reach
even the most
unthinkable
heights.

M. J. Moores

OPERATIONAL OVERVIEW

Proudly situated in Athabasca, AU is honoured to serve as Alberta's and Canada's only open university, providing more than 35,000 students with accessible and flexible online bachelors, masters, and doctoral programs, as well as professional and personal development courses and micro-credentials. As Alberta's only rural-based university, AU supports the economic health of Alberta by helping to meet the demand for skilled workers and allowing learners to remain in their home communities, whether they are in Wabasca-Desmarais, Milk River, Grande Prairie, or Calgary. AU students learn at their own pace in their own place.

AU offers a world-leading approach to providing excellence in online learner experience, combined with a renewed focus on re-establishing AU's physical presence in the rich diversity of its home base in Athabasca. The past year has been an exciting one for AU and marks the beginning of a new phase of renewed stability for the university.

In February 2023, the university [welcomed its new president, Dr. Alex Clark](#), the former dean of the Faculty of Health Disciplines and an esteemed leader, administrator, and health researcher. Dr. Clark has worked closely with the university's renewed senior leadership team and AU's home community of Athabasca to build a stable foundation for the university's future growth.

Focus on Learners

While AU continued to experience fluctuations in enrolment following the COVID-19 pandemic, the university took the opportunity to strengthen and refine the online experience and course offerings for its learners. The first phase of a new, innovative and integrative learning management system was launched, providing AU students with a leading-edge platform for learning and a more seamless overall experience.

Courses and programs across all faculties continued to be reviewed, renewed and improved, with new offerings developed for both credit and non-credit, many in partnership with other organizations. These included a series of new micro-credentials, developed with funding from the Government of Alberta to help meet the needs of Alberta workers and the provincial economy. A four-course micro-credential in Artificial Intelligence Ethics, the first of its kind in Canada, was also launched by AU.

Notably, AU also developed and received approval for the first-ever online Master of Architecture program.

Research Impact

As one of the province's four comprehensive and academic research universities, AU continued to grow its research impact in Alberta and beyond through the launch of an ambitious research strategic plan, triple-digit growth in research productivity, and an expanded reach of research impact on communities.

IDEA Lab, funded in part by the Government of Alberta, launched two research programs that leveraged AU's cloud software and storage solutions, which included an emphasis on digital literacy and work-integrated learning opportunities for AU learners through its IDEA Academy training program. IDEA Lab's success was recognized by awards from the ASTech Foundation, Canadian Association of University Business Administrators, and the Canadian Association of Research Administrators.

AU continued to expand its academic and community research partnerships by collaborating on significant research grants, including the Canada First Research Excellence Fund and the Government of Alberta Major Innovation Fund, as well as with organizations such as the Digital Research Alliance, Edmonton Unlimited, and Digital Alberta.

Community Partnerships

With a renewed mandate to support local and regional economies in rural Alberta, AU has actively sought to strengthen its physical presence and economic impact in the town and region of Athabasca, as well as rural and Indigenous communities across Alberta. Nuksahtowin, AU's Indigenous centre, opened the [Linda Bull Memorial Garden and Bertha Clark-Jones O.C. Art Gallery](#) in Athabasca. The garden, honouring the victims and survivors of Canada's residential school system, is named in memory of Linda Bull, one of AU's first Indigenous academics. Bertha Clark-Jones was a Cree-Métis advocate for Indigenous women and children.

In collaboration with Northern Lakes College in Slave Lake, a new hybrid learning program, funded by the Government of Alberta, will support licensed practical nurses (LPNs) to take AU's post-LPN Bachelor of Nursing program, allowing them to learn from home, so that they continue to support and improve the health of their local communities.

AU launched a new partnership with Mi'kai'sto Red Crow Community College to create more options and opportunities for Indigenous students to access post-secondary education. Together, the institutions launched two new programs, including the Niitsitapi Business Administration certificate offered through RCCC (including several courses offered by AU) and the Indigenous Community Economic Development and Planning certificate offered by AU.

Community partnerships form a key part of AU's capacity to drive positive impact for learners, their families, their communities and workplaces, and for the economic benefit of Alberta. From local to global, AU looks forward to continuing to build high-impact and mutually beneficial connections in the years to come.



3.8%

38% of students are international.

“

The flexibility that [AU] allowed me was the only way I would be able to do post-secondary school while continuing to dance.

Kiera Keglowsch (Bachelor of Science '20)

“

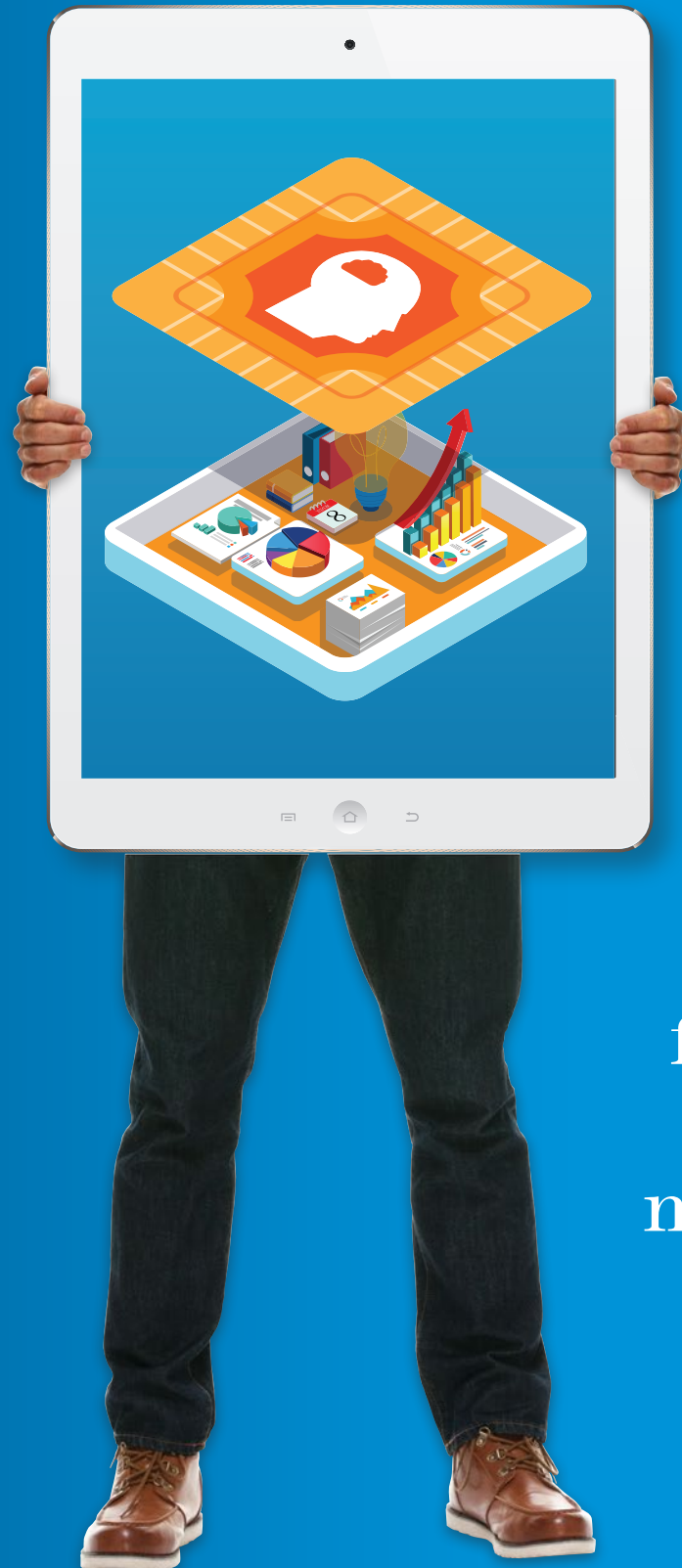
Given my career stage and life responsibilities, I required a feasible path in a reasonable timeframe that could be done on my own time and pace.

Shauna Hammer (Bachelor of Management '23)



11.8%

11.8% of learners are from rural areas.



“
The secret of
change is to
focus all your
energy
not on fighting
the old but
on building
the new.

Socrates

ENROLMENT AND PROGRAM CHANGES

During the 2022–23 fiscal year, AU encountered enrolment challenges due to significant socio-economic changes following the pandemic, and the decline in adult learning registrations from the boost seen in 2020–2022, as people returned to in-person work.

More than 35,000 students were enrolled in AU programs and courses in 2022–23, a decrease of 6.6% overall from the previous year, with a similar decline in both undergraduate and graduate enrolment; the declines have brought overall student numbers close to registrations seen in 2019. This decline was observed across all faculties and student categories, including program, non-program, and visiting students, suggesting that the environmental factors affecting enrolment were widespread. Similar declines in enrolment, post-pandemic, have occurred at U.S. institutions that serve adult learners or have significant online programs.

AU is engaged in a number of strategies to better position the university going forward as adult learners' first choice for open and accessible post-secondary learning, in order to reset AU's enrolment on a growth trajectory:

- Transforming the learner experience through foundational change like the Integrated Learning Environment (ILE), and the Frontline Learner Services Transformation program;
- Increasing alignment between course and program offerings and labour market demands;
- Bolstering learning retention activities with expanded student support and developing orientation and onboarding tools to help learners prepare for a successful online learning experience; and
- Enhancing scalability through process improvement opportunities that will be created by the ILE.

In addition, AU has been undertaking significant work to renew, refresh, and Indigenize or decolonize its curriculum across faculties, based on learner requirements and market needs. New programs approved or under development in 2022–23 included:

- the Master of Architecture program, approved and preparing to open;
- the Master of Earth Systems Science, awaiting approval;
- two new focus areas in the Master of Science in Information Systems – Bioinformatics and Environment Data Analytics, funded by the Government of Alberta's Targeted Enrolment Expansion grant;
- the Bachelor of Environmental Studies, approved by the ministry in April 2023. Opening date to be determined;
- the Bachelor of Science major in Psychology, currently under development;
- the Health Promotion focus added to the Master of Health Studies;
- the consolidation of focus areas in the Master of Arts in Interdisciplinary Studies;
- the University Certificate in Indigenous Community Economic Development and Planning, which launched in September 2022;
- PowerED™ micro-credentials in Innovative and Diverse Energy Resources;
- an undergraduate course, a micro-credential course, and a massive open online course (MOOC) called Addressing Racism and Discrimination in Canada's Health System, to be available in 2024;
- the ongoing development of two (undergraduate and graduate) Indigenous Research Methodology courses in the Faculty of Humanities and Social Sciences.

Table 1 Learners¹ enrolled at AU: 2020–21 to 2022–23 ²

	2020–21	2021–22	2022–23
Undergraduate	38,619	33,272	31,043
Graduate	4,670	4,830	4,549
Total	43,289	38,102	35,592

Table 2 Alberta learners enrolled at AU: 2020–21 to 2022–23

	2020–21	2021–22	2022–23
Undergraduate	17,559	15,321	14,307
Graduate	1,333	1,417	1,330
Total	18,892	16,738	15,637

Table 3 AU course registration: 2020–21 to 2022–23

	2020–21	2021–22	2022–23
Undergraduate	83,301	75,573	70,016
Graduate	12,258	12,530	11,664
Total	95,559	88,103	81,680

Table 4 AU course registration by Alberta learners: 2020–21 to 2022–23

	2020–21	2021–22	2022–23
Undergraduate	40,908	38,610	35,701
Graduate	3,623	3,719	3,470
Total	44,531	42,329	39,171

¹ Learners reflect net headcount, which is all students active in a course in a year, including zero-credit courses across the faculties, excluding PowerED™ and MOOCs.

² Numbers from previous years have been adjusted to reflect updated enrolment figures, which include adjustments made to learners' records, including early course withdrawals.

“

The ease of working at my own pace allowed me to finish my radiation treatments, heal from surgeries, and still get my coursework done on time.

Kira Dunlop (Bachelor of Arts, Major in English '23)



35,592

35,592 students enrolled at AU.



4.7%

4.7% of learners self-identify as Indigenous.

“

The successes I have achieved and the challenges I have overcome began with the confidence I gained from being a student at AU.”

Robyn Hanson (Bachelor of Professional Arts – Communication Studies '15)



“
Success doesn’t
just happen. It is
a product of hard
work, grit and
ingenuity.

Ogwo David Emenike

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 students 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

As Alberta and Canada's only open and online university, removing barriers is at the heart of AU's mission. This effort crosses all programs and faculties, research work, learner supports, and administrative units.

Within the faculties, this includes supporting diverse learners with flexible and innovative courses through the use of technology, digital research, home laboratory kits, and community engagement opportunities.

This year, AU's online [math site](#) continued to provide skill-building in foundational math topics free to learners anywhere. The university's [Write Site](#) expanded its writing coaching services to AU learners through a variety of workshops, as well as through written feedback and real-time coaching services.

[Science Outreach Athabasca](#) delivered virtual talks to learners of all ages as well as hands-on learning opportunities for the community in Athabasca.

AU's Library and Scholarly Resources unit created digital literacy webinars, tutorials, and other learning opportunities to reduce barriers to library use and help people develop skills in using library resources and conducting research.

A variety of additional free courses were offered across AU, including a micro-course on research data management, a series of free webinars and speakers dedicated to social justice topics, and a MOOC called Media and Information literacy for the 21st Century, the result of a collaboration with UNESCO. The course is currently being translated into French.

The Faculty of Humanities and Social Sciences ran 45 new and revised undergraduate and graduate courses through course development and production, and completed about 1,500 courses updates between June 1, 2022, and May 31, 2023. PowerED™, which offers personal and professional development courses, collaborated with the Rick Hansen Foundation and the Royal Architectural Institute of Canada to expand its accessibility certification training for the architectural community through its Accessibility Certification Training and Accessible Spaces 101. PowerED™ also developed a micro-credential called Embracing Allyship and Inclusion, allowing employers to help their staff understand more about allyship, systemic discrimination, and diversity.

The Faculty of Humanities and Social Sciences continued to offer its quarterly Sacred Circle of Squares, which is a virtual safe space for Indigenous faculty, staff, and students to connect.

The Research Office at AU helped to minimize barriers to research inclusion for students through its IDEA Academy, which provided training, co-curricular credentials, and work-integrated-learning opportunities in digital-first research projects. The Research Office has also become a member of the Canadian Centre for Diversity and Inclusion, and provided training to AU researchers on First Nations principles of ownership, control, access, and possession of data, knowledge, and information via the First Nations Information Governance Centre.

PERFORMANCE MEASURES

- Learner age³: undergraduate 31.9, graduate 38.1; overall 32.7 (change from 2021-22: undergraduate -0.2; graduate 0.0; overall -0.2)
- Percentage of learners who graduated with a Bachelor’s degree who are first in their family to graduate from university⁴: 70% (change from Graduate Outcomes Survey 2020: 0%)
- Percentage of learners with self-identified disability⁵: 7.1% (change from 2021-22: +1.6%)
- Percentage of learners who self-identify as Indigenous: undergraduate 4.8%; graduate 3.6%; overall 4.7% (change from 2021-22: undergraduate +0.4%; graduate +0.3%; total +0.5%)
- Domestic learners living in rural areas⁶: 11.8% (change from 2021-22: +0.1%)
- Domestic learners living in urban areas⁷: 88.2% (change from 2021-22: -0.1%)
- International learners⁸: 3.84% (change from 2021-22: +0.19%)
- Total funds distributed through needs-based grants: \$224,423 (change from 2021-22: -76%)
- Number of learners with verified disabilities registered for accommodations and/or services with Accessibility Services: 3,548 (change from 2021-22: +9.1%)
- Number of learners registered with one disability: 2,217 (change from 2021-22: +7%)
- Numbers of learners self-identifying with two or more disabilities: 1,331 (change from 2021-22: +12.6%)
- Number of learners with verified psychiatric disabilities: 1,635 (change from 2021-22: +6.2%)
- Number of learners who received alternative forms of assessment in their courses: 535 (change from 2021-22: +15.6%)

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

AU is a recognized leader in open, digital, and distributed learning, and has continued to refresh and update its courses and programs throughout the year. Several new programs are in development, as well as new courses. These include courses in ethics, geography, mathematics, and architecture, and a new minor in the Faculty of Science and Technology in Artificial Intelligence (AI) and Machine Learning. The Faculty of Business added a third module in construction services to its AI-driven virtual co-op program.

In the Faculty of Health, a new course in health promotion planning was offered for the first time. The faculty also created its first Academic Integrity Office to provide resources and support for faculty about integrity issues, including emerging technology such as artificial intelligence.

In the Faculty of Humanities and Social Sciences, new courses were offered in women's and gender studies, history, English and psychology, many of them with experiential and work-integrated learning components incorporated. The faculty also streamlined its academic integrity process and created an associate dean position to oversee its Academic Integrity Office, among other operations. The Canada Research Chair in Sound Studies was successfully renewed for a second five-year term.

AU’s entrepreneurial unit, PowerED™, increased its enrolment through D2L Wave, a professional development portal for employers to easily enable their staff to gain new skills through an online catalogue of high-quality education options. PowerED’s Embracing Allyship, Project Management, and Leaders Development programs are among the most subscribed.

³ Average age of learners at last course start

⁴ AU graduates from 2019–20 surveyed in the 2022 [Graduate Outcomes Survey](#)

⁵ Percentage of learners self-identifying as “needing accommodations”

⁶ Rural determined by location of residence, particularly rural Canadian postal codes

⁷ Percentage urban is the difference between the total (100%) and percentage rural

⁸ International defined by immigration status, specifically visa and offshore learners

PowerED™ also received funding last fall from the Government of Alberta to develop a new health economics micro-credential, in partnership with the Faculty of Health Disciplines and the Institute of Health Economics. It also launched a four-course micro-credential in Innovative and Diversified Energy, funded by a 2021 grant from the provincial government. Micro-credentials in Energy Efficiency in Architecture, Engineering and Construction are also in the works.

AU’s many successes throughout the year included hosting the Tenth Pan-Commonwealth Forum on Open Learning (PCF10) in Calgary in September 2022, the first time this prestigious conference has ever been held in North America. Co-hosted by the Commonwealth of Learning, PCF10 brought more than 450 of the world’s leading experts in open and distance education to Alberta.

PERFORMANCE MEASURES

- Learner satisfaction with learning experience⁹: 77.5% (undergraduate); (change from 2021-22: -1.1%)
- Learner satisfaction with course materials¹⁰: 73.3% (undergraduate); (change from 2021-22: -0.8%)

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

AU continues to implement a digital-first vision of learning resources because they are more integrated, affordable, and accessible than print resources. AU’s cost of goods sold was reduced in 2021-22 by 17% (from \$7.6 million to \$6.3 million) and has been further reduced by 5% in 2022-23 to a total of \$6 million. This reduction is due, in part, to a continued emphasis on the adoption of digital and/or open resources and the use of library resources.

An open access/educational resources pilot to move high-enrolment courses from publisher resources to open resources continues, with the goal of creating savings for learners, providing customized, high-quality resources, and reducing learning resource costs for the university. The pilot is expected to reduce the course materials fees paid by learners for more than 8,000 course registrations, and once in place, will result in savings for the institution of nearly \$200,000 per year in cost of goods sold.

A growing number of courses and programs have moved away from textbooks to encourage a variety of open and accessible resources, including the award-winning wiki in AU’s organic chemistry [courses](#). In many science, technology, engineering, and math (STEM) courses, hands-on learning opportunities include home lab kits, virtual labs, field and in-person labs, virtual tours, virtual designs studios, machine learning and programming projects, and simulations in courses. Across AU, faculty have, wherever possible, converted learning resources to e-texts, open educational resources, and other online-accessible course materials, journal articles, podcast, and videos.

AU’s library team added the position of Open Educational Resource Librarian to support AU faculty and staff in their use of open resources.

In the realm of research, AU launched its [Pure portal](#), with a focus on making AU researchers’ open-access research publications discoverable to academic and public audiences. In the first phase of implementation, this included 700 research publications. The Faculty of Science and Technology and PowerED™ received over \$1 million in 2021-22 in provincial government funding to develop three new micro-credentials, each of which includes a work-integrated learning component and has been developed with industry collaboration.

PowerED™ is working with the Artificial Intelligence Pathways Partnership (AIPP) to design and develop an introductory MOOC on artificial intelligence. The MOOC aims to bring general awareness to AI and will point to further opportunities for study at AU and other partnering post-secondary institutions. AU is one of four institutions involved in the AIPP, a consortium that works collaboratively with industry to train learners and retain graduates for Alberta’s AI and machine-learning industry.

In partnership with the Digital Wellness Institute, PowerED™ also launched a short micro-course on digital wellness, providing a framework for learners to develop a balanced approach to technology that will enable them to flourish in this digital era.

⁹ Results from undergraduate course evaluation survey completed in 2022–23

¹⁰ Results from undergraduate course evaluation surveys completed in 2022–23

PERFORMANCE MEASURES:

- learner satisfaction with learning experience: 78.4% (undergraduate); (change from 2020–21: 0%)
- learner satisfaction with course materials: 73.9% (undergraduate); (change from 2020–21: -1.3%)

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

AU invested in a research implementation management system (AU Pure) that went live in 2023, enhancing the visibility, discoverability, and accessibility of knowledge created at AU for external audiences.

AU faculty secured and collaborated on significant grants across all faculties, as detailed in the research section on p. 38.

AU's Faculty of Science and Technology and Faculty of Humanities and Social Sciences hosted 28 international research interns through the [Mitacs Globalink](#) program, both in-person in Edmonton, and in the field in northern Alberta. The science faculty's research program "Quality in the Built Environment" brought together researchers from across the university and externally with communities to plan for regeneration and sustainability, hosting sessions in Athabasca, Fort Macleod, Samson Cree Nation, and Sundre, Alta., with a total of 120 participants, plus online lectures with more than 1,000 participants.

The Faculty of Humanities and Social Sciences sponsored and organized the [Map the System Canada](#) competition and provided educational support for the AU team that participated. AU was one of the six finalist teams to advance to the international competition at Oxford University in the U.K.

The Faculty of Graduate Studies and PowerED™ developed a new Research Data Management course for graduate students and emerging scholars, designed to assist with managing research data from start to finish.

[AU Press](#) continued to publish the work of scholars from across the country and around the globe through its scholarly monograph imprint and scholarly journal program. Included in this year's list of publications is the fully illustrated *Memory and Landscape: Indigenous Responses to a Changing North*, edited by noted scholars Kenneth Pratt and Scott Heyes, and *Metaphors of Ed Tech* by prominent U.K. scholar Martin Weller. With well over a million downloads of its scholarly books, AU Press is an acknowledged innovator in the space of open access publishing.

A series of open access Research Data Management professional development modules were developed and piloted during the year. The Digital Research Alliance of Canada's national training expert group will be promoting these modules.

PERFORMANCE MEASURES:

- Total sponsored research revenue: \$5.9 million (change from 2021-22: +123.9%)
- Research revenue external (faculty Tri-Agency): \$1.4 million (change from 2021-22: +64.7%)
- Research revenue (faculty non-Tri-Agency): \$3.5 million (change from 2021-22: +268.3%)
- Number of faculty submitting external applications (Tri-Agency): 28 (change from 2021-22: -17.6%)
- Number of faculty submitting external applications (non-Tri-Agency): 30 (change from 2021-22: +30.4%)
- Number of successful external applications awarded to faculty (Tri-Agency): 26 (change from 2021-22: +36.8%)
- Number of successful external applications awarded to faculty (non-Tri-Agency): 14 (change from 2021-22: -6.7%)
- Percentage of faculty holding external funding: 19% (change from 2021-22: +2.3%)
- Number of AU learners employed in faculty research projects: 77 (change from 2021-22: +10%)

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

The first phase of the university's new integrated learning environment was launched this year, providing a fresh and exciting platform for student interaction with AU courses and programs, and a more seamless administrative experience for students. In November, AU launched the first course in Brightspace, its new learning management system. Migration of courses continues and will be completed in 2024.

Additional technologies across the faculties enhanced the student experience, such as the expansion of the mathematics platform, Mobius, to improve assessment, accessibility, cognitive learning, and exam security. The online platform Riipen is being used to offer a variety of work-integrated learning opportunities, which are also being developed as part of AU's micro-credential offerings.

Mentorship for students from AU alumni is being supported through the [Ten Thousand Coffees](#) initiative, which matches alumni with students online. AU learners also benefited from the availability of the university's 2022 [Writer in Residence](#), Myrna Kostash, who provided support and advice for their creative writing projects.

The creation of an Academic Integrity Office in the Faculty of Health Disciplines and the streamlining of the academic integrity process in the Faculty of Humanities and Social Sciences provided resources and support for faculties about integrity issues, including emerging technologies such as artificial intelligence.

PowerED™ continued to test new approaches to teaching and learning, resulting in a 93% course satisfaction rating from students.

New approaches in research resulted in members of AU's IDEA Lab team being recognized through awards from the ASTech Foundation, Canadian Association of University Business Officers, and the Canadian Association of Research Administrators.

PERFORMANCE MEASURES:

- Learner satisfaction with learning experience¹¹: 77.5% (undergraduate); (change from 2021-22: -1.1%)
- Learner satisfaction with course materials¹²: 73.3% (undergraduate); (change from 2021-22: -0.8%)
- PowerED™ micro-courses: percentage of learners satisfied with experience: 93.0%

GOAL 6. Partnerships that enable the creation of value

Because of its expertise in delivering quality, online education, AU frequently partners with other educational institutions and a variety of organizations. In 2022-23, this included partnerships and collaborations with many organizations:

- Northern Lakes College, funded by the Government of Alberta, will see licensed practical nurses (LPNs) enter AU's post-LPN Bachelor of Nursing program while living in their own communities.
- Red Crow Community College offered AU's University Certificate in Indigenous Community Economic Development and Planning to students from the Blood Tribe community as part of the college's Niitsitapi Business Administration Diploma program.
- Other post-secondary institutions in Alberta as part of the Artificial Intelligence Pathways Partnership, to provide educational opportunities in AI and machine learning.
- Maskwacis Cultural College led to the development of a Certificate in Network Administration for the Samson Cree, Ermineskin Cree, Montana Cree, and Louis Bull First Nations.

¹¹ Results from undergraduate course evaluation surveys completed in 2022–23

¹² Results from undergraduate course evaluation surveys completed in 2022–23

- Inclusion Alberta, to include students with developmental disabilities to participate in regular programs of study, completing modified assignments and exams. Students do not receive credit or credentials, but develop new skills and have valuable learning experiences.
- UNESCO, resulting in the development of a for-credit course, also offered as a MOOC, about Media and Information Literacy for the 21st Century, which is now being translated into French.
- Canadian CED Network Synergia Transition and Resilience Climate Action Project (STARCAP), providing financial sponsorship and space from the Faculty of Humanities and Social Sciences
- Learning and Contact North, to deliver new iterations of MOOCs.
- International Centre for the Study of Preservation and Restoration of Cultural Property (ICCROM) and Parks Canada, to sponsor and hold the 2022 ICCROM International Summer School On Communication and Teaching Skills in Conservation and Science.
- Canadian Association of Human Resources–Alberta, to provide PowerED™ professional development courses to members.
- The Canadian Labour College of Canada, to offer degree pathway opportunities for college learners interested in labour relations.
- Pattison Food Group, for its employees and managers to complete AU's Leader Development Program.
- Association of Science and Engineering Technology Professional of Alberta, for professional development programs for its members.
- The Canadian Football League (CFL), to develop a free course about the history of the CFL to introduce their football experience to new fans across Canada and the U.S.
- The Harvest Baptist Academy in Edmonton, as a dual-credit partner to offer AU courses to their high school students.
- Research partners including the Research Commercialization Working Group, Edmonton Regional Innovation Network, Edmonton Global's ForwardSlash Innovation Summit, and the Alliance of Canadian Comprehensive Research Universities. AU also partnered with the University of Alberta, University of Calgary, and University of Lethbridge on major applications and grants awarded through the Canada First Research Excellence Fund and Major Innovation Fund.
- Renewal of several key partnerships, including the Canadian Gap Year Association, Canadian Olympic Committee, Humber College, Mohawk College, and the Commonwealth of Learning to continue offering learning pathway opportunities for students.

PERFORMANCE MEASURES:

- Number of new partnerships: 3
- Number of partnership inquiries: 89
- Number of Memoranda of Understanding/Agreement (MOU/MOA): 85

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

Continuous improvement is an ongoing focus across all faculties and administrative units at AU, with processes, systems, and technologies regularly reviewed and updated. The university's new learning management system is a prominent example from the past year, which will continue to evolve and improve into 2023-24. Front-line services for students are also being reviewed, revamped, and streamlined.

Within the faculties, course content is always being refreshed, revised, and new content developed, particularly to incorporate work-integrated learning elements. Research funding, collaboration, and dissemination continues to grow.

Staff and faculty have [been recognized](#) in many and varied ways throughout the year for excellence in their respective disciplines.

AU's IDEA Lab received the Regional Innovation Award at the 2022 ASTech Awards, recognizing the best in science, technology, and innovation in Alberta.

The university's virtual convocation 2022 won a gold Circle of Excellence award in the special events/online commencements category from the 2023 Council for the Support and Advancement of Education. In total, 72% of grads who participated in the event rated their overall experience as satisfactory or very satisfactory.

PERFORMANCE MEASURES:

- 2022 employee engagement survey results: "My team continuously looks for creative ways to resolve problems or issues" 80% favourable (new metric)



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Planning is
bringing the
future into
the present.

Alan Lakein

FINANCIAL INFORMATION

Overview

During the 2022-23 fiscal year, Athabasca University (AU) remained committed to providing quality online education in the post-pandemic environment. The university's ability to achieve a year-end surplus of \$3.3 million (\$10.4 million in 2021-22) in the face of slowing enrolment reflects a combination of prudent financial management and several extraordinary items which are explored in greater detail below.

AU made significant investments in several key ongoing and new projects to improve the online learning experience. The integrated learning environment (ILE) project aims to provide an enhanced online learning experience for students by integrating various systems and processes. The research information management system (RIMS) project is focused on improving the capture and communication of research activity, output, and impact. Finally, the cloud contact centre solution is part of the front-line learner services transformation program, which seeks to improve front-line learner experience and student navigation to front-line support services.

These investments demonstrate the university's continued commitment to providing quality online education and improving the overall learning experience for students. While the decline in enrolment and budget pressures of 2022-23 created significant challenges, AU remains dedicated to adapting to the changing environment and addressing the need to improve service quality, course content, and course design.

The university's success in achieving a year-end surplus while experiencing declines in enrolment reflects a prudent approach to addressing declining revenue while maintaining a focus on long-term investments. AU's fiscal success was further aided by a range of measures, such as carefully selected budget cuts and an emphasis on cost-effectiveness, which enabled the institution to stay on track despite the challenges presented by the fiscal year.

Audited financial results are provided in Attachment 2.

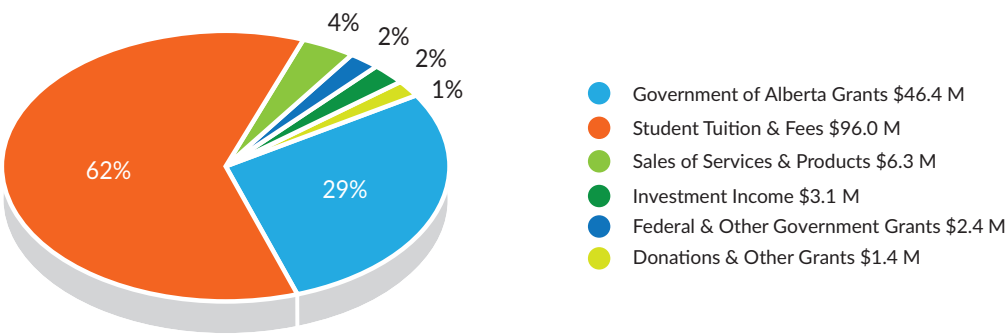
OPERATING STATEMENT

The 2022-23 operating statement reflects the ongoing volatility and uncertainty that have characterized the post-pandemic operating environment. After experiencing rapid enrolment growth in 2020–21, AU's budget reflected the expectation of continued growth. As enrolment numbers began to decline, AU took prudent steps to adjust spending expectations as the year progressed.

Revenue

- Revenue from student tuition and fees, and from the sale of services and products, were both impacted by lower enrolment. This decline was observed across all faculties and student categories, including program, non-program, and visiting students. Additionally, PowerED™ digital learning services decreased significantly as several large revenue contracts with other post-secondary institutions began winding down.
- Last year, externally funded research activities and facilities maintenance were limited by social distancing and worldwide shortages on supplies. This year, grant revenue overall was higher as externally funded research projects and facilities maintenance activities began returning to pre-pandemic levels.
- Income from investments decreased as extraordinary gains realized on portfolio investments during the pandemic began to normalize this year.

Figure 1
Sources of Revenue (Figures rounded to \$ millions) 2022–23



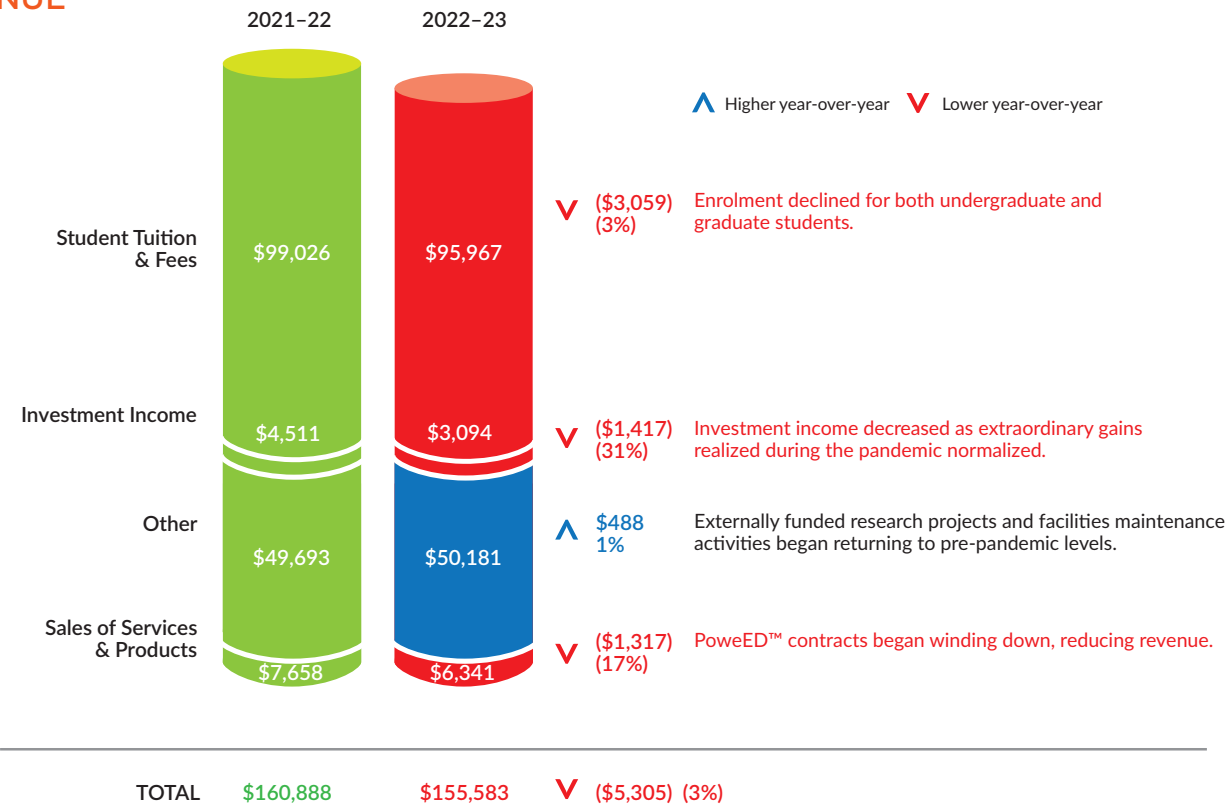
Expenses

- Salaries and benefits were \$1.6 million greater than last year. This was primarily driven by merit and cost-of-living increases required by collective agreements and severances and related costs accrued at year-end. This was partially offset by an adjustment to the university's pension liability at year-end based on the annual actuarial assessment.
- Lower enrolment resulted in lower costs for course materials and tutors.
- Inflation was a significant factor this year with the cost of licences, subscriptions, and other services increasing substantially. As a result, fees and purchased services, communications, and institutional operations increased despite initiatives implemented during the year to reduce discretionary spending.
- Travel costs increased significantly from last year as social distancing mandates and travel restrictions were lifted this year.

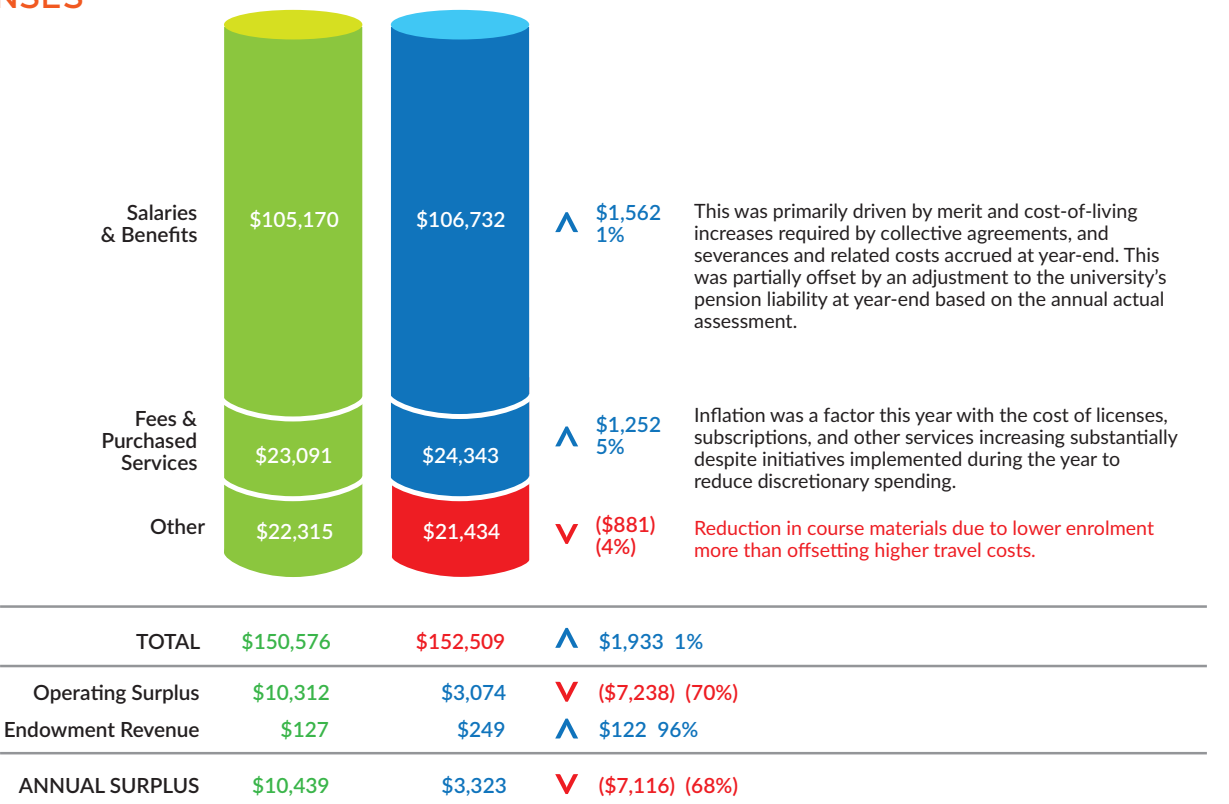
STATEMENT OF OPERATIONS

YEAR-OVER-YEAR COMPARISON (Thousands of Dollars)

REVENUE



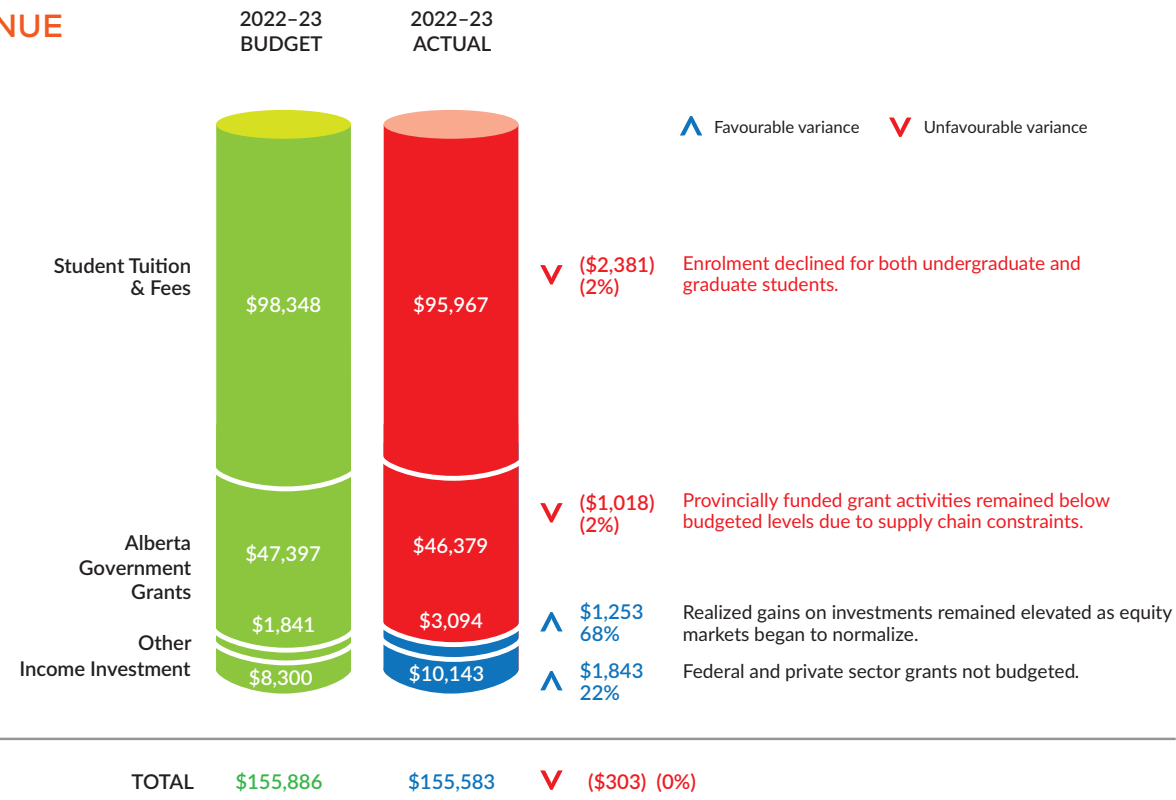
EXPENSES



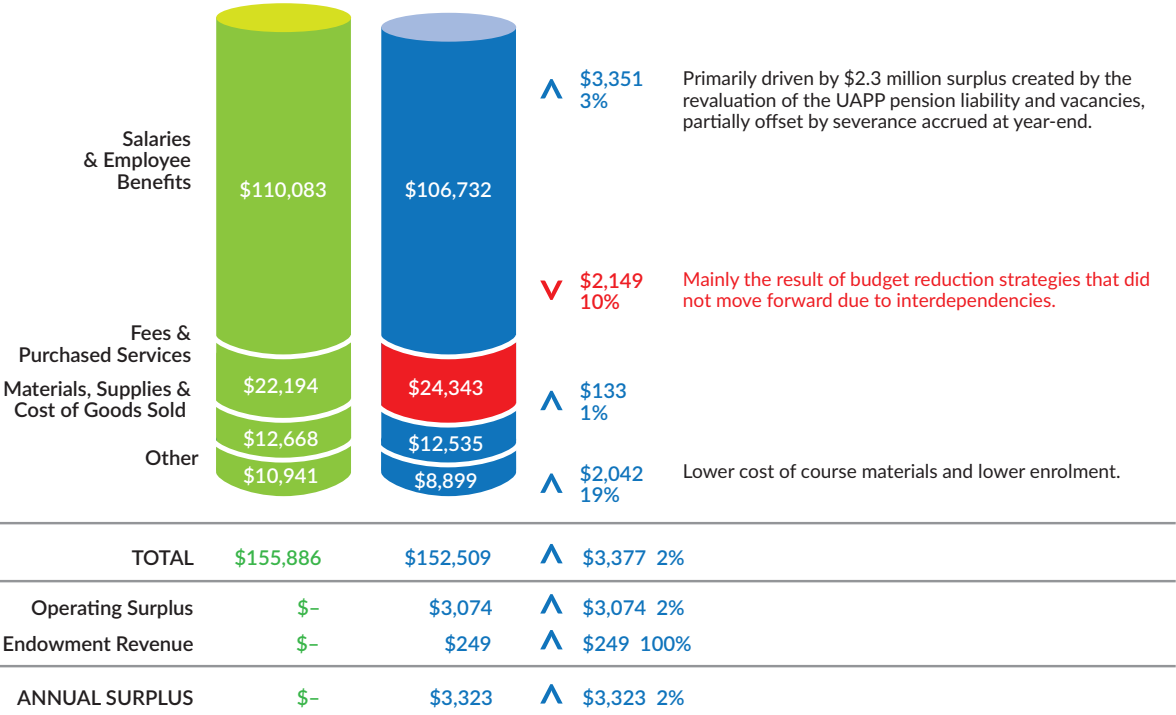
STATEMENT OF OPERATIONS

BUDGET VS ACTUAL (Thousands of Dollars)

REVENUE



EXPENSES



STATEMENT OF OPERATIONS

EXPENSES BY FUNCTION

Exploring the university's operating expenses by function provides additional perspective 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 categorization¹².

Examining expenses reveals that almost two-thirds of AU's expenses are directly related to the university's academic activities: teaching and learning, scholarly activities, internally funded research, and student support services.

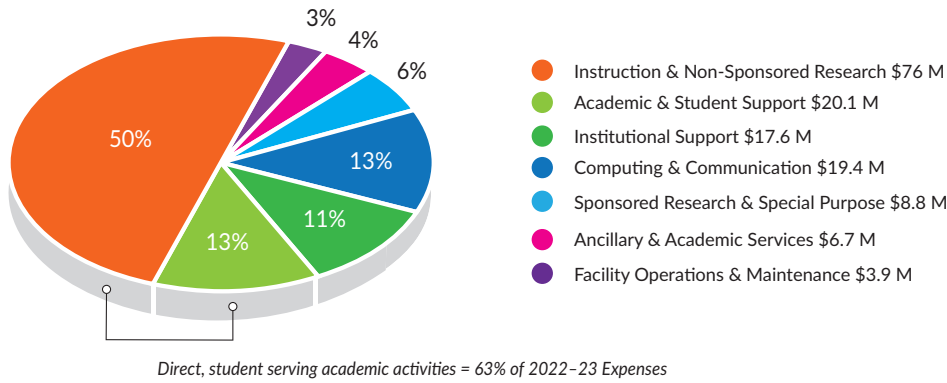
These definitions, however, do not fully reflect expenses that benefit students. As a digital-first, online university, a significantly larger portion of computing and communication expenses serve students than in traditional, bricks-and-mortar institutions.

Decreases in ancillary services expenses relate to the revenue decline in PowerED™; revenue from digital learning services has decreased as large contracts with other post-secondary institutions have begun winding down.

Sponsored research and special purpose costs represent important contributions to AU's research focus.

Figure 2

Expenses by Function (Figures rounded to \$ millions) 2022–23



¹² 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

Net Assets

The balance sheet provides a snapshot of the assets and liabilities of the university. Over the year, net financial assets decreased by \$1.1 million, and net assets increased by \$2.1 million. (The chart on the following page provides a summary).

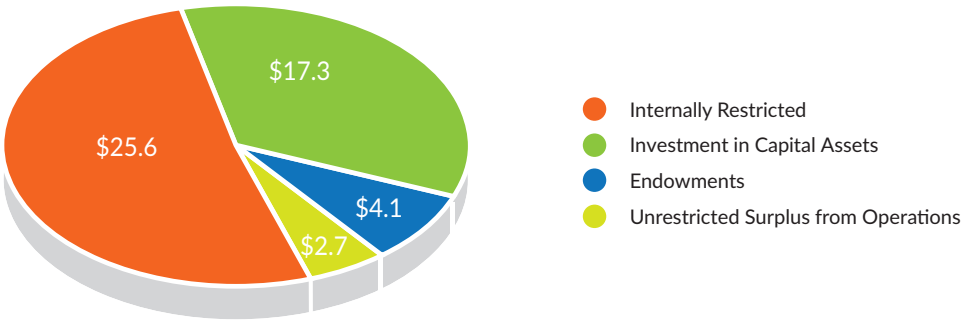
The university's liquidity needs are met primarily through operating cash flows, working capital balances, and funding received through grants. The net financial asset identifies the availability of net financial resources to fund future operations after considering liabilities owed to third parties.

The university's net financial assets balance of \$29.8 million includes \$4.3 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 is also required to be maintained in perpetuity. Consequently, these investments are not available to pay liabilities or to fund future operations, including capital purchases.

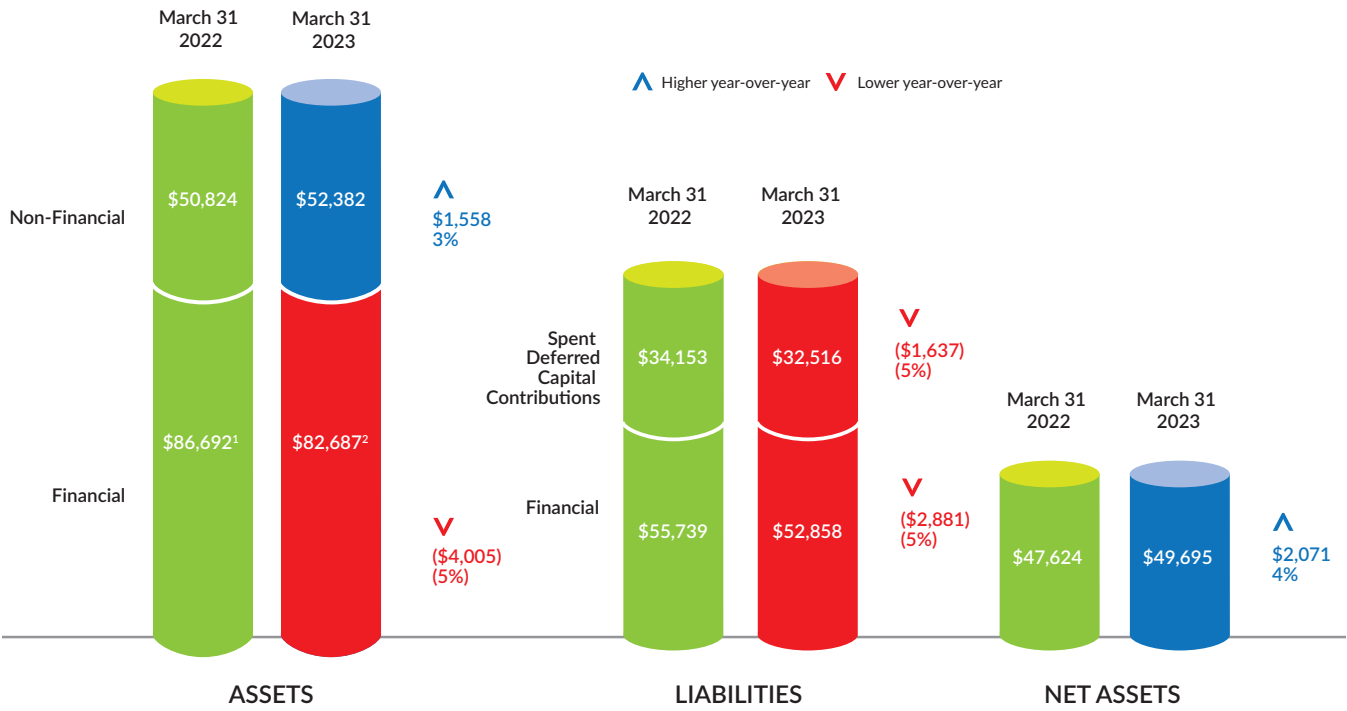
Non-financial assets, comprising tangible capital assets, purchased intangible assets, and pre-paid expenses, increased by \$1.6 million. This increase resulted mainly from additions of tangible capital assets for computer hardware and software net of amortization and disposals.

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. 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 tangible capital assets (university-funded), and endowments (externally restricted). The balance reflected is after accounting for the pension plan liability of \$9.7 million. The proportions that make up the total net assets at March 31, 2023, are presented in the chart below.

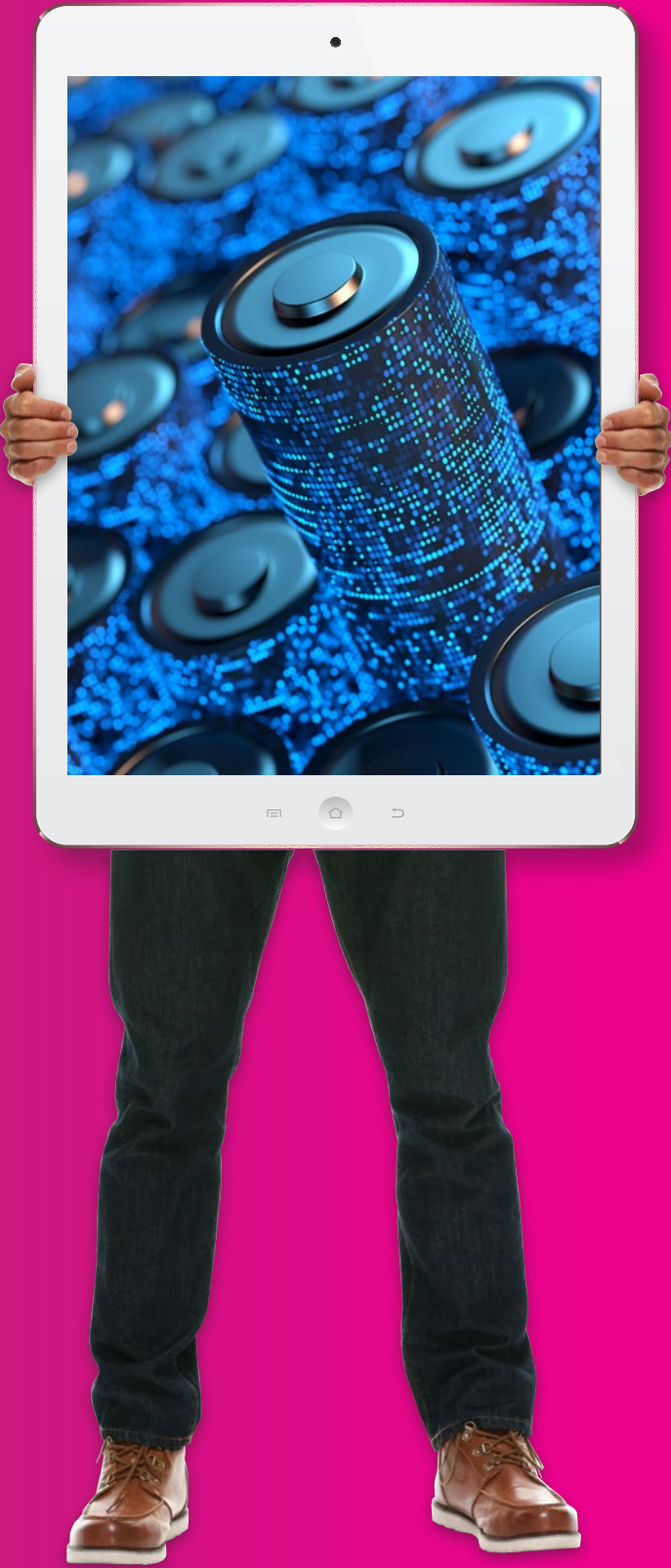
Figure 3
Net Assets (\$ Millions) March 31, 2023



STATEMENT OF FINANCIAL POSITION
YEAR-OVER-YEAR COMPARISON (Thousands of Dollars)



¹ Including portfolio investments restricted for endowments of \$4,139
² Including portfolio investments restricted for endowments of \$4,288



“
Strive not to
be a success,
but rather to
be of value.

Albert Einstein

CAPITAL REPORT

Athabasca University is committed to providing excellent online education and driving innovation in digital learning. In alignment with our strategic vision in the university's *Imagine* plan, our Capital and Infrastructure Plan is oriented towards stability, scalability, and sustainability, focusing primarily on advancements in information technology (IT).

The Capital and Infrastructure Plan is integrally connected with other guiding documents, including the annual integrated resource planning, the five-year IT strategy (RISE), and the university's IT digital governance framework, ensuring a strategic alignment across the institution.

AU's highest priority capital projects in the year are described below.

Integrated learning environment

- The Integrated Learning Environment (ILE) is based on the AU learning framework's pedagogical and student-focused strategy. It is a full integration of all front-office and back-office processes and systems, of learning management systems, student information system, customer relationship management, exam and assessment, student and academic services, plus many other point solutions for online university management. The ILE integrates these solutions together into one ecosystem for synchronous online, asynchronous online, and hybrid online learning models.
- Significant progress has been made regarding the ILE initiative. The university has successfully released the new learning platform, Brightspace, which seamlessly integrates with the existing student information system through a developed micro-service. Course migrations have commenced, and the implementation of MyCreds now enables self-service for students to conveniently access and obtain their transcripts.

IDEA Lab: AU's virtual research domain

- IDEA Lab will provide a virtual domain of Amazon Web Services (AWS) cloud-based tools and infrastructure for AU researchers to innovate both the processes and outcomes of their discoveries. This includes the creation of a research and development space in AU's AWS cloud. This will advance adaptive and innovative research excellence and extend AU's reputation as a comprehensive academic and research university through digitally enabled, distributed learning and research. It will cultivate research communities and scale capacity by building collaborative and coordinated environments and networks to achieve excellence and greater understanding. This project will assist with the integration of teaching and research and provide a mechanism for operationalizing select innovations.
- During this year, the IDEA Lab launched two rounds of research projects and support services for the academic community. This included the delivery of work-integrated learning for AU learners in research and innovation through IDEA Lab.

Cloud Infrastructure

- The cloud infrastructure is the continuous improvement of AU's cloud environment, as the entire university's operations are now running in the AU cloud. As it is a pay-as-you-go model, the university's IT department can continuously monitor and achieve cost efficiencies even as AU scales the environment to support a growing learner population. Cloud infrastructure ensures that the best cloud artificial intelligence and robotic processing automation tools are in use to protect and monitor the cloud operating environment. In addition, cloud infrastructure ensures the re-platforming and re-architecting of AU applications, so they run optimally in the secure cloud, allowing IT to create the new cloud research infrastructure and cloud research tools that researchers need.
- Uptime for student- and staff-facing systems for 2022-23 increased to 99.8%. AU's cloud infrastructure is now fully AWS cloud-native through the removal of all VMware for significant licence cost avoidance. All the university's on-premises research infrastructure was migrated to AWS, including the deployment of research supporting tools. AU's AWS environment was re-architected to protect students and systems in the event of a labour disruption or other business continuity event. This also contributed to reduce costs while improving AU's cloud security posture.

Digital Security Program

- The Digital Security Program (DSP) is the university's mandatory program designed to address legal, legislative, and regulatory compliance requirements by providing a framework for protecting AU information. DSP's goal is to remove cybersecurity obstacles that hinder the university's strategic objectives and ensure that the university, its community, partners, and services can participate safely and confidently in the digital economy.
- The DSP continued with its implementation of various projects that contributed to achieving AU's *Imagine* and *RISE* plan goals. Additionally, over the last 12 months, the program has executed, or is currently implementing, security controls related to addressing items identified in the recent digital security audit.

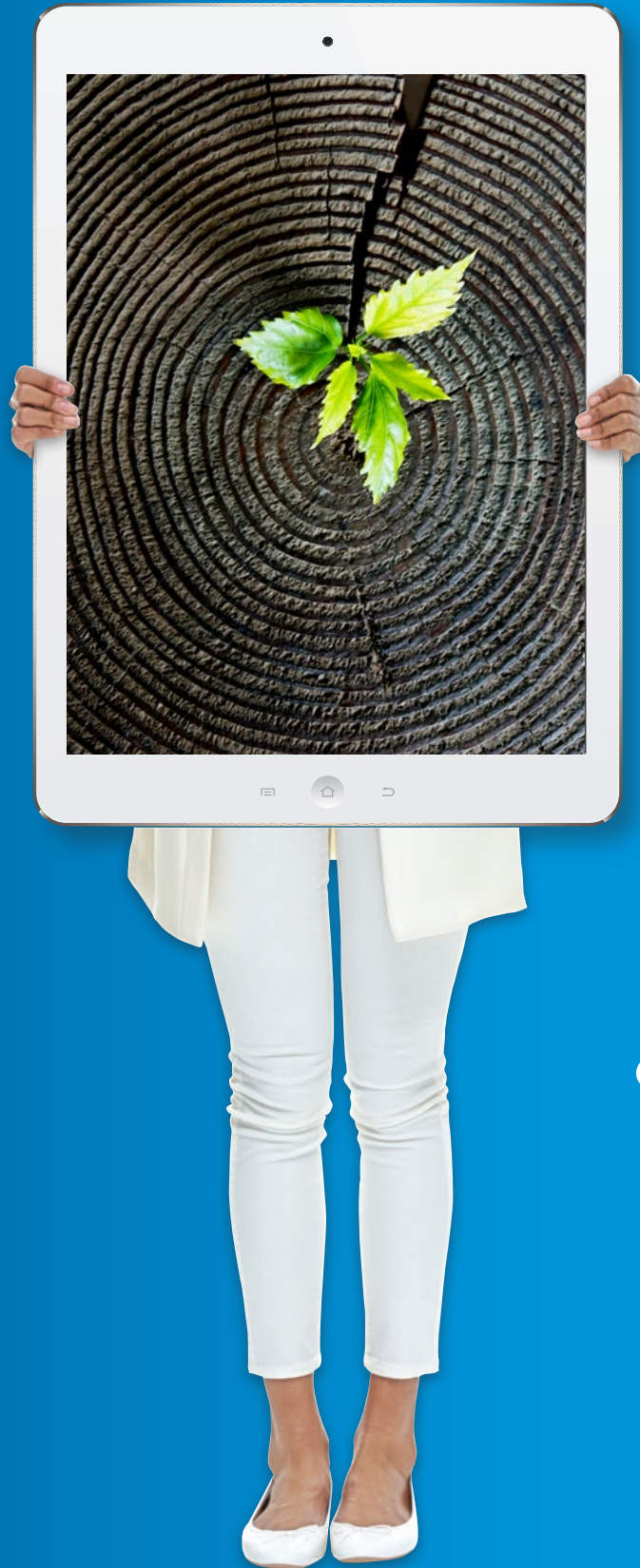
Cloud Contact Centre Solution

- As a part of AU's front-line learner services transformation initiative, the university is replacing its existing on-premises contact centre technology with new, cloud-based contact centre technology that supports the university's goals of modernizing front-line student service technology, enhancing service capability, expanding service offerings, and improving processes through integrations. This project is part of the university's strategic enterprise initiatives to improve the front-line learner experience and student navigation to front-line support services. The cloud contact centre solution also supports AU's *RISE* plan by decommissioning legacy technical infrastructure in favour of more scalable, robust, and secure cloud-based technology.



“
The biggest part
of our digital
transformation
is changing the
way we think.

Simeon Preston



“
Research is
creating new
knowledge.

Neil Armstrong

RESEARCH, APPLIED RESEARCH, AND SCHOLARLY ACTIVITIES

AU continued to advance its mandate as a comprehensive academic and research university and ambitiously open university through signature initiatives, foundational work for a redesigned strategic research plan, and increased research productivity and knowledge engagement. Successes in these areas reflect a renewed energy and elevated priority on research as an essential element of AU's academic mission.

The university's research successes were represented in part by sponsored research activities. In total, AU researchers attracted \$5.9 million in sponsored research revenue, an increase of more than 120%. This included increases from both external Tri-Agency sources (\$1.4 million, a 64.7% increase) and external non-Tri-Agency sources (\$3.5 million, a 268.3% increase). These upward trends reflect increased activity, capacity, and success in funding applications by AU research academics. In 2022-23, 19% of AU faculty held an external research grant, an increase of 2.3% over the previous year. This growth reflects notable increases in the number of successful awards made to AU faculty from Tri-Agency (26 in total, a 36.8% increase) and relative stability for non-Tri-Agency awards (14 total, a 6.7% decrease). Increases to AU's research support fund enabled growth in the strategic services for research development and administration in a growing Research Office team.

AU continued its implementation of the Canada Research Chairs EDI (Equity, Diversity, and Inclusion) Action Plan through activities, recruitments, renewals, and process enhancements. In 2023, AU completed and posted its Research Data Management Strategy to ensure compliance with federal funding agency requirements and enable planning for resourcing and capacity-building in data management.

The AU Research Office continued to lead two digital-first research initiatives to increase AU's research culture of innovation and discovery as well as to elevate the profile of AU research for external audiences: IDEA Lab, and AU Pure. IDEA Lab, AU's virtual research platform, launched two cycles of research projects leveraging cloud software and storage solutions, which included digital literacy and work-integrated learning for AU learners through its IDEA Academy training program. The lab's successes in digital innovation supports were recognized with three awards from the ASTech Foundation, Canadian Association of University Business Administrators, and Canadian Association of Research Administrators.

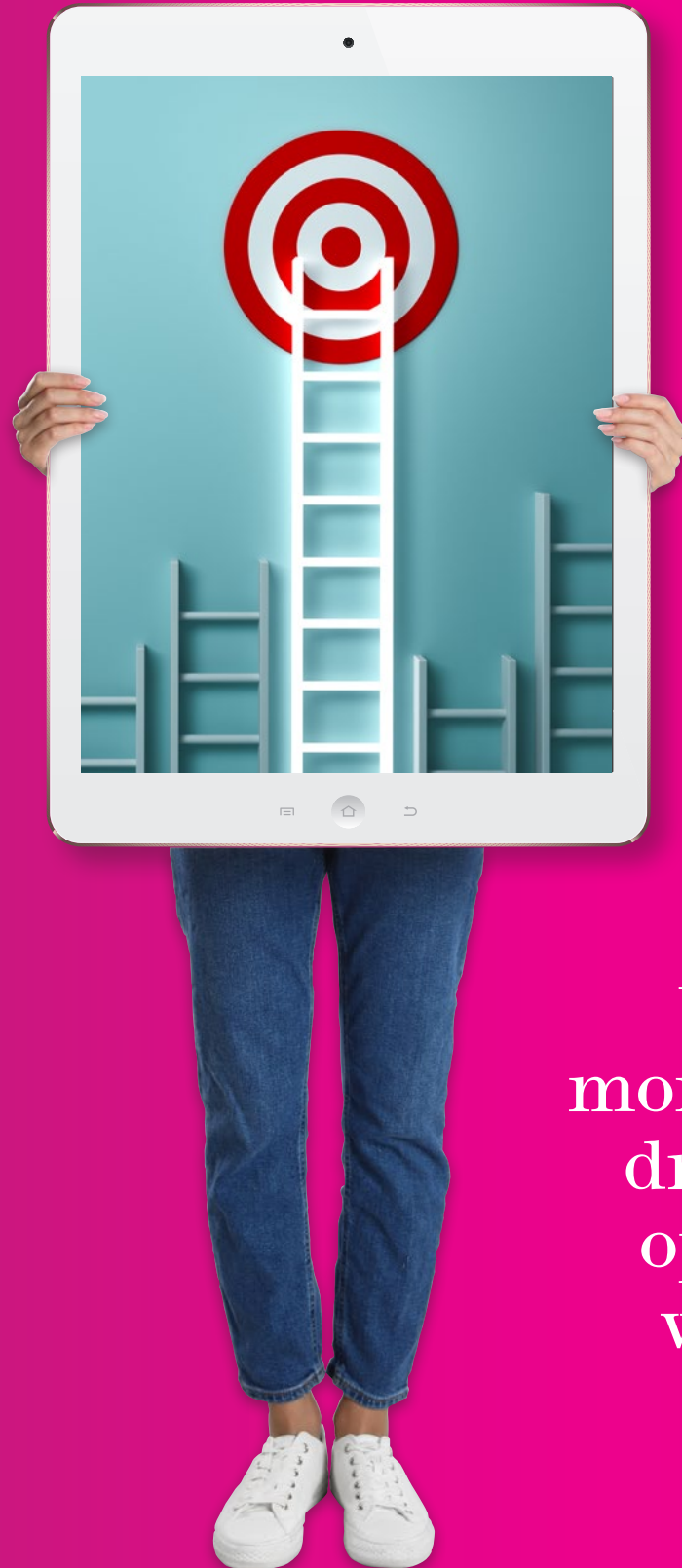
AU Pure launched to increase the discoverability, access, and impact of AU research publications and knowledge outputs. As a research information management system, AU Pure supports the external profile of AU research for academic audiences, members of the public, students, and prospective partners. The initiative will also leverage a newly secured institution-wide membership in ORCID iD to connect AU research outputs with secure and persistent digital identifiers.

Of the many advances made in research across AU's faculties, the third instalment of the "Research with Reach" public engagement video series highlighted contributions in areas of strategic strength for AU's present and redesigned Strategic Research Plan, including dimensions of sustainability, health and well-being, innovations in education, and inclusive futures. Such contributions align with grand challenges established in the UN sustainable development goals.

AU expanded its collaborative opportunities by partnering on significant external research grants, such as the Canada First Research Excellence Fund and Government of Alberta Major Innovation Fund, as well as advanced and developed regional, provincial, and national network relationships, such as with Edmonton Unlimited, Digital Alberta, Research Impact Canada, and Digital Research Alliance.

AU continued to advance work-integrated learning opportunities with research assistant opportunities across disciplines, training and employing 77 AU learners on faculty research projects, a 10% increase over the previous year.

Additionally, we have seen a shift in perception of AU as a research-focused institution. AU's 2023 awareness survey found an increase of 12% among prospective students and of 7% of employers and trainers who felt very strongly that AU is research-focused.



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We live in a
moment when the
dream of equal
opportunity is
within reach.

Barack Obama

REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING, AND UNDER-REPRESENTED LEARNERS

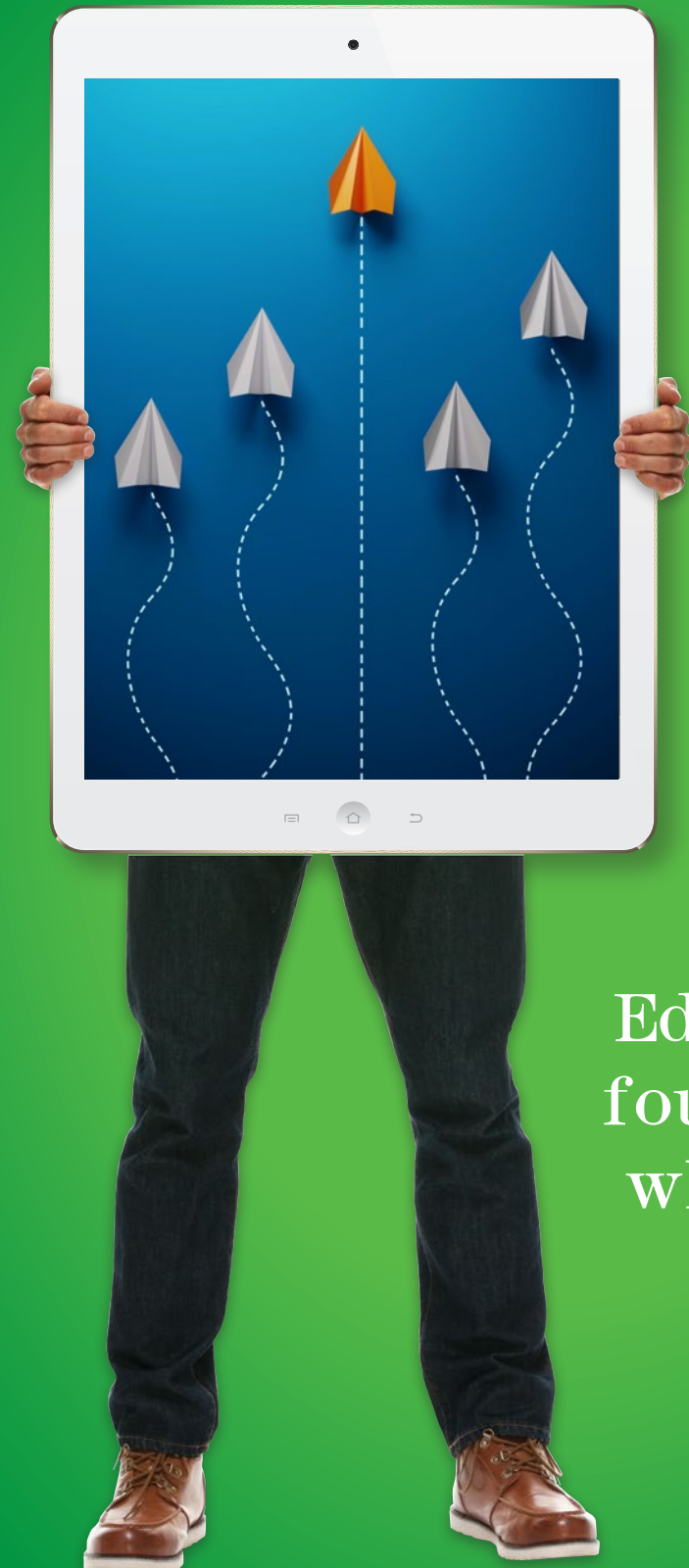
AU's mission is to remove barriers to higher education and increase equality and opportunity for all. As Alberta's and Canada's open and online university, AU is available to learners wherever there is an internet connection, in rural, urban, remote, and Indigenous communities.

AU is Canada's only rural-based university, serving the community and the region of Athabasca as well as its learners across the province and the country. Research projects in the region, and initiatives such as [science outreach](#), promote science awareness in the Athabasca area and beyond. In 2022, AU opened a memorial garden at its Athabasca campus to honour victims and survivors of the residential school system. The year also marked the opening of the Bertha Clarke-Jones O.C. Art Gallery on campus.

To help support under-represented learners, AU introduced an Indigenous Undergraduate Entrance Bursary and an Indigenous Graduate Entrance Bursary, as well as a new bursary for students from war-torn countries. The Tony Simmons Memorial Award for Marginalized Students was also approved in 2022.

Foundational learners within AU and beyond benefitted again from the [Write Site](#), which supports students in their academic writing with coaching, questions, and feedback, and the [Math site](#), which supports foundational math skills.

Accessibility Services helped 3,548 AU learners with verified disabilities this year (an increase of 9% over last year), many of whom might not otherwise be able to study at a traditional, place-based university.



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Education is the
foundation upon
which we build
our future.

Christine Gregoire

APPENDIX A



Athabasca
University

FINANCIAL STATEMENTS

MARCH 31, 2023

Athabasca University

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Athabasca University

Statement of Management Responsibility

Year ended March 31, 2023

The financial statements of Athabasca University (“the university”) have been prepared by management in accordance with Canadian Public Sector Accounting Standards as described in note 2 to the financial statements. The financial statements present fairly the financial position of the university as at March 31, 2023 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 Dr. Alex Clark

Dr. Alex Clark
President

Original signed by David Head

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, 2023, and the statements of operations, remeasurement gains and losses, change in net financial assets, 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, 2023, 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]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 26, 2023
Edmonton, Alberta

Athabasca University

Statement of Financial Position

As at March 31, 2023
(thousands of dollars)

	2023	2022
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 4,758	\$ 10,065
Portfolio investments - non-endowment (Note 3)	69,081	67,754
Accounts receivable	3,650	3,781
Inventory held for sale	910	953
	<u>78,399</u>	<u>82,553</u>
Liabilities		
Accounts payable and accrued liabilities	13,647	15,350
Employee future benefit liabilities (Note 5)	10,827	13,209
Deferred revenue (Note 6)	28,384	27,180
	<u>52,858</u>	<u>55,739</u>
Net financial assets excluding portfolio investments restricted for endowments	25,541	26,814
Portfolio investments - restricted for endowments (Note 3)	4,288	4,139
Net financial assets	<u>29,829</u>	<u>30,953</u>
Non-financial assets		
Tangible capital assets (Note 7)	49,826	48,272
Purchased intangible capital assets (Note 8)	23	58
Prepaid expenses	2,533	2,494
	<u>52,382</u>	<u>50,824</u>
Net assets before spent deferred capital contributions	82,211	81,777
Spent deferred capital contributions (Note 9)	32,516	34,153
Net assets (Note 10)	<u>\$ 49,695</u>	<u>\$ 47,624</u>
Net assets is comprised of:		
Accumulated surplus	\$ 50,208	\$ 46,885
Accumulated remeasurement (losses) gains	(513)	739
	<u>\$ 49,695</u>	<u>\$ 47,624</u>

Contingent assets and contractual rights (Note 13 and Note 15)

Contingent liabilities and contractual obligations (Note 14 and Note 16)

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

Athabasca University

Statement of Operations

Year ended March 31, 2023
(thousands of dollars)

	Budget	2023	2022
	(Note 21)		
Revenues			
Government of Alberta grants (Note 17)	\$ 47,397	\$ 46,379	\$ 47,363
Student tuition and fees	98,348	95,967	99,026
Sales of services and products	6,083	6,341	7,658
Investment income	1,841	3,094	4,511
Federal and other government grants (Note 17)	1,573	2,405	1,660
Donations and other grants	644	1,397	670
	<u>155,886</u>	<u>155,583</u>	<u>160,888</u>
Expenses (Note 19)			
Instruction and non-sponsored research	80,489	76,008	77,504
Academic and student support	20,161	20,146	18,159
Institutional support	16,138	17,638	18,947
Computing and communication	19,198	19,369	16,004
Sponsored research and special purpose	8,683	8,778	8,781
Ancillary and academic services	7,046	6,723	6,726
Facility operations and maintenance	4,171	3,847	4,455
	<u>155,886</u>	<u>152,509</u>	<u>150,576</u>
Annual operating surplus	-	3,074	10,312
Endowment contributions and capitalized investment income			
Endowment contributions (Note 10)	-	-	6
Endowment capitalized interest income (Note 10)	-	249	121
	<u>-</u>	<u>3,323</u>	<u>10,439</u>
Accumulated surplus, beginning of year	-	46,885	36,446
Accumulated surplus, end of year (Note 10)	<u>\$ -</u>	<u>\$ 50,208</u>	<u>\$ 46,885</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, 2023
(thousands of dollars)

	Budget	2023	2022
	(Note 21)		
Net financial assets, beginning of year	<u>\$ 30,953</u>	<u>\$ 30,953</u>	<u>\$ 24,752</u>
Annual surplus	-	3,323	10,439
Acquisition of tangible capital assets	(7,691)	(7,423)	(9,781)
Proceeds from sale of tangible capital assets		26	-
Amortization of tangible capital assets	5,811	5,807	5,855
Amortization of purchased intangible capital assets		35	34
Loss on disposal of tangible capital assets		36	-
Increase in prepaid expenses		(39)	(162)
(Decrease) increase in spent deferred capital contributions	(1,629)	(1,637)	1,065
Decrease in accumulated remeasurement gains and losses		(1,252)	(1,249)
	<u>-</u>	<u>(1,124)</u>	<u>6,201</u>
(Decrease) increase in net financial assets	<u>-</u>	<u>(1,124)</u>	<u>6,201</u>
Net financial assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 29,829</u></u>	<u><u>\$ 30,953</u></u>

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

Athabasca University

Statement of Remeasurement Gains and Losses

Year ended March 31, 2023
(thousands of dollars)

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 739	\$ 1,988
Unrealized losses attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	(1,004)	(835)
Designated fair value financial instruments		
Portfolio investments - non-endowment	39	-
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	(287)	(414)
Designated fair value financial instruments		
Portfolio investments - non-endowment	-	-
Net change for the year	(1,252)	(1,249)
Accumulated remeasurement (losses) gains, end of year	\$ (513)	\$ 739
Accumulated remeasurement (losses) gains is comprised of:		
Portfolio investments - non-endowment	\$ (513)	\$ 739

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

Athabasca University

Statement of Cash Flows

Year ended March 31, 2023
(thousands of dollars)

	2023	2022
Operating transactions		
Annual surplus	\$ 3,323	\$ 10,439
Add (deduct) non-cash items:		
Amortization of tangible capital assets	5,807	5,855
Amortization of purchased intangible capital assets	35	34
Expended capital contributions recognized as revenue	(2,923)	(3,075)
Gain on sale of portfolio investments	(287)	(414)
Loss on disposal of tangible capital assets	36	-
Decrease in employee future benefit liabilities	(2,382)	(962)
Change in non-cash items	286	1,438
Decrease in accounts receivable	131	2,646
Decrease (increase) in inventory held for sale	43	(246)
(Decrease) increase in accounts payable and accrued liabilities	(1,703)	317
Increase (decrease) in deferred revenue	1,304	(2,164)
Increase in prepaid expenses	(39)	(162)
Cash provided by operating transactions	3,345	12,268
Capital transactions		
Acquisition of tangible capital assets	(7,423)	(9,781)
Proceeds on sale of tangible capital assets	26	-
Cash applied to capital transactions	(7,397)	(9,781)
Investing transactions		
Purchases of portfolio investments	(14,874)	(9,285)
Proceeds on sale of portfolio investments	12,333	5,129
Cash applied to investing transactions	(2,541)	(4,156)
Financing transactions		
Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue	1,286	4,140
Cash provided by financing transactions	1,286	4,140
(Decrease) increase in cash	(5,307)	2,471
Cash, beginning of year	10,065	7,594
Cash, end of year	\$ 4,758	\$ 10,065

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(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 headquarters in the town of Athabasca. The 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, liabilities, revenues and expenses 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
Accounts 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 assessed 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, which is other than temporary, is not reversed for a subsequent increase in value.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

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

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

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of 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, 2023
(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, 2023
(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

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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

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

(g) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets and include all activities related to an asset retirement obligation which include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

Where a present value technique is used to measure a liability, the liability is adjusted for the passage of time and is recognized as accretion expense in the statement of operations. When a present value technique is not used, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. The university has no asset retirement obligations recognized as at March 31, 2023 (2022 - \$0).

(h) 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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

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

(i) 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.

(j) Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Contaminated sites occur when an environmental standard exists and contamination exceeds the environmental standard.

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

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

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

(j) Liability for contaminated sites (continued)

A liability for remediation of contaminated sites from an operation(s) no longer in productive use and/or an unexpected event occurs resulting in contamination is recognized net of any expected recoveries when all of the following criteria are met:

- the university is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

(k) 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, counselling 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.

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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

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

(l) 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.

(m) Future changes in accounting standards

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, specifically addressing revenue arising from transactions with performance obligations (exchange transactions) and transactions that do not have performance obligations (unilateral transactions).

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

3 Portfolio investments

	2023	2022
Portfolio investments - non-endowment	\$ 69,081	\$ 67,754
Portfolio investments - restricted for endowments	4,288	4,139
	<u>\$ 73,369</u>	<u>\$ 71,893</u>

The composition of portfolio investments measured at fair value is as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds				
Canadian bonds	\$ 35,628	\$ -	\$ -	\$ 35,628
Equities				
Canadian equities	5,557	-	-	5,557
Foreign equities	21,995	-	-	21,995
Mortgage funds	-	6,705	-	6,705
Money market funds	3,484	-	-	3,484
Total portfolio investments	<u>\$ 66,664</u>	<u>\$ 6,705</u>	<u>\$ -</u>	<u>\$ 73,369</u>
	<u>91%</u>	<u>9%</u>	<u>0%</u>	<u>100%</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

3 Portfolio investments (continued)

	2022			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds				
Canadian bonds	\$ 35,854	\$ -	\$ -	\$ 35,854
Equities				
Canadian equities	10,203	-	-	10,203
Foreign equities	22,554	-	-	22,554
Mortgage funds	-	-	-	-
Money market funds	3,282	-	-	3,282
Total portfolio investments	<u>\$ 71,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,893</u>
	<u>100%</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>

The fair value measurements are derived from:

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

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

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

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

- Money Market pooled funds: 4.88% (2022 - 1.36%); term to maturity: less than one year.
- Pooled funds of government, mortgage, and corporate bonds: 6.09% (2022 - 3.33%); 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:

	2023			2022
	Deferred revenue endowments (Note 6)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized gains, beginning of year	\$ 251	\$ 739	\$ 990	\$ 2,210
Unrealized losses attributable to portfolio investments	(100)	(965)	(1,065)	(806)
Amounts reclassified to statement of operations	-	(287)	(287)	(414)
Net unrealized (losses) gains, end of year	<u>\$ 151</u>	<u>\$ (513)</u>	<u>\$ (362)</u>	<u>\$ 990</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

4 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, 2023, if market prices had a 6.01% (2022 - 5.20%) 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 \$4,409 (2022 - \$3,738).

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 and mortgages held are as follows:

	2023	2022
Credit rating		
AAA	35 %	33 %
AA	4 %	14 %
A	44 %	33 %
BBB	16 %	20 %
BB	1 %	- %
	<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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

4 Financial risk management (continued)

Interest rate risk (continued)

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	\$ 3,484	\$ -	\$ -	\$ 3,484
Canadian bonds	6,390	23,906	5,332	35,628
Mortgage funds	1,203	4,499	1,003	6,705
	<u>\$ 11,077</u>	<u>\$ 28,405</u>	<u>\$ 6,335</u>	<u>\$ 45,817</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	\$ 457	\$ 229	\$ (229)	\$ (457)

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 is exposed to foreign exchange risk on portfolio investments that are denominated in foreign currencies. The university does not hedge its foreign currency exposure with currency forward contracts or any other type of derivative financial instruments. The university’s exposure to foreign exchange risk is very low due to minimal business activity conducted in a foreign currency.

5 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2023	2022
Universities Academic Pension Plan (UAPP)	\$ 9,674	\$ 11,988
Administrative Leave Plan	1,153	1,221
	<u>\$ 10,827</u>	<u>\$ 13,209</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, 2020, and was then extrapolated to March 31, 2023, resulting in a UAPP deficit of \$249,943 (2022 - \$247,933) consisting of a pre-1992 deficit of \$802,039 (2022 - \$797,730) and a post-1991 surplus of \$552,096 (2022 - \$549,797). The university’s portion of the UAPP pre-1992 deficit and post-1991 surplus has been allocated based on its percentage of the plan’s total employer contributions for the year.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

5 Employee future benefit liabilities (continued)

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

The unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2022 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% (2022 - 3.04%) of salaries until June 30, 2022 and 3.57% (2022 - 3.57%) of salaries thereafter until December 31, 2043 to eliminate the unfunded deficit. The Government of Alberta’s obligation for the future additional contributions was \$197,976 at March 31, 2023 (2022 - \$226,028).

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, 2023. 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 \$1,153 (2022 - \$1,221) 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:

	2023		2022	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Expense				
Current service cost	\$ 6,764	\$ 287	\$ 6,096	\$ 321
Interest cost	168	25	938	13
Amortization of net actuarial (gain) loss	(985)	(108)	305	(91)
Total expense	<u>\$ 5,947</u>	<u>\$ 204</u>	<u>\$ 7,339</u>	<u>\$ 243</u>
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 196,996	\$ 1,221	\$ 176,118	\$ 1,369
Current service cost	6,764	287	6,096	321
Interest cost	10,156	25	9,269	13
Benefits paid	(9,262)	(272)	(7,911)	(391)
Actuarial (gain) loss	(16,430)	(108)	13,424	(91)
Balance, end of year	188,224	1,153	196,996	1,221
Plan assets	(186,602)	-	(196,341)	-
Plan deficit	1,622	1,153	655	1,221
Less unamortized net actuarial gain	(8,052)	-	(11,333)	-
Accrued benefit liability	<u>\$ 9,674</u>	<u>\$ 1,153</u>	<u>\$ 11,988</u>	<u>\$ 1,221</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

5 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:

	2023		2022	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	6.30%	4.59%	5.10%	0.90%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	5.10%	n/a	5.20%	n/a
Long-term average compensation increase	3.00%	0.00%	3.00%	2.00%
Alberta inflation (2023)	3.50%	n/a	2.00%	n/a
Alberta inflation (2024-2025)	2.50%	n/a	2.00%	n/a
Alberta inflation (long term)	2.00%	n/a	2.00%	n/a
Estimate average remaining service life	11.5 years	13 years	10.6 years	12 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 \$1,172 (2022 - \$1,343).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2022 from the actuarial valuation as at December 31, 2021 with the updated assumptions. At December 31, 2022, the PSPP reported a surplus of \$4,258,721 (2021 - \$4,588,479). For the year ended December 31, 2022, PSPP reported employer contributions of \$287,703 (2021 - \$310,371). For the 2022 calendar year, the university’s employer contributions were \$1,207 (2021 calendar year - \$1,378).

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

6 Deferred revenue

	2023			2022
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 8,523	\$ 18,657	\$ 27,180	\$ 29,315
Grants, tuition and donations	9,908	67,248	77,156	77,949
Investment (loss) income	(25)	-	(25)	272
Unrealized (losses) gain (Note 3)	(100)	-	(100)	29
Transfers to spent deferred capital contributions (Note 9)	(1,286)	-	(1,286)	(4,140)
Recognized as revenue	(5,862)	(68,679)	(74,541)	(76,245)
Balance, end of year	<u>\$ 11,158</u>	<u>\$ 17,226</u>	<u>\$ 28,384</u>	<u>\$ 27,180</u>

7 Tangible capital assets

	2023					2022	
	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	\$ 61,972	\$ 60,425	\$ 9,055	\$ 6,494	\$ 140,126	\$ 131,804
Acquisitions	-	-	7,094	123	206	7,423	9,781
Disposals, including write-downs	-	-	(1,507)	(166)	(38)	(1,711)	(1,459)
	<u>\$ 2,180</u>	<u>\$ 61,972</u>	<u>\$ 66,012</u>	<u>\$ 9,012</u>	<u>\$ 6,662</u>	<u>\$ 145,838</u>	<u>\$ 140,126</u>
Accumulated amortization							
Beginning of year	\$ -	\$ 35,102	\$ 43,230	\$ 7,432	\$ 6,090	\$ 91,854	\$ 87,458
Amortization expense	-	1,611	3,635	487	74	5,807	5,855
Effects on disposals, including write-downs	-	-	(1,483)	(128)	(38)	(1,649)	(1,459)
	<u>\$ -</u>	<u>\$ 36,713</u>	<u>\$ 45,382</u>	<u>\$ 7,791</u>	<u>\$ 6,126</u>	<u>\$ 96,012</u>	<u>\$ 91,854</u>
Net book value at March 31, 2023	<u>\$ 2,180</u>	<u>\$ 25,259</u>	<u>\$ 20,630</u>	<u>\$ 1,221</u>	<u>\$ 536</u>	<u>\$ 49,826</u>	
Net book value at March 31, 2022	<u>\$ 2,180</u>	<u>\$ 26,870</u>	<u>\$ 17,195</u>	<u>\$ 1,623</u>	<u>\$ 404</u>		<u>\$ 48,272</u>

Included in computer hardware and software is \$12,615 (2022 - \$6,553) 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, 2023
(thousands of dollars)

8 Purchased intangible capital assets

	2023	2022
Cost		
Beginning of year	\$ 104	\$ 104
Disposals, including write-downs	-	-
	<u>\$ 104</u>	<u>\$ 104</u>
Accumulated amortization		
Beginning of year	\$ 46	\$ 12
Amortization expense	35	34
Effects on disposals, including write-downs	-	-
	<u>\$ 81</u>	<u>\$ 46</u>
Net book value	<u>\$ 23</u>	<u>\$ 58</u>

9 Spent deferred capital contributions

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

	2023	2022
Balance, beginning of year	\$ 34,153	\$ 33,088
Transfers from restricted grants and donations	1,286	4,140
Expended capital contributions recognized as revenue	<u>(2,923)</u>	<u>(3,075)</u>
Balance, end of year	<u>\$ 32,516</u>	<u>\$ 34,153</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

10 Net assets

	Accumulated surplus from operations ⁽¹⁾	Investment in capital assets ⁽²⁾	Endowments	Total
Balance as at March 31, 2021	\$ 23,321	\$ 11,350	\$ 3,763	\$ 38,434
Annual operating surplus	10,312	-	-	10,312
Endowments				
New contributions	-	-	6	6
Capitalized investment income	-	-	121	121
Capital assets ⁽²⁾				
Acquisition of capital assets ⁽²⁾	(5,641)	5,641	-	-
Amortization of capital assets ⁽²⁾	2,814	(2,814)	-	-
Decrease in accumulated remeasurement gains and losses	<u>(1,249)</u>	<u>-</u>	<u>-</u>	<u>(1,249)</u>
Balance as at March 31, 2022	29,557	14,177	3,890	47,624
Annual operating surplus	3,074	-	-	3,074
Endowments				
New contributions	-	-	-	-
Capitalized investment income	-	-	249	249
Capital assets ⁽²⁾				
Acquisition of capital assets ⁽²⁾	(6,137)	6,137	-	-
Amortization of capital assets ⁽²⁾	2,919	(2,919)	-	-
Net book value of capital asset disposals ⁽²⁾	62	(62)	-	-
Decrease in accumulated remeasurement gains and losses	<u>(1,252)</u>	<u>-</u>	<u>-</u>	<u>(1,252)</u>
Balance as at March 31, 2023	<u>\$ 28,223</u>	<u>\$ 17,333</u>	<u>\$ 4,139</u>	<u>\$ 49,695</u>
Net assets is comprised of:				
Accumulated surplus	\$ 28,736	\$ 17,333	\$ 4,139	\$ 50,208
Accumulated remeasurement losses	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>(513)</u>
	<u>\$ 28,223</u>	<u>\$ 17,333</u>	<u>\$ 4,139</u>	<u>\$ 49,695</u>

⁽¹⁾ Accumulated surplus from operations includes internally restricted funds of \$25,994 (2022 - \$23,761).

⁽²⁾ Includes tangible capital assets and purchased intangible capital assets.

11 Liability for contaminated sites

The university has no liability for remediation of contaminated sites as at March 31, 2023 (2022 - \$0).

12 Asset retirement obligations

The university has no asset retirement obligations recognized as at March 31, 2023 (2022 - \$0).

13 Contingent assets

The university has no contingent assets as at March 31, 2023 (2022 - \$0).

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

14 Contingent liabilities

The university received a demand letter for damages from a former employee. Based on legal advice it is likely the outcome will be settled in the future and the liability arising from negotiations on payment amount can be reasonably estimated. Management has concluded that the claim meets the criteria and a liability has been recognized accordingly.

15 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.

16 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
2024	\$ 17,280	\$ 10,684	\$ 294	\$ 28,258
2025	3,443	3,412	116	6,971
2026	1,390	1,667	66	3,123
2027	31	23	-	54
2028	6	-	-	6
Thereafter	-	-	-	-
Total at March 31, 2023	<u>\$ 22,150</u>	<u>\$ 15,786</u>	<u>\$ 476</u>	<u>\$ 38,412</u>
Total at March 31, 2022	<u>\$ 16,956</u>	<u>\$ 14,471</u>	<u>\$ 266</u>	<u>\$ 31,693</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 78 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, 2022, CURIE had an accumulated surplus of \$97,444 (2021 - \$105,790), of which the university's pro rata share is approximately 0.53% (2022 - 0.53%). This accumulated surplus is not recognized in the financial statements.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

17 Government transfers

	2023	2022
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 41,572	\$ 41,831
Special purpose	3,144	2,982
Total Advanced Education	<u>44,716</u>	<u>44,813</u>
Other Government of Alberta departments and agencies:		
Environment and Protected Area	2,425	-
Technology and Innovation	104	64
Culture	102	140
Total other Government of Alberta departments and agencies	<u>2,631</u>	<u>204</u>
Total grants received	47,347	45,017
Expended capital contributions recognized as revenue	2,733	2,899
Deferred revenue	(3,701)	(553)
Total Government of Alberta grants	<u>\$ 46,379</u>	<u>\$ 47,363</u>
Grants from Federal and other government		
Special purpose grants received	\$ 2,797	\$ 2,043
Expended capital contributions recognized as revenue	182	167
Deferred revenue	(574)	(550)
Total Federal and other government grants	<u>\$ 2,405</u>	<u>\$ 1,660</u>

In addition to the grants listed above, the university received \$219 (2022 - \$320) from the Ministry of Culture, 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, 2023
(thousands of dollars)

18 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 the following services at nominal or reduced amounts:

- leased office space owned by Bow Valley College, an entity subject to common control, on only an operating cost recovery basis.
- operated the Athabasca University Geophysical Observatory II research station on land leased at nominal cost from the Alberta Ministry of Environment and Protected Areas.

19 Expense by object

	2023		2022
	Budget (Note 21)	Actual	Actual
Salaries ⁽¹⁾	\$ 89,930	\$ 89,553	\$ 86,448
Employee benefits	20,153	17,179	18,722
Fees and purchased services	22,194	24,343	23,091
Cost of goods sold	6,718	5,887	6,312
Communication and travel	3,978	4,054	2,916
Materials and supplies	4,223	3,012	2,766
Rental, insurance and utilities	1,792	1,547	2,351
Scholarships and bursaries	1,087	1,092	2,081
Amortization of capital assets ⁽²⁾	5,811	5,842	5,889
	<u>\$ 155,886</u>	<u>\$ 152,509</u>	<u>\$ 150,576</u>

⁽¹⁾ Includes \$815 (2022 - \$13) of termination benefits.

⁽²⁾ Includes tangible capital assets and purchased intangible capital assets.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

20 Salary and employee benefits

	2023			2022	
	Base salary ⁽¹⁾	Cash benefits ⁽²⁾	Non-cash benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President ^{t(5) (6) (7)}	308	104	265	677	340
Provost and Vice-President Academic ⁽⁸⁾	293	19	71	383	415
Vice-President Finance and Performance Services and CFO	258	15	37	310	284
Vice-President Information Technology and CIO	258	15	46	319	319
Vice-President University Relations	248	14	45	307	305

⁽¹⁾ Base salary includes pensionable base pay.

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

⁽³⁾ 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.

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

⁽⁵⁾ In 2023 two individuals held this position; the past incumbent for 10.1 months and the current incumbent for 1.9 months.

⁽⁶⁾ Other non-cash benefits include, for the past incumbent in this role, accrued administrative leave benefit of \$65 and severance payable of \$153 as calculated in accordance with the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation*.

⁽⁷⁾ Other non-cash benefits include, for the current incumbent, the current year expense, as applicable, of future administrative leave benefits accrued after completing each year of service (in accordance with the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation*.) Current year amounts relate to past incumbent.

⁽⁸⁾ Other non-cash benefits include, for the individual in this role, the current expense of future administrative leave benefits accrued during the year and at mid fiscal year had reached the maximum accrued leave, in accordance with the Administrative Leave Plan.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2023
(thousands of dollars)

20 Salary and employee benefits (continued)

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

	Accrued Obligation March 31, 2022	Service costs	Interest and other costs	Benefits paid	Actuarial gain	Accrued Obligation ⁽⁹⁾ March 31, 2023
President ⁽⁷⁾	\$ -	65	-	(65)	-	\$ -
Provost and Vice-President Academic	\$ 338	23	7	-	(5)	\$ 363

⁽⁹⁾ The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 5.

21 Budget figures

The university’s 2022-2023 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.



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