



Athabasca
University

Annual Report 2023-2024



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Accountability Acknowledgement (a & b)

a. Accountability statement

The institution's Annual Report for the year ended March 31, 2024 was prepared under the Board's direction in accordance with the Sustainable Fiscal Planning and Reporting Act and ministerial requirements 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

b. Management's Responsibility for Reporting

The institution's management is responsible for the preparation, accuracy, objectivity, and integrity of the information contained in the Annual Report. 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 institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the Sustainable Fiscal Planning and Reporting Act and the Post-secondary Learning Act.

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

Original signed by Dr. Alex Clark

Dr. Alex Clark

President

Original signed by Kathleen Roberts

Kathleen Roberts

Acting Vice-President Financial Reporting and
Operational Services and Chief Financial Officer



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.

No disclosures that fall within the definition of wrongdoing as defined in the Act were reported during the reporting period (April 1, 2023 to March 31, 2024). A disclosure which was previously made directly to the Public Interest Commissioner (PIC) remains open and under review by the PIC.

One additional disclosure was received by the Chief Internal Auditor directly during the reporting period. It was recommended that this matter be reviewed under different AU policies and/or collective agreements. There were no reports made through the Confidence Line during the reporting period.



Goals and Performance Measures

a. Programming and student supports to meet the needs of students

Learners are at the heart of what AU does and who we are: committed to increasing access and opportunity for all learners across rural, urban, remote or Indigenous communities. Regardless of location, life circumstances, or past education we provide all learners the opportunity of a world-class university education. Based in Athabasca, we can serve rural and northern populations like no other university, both in the digital space, and increasingly in place, in Athabasca, by developing new options for in-person learning experiences.

In 2023-24, AU improved on exemplary learning experiences for our learners in the following ways:

Program development and renewal

AU continually reviews and renews existing programs and develops new ones that are responsive to the changing needs of our diverse learners, their communities, and our province. In 2023-24, these changes included:

New credentialed programs starting in Fall 2024 responding to needs

- **Earth Systems Science**, Master of Science
- **AI and Machine Learning, and Data Science**, Bachelor of Science minors, (funded by the Targeted Enrolment Expansion grant)
- **Bioinformatics and Environmental Data Analytics**: focus areas for the Master of Science in Information Systems (funded by the Targeted Enrolment Expansion grant).

Program development highlights (2023-24)

- **Bachelor of Human Resources and Labour Relations program**: accredited by the Chartered Professional Human Resources Alberta Association (CPHR-Alberta).
- **Nurse Practitioner program**: AU has graduated the largest number of nurse practitioners in Canada. In 2023-24, 622 students were enrolled in AU's program.
- **Master in Management program**: proposal for development commenced for submission (Sept 2025).
- **Master of Architecture**: 'Initial Plan for Accreditation' submitted to the Canadian Architectural Certification Board (CACB)
- **Enhancing Rural and Regional Communities**: course developed with the Alberta Real Estate Foundation.
- **Pre-calculus course**: developed to support success in university-level mathematics.
- **Energy Efficiency in Architecture and Construction micro-credential**: developed and launched
- **Anti-Indigenous Racism and Discrimination in Healthcare**: an undergraduate and graduate course are under development in the Faculty of Health Disciplines. A related course is available through PowerED.
- **New courses in the Faculty of Humanities and Social Sciences** including ENVS 608: Questioning Extinctions and HIST 386: History of the Modern middle East and North Africa (19th Century-present), and a redesign of the open educational resource Critical Thinking, Logic, and Argument.



High-quality learner experiences, online and in-person

To expand offerings in place and online, we will offer more opportunities for learners, faculty, staff and community members to experience and gather in our home community of Athabasca—to work, learn, research, celebrate, and contribute to knowledge generation and sharing together.

- **Architecture Maker Space:** located on AU campus in Athabasca, the space has been designed and will include 3D scanners and printers, audio and video recording suites, virtual reality equipment, and more; and will be open to students, staff, faculty and community members.
- **SHAD Anywhere program:** SHAD Canada partnered with AU on summer university experiences in STEAM (Science, Technology, Engineering, Art s, and Math) and entrepreneurship for 240 high school students across Canada.
- **AU science labs:** In 2023-24, 9 in-person science lab sessions were held at the AU campus in Athabasca, with 101 students attending. For the coming year, that number will grow to 10 in-person labs with 149 students, an increase of almost 50 per cent. Science Outreach activities open to the community also increased, both at AU's main campus and from AU experts travelling to Athabasca-area schools.
- **The Heritage Resource Management and Architecture and AU Computing Science:** program supported thirty AU students to go to South Africa to meet with international partner RISE on hands-on projects via the Global Skills Opportunity (GSO) Study Abroad program.
- **MITACS internships:** AU hosted 25 international MITACS students for research internships in computing, remote sensing, and regenerative design.
- **RAIC's Syllabus Program:** provided AU courses to students employed by Canadian architects.
- **Royal Architectural Institute of Canada (RAIC) MOU extension:** RAIC and AU extended their longstanding Memorandum of Understanding by three years on course development to support students to work with Canadian architects while pursuing their studies.

Financial supports to remove barriers

Committed to access, AU provides affordable, flexible and open education opportunities supported by scholarships and bursaries for students most in need.

- **Student Bursaries:** AU allocated an additional \$120,000 to undergraduate and graduate bursaries (68 undergraduate and 25 graduate awards).
- **Alberta Graduate Excellence Scholarship:** \$11,000 awarded to 6 students
- **Marginalized Students:** Dr. Tony Simmons Memorial Award for Marginal Students awarded to 3 students.
- **Bachelor of Science:** new award, the Jonathan Ormson Memorial Award, introduced for students with a demonstrated commitment to community service and lifelong learning.

Indigenous inclusion and supports

AU is committed to increasing university access and supports for Indigenous learners and communities in Alberta and beyond. To be truly inclusive, we must work together to foster Indigenization efforts across our university through our Indigenous centre, Nuksahtowin.

- **Tuition discount for Indigenous students:** discount of 10% approved by the Board of Governors.



- **Indigenous Student Support and Nuksahtowin websites:** reviewed to improve access for Indigenous students, with recommendations implemented over 2024-25.
- **Virtual talking circles:** established for graduate Indigenous students and alumni to provide input on improvements needed for learner success.
- **Smudge kits:** purchased for distribution to Indigenous students.

Technology for access

AU supports innovative open access education resources and user-friendly, intuitive, and seamless technologies for our students, team members, and communities.

- **Frontline Service Transformation:** pilot launched in June 2023 to strengthen support for funded students and students registered with AU's Accessibility Services. Results: improved wait times; fewer repetitive queries and student complaints; and increased positive feedback about student service experiences. The incubator will be incorporated into regular operations in 2024-25.
- **Transfer credit evaluations:** initiative reduced processing time for new program students, reducing barriers to program entry
- **MyCreds:** a secure digital portal launched for accessing and distributing post-secondary transcripts, with 19,644 transcripts requested in first year.
- **The Write Site:** provided an array of new online supports for students, including resources for graduate awards and scholarships applications, academic integrity, AI and conference presentations.
- **Remix:** new open educational resources (OER) publishing service launched for courses written or adapted by AU faculty members – has reduced course materials fees for students by \$185,000 to date.
- **OER development resources:** provided to faculty and students to improve accessibility and readability of course materials.

Supporting student health, wellness, and diversity

At AU our commitment to quality and equity in education is endless and uncompromising. Increasing access requires us to meet learners where they are, at every stage of their education, and continually assessing their unique needs.

- **Student Mental Health and Wellness:** AU's Health & Wellness services completed 5,966 support consultations.
- **Carepath:** 337 students registered for mental health support and online resources, with 191 students receiving individual counselling
- **Single Point of Contact initiative:** pilot launched to identify and support students at high risk of mental health challenges – to promote early intervention and individualized support plans, target intervention, and services to those with highest need.
- **Trans* Student Connect:** development of a digital space for transgender, nonbinary, Two Spirit, and gender nonconforming students to meet, socialize, and connect.



Performance measures 2023-24

Our Learners

	Learners	Average age
Undergraduate	30,794	31.6
Graduate	4,238	38.2
Total	35,032	32.4

- First in family, graduating with a bachelor's degree: 70%
- Self-identify as Indigenous: 4.4%
- Domestic living in rural areas: 11.6%
- Domestic living in urban areas: 88.4%
- International: 6.0%

Accessibility

- Self-identified disability: 8.3%
- Verified disabilities registered for accommodations and/or services with AU Accessibility Services: 2,939
- Registered with one disability: 1,797
- Self-identifying with two or more disabilities: 1,142
- Verified psychiatric disabilities: 844

Learner Satisfaction

- Undergraduate learner satisfaction with learning experience: 76.0%
- Undergraduate learner satisfaction with course materials: 73.4%

b. Strategic research priorities, applied research, and scholarly activities (2023-24)

As one of the four comprehensive academic and research universities in Alberta, and the only one in the rural North, AU is committed to fostering research and collaborations that benefit people and communities, particularly excluded populations and those in rural, remote and Indigenous communities. AU's unique approach to and impact of our research, particularly in open access and in the digital space, means that we can provide solutions to Alberta's challenges like no other.



Re-envisioning AU's Fostering community and industry partnerships

- **Industry and community collaboration fund:** Engaging Partners in Industry and Community fund, a new internal seed catalyzing fund, established for launch in 2025
- **The United Way Social Impact Lab:** collaboration between AU, The United Way and Athabasca community members to develop innovative ways to foster community connection and capacity.
- **Research commercialization:** AU researchers collaborated with other post-secondary institutions to develop two “lab to market” letters of intent, both of which were invited to full submission.

Enhancing Alberta's commercialization potential

- **IP and the New Innovator microcredential:** new research commercialization microcredential developed with 12 academic, industry, community, and innovation system partners to build research commercialization capacity across Alberta's post-secondary sector; funded by the Government of Alberta.

Research Security

- **Research security partnership:** AU has partnered with 16 post-secondary institutions in Alberta to form the new Alberta Research Security Community of Practice.
- **AU Research security specialist:** recruited to raise awareness in staff and improve practices and reduce risks in research data security.

Additional faculty research funding and positions:

- **UNESCO Chair in Open Educational Resources:** Dr. Rory McGreal renewed until 2027.
- **Laboratory infrastructure in Athabasca:** expansion of existing laboratory and field research capacity in Athabasca for northern environmental research through Canada Foundation for Innovation grant.

Research conferences and publications

- **Telepresence Robot Empowered Smart Lab:** AU hosted Annual TRESL conference in Athabasca that convened academics, students, international speakers, MITACS interns.
- **Open access Publishing:** AU Press published twelve scholarly books.
- **National and national recognition:**
 - open access book on online learning - How Education Works, by Dr. Jon Dron, named a “must-read book” on by Contact North | Contact Nord and is one of the most viewed books of 2023 via AU Press' TeachOnline platform.
 - Memory and Landscape: Indigenous Responses to a Changing North, edited by Kenneth L. Pratt and Scott A. Heyes (2022), won Scholarly and Academic Book of the Year and Best Book Design at the Alberta Book Publishing Awards in 2023.



Performance Measures (tenure track faculty)

AU has diversified in the variety of funding sources (with non-tri-agency funding up 40% annually).

	2023-2024
Total funded projects awarded	36
External Research Applications, Tri-Agency	26
External Research Applications, Non-Tri-Agency	29
External Grants Awarded, Tri-Agency	13
External Grants Awarded, Non-Tri-Agency	23
Total Sponsorship Research Revenue	\$2.7 Million
Research Revenue, Tri-Agency	\$1.1 Million
Research Revenue, Non-Tri-Agency	\$531,000



c. Collaborations with other learning providers (e.g., publicly funded post-secondary institutions, first Nations Colleges, or Private Career Colleges)

We are stronger when we work together. AU has a long history of working with post-secondary partners in Alberta and beyond to foster access to better learning experiences and develop collaborative research opportunities that benefit communities near and far. AU has established memoranda of understanding and agreement with 37 post-secondary institutions across Canada and around the world, including in the United States, Brazil, and India, and articulation agreements with 152 post-secondary institutions covering more than 1,700 unique external programs. Some highlights from 2023-24 include:

- **Non-program students from other universities:** More than 2,300 visiting students took courses at AU to complete studies at other Alberta universities.
- **Flexible transfer programs:** Over 2,100 diploma students from other institutions transferred to AU degree programs to supplement their education quickly and easily.
- **Dual credit agreements:** Agreements have been signed with the Province of Saskatchewan and more than a dozen Alberta school authorities.
- **Indigenous access to enrolment and admissions:** AU continued to provide increased access to its Bachelor of Commerce program through ongoing collaborations with Eden Valley Bearspaw First Nation and Red Crow Community College.
- **Access to nursing education:** direct admission partnership with Northern Lakes College (NLC) for the Bachelor of Nursing Program for 20 NLC Licensed Practical Nurse graduates per year; funded by Targeted Enrolment Expansion grant.
- **Access to technology education:** partnership with HCL Tech for accessible and flexible program delivery of Bachelor of Science in Computing and Information Systems.
- **Access to Computing diplomas:** laddering program with Portage College for Bachelor of Science in Computing and Information Systems.



2023-2024 Financial Highlights

Finishing the year strong

Fiscal year 2023-24 ended in a strong financial position and is a testament to the effective financial oversight, prudent fiscal manager, and shared accountability demonstrated by Athabasca University. The university ended the year with an operating surplus of \$3.0 million. After endowment contributions and capitalized investment income, the annual surplus at March 31, 2024, was \$3.1 million. The year-end surplus exceeded the forecasted year-end result, enabling the university to increase its cash on hand and grow the funds allocated for the Internally Restricted Risk Reserve Fund by \$4.8 million.

FINANCIAL RESULTS

The audited financial statements are provided as Attachment 3.

STATEMENT OF OPERATIONS

Revenue

Prior Year 1.9% Budget 5.8%

Total revenues for the year ended March 31, 2024, were \$158.6 million, an increase of \$3.0 million (1.9%) compared to the prior year and \$8.6 million (5.8%) higher than budget. Revenue from student tuition and fees represented the university's single largest source of income at 61.9% and enrolment plays a large role in the ability to fund university activities. The major components of revenue are as follows:

Figure 1 - Revenue

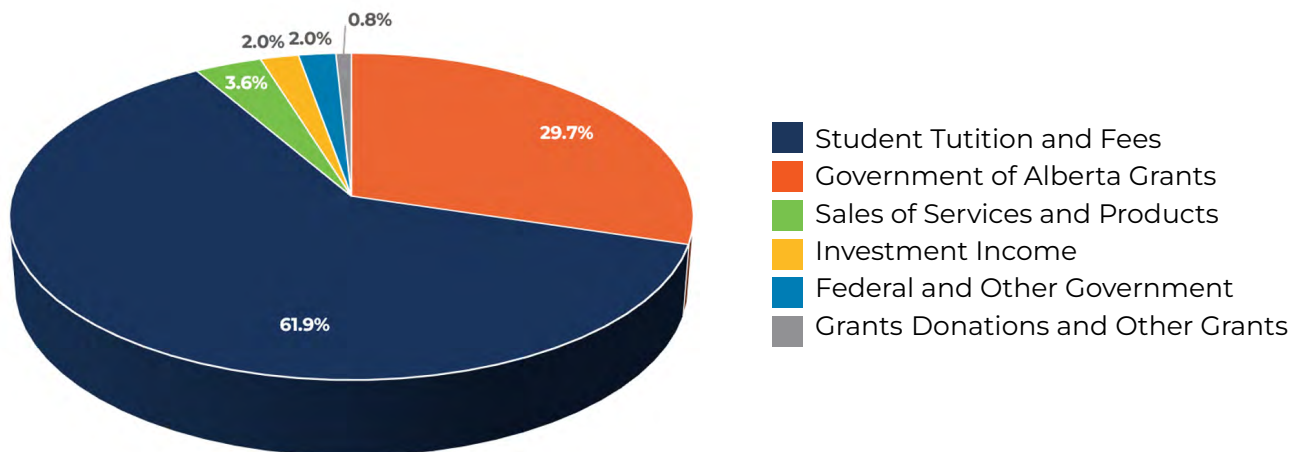
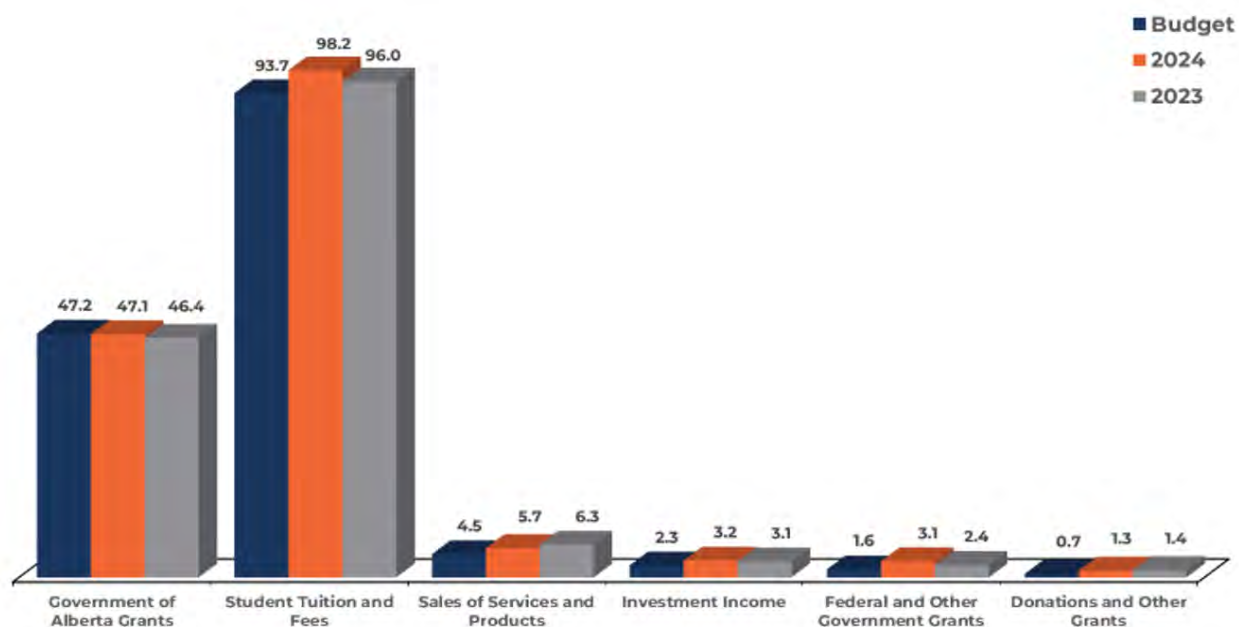




Figure 2 - Revenue (millions)



Government of Alberta Grants

Prior Year ↑ 1.6% Budget ↓ 0.2%

The government of Alberta's grant revenue of \$47.1 million was \$0.7 million higher than the prior year and \$0.1 million lower than the budget. The university's base operating grant remained stable compared to the previous year. The year-over-year increase is due to the rise in spending on the Capital Maintenance and Renewal (CMR) grant by \$0.4 million. AU also received a Target Enrolment Expansion grant of \$0.2 million.

Student Tuition and Fees

Prior Year ↑ 2.3% Budget ↑ 4.8%

The increase in enrolments positively impacted revenue from student tuition and fees. Tuition and fees revenue of \$98.2 was \$2.2 million higher than the prior year and \$4.5 million higher than budget. Undergraduate enrolments, which make up almost 90% of our registrations, increased 1.2% over the prior year and 9.2% over budget. Higher revenue is attributed to the increase in enrolments and tuition rates.

Sales of Services and Products

Prior Year ↓ 9.5% Budget ↑ 26.3%

Sales of services and products revenue of \$5.7 million were \$0.7 million lower than the prior year and \$1.2 million higher than budget. The year-over-year decrease is primarily due to the conclusion of a number of PowerED™ contracts. The budget factored in the lower amount anticipated from contracts, but the university outperformed expectations for the current year.



Investment Income

Prior Year ↑ 4.6% Budget ↑ 40.3%

Revenue from investments of \$3.2 million was \$0.1 million higher than the prior year and \$0.9 million higher than budgeted. The budget planned for lower gains on investments due to the previous year's market trends. Investments performed similarly to the prior year and exceeded budgeted expectations.

Federal and Other Government Grants

Prior Year ↑ 30.6% Budget ↑ 99.4%

Grant revenue from federal and other government sources of \$3.1 million was \$0.7 million higher than the prior year and \$1.5 million higher than budget. The increases compared to the previous year and the budget are attributed to continued growth in research activities and related grant spending. Furthermore, revenue from Deferred Capital Contributions (DCC) increased year-over-year and over budget due to completing more capital projects in the current year than the prior year and completing more projects than initially anticipated.

Donations and Other Grants

Prior Year ↓ 6.2% Budget ↑ 98.0%

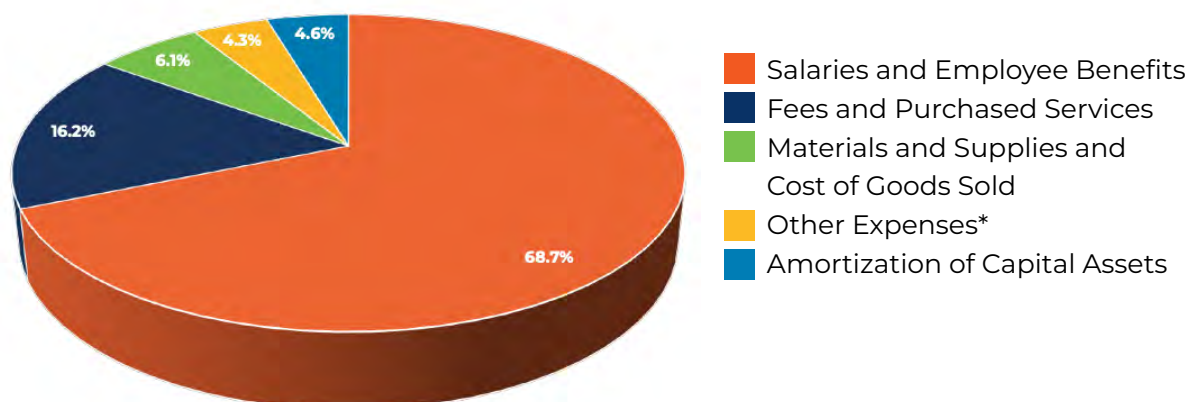
Revenue from donations and other grants of \$1.3 million was \$0.1 million lower than the prior year and \$0.6 million higher than budget. Other grant spending and related revenue is down slightly year-over-year and is the main contributor to the decrease. Donations and grant revenue from non-profit organizations exceeded budgeted expectations and were the primary drivers of the positive budget variance.

Expense

Prior Year ↑ 2.1% Budget ↑ 3.8%

Expenses totalled \$155.7 million, an increase of \$3.2 million over the prior year and \$5.7 million more than budget. Salaries and benefits are the single largest expense representing 68.7% of total expenses. Major components of the expenses are as follows:

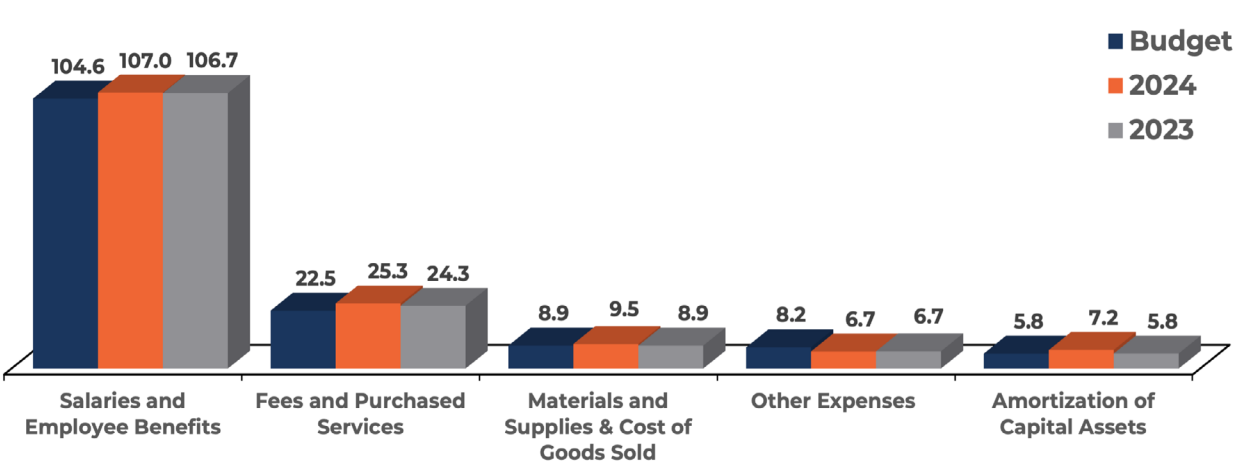
Figure 3 - Expense by Object



*Other expenses include travel, communications, rental, institutional operations, scholarships, and bursaries



Figure 4 - Expense by Object (millions)



Salaries and Employee Benefits

Prior Year ↑ 0.3% Budget ↑ 2.3%

Salaries and benefits of \$107.0 million were \$0.3 million higher than the prior year and \$2.4 million higher than budget. The budget variance is largely attributed to salaries and benefits directly related to enrolment growth, such as increased tutor costs. In addition, the university had fewer vacancies than anticipated due to reducing the number of long-term vacancies and implementing strategic, targeted hiring suspensions. Partially offsetting the increase in salaries and benefits was the UAPP pension actuarial cost adjustment (decrease in liability).

Table 1 – Salaries and Benefits Variance to Budget Explanation

Amount (millions)	Explanation
\$2.56	Tutor costs increased as enrolment increased
\$2.04	Fewer vacancy savings than anticipated
(\$2.20)	Actuarial assessment reducing UAPP liability

Fees and Purchased Services

Prior Year ↑ 4.1 % Budget ↑ 12.4%

Fees and purchased services expenses of \$25.3 million represent the second largest expense component of the university. The current year costs were \$1.0 million higher than the prior year and \$2.8 million higher than budget. The increase in costs is related to the implementation of the digital security program and transitioning IT services to the cloud environment. Inflation and foreign exchange have also increased these expenses as the majority of the university's technology fees and subscriptions are paid in foreign currency.



Materials and Supplies and Cost of Goods Sold

Prior Year ↑ 7.4% Budget ↑ 7.4%

Expenses related to materials and supplies totalled \$9.5 million. This was \$0.6 million more than the prior year and \$0.6 million more than budgeted. The increase is due to more on-campus activity, which increased general supplies expenses, as well as an increase in staff training and development.

Other Expenses

Prior Year ↓ 0% Budget ↓ 18.8%

Other expenses of \$6.7 million were on par with the prior year and \$1.5 million less than budgeted. Other expenses include travel, communications, rental, institutional operations, scholarships, and bursaries. The budget variance is primarily due to lower-than-expected travel and communications expenses. Communications expenses were reduced by optimizing the Amazon Web Services environment and reducing cell phone expenses.

Amortization of Capital Assets

Prior Year ↑ 23.1% Budget ↑ 23.9%

Amortization of capital assets expense of \$7.2 million increased by \$1.4 million from the prior year and was \$1.4 million higher than budgeted expectations. The increase from the prior year and the budget is a result of new assets being transferred into service during the year, primarily related to the Brightspace learning environment.

Figure 5 - Expense by Function

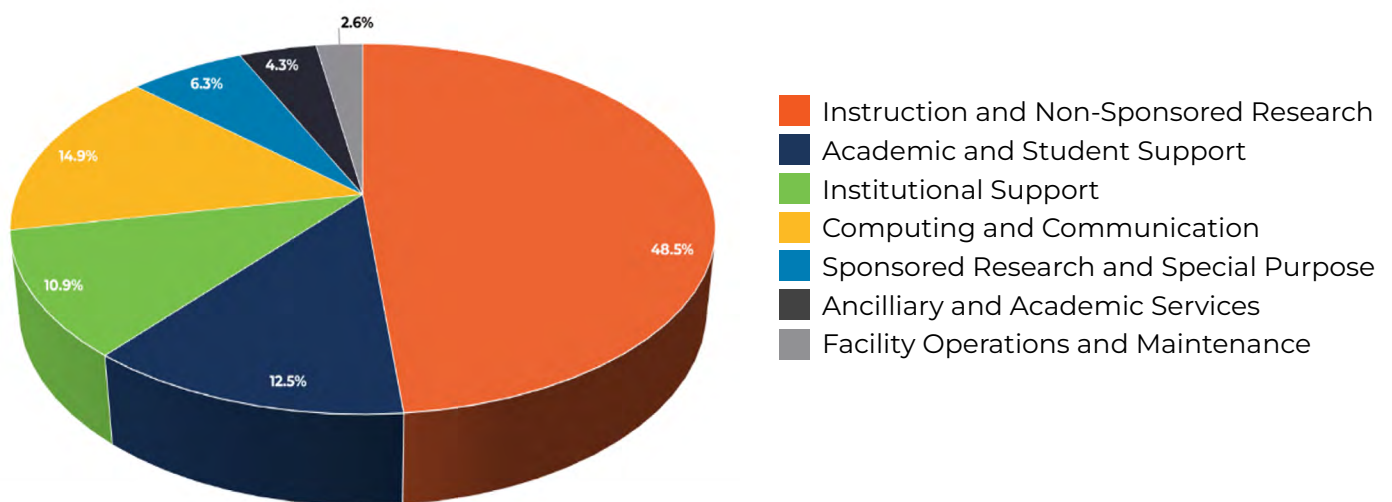
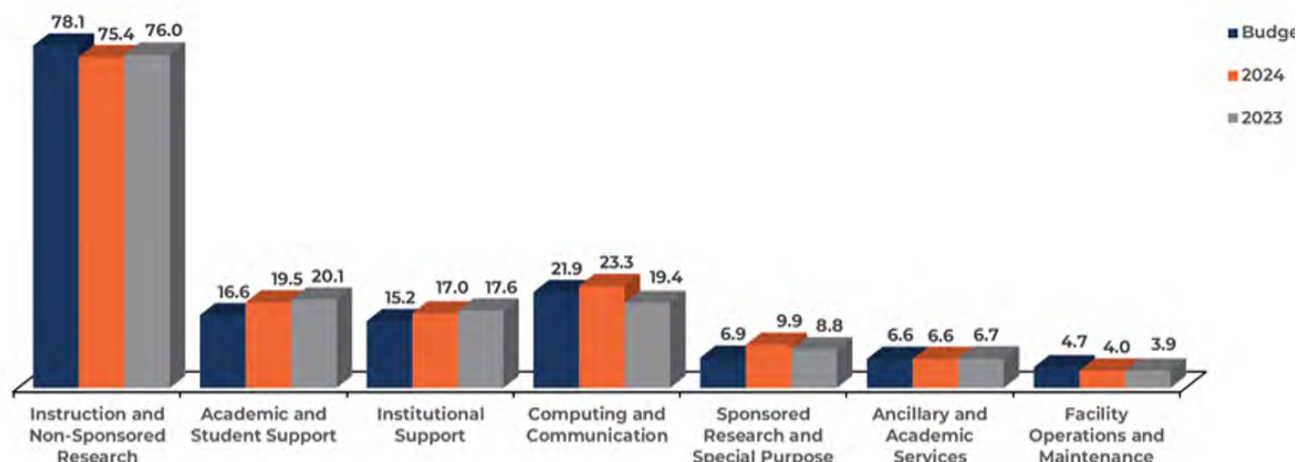




Figure 6 - Expense by Function (millions)



STATEMENT OF FINANCIAL POSITION

Net Financial Assets

Net financial assets represent the difference between the university's financial assets and its liabilities. The metric identifies the availability of net financial resources to fund future operations after accounting for liabilities owed to third parties. A positive value indicates that the university has more financial assets than liabilities, suggesting a healthy financial position. AU's financial assets include cash, portfolio investments (both endowment and non-endowment), accounts receivable, and inventory held for resale. Liabilities encompass monies owed through accounts payable, employee future benefits and deferred revenue (revenue received in advance of the university fulfilling an obligation). It should be noted that AU does not currently hold any debt or maintain a line of credit as part of its liabilities.

The university's liquidity needs are primarily met through operating cash flows, working capital balances, and funding received through grants. The university presents the net financial assets in a manner consistent with the Alberta post-secondary sector model financial statements. As such, net financial assets include portfolio investments restricted for endowments. Endowment-restricted investments represent donations that must be maintained in perpetuity, along with 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.

The net financial assets for the university as of March 31, 2024, are \$37.3 million, including \$4.8 million (fair market value) of portfolio investments restricted for endowments. This marks an increase of \$9.3 million over the previous year where net financial assets were \$28.0 million. The primary contributors to this increase were cash (\$7.2 million) and portfolio investments - non-endowment (\$1.0 million). The university's investments experienced a total gain of \$6.4 million during the year, before a withdrawal of \$5.0 million to address a short-term cashflow need. Of this gain, \$0.5 million relates to endowments and the balance was for the non-endowment investments. During the fiscal year, cash was replenished through normal operating transactions. However, due to the favourable interest rate earned on the university's operating bank account, the \$5.0 million withdrawal from investments was retained on deposit with the bank and not returned to the portfolio investments – non-endowment.



Offsetting the university's financial assets are its liabilities which decreased by \$0.6 million over the previous year. The main drivers of this decrease were a reduction in the Universities Academic Pension Plan liability of \$2.2 million based on the most recent actuarial valuation, offset by an increase in accounts payable of \$1.5 million. This increase primarily relates to the return of grant funds for a project which ended earlier than planned.

Net Assets

The university's net asset balance is the difference between total assets and total liabilities, serving as a crucial indicator of the university's financial health and sustainability. AU possesses sufficient net assets to sustain ongoing operations. These net assets consist of 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, as well as investment in tangible capital assets (university-funded) and endowments (externally restricted). The proportions comprising the total net assets as of March 31, 2024, are presented in the chart below.

Figure 7 – Net Assets

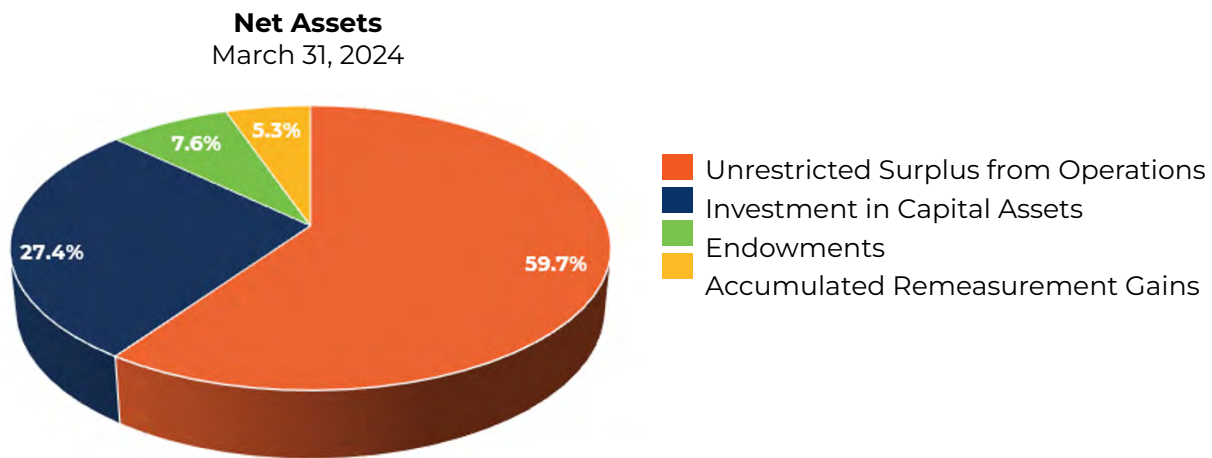


Table 2 – Net Assets (thousands)

	Unrestricted	Internally Restricted	Investment in Tangible Capital Assets	Endowments	Total Accumulated Surplus	Accumulated Remeasurement Gains	Total Net Assets
Net Assets - March 31, 2023	\$2,744	\$25,992	\$17,333	\$4,139	\$50,208	-\$513	\$49,695
Annual Operating Surplus	3,122				3,122		
Transfer to Endowments	(138)			138	-		
Tangible Capital Assets:					-		
› Acquisition of tangible capital assets	(2,439)		2,439		-		
› Amortization of tangible capital assets	3,923		(3,923)		-		
› Disposal of tangible capital assets	422		(422)		-		
Transfer to Internally Restricted Net Assets	(4,791)	4,791			-		
Net Assets - March 31, 2024	\$2,843	\$30,783	\$15,427	\$4,277	\$53,330	\$2,946	\$56,276



Unrestricted Funds

The unrestricted Net Assets represent the balance of accumulated surpluses and deficits that have not been set aside for specific purposes by the Board.

Internally Restricted

Internally restricted funds are designated for specific purposes and any change to the fund balance requires Board approval. This fund comprises the Student Awards Fund, an Internally Restricted Risk Reserve, and the Pension Plan Liability Fund.

The Student Awards Fund, established to fund future student awards, held a balance of \$0.9 million as of March 31, 2024.

The Internally Restricted Risk Reserve plays a significant role in the university's future by holding funds necessary to mitigate risk during periods of disruptive changes or strategic opportunities, such as significant changes in funding, cost structures, technology, environmental or political changes. The fund balance at the year-end was \$29.8 million, which is within \$0.2 million (0.5%) of the \$30.0 million target set by the university through its net Assets (Liabilities) Policy.

The balance of the Internally Restricted Fund includes accounting for the pension plan liability of \$7.5 million determined through an actuarial valuation.

Investment in Tangible Capital Assets

The investment in tangible capital assets represents the net book value of capital assets acquired with university funds. The balance does not include the net book value of capital assets acquired through contributions by external third parties.

Endowments

Net Assets includes externally restricted donations received by the university, which are required to be maintained intact and held in perpetuity. Income earned on endowments must be used for specific educational purposes and in accordance with the various purposes established by the donors.

Endowments

Net Assets includes externally restricted donations received by the university, which are required to be maintained intact and held in perpetuity. Income earned on endowments must be used for specific educational purposes and in accordance with the various purposes established by the donors.



Capital and Infrastructure Plan Highlights

The Capital and Infrastructure Plan is integrally connected with other guiding documents, including the strategic priorities in the University's strategic plan and the annual Integrated Resource Plan. Key investments target the Integrated Learning Environment, the Research Information Management System, and Cloud Infrastructure to support these objectives.

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

Integrated Learning Environment

Total actual spending on the ILE project for the year ended March 31, 2024, was \$1.6 million, a decrease of \$1.4 million compared to the budget of \$3.0 million.

The ILE project is based on the AU Learning Framework's pedagogical and student-focused strategy and directly responds to student feedback about our current state. It is a vision of the best-in-class online learner experience that students at AU expect, underpinned by full integration of all front-office and back-office processes and systems.

These include Learning Management Systems, SIS, Customer Relationship Management, Exam/Assessment, Student and Academic Services, plus many other point solutions for online university management. The ILE integrates these solutions into one ecosystem for synchronous, asynchronous online, and hybrid online/on-campus learning models. A variety of projects fall within the domain of this program of work.

Timing delays throughout the year and updates to the scope of projects, require funds to be carried forward into fiscal year 2024-25 to complete various projects. The capital budget variance is offset with a negative operating variance due to course migration to the new learning management system taking longer than initially anticipated, along with additional costs.

Cloud Contact Centre Solution

Total actual spending on the Cloud Contact Centre Solution project for the year ended March 31, 2024, was \$0.7 million, a decrease of \$0.3 million compared to the budget of \$1.0 million.

As a part of the Frontline Learner Service Transformation (FLST), AU is replacing its existing on-premises contact centre technology with a new cloud-based contact centre technology. This project supports the university's goal of modernizing frontline student service technology, enhancing service capability, expanding service offerings, and improving processes through integration.

The FLST team is focusing on completing the final phase of implementation by June 2024.

Cloud Infrastructure

Total actual spending on the Cloud Infrastructure project for the year ended March 31, 2024, was \$0.7 million, a decrease of \$0.2 million compared to the budget of \$0.9 million.

The Cloud Infrastructure project is the continuous improvement of AU's cloud environment. The university's operations are now running in the AU cloud. AU cloud is a pay-as-you-go model. IT 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 used to protect and monitor the cloud operating environment. In addition, the Cloud Infrastructure Program supports the re-platforming and re-architecting of AU applications to ensure they run optimally in a secure cloud environment. This enables IT to develop the new Cloud Research Infrastructure and essential cloud research tools needed by researchers.

Budgeted deliverables progressed steadily throughout the year and are scheduled to be completed in fiscal year 2024-25.



Capital Report

Types of Project and Funding Sources					
Type:	Project Description	Total Project Cost (in thousands)	Funding source: % GoA % GoC % PSI funds % donation % foundation % industry	Funding Received to Date and Source	Revised Funding Sources
Proposed New Expansion Maintenance					
Priority Projects (top 3 Capital Priorities)					
Expansion	Integrated Learning Environment - A vision of best-in-class online learner experience, underpinned by full integration of all front-office and back-office processes and systems.	1, 643	67% GoA 33% PSI	1,095 GoA CMR 548 Athabasca University	
Expansion	Cloud Contact Centre Solution - As a part of the Frontline Service Transformation (FLST), AU must replace its exsisting on-premise contact centre technology (Telax) with a new cloud based contact centre technology that supports the university's goal of modernizing frontline student service technology.	675	100% PSI	675 Athabasca University	
Maintenance	Cloud Infrastructure- Continuous improvement of AU's cloud environment.	687	100% PSI	687 Athabasca University	
Other					
New	Research Information Management System- Project aims to enhance the capture and communication of research activity, output, and impact. The project requires an integrated software solution, centrally housed in the Research Office, with tiered user access levels and tailored reporting for academic and administrative units.	184	100% PSI	184 Athabasca University	



Other continued					
New	Workplace Optimization - Investments in space configuration, systems, processes, and programs that will enable team members to optimize the way they work.	29	100% PSI	29 Athabasca University	
Maintenance	External Research - Capital expenditures in support of our research mandate.	64	100% PSI	64 Athabasca University	
Maintenance	Technology Evergreening - IT equipment is routinely assessed, renewed, and replaced as necessary. This "project" is an ongoing program.	143	100% PSI	143 Athabasca University	
Maintenance	Equipment Renewal - A proper and proactive maintenance program takes care of repairs and replacement, minimizing downtime and excessive maintenance costs. This program also has benefits for employee and public safety. This "project" is an ongoing program.	170	100% PSI	170 Athabasca University	
Maintenance	Library Collections - AU aims to increase the depth and breadth of its online collections to support teaching, learning, and research. A rich and accessible research library is a fundamental expectation of any university. This "project" is an ongoing program.	4	100% PSI	4 Athabasca University	



Free Speech Reporting

Athabasca University's Freedom of Enquiry and Expression principles and guidelines are [listed on AU's public website](#).

Between April 1, 2023 and March 31, 2024, no events at Athabasca University were cancelled for reasons related to free speech.

Between April 1, 2023, and March 31, 2024, Athabasca University received no complaints related to free speech issues.

Total number of complaints: 0

Total number of complaints that did not progress through the institution's resolution process as determined by institutional policy: 0

Total number of complaints where it was determined that the free speech policy was not followed: 0

Board of Governors Training on For-profit Ventures

AU's board of governors has not done this training as a board. We do not anticipate it will be required.

Appendix A



Athabasca University

**Financial
Statements
March 31, 2024**

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Statement of Management Responsibility

Year ended March 31, 2024

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, 2024 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

Original signed by Dale Mountain

Dr. Alex Clark
President

Dale Mountain
Vice-President, Finance and Operations
and Chief Financial Officer

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, 2024, 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, 2024, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

May 31, 2024
Edmonton, Alberta

Statement of Financial Position

As at March 31, 2024

(thousands of dollars)

	2024	2023
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 11,937	\$ 4,758
Portfolio investments - non-endowment (Note 4)	70,055	69,081
Accounts receivable	2,094	1,801
Inventory held for sale	753	910
	<u>84,839</u>	<u>76,550</u>
Liabilities		
Accounts payable and accrued liabilities	15,144	13,647
Employee future benefit liabilities (Note 6)	8,813	10,827
Deferred revenue (Note 7)	28,350	28,384
	<u>52,307</u>	<u>52,858</u>
Net financial assets excluding portfolio investments restricted for endowments	32,532	23,692
Portfolio investments - restricted for endowments (Note 4)	4,786	4,288
Net financial assets	<u>37,318</u>	<u>27,980</u>
Non-financial assets		
Tangible capital assets (Note 8)	45,832	49,826
Purchased intangibles (Note 9)	-	23
Prepaid expenses	3,531	4,382
	<u>49,363</u>	<u>54,231</u>
Net assets before spent deferred capital contributions	86,681	82,211
Spent deferred capital contributions (Note 10)	30,405	32,516
Net assets (Note 11)	<u>\$ 56,276</u>	<u>\$ 49,695</u>
Net assets are comprised of:		
Accumulated surplus	\$ 53,330	\$ 50,208
Accumulated remeasurement gains (losses)	2,946	(513)
	<u>\$ 56,276</u>	<u>\$ 49,695</u>
Contingent assets and contractual rights (Note 14 and Note 16)		
Contingent liabilities and contractual obligations (Note 15 and Note 17)		

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

Statement of Operations

Year ended March 31, 2024

(thousands of dollars)

	Budget (Note 22)	2024	2023
Revenues			
Government of Alberta grants (Note 18)	\$ 47,212	\$ 47,100	\$ 46,379
Student tuition and fees	93,715	98,178	95,967
Sales of services and products	4,496	5,679	6,341
Investment income	2,306	3,236	3,094
Federal and other government grants (Note 18)	1,575	3,141	2,405
Donations and other grants	662	1,311	1,397
	<u>149,966</u>	<u>158,645</u>	<u>155,583</u>
Expenses (Note 20)			
Instruction and non-sponsored research	78,056	75,438	76,008
Academic and student support	16,597	19,496	20,146
Institutional support	15,237	17,024	17,638
Computing and communication	21,848	23,262	19,369
Sponsored research and special purpose	6,891	9,851	8,778
Ancillary and academic services	6,623	6,618	6,723
Facility operations and maintenance	4,714	3,972	3,847
	<u>149,966</u>	<u>155,661</u>	<u>152,509</u>
Annual operating surplus	-	2,984	3,074
Endowment contributions and capitalized investment income			
Endowment contributions (Note 11)	-	1	-
Endowment capitalized interest income (Note 11)	-	137	249
	<u>-</u>	<u>3,122</u>	<u>3,323</u>
Annual surplus	-	3,122	3,323
Accumulated surplus, beginning of year	-	50,208	46,885
Accumulated surplus, end of year (Note 11)	<u>\$ -</u>	<u>\$ 53,330</u>	<u>\$ 50,208</u>

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

Statement of Change in Net Financial Assets

Year ended March 31, 2024

(thousands of dollars)

	Budget (Note 22)	2024	2023
Net financial assets, beginning of year	\$ 27,980	\$ 27,980	\$ 30,953
Annual surplus	-	3,122	3,323
Acquisition of tangible capital assets	(6,980)	(3,599)	(7,423)
Proceeds from sale of tangible capital assets		2	26
Amortization of tangible capital assets	5,805	7,171	5,807
Amortization of purchased intangibles		23	35
Loss on disposal of tangible capital assets		420	36
Decrease (increase) in prepaid expenses		851	(1,888)
Decrease in spent deferred capital contributions	(989)	(2,111)	(1,637)
Increase (decrease) in accumulated remeasurement gains and losses		3,459	(1,252)
Increase (decrease) in net financial assets		9,338	(2,973)
Net financial assets, end of year	\$	\$ 37,318	\$ 27,980

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

Statement of Remeasurement Gains and Losses

Year ended March 31, 2024

(thousands of dollars)

	2024	2023
Accumulated remeasurement (losses) gains, beginning of year	<u>\$ (513)</u>	<u>\$ 739</u>
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	3,399	(1,004)
Designated fair value financial instruments		
Portfolio investments - non-endowment	342	39
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	(282)	(287)
Designated fair value financial instruments		
Portfolio investments - non-endowment	-	-
Net change for the year	<u>3,459</u>	<u>(1,252)</u>
Accumulated remeasurement gains (losses), end of year	<u><u>\$ 2,946</u></u>	<u><u>\$ (513)</u></u>
Accumulated remeasurement gains (losses) is comprised of:		
Portfolio investments - non-endowment	<u><u>\$ 2,946</u></u>	<u><u>\$ (513)</u></u>

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

Statement of Cash Flows

Year ended March 31, 2024

(thousands of dollars)

	2024	2023
Operating transactions		
Annual surplus	\$ 3,122	\$ 3,323
Add (deduct) non-cash items:		
Amortization of tangible capital assets	7,171	5,807
Amortization of purchased intangibles	23	35
Expended capital contributions recognized as revenue	(3,271)	(2,923)
Gain on sale of portfolio investments	(282)	(287)
Loss on disposal of tangible capital assets	420	36
Decrease in employee future benefit liabilities	(2,014)	(2,382)
Change in non-cash items	2,047	286
(Increase) decrease in accounts receivable	(293)	1,980
Decrease in inventory held for sale	157	43
Increase (decrease) in accounts payable and accrued liabilities	1,497	(1,703)
(Decrease) increase in deferred revenue	(394)	1,304
Decrease (increase) in prepaid expenses	851	(1,888)
Cash provided by operating transactions	6,987	3,345
Capital transactions		
Acquisition of tangible capital assets	(3,599)	(7,423)
Proceeds on sale of tangible capital assets	2	26
Cash applied to capital transactions	(3,597)	(7,397)
Investing transactions		
Purchases of portfolio investments	(7,105)	(14,874)
Proceeds on sale of portfolio investments	9,734	12,333
Cash provided by (applied to) investing transactions	2,629	(2,541)
Financing transactions		
Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue	1,160	1,286
Cash provided by financing transactions	1,160	1,286
Increase (decrease) in cash	7,179	(5,307)
Cash, beginning of year	4,758	10,065
Cash, end of year	\$ 11,937	\$ 4,758

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

Notes to the Financial Statements

Year ended March 31, 2024

(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

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the university are as follows:

(a) Use of estimates

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, amortization of purchased intangibles, 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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

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

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

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.

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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

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

(c) Revenue recognition (continued)

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.

Sales of services and products

Sales of services and products represent revenues from non-tuition related services and/or products such as one day workshops, media production, conferences, registration fees, membership fees, book sales, rental income, and copyright licensing.

These revenues are considered revenues arising from exchange transactions. Revenue from these transactions is recognized when or as the university fulfils its performance obligation and transfers control of the promised goods and services to the payor. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

Revenue without performance obligations is a non-exchange transaction with a payor and is recognized when the university has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

Student tuition and fees

Student tuition and fees are charged for the programs offered by the university such as laboratory fees, extension fees and out of province fees.

These fees are considered revenue arising from exchange transactions with performance obligations. The university recognizes revenue from program registration and application fees when received as the performance obligations of registering the student are met when paid. Revenue from course delivery are recognized over the length of the course as the university fulfils its performance obligation by delivering instruction. If the performance obligation is outstanding at year end, the remaining revenue is deferred.

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.

Investment income (loss)

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

Notes to the Financial Statements

Year ended March 31, 2024
(thousands of dollars)

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

(c) Revenue recognition (continued)

Investment income (loss) (continued)

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.

Notes to the Financial Statements

Year ended March 31, 2024

(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. 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.

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

(f) Purchased intangibles

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 transfer or contribution transactions are not capitalized.

The cost, less any residual value, of purchased intangibles with a finite life is amortized on a straight-line basis over its useful life in a manner appropriate to its nature and use, which is normally the shortest of the technological, commercial, and legal life. Purchased intangibles with an indefinite life are not amortized.

Notes to the Financial Statements

Year ended March 31, 2024

(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. The tangible capital assets include but not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may 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. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. 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, 2024 (2023 - \$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.

Notes to the Financial Statements

Year ended March 31, 2024
(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.

Notes to the Financial Statements

Year ended March 31, 2024

(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.

The university has no liability for contaminated sites recognized as at March 31, 2024 (2023 -\$0).

(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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

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

(k) Expense by function (continued)

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.

(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

The university will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

- Effective April 1, 2026, *The Conceptual Framework for Financial Reporting in the Public Sector*. The Conceptual Framework is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- Effective April 1, 2026, PS 1202 *Financial Statement Presentation*. Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

The university is currently assessing the impact of the new conceptual framework and standard, and the extent of the impact of their adoption on the financial statements has not yet been determined.

3 Adoption of new accounting policies and guidelines

Effective April 1, 2023 the university adopted two new accounting standards, PS 3400 *Revenue* and PS 3160 *Public Private Partnerships*.

PS 3160 *Public Private Partnership* standard established guidance on how to account for the alternative finance and procurement model available to public entities where the university procures infrastructure using a private sector partner.

The university has currently not entered into any such agreements.

PS 3400 *Revenue* standard established guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

3 Adoption of new accounting policies and guidelines (continued)

The university adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated.

Revenue for these transactions is recognized over time as the university fulfils its performance obligation and transfers control of the purchased service to the payer. Previously, this was recognized at a point in time. The result of adopting the standard as of April 1, 2023 is as follows:

Statement of operations

Reduction to revenue

Non-Credit course fees \$ 20

Student tuition and fees 283

Statement of financial position

Increase in deferred revenue

Deferred revenue (Note 7) \$ 303

4 Portfolio investments

	2024	2023
Portfolio investments - non-endowment	\$ 70,055	\$ 69,081
Portfolio investments - restricted for endowments	4,786	4,288
	<u>\$ 74,841</u>	<u>\$ 73,369</u>

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

	2024			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bond funds	\$ 35,456	\$ -	\$ -	\$ 35,456
Equities				
Canadian equities	4,802	-	-	4,802
Foreign equities	23,605	-	-	23,605
Mortgage funds	-	9,771	-	9,771
Money market funds	1,207	-	-	1,207
Total portfolio investments	<u>\$ 65,070</u>	<u>\$ 9,771</u>	<u>\$ -</u>	<u>\$ 74,841</u>
	<u>87%</u>	<u>13%</u>	<u>0%</u>	<u>100%</u>

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

4 Portfolio investments (continued)

	2023			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bond funds	\$ 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	\$ 66,664	\$ 6,705	\$ -	\$ 73,369
	91%	9%	0%	100%

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: 4.56% (2023 - 4.88%); term to maturity: less than one year.
- Pooled funds of government, mortgage, and corporate bonds: 5.15% (2023 - 6.09%); 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:

	2024			2023
	Deferred revenue endowments (Note 7)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized (losses) gains, beginning of year	\$ 151	\$ (513)	\$ (362)	\$ 990
Unrealized gains (losses) attributable to portfolio investments	360	3,741	4,101	(1,065)
Amounts reclassified to statement of operations	-	(282)	(282)	(287)
Net unrealized gains (losses), end of year	\$ 511	\$ 2,946	\$ 3,457	\$ (362)

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

5 Financial risk management

The university is exposed to the following risks:

Market risk

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

The university assesses its portfolio investment sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined, by the university's investment consultant, using the historical annualized standard deviation for the total portfolio investments over a four year period. At March 31, 2024, if market prices had a 5.55% (2023 - 6.01%) 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 \$4,154 (2023 - \$4,409).

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:

	2024	2023
Credit rating		
AAA	36 %	35 %
AA	8 %	4 %
A	38 %	44 %
BBB	15 %	16 %
BB	3 %	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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

5 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	\$ 1,207	\$ -	\$ -	\$ 1,207
Bond funds	2,673	29,545	3,238	35,456
Mortgage funds	1,700	8,071	-	9,771
	<u>\$ 5,580</u>	<u>\$ 37,616</u>	<u>\$ 3,238</u>	<u>\$ 46,434</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	\$ 514	\$ 257	\$ (257)	\$ (514)

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 low due to minimal business activity conducted in a foreign currency.

6 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2024	2023
Universities Academic Pension Plan (UAPP)	\$ 7,476	\$ 9,674
Administrative Leave Plan	1,337	1,153
	<u>\$ 8,813</u>	<u>\$ 10,827</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, 2022, and was then extrapolated to March 31, 2024, resulting in a UAPP deficit of \$10,888 (2023 - \$249,943) consisting of a pre-1992 deficit of \$854,385 (2023 - \$802,039) and a post-1991 surplus of \$843,497 (2023 - \$552,096). 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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

6 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% (2023 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.57% (2023 - 3.04%) of salaries until June 30, 2024 and 4.03% (2023- 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 \$195,453 at March 31, 2024 (2023 - \$197,976).

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, 2024. 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 \$1,337 (2023 - \$1,153) 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:

	2024		2023	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Expense				
Current service cost	\$ 6,087	\$ 348	\$ 6,764	\$ 287
Interest cost	239	69	168	25
Amortization of net actuarial gains	(700)	(233)	(985)	(108)
Total expense	<u>\$ 5,626</u>	<u>\$ 184</u>	<u>\$ 5,947</u>	<u>\$ 204</u>
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 188,224	\$ 1,153	\$ 196,996	\$ 1,221
Current service cost	6,087	348	6,764	287
Interest cost	11,944	69	10,156	25
Benefits paid	(9,434)	-	(9,262)	(272)
Actuarial gain	(11,923)	(233)	(16,430)	(108)
Balance, end of year	184,898	1,337	188,224	1,153
Plan assets	(190,246)	-	(186,602)	-
Plan (surplus) deficit	(5,348)	1,337	1,622	1,153
Less unamortized net actuarial gain	(12,824)	-	(8,052)	-
Accrued benefit liability	<u>\$ 7,476</u>	<u>\$ 1,337</u>	<u>\$ 9,674</u>	<u>\$ 1,153</u>

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

6 Employee future benefit liabilities (continued)

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

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

	2024		2023	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	6.20%	4.60%	6.30%	4.59%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	6.30%	n/a	5.10%	n/a
Long-term average compensation increase	3.00%	2.00%	3.00%	0.00%
Alberta inflation (2024)	2.50%	n/a	2.50%	n/a
Alberta inflation (2025)	2.50%	n/a	2.50%	n/a
Alberta inflation (long term)	2.00%	n/a	2.00%	n/a
Estimate average remaining service life	11.5 years	9 years	11.5 years	13 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 \$1,062 (2023 - \$1,172).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2023 from the actuarial valuation as at December 31, 2021 with the updated assumptions. At December 31, 2023, the PSPP reported a surplus of \$4,542,500 (2022 - \$4,258,721). For the year ended December 31, 2023, PSPP reported employer contributions of \$260,539 (2022 - \$287,703). For the 2023 calendar year, the university's employer contributions were \$1,061 (2022 calendar year - \$1,207).

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

7 Deferred revenue

	2024			2023
	Unspent externally restricted grants and donations	Student tuition, fees and other revenue	Total	Total
Balance, beginning of year	\$ 11,158	\$ 17,226	\$ 28,384	\$ 27,180
Grants, tuition and other ⁽¹⁾ donations	6,985	66,805	73,790	77,156
Investment income (loss)	113	-	113	(25)
Unrealized gain (losses) (Note 4)	360	-	360	(100)
Transfers to spent deferred capital contributions (Note 10)	(1,160)	-	(1,160)	(1,286)
Recognized as revenue ⁽¹⁾	(6,907)	(66,230)	(73,137)	(74,541)
Balance, end of year	\$ 10,549	\$ 17,801	\$ 28,350	\$ 28,384

⁽¹⁾ Balances in deferred revenue as of April 1, 2023 reflect the adoption of PS 3400. Refer to Note 3 for details.

8 Tangible capital assets

	2024					2023
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library holdings	Total
Cost						
Beginning of year	\$ 2,180	\$ 61,972	\$ 66,012	\$ 9,012	\$ 6,662	\$ 145,838
Acquisitions	-	-	3,362	234	3	3,599
Disposals, including write-downs	-	-	(489)	(20)	(3)	(512)
	\$ 2,180	\$ 61,972	\$ 68,885	\$ 9,226	\$ 6,662	\$ 148,925
Accumulated amortization						
Beginning of year	\$ -	\$ 36,713	\$ 45,382	\$ 7,791	\$ 6,126	\$ 96,012
Amortization expense	-	1,611	4,991	486	83	7,171
Effects on disposals, including write-downs	-	-	(68)	(19)	(3)	(90)
	\$ -	\$ 38,324	\$ 50,305	\$ 8,258	\$ 6,206	\$ 103,093
Net book value at March 31, 2024	\$ 2,180	\$ 23,648	\$ 18,580	\$ 968	\$ 456	\$ 45,832
Net book value at March 31, 2023	\$ 2,180	\$ 25,259	\$ 20,630	\$ 1,221	\$ 536	\$ 49,826

Included in computer hardware and software is \$9,025 (2023 - \$12,615) 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.

Notes to the Financial Statements

Year ended March 31, 2024
(thousands of dollars)

9 Purchased intangibles

	2024	2023
Cost		
Beginning of year	\$ 104	\$ 104
Disposals, including write-downs	(104)	-
	<u>\$ -</u>	<u>\$ 104</u>
Accumulated amortization		
Beginning of year	\$ 81	\$ 46
Amortization expense	23	35
Effects on disposals, including write-downs	(104)	-
	<u>\$ -</u>	<u>\$ 81</u>
Net book value	<u>\$ -</u>	<u>\$ 23</u>

10 Spent deferred capital contributions

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

	2024	2023
Balance, beginning of year	\$ 32,516	\$ 34,153
Transfers from restricted grants and donations	1,160	1,286
Expended capital contributions recognized as revenue	(3,271)	(2,923)
Balance, end of year	<u>\$ 30,405</u>	<u>\$ 32,516</u>

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

11 Net assets

	Accumulated surplus from operations ⁽¹⁾	Investment in capital assets ⁽²⁾	Endowments	Total
Balance as at March 31, 2022	\$ 29,557	\$ 14,177	\$ 3,890	\$ 47,624
Annual operating surplus	3,074	-	-	3,074
Endowments				
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	(1,252)	-	-	(1,252)
Balance as at March 31, 2023	28,223	17,333	4,139	49,695
Annual operating surplus	2,984	-	-	2,984
Endowments				
New contributions	-	-	1	1
Capitalized investment income	-	-	137	137
Capital assets ⁽²⁾				
Acquisition of capital assets ⁽²⁾	(2,439)	2,439	-	-
Amortization of capital assets ⁽²⁾	3,923	(3,923)	-	-
Net book value of capital asset disposals ⁽²⁾	422	(422)	-	-
Increase in accumulated remeasurement gains and losses	3,459	-	-	3,459
Balance as at March 31, 2024	<u>\$ 36,572</u>	<u>\$ 15,427</u>	<u>\$ 4,277</u>	<u>\$ 56,276</u>
Net assets is comprised of:				
Accumulated surplus	\$ 33,626	\$ 15,427	\$ 4,277	\$ 53,330
Accumulated remeasurement gains	2,946	-	-	2,946
	<u>\$ 36,572</u>	<u>\$ 15,427</u>	<u>\$ 4,277</u>	<u>\$ 56,276</u>

⁽¹⁾ Accumulated surplus from operations includes internally restricted funds of \$30,783 (2023 - \$25,992).

⁽²⁾ Includes tangible capital assets and purchased intangibles.

12 Liability for contaminated sites

The university has no liability for remediation of contaminated sites as at March 31, 2024 (2023 - \$0).

13 Asset retirement obligations

The university has no asset retirement obligations recognized as at March 31, 2024 (2023 - \$0).

Notes to the Financial Statements

Year ended March 31, 2024
(thousands of dollars)

14 Contingent assets

The university has no contingent assets as at March 31, 2024 (2023 - \$0).

15 Contingent liabilities

The university received claims for damages and grievances from former and current employees. Based on legal advice it is likely the outcomes will be settled in the future and the liability can be reasonably estimated. Management has concluded that the claims meet the criteria and liabilities have been recognized accordingly.

16 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.

17 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
2025	\$ 14,189	\$ 7,706	\$ 168	\$ 22,063
2026	1,260	1,996	66	3,322
2027	89	3	-	92
2028	41	-	-	41
2029	13	-	-	13
Thereafter	-	-	-	-
Total at March 31, 2024	<u>\$ 15,592</u>	<u>\$ 9,705</u>	<u>\$ 234</u>	<u>\$ 25,531</u>
Total at March 31, 2023	<u>\$ 22,150</u>	<u>\$ 15,786</u>	<u>\$ 476</u>	<u>\$ 38,412</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.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

17 Contractual obligations (continued)

The university is one of 79 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, 2023, CURIE had an accumulated surplus of \$107,548 (2022 - \$97,444), of which the university's pro rata share is approximately 0.53% (2023 - 0.53%). This accumulated surplus is not recognized in the financial statements.

18 Government transfers

	2024	2023
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 41,569	\$ 41,572
Special purpose	2,860	3,144
Total Advanced Education	<u>44,429</u>	<u>44,716</u>
Other Government of Alberta departments and agencies:		
Technology and Innovation	902	104
Art, Culture and the Status of Women	98	102
Environment and Protected Area	<u>(1,743)</u>	<u>2,425</u>
Total other Government of Alberta departments and agencies	<u>(743)</u>	<u>2,631</u>
Total grants received	43,686	47,347
Expended capital contributions recognized as revenue	3,088	2,733
Deferred revenue	<u>326</u>	<u>(3,701)</u>
Total Government of Alberta grants	<u>\$ 47,100</u>	<u>\$ 46,379</u>
Grants from Federal and other government		
Special purpose grants received	\$ 3,327	\$ 2,797
Expended capital recognized as revenue	173	182
Deferred revenue	<u>(359)</u>	<u>(574)</u>
Total Federal and other government grants	<u>\$ 3,141</u>	<u>\$ 2,405</u>

In addition to the grants listed above, the university received \$32 (2023 - \$219) from the Ministry of Art, Culture and the Status of Women, included in sales of services and products for a service agreement (term ended June 2023) to assist with the delivery of a specific program.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

19 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.

20 Expense by object

	2024		2023
	Budget (Note 22)	Actual	Actual
Salaries ⁽¹⁾	\$ 85,777	\$ 89,629	\$ 89,553
Employee benefits	18,813	17,371	17,179
Fees and purchased services	22,469	25,253	24,343
Cost of goods sold	5,374	5,816	5,887
Communication and travel	5,227	3,869	4,054
Materials and supplies	3,518	3,730	3,012
Rental, insurance and utilities	1,844	1,648	1,547
Scholarships and bursaries	1,139	1,151	1,092
Amortization of capital assets ⁽²⁾	5,805	7,194	5,842
	<u>\$ 149,966</u>	<u>\$ 155,661</u>	<u>\$ 152,509</u>

⁽¹⁾ Includes \$961 (2023 - \$815) of termination benefits.

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

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

21 Salary and employee benefits

	2024				2023
	Base Salary ⁽¹⁾	Cash Benefits ⁽²⁾	Non-cash Benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President ⁽⁵⁾	328	32	118	478	677
Provost and Vice-President Academic ⁽⁶⁾	299	19	20	338	383
Vice-President Finance & Operations and CFO ⁽⁷⁾	241	6	49	296	310
Vice-President Information Technology & CIO ⁽⁷⁾	173	11	36	220	319
Vice-President University Relations ⁽⁷⁾	237	24	47	308	307
Chief Human Resource Officer ⁽⁸⁾	220	-	45	265	61
Chief Governance Officer & General Counsel ⁽⁸⁾	160	99	37	296	254

(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. Severance payout to Chief Governance Officer and General Counsel. No bonuses were paid in 2024 and 2023.

(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) Other cash benefits include, for the current incumbent, capped earned future administrative leave benefits accrued at year end and a housing allowance.

(6) Other non-cash benefits include, for the individual in this role, the current expense of future administrative leave benefits accrued during the year.

(7) In 2024 two individuals held these positions; Vice-President Finance and Operations and Chief Financial Officer Interim 6.3 months, current incumbent 5.7 months; Vice-President Information Technology and Chief Information Officer past incumbent 3.1 months, current incumbent 5.0 months; Vice-President University Relations past incumbent 4.8 months, current incumbent 6.7 months.

(8) Chief Human Resource Officer and Chief Governance Officer and General Counsel were added to the list in 2024 and, as such, 2023 figures were changed to conform to current year presentation.

Notes to the Financial Statements

Year ended March 31, 2024

(thousands of dollars)

21 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, 2023	Current service costs	Interest costs	Benefits paid	Actuarial gain	Accrued Obligation ⁽⁹⁾ March 31, 2024
President ⁽⁵⁾	\$ -	74	4	-	(13)	\$ 65
Provost and Vice-President Academic ⁽⁶⁾	363	10	17	-	(54)	336

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

22 Budget figures

The university's 2023-2024 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.

23 Comparative figures

Certain 2023 figures have been reclassified to conform to the presentation in the 2024 financial statements.

24 Approval of financial statements

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

