



Athabasca
University

Annual Report

to Alberta Advanced Education

for the Year Ended March 31, 2018



Our Vision

Transforming lives, transforming communities.



Our Mission

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



Acknowledgement

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



Accountability Statement

Athabasca University's Annual Report for the year ended March 31, 2018, was prepared under the direction of the Governors of Athabasca University in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Vivian Manasc

Vivian Manasc AOE, Architect AAA, MBA, FRAIC, LEED AP
Chair
The Governors of Athabasca University

September 14, 2018



Management's Responsibility for Reporting

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

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

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

Original signed by Dr. Neil Fassina

Neil Fassina PhD, CPHR, ICD.D
President

Original signed by David Head

David Head B.Comm., MBA, CRM
Interim Vice-President Finance and Administration



Message from the President

The past year has been an eventful one for Athabasca University. Following an exhaustive and broadly focused consultative process, leading to the approval in December 2017 of a new five-year strategic plan, *Imagine: Transforming lives, Transforming Communities*, the university community has been taking strides toward establishing the structures and processes through which the goals of that plan will be realized.

As detailed in the Annual Report that follows, steps taken to date have been directed to revitalizing nearly all sectors of the university's operations: teaching, student services, research, university relations, information technology, and business management and governance practices. The appended financial statements and their discussion in the "Financial and Budget Information" section of the report further reveal that, over the past year, AU has taken significant steps toward restoring itself to a state of sustainable financial health.

Providing an exceptional learner experience and assuring learner success remain our primary motivators. Through the success of our widely distributed learners and graduates, AU strengthens the families, workplaces and societies in which those learners participate, throughout Alberta, across Canada and around the world. This focus is concisely expressed in AU's new vision statement: *transforming lives, transforming communities*—a statement that will serve as a beacon to all members of the university community as we move forward.

For nearly half a century, AU has consistently focused on providing access to quality post-secondary learning through the use of technology and through other non-traditional means. As we approach our fiftieth anniversary, we look forward to completing the initiatives identified in this report and in our *Comprehensive Institutional Plan: 2018–21* to further enhance our capacity to contribute to Campus Alberta and to expand learning opportunities for adults in every part of Alberta and at all stages of their lives.

Original signed by Dr. Neil Fassina

Neil Fassina PhD, CPHR, ICD.D



Public Interest Disclosure (Whistleblower Protection) Act

AU is committed to maintaining the highest standards of ethical conduct in all of its activities and to acting immediately on any reported wrongdoing. As required by the *Public Interest Disclosure (Whistleblower Protection) Act*, the university provides various mechanisms for employees to disclose their concerns. No disclosures were received or referred under the *PIDA* in 2017–18.



Operational Overview

The period of reflection and consultation that characterized 2016–17 at Athabasca University was replaced by action in 2017–18 as the university community focused on the future in laying the groundwork for AU's re-emergence as a world leader in digital post-secondary learning. At the same time, as detailed in the pages that follow, substantial steps were taken toward realizing the goals and priority initiatives identified in the *Comprehensive Institutional Plan: 2017–20* and through internal and external reviews.

Strategic Planning: *Imagine*

In the summer of 2017, AU launched an extensive effort to envision its goals for the next five years. That work resulted in a new strategic plan: *Imagine: Transforming Lives, Transforming Communities*. The plan was approved by the Board of Governors in December 2017 and has been instrumental in guiding AU's transformation. It has positioned AU for an exciting and successful 2018–19 and for continued success in the years to come.

Imagine builds upon the strength and spirit of the entire AU community, embracing the future and boldly charting a course that reflects the community's collective creativity, innovation and drive to transform lives and communities. Focused on teaching and learning success, research and development success, and AU success, the plan centres on four strategic themes:

Moving Beyond Open: bridging open and inclusion to transform lives and communities by

- systemically removing barriers to create a culture of inclusion in which all learners are welcome
- providing personalized and flexible opportunities that fulfil learners' goals and optimize AU's social impact in communities
- connecting and making available the knowledge, skills, abilities, ideas and perspectives of diverse individuals through the highest quality teaching and open scholarship
- supporting multiple means of representation, engagement and expression in teaching and research and in relationships with others
- leading the way in digital accessibility and inclusivity

Moving Beyond Place: transforming communities through belonging and relationships by

- building and fostering belonging and relationships regardless of location
- engaging with and strengthening the AU community, other educational institutions and industry partners
- building collaborative and co-ordinated environments and networks to achieve excellence and greater understanding

Moving Beyond the Norm: adopting innovative ideas and taking calculated risks to transform lives and communities by

- embracing innovation and action grounded in creativity and teamwork
- employing evidence-based decision making
- celebrating accomplishments as bold decision-makers and leaders in the global post-secondary environment
- rapidly identifying, testing, deploying, supporting, assessing and retiring technologies, processes and ideas to build on what works, optimizing AU's impact on learners and the communities it serves
- harnessing creativity and knowledge to reach new heights in inclusive and digitally enabled distributed learning and research

Moving Beyond the Now: making change through agility and adaptability to transform lives and communities by

- streamlining and embracing simplicity in internal processes
- focusing on continuous improvement

Through integrated planning, the strategic directions and priority outcomes of *Imagine* are being incorporated into planning at all levels of the university. *Imagine* is underpinned by AU's foundational plans, which look to realize the strategic themes within *Imagine* by transforming the learning and research environment in a digital first university—one which requires a digital transformation and an HR transformation. As outlined below, several foundational plans, including IT, human resources and research plans, have been finalized and approved. Others, such as AU's learning framework and a student services plan are nearing completion.

Imagine has energized the university community, which is deeply committed to the plan's success. Implementation of new and exciting strategic initiatives will distinguish AU as Canada's pre-eminent digital university.

Information Technology

AU's new five-year IT strategy, *RISE: Athabasca University's Digital Transformation* (Responsive, Innovative, Sustainable, Engaging), is one of a number of foundational plans created in the fourth quarter of 2017–18 to support realization of AU's new strategic plan, *Imagine: Transforming Lives, Transforming Communities*.

The *RISE* plan is rooted in the knowledge that, to support its standing as Canada's only exclusively digital learning university, AU's cloud and code campus must be transformed into a highly accessible, flexible and scalable digital learning environment for online learners in Alberta, across Canada and around the world, a space that encourages lifelong learning and allows students, AU faculty and staff members, and external partners to continuously collaborate and innovate. This agile, elastic and sustainable environment will facilitate experimentation with and adoption of emergent technologies to support the creation and application of new knowledge and innovation in digital pedagogy.

Key to realization of the *RISE* strategy is ensuring that the necessary IT infrastructure is in place to facilitate this transformation. Therefore, the Network Renewal Project was initiated as a priority project in 2017–18. The project will result in a complete redesign of AU's network topology to support a cloud-based architecture and in the deployment and continuous improvement of security technologies that will ensure the more secure and stable network necessary to support a cloud-based digital ecosystem.

At the same time, AU partnered with the County of Athabasca to establish disaster recovery capabilities for critical systems. Establishing these capabilities is a key step toward addressing a long-standing recommendation of the Office of the Auditor General of Alberta to ensure the continuity of critical IT systems in the event of a disaster.

Upgrading AU's budget planning system was a third priority project initiated in 2017–18. This upgrade improves budget holders' financial accountability by providing them with financial data in a timely and effective manner.

Re-focusing the work of AU's diverse and talented technical team away from custom point solutions and dated enterprise systems and toward lean practices and continuous improvement solutions in support of the goals of *Imagine* and *RISE* is ongoing. Progress on additional IT projects is detailed on pp. 50–52.

Human Resources

Following Board approval of *Imagine: Transforming Lives, Transforming Communities*, the Human Resources team developed *EMPOWER: Athabasca University's Human Resources Five-Year Strategic Plan (2018–22)* in support of AU's vision, mission, values and strategic imperatives. In March 2018, the Human Resources and Employee Relations Unit, with its new focus on implementing year one of the *EMPOWER* plan, was realigned to report directly to the Office of the President.

EMPOWER, based on principles of adaptability and sustainability, lays the foundational human capital groundwork to enable AU to attract, develop and retain the innovative, diverse and productive talent needed to realize the *Imagine* plan. Initial activities include restructuring the human resources function from a transaction-focused HR model to a strategic-focused model. This restructuring will include a full-scale process review of HR policies and practices.

Assisting the Office of the President in recruiting to vacancies on AU's Executive Team was a major focus of human resource planning and activity in 2017–18. After the successful completion of extensive international searches, Dr. Matthew Prineas was named AU's first Provost and Vice-President Academic, assuming the responsibilities of the position in September 2017, and Jennifer Schaeffer was appointed Vice-President Information Technology and Chief Information Officer, assuming her role in November 2017. Searches for the positions of Vice-President Finance and Administration and Vice-President University Relations began in January 2018, and both positions are expected to be filled by October 2018, at which point permanent membership of the Executive Team will be complete.

As of March 31, 2018, AU employed 1,112 faculty and staff members (Table 1). AU's workforce is widely distributed across Alberta. Employees work in one of four university hubs in Athabasca (32 per cent), Edmonton (12 per cent), Calgary (two per cent) or in home offices (53 per cent) or other off-site locations (one per cent). AU's employees depend on the university's information technology infrastructure to interact with one another and with students.

Table 1: Employee Complement: 2015–16 to 2017–18

Employee Category	2015–16	2016–17	2017–18	Change from 2016–17
Academic, full-time	186	179	174	(2.8%)
Academic, part-time	29	26	23	(11.5%)
Tutor	358	354	365	3.1%
Professional	243	242	237	(2.1%)
Management and executive	24	23	21	(8.7%)
Support and temporary	260	244	234	(4.1%)
Casual	63	65	58	(10.8%)
Total	1,163	1,133	1,112	(1.9%)

Year-to-year variations within employee categories reflect continued restructuring within departments, responses to service demand and project priorities, and temporary coverage of or permanent recruitment to vacancies.

University Relations

With the goal of eliminating duplication of inputs, activities and services, thereby achieving efficiencies in operations, a number of functions across the university that had responsibilities in the areas of internal and external relations were merged over the summer and fall of 2017 to form a new University Relations Division under the leadership of a Vice-President University Relations (replacing the former Advancement Office and Vice-President Advancement).

The core administrative units in the University Relations Division and their primary responsibilities are as follows:

- Office of the Vice-President University Relations: co-ordination of internal and external activities and relationships on behalf of the university, including government relations
- Development and Donor Relations Unit: fundraising, donor relations and philanthropic services
- Prospective Student Relations Unit: market research and marketing activities, prospective student engagement and recruitment, recruitment-related collaborations with other educational institutions
- Professional and Corporate Relations Unit: revenue generation through the marketing of non-credit and for-credit professional development courses and programs to organizations and individuals
- Communication and Community Relations Unit: communication management and planning, communication systems, communication advising and training, media relations, institutional publications (internal and external; web, print and social media), community relations including alumni relations, internal and public events

Priority initiatives in these areas and in support of AU's vision and mission as articulated in *Imagine: Transforming Lives, Transforming Communities* are outlined in the *University Relations Division Foundational*

Plan: 2018–22. University Relations functions as an integrated service division and works in close collaboration with academic and other administrative units.

Research

Development of a research strategy that would align institutional research with university priorities was a priority outcome of *Imagine: Transforming Lives, Transforming Communities* and a recommendation of the Independent Third-Party Review.

Rooted in principles of community consultation and input from the academy, the creation of AU's new *Strategic Research Plan* (See p. 34) was a joint endeavour, beginning with an interactive forum at which participants were invited to envision and shape the university's research agenda for the next five years. More than 80 academics and professionals participated in the forum, and more than 200 stakeholders provided input on subsequent drafts of the plan.

The research plan was endorsed by General Faculties Council and adopted in March 2018. As a living document, it will evolve over time in conjunction with implementation of *Imagine*.

Academic Programs

As one of four Alberta Comprehensive Academic Research Institutions, AU is committed to excellence in teaching as well as research and scholarship. AU provides undergraduate and graduate programs that are unique in Canada, delivering a learning experience tailored to the needs of individual learners, allowing them to learn at their own pace and in their own community. As the largest provider of post-secondary online education in Canada, serving more than 40,000 learners annually throughout Alberta, across Canada and around the world, AU is committed to quality, responsiveness and flexibility in program and course design and delivery.

Course and Program Review

In the fall of 2017, in response to the recommendation of the Independent Third Party Review to review all courses and programs to determine which were sustainable “based on past and anticipated future enrolment and the cost of producing course materials and delivering the classes,” AU conducted a major course and program review. The Ad Hoc Course and Program Review Committee's recommendations to discontinue 16 programs, 74 undergraduate courses and 11 graduate courses (See p. 31) were approved by the Board of Governors in March 2018.

Following these program closures, AU offers, in addition to 15 graduate-level certificate and diploma programs and 17 undergraduate certificate and diploma programs, the following degree programs:

- Doctor of Education (Distance Education)
- Doctor of Business Administration
- Master of Arts (Interdisciplinary Studies)
- Master of Business Administration
- Master of Counselling
- Master of Education (Distance Education)
- Master of Health Studies
- Master of Nursing
- Master of Science (Information Systems)
- Bachelor of Arts, four-year (with a major in anthropology, English, French, history, humanities, labour studies, political economy, political science, psychology, sociology, women's and gender studies or a combined major)
- Bachelor of Arts, three-year (general or with a concentration in English, French, history, psychology or sociology)
- Bachelor of Commerce (general or with a major in accounting, business technology management or financial services)
- Bachelor of General Studies (in arts and science or applied studies)

- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, four-year (general or with a major in human resource management, marketing or Indigenous nations and organizations)
- Bachelor of Management, three-year
- Bachelor of Nursing (post LPN or post RN)
- Bachelor of Professional Arts (with a major in communication studies, criminal justice, human services or governance, law and justice)
- Bachelor of Science (general or with a major in applied mathematics, architecture, computing and information systems or human science)

Recruitment

AU continued to implement its multi-year recruitment and marketing plans in 2017–18. New initiatives included redesigning program information web pages and rebuilding the admissions section of the university website, providing greater opportunity for prospective student contact and offering personalized follow-up to prospective students through such means as scheduled appointments with recruitment staff and online chat.

Enrolment and Course Registration

A total of 40,032 learners worldwide took advantage of AU’s flexible online learning programs and services in 2017–18. The number of individual Albertans to do so rose by 0.8 per cent, increasing at both the undergraduate and graduate level, as shown in Table 2.

Table 2: Alberta Learners Enrolled at AU: 2015–16 to 2017–18

	2015–16	2016–17	2017–18
Undergraduate	14,201	14,952	15,067
Graduate	1,283	1,262	1,278
Total	15,484	16,214	16,345

Total enrolment, as full-load equivalents, increased 1.1 per cent overall (See “Enrolment Report” p. 30), but three per cent for Alberta learners (Table 3), 2.9 per cent at the undergraduate level and 3.7 per cent at the graduate level.

Table 3: Alberta Learner Enrolment (Full-load-equivalents): 2015–16 to 2017–18

	2015–16	2016–17	2017–18
Undergraduate	2,905	3,079	3,167
Graduate	539	547	567
Total	3,444	3,626	3,734

AU delivered a total of 77,503 courses in 2017–18, a 0.4 per cent increase over the previous year. Course registration by Alberta learners increased by 0.7 per cent as shown in Table 4.

Table 4: Course Registration by Alberta Learners: 2015–16 to 2017–18

	2015–16	2016–17	2017–18
Undergraduate	28,467	30,484	30,727
Graduate	3,056	3,077	3,058
Total	31,523	33,561	33,785

Program Completion

AU awarded 1,944 academic credentials in 2017–18, 949 at the graduate level and 995 at the undergraduate level, as shown in Table 5.

Table 5: Academic Credentials Awarded: 2015–16 to 2017–18

Program	2015–16	2016–17	2017–18
Doctor of Business Administration	6	5	4
Doctor of Education (Distance Education)	3	4	8
Master of Arts (Integrated Studies)	86	82	65
Master of Business Administration	175	168	165
Master of Counselling	66	82	90
Master of Education (Distance Education)	57	85	69
Master of Health Studies	84	70	58
Master of Nursing	218	203	273
Master of Science (Information Systems)	19	29	15
Total Graduate Degrees	714	728	747
Graduate Certificates and Diplomas	187	243	202
Total Graduate Credentials	901	971	949
Bachelor of Administration ¹	10	9	3
Bachelor of Arts	85	108	97
Bachelor of Commerce	70	85	79
Bachelor of General Studies	130	159	128
Bachelor of Health Administration	7	12	14
Bachelor of Human Resources Labour Relations	66	65	68
Bachelor of Management	102	120	89
Bachelor of Nursing	234	237	227
Bachelor of Professional Arts	123	104	93
Bachelor of Science	27	26	28
Total Bachelor's Degrees	854	925	826
Undergraduate Certificates and Diplomas	119	141	169
Total Undergraduate Credentials	973	1,066	995
Total Credentials Awarded	1,874	2,037	1,944

¹ Program closed December 31, 2004.

Governance

AU operates through a bicameral governance structure, as set out in the *Post-secondary Learning Act* and the *Athabasca University Regulation*. The Board of Governors is the senior governing body but shares academic governance with the General Faculties Council, the academic governing body. As of March 31, 2018, membership of the Board was as follows:

- Chair: Vivian Manasc
- President: Dr. Neil Fassina
- Public Members: Sharon Anderson, Robert Balay, Lynn Hamilton, Brenden Hunter, Cheryl Hunter Loewen, Debby Kronewitt Martin, McDonald Madamombe, Tracey Maguire
- Academic Members: Dr. Derek Briton, Dr. Shawn Fraser
- Tutor Member: Liam Connelly

- Non-academic Staff Member: Paulette Patry
- Graduate Student Member: Jamie Czerwinski
- Undergraduate Student Members: Shawna Wasylyshyn, Julian Teterenko
- Alumni Member: Douglas Schindel

Independent Third-Party Review Report

The findings of Dr. Ken Coates' Independent Third-Party Review of AU, submitted to the Board of Governors and the Minister of Advanced Education in May 2017, reaffirmed the importance of AU's core mission to be open to all students regardless of where they live or their place in society and challenged the government and the university to work together to support the future of distance learning. Dr. Coates called on the university to make a number of changes, including

- updating its information and communication technology systems
- refining its service delivery to students
- reviewing and updating its program and course offerings to meet emerging demands
- working more closely with Indigenous Peoples and northern Alberta colleges to address the unmet educational needs of Alberta First Nations and Métis learners and communities
- maintaining or expanding the size of its operations in the Town of Athabasca and in northern Alberta generally to better address northern educational needs, capitalize on underdeveloped opportunities and position the university as a leading presence in teaching and research related to the provincial North
- rededicating itself to its core principle of open access and expanding its role in serving under-represented population groups in the Canadian post-secondary education system

The report also called on the Government of Alberta to commit to supporting AU and to providing sufficient funding to see the university through a two-year planning and restructuring phase, noting that AU was, at the time, the lowest-funded post-secondary institution in Alberta.



Goals, Priority Initiatives, Performance Measures and Outcomes



Goals, Priority Initiatives, Performance Measures and Outcomes

For nearly 50 years, Athabasca University has provided access to education for post-secondary learners everywhere, regardless of their background or circumstances. Through the flexibility and reach of technology-enabled delivery, AU continued in 2017–18 to offer students, anywhere in Alberta or around the world, affordable access to quality learning opportunities, in their own community and on their own schedule. Importantly, as an open university, AU provides access to those learning opportunities to many who would not have the option of studying at bricks and mortar post-secondary institutions.

Results with respect to goals presented in the *Comprehensive Institutional Plan: 2017–20* are outlined below. It is important to note, however, that the set of goals presented in that planning document were built before the development of the *Imagine: Transforming Lives, Transforming Communities* strategic plan. As the AU community continues to work toward the alignment of institutional plans and priorities with those identified in *Imagine*, CIP goals, including those of the *Comprehensive Institutional Plan: 2018–21* submitted to the ministry earlier this year, will also be more closely aligned with *Imagine*.

Accessibility

Removing barriers to post-secondary learning is central to AU's mandate. The flexibility provided by AU's online individualized and cohort study programs affords access to learners whose personal, professional, family, community or other responsibilities or limitations prevent them from relocating to a campus-based university or following a conventional, fixed academic schedule. One focus of AU's new strategic plan, *Imagine: Transforming lives, Transforming Communities*, is further dismantling barriers to post-secondary learning: becoming more open, more flexible and more adaptable by creating access to quality digital learning opportunities.

Prospective Student Access

One aspect of enhancing access for prospective distributed and part-time adult learners who are working independently to plan a post-secondary learning path, often in the midst of a busy professional or family life, is making it as easy and unintimidating as possible to begin and maintain their progress along that path.

To make it easier for prospective students to enrol in AU courses and programs, University Relations expanded its prospective student nurturing activities in 2017–18 to include more personalized messaging and, where resources permitted, one-to-one contact. Program summaries were added to the AU website to allow users to easily access program descriptions and requirements and to make it easier to compare programs and ask questions. The admissions section of the website was also simplified, and online chat and information request forms were added to make it easier for prospective students to contact AU. All contacts were followed up using automated and, when appropriate, person-to-person processes. These approaches helped to increase the number of prospective students from Alberta and the rest of Canada who enrolled and registered for courses. For the fiscal year, undergraduate individualized study course starts were up 2.5 per cent overall and 4.1 per cent for Alberta learners.

During the latter part of the 2017–18, in accordance with AU's *Student Enrolment Management Action Plan*, University Relations began piloting automated communications to students at four strategic points in the student lifecycle:

- Non-program and visiting students who had applied for admission and received an AU student ID but had not registered for a first course
- Program students who had enrolled in a program but not registered for a first course
- Undergraduate students who had registered for a course but not participated in course activities
- Students who had lapsed in their program of study

The pilot project is ongoing, and results will be assessed in 2018–19.

In response to the Independent Third Party Review recommendation to produce a communication and brand strategy, the University Relations Division worked with an external contractor to develop a plan to increase awareness of the university in Alberta and across Canada. A baseline awareness study was conducted to establish the current awareness level among prospective students, parents, employers and the general public and to inform future awareness targets.

Conciliation

A foundational value of *Imagine: Transforming Lives, Transforming Communities* is the concept of *kwayskahsatsowin*¹ (conciliation). AU is committed to learning from and working in partnership with Indigenous Peoples. As part of this conciliation journey, the university will continue to seek to understand how it can more effectively support Indigenous learner success in post-secondary studies and address the educational needs of Indigenous communities, whether directly or through greater collaboration with northern and Indigenous educational institutions and communities. Through a number of initiatives, AU continued to support access for Indigenous learners in 2017–18 (See also “Indigenous Communities,” p. 39).

AU faculties made substantial progress over the past year toward making their programs and curricula more inclusive and reflective of historic and present Indigenous realities. In support of conciliation and decolonization, some humanities and social science courses with Indigenous content are being updated by Indigenous scholars, and some are being renamed. Courses in the health disciplines are being updated to include information on the Truth and Reconciliation Commission and its *Calls to Action*, Indigenous health, cultural competence and cultural safety.

Faculties are also working with Centre for World Indigenous Knowledge and Research and other individuals and resources to build a strong knowledge foundation, including gathering and sharing resources and attending presentations, workshops, discussion groups (e.g., on Indigenous history, Indigenous knowledge, Indigenous justice and First Nations Courts). The Faculty of Business is in the process of striking a new advisory committee, consisting of Indigenous graduates of its Doctor of Business Administration, Master of Business Administration and undergraduate programs, to provide advice on how to improve business programs to encourage and engage more Indigenous learners.

Two Indigenous professors (Indigenous studies and anthropology) were appointed over the past year, and Indigenous studies are being emphasized in faculty recruiting where appropriate to attract Indigenous candidates. AU’s 2017–18 Writer in Residence was Tlicho author and storyteller Richard Van Camp.

Student Mental Health

Consultations with AU’s undergraduate and graduate student associations in recent years underscored the importance of well-integrated mental health and wellness services to adult learners in assuring their continued access to education. AU received targeted funds for mental health in September 2017 and launched its first National College Health Assessment survey later that fall. Information collected about AU learners through this survey is supporting development of a student mental health strategy that aligns with the specific needs of those learners.

In developing a strategy to support student mental health and wellness, the university has worked with Regional Mental Health Co-ordinating Committees and sought awareness of best practices through consultations with the mental health industry and other post-secondary institutions. A mental health co-ordinator has been hired to help direct strategic planning and to lead mental health initiatives. The plan, now in draft form, will be finalized by the fall of 2018.

Academic and administrative staff who interact directly with learners will be trained to be able to identify and respond to those who may require mental health support, and a cross-divisional support management team is being established to serve as a community resource. The university is preparing to move forward with a 24/7 contracted support service for students.

¹ The Cree language has no word for reconciliation, but the word *conciliation* reflects the intent of this strategic plan. Use of the Cree word serves as a reminder that the AU community lives and works on Indigenous lands and is committed to fulfilling the *Calls to Action* of the Truth and Reconciliation Commission of Canada.

Planning for providing transition and referrals to service providers, such as Alberta Health, is somewhat more challenging for AU given the widely distributed nature (provincially, nationally and internationally) of its student body; however, the university will continue to consult with the Government of Alberta on how it can best support learners' transition to local services.

Accessibility Results

The *Comprehensive Institutional Plan: 2017–20* identified three accessibility focused goals:

1. To improve lifelong learning pathways for degree completion, especially in Indigenous, rural and northern communities
2. To realign programs to reflect AU's updated mission and institutional vision (See also "Quality," p. 21)
3. To support student mental health

Table 6 presents results achieved with respect to these goals and related priority initiatives.

Table 6: Accessibility Goals, Priority Initiatives, Performance Measures and Results

G1 Improve lifelong learning pathways for degree completion, especially for students from Indigenous, rural and northern communities.				
Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017–18
PI1 Develop Indigenous-centred and informed educational opportunities to enable Indigenous learner success.	EO1 Support for Indigenization through responsive academic programming, reflecting the <i>Calls to Action</i> of the 2015 Truth & Reconciliation Commission of Canada	PM1 Initiated collaboration agreements with First Nations colleges	December 1, 2017	In collaboration with University nuhelot'jine thaiyots'j nistameyimâkanak Blue Quills, two AU courses were delivered in UnBQ classrooms for a combined total of 47 learners.
		PM2 Completed MOUs with willing Indigenous partners	March 1, 2018	One MOA was signed with UnBQ (See above). Discussions with regard to other possible agreements are ongoing.
PI2 Increase meaningful partnerships with Campus Alberta.	EO1 Co-ordinated approach to the provision of college and university degree programming designed to meet the needs of northern students and communities	PM1 Completed collaboration agreements with northern Alberta colleges	December 1, 2017	AU developed new agreements to deliver dual credit courses to high school students in rural and northern communities (High Prairie School Division, St. Albert Catholic School Division, Northern Lights School Division) and continued its dual-credit partnership with Aspen View School Division.
		PM2 Completed MOUs with willing northern Alberta colleges	March 1, 2018	No agreements were completed with northern colleges; however, work continues on several that are expected to come to fruition in 2018–19. One MOU was completed with Bow Valley College in Calgary.
PI3 Increase provincial awareness and recognition of AU's open and flexible learning model (differentiated value; renewed narrative of open).	EO1 Raised profile of AU in Alberta	PM1 Unprompted market recognition of AU in Alberta	March 30, 2019	A <i>Brand Communication Plan</i> was approved by the Board of Governors in December 2017, and implementation began in January 2018 with the development of new brand guidelines for external and internal communication.
	EO2 Increased application and registration by Alberta-based learners	PM2 Number of learners enrolling and registering at AU	March 30, 2019	16,345 Albertans enrolled in 2017–18, up 0.8 per cent from 2016–17 (16,214).

G2 Realign programs to reflect AU's mission and institutional vision. (Also a quality goal)

Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017-18
PI1 Complete a comprehensive program mix review based on program quality, program health, and program viability.	EO1 A sustainable, strategic, and quality program mix consistent with the university's mandate and enabling access to meet the needs of learners	PM1 A comprehensive list of programs to be renewed and enhanced, sustained, expanded, reduced, and/or closed	December 15, 2017	The Course and Program Review was completed in fall 2017, and its recommendations were approved by the Board of Governors in March 2018 (See p. 31).
	EO2 Enabled innovation, excellence, responsiveness, and programmatic creativity	PM2 Identification and submission of new program proposals for approval by redeploying resources stemming from PM1	March 30, 2018	Based on program health criteria developed during the Course and Program Review, and in alignment with AU's integrated resource planning cycle, an internal strategy is being developed for the prioritization and fast-tracking of high-value new program proposals. Estimated delivery is December 2018.
PI2 Expand program offerings to include programs focused on career-relevant learning.	EO1 Increased access and registration	PM1 Opening of Continuing Education Unit	Summer 2018	Creation of the new Professional and Corporate Relations Unit was announced in November 2017 (See p. 38), focused on nurturing existing partnerships and establishing new relationships with corporate, non-profit and government organizations for the delivery of both credit and non-credit professional development courses and programs. Development is ongoing.

G3 Support student mental health.

Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017-18
PI1 Student mental health	EO1 Increased support for student mental health and wellness	PM1 Completed National College Health Assessment research survey	December 2017	NCHA survey completed in November 2017.
		PM2 Completed strategy to support student mental health and wellness	March 2018	Strategy will be available in fall of 2018.

Quality

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

External Recognition

In 2006, AU became the first Canadian public university to receive American accreditation, through the Middle States Commission on Higher Education, one of six regional accreditors in the United States. This accreditation tracks the cycle of continuous improvement at member institutions. MSCHE peer reviewers determined, in September 2017, that AU remained in compliance with the commission's accreditation standards. A follow-up report demonstrating the sustainability of the university's assessment processes, including evaluation of student achievement of program goals, will be submitted to the MSCHE by September 2018. Over the past year, AU faculties have been engaged in a rigorous process to determine the effectiveness of undergraduate and graduate program learning outcomes and learning assessments.

Faculty of Business programs received recognition from three provincial or national bodies in 2017–18.

- The Bachelor of Management program was accredited by Chartered Professional in Human Resources Alberta. The Chartered Professional in Human Resources designation (CHPR), Canada's only professional standard certification in the human resources field, recognizes a commitment to upholding the highest standards of professional practice in human resources and is a nationally recognized level of achievement in the field.
- The Business Technology Management Program was recognized by the Information Technology Association of Canada for its business of technology management content.
- The Financial Planning Standards Council granted the Faculty of Business core educator status. The FPSC's membership includes 17,000 certified financial planners in Canada and 160,000 internationally. The faculty is developing further content for accreditation.

Course and Program Improvements

A number of initiatives designed to improve academic programs, courses or student outcomes were realized across the university in 2017–18.

Curriculum revisions and course revisions in support of facilitating student learning, to meet and potentially exceed entry-to-practice competencies for nurses, continued in the Faculty of Health Disciplines, as did vetting of clinical placements to identify robust and meaningful learning experiences in urban and rural settings, in acute care and in community practice settings.

To align course and program learning outcomes with the Alberta Credentials Framework, the Faculty of Humanities and Social Sciences undertook an extensive curriculum mapping initiative over the past year, resulting in the refinement of program learning outcomes across all programs. All FHSS undergraduate majors and concentrations have been mapped to learning outcomes, and the curriculum maps are being consolidated and shared across the faculty to enable the mapping of diplomas and certificates. The faculty has also developed learning outcomes assessment and learning outcomes analysis workshops. To provide enhanced consistency in the student learning management system/learning experience, the faculty developed Moodle templates to be used in all courses.

In response to student and employer demand, the Faculty of Business leadership and management development stream (Post Baccalaureate Diploma in Leadership and Management) was revised to provide greater course selection. The leadership and management development courses were also revised to integrate assurance of learning measurements.

Assurance of learning assessments at all program levels have been completed in the Faculty of Business, and to date, assurance of learning assessment results have been presented and improvements implemented in the Doctor of Business Administration program.

Academic Administration

Two administrative changes accomplished in 2017–18 are geared to improving academic performance.

The Faculty of Humanities and Social Sciences piloted a joint program council, combining the previous Bachelor of General Studies, Bachelor of Professional Arts and Bachelor of Health Administration program councils. Previously, these councils had varied in membership and activity, but had shared the characteristics of degree completion programs. Combining them into a single council has had several benefits: a reduction in the number of administrative roles within the faculty, an increased presence for and awareness of previously less visible programs, the creation of synergies among and across programs, increased understanding between programs and consistency in block transfer credits across programs.

The Faculty of Health Disciplines created and recruited to two new administrative positions: associate dean, teaching and learning and associate dean, student services/administration. The associate dean, teaching and learning has made significant contributions to the faculty learning design and technology team, including standardizing the course development process (common templates, language, processes and team restructuring for streamlined workflow) with an eye to quality of course revisions and their alignment with program outcomes and competencies. The associate dean, student services/administration has become the learning outcomes lead for the faculty. To date, this role has mainly been supporting and planning for development of advising, administration, human resource and student issues specific to the faculty.

Quality Results

The *Comprehensive Institutional Plan: 2017–20* identified three quality focused goals:

1. To provide a quality interactive and engaging student experience
2. To cultivate research excellence by building research capacity in strategic areas
3. To realign programs to reflect AU’s updated mission and institutional vision (See “Accessibility” p. 18)

Results achieved with respect to these goals and related priority initiatives are presented in Table 7. For a full discussion of research activity over the past year, see “Research, Applied Research and Scholarly Activities,” p. 33.

Table 7: Quality Goals, Priority Initiatives, Performance Measures and Results

G1 Provide a quality interactive and engaging student experience.				
Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017–18
PI1 A renewed focus on leadership in student services through the implementation of the Student Service Plan.	EO1 Increased student progression	PM1 Percentage of applicants who enrol in first course	March 2018, then ongoing	68.9 per cent of applicants enrolled in a first course in 2017–18, down 1.4 per cent from 2016–17 (70.3 per cent).
		PM2 Percentage of students who complete first assignment	March 2018, then ongoing	81.1 per cent of students completed first assignments, down one per cent from 2016–17 (82.1 per cent).
		PM3 Percentage of program students who reregister	March 2018, then ongoing	79.3 per cent of program students reregistered, down 0.9 per cent from 2016–17 (80.2 per cent).
		PM4 Average time to completion	March 2018, then ongoing	Average time to degree <ul style="list-style-type: none"> • Three-year Bachelor’s Programs: 2017–18: 4.9 years (2016–17: 4.7 years) • Four-year Bachelor’s Programs¹: 2017–18: 5.7 years (2016–17: 5.7 years) • Master’s Programs: 2017–18: 3.7 years (2016–17: 3.8 years)
	EO2 Increased or stable student experience	PM1 Percentage of students who report that they are very satisfied with student experience	March 2018, then ongoing	Biennial Alberta Graduate Outcome Survey: 95.9 per cent of class of 2013–14 were very satisfied, compared with 96.9 per cent of class of 2011–12.
		PM2 National Survey of Student Engagement <i>quality of interaction</i> rating	March 2018, then ongoing	Positive rating: 2016 survey: first-year students: 65 per cent, senior students: 66.5 per cent 2014 survey: first-year students: 65.3 per cent, senior students: 66 per cent.
		PM3 National Survey of Student Engagement <i>supportive environment</i> rating	March 2018, then ongoing	Positive rating: 2016 survey: first-year students: 33 per cent, senior students: 29.2 per cent 2014 survey: first-year students: 31 per cent, senior students: 29.2 per cent.
		PM4 Number of students who would recommend AU	March 2018, then ongoing	2017 Student Experience Survey: 82.8 per cent would recommend AU.(Baseline data: The scale for this question was changed from earlier versions of the survey.)

1 Excludes Bachelor of Nursing due to practicum requirements.

G2 Cultivate research excellence by building research capacity in strategic areas.

Priority Initiatives	Expected Outcomes	Performance Measures	CIP Completion Date	Progress in 2017–18
PI1 Refine <i>Strategic Research Plan</i> to enable growth of AU's research in alignment with its mandate.	EO1 Growth in research activity, output and impact in strategically relevant areas of focus	PM1 Completed <i>Strategic Research Plan</i>	February 1, 2018	The <i>Strategic Research Plan</i> was reimagined and reformulated. Four strategic research themes were identified and aligned with <i>Imagine</i> and the integrated planning cycle.
		PM2 Scholarly publications	Ongoing, to be reported annually	Data unavailable at date of publication.
PI2 Enhance research capacity.	EO1 Increased grant submissions and rate of success EO2 Recruitment to vacant research chairs	PM1 Research revenue from tri-agency, industry and community sources	Ongoing, revenue to be reported annually	At \$2,469,000, research revenue from all sources declined 30 per cent compared to 2016–17. Funding levels fluctuate as highly productive researchers leave or join the university. Besides attracting and retaining top talent, AU sees an opportunity to systematically improve the research culture and the number of grant applications across all faculties. The Research Centre is working with the deans to implement a plan for increasing the quantity and quality of grant applications; for example, an internal review and mentoring process has been created to increase proposal competitiveness.
		PM2 Percentage of research revenue from tri-agency sources	Ongoing, to be reported annually	Thirty-five per cent of research revenue was from tri-agency sources, compared to 26 per cent in 2016–17.
PI3 Foster high-quality personnel training.	EO1 Increased research training for students and post-doctoral fellows	PM1 Number of student research assistants and post-doctoral fellows	Ongoing, number to be reported annually	Training highly qualified research personnel remains a priority. Group and one-on-one mentorship continues. There were 63 research assistantships in 2017–18, up from 54 in 2016–17, and 11 post-doctoral fellows, up from eight in 2016–17.

Affordability

AU's distance education model, an efficient and affordable way to deliver post-secondary learning, continues to provide an excellent return on investment to taxpayers and students alike. Students who access online programs from their home community are relieved of many of the costs associated with attending campus-based institutions (e.g., moving, accommodation, travel and out-of-home living expenses). Online programs also enable students who work full- or part-time to maintain their employment while they complete their studies. Together these benefits allow distance education students to avoid accumulating high levels of debt and the burden of loan repayment after graduation. By reducing costs and offering students flexibility in where and when they can study, AU makes learning both more accessible and less costly.

Over the past year, AU has implemented several initiatives aimed at both lowering direct learner costs and improving learning efficiency, thereby reducing time commitments required of busy adult learners.

Learning resource fees for undergraduate courses will be lowered through a permanent MyAU bookstore, development of which began in 2017–18. This exciting new student resource will contribute to a responsive and adaptable student services framework. The project involves implementation of a full SaaS (software as a service) based e-commerce learning resource delivery system across AU as well as the decommissioning of bookstore processes currently customized within AU's enterprise resource planning system. The new system will provide student choice and inclusive access in the provision of physical and digital learning resources.

Following the successful Virtual Examination Invigilation Pilot Project completed in 2016–17, AU now offers students the option of writing online examinations from anywhere with a suitable Internet connection under

the supervision of a remote proctor. Besides the cost saving resulting from remote access, this option offers a number of other learner benefits including 24/7 scheduling flexibility, time savings and expanded educational access for students with mobility challenges and those travelling or residing in non-English speaking countries, where making invigilation arrangements can prove difficult.

Affordability challenges are also addressed through AU's growing student financial aid portfolio. University Relations continued to work closely with academic and other administrative units in 2017–18 to generate the resources needed to support the university's commitment to reducing financial barriers through student scholarships and bursaries. Four new student awards were created in the past year:

- The KPMG Foundation Community Leaders Scholarship, to leaders of non-profit organizations enrolled in AU's MBA program
- The William S. Herron Family Charitable Foundation First-in-Family Awards, to Calgary and area students who are the first in their family to attend a post-secondary institution
- The Sunny Bleich Bursary, to enable AU degree program students in financial need to continue their education without interruption
- The Rolf Nelson Award in Labour Studies, an endowed award that will support students in AU's Labour Studies Program

Affordability Results

The Comprehensive Institutional Plan: 2017–20 identified two affordability focused goals:

1. To diversify the provision of learning resources
2. To reduce financial barriers for students

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

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

G1 Diversify the provision of learning resources.				
Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017–18
PI1 Provide learning resources to ensure that all students are appropriately supported in their learning journeys.	EO1 A student-centred, accessible, accountable and fairly priced framework for the provision of learning resources	PM1 Sell-through percentage at MyAU Bookstore	2018	The MyAU Bookstore initiative is in progress. Completion is projected for 2018.
G2 Reduce financial barriers for students.				
Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017–18
PI1 Additional investment in student awards for all Alberta learners, including part-time students.	EO1 Increased awareness of availability of student awards EO2 Increased number and value of awards available to students	PM1 Value of student awards PM2 Number of awards given	Ongoing	<ul style="list-style-type: none"> • The total value of student awards distributed was \$1,158,069, a 2.9 per cent increase over 2016–17 (\$1,125,934). • The number of financial awards distributed totalled 625, a three per cent increase over 2016–17 (607).

Co-ordination

AU's unique mission and mandate supports a diverse and differentiated post-secondary system in Alberta, and the university maintains its enthusiasm for collaborating with other academic institutions to enhance co-ordination across the system so that all learners can achieve their full potential.

During 2017–18, AU continued to develop relationships with Alberta colleges and technical institutes to provide pathways for degree completion and to create educational linkages of value to students. Partnerships with a wide range of employers, associations and sports organizations also promote higher learning and enable members or employees of these organizations to achieve higher education goals.

AU supports and champions the principle of co-ordination through its leadership role in the Canadian Virtual University consortium, an association of Canadian universities committed to providing high-quality online distance education. CVU universities collectively offer over 2,000 courses and 400 programs that students can easily search from a single website. In 2016, registration in online degree courses exceeded 246,000 at the 11 CVU member universities. Registration has doubled since 2000, and continued growth is anticipated.

As discussed elsewhere in this report (See “Professional and Corporate Relations,” p. 38), a key focus for AU going forward is to develop new partnerships with a range of corporate, non-profit and government organizations within various industry sectors to support employee and member development by providing pathways to higher education goals. Partnering with both post-secondary institutions and other organizations creates educational linkages of value to learners.

In keeping with the priority outcomes of *Imagine: Transforming Lives, Transforming Communities* and the recommendations of the Independent Third-Party Review, AU remains committed to exploring strategies for capitalizing on opportunities resulting from the university's northern Alberta location that are underdeveloped.

As indicated in the *Capital and Infrastructure Plan: 2018–23*, AU is also well positioned to deploy shared data centre services and cloud expertise with the northern Alberta public sector. This initiative would result in a shared service environment in which all participants share costs equally and equitably.

Co-ordination Results

The *Comprehensive Institutional Plan: 2017–20* identified one co-ordination related goal: to leverage AU's location in Athabasca. Results achieved with respect to that goal and the related priority initiative are presented in Table 9.

Table 9: Co-ordination Goals, Priority Initiatives, Performance Measures and Results

G1 Leverage AU's location in Athabasca.				
Priority Initiatives	Expected Outcomes	Performance Measures	Expected Completion	Progress in 2017–18
PI1 Capitalize on underdeveloped opportunities created by AU's location in Athabasca.	E01 Alignment between AU's mission and mandate and the opportunities presented by being located in northern Alberta E02 Maintenance or expansion of the size of AU's operations in the Town of Athabasca and in northern Alberta.	PM1 Completion of a strategy and facility study regarding the connection of AU to the Town of Athabasca and Athabasca County	May 1, 2018	AU's new strategic plan, <i>Imagine: Transforming Lives, Transforming Communities</i> , which was approved by the Board of Governors in December 2017, highlights the university's commitment to the Town of Athabasca. AU has engaged in discussions with local officials, community partners and members of the public in an effort to identify opportunities that would be mutually beneficial to the university and the community.

Accountability

AU's capacity to be agile and adaptable is fundamental to its success and the success of its learners. First rate technology, operations and support systems are essential to an institution that wishes to respond quickly and effectively to change. To enhance accountability, the university is embracing simplicity in internal processes and focusing on continuous improvement.

The new strategic plan, *Imagine: Transforming Lives, Transforming Communities*, commits the university to becoming more transparent and accountable with regard to operations. In 2017–18, resource planning was aligned with *Imagine* so that resources could be allocated to achieve the goals and priorities set out in the strategic plan.

AU has adopted an integrated approach to planning, which contributes to transparency and accountability as well as predictability and effectiveness by linking long-range planning and annual resource planning processes. Implemented in 2017–18, the new Integrated Planning Framework will be tested in its first full year of use in the coming year. Through integrated planning, the university will manage expectations, demonstrate its commitment to accountability and continuous improvement, and work jointly toward achieving the dedicated, specific and measurable goals and directions outlined in *Imagine*.

Phase 2 of the Responsibility Centred Management Model was completed in January 2018 and a decision with regard to Phase 3 is pending.

Accountability Results

The *Comprehensive Institutional Plan: 2017–20* identified two accountability related goals:

1. To complete a comprehensive strategy for revitalization and growth
2. To align financial and capital resources with academic priorities

Results achieved in terms of these goals and related priority initiatives are presented in Table 10.

Table 10: Accountability Goals, Priority Initiatives, Performance Measures and Results

G1 Complete a comprehensive strategy for revitalization and growth.				
Priority Initiatives	Expected Outcomes	Performance Measures	CIP Completion Date	Progress in 2017–18
PI1 AU master plan.	EO1 A re-imagined AU	PM1 Revised mandate and vision statement	September 1, 2017	AU's new vision statement "transforming lives, transforming communities" is central to its new strategic plan, approved in December 2017.
	EO2 Set priorities, focus energy and resources, strengthen operations, and improve organizational performance	PM2 Completed AU master plan	November 1, 2017	AU's new strategic plan, <i>Imagine: Transforming Lives, Transforming Communities</i> , was completed and approved in December 2017.

G2 Align financial and capital resources with academic priorities.

Priority Initiatives	Expected Outcomes	Performance Measures	CIP Completion Date	Progress in 2017-18
PI1 Integrated planning framework across the institution.	EO1 Alignment of financial and capital resources with academic priorities	PM1 Institutional planning aligned	September 2018	AU introduced an integrated planning framework in 2017-18 and began the transition to a new approach to financial and capital planning in the development of its 2018-19 Resource Plan (formerly the budget). The process included engaging the Administrative Council in aligning resource allocations with institutional priorities. The transition to the new system will continue in 2018-19.
	EO2 RCM implemented for business planning and budgeting	PM2 Progress on RCM implementation	2019	Implementation of Phase 2 of the Responsibility Centred Management model was completed in January 2018. No decision has been made with regard to Phase 3.



Enrolment Plan and Program Changes



Enrolment Plan and Program Changes

Enrolment Report

The Athabasca university *Comprehensive Institutional Plan: 2017–20* projected modest growth in both undergraduate and graduate programs, subject to implementation of the recommendations of the Independent Third Party Review. Though full-load-equivalent enrolment in graduate programs declined by 6.6 per cent from 2016–17, overall enrolment for 2017–18 was 1.1 per cent higher than that of the previous year and slightly above *CIP* projections. Comparative enrolment results for the past three years are shown in Table 11.

Table 11: Enrolment Results: 2015–16 to 2017–18 (Full-load-equivalents)

Level	Program	2015–16 Actual	2016–17 Actual	2017–18 Projected	2017–18 Actual	2017–18 Growth (%)
Graduate	Doctor of Business Administration	20	30	30	32	6.7
	Doctor of Education	32	43	43	45	4.7
	Master of Arts	167	146	148	140	(4.1)
	Master of Business Administration	302	305	300	302	(1)
	Master of Counselling	248	248	247	251	1.2
	Master of Education	111	106	106	102	(3.8)
	Master of Health Studies	173	154	155	137	(11)
	Master of Nursing	522	586	586	633	8
	Master of Science	65	61	55	60	(1.6)
	Post-Masters Diploma	11	9	10	10	11.1
	Post-Master's Certificate	3	4	4	2	(50)
	Post-Baccalaureate Diploma	108	96	99	85	(11.5)
	Post-Baccalaureate Certificate	21	25	26	20	(20)
	Undergraduate	Bachelor of Administration ¹	5	4	0	3
Bachelor of Arts		261	266	271	286	7.5
Bachelor of Arts (3-Year)		118	135	138	144	6.7
Bachelor of Commerce		328	353	362	369	4.5
Bachelor of General Studies		75	76	76	83	9.2
Bachelor of Health Administration		54	46	47	47	2.2
Bachelor of Human Resources and Labour Relations		127	125	129	123	(1.6)
Bachelor of Management		101	101	103	103	2
Bachelor of Management (3-Year)		139	149	153	158	6
Bachelor of Nursing		505	520	502	461	(11.3)
Bachelor of Professional Arts		182	198	200	178	(10.1)
Bachelor of Science		158	176	181	195	10.8
University Diploma		7	13	12	21	61.5
University Certificate		123	135	139	140	3.7
Non-Credential²	Open Studies	4,504	4,537	4,602	4,613	1.7
Total³		8,469	8,648	8,723	8,739	1.1

1 Program closed December 31, 2004.

2 The non-credential category (open studies) includes qualifying, non-declared and visiting students.

3 Program enrolment numbers are rounded to the nearest whole number. Due to this rounding, the sum of the program enrolment numbers may not equal the actual totals shown.

Program Changes

Course and Program Closures

As noted previously, a major course and program review carried out in the fall of 2017 in response to the recommendations of the Independent Third Party Review resulted in the closure of 16 undergraduate programs, 74 undergraduate courses and 11 graduate courses. The scope of this review process was unprecedented at AU, and it is anticipated that, going forward, smaller scale course and program reviews will occur regularly.

The recommended program closures have been approved by the Board of Governors and, except as noted below, by the Ministry of Advanced Education, and the teach-out phase has started. The following programs are closed to new admissions:

- Bachelor of Arts (three-year): Anthropology
- Bachelor of Arts (three-year): Humanities
- Bachelor of Arts (three-year): Labour Studies
- Bachelor of Arts (three-year): Political Economy
- Bachelor of Arts (three-year): Political Science
- Bachelor of Arts (three-year): Women's and Gender Studies
- Bachelor of Arts (three-year): Information Systems
- Bachelor of Arts (four-year): General
- Bachelor of Arts (four-year): Canadian Studies
- Bachelor of Arts (four-year): Information Systems
- University Certificate: Career Development²
- University Certificate: E-Commerce
- University Certificate: English Language Studies
- University Certificate: Game Development and Programming
- University Certificate: Labour Studies
- University Diploma: Health Administration

These closures will allow resources to be redirected to improving other academic offerings or exploring new program options.

Bachelor of Science

An external review of the Bachelor of Science Program completed in 2012 recommended the introduction of more specific areas of scientific study. In response to this recommendation, a new program structure encompassing the existing Bachelor of Science programs, excluding architecture, has been developed and approved. Program students will now have the option of three science majors or a double major, available through two routes (regular and post-diploma).

This new structure also gives students the opportunity to combine a selected major with one of 16 minors. The introduction of the 16 minors should significantly enhance the Bachelor of Science Program and provide program students with a richer and more well-rounded experience.

Minor in Heritage Resources Management

A minor in heritage resources management is now available to students undertaking a four-year (120 credit) Bachelor of Arts degree. The minor will cover topics related to both built environments and museum studies. A review of Canadian educational institutions offering heritage related programs revealed that this new minor will be the only online undergraduate minor program of its kind in Canada.

² AAE approval is pending.

The heritage resources management minor will enrich and increase options for AU BA students, some of whom already take heritage resources management courses as electives, and it will be complementary to several major programs; for instance, students doing a major in anthropology or history would have the option of doing a heritage resources management minor that relates directly to their field of study.

Focus Areas for Health Studies

New focus areas have been developed for the Master of Health Studies Program and the Master of Nursing (Generalist) Program. Leadership and health research are among the new focus areas, and the teaching focus, which has itself fuelled continued development of additional focus areas, has been enhanced. Students, whether in a course or thesis route, may now complete a degree within a focus area, personalizing their studies and allowing them to concentrate in a specialized subject area. Students are not, however, required to work within a focus area.

The Faculty of Health Disciplines has also been working hard to modernize approaches to teaching and learning, including using authentic and non-disposable assignments, e-portfolios, blogs, social media, videos, etc., in an effort to move beyond the limitations of the LMS. By the end of 2018, the faculty should have a program pathway that is textbook free: students will be able to complete the entire program without having to buy a textbook (printed or electronic).

Program Name Changes

In response to the recommendations of a 2016 external review of the Master of Arts (Integrated Studies) program, the name of the program has been changed to Master of Arts (Interdisciplinary Studies). The *External Review Final Report* recommended the change on the basis that the term *interdisciplinary studies* enjoys wide currency in the academic arena outside AU while *integrated studies* does not. Drawing on interviews with students and graduates of the program, the reviewers noted that changing to the more familiar name would be beneficial to AU in marketing the program to prospective students, and it would make it less complicated for students and graduates to explain their studies to others and to apply for PhD programs or jobs.

To reflect contemporary professional practice and naming conventions in the academic field, the e-commerce major offered by the Faculty of Business has been renamed the business technology management major.



Research, Applied Research and Scholarly Activities



Research, Applied Research and Scholarly Activities

Strategic Goals and Initiatives

As indicated previously, development of a new research plan by Athabasca University community stakeholders was a major accomplishment of 2017–18. The *Strategic Research Plan* follows from and supports *Imagine: Transforming Lives, Transforming Communities* and sets the direction for the university's investments in research, scholarship and creativity. Four broad themes representing existing and emerging clusters of researchers and research expertise are embedded in the research plan: environmental and societal dynamics of sustainability; disruptive pedagogies; society, culture, health and well-being; and digital futures.

These themes inspire individual and collective research and afford opportunities to address ideas and enquiries emanating from more than one theme. Perhaps more importantly, the themes foster development of a critical mass of researchers within the university to cultivate the growth of leading-edge disciplinary and interdisciplinary research and to enrich the social, environmental and economic value and relevance of the research conducted by AU academics and learners. A challenge for the upcoming year will be the creation of a succinct yet robust suite of metrics to track and measure the outcomes and impacts of this research. The research and development impacts outlined in *Imagine* will guide this work.

Although the re-envisioned *Strategic Research Plan* was not formally adopted until March 2018, the many and varied research accomplishments of this past year will provide a firm foundation for its ongoing implementation in the coming years. Increasing and diversifying sources of research revenue and providing grantsmanship training remained a high priority during the past year and will continue to be important in upcoming years.

A continued strong emphasis on cultivating research excellence is evident in the recruitment of several outstanding academic researchers to the university in 2017–18, including the recently appointed Canada Research Chair in Hydrological Sustainability, whose work complements that of others who are engrossed in research related to the environment and to the Athabasca River Basin in particular. An additional Canada Research Chair nomination, with a focus on Digital Disruption and Organizational Change, and a Canada Research Chair renewal, with a focus on Health Promotion and Chronic Disease Management, were also submitted during the past year. Nomination of an Industrial Research Chair in Analytics, Adaptivity and Anthropomorphism is also in progress. All of these appointments are expected to make a substantive contribution to building research capacity in relation to one or more of the four research plan themes.

An ongoing, strong emphasis on engaging with industry has resulted in a number of new and emerging academic-industry research collaborations that will afford myriad opportunities for AU students and post-doctoral fellows to continue to pursue unique, high-calibre, industry-based training in, for example, the banking, healthcare, hydroelectric, oil and gas, serious gaming and not-for-profit sectors. Some of the trainees who have participated in these collaborations have secured ongoing employment in these sectors. Work continues to secure ongoing funding to support AU's industry liaison officer position, which has been instrumental in establishing academic-industry partnerships and in securing funding to support the related initiatives.

Establishment of a formal *Agreement on Animal Care* with the University of Alberta and the subsequent acquisition of a Canadian Council on Animal Care Probationary Certificate of Good Animal Practice were other noteworthy achievements of the past year. Ongoing certification will be sought in the summer of 2018, in conjunction with the University of Alberta. As a result, of this collaboration, AU researchers who use animals for research, teaching or testing will be able to apply to the appropriate Animal Care and Use Committee at the University of Alberta for ethics review and approval. One researcher has already successfully navigated animal ethics approval, attesting to the feasibility and soundness of the process and its importance in advancing environmental research, into fish health in particular, at AU.

The Equity, Diversity and Inclusion Action Plan, created and adopted in fall 2017, outlines the university's commitment to research excellence and to sustaining participation of individuals from four designated groups

(women, persons with disabilities, Indigenous Peoples and members of visible minorities) in its research activities. The plan provides a framework for addressing equity gaps, fostering an inclusive and supportive workplace, providing unconscious bias training and fostering research excellence and training. While the plan was developed specifically in relation to the Canada Research Chair program, it is relevant to future recruitment of other chairs, researchers and trainees across the academy.

Synergies with the Alberta Research and Innovation Plan

The four themes outlined in the *Strategic Research Plan* (environmental and societal dynamics of sustainability; disruptive pedagogies; society, culture, health and well-being; and digital futures) are closely aligned with the innovation targets and outcomes identified in the *Alberta Research and Innovation Framework* (2018). Together, the four themes reflect the breadth of research conducted by AU researchers and their trainees. Following are select examples of the synergies between their work and the themes outlined in the *Alberta Research and Innovation Framework*.

A Strong Economy

Exploring means to increase financial literacy, offer tailored workplace training, reduce the costs of ameliorating the environmental impacts of industry and bring innovative products and services to market, all in conjunction with industry partners, are a few examples of the ways in which AU's researchers are contributing to building a strong economy in Alberta (and beyond). A prime example of the impact of this research is the uptake by the oil and gas sector of the virtual reality safety training modules developed by one AU research team. Other teams are approaching workplace safety from the perspectives of enhancing workers' mental health and reducing time lost due to injury accidents.

Other researchers are examining questions related to the digital economy and its implications for digital consumers, platforms and regulators. Emerging research concerns include digital piracy and evolving views of privacy and the protection of personal privacy. Crowdfunding and the role of social media in influencing the performance of crowdfunding campaigns in select industries are other evolving areas of research.

Fostering the success of K-12 and post-secondary students underpins the work of still other researchers who are exploring the use of technology, including virtual learning environments, to help students acquire the skills needed to thrive in changing educational and work environments; for example, initiatives aimed at

- using iPads and other technologies to improve learning outcomes for children and for students with learning disabilities
- using mobile technologies to improve literacy skills among English language learners to equip them with the language and literacy skills needed to thrive in Canadian communities and workplaces
- employing learning analytics to create highly personalized learning experiences for students
- exploring serious gaming as a means of increasing critical thinking and problem-solving skills
- incorporating innovative teaching and learning strategies in traditional classrooms to increase uptake and retention of knowledge

One unique research project focuses on the use of big data and learning analytics to improve individual athlete performance and team effectiveness through progress awareness and insights about training effectiveness. Other researchers are focused on the creation of open educational resources, with a view to increasing access to and decreasing the cost of education and training. The long-standing Learning Communities Project, focused on education and skills training in rural and remote Indigenous communities in Alberta, continues.

Together, initiatives such as these contribute to the creation of a highly skilled workforce and a strong Alberta economy.

Effective Resource Management and Environmental Stewardship

The appointment of the Canada Research Chair in Hydrological Sustainability has opened a new avenue of research aimed at exploring how water moves in and between forests, wetlands and streams, using wireless sensor networks, and evaluating the sensitivity of ecosystems and streams to natural and human disturbances, such as wildfires, flooding and resource extraction. This work complements that of another researcher who is exploring the use of bacterial biosensor technology to detect and remediate pollutants in industrial wastewater and to develop efficacious and cost-effective means for oilsands reclamation. Other teams are

- examining the effects of dissolved organic matter on the health of aquatic animals, including fish, and the cumulative effects of land and water use in the Athabasca River Basin over time
- attempting to map the key stakeholders in the energy industry
- using innovative methods to increase survival rates of endangered Alberta pine species
- exploring the interaction of solar winds and earth's magnetic fields

These studies, all of which are situated primarily in Alberta, will make a substantive contribution to the understanding of effective resource management and environmental stewardship and to policy development in the field.

The Athabasca River Basin Online Bibliography and Repository continues to be an important endeavour, providing free access for researchers and other stakeholders to hundreds of publications and reports, photographs, interactive maps and audiovisual resources about the Athabasca River Basin. This unique asset helps ensure that information about the basin and its inhabitants is digitally preserved for future use. In support of this initiative, many individuals from the Athabasca region and beyond have donated personal collections of artifacts to the repository in an effort to ensure that they are preserved and are available to others.

A Focus on Supporting Healthy Albertans in all Communities

Research in relation to this theme encompasses a broad array of foci. The Alberta Innovates Strategy for Patient-Oriented Research's Patient Engagement Platform, which is led by an AU researcher, has made significant strides in attaining a first-hand understanding of how patients want to be engaged in decision-making about their health. In addition, it has helped extend thinking provincially and nationally about how patients can be engaged as equal partners in the design, conduct and dissemination of health research and how they can and should be appropriately compensated for their contributions.

Other AU health researchers are investigating a broad range of topics; for example:

- assessment and alleviation of pain in patients with early dementia
- effects of physical activity in preventing cancer and its reoccurrence
- combined effects of diet therapy and physical activity in reducing the risk of gestational diabetes, Type II diabetes and cardiovascular disease
- mental health questions
- relationship-based parenting
- elder care
- holistic health services, including provision by nurse practitioners and provision by mobile devices and other technologies

All have important implications for evidence-informed decision-making and policy development in preserving and enhancing the health of Albertans.

Other researchers are intent on pursuing a broad range of questions related to, for example, preserving Indigenous knowledge, culture and artifacts (including documenting the ingenuity and skill exhibited in the design and construction of snowshoes) and examining the knowledge and meanings embedded in the scholarly, religious and creative works of other communities and cultures. A study of ancient Maya *boomtowns* and their potential to inform larger, modern-day geo-economic and political discussions is ongoing.

Other community-based research is focused on economic diversity and sustainability, including sustainability-related social movements that share concerns about social financing, food security, small-scale organic farming, energy conservation and renewable energy. Crowdsourcing and citizen science are emerging areas of research that will generate new ways of knowing and thinking about information and knowledge generation, environmental concerns, and the health and wellness of communities and the people who live in them. Likewise, research into building police legitimacy and justice will add another dimension to the understanding of how to support Albertans (and others) in their communities.

Together these endeavours afford myriad opportunities to attain the goals set out in AU new *Strategic Research Plan*, cultivate research excellence, provide high-quality research training to AU learners and extend the outcomes and impact of the university's research agenda.



Community Outreach and Under-represented Learners



Community Outreach and Under-represented Learners

Athabasca University continued to extend its outreach to diverse communities in 2017–18, providing opportunities for college students to ladder their diplomas into degrees, high-school students to earn university credits and professionals to acquire degrees while working full time.

Alumni Relations

Engagement of alumni as lifelong learners and as AU supporters and advocates continued to be a university priority in 2017–18. At over 24,000 members, dispersed across Canada and around the world, AU's alumni community is its largest and most influential stakeholder group. Twenty-one well-attended events were held across Canada in 2017–18, and the university also fostered alumni engagement through publication of a quarterly alumni newsletter and through social media platforms, including Facebook, Twitter and LinkedIn.

Alumni initiatives provide opportunities to develop long-term relationships that benefit AU. Alumni events, many of which also include current students, are part of a long-term, strategic relationship-building process, an essential step in growing AU's development program. Alumni serve as ambassadors for the university, formally and informally promoting AU and helping to strengthen its profile in Alberta and around the world. In an effort to enhance AU's profile in the community and increase philanthropic support for AU's programs and student services, engagement initiatives often included community stakeholders such as donors and community leaders.

Collaboration and Partnership Agreements

In 2017–18, AU continued to grow its network of articulation pathways to provide opportunities for learners to ladder college diplomas into degrees while remaining in their home communities and continuing with their careers. New educational partnerships included an articulation agreement with Humber College in Ontario. Such pathways with Canadian colleges were promoted at recruitment events across Canada and through AU recruitment initiatives.

AU also partners with corporate organizations, professional associations and non-profit organizations to provide professional learning opportunities in support of employee skill development. A new partnership with Acuren Group Inc., for example, allowed Acuren Canada employees to enrol in AU Faculty of Business leadership and management development courses, thereby strengthening Acuren's organizational capabilities and employee leadership skills.

Professional and Corporate Relations

In November 2017, AU launched the Professional and Corporate Relations Unit, an entrepreneurial centre in the new University Relations Division. The unit is responsible for generating revenue through providing credit and non-credit professional development courses and certificates for corporate, government and non-profit organizations and individual learners.

Once fully operational, the Professional and Corporate Relations Team will work with organizations to identify soft and technical organizational skills development needs and to develop a full range of customizable, enriched, online professional development solutions to meet those needs. The team will rely upon in-depth organizational needs analysis to recommend or develop appropriate online approaches to addressing the unique professional development needs of individual organizations. Possible solutions include providing training through AU's open enrolment online courses, through custom-tailored online programs or through co-branded online certificate programs that complement existing in-house training.

Formation of the Professional and Corporate Relations Unit strengthens AU's commitment to serving the retraining and professional skills development needs of organizations and individuals. In conjunction with an external partner, the unit has already completed an in-depth market research project to assess business opportunities and to support data-driven decision making. A pilot initiative to create turn-key solutions for corporate organizations will launch in 2018–19.

Dual Credit

Development of dual-credit learning opportunities continues to be an AU priority. New dual-credit partnerships with High Prairie School Division and St. Albert Catholic School Division and continued development of a dual-credit initiative with Edmonton Public Schools support high-school learners in the transition to post-secondary studies. Ministry approval of four new dual-credit courses in computer science supports the High Prairie School Division's focus on computing and coding. Continued collaboration with Aspen View Public School Division and Calgary Catholic School Division resulted in additional registration in dual-credit courses offered through schools in those divisions.

Implementation of a dual-credit onboarding and retention strategy resulted in increased learner success in dual-credit courses at all of AU's partner institutions.

Indigenous Communities

AU maintains articulation agreements with six Alberta First Nations post-secondary institutions: University nuhelot'ine thaiyots'i nistameyimâkanak Blue Quills, Maskwacis Cultural College, Nechi Institute: Centre of Indigenous Learning, Old Sun Community College, Red Crow Community College and Yellowhead Tribal College as well as with the First Nations Health Managers' Association. In total, about 270 courses from these institutions are eligible for transfer credit into AU certificate, diploma and degree programs.

In partnership with University nuhelot'ine thaiyots'i nistameyimâkanak Blue Quills, AU delivered a paced, classroom learning experience for Indigenous learners in rural Alberta in 2017–18. Two AU courses, Educational Psychology (EDPY 200) and Introductory Composition (ENGL 255), were offered in UnBQ classrooms, attracting 21 and 26 students respectively.

AU also increased marketing activities in Indigenous communities over the past year, including making a presentation to the Métis Settlements of Alberta, providing representatives of eight Alberta Métis settlements—Buffalo Lake, East Prairie, Elizabeth, Fishing Lake, Gift Lake, Kikino, Paddle Prairie and Peavine—with information on course transferability and degree completion opportunities.

The Learning Communities Project: Phase 3, Northern Alberta Indigenous Communities, continues to provide learning awareness opportunities in Indigenous communities, connecting with over 1,000 potential learners. The Learning Communities team works with stakeholders drawn from different sectors, communities and interests, including Athabasca Tribal Council, Big Stone Cree Nation, Little Red River Cree Nation and the Métis General Council. The project aims to create linkages among community resources, support networks and educational institutions to nurture and facilitate community development initiatives that lead to the fulfilment of educational and career goals. Over the past year, northern communities hosted 56 events and workshops on a range of topics such as trades training, health and wellness, computer training and women in business. Workshops on Indigenous cultural practices such as beading, traditional skirt making, moccasin making, hide drum making, meat preparation and dance were woven into project initiatives.

Rural Communities

Now entering its eighteenth year, Science Outreach – Athabasca continued to promote science awareness in Greater Athabasca Region and northern communities in 2017-18. This AU supported initiative ensures that area residents benefit from a broad range of educational and experiential scientific initiatives and activities, including speaker series, youth summer camps, workshops, interpretative signage, night sky sessions and travelling displays to schools and community centres. In the past year, Science Outreach – Athabasca reached 2,914 youth and adults through 48 events, including field trips, workshops, school presentations, a two-day youth robotics camp and public presentations by experts in field ecology and wildlife biology. Annual events, such as the butterfly count held in July 2017 and the bird count held in December 2017, enabled citizen science contributions to the national identification of butterflies and migratory birds in the region. Science Outreach –

Athabasca has been a major contributor to the Athabasca River Basin Online Bibliography and Repository and hosts an interactive science website (www.scienceoutreach.ab.ca).

A collaboration between AU's Faculty of Science and Technology and three lake stewardship groups (Long and Narrow Lake Stewardship Society, Alberta Lake Management Society and Alberta Environment and Parks) will provide training for AU biology students. Ecology Lab (BIOL 345) students will conduct environmental measurements and collect scientific data in Athabasca County lakes.

AU's Bachelor of Nursing program routinely places students in clinical placements in rural Alberta communities.

AU is a founding member of the Alberta Rural Development Network, recipient of Homeward Trust's 2018 Recognizing Outstanding Organizations and People in Housing Award for their work on building affordable housing and addressing homelessness in rural Alberta. AU is also active in rural stakeholder discussions on how ARDN member post-secondary institutions can work together to better serve the needs of rural Alberta.



Internationalization



Internationalization

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

Hosting of International Delegations

AU was well represented at the International Council for Open and Distance Education's twenty-seventh World Conference on Online Learning, held in Toronto, from October 16 to 19, 2017. To kick off the event, AU hosted a networking reception to explore collaborative opportunities with other global leaders in digital learning.

Following the ICDE conference, a large delegation from the Open University of China visited AU in Edmonton and Athabasca for a symposium on online course development, course design, mobile learning, learning analytics and more. The series of workshops provided an opportunity to share ideas and explore areas for future collaboration and joint research.

Also in October 2017, AU hosted a delegation from the Open University of Japan in Edmonton for a workshop on open and online education. A memorandum of understanding was signed committing both institutions to continued collaboration and academic exchange.

In November 2017, members of Shanghai Educational Technology Centre, an arm of Shanghai Open University, visited AU. Members of the SETC team gave a presentation on their development of K-12 technological resources and learning enhanced technologies for teachers, and AU master's students presented their research. Potential future collaborations between the two institutions were discussed.

Academic Program Partnerships

A new partnership with Universidad de Oviedo in Asturias, Spain, provides AU's Master of Science (Information Systems) graduates with a pathway to PhD level study in computing and information systems and includes co-supervision of PhD students and sharing of academic and research information. This partnership both strengthens AU's international profile and supports institutional goals to create accessible and affordable learning opportunities for students. To date, two of AU's Master of Science (Information Systems) graduates have enrolled in this PhD program.

Collaborations with Instituto Tecnológico y de Estudios Superiores de Monterrey (Mexico) also continue, providing access to an Information Technology Governance course for AU students and access to the AU courses Organizational Behavior in Information Systems (COMP 506) and Ethical, Legal and Social Issues in Information Technology (COMP 607) to Tec de Monterrey students.



Financial and Budget Information





Financial and Budget Information

Financial Highlights and Key Variances

The following discussion and analysis is a supplement to the information contained in Athabasca University's *Financial Statements, March 31, 2018* (Appendix A) and, as such, should be read in conjunction with the audited financial statements and their accompanying notes.

This narrative provides management's analysis of AU's financial performance and other relevant information for the fiscal year ended March 31, 2018, with comparative results for the previous year, ended March 31, 2017, and identifies the key variances by comparing 2017–18 budget to 2017–18 actual.

Statement of Operations

Comparison of 2017–18 and 2016–17 Actual

As reported in the Statement of Operations, AU's revenue for the year ended March 31, 2018, exceeded expenses by \$7.2 million. Table 12 provides a comparison of the current year's results with those of the previous year.

Table 12: Operating Results: 2017–18 Compared to 2016–17 (Millions of Dollars)

	2017–18	2016–17	Change Amount	Change Per cent
Revenue	\$ 139.3	\$ 137.4	\$ 1.9	1.4%
Expense	<u>132.2</u>	<u>133.8</u>	(1.6)	(1.2%)
Annual surplus	7.1	3.6	3.5	
Endowment contributions and capitalized income	<u>0.1</u>	<u>0.1</u>	-	
Annual surplus	\$ <u>7.2</u>	\$ <u>3.7</u>	\$ <u>3.5</u>	

Comparison of 2017–18 Budget to 2017–18 Actual

The \$7.2 million annual surplus arose from two primary components: \$4.3 million less expense than budgeted in fees and purchased services and a \$2 million reduction in benefit expense resulting from the reduction in the Universities Academic Pension Plan unfunded liability. Table 13 shows the variance amounts from the current year's budget to actual current results.

Table 13: 2017–18 Budget Compared to Actual Results (Millions of Dollars)

	2017–18 Budget	2017–18 Actual	Variance Amount	Variance Per cent of Total Budget
Revenue	\$ 139.7	\$ 139.3	\$ (0.4)	(0.3%)
Expense	<u>139.7</u>	<u>132.2</u>	<u>7.5</u>	5.4%
Annual surplus	-	7.1	7.1	
Endowment contributions and capitalized income	-	<u>0.1</u>	<u>0.1</u>	
Annual operating surplus	\$ -	\$ <u>7.2</u>	\$ <u>7.2</u>	

Revenue by Source

Total revenue for the year ended March 31, 2018, was \$139.3 million, an increase of \$1.9 million (1.4 per cent) over the previous year and \$400,000 (0.3 per cent) less than budget. Revenue sources are illustrated in Figures 1 and 2 below.

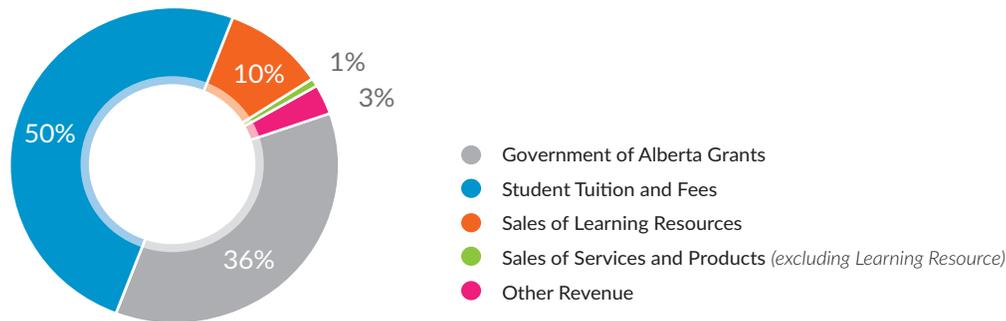


Figure 1: Major Revenue Sources as a Percentage of Total Revenue: 2017-18

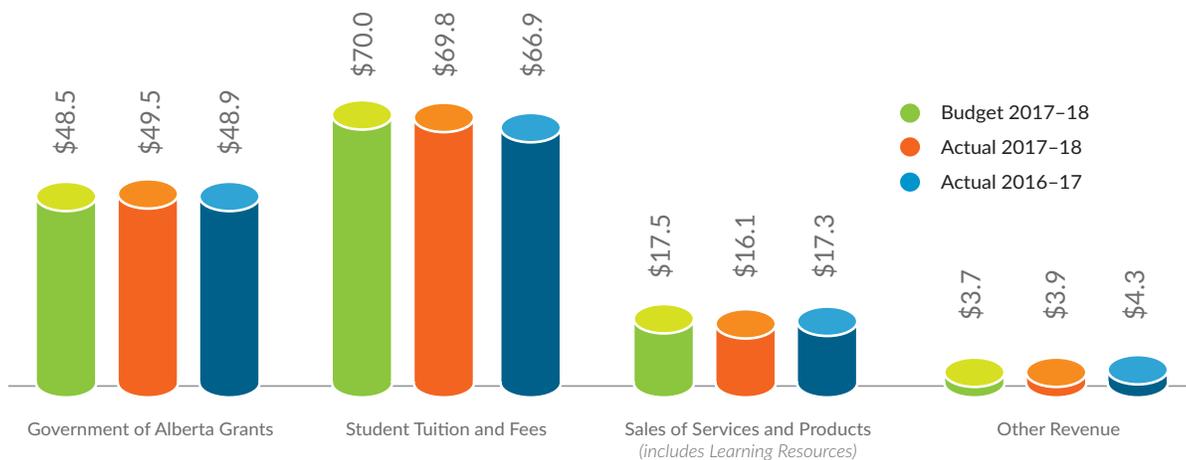


Figure 2: Revenue by Source: 2017-18 (Millions of Dollars)

Government of Alberta grants include the Campus Alberta Operating Grant and a number of conditional and one-time grants. The favourable variance of \$1 million in 2017-18 compared to budget was mainly due to unbudgeted external grants. As these grants were primarily restricted for specific expenditures, the grants and related expenditures have been recorded with no net impact on the annual surplus.

The \$600,000 difference between 2017-18 and 2016-17 levels was primarily due to a \$1.2 million increase to the operating grant, offset by a decrease in amortization revenue of spent deferred capital contributions (previous year's grant expended on capital assets) of \$600,000.

In-province tuition and mandatory non-instructional fees remained at the 2014-15 rates as a result of the provincial government freeze. The \$2.9 million increase over the previous year in student tuition and fees resulted from registration growth and increases in out-of-province tuition and mandatory non-instructional fees. Revenue from tuition increased by \$1.3 million and from related student fees by \$1.6 million.

Despite the overall increase in tuition, there was a slight variance to budget for the fiscal year due to lower than expected growth in graduate registration which was offset by higher than expected growth in undergraduate registration.

The \$1.2 million decrease from the previous year in sales of services and products was due to one-time revenue of \$1.4 million that was reported in 2016-17.

Federal and other government grants decreased by \$500,000 from the previous year due to a decrease in expendable research grants and a decrease in the amortization revenue of spent deferred capital contributions.

Expense by Object

Total expenses for the year ended March 31, 2018, were \$132.2 million, a decrease of \$1.6 million (1.2 per cent) over the previous year and \$7.5 million (5.4 per cent) less than budgeted. Expense amounts are presented by object in the notes to the financial statements. Expense by object is illustrated in Figures 3 and 4 below.

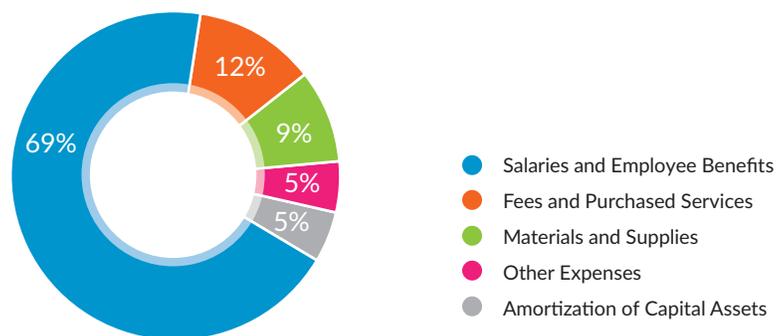


Figure 3: Expense by Object as a Percentage of Total Expense: 2017-18

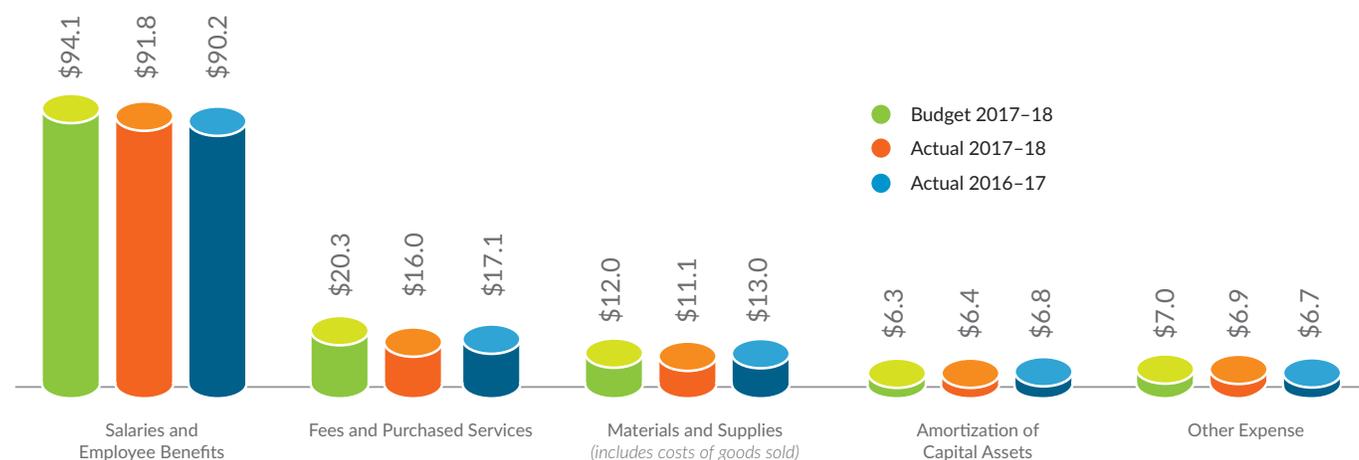


Figure 4: Expense by Object (Millions of Dollars)

At two thirds of total expenses, salaries and employee benefits represent AU's largest expense. The \$1.6 million increase from the previous year in salaries and benefits is due to annual compensation adjustments as outlined in the unionized compensation agreements. Salaries and employee benefits were under budget by \$2.3 million, with the \$2 million UAPP liability reduction being the main contributing factor.

The \$1.1 million reduction from the previous year in fees and purchased services resulted from management's monitoring of expenses to ensure alignment with mission critical actions. Various factors contribute to the \$4.3 million favourable variance from budget in fees and purchased services including decreases in professional services and various contracts and leases related to the cancellation, deferral or non-implementation of various items throughout the year as a result of management attention to efficiency and strategic alignment.

The \$1.9 million decrease from the previous year in materials and supplies was primarily due to lower costs for learning resource package materials and a one-time expense for the write down of a capital project that was included in 2016-17. The \$900,000 favourable variance from budget in materials and supplies is attributable to savings realized through the continued transition from print materials in course packages.

Expense by Function

AU reports expense amounts by function (Figure 5 and Table 14) in the Statement of Operations and uses the definitions in the Ministry of Advanced Education's Financial Reporting Information System as the basis for categorization. Over the years, some Alberta post-secondary institutions have condensed these functions

for presentation; however, AU continues with the established format, in particular separating computing and communication, in order to emphasize the importance of information technology to the university's digital delivery mandate.

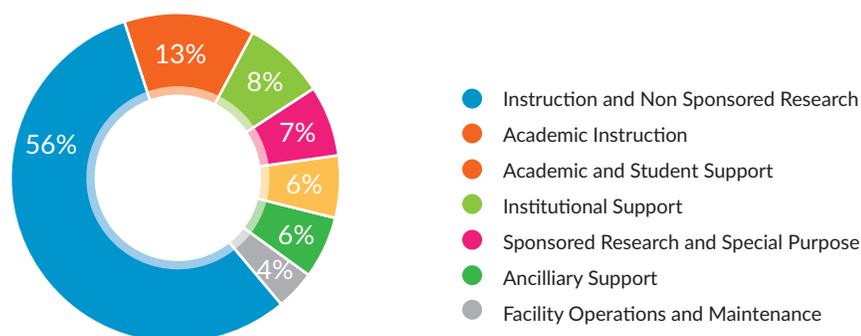


Figure 5: Expense by Function as a Percentage of Total Expense: 2017-18

Table 14: Expense by Function: 2017-18 Compared to 2016-17 (Millions of Dollars)

	2017-18 Actual	2016-17 Actual	Change Amount	Change Per cent
Instruction and non-sponsored research	\$ 73.7	\$ 74.1	\$ (0.4)	(0.5) %
Academic and student support	16.7	16.3	0.4	2.5 %
Institutional support	11.2	11.7	(0.5)	(4.3) %
Computing and communication	9.6	8.8	0.8	9.1 %
Sponsored research and special purpose	8.6	10.0	(1.4)	(14.0)%
Ancillary services	7.5	7.6	(0.1)	(1.3)%
Facility operations and maintenance	<u>4.9</u>	<u>5.3</u>	<u>(0.4)</u>	(7.5)%
Total Expense by Function	\$ <u>132.2</u>	\$ <u>133.8</u>	\$ <u>(1.6)</u>	

Expense by function remained comparatively unchanged for most categories except

- Computing and communication: One factor contributing to this increase is a \$400,000 amortization expense for internally funded tangible capital assets.
- Sponsored research and special purpose: One factor contributing to this decrease is an \$800,000 amortization expense for externally funded tangible capital assets in the previous year.

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

The commentaries for the year-to-year comparisons in "Expense by Object" highlights are relevant throughout each of the "Expense by Function" highlights to some degree. That is, some factors such as the decrease in purchased services expense apply across almost all functions.

Statement of Financial Position

The Statement of Financial Position reports a \$7.6 million decrease in net debt over the prior year and a \$6.5 million increase in net assets.

Net Financial Assets (Net Debt)

Net financial assets (net debt), as shown in Table 15, is a measure of AU's ability to use its financial assets to cover liabilities and fund future operations. A positive balance indicates financial assets are available to cover liabilities and to fund future operations. A negative amount indicates the amount of future revenue required to pay for past transactions and events. The net debt calculation does not include non-financial assets such

as tangible capital assets and therefore is a different financial indicator than the net assets (all assets less liabilities) amount.

Table 15: Net Financial Assets (Net Debt): 2017–18 Compared to 2016–17 (Millions of Dollars)

	2017-18 Actual	2016-17 Actual	Change Amount	Change Per cent
Net financial assets (net debt) before portfolio investments-restricted for endowments	\$ 0.3	\$ (7.1)	\$ 7.4	104.2%
Net financial assets (net debt) after portfolio investments-restricted for endowments	\$ 4.3	\$ (3.3)	\$ 7.6	230.3%

Because endowment restricted investments must be maintained in perpetuity, they are not available to pay for university liabilities or future operations, including capital purchases. The net financial assets (net debt) amount *before portfolio investments - restricted for endowments* can therefore be considered a more meaningful indicator of financial condition.

AU's net financial assets (net debt) before *portfolio investments - restricted for endowments* changed by \$7.4 million in 2017–18 as a result of a \$9.4 million increase in financial assets offset by a \$2 million increase in liabilities. The net financial assets (net debt) after *portfolio investments - restricted for endowments* changed by \$7.6 million as a result of the same factors plus a \$150,000 increase in the *portfolio investments – restricted for endowments* balance.

Net Assets

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

The net asset balance (Table 16) is comprised of accumulated surplus and accumulated remeasurement gains (losses). Accumulated surplus includes the accumulated surplus (deficit) from operations, investment in tangible capital assets and endowments.

Table 16: Net Assets: 2017–18 Compared to 2016–17 (Millions of Dollars)

	2017-18 Actual	2016-17 Actual	Change Amount	Change Per cent
Accumulated surplus (deficit) from operations	\$ 2.7	\$ (5.6)	\$ 8.3	148.2%
Investment in tangible capital assets	11.3	12.5	(1.2)	(9.6%)
Endowments	<u>3.4</u>	<u>3.3</u>	<u>0.1</u>	3.0%
Total Accumulated Surplus	17.4	10.2	7.2	70.6%
Accumulated remeasurement gains (losses)	<u>(0.3)</u>	<u>0.4</u>	<u>(0.7)</u>	
Total Net Assets	\$ 17.1	\$ 10.6	\$ 6.5	61.3%

Another indicator of financial health is accumulated surplus from operations, an amount that has not been spent on capital or committed to future expenditures. This indicator improved over the year, increasing by \$8.3 million, a 148.2 per cent change. This improvement is primarily due to the year-end surplus of \$7.2 million (189.4 per cent increase over 2016–17) and the replenishment from the investment in tangible capital assets of \$1.2 million. The replenishment frees up surplus funds that were previously used to pay for capital assets.

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

Endowments increased by \$150,000 from donations and the capitalization of investment income.



Capital Plan Update



Capital Plan Update

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

Information Technology Infrastructure

AU's information technology infrastructure is critical to providing reliable, secure and responsive service in support of learners' academic success. IT is constantly evolving, however, and to maintain its reputation for excellence, openness, flexibility and innovation, the university must continually invest to optimize its IT infrastructure and the systems and services which rely upon it. As reported in the *Comprehensive Institutional Plan: 2017–20*, prior to 2018–19, AU created a series of IT investment programs based on enterprise architecture principles to plan and manage its IT investments effectively. Investments were converted into IT projects and assigned to a specific program. Based on this approach, IT investment programs reported in the CIP included the following:

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

Table 17 and 18 update the status of priority or secondary IT projects identified in the *Comprehensive Institutional Plan: 2017–20*; however, it is important to note that these enterprise architecture categories will not be used going forward. *RISE: Athabasca University's Digital Transformation, Our 5-Year IT Strategy*, approved by the Board of Governors in March 2018, does not use this kind of program classification to plan the digital transformation trajectory the university is now on. The new approach to IT planning, as presented in the *Comprehensive Institutional Plan 2018–21*, employs the Government of Alberta's Building and Land Information Management System categories.

Table 17: Status of CIP Identified IT Infrastructure Projects in Progress in 2017–18

Type	Description	CIP Completion Date	Progress in 2017–18
Applications Suite: Pedagogy and Research			
Upgrade	Grade Integration and Tutor Pay: to reduce the time needed to provide student grades and to ensure consistency of grade-related data across various student facing systems	2017–18	In progress. Project is expected to be completed in 2018–19.
Applications Suite: Student Service and Administration			
Upgrade	Student Relationship Management: a multi-year project to implement an SRM platform to improve the overall student experience	2017–18	In progress. Project is expected to be completed in 2018–19.
Infrastructure Renewal			
Preservation	Network Renewal: a multi-year project to deliver a more secure and stable network environment to AU learners and to increase network availability and simplify network management	2018–19	In progress. Project completion is expected in 2018–19.
Preservation	Divisional IT Capital Requests: enables IT to monitor risks of separate systems to ensure any issues can be addressed and risk mitigated.	2021–22	Annual funding through 2022 to complete these requests.
Applications Suite: Enterprise Resource Planning			
Preservation	Budget Planning System Upgrade: to ensure financial accountability.	2017–18	In progress. Project is expected to be completed in 2018–19.
Preservation	Student Information System De-customization: to increase the stability and interoperability of Banner by de-customizing the student module on which it is based.	2017–18	In progress. AU will seek a new student information system in 2019–20, based on the academy's vision through the Learning Framework initiative.
Infrastructure Operations Support			
Preservation	Security Remediation: a two-year project aimed at strengthening AU's security posture .	2018–19	In progress. Project expected to be completed in 2018–19.
Preservation	System Administration: operational patches.	2017–18	Annual funding through 2022 for systems patches to ensure stability in university systems.
Shared Services Data			
Expansion	Northern Alberta Shared Services Data Centre Study: a feasibility study and financial impact assessment to enable the deployment of shared data centre services and cloud expertise to the northern Alberta public sector.	2017–18	Project was deferred.

Table 18: CIP Identified IT Infrastructure Projects Planned to Start 2018–19 to 2021–22

Type	Description	CIP Completion Date	Planned Start Date
Infrastructure Renewal			
Preservation	The Infrastructure Renewal Program encompasses investments aimed at ensuring the foundational infrastructure of the utility layer is capable of supporting AU's technological requirements.	2021–22	2018–19
Applications Suite: Pedagogy and Research			
Preservation	Learning Management System Upgrade: update the learning management system to the newest version.	2019–20	2019–20
Infrastructure Operations Support			
Preservation	The Infrastructure Operations Support Program addresses projects aimed at ensuring effective business operations and continuity for all users across AU.	2021–22	2018–19
Applications Suite: Student Services and Administration			
Preservation	The Student Services and Administration Program encompasses investments aimed at renewing or establishing new capabilities for the suite of student services and administrative systems.	2019–20	2019–20
Interfaces			
Preservation	The Interfaces Program encompasses investments aimed at renewing or establishing new capabilities for the primary web-based interfaces users within the university use to access information, systems, services and resources.	2018–19	2019–20
Applications Suite: Enterprise Resource Planning			
Preservation	Projects aimed at renewing capabilities or establishing new capabilities for the ERP suite and its related system modules.	2019–20	2019–20
Enterprise Architecture Planning Program			
Preservation	The Enterprise Architecture Program encompasses investments aimed at renewing or establishing new capabilities to better design, manage and plan the online learning environment.	2019–20	Cancelled
Analytical Platform			
Expansion	Analytical Platform: a multi-year program aimed at integrating key data sources to create an enterprise-wide data repository, a foundational component to realizing analytical capabilities.	2019–20	2018–19

Facilities and Other Physical Infrastructure

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

In 2017–18, the university continued to focus on minor upgrades to existing aging infrastructure, to ensure that it meets the health and safety needs of employees and the operational requirements of academic, research and administrative units. Projects carried out included the following:

- Replacement of a portion of the exterior glazing on the Main Campus Building and the exterior doors
- Continuation of major refurbishment of the HVAC controls, chilling and cooling systems, and mechanical and electrical upgrades in the Main Campus Building
- Renovations to refresh interior common areas such as the cafeteria in the Main Campus Building

A number of the facilities and other physical infrastructure capital projects identified in the *Comprehensive Institutional Plan: 2017–20* are in the planning phase. Table 19 updates the status of CIP identified facilities and other physical infrastructure projects that were in progress in 2017–18. Table 20 shows CIP identified facilities and other physical infrastructure projects planned for the next three to five years, subject to confirmation of funding.

Table 19: Status of CIP Identified Facilities and Other Physical Infrastructure Projects in Progress in 2017-18

Type	Description	CIP Completion Date	Progress in 2017-18
Preservation	AU Main Campus Building Major Systems Upgrade: to accommodate changes in technology, environmental compliance and health and safety regulations or meet changes to current building codes.	2021-22	In progress. Systems will be upgraded over the course of the project.
Preservation	Library Collections: digital repository of online reference and on-site collections.	Annual	Project is ongoing.
Preservation	Equipment Renewal: to update obsolete equipment to address workplace health and safety requirements.	2021-22	In progress. Equipment will be replaced over the five year term of the project.
Preservation	AU Main Campus Internal Roads, Parking Lot and Trails: to prevent further deterioration and rectify safety hazards.	2021-22	In progress. Repair and upgrading will occur over the course of the project.
Expansion	Greater Edmonton Area Space Consolidation: to consolidate AU's Capital Region operations and eliminate ongoing lease costs.	2019-20	In progress. A needs assessment is required to determine specific space requirements and identify options.
Expansion	Land and Real Estate Management	2017-18	Deferred
Expansion	Solar Power Generation: identification of strategies that that will result in reduction of carbon emissions.	2018-19	In progress. Discussions started and work will continue in 2018-19.
Expansion	Athabasca Space Utilization Projects: involves the development of a long-term Campus Master Plan.	2017-18	In progress.

Table 20: CIP Identified Facilities and Other Physical Infrastructure Projects Planned to Start 2018-19 to 2021-22

Type	Description	CIP Completion Date	Planned Start Date
Preservation	AU Main Campus Building Major Systems Upgrade: to accommodate changes in technology, environmental compliance and health and safety regulations or meet changes to current building codes.	2021-22	2018-19
Preservation	AU Main Campus Internal Roads, Parking Lot and Trail System Upgrade: to prevent further deterioration and to rectify safety hazards.	2021-22	2018-19
Preservation	Library Collections: continuation of digital repository of online reference and on-site collections.	2021-22	2018-19
Preservation	Equipment Renewal: to update obsolete equipment to address workplace health and safety requirements.	2021-22	2018-19
Expansion	Greater Edmonton Area Space Consolidation Solution: to consolidate AU's Capital Region operations.	2019-20	2019-20
Expansion	Solar Power Generation: Identification of strategies that that will result in reduction of carbon emissions.	2018-19	2019-20
Expansion	Development of Athabasca Lands: part of Phase 2 of the Campus Master Plan.	2021-22	2021-22



Athabasca
University

Appendix A

Financial Statements

March 31, 2018

Athabasca University

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Year ended March 31, 2018

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Athabasca University

Statement of Management Responsibility

Year ended March 31, 2018

The financial statements of Athabasca University have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The financial statements present fairly the financial position of the University as at March 31, 2018 and the results of its operations, remeasurement gains and losses, changes in net financial assets (net debt), and cash flows for the year then ended.

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

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

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

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

Original signed by Dr. Neil Fassina

Original signed by David Head

Dr. Neil Fassina
President

David Head
Vice-President, Finance and Administration (Interim)

Independent Auditor's Report

To the Governors of Athabasca University

Report on the Financial Statements

I have audited the accompanying financial statements of Athabasca University, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets (net debt), remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Athabasca University as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its change from net debt to net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

May 25, 2018
Edmonton, Alberta

Athabasca University

Statement of Financial Position

As at March 31, 2018

(thousands of dollars)

	2018	2017
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (Note 4)	\$ 4,425	\$ 5,255
Portfolio investments - non-endowment (Note 5)	41,887	37,382
Accounts receivable	8,134	2,342
Inventory held for sale	1,347	1,355
	<u>55,793</u>	<u>46,334</u>
Liabilities		
Accounts payable and accrued liabilities	10,533	9,713
Employee future benefit liabilities (Note 7)	17,502	19,856
Deferred revenue (Note 8)	27,466	23,857
	<u>55,501</u>	<u>53,426</u>
Net financial assets (net debt) excluding portfolio investments restricted for endowments	292	(7,092)
Portfolio investments - restricted for endowments (Note 5)	4,002	3,839
Net financial assets (net debt)	<u>4,294</u>	<u>(3,253)</u>
Non-financial assets		
Tangible capital assets (Note 9)	49,764	52,710
Prepaid expenses	1,466	1,474
	<u>51,230</u>	<u>54,184</u>
Net assets before spent deferred capital contributions	55,524	50,931
Spent deferred capital contributions (Note 10)	38,428	40,315
Net assets (Note 11)	<u>\$ 17,096</u>	<u>\$ 10,616</u>
Net assets is comprised of:		
Accumulated surplus	\$ 17,395	\$ 10,190
Accumulated remeasurement (losses) gains	(299)	426
	<u>\$ 17,096</u>	<u>\$ 10,616</u>
Contingent assets and liabilities (Note 12)		
Contractual rights and obligations (Note 13)		
Approved by the Board of Governors (Note 20)		

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

Athabasca University

Statement of Operations

Year ended March 31, 2018

(thousands of dollars)

	Budget 2018	Actual 2018	Actual 2017
	(Note 14)		
Revenue			
Government of Alberta grants (Note 16)	\$ 48,530	\$ 49,481	\$ 48,894
Student tuition and fees	70,026	69,830	66,942
Sales of services and products	17,491	16,111	17,309
Investment income	1,285	1,404	1,433
Federal and other government grants (Note 16)	1,751	1,282	1,811
Donations and other grants	607	1,223	1,043
	<u>139,690</u>	<u>139,331</u>	<u>137,432</u>
Expense			
Instruction and non-sponsored research	77,016	73,748	74,093
Academic and student support	17,300	16,720	16,305
Institutional support	14,137	11,211	11,672
Computing and communication	10,447	9,554	8,788
Sponsored research and special purpose	7,462	8,597	10,027
Ancillary services	8,215	7,492	7,627
Facility operations and maintenance	5,113	4,954	5,324
	<u>139,690</u>	<u>132,276</u>	<u>133,836</u>
Annual operating surplus	-	7,055	3,596
Endowment contributions (Note 11)	-	96	117
Endowment capitalized interest (Note 11)	-	54	35
	<u>-</u>	<u>7,205</u>	<u>3,748</u>
Annual surplus	-	7,205	3,748
Accumulated surplus, beginning of year	10,190	10,190	6,442
Accumulated surplus, end of year	<u>\$ 10,190</u>	<u>\$ 17,395</u>	<u>\$ 10,190</u>

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

Athabasca University

Statement of Change in Net Financial Assets (Net Debt)

Year ended March 31, 2018

(thousands of dollars)

	Budget 2018	Actual 2018	Actual 2017
Net debt, beginning of year	<u>\$ (5,353)</u>	<u>\$ (3,253)</u>	<u>\$ (9,018)</u>
Annual surplus	-	7,205	3,748
Acquisition of tangible capital assets	(6,303)	(3,416)	(3,549)
Amortization of tangible capital assets	6,318	6,362	6,805
Loss on disposal of tangible capital assets	-	-	982
Change in prepaid expenses	(68)	8	644
Change in spent deferred capital contributions	(2,047)	(1,887)	(2,903)
Change in accumulated rereasurement (losses) gains	-	(725)	38
Decrease (increase) in net debt	<u>(2,100)</u>	<u>7,547</u>	<u>5,765</u>
Net financial assets (net debt), end of year	<u>\$ (7,453)</u>	<u>\$ 4,294</u>	<u>\$ (3,253)</u>

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

Athabasca University

Statement of Remeasurement Gains and Losses

Year ended March 31, 2018

(thousands of dollars)

	2018	2017
Accumulated remeasurement gains, beginning of year	<u>\$ 426</u>	<u>\$ 388</u>
Unrealized (losses) gains attributable to:		
Portfolio investments - non-endowment	(573)	137
Amounts reclassified to the statement of operations:		
Portfolio investments - non-endowment	<u>(152)</u>	<u>(99)</u>
Net change for the year	<u>(725)</u>	<u>38</u>
Accumulated remeasurement (losses) gains, end of year	<u><u>\$ (299)</u></u>	<u><u>\$ 426</u></u>
 Accumulated remeasurement (losses) gains is comprised of:		
Portfolio investments - non-endowment	<u><u>\$ (299)</u></u>	<u><u>\$ 426</u></u>

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

Athabasca University

Statement of Cash Flows

March 31, 2018

(thousands of dollars)

	2018	2017
Operating transactions		
Annual surplus	\$ 7,205	\$ 3,748
Add (deduct) non-cash items:		
Amortization of tangible capital assets	6,362	6,805
Expended capital recognized as revenue	(3,305)	(4,149)
Loss on disposal of tangible capital assets, net	-	982
Decrease in employee future benefit liabilities	(2,354)	(1,239)
Change in non-cash items	703	2,399
Increase in accounts receivable	(5,792)	(483)
Decrease in inventory held for sale	8	355
Increase (decrease) in accounts payable and accrued liabilities	820	(317)
Increase in deferred revenue	3,596	147
Decrease in prepaid expenses	8	644
Cash provided by operating transactions	<u>6,548</u>	<u>6,493</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(3,416)</u>	<u>(3,549)</u>
Cash applied to capital transactions	<u>(3,416)</u>	<u>(3,549)</u>
Investing transactions		
Purchases of portfolio investments	<u>(5,380)</u>	<u>(1,664)</u>
Cash applied to investing transactions	<u>(5,380)</u>	<u>(1,664)</u>
Financing transactions		
Increase in spent deferred capital contributions, less expended capital recognized as revenue	<u>1,418</u>	<u>1,246</u>
Cash provided by financing transactions	<u>1,418</u>	<u>1,246</u>
(Decrease) increase in cash and cash equivalents	(830)	2,526
Cash and cash equivalents, beginning of year	<u>5,255</u>	<u>2,729</u>
Cash and cash equivalents, end of year	<u>\$ 4,425</u>	<u>\$ 5,255</u>

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

1 Authority and purpose

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

2 Summary of significant accounting policies and reporting practices

(a) General - Canadian Public Sector Accounting Standards and use of estimates

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

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

(b) Valuation of financial assets and liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost or amortized cost
Portfolio investments	Fair value
Account receivable	Amortized cost
Inventory held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	Amortized cost

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

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

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

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

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

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

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

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

(c) Revenue recognition

All revenue is reported on the accrual basis of accounting. Cash received for which goods or services have not been provided 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.

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.

Endowment donations

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

Investment income

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

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

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

Endowments

Endowments consist of:

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

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

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

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

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

(c) Revenue recognition (continued)

Endowments (continued)

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 are determined using the weighted average method.

(e) Tangible capital assets

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

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

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

<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	lesser of 5 years or lease term
Library resources	10 years

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

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

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

(f) Foreign currency translation

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

(g) Employee future benefits

Pension

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

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each 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 Plan

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 and management's best estimate of valuation assumptions. Net 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 the employee future benefit, if any, is not recognized as a liability. The cost of providing non-vesting and non-accumulating benefits under these plans is expensed in full when the event occurs that obligates the University to provide the benefit. Future premium rates are negotiated annually. Rate adjustments are determined based on a combination of the insurer's manual rate and the University's actual claims experience over the past five years. Any plan assets resulting from the surplus or deficit of the plans are attributed to the insurer.

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

(g) Employee future benefits (continued)

Extended Health and Dental Care

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

(h) Expense by function

The University uses the following categories of functions on its statement of operations:

Instruction and non-sponsored research

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

Academic and student support

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

Institutional support

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

Ancillary services

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

Computing and communication

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

Facility operations and maintenance

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

Sponsored research and special purpose

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

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

(i) Future accounting changes

In June 2015, the Public Sector Accounting Board issued PSA Handbook Section 3430, Restructuring Transactions. This accounting standard is effective for fiscal years starting on or after April 1, 2018. PS 3430 Restructuring Transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

In March 2018, the Public Sector Accounting Board approved PSA Handbook Section 3280, Asset Retirement Obligations. This accounting standard is effective for fiscal years starting on or after April 1, 2021. PS 3280 Asset Retirement Obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

University administration is currently assessing the impact of these new standards on the financial statements.

3 Adoption of new accounting standards

(a) Related parties

As at April 1, 2017, the University adopted PSA Handbook Section 2200, Related Party Disclosures. This revised section establishes general reporting principles and standards for the disclosure of information. The standard defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members. The University has applied the standard prospectively.

(b) Assets

As at April 1, 2017, the University adopted PSA Handbook Section 3210, Assets. This new section establishes general reporting principles and standards for the disclosure of information. The standard provides guidance for applying the definition set out in PS1000, Financial statement concepts, and establishes general disclosure standards for assets. The University has applied the standard prospectively.

(c) Contingent assets

As at April 1, 2017, the University adopted PSA Handbook Section 3320, Contingent Assets. This new section establishes general reporting principles and standards for the disclosure of information. The standard defines and establishes disclosure standards for contingent assets. The University has applied the standard prospectively.

(d) Contractual rights

As at April 1, 2017, the University adopted PSA Handbook Section 3380, Contractual Rights. This new section establishes general reporting principles and standards for the disclosure of information. The standard defines and establishes disclosure standards on contractual rights. The University has applied the standard prospectively.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

3 Adoption of new accounting standards (continued)

(e) Inter-entity transactions

As at April 1, 2017, the University adopted PSA Handbook Section 3420, Inter-entity Transactions. This revised section provides guidance for recognition, measurement and disclosure of transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The University has applied the standard prospectively.

4 Cash and cash equivalents

	2018	2017
Cash	\$ 4,425	\$ 5,255
Cash equivalents	-	-
	<u>\$ 4,425</u>	<u>\$ 5,255</u>

Cash equivalents include money market funds and short-term investments with a maturity less than three months from the date of purchase.

5 Portfolio investments

	2018	2017
Portfolio investments - non-endowment	\$ 41,887	\$ 37,382
Portfolio investments - restricted for endowments	4,002	3,839
	<u>\$ 45,889</u>	<u>\$ 41,221</u>

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

	2018			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 32,699	-	-	\$ 32,699
Equities listed in active market	6,800	-	-	6,800
Money Market Funds	6,390	-	-	6,390
Total Investments	<u>\$ 45,889</u>	<u>-</u>	<u>-</u>	<u>\$ 45,889</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

5 Portfolio investments (continued)

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

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: 2.16%; term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 2.86%; 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:

	2018			2017	
	Deferred revenue endowments (Note 8)	Accumulated remeasurement gains and losses	Total	Total	Total
Net unrealized gains, beginning of year	\$ 490	\$ 426	\$ 916	\$ 609	
Unrealized gains (losses) attributable to portfolio investments	13	(573)	(560)	406	
Amounts reclassified to statement of operations	-	(152)	(152)	(99)	
Net unrealized gains (losses), end of year	<u>\$ 503</u>	<u>\$ (299)</u>	<u>\$ 204</u>	<u>\$ 916</u>	

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

6 Financial risk management

The University is exposed to the following risks:

Market risk

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

The University assesses its portfolio sensitivity to a percentage increase or decrease in market prices. At March 31, 2018, if market prices had a 5% (2017 - 5%) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and deferred revenue for the year would have been a total of \$2,294 (2017 - \$2,061).

Credit risk

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

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

	2018	2017
Credit rating		
AAA	42 %	39 %
AA	11 %	13 %
A	21 %	23 %
BBB	8 %	8 %
	<u>82 %</u>	<u>83 %</u>

Liquidity risk

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

Interest rate risk

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

6 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	\$ 6,390	\$ -	\$ -	\$ 6,390
Bonds listed in active market	1,736	13,662	17,301	32,699
	<u>\$ 8,126</u>	<u>\$ 13,662</u>	<u>\$ 17,301</u>	<u>\$ 39,089</u>

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

	0.50% decrease	0.25% decrease	0.25% increase	0.50% increase
Dollar value change	\$ 862	\$ 431	\$ (431)	\$ (862)

Foreign currency risk

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

7 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2018	2017
Universities Academic Pension Plan (UAPP)	\$ 15,684	\$ 17,702
Administrative Leave Plan	1,818	2,154
	<u>\$ 17,502</u>	<u>\$ 19,856</u>

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2016. This was then extrapolated to the plan's year end of March 31, 2018. The University's portion of the UAPP deficit has been allocated based on its percentage of the plan's total employer contributions for the year.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

7 Employee future benefit liabilities (continued)

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

Universities Academic Pension Plan (UAPP) (continued)

The UAPP unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2017 - 1.25%) of total salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.90% (2017 - 3.54%) of total salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$244,241 at March 31, 2018 (2017 - \$293,557).

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, 2018. 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 \$1,818 (2017 - \$2,154) 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:

	2018		2017	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Financial Operations				
Expense				
Current service cost	\$ 4,531	\$ 442	\$ 4,533	\$ 420
Interest cost	789	57	994	49
Amortization of net actuarial gain	(537)	(82)	(350)	(124)
Total Expense	<u>\$ 4,783</u>	<u>\$ 417</u>	<u>\$ 5,177</u>	<u>\$ 345</u>
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 117,989	\$ 2,154	\$ 115,336	\$ 1,985
Current service cost	4,531	442	4,533	420
Interest cost	7,195	57	7,043	49
Benefits paid	(5,220)	(753)	(4,963)	(176)
Actuarial gain	(811)	(82)	(3,960)	(124)
Balance, end of year	<u>123,684</u>	<u>1,818</u>	<u>117,989</u>	<u>2,154</u>
Plan assets	<u>(118,558)</u>	<u>-</u>	<u>(105,978)</u>	<u>-</u>
Plan deficit	5,126	1,818	12,011	2,154
Unamortized net actuarial gain	10,558	-	5,691	-
Accrued benefit liability	<u>\$ 15,684</u>	<u>\$ 1,818</u>	<u>\$ 17,702</u>	<u>\$ 2,154</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

7 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:

	2018		2017	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	6.00%	1.64%	6.00%	2.56%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	6.00%		6.00%	
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Alberta inflation (long term)	2.00%		2.00%	
Estimate average remaining service life	10.6 years	9.0 years	10.8 years	5.0 years
Retirement age	65	67.5	65	65

(b) Defined benefit plan accounted for on a defined contribution basis

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the University does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these financial statements is \$1,523 for 2018 (2017 - \$1,583).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2017 from the actuarial valuation as at December 31, 2016 with the updated assumptions. At December 31, 2017, the PSPP financial statements reported an actuarial surplus of \$1,275,843 (2016 - \$302,975). For the year ended December 31, 2017, PSPP reported employer contributions of \$363,748 (2016 - \$347,860). For the 2017 calendar year, the University's employer contributions were \$1,568 (2016 – calendar year - \$1,567).

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

8 Deferred revenue

	2018			2017
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 8,848	\$ 15,009	\$ 23,857	\$ 23,441
Grants, tuition and donations	10,927	61,744	72,671	57,679
Investment income	94	-	94	136
Unrealized gain (Note 5)	13	-	13	269
Transfers to spent deferred capital contributions (Note 10)	(1,418)	-	(1,418)	(1,246)
Recognized as revenue	(5,491)	(62,260)	(67,751)	(56,422)
Balance, end of year	\$ 12,973	\$ 14,493	\$ 27,466	\$ 23,857

9 Tangible capital assets

	2018					2017	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library resources	Total	Total
Cost							
Beginning of year	\$ 2,254	61,958	39,999	7,997	7,614	\$ 119,822	\$ 118,461
Acquisitions	-	-	3,253	113	50	3,416	3,549
Disposals, including write-downs	-	-	(230)	(22)	(185)	(437)	(2,188)
	\$ 2,254	61,958	43,022	8,088	7,479	\$ 122,801	\$ 119,822
Accumulated amortization							
Beginning of year	\$ -	27,055	26,985	6,219	6,853	\$ 67,112	\$ 61,513
Amortization expense	-	1,609	4,133	371	249	6,362	6,805
Effects on disposals, including write-downs	-	-	(230)	(22)	(185)	(437)	(1,206)
	\$ -	28,664	30,888	6,568	6,917	\$ 73,037	\$ 67,112
Net book value at March 31, 2018	\$ 2,254	33,294	12,134	1,520	562	\$ 49,764	
Net book value at March 31, 2017	\$ 2,254	34,903	13,014	1,778	761		\$ 52,710

Included in computer hardware and software is \$1,110 (2017 - \$0) work in progress, that is not amortized as the assets are not yet available for use. No interest was capitalized by the University for the year ended March 31, 2018. Write-downs in the amount of \$0 (2017 - \$1,544) are included within the disposals amounts.

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

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.

	2018	2017
Balance, beginning of year	\$ 40,315	\$ 43,218
Transfers from restricted grants and donations	1,418	1,246
Expended capital recognized as revenue	<u>(3,305)</u>	<u>(4,149)</u>
Balance, end of year	<u>\$ 38,428</u>	<u>\$ 40,315</u>

11 Net assets

	Accumulated surplus (deficit) from operations	Investment in tangible capital assets	Endowments	Total
Balance as at March 31, 2016	\$ (10,097)	\$ 13,730	\$ 3,197	\$ 6,830
Annual operating surplus	3,748	-	-	3,748
Endowments				
New donations	(117)	-	117	-
Capitalized investment income	(35)	-	35	-
Tangible capital assets				
Acquisition of tangible capital assets	(2,303)	2,303	-	-
Amortization of tangible capital assets	2,656	(2,656)	-	-
Net book value of tangible capital asset disposals	982	(982)	-	-
Change in accumulated remeasurement gains (losses)	38	-	-	38
Balance as at March 31, 2017	(5,128)	12,395	3,349	10,616
Annual operating surplus	7,205	-	-	7,205
Endowments				
New donations	(96)	-	96	-
Capitalized investment income	(54)	-	54	-
Tangible capital assets				
Acquisition of tangible capital assets	(1,998)	1,998	-	-
Amortization of tangible capital assets	3,057	(3,057)	-	-
Change in accumulated remeasurement gains (losses)	(725)	-	-	(725)
Balance as at March 31, 2018	<u>\$ 2,261</u>	<u>\$ 11,336</u>	<u>\$ 3,499</u>	<u>\$ 17,096</u>
Net assets is comprised of:				
Accumulated surplus	\$ 2,560	\$ 11,336	\$ 3,499	\$ 17,395
Accumulated remeasurement losses	<u>(299)</u>	<u>-</u>	<u>-</u>	<u>(299)</u>
	<u>\$ 2,261</u>	<u>\$ 11,336</u>	<u>\$ 3,499</u>	<u>\$ 17,096</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

12 Contingent assets and liabilities

Contingent assets

The University has no contingent assets as at March 31, 2018.

Contingent liabilities

The University has no legal claims as at March 31, 2018 that administration believes would have a material adverse effect on the financial position or the results of operations of the University.

13 Contractual rights and obligations

Contractual rights

The University has no material rights arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of those contracts or agreements are met.

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
2019	\$ 9,017	\$ 748	\$ 871	\$ 10,636
2020	114	190	868	1,172
2021	51	-	186	237
2022	44	-	125	169
2023	42	-	-	42
Thereafter	9	-	-	9
Total at March 31, 2018	<u>\$ 9,277</u>	<u>\$ 938</u>	<u>\$ 2,050</u>	<u>\$ 12,265</u>
Total at March 31, 2017	<u>\$ 9,205</u>	<u>\$ 965</u>	<u>\$ 2,287</u>	<u>\$ 12,457</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

14 Budget figures

The University's 2017-2018 budget figures have been provided for comparison purposes. The amounts have been approved by the Board of Governors and were presented to the Minister of Advanced Education as part of the University's 2017-2020 Comprehensive Institutional Plan.

The following table provides the amounts derived from the 2017-2018 budget, expense by function and expense by object:

Object:	Function:								Total
	Instruction and non-sponsored research	Academic and student support	Institutional support	Ancillary services	Computing and communication	Facility operations and maintenance	Sponsored research and special purpose		
Salaries	\$ 52,399	\$ 11,027	\$ 7,606	\$ 501	\$ 4,163	\$ 892	\$ 1,558	\$ 78,146	
Employee benefits	10,012	2,639	1,846	117	835	199	295	15,943	
Fees and purchased services	9,053	2,242	3,999	344	2,671	1,515	454	20,278	
Cost of goods sold	1,305	-	-	7,208	-	-	-	8,513	
Materials and supplies	1,571	891	334	18	365	72	306	3,557	
Communication and travel	2,187	178	294	27	32	18	133	2,869	
Rental, insurance and utilities	397	172	25	-	-	2,179	-	2,773	
Scholarships and bursaries	5	-	2	-	-	-	1,286	1,293	
Amortization of tangible capital assets	87	151	31	-	2,381	238	3,430	6,318	
Budget expense total	\$ 77,016	\$ 17,300	\$ 14,137	\$ 8,215	\$ 10,447	\$ 5,113	\$ 7,462	\$ 139,690	

15 Related parties

The University is a related party with organizations within the Government of Alberta reporting entity. Key management personnel of the University and their close family members are also considered related parties. The University may enter into transactions with these entities and individuals in the normal course of operations and on normal terms.

During the year the University conducted business transactions with related parties, including Ministries of the Government of Alberta, Alberta universities and colleges, and school districts. The revenue and expense incurred for these business transactions have been included in the statement of operations but have not been separately quantified. During the year, the University received the following services at nominal or reduced amounts:

- the University occupied space, under a long-term facility lease agreement, of a commonly controlled related party for a nominal cost that differs from the values that would have been recorded if the parties were at arm's length.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

16 Government transfers

	2018	2017
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 43,298	\$ 42,145
Special purpose	7,772	2,586
Total Advanced Education	<u>51,070</u>	<u>44,731</u>
Other Government of Alberta departments and agencies:		
Economic Development and Trade	1,078	705
Culture and Tourism	103	75
Justice and Solicitor General	7	2
Health	-	1,338
Labour	-	42
Total other Government of Alberta departments and agencies	<u>1,188</u>	<u>2,162</u>
Total grants received	52,258	46,893
Expended capital recognized as revenue	3,063	3,696
Deferred revenue	(5,840)	(1,695)
Total Government of Alberta grants	<u>\$ 49,481</u>	<u>\$ 48,894</u>
Grants from Federal and other government		
Special purpose grants received	\$ 1,010	\$ 981
Expended capital recognized as revenue	231	443
Deferred revenue	41	387
Total Federal and other government grants	<u>\$ 1,282</u>	<u>\$ 1,811</u>

In addition to the grants listed above, the University received \$199 (2017 - \$201) from the Ministry of Culture and Tourism, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

17 Expense by object

	2018		2017
	Budget (Note 14)	Actual	Actual
Salaries ⁽¹⁾	\$ 78,146	\$ 77,465	\$ 75,646
Employee benefits	15,943	14,298	14,527
Fees and purchased services	20,278	15,965	17,145
Cost of goods sold	8,513	7,649	8,183
Materials and supplies	3,557	3,723	4,828
Communication and travel	2,869	2,957	2,921
Rental, insurance and utilities	2,773	2,595	2,605
Scholarships and bursaries	1,293	1,262	1,176
Amortization of tangible capital assets	6,318	6,362	6,805
	<u>\$ 139,690</u>	<u>\$ 132,276</u>	<u>\$ 133,836</u>

(1) Includes \$826 (2017 - \$323) termination benefits as defined under PSA Handbook section 3255.

18 Salary and employee benefits

	2018				2017
	Base salary ⁽¹⁾	Cash benefits ⁽²⁾	Non-cash benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President ^{(5) (6)}	337	112	146	595	513
Provost and Vice-President Academic ^{(5) (7)}	244	37	134	415	340
Vice-President Finance and Administration ⁽⁸⁾	226	409	35	670	354
Vice-President Information Technology and CIO ⁽⁹⁾	219	19	38	276	263
Vice-President University Relations ⁽¹⁰⁾	213	8	36	257	282

(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, and other non-pensionable direct cash lump sum payments.

(3) Non-cash benefits include the University's share of all employee benefits and contribution payments made on behalf of employees for pension, extended health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. Non-cash benefits for some of the executive include the University's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) of the Administrative Leave Plan.

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

(5) The individual in this role earned future administrative leave benefits during the year that have been included in other non-cash benefits.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2018

(thousands of dollars)

18 Salary and employee benefits (continued)

- (6) In 2017, two individuals held this position. The interim incumbent did not participate in any executive benefit programs and did not accrue administrative leave benefits.
- (7) In 2018, two individuals held this position; the past interim incumbent for 3.9 months, then commenced administrative leave, and the current incumbent for 6.8 months.
- (8) In 2018, two individuals held this position; the past incumbent for 8.2 months and the current interim incumbent for 3.8 months. The past incumbent's cash benefits amount include severance of \$363. The current interim incumbent does not accrue administrative leave benefits..
- (9) In 2018, two individuals held this position; the past interim incumbent for 7.1 months and the current incumbent for 4.9 months. The incumbent does not accrue administrative leave benefits.
- (10) In 2017, two individuals held this position. In 2018, the current interim incumbent does not accrue administrative leave benefits.

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

	Accrued Obligation March 31, 2017	Service Costs	Interest and other costs	Benefits paid	Actuarial loss (gain)	Accrued obligation ⁽¹¹⁾ March 31, 2018
President ⁽⁵⁾⁽⁶⁾	\$ 67	\$ 97	\$ 4	\$ -	\$ 5	\$ 173
Provost and Vice-President Academic ⁽⁵⁾⁽⁷⁾	274	106	7	(259)	(34)	94
Vice-President Finance and Administration ⁽⁸⁾	289	-	4	(265)	(28)	-
Vice-President Information Technology and CIO ⁽⁹⁾	5	-	-	(5)	-	-
Vice-President University Relations ⁽¹⁰⁾	212	-	-	(185)	(27)	-

⁽¹¹⁾ The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 7.

19 Comparative figures

Certain 2017 figures have been reclassified to conform to the presentation in the 2018 financial statements.

20 Approval of financial statements

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



Athabasca University

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