

Annual Report  
2006-07

**achievement**



Athabasca University 

ANNUAL REPORT  
2 0 0 6 - 0 7

“ I am a laboratory technician working for the University Health Network. I work in a pathology lab and would like to one day become a pathologist. I’m working toward a Bachelor of Science degree at Athabasca University. I can work full time and study at my own pace. ”

Mitch Martel  
Toronto, Ontario



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A young man with dark, spiky hair and a goatee is smiling warmly at the camera. He is wearing blue medical scrubs over a grey long-sleeved shirt. A lanyard with a badge hangs around his neck. He is holding a black clipboard in his left hand and has his right arm resting on a metal railing. The background is a blurred hospital hallway with people walking. The word "everance" is written in large white letters at the bottom left of the image.

**everance**



Kayla Grange, BN and Laura Pike, BN

# CONTENTS

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**2 Athabasca University Governing Council 2006-07**

**3 Statement of Accountability**

**5 Message from the Chair, Athabasca University  
Governing Council**

**7 Mission Statement and Mandate**

**9 Message from the President**

**11 Operational Overview**

Major Accomplishments  
Programs  
Collaborations  
Staffing  
Facilities  
Environmental Factors Affecting Performance  
Significant Changes  
Financial Highlights  
Major Operating and Capital Initiatives

**27 Outcomes and Performance Measures**

Achievement of Business Plan Goals  
Performance Measures

**37 Campus Alberta Quality Council Requirements  
and Expectations**

Dean of Graduate Studies  
Doctorate in Education

**Appendix A: Audited Financial Statements**

**Appendix B: Strategic Priorities 2007-11**

# ATHABASCA UNIVERSITY GOVERNING COUNCIL AS OF MARCH 31, 2007

## **Appointed Public Members**

Joy Romero (Chair)  
Marilyn Kane (Vice-Chair)  
Ron Cherlet  
Brian Curial  
Jody Hunt  
Jill Matthew  
John Trefanenko  
Barry Walker  
Shawn Wasel

## **Executive Officer**

Frits Pannekoek, President

## **Alumni Member**

Timothy Nerenz

## **Student Members**

Lisa Priebe, President, Athabasca University Students' Union  
Lonita Fraser, Vice-President External, Athabasca University Students' Union

## **Tutor Member**

Judi Malone

## **Academic Staff Members**

Bruce Spencer, Athabasca University Academic Council  
John Ollerenshaw, Athabasca University Faculty Association

## **Nonacademic Staff Member**

Vikki Bellerose

# STATEMENT OF ACCOUNTABILITY

Athabasca University's Annual Report for the year ended March 31, 2007, was prepared under the direction of Athabasca University Governing Council in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Government Accountability 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 Joy Romero

Joy Romero, P.Eng., MBA PM  
Chair, Athabasca University Governing Council  
October 3, 2007



Nychole Penny, BPA



## MESSAGE FROM THE CHAIR

The accomplishments summarized in this annual report bear testimony to Athabasca University's continued success at realizing its mission: to remove barriers that restrict access to and success in university-level studies and to achieve excellence in teaching, research, scholarship and public service. The report reflects another year of growth, enhanced partnerships, academic enrichment and leading-edge research.

In moving forward to realize the goals identified in the Strategic University Plan 2006 – 2011, Governing Council has initially given particular attention to resolving critical issues caused by the university's pressing need for expanded facilities and technological infrastructure. To address these needs, priority capital projects include

- construction of an academic and research building on the main campus in Athabasca
- development of an integrated facility in the Greater Edmonton Area
- participation in the Calgary Urban Campus partnership
- renovation of the Tim Byrne Centre in Athabasca
- a \$21 million investment in information technology enhancements (hardware and software) over the next four years

These developments are long overdue, and their completion will create an appropriate capacity to manage and maintain growth. A detailed plan for the new academic and research facility in Athabasca has been submitted for government approval, and acquisition of land in the Greater Edmonton area is planned for the coming budget year. Governing Council looks forward to continuing to work with government to realize these plans.

Public members David Burnett (Chair), Nicole Bourque, Lionel Cherniwchan and Fred Horne and academic staff member Rebecca Heartt left Governing Council during the past year, and I would like to take this opportunity to thank them for their contributions. I would also like to acknowledge the work of new public members Shawn Wasel, Brian Curial, John Trefanenko and Jill Matthew, new student member Lonita Fraser and new academic staff member John Ollerenshaw.

Finally, I would also like to officially welcome two new members of the senior executive: Margaret Haughey, Vice-President, Academic, and Lori Van Rooijen, Vice-President, Advancement.

On behalf of Governing Council, I congratulate Athabasca University's faculty and staff on another year of providing quality university-level education through distance and e-learning to students worldwide, and I look forward to even greater achievements in the coming year.

Original signed by Joy Romero

Joy Romero, P.Eng., MBA PM  
Chair, Athabasca University Governing Council



Athabasca University 

Jonathan Edmund Burke, MBA

# MISSION AND MANDATE

## **Our Mission**

Athabasca University, Canada's Open University, is dedicated to the removal of barriers that restrict access to and success in university-level studies 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.

*May 1985  
Reconfirmed June 2006*

## **Our Mandate**

Athabasca University is a board-governed open university committed, through distance education, to increasing accessibility in Alberta, throughout Canada and internationally to university-level study and to meeting the educational needs of the workplace.

At the undergraduate level, the university is mandated to offer degree programs and university transfer courses in the natural and pure sciences, humanities, social sciences, interdisciplinary studies, administrative studies, commerce, nursing and allied professional fields. Credit-based university certificates are offered within the structure of the university's undergraduate degree programs. As a partner in Campus Alberta, Athabasca University offers its courses and educational services to students registered in Alberta post-secondary institutions. Working with these and out-of-province institutions, Athabasca University also provides degree completion opportunities for university transfer students and diploma graduates. Non-credit continuing education courses are also offered.

At the graduate level, the university offers degree programs in distance education, health studies and business administration. Credit-based university graduate diploma programs are offered within the structure of the university's graduate degree programs.

To the benefit of students, Athabasca University is committed to excellence in individualized distance education, co-ordination of credit and credit transfer, assessment of prior learning and associated forms of learning accreditation.

Dedicated to research and scholarship in various disciplines, with a particular focus on distance education and associated learning technologies, Athabasca University provides international leadership in individualized distance education methods and technologies.

*Approved by the Minister of Advanced Education, April 1999*



## MESSAGE FROM THE PRESIDENT

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The past year has been an eventful one for Athabasca University. Having completed an extensive and broadly focused consultative process leading to the approval, in June 2006, of a new Strategic University Plan, the university has been taking strides to realize the goals articulated in that seminal document.

Athabasca University's mission, reconfirmed in the strategic planning process, commits the institution to promoting access to university education for all learners and to achieving excellence in teaching, in research and scholarship and in service to the community. The student experience remains the university's focus. The university's exceptional growth, in terms of enrolment, of number of courses and programs offered, of research and publications and of development and promotion of student services, is a testament to its dedication to this mission and its continued success in achieving it.

Improving access to post-secondary education remains the leading priority for Athabasca University. In the past year, recruitment efforts have been enhanced by the creation of an Institutional Advancement unit with responsibility for outreach, recruitment and fundraising, among other functions. As a measure of that unit's initial success, funding for student scholarships and bursaries will be increased by 51 per cent in the coming fiscal year.

In February 2007, the university received approval from Alberta Advanced Education and Technology to offer a Doctorate in Education, its first doctoral level program. A second doctoral program, in business administration, remains under review. At the undergraduate level, new major and concentration programs were added to the Bachelor of Arts in the fall of 2006, and several new undergraduate certificate programs will receive their first students in the coming year.

On the research front, faculty members and undergraduate and graduate students across the university remain active in discipline based research; however, mission critical research in the scholarship of teaching and learning remains the university's major research focus. A major project initiated this year, in partnership with the private sector and several northern Alberta communities, is aimed at finding a means of allowing workers in remote work camps and residents of isolated communities to participate in advanced education. The groundwork for two major research institutions, the Technology Enhanced Learning Research Institute and the Athabasca River Basin Research Institute was laid during the past year, and to enhance opportunities for the dissemination of scholarly research, the university founded the Athabasca University Press, a peer-reviewed, open-access press which will publish in both print and electronic formats.

Athabasca University is forging ahead. Given its rapid enrolment growth, its expanded academic and research programs and its well developed plans for technological and capital renewal, the university is on target to meet the ambitious performance goals articulated in the Strategic University Plan.

Original signed by Frits Pannekoek

Frits Pannekoek, PhD  
President



# OPERATIONAL OVERVIEW

## Major Accomplishments

The 2006-07 year has been a productive one for Athabasca University. The university continues to maintain its standing as one of the world's foremost and fastest growing online and distance education specialists, now serving 37,000 students worldwide, a 9.1 per cent growth in enrolment during the past year.

### First Doctoral Program

In February 2007, Athabasca University received approval from Alberta Advanced Education and Technology to offer a Doctorate of Education in distance education. This program, the university's first at the doctoral level, is expected to open in 2008. A proposal for a second doctoral program, in business administration, an important planned addition to the offerings of the Centre for Innovative Management, remains under review.

### Ground-breaking Graduate Programs

The *Financial Times* of London once again ranked Athabasca University's executive MBA program as one of the top 100 in the world. This program, which broke new ground as the world's first online MBA when it was founded in 1994, was the only online program to make the list and one of only six Canadian programs to do so.

Enrolment in Athabasca University's Master of Arts – Integrated Studies (MAIS) program, an innovative graduate program which reflects Athabasca University's commitment to interdisciplinary study and research, grew by 22 per cent during 2006-07, becoming one of the fastest growing graduate programs in Canada.

Athabasca University's Master of Nursing program has also grown to be one of the largest in Canada. This program is having a particularly significant impact in training nurses that are needed in communities across rural Alberta.

### Innovative Research Partnership

The Learning Communities Project, a major new mission critical research project, was initiated during 2006-07 in conjunction with an initial gift from a private donor. This interdisciplinary research project aims to

- assess the learning needs of rural, remote and isolated communities in Alberta and British Columbia and opportunities for delivering programs that will fulfill those needs
- provide university-level educational opportunities to mobile workers
- develop a range of learner supports to meet the needs of adult learners
- work with other educational partners to promote access to a full range of programming

The first stage of the project, now underway, focuses on a resource camp, the Horizon work site near Fort McMurray, and seeks to transform the workplace by giving employees in rural and remote areas opportunities to advance their careers by pursuing educational goals while continuing to work.

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In the second stage of the project, the focus will be expanded to consider the educational needs of other remote and rural communities in Alberta.

### **A 21st Century Academic Press**

The Athabasca University Press, Canada's first 21st century university press, was founded with the goal of disseminating knowledge emanating from scholarly research to a broad audience through open access digital media and in a variety of formats (e.g., journals, monographs, author podcasts). The press will offer peer-reviewed publications of the highest quality but is also dedicated to working with emerging writers and researchers to promote success in scholarly publishing. The AU Press will also publish scholarly websites with a particular focus on distance education and e-learning, labour studies, Métis and Aboriginal studies, gender studies and the environment.

### **Leading Edge Technology**

Implementation of Moodle, the online Learning Management System (LMS) selected in 2005-06, has progressed rapidly. Several pilot programs have been successfully completed, and the third set of course rollouts is now underway. Moodle is now the LMS in use for several graduate programs, including the Master of Nursing and Master of Distance Education, and a number of undergraduate courses, including courses in nursing and all computer science courses. Access to Moodle has been simplified by integration with the Banner student record system and single sign-on availability through the myAU web portal.

Athabasca University's adoption of Moodle has attracted great interest from educational institutions throughout Alberta, across Canada and around the world.

### **Winning Student Services**

In 2006, the U.S. based Center for Transforming Student Services (CENTSS) selected Athabasca University's AskAU, an online frequently asked questions (FAQ) system that provides answers, through natural language searches, to students' most common questions, as one of 10 best practices in online student services in higher education.

### **Partnership with Government**

Athabasca University is appreciative of the work the Ministry of Advanced Education and Technology has done over the last year on behalf of the university and its students. As the ministry continues its enhancement of the post-secondary framework to ensure the timeliness of program changes, among other initiatives, Athabasca University expects to become even more responsive to the needs of the marketplace. The university is also strongly supportive of the Government of Alberta's efforts to streamline and standardize national and interprovincial regulatory and policy frameworks.

## **Programs**

Athabasca University is committed to excellence in teaching, research and scholarship. The integration of research and creative activity with teaching informs its curriculum and provides opportunities for highly qualified graduates to promote innovation and to participate more fully in society. A vibrant research community, informed teaching and a supportive learning environment are reflected in quality courses and programs.

Athabasca University now offers over 700 courses in nearly 90 undergraduate and graduate degree, diploma and certificate programs. The university focuses on providing flexibility of access and effective student support. For example, it recently enhanced the online component of 174 of its highest-enrolment courses to further its commitment to anywhere, anytime delivery, and it continues to adopt leading edge content management software.

### Graduate Programs

Athabasca University offers the following eight graduate degrees as well as a number of related graduate diplomas and certificates:

- Master of Arts – Integrated Studies
- Master of Business Administration
- Master of Business Administration in Project Management
- Master of Counselling (a part of the Campus Alberta Applied Psychology Partnership)
- Master of Distance Education
- Master of Health Studies
- Master of Nursing
- Master of Science – Information Systems

The following table shows enrolment figures for Athabasca University’s five highest enrolment graduate programs:

	2004 - 05	2005 - 06	2006 - 07
Master of Business Administration	1,027	901	835
Master of Arts – Integrated Studies	395	488	632
Master of Nursing	317	442	529
Master of Health Studies	486	493	465
Master of Distance Education	423	398	369

### Undergraduate Programs

In addition to nearly 20 undergraduate certificate and diploma programs, Athabasca University offers the following undergraduate degrees, many of which are available through both regular and post-diploma programs:

- Bachelor of Arts, four-year (with a major in anthropology, Canadian studies, English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women’s studies or a combined major)

- Bachelor of Arts, three-year (general or with a concentration in English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's studies)
- Bachelor of Commerce (general or with a major in accounting, e-commerce or finance)
- 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, three-year
- Bachelor of Management, four-year (general or with a major in human resource management or marketing)
- 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 human science or computing and information systems)

The largest increases in undergraduate registration during the 2006-07 year were in commerce and administration, state and legal studies and science.

The following table shows course registration statistics for Athabasca University's five highest enrolment undergraduate programs:

	2004 - 05	2005 - 06	2006 - 07
Bachelor of Arts (4-Year)	2,041	2,281	2,413
Bachelor of Nursing	2,292	2,243	2,122
Bachelor of Commerce	1,552	1,566	1,760
Bachelor of Professional Arts	1,429	1,562	1,614
Bachelor of Administration (Closed Dec. 31, 2004)	2,262	1,571	1,251

## Collaborations

The diversity of Alberta's educational institutions provides learners with flexibility of choice, and because of its open admission policies, its flexible learning methods and its long-standing practice of working collaboratively with other institutions, Athabasca University plays a pivotal role in the province's post-secondary learning system.

### Visiting University Students

Students registered in other Alberta post-secondary institutions make extensive use of Athabasca University's courses and educational services to help them complete their degrees. This accessibility

accounts for a large percentage of students enrolled at the university: 34.2 per cent of Athabasca University undergraduates are visiting from other Alberta post-secondary institutions. For example, in the past year, 2,335 students from the University of Alberta and the University of Calgary took Athabasca University courses for degree completion.

### College Graduates

To create pathways to degree completion for students who hold college diplomas, Athabasca University has entered into nearly 300 agreements and partnerships with colleges and technical institutes in Alberta, across Canada and abroad. Last year, for example, 1,686 Alberta college graduates were enrolled in Athabasca University degree completion programs.

### Aboriginal and Remote Communities

The university also has long-standing collaborative arrangements for providing post-secondary learning in Aboriginal communities and is a founding member of Alberta-North, a partnership of post-secondary institutions bringing courses and programs to students in northern Alberta, Nunavut, the Yukon and the Northwest Territories.

### Partnerships

Athabasca University is a founding member of Canadian Virtual University, a consortium of over 20 leading Canadian universities with an interest in e-learning. It also maintains formal collaborative ties with a number of major employers and professional associations. Forging new partnership opportunities, particularly with corporate Canada, is a major focus of the university's current business plan.

## Staffing

Athabasca University's staff complement is growing to meet student needs. On average, the number of full-time equivalent staff has increased by more than seven per cent per year over the past five years.

The following table presents a comparison of staffing complements (FTE) for the past three years:

	2004 - 05	2005 - 06	2006 - 07
Academic, full-time	111	123	152
Academic, part-time	148	120	168
Professional	152	155	187
Management and executive	18	21	23
Support and temporary	284	272	297
Casual	86	65	77
Tutors	276	332	322
<b>Total</b>	<b>1,075</b>	<b>1,088</b>	<b>1,226</b>

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Employees work at centres in Athabasca, the Greater Edmonton Area and Calgary and in alternative offices throughout Alberta.

## **Facilities**

Athabasca University operates out of its main campus and the nearby Tim Byrne Centre (course materials production centre) in Athabasca as well as three satellite campuses which are housed in leased office space in Calgary, Edmonton and St. Albert.

A \$1.2 million interior renovation of the main building on the Athabasca campus was undertaken during 2006-07 with the goal of making better use of existing floor space. Additional temporary work space was created on the Athabasca campus through the addition of a portable office complex and a portable dry lab, and additional leased space was procured in both Athabasca and Edmonton.

## **Environmental Factors Affecting Performance**

### **Work Space**

Over the past decade, Athabasca University has experienced steady, sustained growth in enrolment and in the number of courses and programs offered. The staff complement needed to develop, manage and teach this broader curriculum and to serve this larger student body has grown proportionally. However, there has been no corresponding increase in capital infrastructure investment. The need for facilities expansion—for additional work space—has now become critical, and satisfying this need is the university's most pressing problem. The space increases gained through building improvements carried out during 2006-07 will barely accommodate immediate staff growth, and capacity remains stretched to the limit.

### **Technology**

While Athabasca University has a need for buildings, technology is the primary means by which it connects with its students. Without an ongoing investment in its technological infrastructure, the university will be unable to maintain its learning environment, especially given the rate of technological change. The university is challenged by the need to expand its systems to accommodate increased enrolment and the need to expand and enrich programs to provide students with a greater range of options in a world-class learning environment. Projected capital requirements for software and hardware total \$90 million (2007 dollars) over the next decade.

### **Student Access**

Program costs are a major barrier to education for some prospective students. Providing opportunities for Albertans to access university education regardless of geographic location, culture, race, ethnicity, income, disability or educational background is fundamental to the identity and mandate of Canada's Open University and is explicitly endorsed in the Alberta government's Strategic Business Plan of March 2006.

In this context, Athabasca University, like all of the province's post-secondary institutions, is challenged to balance the need to keep the cost of education affordable for students with the

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need to generate enough revenue to cover the cost of university operations. Given its mission and mandate, Athabasca University is particularly sensitive to striking the right balance.

### **Out-of-province Competition**

In terms of educational costs, an additional challenge for Athabasca University is the variability in tuition fee rates and policies among Canadian provinces. The much lower tuition costs faced by many out-of-province students in their home provinces is far more important to Athabasca University's financial planning than it is to that of Alberta's residential universities.

### **Recruitment and Retention of Staff**

An increasingly limited pool of doctoral-level candidates is available to fill faculty positions. In the context of growing enrolment and an expanded curriculum, this availability issue represents a significant challenge.

Like other post-secondary institutions in Alberta and across Canada, Athabasca University is finding it increasingly difficult to recruit and retain highly skilled faculty members, a situation which is somewhat exacerbated by the location of the main campus in Athabasca. The competition for qualified candidates is likely to intensify as the average age of academics continues to rise and many qualified scholars retire in the next decade.

Other universities across the country can offer inducements such as well developed doctoral programs, doctoral candidates and post-doctoral staff and structured support for research initiatives. Athabasca University will continue to invest in similar opportunities for its faculty, with a focus on strengthening its research and graduate-level teaching. Recently approved graduate programs such as the Doctorate in Education will strengthen the university's appeal to researchers.

## **Significant Changes**

### **New Programs**

To satisfy the ever growing student demand for online and distance university learning opportunities, Athabasca University continues to develop new programs in areas of identified labour market need. During 2006-07, seven new programs, including the university's first doctoral program, received government approval:

- BA in political science (major and concentration programs), opened September 2006
- University Certificate in marketing, opened September 2007
- B.Comm. (financial services major), opening January 2008
- University Certificate in e-commerce, opening January 2008
- University Certificate in advanced e-commerce, opening January 2008
- EdD in distance education, opening August 2008

A proposal for a second doctorate, in business administration, also submitted in 2005-06, remains with the Campus Alberta Quality Council. Proposals for five additional new programs were submitted during 2006-07:

- 
- University Certificate in heritage resources management
  - Graduate Diploma in heritage resources management
  - Graduate Diploma in legislative drafting
  - Graduate Diploma in instructional design
  - Graduate Certificate in instructional design

The programs in heritage resource management were developed in response to a request from the government of Alberta and will include an internship program through which employees of Alberta museums, galleries, historic sites, archives, interpretive centres, parks and other similar agencies can earn formal academic accreditation through their work.

### **Advancement**

Though Athabasca University is a significant and respected leader among providers of open access university education, maintaining its leadership position in the Canadian distance education market, as well as its reputation for quality, will require careful planning. To that end, expanding and enhancing its advancement division has been a priority as the university embarks on its new strategic plan.

The university's first vice-president, advancement, was appointed in October 2006. Centralized in this new senior administrative position is oversight of a number of growth-related functions including recruitment, marketing and communication and fund development, responsibilities which were previously distributed among several administrative departments.

Among the marketing priorities for the new Office of the Vice-President, Advancement, are

- developing sound marketing and communication strategies that will more effectively address the university's primary market (e.g., enhanced advertising, participation in recruitment fairs, increased emphasis on alumni services and activities)
- extending the university's outreach, partly through targeted marketing to under-represented groups (e.g., lower income students, young men working in industry, immigrants, rural Albertans and Aboriginal Albertans) and partly by becoming more effective in ensuring that prospective students understand and use the supports that are available to them
- expanding and strengthening collaborative and strategic alliances and increasing efforts to develop educational partnerships with corporate Canada
- developing international markets, particularly in the United States, Asia and Mexico

Fundraising is a core activity of all research-based universities, and through the Office of the Vice-President, Advancement, Athabasca University intends to raise a minimum of \$30.5 million during the next four years. These funds, together with matching funds available through the Access to the Future Fund, will be used to support scholarships and new program and research initiatives.

### **Information Technology**

Under the leadership of the Office of the Chief Information Officer, significant progress has been made during 2006-07 in implementing the Information Technology Systems (ITS) Operational Plan and in refining and entrenching ITS governance systems and project management protocols.



Dave Scarfe, BScCIS

In addition to the successful implementation of Moodle, mentioned above, highlights of the year's accomplishments include the following:

- The Auditor General's recommendations for IT usage at Athabasca University, contained in the 2005 "Report to the Audit Committee," were substantially implemented, and a General Computing Controls Review was completed.
- A more mature project management methodology, including staff training, was adopted. Oversight of projects is now standardized through proposal, approval and prioritization, monitoring and implementation stages.
- The myAU student portal was enhanced for graduate student access, including conditionalized content specific to each graduate program.
- Efforts to improve IT resources for research have included working with Cybera Inc. (cyber infrastructure, WestGrid, etc.) and continued enhancement of the ResNet, the Athabasca University research network.
- Newton, a new web-based system used to track student progress and grades, has replaced the previous character-based system, TRIX. User response has been excellent.
- Web conferencing has been enabled with Elluminate, selected as the university's web conferencing tool.

## Financial Highlights

### Financial Position

Athabasca University's total cash and short-term investments and non-current investments increased by \$5 million (11 per cent) to \$50 million in 2007. The primary reasons for this increase were an excess of revenue over expense of \$1.4 million and a \$3.6 million increase in current liabilities.

During the year, changes in university investment policy resulted in the transfer of \$26 million of investments to an external fund manager. At the 2007 year end, \$8.4 million (32 per cent) of these funds were invested in equities.

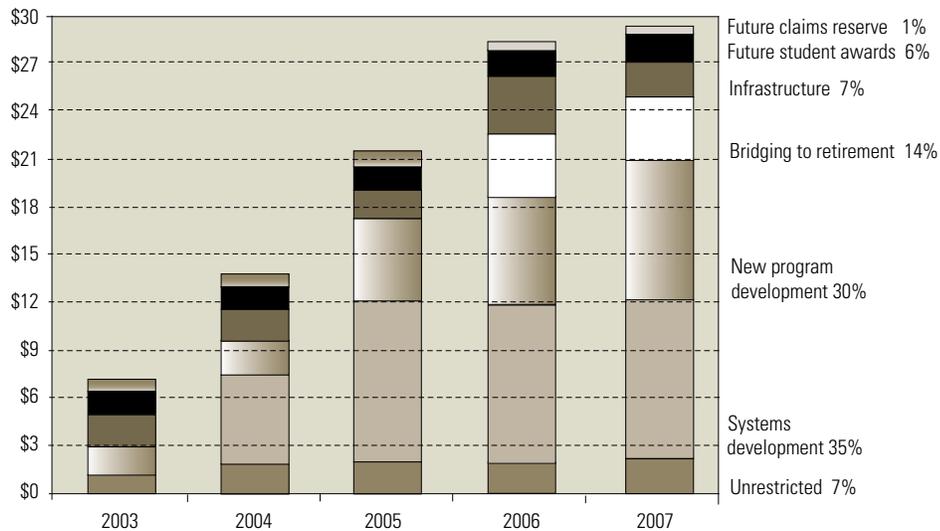
Over the 2007 fiscal year, the university acquired another \$2 million in capital assets. A large portion of the increase was for the portable office complex added to the Athabasca campus.

The university's net asset position increased by \$1.7 million, to \$39 million, in 2007, mainly as a result of the \$1.4 million excess of revenue over expense.

To ensure that the university continues to grow and remain competitive, Governing Council has appropriated net assets for strategic investments. Over the past several years, the university has generated surpluses that have enabled it to set aside funds for future investment in academic programs, technological development, maintaining infrastructure and building capacity. The 2007 year end balance in unrestricted and internally restricted net assets is \$29.2 million.

### Unrestricted and Internally Restricted Net Assets

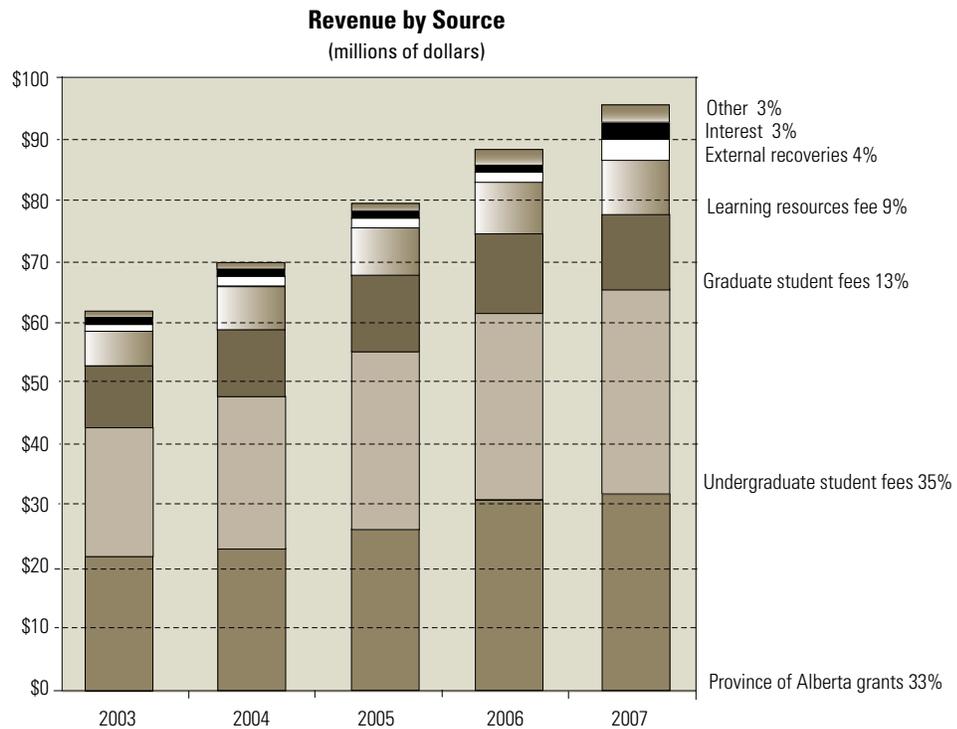
(millions of dollars)



## Financial Operations

The 2007 fiscal year ended with a \$1.4 million excess of revenue over expense, compared to a \$6.6 million excess of revenue over expense in 2006.

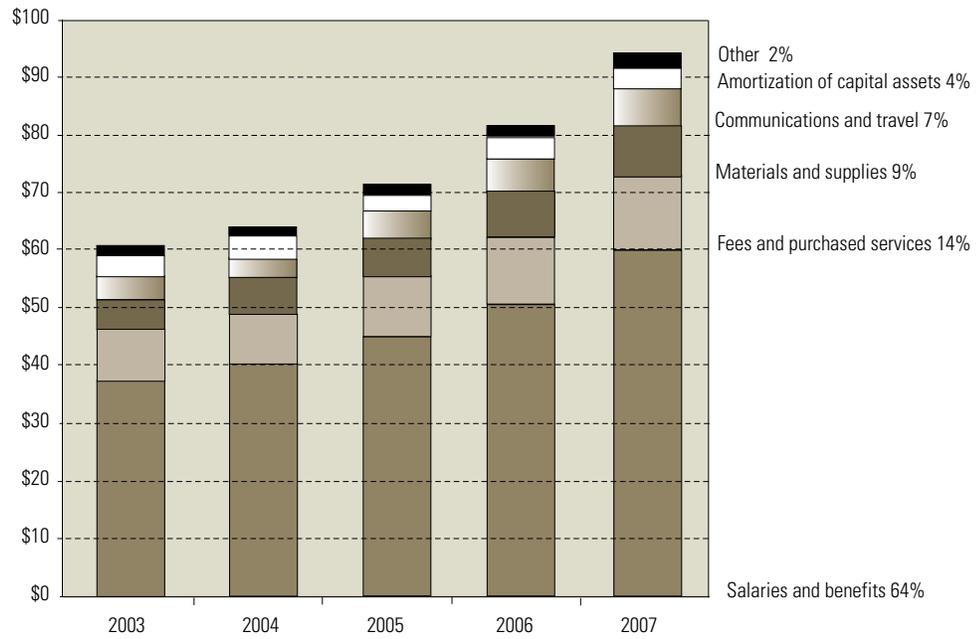
Revenue grew by \$7 million (eight per cent), reaching \$95 million. The revenue change is mainly due to increasing enrolment, student fees and the sale of goods and services.



Becky Cardinal, BGS

Expenses grew by \$12 million (15 per cent), reaching \$94 million. Salary and benefits, the university's single largest expense, accounted for the largest part of the increase due to the growth in staff numbers and negotiated wage settlements. The proportion of each non-salary expense to total expenses has remained fairly constant over the years.

**Expense by Type**  
(millions of dollars)



## Actual Compared to Budget Variance

The university's approved budget had anticipated a planned draw from reserves of \$3.6 million for the 2007 fiscal year. The actual result was an excess of revenue over expense of \$1.4 million. The positive variance of \$5 million is five per cent of budgeted total expense. This variance results primarily from higher than anticipated Province of Alberta grants of \$2.4 million and salary and benefits savings of \$2.5 million.

	Year End Actual	Annual Budget	Variance
Total revenue	\$ 95,362	91,353	4,009
Total expenses	\$ 93,916	94,951	1,035
Surplus (deficit)	\$ 1,446	(3,598)	5,044

## Major Operating and Capital Initiatives

A number of major strategic capital planning activities, including the 25-year Campus Development Plan, the 2006-11 Capital Plan, the Information System Development Plan 2006-09 and other supporting capital business plans, were completed last year. These plans were submitted to government in June 2006.

To support its projected growth, Athabasca University plans to add, over the next five years, a substantial new building to its main campus in Athabasca, to expand existing facilities in the Greater Edmonton Area and in Calgary and to make major investments in information technology. Meeting the capital and technological requirements of these planned expansions is a priority. Over the next four years, \$141 million in strategic capital investment is needed.

Further, over the next 10 years, \$270 million in capital infrastructure, as outlined in the 10-year capital forecast, is required. The 2007-17 10-year capital forecast is an update of the previous forecast, which was submitted to government with the 2006-11 Capital Plan, adjusted to reflect the required investment in 2007 dollars.

### Facilities Projects

Athabasca University has experienced significant growth in both undergraduate and graduate registrations, but there has been no corresponding increase in capital infrastructure investment. The need for capital investments has now become critical, and satisfying this need is Athabasca University's most pressing problem.

In 2007, 465 m<sup>2</sup> (5,000 sq. ft.) of additional space will be leased in Athabasca and 930 m<sup>2</sup> (10,000 sq. ft.) in Edmonton. Leasehold improvements will also be undertaken in new leased space in Athabasca and Edmonton and in existing Calgary space to achieve greater efficiencies of use. However, leasing space is a short-term solution to the university's pressing need for additional space.

The following are the main components of the university's plan to address its facilities needs:

- 
- 1. Athabasca academic and research facility:** The proposed new academic and research building, which will be located on the main campus in Athabasca, will provide space and services for the academic, research and educational media development centres of the university. The conceptual design for the building proposes adding 6,735 m<sup>2</sup> (72,500 sq. ft.) of space. Occupancy is now planned for 2010.
  - 2. Centralized Edmonton area facility:** The Strategic University Plan calls for the development of a Greater Edmonton facility that will accommodate the activities of the Centre for Innovative Management, now located in St. Albert, and those of the Edmonton Learning Centre, now located in downtown Edmonton. The expected benefits of this project include administrative efficiencies in registration, financial and support processes, including support for those working from alternative offices in the St. Albert and Edmonton areas. Approximately 7,432 m<sup>2</sup> (80,000 sq. ft.) of space will be required to accommodate existing operations and new positions resulting from projected growth in enrolment.
  - 3. Calgary Urban Campus:** Athabasca University is one of six core partners in the Calgary Urban Campus partnership. This development is a mixed-use, multi-partner community learning complex in Calgary's city centre (East Village). For Athabasca University, broadening access to learning, enhancing collaboration and ensuring inclusion are important benefits of this project. The proposed location will provide the university with a physical presence in one of its key markets. The current design proposes a 1,672 m<sup>2</sup> (18,000 sq. ft.) space, and occupancy is projected for 2010.
  - 4. Archives expansion (Tim Byrne Centre):** The Tim Byrne Centre is used to produce, store and distribute textbooks and other learning resources. To accommodate registration growth and provide room for archives, the university plans, in 2008, to construct an additional 465 m<sup>2</sup> (5,000 sq. ft.) of space at the centre.
  - 5. Central relocations and teaching lab:** Once the academic centres have moved into the proposed new academic and research facility on the Athabasca campus, the existing building will require renovation to meet the needs of its new identity as the Athabasca University Learning Centre. A conceptual design includes a significant teaching laboratory investment. The renovations are planned to begin in 2009.

### Technology Projects

Information technology projects are as important to Athabasca University as facilities projects. A continuing high level of investment in systems development is central to Athabasca University's strategic and capital plans. Technology based learning environments are integral to high quality and accessible distance education and to the student learning experience.

The University Information Technology Systems Operational Plan continues to be the framework guiding the implementation of a number of information technology systems (ITS) projects. Planned learning and research systems investments include completing the transformation to a single learning management system (Moodle), implementation of a content management system, development of an exam system and a tutor information system, continued development on the myAU portal, implementation of two new portals (an alumni portal and a staff portal) and development of technological infrastructure for the AU Press.

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Required computing systems investments include the implementation of a Storage Array Network, the upgrading of the university's database infrastructure, implementation of video and web conferencing, improved security measures (identity and access management), and integration of the university's telecommunications and data networks.

To contain overhead, a number of systems that enhance staff efficiency and effectiveness are being implemented. The expansion of the Human Resources Information System, development of a transfer credit articulation system, upgrades to the Student Information System (SCT) Banner 7, investment in groupware (e-mailing, scheduling and other collaborative tools) and a student contact management system (HEAT) are required to enhance both staff efficiency and better connections with students.

In addition to the implementation of the systems just mentioned, the university is actively working with other institutions to implement the Alberta Post-secondary Application System, a project initiated by the provincial government to provide a single window of services for learners applying to post-secondary institutions in Alberta.

Planned and ongoing governance systems investments include a project portfolio management system and a control framework to provide for effective co-ordination and stewarding of ITS initiatives.



Andrew Wetzstein, BPA and Krysta Dawn Smith, BPA



Colin Elliot, MAIS

# OUTCOMES AND PERFORMANCE MEASURES

## Achievement of Business Plan Goals

The institutional goals presented in Athabasca University's March 2006 Business Plan reflect the university's strategic goals as defined in the Strategic University Plan 2002-06. As mentioned earlier in this report, that plan was superseded during the course of the past fiscal year with the approval, in June 2006, of the Strategic University Plan 2006-11 (Strategic goals articulated in the new SUP are presented in Appendix B).

The following performance outcomes while transitional in terms of institutional goals, represent a final report on the university's success in accomplishing the goals stated in the Strategic University Plan 2002-06.

### Accessibility

Goal 1: Meet learners' needs through open access.

The university was successful in meeting or exceeding most performance targets related to improving student access to post-secondary learning. Of particular significance, in terms of both our past and current business plan goals, is the very substantial increase in the number of Aboriginal students enrolling in AU courses.

Measure	Target	Result
Undergraduate course registration	46% increase over 2001-02	47% increase
Undergraduate program enrolment	40% increase over 2001-02	27% increase
Undergraduate degrees awarded	46% increase over 2001-02	97% increase
Graduate enrolment	46% increase over 2001-02	37% increase
Graduate degrees awarded	50% increase over 2001-02	46% increase
Registration by Aboriginal students	Match or exceed undergraduate growth rate	52% increase
Course completion by students in identified groups	Match or exceed undergraduate rates	Completion rates for Aboriginal students remained 20% lower than overall rates
Tracking systems	Enhance as specified in Systems Development Plan: visiting student data	Banner data on visiting students available since July 2003
Scholarships and bursaries	Match or exceed tuition rate increase	Amount of awards tripled over 5 years while tuition fees increased by 28%
Residency requirements and PLAR	Review and renew policies to ensure that they do not represent unjustifiable barriers	Discussion papers filed from open forum

## Flexibility

Goal 2: Meet learner's needs through flexibility.

Athabasca University was successful in achieving this goal.

Measure	Target	Result
Individualized study distance education as core undergraduate operation	90% of registrations for individualized study	89% individualized study in 2005-06
Availability of graduate courses through individualized study	GSB review	GSB review completed. 13 MAIS courses available through individualized study
Use of e-learning pedagogy to increase flexibility	Enhance 150 courses through e-learning accelerator	174 courses enhanced



## Programs and Services

Goal 3: Meet learners' needs by providing quality courses, programs and student services.

Student satisfaction ratings are a very powerful indicator of Athabasca University's success in meeting learner needs.

Measure	Target	Result
Student satisfaction with educational experience	Graduate satisfaction rate to exceed provincial average	AU rating: 97.5% Provincial average: 79%
Number of undergraduate courses completed within original contract deadline	Improvement over baseline data	2004-05 - 44% 2005-06 - 46%
Student satisfaction with courses	Review of instruments and data for graduate and undergraduate courses	92% of individualized study students would recommend their AU courses to others
Core course availability	No required-for-degree courses closed for more than one month	No required courses closed for more than one month in 2005-06
Course currency	Reports available following centre plans	Centre plans filed with the Office of the VPA
Courses transferable to other institutions	Maintain ACAT standing	ACAT standing maintained
Learning outcomes assessment	Learning outcomes defined for all programs	Completed and available on AU's Website
Best practices	Online student services review by WCET	Completed
Average number of peer reviewed publications pertaining to distance education	50 refereed publications, 15 authored/edited books and 100 conference papers per year	55 refereed publications, 15 books and 111 conference presentations
Average number of peer reviewed publications in other disciplines	50 refereed publications, 31 books and 138 conference presentations	61 refereed publications, 29 books and 121 conference presentations
Peer review of curriculum via program reviews	Eight	BPA CJRS and MBA ITM complete; BA in progress
Use and effectiveness of readiness instruments and preparatory courses	Baseline data available Reviews initiated	Baseline data available MATH 100 reviewed
Number of graduate programs	Increase	Master of Nursing added
Distribution of undergraduate courses	Applied and professional courses to comprise 30% of undergraduate curriculum	No significant changes in distribution

## Fiscal Health

Goal 4: Sustain fiscal health.

Athabasca University continues to lag far behind other Alberta universities in terms of receipt of provincial infrastructure grants.

Measure	Target	Result
Total reserves generated by annual operating budget	University reserves to represent 7% of 2005-06 annual operating budgeted revenue	Target achieved Additional funds within reserves support planned strategic investments
Amount of endowment fund	Additional \$350,000	Additional \$160,000 from 2001-02 to 2005-06
Proportion of provincial infrastructure grants to post-secondary institutions	5% of funds to four Alberta Universities	Proportion decreased from a high of 0.8% in 2002-03 to 0.2% in 2005-06

## Performance Measures

### Enrolment

Total enrolment at Athabasca University has increased from 33,995 in 2005-06 to 37,095 in 2006-07, an increase of 9.1 per cent. These students registered in a total of 68,284 individual courses.

The following table shows growth, in full-load equivalents, during the 2006-07 year.

	2004 - 05	2005 - 06	2006 - 07
Undergraduate	5,239	5,450	5,919
Graduate	1,224	1,292	1,263
Total	6,463	6,742	7,182
Growth Rate		4.3%	6.5%

Athabasca University's 2005-09 Business Plan targeted a seven per cent per year increase in enrolment by Alberta students. During 2006-07, 13,206 Alberta residents took courses at Athabasca University, an increase of 4.2 per cent over the previous year.

	2004 - 05	2005 - 06	2006 - 07
Undergraduate	11,530	11,960	12,456
Graduate	708	713	750
Total	12,238	12,673	13,206
Growth Rate		3.5%	4.2%

## Degrees, Diplomas and Certificates Awarded

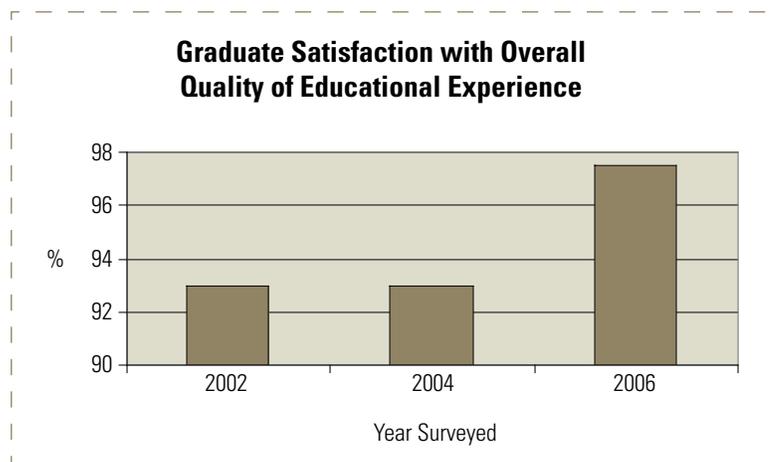
Over 1,600 academic credentials were awarded at Athabasca University's during the 2006-07 academic year.

	2004 - 05	2005 - 06	2006 - 07
<b>Undergraduate</b>			
Bachelor of Administration	122	132	88
Bachelor of Arts	86	99	103
Bachelor of Commerce	14	25	36
Bachelor of General Studies	99	99	101
Bachelor of Health Administration	2	1	2
Bachelor of Human Resources and Labour Relations	-	5	7
Bachelor of Management	45	76	68
Bachelor of Nursing	102	331	273
Bachelor of Professional Arts	59	100	92
Bachelor of Science	3	6	6
Bachelor of Science in Computing and Information Systems	6	5	3
<b>Total Undergraduate Degrees</b>	<b>533</b>	<b>879</b>	<b>779</b>
<b>Undergraduate Certificates and Diplomas</b>	<b>69</b>	<b>46</b>	<b>63</b>
<b>Graduate</b>			
Master of Arts – Integrated Studies	17	25	33
Master of Business Administration	211	314	219
Master of Counselling	14	10	62
Master of Distance Education	55	43	94
Master of Health Studies	47	66	66
Master of Nursing	43	54	73
Master of Science – Information Systems	5	13	21
<b>Total Graduate Degrees</b>	<b>392</b>	<b>525</b>	<b>568</b>
<b>Graduate Diplomas</b>	<b>404</b>	<b>278</b>	<b>208</b>
<b>Total Credentials Awarded</b>	<b>1,398</b>	<b>1,728</b>	<b>1,618</b>

## Graduate Satisfaction

In its value statements, Athabasca University indicates that student learning and satisfaction are measures of success. Very significantly, during a period of rapid growth, the university has maintained high levels of student satisfaction with the quality of the educational experience.

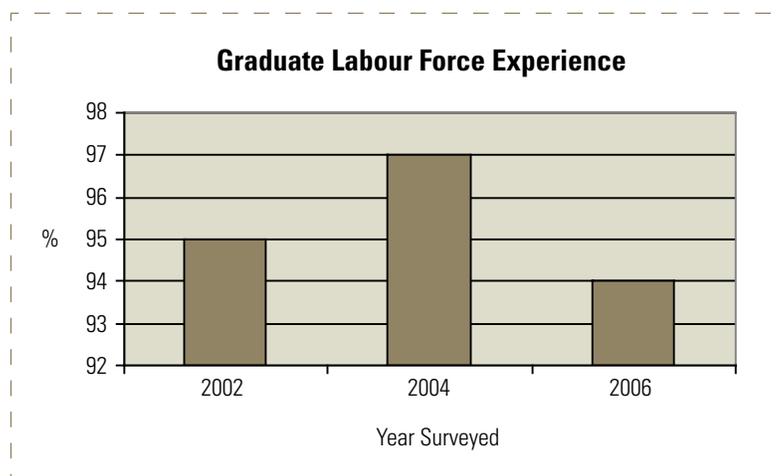
Athabasca University consistently exceeds the provincial average level of satisfaction on the Government of Alberta's university and college satisfaction and labour market experience surveys. Results for the 2002, 2004 and 2006 surveys are provided below:



In 2006, 97.5 per cent of Athabasca University's students expressed satisfaction with the overall quality of their educational experience. This figure represents a substantial improvement over the 93 per cent satisfaction ratings recorded in 2002 and 2004. It is our goal to continue to exceed the provincial average and retain our reputation as the best in the province.

### Graduate Employment Rate

That Athabasca University's graduates consistently enjoy a very high rate of participation in the labour force is an indirect measure of the high quality of the university's programs. The following chart shows employment rates for participants in Government of Alberta's university and college satisfaction and labour market experience surveys:



It is also important to note that a majority of Athabasca University students participate in the labour force while completing their courses or programs: 81 per cent work while they study.

### Research Activities

Athabasca University is committed to excellence in research. Mission critical research in the scholarship of teaching and learning in open and distance environments has had particular prominence. For example, as mentioned above, the search for better ways to remove barriers to education and, more particularly, to provide educational opportunities for workers in oil sands work camps and other remote and rural communities informs the Learning Communities Project, a major research initiative now underway in partnership with the private sector and northern communities.

An international leader in research in distance and online learning, Athabasca University laid the groundwork during 2006-07 for the development of the Technology Enhanced Learning Research Institute. Whether by adapting course content for the small-screen, developing hand held mobile devices, developing specifications and standards for learning objects and applications, creating e-courseware that employs increasingly abundant new software or exploring applications of game-based learning, this new research institute will develop innovative approaches to distance education using Information and Communication Technology (ICT) and, of particular importance to Alberta, the SuperNet, WestGrid and Cybera.

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As environmental and sustainable resources issues assume increasing importance for Albertans, Athabasca University positioned itself during the past year to launch the Athabasca River Basin Research Institute, a research facility aimed at addressing issues of sustainability, transformation and natural resources. From an ecological point of view, this multidisciplinary research centre will investigate the integration and accumulation of impacts on the hydrosphere, lithosphere, biosphere and atmosphere as well as the corresponding political implications.

Athabasca University also actively supports and maintains high standards in discipline based research. The following are a few highlights of research activity during the past year:

- Dr. Martin Connors, Canada Research Chair in Space Science, Instrumentation and Networking, is concluding his Canadian Foundation for Innovation (CFI) funded Athabasca University THEMIS UCLA Magnetometer Network (AUTUMN) project. The THEMIS project was launched by NASA in February 2007. The University of California, the University of Calgary and King's University College were partners in this project.
- Dr. Rory McGreal, Associate Vice-President, Research, continues his research into the development, application, design and transmission of learning objects. This research, including work on adapting learning objects for use with mobile devices, continues to expand at the national and international level. Dissemination of research findings includes 13 publications, eight conference proceedings and 13 presentations.
- Dr. Rory McGreal, in collaboration with other Athabasca University researchers, is concluding the AU Mobile Learning Project pilot, aimed at testing the effectiveness of cell phone technology in delivering ESL learning objects. This research is being partially funded by the Canadian Council on Learning.
- Dr. Heather Kanuka, Canada Research Chair in E-learning, is concluding her research into long-term changes in distance education as a result of the use of information and communication technologies (synchronous and asynchronous IT tools).
- Dr. Mohamed Ally, using resources provided by CFI, conducted research in instructional design, using the learning objects approach, and the use of mobile technology in the delivery of instruction. Three completed projects have resulted in three publications and over 16 presentations.
- Dr. Janice Thomas continues her work on Understanding the Value of Implementing Project Management, a \$2.5 million project funded in part by the Project Management Institute (PMI). The project, which brings together a wide range of experts from all over the world, is expected to conclude in 2008.
- Dr. Mike Gismondi, in collaboration with the Canadian Centre for Community Renewal and several other co-applicants from British Columbia and Alberta, has received approval for the British Columbia and Alberta Social Economy Research Alliance, a broad partnership of four universities, six social economy organizations, three federal agencies and a number of municipalities. Over the next five years, researchers will collaborate on a series of research initiatives aimed at better understanding and improving the entire range of activities that make up the social economy and its infrastructure in Alberta and B.C.
- Dr. Leslie Johnson and Dr. David Gregory received the President's Award for Research and Scholarly Excellence. This award will assist them in bringing their respective publishing projects to completion.

### *Research Impact – All Sources*

A summary of all external research funding (in thousands of dollars) is provided in the following table. External funding from the granting councils has shown a downward trend in recent years; however, support from community and industry sources has increased slightly.

<b>Types of Research Support</b>	<b>2004 - 05</b>	<b>2005 - 06</b>	<b>2006 - 07</b>	<b>Three-Year Average 2004 - 06</b>	<b>Three-Year Average 2005-07</b>
Total sponsored research revenues <sup>1</sup>	\$2,316	\$1,849	\$2,117	\$1,903	\$2,094
Support from council sources <sup>2</sup>	\$724	\$709	\$642	\$625	\$692
Council support ratio (council sources/total sponsored research revenue)	31.3%	38.3%	30.3%	32.8%	33.3%
Support from community and industry sources <sup>3</sup>	\$1,592	\$1,141	\$1,475	\$1,236	\$1,403
Community and industry support ratio (community and industry/total sponsored research revenue)	68.7%	61.7%	69.7%	67.2%	67%

<sup>1</sup> 2006-07 figures include cash as well as in-kind contributions as recorded in the Audited Financial Statements.

<sup>2</sup> Council sources includes Social Sciences and Humanities Research Council of Canada (SSHRC) and Natural Sciences and Engineering Research Council of Canada (NSERC), including Canadian Graduate Scholarships, and Canadian Institutes of Health Research (CIHR) and Canada Research Chairs and indirect costs (federal).

<sup>3</sup> Includes other federal, provincial, and industry funding from sources such as the Canada Foundation for Innovation (CFI), Human Resources and Skills Development Canada (HRSDC) and Office of Learning Technologies (OLT).

### *Sponsored Research Revenue as a Percentage of Provincial Grants*

Sponsored research revenue (in thousands of dollars) as a percentage of provincial operating grants is summarized in the following table. As the table shows, the percentage increase has changed slightly in recent years as funding from the granting councils has varied.

<b>Types of Research Support</b>	<b>2004 - 05</b>	<b>2005 - 06</b>	<b>2006 - 07</b>	<b>Three-Year Average 2004 - 06</b>	<b>Three-Year Average 2005-07</b>
Total sponsored research revenues	\$2,316	\$1,849	\$2,117	\$1,903	\$2,094
Total Province of Alberta operating grants	\$25,452	\$30,113	\$31,064	\$25,900	\$28,876
Sponsored research revenues as a percentage of provincial operating grants	9.1%	6.1%	6.8%	7.3%	7.3%

### *Research Council Success*

Athabasca University's success rate with its applications to the granting councils is summarized in the following table. Of note is the increase in the number of applications being submitted. The success rate over the past three years has remained unchanged, at about 23 per cent.

<b>Granting Councils<sup>1</sup></b>	<b>2004 - 05</b>	<b>2005 - 06</b>	<b>2006 - 07</b>	<b>Three-Year Average 2004 - 06</b>	<b>Three-Year Average 2005-07</b>
Number of applications	26	21	31	24	26
Number of awards	6	5	7	7	6
Total value of awards (in thousands of dollars)	\$724	\$709	\$642	\$625	\$692

<sup>1</sup> Includes Social Sciences and Humanities Research Council of Canada (SSHRC) and Natural Sciences and Engineering Research Council of Canada (NSERC), including graduate scholarships, and Canadian Institutes of Health Research (CIHR). Also includes Canada Research Chairs and indirect costs, but not Canada Foundation for Innovation (CFI), Human Resources and Skills Development Canada (HRSDC), Office of Learning Technologies (OLT), Industry Canada, etc.

### *Research Publications and Other Creative Works*

As a university with a growing graduate student population, now over 2,900, Athabasca University must ensure that the research and publication records of academic staff are comparable to those of other public universities in Canada.

Faculty and staff members actively disseminate their research findings through various publications and presentations. The following table provides a summary of these activities (Note: Numbers for previous years have been amended to reflect definitions from granting agencies.)

<b>Research Publications<sup>1</sup></b>	<b>2003 - 04</b>	<b>2004 - 05</b>	<b>2005 - 06</b>	<b>Three-Year Average 2003 - 05</b>	<b>Three-Year Average 2004-06</b>
Number of full-time faculty <sup>2</sup>	106	111	142	107	119.7
Books authored or co-authored	55	44	61	47	53.3
Books edited or co-edited	6	7	8	5.8	7
Articles in refereed publications	133	159	146	126.7	146
Non-refereed publications	42	36	40	34	39.3
Conference presentations	306	242	296	247.3	281.3

<sup>1</sup> Books authored or co-authored include chapters authored or co-authored. Refereed articles include refereed journals and conference proceedings. Conference presentations include invited speaking engagements.

<sup>2</sup> The number of full-time teaching staff is as reported to Statistics Canada through the University Full-time Teaching Staff System for the period and includes teaching staff employed as of October 1 of the reporting year and research staff who have an academic rank and salary scale similar to teaching staff, appointed on a full-time basis, whose term of appointment is not less than 12 months (including staff members on leave).

# CAMPUS ALBERTA QUALITY COUNCIL REQUIREMENTS AND EXPECTATIONS

## **Dean of Graduate Studies**

A process for the selection and appointment of a dean of graduate studies is underway.

## **Doctorate in Education**

Enrolment figures for the inaugural year of the EdD degree program are not yet available. The first students will be admitted to the program in June 2008, and the plan is to admit 12 candidates for the degree in that first year. Applications will be accepted by the Centre for Distance Education beginning in the fall of 2007, and program selections will be made by February 15, 2008.



# APPENDIX A

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**Athabasca University  
Financial Statements  
Year Ended March 31, 2007**



The official version of this Report of the Auditor General and the information the report covers is in printed form.

## Auditor's Report

To the Athabasca University Governing Council

I have audited the statement of financial position of Athabasca University as at March 31, 2007 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Fred J. Dunn, FCA

Auditor General

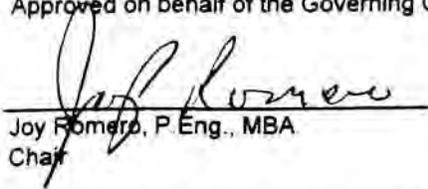
Edmonton, Alberta  
May 11, 2007

**ATHABASCA UNIVERSITY**  
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2007**  
(thousands of dollars)

	<u>2007</u>	<u>2006</u> (Restated, Note 3)
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and short-term investments (Note 4)	\$ 20,213	\$ 16,531
Accounts receivable (Notes 3 and 5)	4,558	4,464
Inventory of course materials	3,340	2,913
Prepaid expenses	834	855
	28,945	24,763
Non-current investments (Notes 4 and 6)	29,468	28,093
Deferred course development costs (Note 7)	211	282
Capital assets (Note 8)	20,062	21,565
	\$ 78,686	\$ 74,703
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accruals	\$ 3,099	\$ 2,431
Salaries and benefits payable (Note 9)	6,091	5,121
Deferred revenue	11,829	11,185
Deferred contributions (Note 10)	2,943	1,550
Current portion of obligation under capital lease (Note 11)	-	52
Current portion of deferred lease inducement (Note 12)	117	97
	24,079	20,436
Deferred salaries and benefits payable (Notes 9 and 20)	3,338	2,704
Deferred lease inducement (Note 12)	263	380
Unamortized deferred capital contributions (Note 13)	11,441	13,283
Unamortized course development contributions (Note 13)	211	282
	39,332	37,085
<b>Net assets</b>		
Investment in capital assets (Note 8)	8,621	8,230
Endowments (Note 15)	1,560	1,249
Internally restricted	27,009	26,217
Unrestricted	2,164	1,922
	39,354	37,618
	\$ 78,686	\$ 74,703

Approved on behalf of the Governing Council

  
Joy Romero, P. Eng., MBA  
Chair

  
Dr. Frits Pannekoek  
President

The accompanying notes are part of these financial statements.

**ATHABASCA UNIVERSITY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2007**  
(thousands of dollars)

	<b><u>2007</u></b>	<b><u>2006</u></b> (Restated, Note 3)
Revenue		
Province of Alberta grants (Note 18)	\$ 31,064	\$ 30,113
Undergraduate student fees	33,485	30,516
Sales of goods and services	12,635	10,040
Graduate student fees	12,282	13,047
Interest	2,351	1,326
Amortization of unamortized deferred capital contributions (Note 13)	1,892	1,909
Research and other grants	780	1,000
Donations (Note 19)	684	213
Other	118	96
Amortization of deferred course development contributions (Note 13)	71	88
	<u>95,362</u>	<u>88,348</u>
Expenses		
Salaries and benefits	59,828	50,802
Fees and purchased services	13,100	11,284
Materials and supplies	8,421	8,075
Communications and travel	6,541	5,538
Amortization of capital assets	3,780	3,877
Facilities rental	1,079	996
Insurance, utilities and taxes	677	672
Scholarships	419	407
Amortization of deferred course development costs (Note 7)	71	88
	<u>93,916</u>	<u>81,739</u>
Excess of revenue over expenses	<u>\$ 1,446</u>	<u>\$ 6,609</u>

The accompanying notes are part of these financial statements.

**ATHABASCA UNIVERSITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2007**  
(thousands of dollars)

	2006 Balance, beginning of year (Restated, Note 3)	Excess of revenue over expenses	Investment in capital assets, internally funded	Amortization of internally funded assets	Endowment contributions net of expenditures (Note 15)	Interfund transfers	2007 Balance, end of year
Internally Restricted							
Operating							
New program development	\$ 6,735	\$ 549	\$ -	\$ -	\$ -	\$ 1,416	\$ 8,700
Future student awards	1,645	-	-	-	-	109	1,754
Bridging to retirement	3,900	(199)	-	-	-	399	4,100
Future claims reserve	337	75	-	-	-	-	412
	<u>12,617</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>14,966</u>
Capital							
Infrastructure	3,600	(680)	(877)	-	-	-	2,043
Investment in systems development	10,000	-	(349)	-	-	349	10,000
	<u>13,600</u>	<u>(680)</u>	<u>(1,226)</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>12,043</u>
Internally restricted sub-total	26,217	(255)	(1,226)	-	-	2,273	27,009
Investment in capital assets	8,230	-	2,279	(1,888)	-	-	8,621
Endowments	1,249	-	-	-	290	21	1,560
Unrestricted	1,922	1,701	(1,053)	1,888	-	(2,294)	2,164
Total Net Assets	<u>\$ 37,618</u>	<u>\$ 1,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ 39,354</u>

The accompanying notes are part of these financial statements.

**ATHABASCA UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2007**  
(thousands of dollars)

	<u>2007</u>	<u>2006</u>
		(Restated, Note 3)
Cash provided from operating activities:		
Excess of revenue over expenses	\$ 1,446	\$ 6,609
Items not affecting cash flow:		
Amortization of capital assets	3,780	3,877
Transfer to deferred capital contributions (Note 10)	50	3,301
Amortization of deferred course development costs	71	88
Increase in deferred salaries and benefits payable	634	712
Amortization of deferred course development contributions	(71)	(88)
Amortization of deferred lease inducement	(97)	(126)
Amortization of deferred capital contributions	(1,892)	(1,909)
	<u>3,921</u>	<u>12,464</u>
Change in non-cash working capital		
Change in current assets, except cash and short-term investments	(500)	(1,118)
Change in current liabilities, except current portions of obligation under capital lease and deferred lease inducement	3,675	(2,022)
	<u>3,175</u>	<u>(3,140)</u>
	<u>7,096</u>	<u>9,324</u>
Cash used in investing activities:		
Capital asset acquisitions, internally funded	(2,227)	(2,049)
Capital asset acquisitions, externally funded	(50)	(3,301)
Increase in non-current investments	(1,375)	(7,217)
	<u>(3,652)</u>	<u>(12,567)</u>
Cash provided from financing activities:		
Deferred lease inducement (Note 12)	-	603
Endowment contributions, net	290	26
Capital lease payments (Note 11)	(52)	(49)
	<u>238</u>	<u>580</u>
Increase (decrease) in cash and short-term investments	3,682	(2,663)
Cash and short-term investments, beginning of year	<u>16,531</u>	<u>19,194</u>
Cash and short-term investments, end of year	<u>\$ 20,213</u>	<u>\$ 16,531</u>

The accompanying notes are part of these financial statements.

**ATHABASCA UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2007**

(thousands of dollars)

Note 1 Authority and Purpose

Athabasca University (the "University") operates under the authority of the Post-Secondary Learning Act, Statutes of Alberta 2003, chapter P-19.5. It is directed by an appointed Governing Council and offers undergraduate and graduate degree programs through distance education. The University is a registered charity and is exempt from the payment of income taxes.

Note 2 Significant Accounting Policies and Reporting Practices

(a) General – GAAP and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, known as GAAP. 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. Such estimates, the potential errors in which are, in administration's opinion, within reasonable limits of materiality, have been made using professional judgment and conform to 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) Revenue Recognition

Government operating grants are recognized as revenue in the period received or receivable, or when a portion of the grant relates to a future period they are deferred and recognized in the subsequent period.

Revenue received for the provision of goods and services is recognized in the period in which the goods are provided or the services rendered. Deferred revenue includes course fees received in advance.

Contributions restricted for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the acquisition of capital assets having limited life are initially recorded as deferred capital contributions in the period in which they are received. Deferred capital contributions are transferred to unamortized deferred capital contributions when expended and are amortized to revenue over the useful lives of the related assets. Contributions restricted for the acquisition of non-consumable capital assets (e.g., land) are initially recorded as deferred contributions in the period in which they are received and, when expended, are recognized as direct increases in net assets.

Contributions restricted for the development of courses are deferred and amortized to revenue over five years.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Endowed donations, including investment earnings, are recognized as direct increases in net assets in the period in which they are received. The portion of investment earnings which, in accordance with agreements with benefactors or the authority provided by Section 76(2)(c) of the Post-Secondary Learning Act, is used to fund scholarships is transferred to investment income.

Donations of goods and services that otherwise would have been purchased are recorded at fair value when a fair value can be reasonably determined; otherwise, they are recorded at nominal value.

Volunteers contribute services to assist the University in carrying out its mission. Such contributed services are not recognized in these financial statements.

(c) Fair Value of Financial Instruments

The carrying values of financial assets and financial liabilities are considered to approximate fair value unless otherwise disclosed.

(d) Investments

Current investments are valued at the lower of cost and market value. Non-current investments are valued at cost or, when there has been other than a temporary impairment in the value of the investment, at market value, which is considered the new cost. Gains or losses on sales of investments are recognized in the year of disposal. The investment in a joint venture is accounted for using the equity method.

(e) Inventory of Course Materials

Inventory of course materials is valued at the lower of cost and net realizable value.

(f) Copyrights

The University obtains copyrights on all course materials produced. These copyrights are recorded at a nominal value of one dollar and are included in prepaid expenses.

(g) Deferred Course Development Costs

Costs for the development of special purpose courses sponsored through Curriculum Redevelopment Funding are deferred and amortized over five years from the time development is completed.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Capital Assets

Capital asset acquisitions are recorded at cost, except for donated assets, which are recorded at fair value. Except for works of art <sup>(1)</sup>, capital assets are amortized on a straight-line basis over the estimated useful lives of the assets, as follows:

	<u>Years</u>
Buildings	40
Site improvements	10 - 25
Computing equipment and software	3 - 10
Vehicles, furnishings and other equipment	5 - 10
Leasehold improvements	lesser of 5 years or lease term
Library materials	10

- (1) Works of art purchased by the University are recorded at cost and donated works of art are recorded at fair value. Works of art are not amortized. Works of art include sketches, limited edition prints, photographs, sculptures, rare books, and original paintings. The works of art are held by the University for public exhibition.

(i) Employee Future Benefits

The University participates with other employers in two defined benefit pension plans, the Universities Academic Pension Plan and the Public Service Pension Plan. 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 costs included in these financial statements comprise the amount of employer contributions required for the University's employees during the year, based on contribution rates that are expected to provide for benefits payable under the respective pension plan. The University does not record its portion of the pension plans' deficits or surpluses.

The University's other defined benefit plans include the following: Administrative Leave, Flexible Benefits, Extended Health and Dental Care, Life and Dependent Life Insurance, Weekly Indemnity, Long Term Disability and General Illness.

For the Administrative Leave and Flexible Benefit Plans, the cost of benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation. Net actuarial gains (losses) are recognized immediately.

For the Extended Health and Dental Care Plans, the costs of benefits earned by employees is 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.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Employee Future Benefits (continued)

For the Life and Dependent Life Insurance, Weekly Indemnity and Long Term Disability Plans, the cost of the employee future benefit, if any, is not reflected. 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.

The cost of future benefits related to employees on general illness at year end is not significant and is therefore not included in the University's financial statements.

(j) Deferred Lease Inducement

One of the University's operating leases for premises provides for a lease inducement. This inducement has been deferred and is being recorded as a reduction of rent expense over the term of the lease.

(k) Internally Restricted Net Assets

The University has designated internally restricted net assets for future operating and capital needs. These amounts are not available for other purposes without the approval of Governing Council.

Note 3 Restatement

The University has retroactively adjusted its accounting for employee future benefit plans for amounts held by benefit carriers for premium stabilization in excess of liabilities of the various benefit plans. As a result, the University's financial statements have been restated as follows:

	<u>2006</u>
Accounts receivable, as previously stated	\$ 4,127
Net position of benefit plans at March 31, 2005	246
Change in net position of benefit plans, 2006	91
Accounts receivable, as restated	<u>\$ 4,464</u>
Excess of revenue over expense, as previously stated	\$ 6,518
Change in net position of benefit plans	91
Excess of revenue over expense, as restated	<u>\$ 6,609</u>
Internally Restricted Net Assets, as previously stated	\$ 25,880
Net position of benefit plans at March 31, 2005	246
Change in net position of benefit plans, 2006	91
Internally Restricted Net Assets, as restated	<u>\$ 26,217</u>

Note 4 Cash and Investments

Cash and investments consist of bank account balances, money market investments and other investments, as follows:

	2007 <sup>(1)</sup>	2006 <sup>(1)</sup>
Bank balances	\$ 6,587	\$ 5,160
Money market investments <sup>(2)</sup>	16,589	39,148
Investment Fund <sup>(3)</sup>	25,908	-
Other investments	597	316
Total Cash and Investments	<u>49,681</u>	<u>44,624</u>
Less amount recorded as non-current	<u>(29,468)</u>	<u>(28,093)</u>
Cash and short-term investments	<u>\$ 20,213</u>	<u>\$ 16,531</u>
Non-current investments are comprised of:		
Endowments	\$ 1,560	\$ 1,249
Deferred salaries and benefits payable	3,338	2,704
Internally restricted net assets, non-current portion	23,973	23,824
Shares and joint venture interest	597	316
Non-current investments	<u>\$ 29,468</u>	<u>\$ 28,093</u>

(1) Fair value of cash and investments approximates carrying value.

(2) Money market investments are purchased at a discount and are rated R-1 or better (rated by the Dominion Bond Rating Service). For the year ending March 31, 2007, the average effective yield was 4.36% (2006 – 3.76%). Investments held at March 31, 2007 mature within 30 days.

(3) For the year ended March 31, 2007 the average effective yield for the investment fund was 6.3%.

During 2006-2007, the University began transfer of its money market investments to an Investment fund. The Investment Fund is managed by the external fund manager on a pooled basis.

The Investment Policy for Athabasca University, approved by the Athabasca University Governing Council, provides the structure and guidelines within which the University's investment portfolio is to be effectively and ethically maintained, managed and enhanced. The University's Investment Advisory Group has the delegated authority for the oversight of the University's investments.

An investment objective is to ensure that the investments are selected to match the anticipated cash flow requirements of the University. Therefore, short, medium, and long term (including endowment) investment portfolios have been established. Minimum and maximum ranges have been set for each type of qualifying investment within each investment portfolio.

Note 4 Cash and Investments (continued)

The investment fund comprises

	2007				2006	
	Short-term - less than 1 year <sup>(1)</sup>	Medium-term - 1 to 5 years <sup>(2)</sup>	Long-term - greater than 5 years <sup>(3)</sup>	Endowment - greater than 5 years <sup>(3)</sup>	Total Investment Fund	Total Investment Fund
Cash and short-term	\$ 2,001	124	216	20	\$ 2,361	\$ -
Fixed income	-	8,198	6,317	624	15,139	-
Equities						
Canadian	-	593	2,530	251	3,374	-
US	-	682	2,200	218	3,100	-
International	-	401	1,395	138	1,934	-
Total Equities	-	1,676	6,125	607	8,408	-
Total Investment Fund	\$ 2,001	\$ 9,998	\$ 12,658	\$ 1,251	\$ 25,908	\$ -

- (1) In accordance with the Investment Policy, the entire short-term portfolio is invested in readily liquid securities and/or in cash.
- (2) 83% of the medium-term portfolio is invested in fixed income securities. This complies with the prescribed range of 75% to 100%. 17% of the medium-term portfolio is invested in equities listed in the S&P/TSX composite index, which is within the prescribed range of up to 25%.
- (3) 52% of the long-term and endowment portfolios are invested in fixed income securities. This is within the prescribed range of 50% to 100%. 48% of the long-term and endowment portfolios are invested in equities listed in the S&P/TSX composite index, which is within the prescribed range of up to 50%.

Note 5 Accounts Receivable

Accounts receivable include \$1,436 (2006 - \$1,626) in grants due from the Province of Alberta.

Note 6 Interest in Joint Venture

The University has a one-third joint venture interest in the Campus Alberta Applied Psychology: Counselling Initiative. Three Alberta universities have formed the joint venture to develop and deliver this collaborative graduate degree.

The University's share of the joint venture's assets, liabilities and equity is:

	<u>2007</u>		<u>2006</u>
Current assets	\$ 647		\$ 581
Capital assets	<u>1</u>		<u>3</u>
	<u>\$ 648</u>		<u>\$ 584</u>
Current liabilities	\$ 50		\$ 265
Unamortized deferred capital contributions	-		1
Investment in capital assets	<u>1</u>		<u>2</u>
	<u>51</u>		<u>268</u>
Joint venture interest			
Opening balance	316		291
Net distribution	(101)		(80)
Excess of revenues over expenses			
Revenues	\$1,014	\$ 675	
Expenses	<u>632</u>	<u>570</u>	<u>105</u>
	<u>597</u>		<u>316</u>
	<u>\$ 648</u>		<u>\$ 584</u>

Note 7 Deferred Course Development Costs

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 282	\$ 370
Amount amortized during the year	<u>(71)</u>	<u>(88)</u>
Balance, end of year	<u>\$ 211</u>	<u>\$ 282</u>

Note 8 Capital Assets and Investment in Capital Assets

	2007			2006		
	Cost <sup>(1)</sup>	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,565	\$ -	\$ 1,565	\$ 1,565	\$ -	\$ 1,565
Buildings and site improvements	26,624	15,142	11,482	25,747	14,372	11,375
Leasehold improvements	2,180	1,404	776	2,128	1,172	956
Furnishings, equipment and software (Note 11)	22,391	17,574	4,817	22,095	15,600	6,495
Library materials	5,367	4,565	802	5,074	4,520	554
Works of art	620	-	620	620	-	620
	<u>\$ 58,747</u>	<u>\$ 38,685</u>	20,062	<u>\$ 57,229</u>	<u>\$ 35,664</u>	21,565
Unamortized deferred capital contributions related to capital assets (Note 13)			(11,441)			(13,283)
Obligation under capital lease (Note 11)			-			(52)
Investment in capital assets			<u>\$ 8,621</u>			<u>\$ 8,230</u>

(1) Beginning August 1, 2006, for a term of 99 years, the University has leased certain lands (Lot 3 and 4, Block 8, Plan 0623053 – to the north of and adjacent to its main campus) to the Town of Athabasca and the County of Athabasca for a nominal amount of \$1 per year. The Athabasca Regional Multiplex is in the process of construction on this site.

Note 9 Salaries and Benefits Payable

	2007	2006
Other defined benefit plans		
Administrative Leave Plan	\$ 1,573	\$ 1,480
Flexible Benefit Plan	1,276	1,083
Total other defined benefit plans (Note 20)	<u>2,849</u>	<u>2,563</u>
Salaries and wages	2,823	2,217
Vacation pay	1,951	1,588
Professional development funds	<u>1,806</u>	<u>1,457</u>
Total salaries and benefits payable	9,429	7,825
Current portion of salaries and benefits payable	<u>(6,091)</u>	<u>(5,121)</u>
Deferred salaries and benefits payable	<u>\$ 3,338</u>	<u>\$ 2,704</u>

Deferred salaries and benefits payable are the long-term accrued benefit obligations of the Administrative Leave Plan, Flexible Benefit Plan and professional development accounts.

Note 10 Deferred Contributions

Deferred contributions represent unspent restricted grants and donations. Changes in the deferred contributions balances are as follows:

	<u>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 1,550	\$ 1,801
Grants received	2,899	2,296
Donations received subject to external restrictions (Note 19)	-	3,119
Transfer to deferred capital contributions (Note 14)	(50)	(3,301)
Amount recognized as revenue	<u>(1,456)</u>	<u>(2,365)</u>
Balance, end of year	<u>\$ 2,943</u>	<u>\$ 1,550</u>

The balance consists of funds restricted from:

Province of Alberta

Access to the Future Fund	\$ 1,200	\$ -
Enrolment Planning Envelope	523	292
Innovation and Science	90	130
Community Incentive Program	50	-
Health and Wellness	30	30
Facilities Planning	-	152
Centennial Rebate	-	110
Infrastructure Maintenance	-	47
Sponsored research special projects	<u>1,050</u>	<u>789</u>
	<u>\$ 2,943</u>	<u>\$ 1,550</u>

Note 11 Obligation Under Capital Lease

The University leased certain equipment under agreements, which were classified as capital leases. There is no capital lease obligation for 2007. For 2006, there was a current lease payable of \$52.

Note 12 Deferred Lease Inducement

The University received a lease inducement under an agreement for leased premises in 2006. The inducement has been deferred and is being applied as a reduction of rent expense over the term of the lease as follows:

2008	\$ 117
2009	117
2010	117
2011	<u>29</u>
Total unamortized deferred lease inducement	380
Less: current portion	<u>(117)</u>
Long term portion of deferred lease inducement	<u>\$ 263</u>

Note 13 Unamortized Deferred Capital and Deferred Course Development Contributions

	2007		2006	
	Capital Assets	Deferred Course Development	Capital Assets	Deferred Course Development
Balance, beginning of year	\$ 13,283	\$ 282	\$ 11,891	\$ 370
Transfer from				
Deferred capital contributions (Note 14)	50	-	3,301	-
	13,333	282	15,192	370
Amortized to revenue	(1,892)	(71)	(1,909)	(88)
Balance, end of year	<u>\$ 11,441</u>	<u>\$ 211</u>	<u>\$ 13,283</u>	<u>\$ 282</u>

Note 14 Deferred Capital Contributions

Deferred capital contributions represent capital funding received from external sources that remain unspent at March 31. Changes in the deferred capital contributions balances are as follows:

	2007	2006
Balance, beginning of year	\$ -	\$ -
Transfer from deferred contributions (Note 10)		
Donation in-kind	-	3,100
Cash	50	201
	50	3,301
Transfers to unamortized deferred capital contributions (Note 13)	(50)	(3,301)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Note 15 Endowments

Endowments consist of externally restricted donations, the principal of which is required to be maintained intact. The use of the investment income is internally restricted as endowments must first be adjusted annually for inflation.

	2007				2006
	Capital Contributions	Capitalized Earnings	Expendable Earnings	Total	Total
Endowments, beginning of year	\$ 1,189	\$ 40	\$ 20	\$ 1,249	\$ 1,223
Donations received (Note 19)	250	-	-	250	-
Transfer from internally restricted net assets	-	-	21	21	-
Investment earnings	-	53	9	62	35
Scholarships funded and administrative fees	-	-	(22)	(22)	(9)
Endowments, end of year	<u>\$ 1,439</u>	<u>\$ 93</u>	<u>\$ 28</u>	<u>\$ 1,560</u>	<u>\$ 1,249</u>

Note 16 Budget

The budget for the year ended March 31, 2007, as approved by the Governing Council on March 31, 2006, is presented together with actual revenue and expenses for the year.

	<u>Actual</u>	<u>Budget</u>
Revenue		
Province of Alberta grants	\$ 31,064	\$ 28,711
Undergraduate student fees	33,485	33,643
Sales of goods and services	12,635	9,964
Graduate student fees	12,282	13,391
Interest	2,351	1,500
Amortization of deferred capital and deferred course development contributions	1,963	873
Research and other grants	780	2,605
Donations	684	350
Other	118	316
	<u>95,362</u>	<u>91,353</u>
Expenses		
Salaries and benefits	59,828	62,377
Fees and purchased services	13,100	13,013
Materials and supplies	8,421	8,924
Communications and travel	6,541	5,389
Amortization of capital assets and deferred course development costs	3,851	3,147
Facilities rental, insurance, utilities and taxes	1,079	1,118
Insurance, utilities and taxes	677	678
Scholarships	419	305
	<u>93,916</u>	<u>94,951</u>
Revenue over (under) expenses	<u>\$ 1,446</u>	<u>\$ (3,598)</u>

Note 17 Operating Lease Commitments

The University is committed to operating leases expiring no later than 2013 for facilities and equipment, with the following minimum annual payments:

2008	\$ 1,045
2009	\$ 564
2010	\$ 567
2011	\$ 717
2012	\$ 697
2013	\$ 264

The University is also required to pay a pro rata share of operating expenditures of the facilities.

Note 18 Related Party Transactions

The University operates under the authority and statutes of the Province of Alberta. Transactions between the University and the Province of Alberta are summarized below.

	<u>2007</u>	<u>2006</u>
Operating grant	\$ 26,210	\$ 22,366
Enrolment Planning Envelope	3,311	4,551
Infrastructure maintenance	142	142
Other	<u>1,443</u>	<u>1,454</u>
Total contributions	31,106	28,513
Change in deferred contributions and other accruals from provincial sources	<u>(42)</u>	<u>1,600</u>
Province of Alberta grants revenue	<u>\$ 31,064</u>	<u>\$ 30,113</u>

The University offered certain courses at provincial post-secondary institutions. The revenue for these courses amounted to \$1,628 (2006 - \$1,553).

Note 19 Donations

Donations were received during the year as follows:

	<u>2007</u>			<u>2006</u>
	<u>Cash</u>	<u>In-kind<sup>(1)</sup></u>	<u>Total</u>	<u>Total</u>
Amount recognized as revenue	\$ 46	\$ 638	\$ 684	\$ 213
Transfers to deferred contributions (Note 10)	-	-	-	3,119
Transfer to endowments (Note 15)	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
Total donations received	<u>\$ 296</u>	<u>\$ 638</u>	<u>\$ 934</u>	<u>\$ 3,332</u>

<sup>(1)</sup> In kind donations of \$638 (2006 - \$75) consisted of professional services received during the year.

Note 20 Employee Future Benefits

Pension Plans

The University participates in the Universities Academic Pension Plan and the Public Service Pension Plan, which are multi-employer plans. Employer contributions of \$3,553 (2006 - \$2,925) for the year are expensed in these financial statements.

Since January 1, 2005, the Universities Academic Pension Plan contribution rates for employees are 8.675% (employer 9.675%) of earnings up to the year's maximum pensionable earnings (YMPE) under the Canada Pension Plan and 11.075% (employer 12.075%) of earnings above YMPE.

At December 31, 2006, the Universities Academic Pension Plan reported an actuarial deficiency of \$409,128 (2005 - \$537,415). This deficiency is being funded by contributions from employees and employers. In addition the Province of Alberta is contributing 1.25% (2005 - 1.25%) of pensionable salary toward the actuarial deficiency for pre-1992 service in accordance with the funding plan adopted in 1992. At December 31, 2006, the University's participating employees comprised 5.3% of the total active membership.

Note 20 Employee Future Benefits (continued)

From September 1, 2004, to December 31, 2006, both employee's and employer's Public Service Pension Plan contribution rates were 6.17% of earnings up to the YMPE and 8.81% of earnings above YMPE. However, the contribution rates increased effective January 1, 2007, to 6.69% of pensionable salary up to the YMPE and 9.55% of the excess for employees and employers.

At December 31, 2006, the Public Service Pension Plan reported an actuarial surplus of \$153,024 (2005 – \$187,704 deficiency). At December 31, 2006, the University's participating employees accounted for 0.7% of the total active membership.

Administrative Leave and Flexible Benefits Plan

The University's Administrative Leave Plan and a Flexible Benefit Plan, have no plan assets. The University has provided for these plans by accruing a benefit obligation of \$2,849 (2006 - \$2,563) in salaries and benefits payable (Note 9).

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations for the other defined benefit plans are as follows:

	<u>2007</u>	<u>2006</u>
Discount rate and rate of return		
Administrative Leave Plan	4.75%	4.50%
Flexible Benefit Plan	5.00%	4.75%
Rate of compensation increase		
First year	7.00%	6.00%
Subsequent years	7.00%	6.00%
Average remaining service period of active employees		
Administrative Leave Plan	8 years	7 years
Flexible Benefit Plan	13 years	13 years
Retirement age	60 years	60 years

During the year, the University paid benefits from these benefit plans totaling \$634 (2006 - \$390). Employee future benefit costs recognized in the year are \$920 (2006 - \$631).

Extended Health and Dental Care Plans

The accrued benefit obligation and plan assets for the Extended Health and Dental Care defined benefit plans are \$77 (2006 - \$77) and \$489 (2006 - \$414) respectively. The net position of the plans of \$412 (2006 - \$337) is recorded in accounts receivable in the University's statement of financial position. The change in the net position of \$75 (2006 - \$91) is recorded as a reduction to expenses in the University's statement of operations. Employer premiums paid to Alberta Blue Cross of \$1,752 (2006 - \$1,421) are recorded as an expense in the University's statement of operations.

Note 21 Salary and Benefits Disclosure

	2007				Number of Individuals	2006	
	Base Salary <sup>(1)</sup>	Cash Benefits <sup>(2)</sup>	Non-cash Benefits <sup>(3)</sup>	Totals		Totals	Number of Individuals
<b>Governing Council</b>							
Chair of Governing Council	\$ -	\$ -	\$ -	\$ -	1	\$ -	1
Governing Council members	-	-	-	-	15	-	15
<b>Executive Officers</b>							
President	253	24	49	326	1	306	1
<b>Vice-Presidents</b>							
Academic	187	9	31	227	1	188	1
Advancement (5 mths)	98	6	18	122	1	-	-
Finance & Administration	174	13	28	215	1	202	1
<b>Executive Director</b>							
External Relations (7 mths)	56	-	12	68	1	133	1
Chief Information Officer	146	10	28	184	1	156	1
<b>Associate Vice-Presidents</b>							
Academic	139	-	27	166	1	142	1
Research	146	-	28	174	1	163	1
<b>Increase in Administrative Leave Plan accruals<sup>(4)</sup></b>							
President				53		40	
<b>Vice Presidents</b>							
Academic				28		40	
Advancement				23		-	
Finance & Administration				44		37	
<b>Executive Director</b>							
External Relations				(19)		19	
Chief Information Officer				45		28	
<b>Associate Vice-Presidents</b>							
Academic				31		26	
Research				-		-	

(1) Base salary is pensionable and includes pay for vacation time taken.

(2) Cash benefits include lump sum payments and any other direct cash remuneration that are non-pensionable.

(3) Non-cash benefits include the employer's share of all employee benefits and contribution payments made on behalf of employees for pension, health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. In addition, non-cash benefits include tuition paid on behalf of employees.

(4) Administrative Leave Plan accrual amounts include the current service cost, the related net actuarial gains or losses, and adjustments for past service accrued at current salary rates.

Note 22 Comparative Figures

Certain 2006 figures have been reclassified to conform to the presentation adopted in the 2007 financial statements.



# APPENDIX B

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## **Strategic Goals 2007-2011**

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## Strategic Goals

**1. Ensuring excellence in learning:** to continue to focus on the delivery of high quality open and distance education through a wide range of programs and courses

- to continue to strengthen the quality, accessibility and responsiveness of undergraduate and graduate courses and programs
- to ensure that quality is enhanced and access is not compromised as more course materials and learning activities move online
- to continue to offer a high quality student experience
- to continue to develop a digital and resource library that will meet the needs of students and researchers

**2. Enhancing open access:** To increase participation rates at Athabasca University and ensure that the university is accessible to students from diverse regions and backgrounds

- to recruit a diverse and wide-ranging group of undergraduate students from all sectors, all provinces and internationally to major programs
- to recruit graduate students from diverse regions and backgrounds from all sectors, all provinces and internationally to major graduate programs
- to increase opportunities for access to university-level education for students from northern, rural, minority, Aboriginal and under-represented communities across Canada
- to continue to be a major contributor to Campus Alberta, to build strong alliances with other post-secondary institutions and to increase availability of university-level education provincially, nationally and internationally
- to develop a more co-ordinated approach to addressing learner needs, improving student success and providing support for students
- to improve financial support for students to reduce financial barriers to post-secondary education
- to ensure retention of students by providing dynamic services that meet their needs

**3. Focusing on excellence in research:** to foster and expand research and scholarship at Athabasca University

- to continue and increase support for student and staff excellence in research and scholarship
- to enhance the university's international reputation in open and distance learning scholarship
- to expand the research culture throughout the university environment
- to promote and expand the transfer of research knowledge for the benefit of society
- to provide the widest possible access to the research created by Athabasca University researchers
- to increase research partnerships and collaborations with other internationally recognized research institutions

- to develop a clear funding strategy to seek and allocate research funding

**4. Building communities:** to promote collaboration and foster leadership in the communities we serve

- to raise the profile of Athabasca University as Canada's Open University provincially, nationally and internationally
- to employ the university's resources in the community to develop initiatives and collaborative partnerships
- to foster vital alliances with business and industry to advance mutually beneficial educational goals for employment

**5. Recruiting and retaining excellent people:** to recruit and retain the very best staff for our university

- to create an environment that supports the university's teaching and research priorities, increases recruitment and retention activities and ensures leadership succession
- to provide appropriate recognition and support of staff for their role in fulfilling the university's teaching and research mandate
- to improve collaboration and foster open dialogue, interpersonal networking and communication throughout the university
- to strengthen the university's governance structures

**6. Allocating resources:** to secure and steward the resources necessary for Athabasca University and its staff and students to achieve their potential

- to align institutional planning and refine mechanisms to assess the effectiveness of university planning, resource allocation and the institutional renewal process
- to increase existing and identify new sources of funds to support research, teaching and service

*Summarized from Athabasca University Strategic University Plan 2006 – 2011  
Approved June 23, 2006*

// I want to make a difference in the world. I've spent the past five years working with the United Nations in landmine affected areas of Sri Lanka and Albania. I'm now preparing for my next challenge and Athabasca University is helping me get there. //

Melanie Reimer  
Victoria, British Columbia



**SUCC**



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**“As a military nurse practitioner, I can be tasked away from my home base on short notice. The AU program was portable and travelled with me. There was great comfort in knowing that my academic studies could follow me nationally or internationally so that my program would not be disrupted.”**

**Major Lee-Ann Quinn, MN**

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