

excellence

openness

flexibility

innovation



Athabasca University   
ANNUAL REPORT 2007-08



Front cover photo: Dipan  
a master's student at AU

Athabasca University 

## ANNUAL REPORT

to Alberta Advanced Education and Technology

For the Year Ended March 31, 2008



AU student Samuel



AU student Carlie



AU - Athabasca



AU student Holly



AU student Jason



AU student Sarah

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# Athabasca University Governing Council

AS OF MARCH 31, 2008

## APPOINTED PUBLIC MEMBERS

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

## EXECUTIVE OFFICER

Frits Pannekoek,  
President

## ALUMNI MEMBER

Timothy Nerenz

## STUDENT MEMBERS

Karl Low, President,  
Athabasca University  
Student Union  
  
Sarah Kertcher,  
Vice-President (Finance  
and Administration)  
Athabasca University  
Student Union

## TUTOR MEMBER

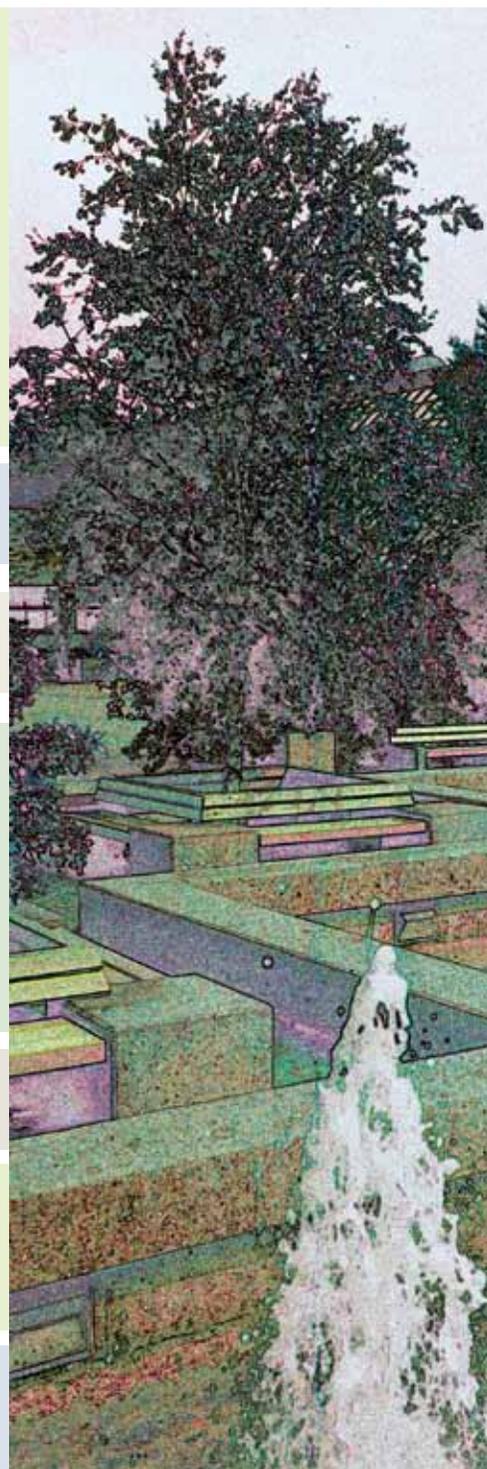
Judi Malone

## ACADEMIC STAFF MEMBERS

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

## NONACADEMIC STAFF MEMBER

vacant



# Statement of Accountability

Athabasca University's Annual Report for the year ended March 31, 2008, was prepared under the direction of Athabasca University Governing Council in accordance with the *Government Accountability Act*, the *Post-Secondary Learning Act* and all associated ministerial guidelines. 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

January 9, 2009



## 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<sup>1</sup>

<sup>1</sup> A revised mandate is under review by Alberta Advanced Education and Technology.

# A Building Year



Dr. Frits Pannekoek and Joy Romero  
Convocation 2008

As outlined in the report that follows, Athabasca University has once again, in 2007-08, advanced its mission of achieving excellence in teaching, research, scholarship and community service. Though outstanding achievements have occurred on the individual and unit level, on the institutional level, advances achieved during this year have largely occurred behind the scenes, laying the groundwork for larger scale accomplishments to come.

As always, AU is dedicated to the removal of barriers that restrict access to and success in university-level study and to increasing equality of educational opportunity for lifelong learners everywhere. We continue to work hard to ensure the success of current and future students through maintaining our focus on the four key principles (excellence, openness, flexibility and innovation) that underlie all of our activities:

- Excellence** We are dedicated achieving the highest standards in teaching, research, scholarship and student service.
- Openness** We remain committed to our mission of guaranteeing access to post-secondary learning to all who have the ability and desire.
- Flexibility** Our flexible learning model adapts to learner needs, putting students in the driver's seat.
- Innovation** We continue to adopt and develop new, learner-centred learning models and technology-based alternatives to traditional, classroom-based instructional channels and contexts.

For nearly four decades, AU has consistently focused on providing access to quality post-secondary learning through the use of technology and other nontraditional means. As we approach our fortieth anniversary, we look forward to completing several new major initiatives geared to further enhancing access to post-secondary learning opportunities for Albertans in all parts of the province and at all stages of their adult lives.

*Original signed by Joy Romero*

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

*Original signed by Frits Pannekoek*

Frits Pannekoek, PhD  
President  
Athabasca University

# Operational Overview

## MAJOR ACCOMPLISHMENTS

During 2007-08, Athabasca University continued its efforts toward realizing the goals set out in the Strategic University Plan 2006-11 and has experienced another productive year. AU continues to maintain its standing as one of the world's foremost university-level distance education specialists, now serving 37,615 students worldwide.

### Academic and Research Centre

A \$30-million contribution from the Government of Alberta allowed AU to proceed with plans to build an Academic and Research Centre on its Athabasca campus. When completed, the new building will provide capacity for up to 15,000 more distance learning course registrations per year, the equivalent of about 1,500 additional full-time students. In announcing the grant, Premier Ed Stelmach described the investment as “another big step forward for Alberta’s knowledge based economy.” The new centre will increase work space at the main campus by almost 50 per cent and will house the supports and services necessary to enable e-learning and distance students to excel.



Architectural rendering,  
Academic and Research Centre

## Learning Communities

Over the past year, AU has engaged in a multi-stakeholder initiative in northern and rural Alberta to explore ways in which communities can cultivate knowledge and education as a tool for lifelong learning. In keeping with the university's mandate, this initiative, the Learning Communities Project, has challenged the one-size-fits-all model for advancing education and learning opportunities, particularly in rural and Aboriginal communities, and has begun to explore other avenues to educational attainment. The Learning Communities Project is rooted in the following principles:

- Barriers that restrict access to and success in post-secondary education must be removed.
- Lifelong learning is an important contributor to personal growth and career advancement, factors which provide a high quality of life and economic participation.
- Everyone who wants to learn and grow should have the opportunity to do so, regardless of his or her location and family, work or financial situation.
- Learners should be able to build on the education and experience they have acquired.
- Residents of rural, remote and isolated communities should have access to learning opportunities equivalent to those of people living in urban centres.
- Availability of educational opportunities is essential to community well-being and development.

The primary goal of the LCP is to create post-secondary learning opportunities for people living and working in rural and remote communities, including single-resource work camps, by providing educational services that respond to local interests and build on existing educational preparation and professional or life experience. Recognizing education as a key economic driver in rural communities, the project aims

- to identify and understand barriers to learning in such communities
- to identify and test means of reducing barriers to learning (e.g., collaborative opportunities with private and public sector organizations and agencies within these communities, mentorship programs, technology applications, awareness of options)
- to develop, through collaborative partnerships with other educational institutions, a sustainable community-based learning network, one that will provide meaningful, post-secondary educational opportunities to residents of rural communities
- through education and research, to engage members of rural and remote communities in finding solutions to local problems, including the exodus of young people from rural communities
- to spur community development through citizen engagement
- to encourage use of Alberta's technological infrastructure, particularly the SuperNet, in furthering educational achievement and in advancing community development

Phase 1 of the project, nearing completion, focused on a pilot project at a remote, 10,000 worker oil sands development 70 km north of Fort McMurray and on identifying rural and Aboriginal communities throughout the province which will become the focus of research and development work in Phase 2.

## Research Partnership

AU has partnered with Xerox Canada to develop a research program focused on advancing mobile learning and e-learning for students living in remote or rural areas of Canada. The research is focusing on ways to use small, portable devices such as MP3 players and PDAs to deliver course and instructional material. As part of the project, Xerox will also fund research for mobile and e-learning applications for elementary and secondary school students participating in the Northern Alberta Rural Education Research Project, which aims to help rural school districts that, because of declining enrolment and small, decentralized schools, are having trouble supporting a traditional educational model.

## Enrolment Management Committee

In keeping with its mandate to eliminate barriers to higher education, AU has established an Enrolment Management Committee including representatives of all academic and administrative units that interact directly with applicants and students to ensure that all aspects of AU's enrolment system are personally supportive and institutionally effective in attracting students and retaining them to course and program completion. The committee is co-chaired by the vice-president (academic) and the vice-president (advancement).

The committee began its work by seeking input from across the university through three separate channels: by engaging in direct consultation with front-line staff, by soliciting ideas through an e-mail alias and by monitoring student feedback from the website and AskAU. Through the many comments and suggestions received, committee members gained a greater insight into some of the enrolment and retention related opportunities and challenges facing the university and formulated a plan to act on that understanding.

The committee is now working at two levels to resolve immediate problems that have been identified and to develop longer term plans for enhancing the planning and co-ordination of services, resources and activities to meet AU's enrolment targets.

## Moodle Conversion Project

AU continues a project, started in 2006, to enhance its courses for online delivery through the Moodle learning management system. As of March 2008, 94 undergraduate and 106 graduate courses were successfully converted to Moodle. During the conversion process, the course content is optimized for online delivery and instructional designers work closely with faculty members to ensure that course materials achieve the right balance between technology and pedagogy. All courses in some programs, including Integrated Studies, Nursing and Health Studies, have now been converted to Moodle.

Projects are now underway to integrate Moodle with other core institutional information technology systems including Alfresco, AU's content management system, and the student web portal, MyAU. Integration with Alfresco will result in improved course development workflows and the development of a framework for a broader course and knowledge management strategy. Students can already access course materials through MyAU, but its integration with Moodle will provide them, as well as their professors and tutors, with enhanced access to all courses and course-related activities, greatly improving course management and service to students.

## The Write Site

Furthering its goal of providing world-class learner support, AU enhanced and expanded services at the Write Site during the past year. The Write Site's mission is to develop independent writers in all genres of academic writing and to encourage and support good student writing across the university. Good student writing involves not only correct and effective language usage in adapting to audience and purpose, but also sound application of critical thinking and research skills and appropriate use of style and documentation. Write Site services include writing assessment, writing coaching, administration of language competency tests and the development and maintenance of online writing support resources.

During 2007-08, the Write Site

- developed and launched a system for synchronous writing coaching to give students a less cumbersome alternative to e-mail coaching. Through this system, students meet with a coach in real time via Elluminate and do guided editing of their own papers. This approach is based on research which suggests that interaction with a coach is key to developing good writing skills.
- developed and launched the Practical English Teacher (PET), a set of online, self-learning tools for English grammar. A set of companion exercises, designed for ESL students, has also been developed and is ready to be launched.
- redesigned and launched the ELA (English Language Assessment), a computer-marked grammar and writing assessment. Anyone, whether an AU student or not, can take the test online and receive advice on which of four levels of AU writing courses best match their skill level. Some instructors have begun using the ELA as a preliminary writing assessment tool.
- laid the groundwork for developing ELA-Plus, a test that will include a person-marked writing sample, offering students a more in-depth assessment of their writing.
- began a reorganization of Write Site on-line resources, with a view to making them more accessible and useful to AU students and more specific to their needs.

During the year, 597 students received writing support services through the Write Site. Results of a student survey on Write Site services showed that students find the services both helpful and important to their academic careers.

## First Doctoral Students

Applications for admission to AU's first doctoral program, a Doctor of Education in distance education, closed in February 2008. Thirteen candidates for the degree were admitted to the inaugural class with classes scheduled to begin in September 2008.

## International Leadership

In February 2008, AU president, Dr. Frits Pannekoek was elected president of the International Council for Open and Distance Education (ICDE). Founded in 1938, the ICDE is a UNESCO affiliated non-governmental organization for open and distance education, hosted and supported by its members and the government of

Norway. It provides a global network for institutions involved in online, distance and flexible education. Since the 1960s, the ICDE has been working with the UNESCO on distance learning projects in both less developed and highly developed countries.

### Learning Link

A physical AU presence was established on the University of Alberta campus this year. The new Learning Link, which facilitates dialogue with colleagues on subjects such as providing support for visiting students, is part of an ongoing strategy to strengthen AU's relationships with other universities and colleges in the province.

### Community Service Rewarded

Alvin Finkel, a professor of history in AU's Centre for State and Legal Studies, was one of two winners of the Confederation of Alberta Faculty Associations' 2007 Distinguished Academic Award. The award recognizes faculty members who, through their research or other scholarly, creative or professional activities, have made an outstanding contribution to the wider community beyond the university. CAFA recognized Finkel for his exceptional contributions to the community during his long and distinguished career as a scholar and teacher of Canadian history. In announcing his award, the confederation drew particular attention to his tireless efforts "to give back to ordinary Canadians their own history."

Finkel, a founder of the Alberta Labour History Institute, has edited multi-disciplinary journals such as *Labour/Le Travail* and *Prairie Forum*, for both academic and general audiences. His 2005 work *Social Policy and Practice in Canada: A History* traces the development of social policy in Canada. He also co-authored, with Margaret Conrad, the two-volume *History of the Canadian Peoples*, now in its third edition, and *Canada: A National History*, a re-examination of the history of ordinary Canadians within the political context of Canada.

### A Top Alberta Workplace

AU was selected as one of Alberta's top 35 employers for 2008 in a competition organized by Mediacorp Canada Inc., publishers of *Canada's Top 100 Employers*. The annual regional competition, conducted in partnership with Alberta's two largest newspapers, the *Calgary Herald* and the *Edmonton Journal*, recognizes, Mediacorp says, "the Alberta employers that lead their industries in offering exceptional places to work."

### Studies in Aboriginal Law

Dr. Tracey Lindberg, an associate professor in AU's Centre for World Indigenous Knowledge and Research, received a PhD in law from the University of Ottawa, becoming the first Aboriginal woman to earn a doctorate in law from a Canadian university. Lindberg also received the Governor General's Gold Medal in the humanities, and the 2008 Distinguished Dissertation Award (in the fine arts, humanities and social sciences category) for her dissertation, *Critical Indigenous Legal Theory*. The latter award, given by the Canadian Association for Graduate Studies in collaboration with University Microfilms International, recognizes doctoral students whose dissertations make an original contribution to their academic discipline.

## Digitization

The AU Library has engaged in a number of digitization projects over the past year, some co-ordinated by Library Services and some by AU Press. Digitization projects included work on materials from the following collections:

- Karvonen Digital Collection (387 images, 32 audio, eight video)
- Alberta Women's Institutes (1,160 records)
- Joint Arctic Weather Stations (1,200 images)
- Boyle History Book Collection (34 images, 34 audio)
- Thomas A. Edge Archives and Special Collections (236 images)

The AU Library is also developing a Canadian Film Library and continues to develop additional digitization projects and initiatives. AU Press anticipates further developments in podcasting and deployment of open access scholarly materials.

## Enhanced Internal Communication

AU's prize winning undergraduate student portal, MyAU, was expanded to meet the communication needs of graduate students and faculty and staff members. The enhanced student version of the portal has a built-in intelligence that can determine the program status of the student logging in and display customized content tailored to that student's needs. The new staff version of the portal replaces the university's former Intranet site to become employees' primary point of access for internal web-based services, systems and information.

## Partnership with Government

AU remains 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. In a time of significant new investments in the province's post-secondary system, AU looks forward to continuing to work with government and others to secure the funding needed to meet the goals of the Strategic University Plan 2006-11 and to advance the university's mission.

## PROGRAMS

AU 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.

As of March 2008, AU offered 748 courses in more than 90 undergraduate and graduate degree, diploma and certificate programs. The university focuses on providing flexibility of access and effective student support.

## Graduate Programs

AU offers the following nine graduate degrees as well as a number of related graduate diplomas and certificates:

- Doctor of Education in Distance Education
- Master of Arts – Integrated Studies
- Master of Business Administration
- Master of Business Administration in Project Management
- Master of Counselling
- Master of Distance Education
- Master of Health Studies
- Master of Nursing
- Master of Science – Information Systems

Enrolment in the graduate degree programs has grown from 3,060 in 2006-07 to 3,261 in 2007-08, an increase of 6.6 per cent.

## Undergraduate Programs

In addition to over 20 undergraduate certificate and diploma programs, AU 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 financial services)
- Bachelor of General Studies (in arts and science or applied studies)
- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, 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 highest percentage increases in undergraduate course registration during the 2007-08 year were in nursing, human resources and labour relations, and management programs. The following table shows course registration statistics for AU's 10 highest enrolment undergraduate degree programs:

	2005-06	2006-07	2007-08
Bachelor of Arts (4-Year)	2,281	2,413	2,443
Bachelor of Nursing	2,243	2,122	2,263
Bachelor of Commerce	1,566	1,760	1,709
Bachelor of Professional Arts	1,562	1,614	1,635
Bachelor of Management (3-Year)	888	1,210	1,494
Bachelor of Arts (3-Year)	980	1,092	1,204
Bachelor of Nursing (LPN)	400	527	872
Bachelor of Administration (Program closed December 2004)	1,571	1,251	786
Bachelor of General Studies	720	754	781
Bachelor of Science	586	593	675

In total, course registration by students in undergraduate degree programs grew by five per cent to 15,619.

## COLLABORATIONS

The diversity of Alberta's educational institutions provides learners with flexibility of choice, and AU provides a particularly strong role in guaranteeing that flexibility. Because of its open admission policies, its flexible learning methods and its long-standing practice of working collaboratively with other institutions, AU continues to play a vital role in the province's post-secondary learning system.

### Visiting University Students

Students registered in other Alberta post-secondary institutions make extensive use of AU's courses and educational services to help them complete their degrees. This accessibility accounts for a large percentage of students enrolled at the university: 29.5 per cent of AU undergraduates are visiting from other Alberta post-secondary institutions. For example, in the past year, 2,690 students from the University of Alberta and the University of Calgary took AU courses for degree completion.

### College Graduates

To create pathways to degree completion for students who hold college diplomas, AU has entered into over 350 agreements and partnerships with colleges and technical institutes in Alberta, across Canada and abroad. Last year, for example, 2,016 Alberta college graduates were enrolled in AU degree completion programs.

### Aboriginal and Rural Communities

The university also has long-standing collaborative arrangements for providing post-secondary learning in Aboriginal and rural communities and is a founding member of Alberta-North, a partnership of seven post-secondary institutions bringing courses and programs to students in northern Alberta, Nunavut, the Yukon and the Northwest Territories. AU collaborates with Tribal Councils and other post-secondary institutions throughout Alberta (e.g., Yellowhead Tribal College, Blue Quills College, Red Crow College, Lakeland College) to deliver quality educational opportunities to students outside the urban centres.

## Partnerships

AU is a founding member of Canadian Virtual University, a consortium of 11 Canadian universities with an interest in e-learning. It also maintains formal collaborative ties with a number of major employers and professional associations. Through its partnership with Alberta-North, it helps to provide facilities, learning technologies and support services at over 80 online Industry Canada Community Access Program (CAP) sites, where students can receive courses and programs offered by many different post-secondary institutions.

AU administrators and faculty and staff members engage in discussions with colleagues at other Alberta post-secondary institutions, particularly provincial colleges, as part of their ongoing collaborative work. Through a series of long established relationships, AU already offers its courses through grouped study at a variety of partner institutions. In addition to offering courses, AU has liaison staff on site at Medicine Hat College, Mount Royal College, Grande Prairie Regional College and Lethbridge Community College and another staff member working with four central Alberta institutions. These liaison offices provide opportunities for dialogue and relationship building.

Forging new partnership opportunities, particularly with corporate Canada, is a major focus of the university's current business plan. As mentioned above, AU entered into a research partnership with Xerox Canada during 2007-08.

## FACILITIES

AU 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 Edmonton, St. Albert and Calgary.

Design of the Academic and Research Centre building on the main campus in Athabasca has been completed. When constructed, this building will provide space and services for the academic, research and educational media development centres of the university. This new facility, being constructed at a total estimated facility capital cost of \$30 million (2008 dollars) over two years, will enhance and support increased collaboration and synergies between researchers and academics. Occupancy is now planned for 2010.

## STAFFING

In the 12-year period from 1995 through 2007, AU experienced a 261 per cent cumulative enrolment growth (FLEs), an average yearly growth of 11.3 per cent. In response, AU'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 growth in full-time staff in 2006-07 and 2007-08 is due to the academic positions allocated in those budget year. The following table presents a comparison of staffing complements (FTE) for the past three years:

	2005-06	2006-07	2007-08
Academic, full-time	123	152	169
Academic, part-time	120	168	123
Professional	155	187	228
Management and executive	21	23	26
Support and temporary	272	297	325
Casual	65	77	79
Tutors	332	322	361
<b>Total</b>	<b>1,088</b>	<b>1,226</b>	<b>1,311</b>

Employees work on the four university campuses and in alternative offices throughout Alberta.

## ENVIRONMENTAL FACTORS AFFECTING PERFORMANCE

### Base Funding

AU's core operations result in cost structures which are different from those of conventional universities, and these differences need to be recognized in the post-secondary funding framework. AU's unique delivery model has, over time, resulted in a structural inequity in government grant funding, an inequity which has been both hidden and exacerbated by AU's double digit annual growth over the past decade.

Base operating funding is a significant new issue that has surfaced this year with the moderating of that exponential annual enrolment growth. AU is no longer able to offset operating shortfalls with revenue generated by extraordinary growth. Without an infusion of funds to both capital and operating budgets, the university will find it increasingly difficult to meet its mandate and to satisfy student expectations for a leading edge technological environment.

Careful analysis reveals that AU requires a minimum of \$15 million per year to cover unfunded indirect costs. Without this infusion of funds, AU will find it difficult, if not impossible, to carry out its mandate under the Post-Secondary Learning Act. Even with the additional funding, AU will remain the lowest cost model in Alberta. Discussions with the Ministry began in the last quarter of the year.

### Funding for Information Technology

Of the challenges facing AU this year as it seeks to transform itself from a leader in distance education to a leader in online learning, none is more significant than the need to keep abreast of developments in information and communication technology. Globally competitive educational institutions are developing rapidly and are investing in the sophisticated technology needed to provide ever improving learning and student service

environments. This global competition continues to represent a very real and imminent threat as Web 2.0 technology allows education providers to offer learners anywhere a high quality education at a competitive price. AU's reputation is formed within this global marketplace, and the quality of its offerings is judged on a global scale. AU must act to retain its competitive position and preserve its standing as a leader in online learning.

Students, particularly those of the net generation, and employers are demanding up-to-date technology, including social networking and other tools, and AU has the research and pedagogical expertise to provide them but lacks the resources to do so in many programs. Residential institutions offering distance education courses do not have to maintain a full distance education curriculum, high levels of specialized student services or flexible entry points. Meeting these requirements is what makes AU unique and also what allows it to make a difference. Unlike those of bricks and mortar universities, AU's funding requirements centre on its need to increase its investment in information technology: its capital.

The investments that AU makes to sustain the capital value of its courses and delivery systems falls outside the traditional funding categories. Last year, the Government of Alberta agreed that AU's technology needs were capital, but additional funding directed to supporting the university's technological needs has not yet been received. A revised funding formula must recognize that AU's technological infrastructure is as integral to the learning environment of distance education students as the laboratories and classrooms of campus-based institutions are to those of conventional students. Satisfying this need is the university's top capital priority, and over the past year, AU continued to work with the ministry to find a solution.

The key to long-term success is investment in the university's ICT infrastructure. A comprehensive vision of such an infrastructure for the future (See The Open Learning Environment, page 19) and a detailed Information Technology Business Plan, calling for an investment of \$90 million over 10 years, were developed and submitted to government during the past year. In developing these plans, AU's fundamental objectives were to create an investment strategy that provides the university with a long-term solution to its ICT needs, one which builds upon and enhances the institution's values and strengths, and to develop a methodology through which to achieve it.

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

Like other Canadian universities, AU is finding it increasingly difficult to recruit highly skilled employees. Of 320 employment competitions held in the past year, 35 closed without success. In the context of growing enrolment and an expanded curriculum, this issue represents a significant challenge. An increasingly limited pool of doctoral-level candidates is available to fill faculty positions and this pool is likely to be further diminished as many qualified scholars retire over the coming decade.

### **Distance Education Environment**

In response to the demands of students requiring flexible learning environments, provincial governments across the country are beginning to fund distance education programs. The results, in many cases, have included aggressive marketing strategies that extend well beyond provincial borders. While AU continues to be Canada's largest distance education university, an increasingly competitive environment suggests the advent of a future in which it must focus on clear distinctions in its online programs. To remain competitive, AU has, over the past year, added distance and online courses and programs, strengthened its student support systems and maintained its existing fee structure.

## SIGNIFICANT CHANGES

### New Programs

AU continues to develop new programs in response to the demonstrated educational needs of Albertans. This growth in the curriculum is expected to continue.

The following new programs were approved by Advanced Education and Technology during the past year:

- Graduate Diploma: heritage resources management
- Graduate Diploma: legislative drafting
- Graduate Diploma: instructional design
- Graduate Certificate: instructional design
- University Certificate: heritage resources management
- University Certificate: financial services

In addition, four additional streams of study were approved for the Master of Arts – Integrated Studies degree program: equity studies, Canadian studies, historical studies and information studies. The four streams are in various stages of development, and all are expected to open during the 2008-09 fiscal year.

Four new programs began operations during the past year:

- Graduate Diploma: heritage resources management
- Graduate Diploma: instructional design
- Graduate Certificate: instructional design
- University Certificate: heritage resources management

### The Open Learning Environment

The ICT planning process referred to above culminated, in 2007-08, in the vision of the Open Learning Environment (OLE), an innovative online post-secondary system in which cutting-edge technologies integrate with advanced pedagogical practice to form a supportive, student-centred, learning environment. The OLE vision encompasses all aspects of the student's relationship with the university, from initial advising to lifelong learning and knowledge creation.

The development of the OLE, set in motion during this year, will embody AU's excellence in distance education and student service, enhanced through the use of ICT to establish a new standard in post-secondary education. Through its development, AU will unite the capabilities of information technology with pedagogical excellence to develop a unique and compelling learning experience, one that will provide Alberta students with individualized access to world-class programs and courses through a virtual campus that will rival and often surpass the learning experiences available on physical campuses.

The articulated 2020 vision for AU's OLE is no small undertaking, and its realization will require the resources of all AU stakeholders. To achieve this vision, the university has created pathways to the adoption and use of technology over the next 10 years. Leading with learning and research and complemented by student service and computing infrastructure, AU will be transformed by the unparalleled opportunities of information and communication technologies.

## FINANCIAL HIGHLIGHTS

### Financial Position

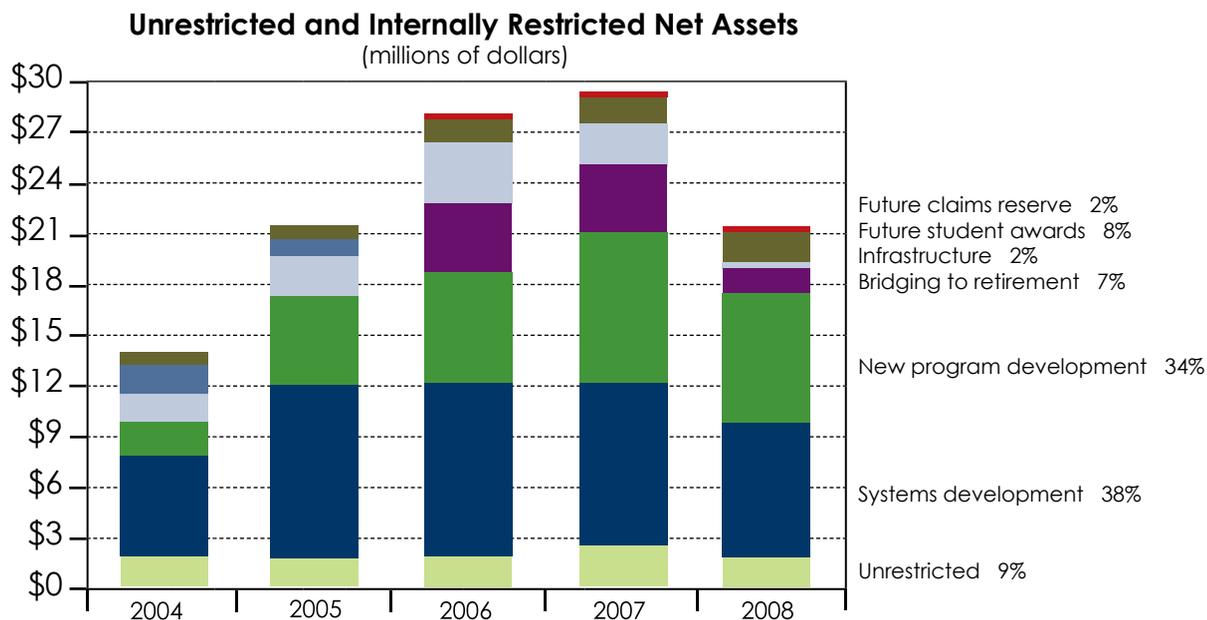
AU's total cash and short-term investments and non-current investments increased by \$25 million (50 per cent) to \$75 million in 2008. This increase results from a \$30 million Government of Alberta capital grant for construction of the new Academic and Research Centre, offset by a draw on reserves of \$4.6 million.

At March 31, 2008, investments totaling \$68 million were held by the university's external fund manager; \$10.5 million (15 per cent) of these funds were invested in equities.

The university acquired \$5.5 million in capital assets during the year. This included a \$1.2 million investment in leasehold improvements for properties in Edmonton, Calgary and Athabasca, and a \$2.7 million investment in technology for computer hardware and software. Amortization of \$3.6 million for capital assets offset the increase from acquisitions, resulting in a very small year-over-year change in capital assets of \$1.8 million. Over the next several years the university plans to invest significantly in new buildings and technology, beginning in 2008 with the construction of the Academic and Research Centre in Athabasca.

The university's net asset position decreased by \$4.6 million, from \$39.4 million to \$34.8 million, primarily because of strategic investments.

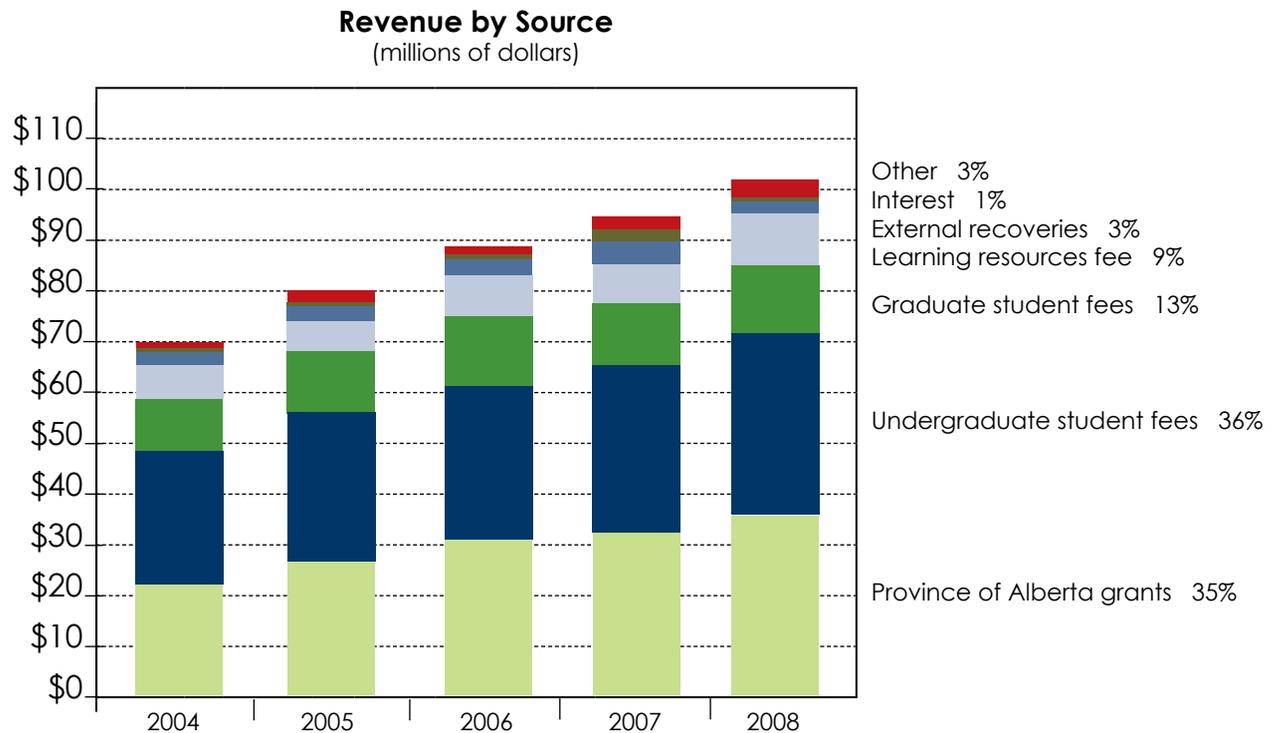
To ensure that the university continues to grow and remain competitive, Governing Council has appropriated net assets for strategic investments. Over the past several years, the university has generated surpluses that have enabled it to set aside funds for future investment in academic programs, technological development, infrastructure maintenance and building capacity. The 2008 year end balance in unrestricted and internally restricted net assets is \$ 21.5 million.



## Financial Operations

The 2008 fiscal year ended with planned expenses exceeding revenue by \$4.6 million, compared to \$1.4 million excess of revenue over expense in 2007.

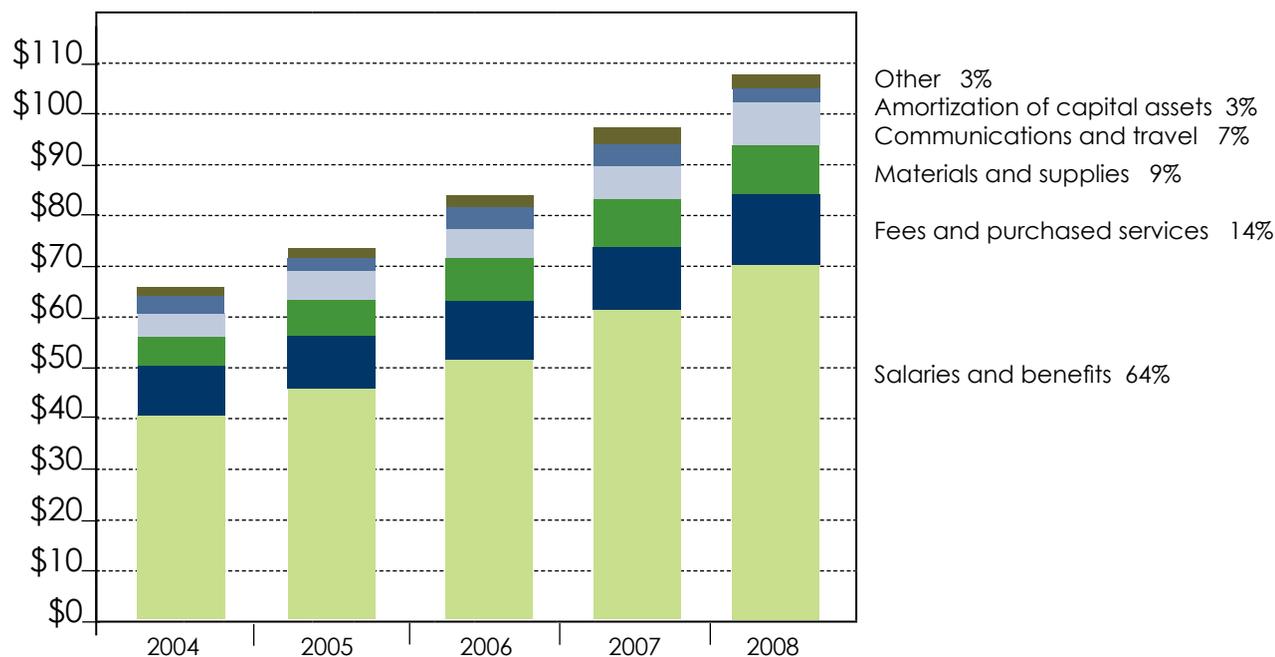
Revenue grew by \$6 million (six per cent) to \$101 million. However, these increases were offset by a decrease in investment income, a product of extreme volatility in investment markets.



Expenses grew by \$12 million (13 per cent) to \$106 million. This change is primarily due to an increase in salaries and benefits, the university's largest expense, and is a product of moderate growth in the number of employees combined with negotiated wage adjustments. The proportion of each non-salary expense to total expense has remained fairly constant over the years.

### Expense by Type

(millions of dollars)



### Actual Compared to Budget Variance

The university's approved budget included planned draws from reserves of \$6.8 million for the 2008 fiscal year. By the end of the year, underspending in several areas reduced the draw from reserves by \$2.2 million to \$4.6 million.

	Year End Actual	Annual Budget	Variance
Total revenue	\$ 101,393,000	\$ 109,325,000	(\$ 7,932,000)
Total expense	106,028,000	116,123,000	\$ 10,095,000
Surplus (deficit)	\$ ( 4,635,000)	\$ (6,798,000)	\$ 2,163,000

## MAJOR OPERATING AND CAPITAL INITIATIVES

### Curriculum Development

Significant investments in the maintenance and enhancement of course quality remain a university priority. The emphasis is on course redesign including online implementation, Internet 2.0 and annual updates and on achieving a four-year revision cycle for course content. Program review and restructuring, course renumbering and website redevelopment are underway. New academic and professional positions have supported quality maintenance in academic units experiencing significant growth, including integrated studies, nursing, health studies, business and state and legal studies. The number of full-time faculty members increased by 11 per cent (from 152 to 169).

New program development has focused particularly on professional and graduate studies areas. AU sent four additional program proposals to Advanced Education and Technology in 2007-08:

- Graduate Diploma: architecture
- Bachelor of Science: architecture
- University Certificate: management foundations
- University Certificate: management applications (a name change request for the existing University Certificate: management)

In addition, as noted above, the Doctor of Education in distance education, AU's first doctoral program, opened for applications in January 2008 (September 1, 2008, program start date), the Graduate Diploma in legislative drafting program is scheduled to open April 1, 2008, and the proposed Doctor of Business Administration remains under review by the Campus Alberta Quality Council.

Additional programs, including an undergraduate program in environmental studies, were in the planning stages during the past year, and a consultant was engaged to explore a model and curriculum for a doctorate in nursing. One-time funds were also secured for feasibility studies of new program possibilities in the professions, such as in engineering, where distance education can help meet market needs and increase learning options. The university also continued, again in response to labour market need and student demand, to expand its collaborative and credit co-ordinating activities to fulfil its Campus Alberta mandate.

### Enhancing Access

One persistent barrier to university-level education is learners' lack of awareness of the opportunities and supports available to them. This past year, AU focused its attention on expanding its print publications, establishing a greater national online presence and extending its reach in Alberta through very directed marketing initiatives. Increases in web traffic, in the number of information requests received through AskAU and in the volume of calls to AU's Information Centre and student advising offices suggest that this increased marketing activity is working.

A critical continuing component of the university's marketing strategy is promotion of the student experience to groups that are under-represented in the post-secondary sector (e.g., lower income students, young men working in industry, immigrants, rural Albertans and Aboriginal Albertans). The Learning Communities Project described above is one significant manifestation of this effort to reach out to prospective students in under-served populations.

Over the past year, special attention has been given to partnership opportunities to improve access for learners from other post-secondary institutions, corporations and governments. AU has become the sole educational partner of the E-Learning for Business Coalition, a national consortium of large and small independent businesses and public sector services with the goal of providing a new private sector training regime for the country's small business community, and has appointed a senior recruitment co-ordinator with specific responsibility for the corporate and institutional sectors.

AU's geographic focus in 2007-08 was Alberta, Ontario and British Columbia, as well as international markets in India, Asia and Mexico. The emphasis in this international outreach is to assist students who have an interest in Alberta employment readiness.

To ensure that the university is proactive in addressing slower growth, an Enrolment Management Committee was established this year, as described above. The mandate of this committee is to develop and implement university-wide short-, medium- and long-term strategies for strengthening enrolment.

Fundraising is a core activity of all research-based universities. AU continues to investigate opportunities for a comprehensive campaign and has, over the last year, set the stage for raising a minimum of \$39.5 million over the next five to seven years. It expects some of these funds to be matched by Access to the Future Fund funds. The funds raised will be used to support scholarships, new program initiatives and new research directions. The university also intends to lever funds already matched by Access funds through foundation and other opportunities.

### Enhancing Student Services

Efforts are ongoing to enrich student services, specifically in the areas of orientation, articulations, counselling, collaborations and examinations and special services such as services to students with disabilities. Services available to students through the Write Site were greatly enhanced this year, as described above.

### Information and Communication Technology

As indicated above, AU has revised its 2006-10 Capital Plan to update short- and long-term capital priorities with a view to maintaining its leadership position in online and distance education and enhancing the educational services it provides. To achieve its mandate and support strategic growth, the university has continued to upgrade and expand its information and communication technology infrastructure using its own reserves. Realization of the planned Open Learning Environment described above would ensure AU's long-term standing as Canada's leader in open and distance learning. This undertaking will require government funding.

### Facilities

To meet the needs of its students and to accommodate its growing staff, AU must also expand its physical facilities in Athabasca and the Capital Region. In addition to the \$30 million fully funded Academic and Research Centre in Athabasca, which will begin construction in the coming year, AU has identified the following facilities priorities:

1. **Observatory building (2009):** A new optical auroral observatory is planned to replace an existing observatory that is depreciating and declining in usefulness because of increased traffic and industrialization in the Athabasca area. The new observatory, which will take advantage of the dark skies in the countryside near Athabasca, is integral to AU's science programs.
2. **Archives storage facility expansion (2009-10):** AU has identified the need for an archival storage facility, built to Canadian Conservation Institute (CCI) Category 'A' standards, to house existing and future archival material. This structure is also needed to obtain a cultural designation under the

federal *Cultural Property Import and Export Act*. Approved archival storage space is also required by municipalities in the Athabasca region.

3. **Science laboratory (2009-11):** The existing science laboratory is crowded and outdated. Substantial renovations, the first in 25 years, are planned, together with expansion of the laboratory from 335 m<sup>2</sup> to 735 m<sup>2</sup>.
4. **Greater Edmonton integrated facility (2009-12):** 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 AU Edmonton, now located in downtown Edmonton. The expected benefits of this project include administrative efficiencies in registration, financial and support processes, including support for AU employees working from alternative offices in the St. Albert and Edmonton areas.

The groundwork for this Greater Edmonton project was carried out in past year, laying the foundation for a successful project in years to come. Functional programming is planned for 2008. Approximately 7,400 m<sup>2</sup> of space will be needed to accommodate existing operations and new positions to support previous and projected growth.

5. **Main campus building second floor renovation (2011-12):** Following completion of the Academic and Research Centre in 2010, the second floor of the existing building on the Athabasca campus will require renovation and upgrading to meet the technological infrastructure and functional needs of relocating departments. This renovation will allow the university to repatriate departments that have been relocated to leased, off-campus facilities due to space shortages. Functional programming for this project will begin in the fall of 2008.
6. **Athabasca River Basin Research Institute (2012-14):** The Athabasca River Basin Research Institute will build on AU's strong relationships with the basin's diverse stakeholders, including local industries, post-secondary institutions, Aboriginal communities and non-governmental agencies, to serve as a point of co-ordination for stakeholder research and to develop an improved understanding of the natural context and human populations in the basin. At the early development stages of this research centre, the expectation is that the project will be funded equally by government, non-governmental organizations and the private sector.
7. **Main campus building major renovations (2013-15):** Following completion of the Academic and Research Centre in 2010, the existing main building on the Athabasca campus, constructed in the early 1980s, will require renovation to meet the needs of its new identity as the Athabasca University Learning Centre.
8. **Conference centre (2013-15):** In order to accommodate academic and research-oriented seminars, conferences and symposia, a conference centre is planned for AU's Athabasca campus. This building, to be closely integrated with the Athabasca River Basin Research Institute and the Technology Enhanced Learning Research Institute, will provide a venue for both university research and governance functions and high profile community and regional functions. As appropriate space for provincial, national and international functions and corporate retreats or meetings is not readily available in northern Alberta, this conference centre will be increasingly important to the economic growth of the Town of Athabasca and surrounding northern Alberta communities.

- 9. Trails and landscape enhancements (2014-15):** The Athabasca campus, landscaped using local vegetation and incorporating the 10-kilometre Muskeg Creek Trail System, was developed when the main building was constructed in the early 1980s. The landscaping and trails will require major upgrading due to natural deterioration and also to incorporate the new Academic and Research Centre and other planned developments. These upgraded trails will also provide enhanced recreational amenities to the residents of Athabasca and to tourists who visit the area. Interpretative panels along the trails will allow users to learn about the boreal forest and its ecosystem and the sustainable development features of the AU campus. A key aspect of this project is to improve access and to enhance safety in areas where hard surface deterioration exists, as the incidence of slip and fall accidents has been increasing.

## Outcomes and Performance Measures

### ACHIEVEMENT OF BUSINESS PLAN GOALS

The stated goals of the Business Plan 2007-11 were based on those of the Strategic University Plan 2006-11:

- ensuring quality in learning
- enhancing open access
- focusing on quality research
- building communities
- recruiting and retaining excellent employees
- allocating resources

In all cases, substantial progress, as outlined in the tables that follow, has been made toward achieving the established goals.

**Goal 1: to continue to focus on the delivery of high quality open and distance education through a wide range of programs and courses**

Strategic Objectives	Results (2007-08)
Continue to strengthen the quality, accessibility and responsiveness of undergraduate and graduate courses and programs.	<ul style="list-style-type: none"> <li>• Four new program proposals submitted to Advanced Education and Technology.</li> <li>• Program proposal templates revised and pilot started.</li> <li>• Background student and employer demand research undertaken for potential program development in environmental studies, law, education and engineering.</li> <li>• Program development in progress for B.Sc. and Graduate Diploma in architecture, Master of Science, Master of Arts in literary studies, equity studies concentration for the Master of Arts – Integrated Studies and Doctor of Nursing.</li> <li>• Doctor of Education in distance education MSCHE approved.</li> <li>• First cohort of students selected for Doctor of Education in distance education program.</li> <li>• First students admitted to Graduate Certificate in instructional design and Graduate Diploma in instructional design programs.</li> <li>• CIM curriculum changes, including new and revised courses and technology applications, approved and being implemented.</li> </ul>

Strategic Objectives	Results (2007-08)
	<ul style="list-style-type: none"> <li>• Post-RN BN regulations revised for implementation in September 2008.</li> <li>• Nurse Education Program Approval Board (NEPAB) review completed.</li> <li>• Centre for World Indigenous Knowledge and Research transitions program developed; new courses being developed.</li> <li>• AU Master of Counselling program implemented with modified program prerequisites and increased admission targets.</li> <li>• Course-based exit route introduced for Master of Counselling students.</li> <li>• Learning Services – Collaborations gathering feedback from partners to assist in future course and program development.</li> <li>• School of Business certificate and degree regulations aligned to promote student success.</li> <li>• Course closure data reviewed and strategies for monitoring course inventory developed.</li> <li>• Extension policy under review.</li> <li>• Graduate Program Procedures Manual developed and approved.</li> <li>• Dean of graduate studies position established.</li> <li>• International partnership policy under development.</li> </ul>
<p>Ensure that quality is enhanced and access is not compromised as more course materials and learning activities move online.</p>	<ul style="list-style-type: none"> <li>• Moodle Conversion Project: systems tested, areas highlighted for further development and improvement, migration completed for the Centre for Nursing and Health Studies, the Graduate Centre for Applied Psychology, and the Master of Distance Education program.</li> <li>• Online course development pilots initiated: Peer-to-Peer Interactions in the School of Business; Social Networking with ELGG in the School of Computing and Information Systems; and Communications Studies Lab in Arts and Science.</li> <li>• Mobile learning projects continuing.</li> <li>• Alfresco content management system selected and implemented.</li> <li>• Number of online databases and archival back-files (e-books and e-journals) increased.</li> <li>• Educational Media Development Operational Plan revised and piloted.</li> <li>• Educational Media Development reviewing student demographic data and feedback during course revision process.</li> <li>• Enhancement of online learning environment ongoing at CIM.</li> </ul>
<p>Continue to offer a quality student experience at Athabasca University.</p>	<ul style="list-style-type: none"> <li>• Consulted with all front-line staff on issues relating to student recruitment and retention.</li> <li>• Expanded contact management system (HEAT) for tracking issues, gathering data and reporting.</li> <li>• Developing single sign-on for services.</li> <li>• Student publications (print and electronic) reviewed and revised to ensure friendly, student-oriented communication (student orientation and course material packages).</li> <li>• Service training to Information Centre staff enhanced.</li> <li>• New university website under development.</li> <li>• Communicating AU news, successes and challenges through online student newsletter, <i>au.world</i>.</li> <li>• Centre for Distance Education program improvements made based on findings of research on graduates.</li> <li>• Database being developed to assist with student tracking in all Centre for Nursing and Health Studies programs and in identifying clinical placement needs in post-LPN BN program.</li> </ul>

Strategic Objectives	Results (2007-08)
	<ul style="list-style-type: none"> <li>• Developing services that take Indigenous students' backgrounds into account.</li> <li>• Successful transition from joint CAAP Master of Counselling to AU administered program.</li> <li>• Central Learning Services – Collaborations staff providing additional resources to colleges that do not have liaison officers.</li> <li>• Increased co-ordination of support for grouped study students and instructors.</li> </ul>

**Goal 2: to increase participation rates at AU and ensure accessibility for students from diverse regions and backgrounds**

Strategic Objectives	Results (2007-08)
<p>Recruit a diverse and wide-ranging group of undergraduate students from all sectors and provinces and abroad to major programs.</p>	<ul style="list-style-type: none"> <li>• Enrolment Management Committee established.</li> <li>• International partnerships policies under development.</li> <li>• Learning Communities Project initiated awareness and recruitment process for mobile workers in oil sands sector of northern Alberta.</li> <li>• Long-range marketing and recruitment plan being implemented, including revised recruitment materials for distribution to specific market segments.</li> <li>• International marketing plan under development (advertising with Canadian Education Council, participation in the Association of International Educators).</li> <li>• Recruitment plan for B.C. developed and being implemented.</li> <li>• Ontario recruitment plan under development.</li> <li>• Information sessions offered to prospective students in specific groups (e.g., Aboriginal, corporate, policing, military and government).</li> <li>• Recruitment activities being co-ordinated among Advancement and Learning Services units and academic centres.</li> <li>• Increased publicity across the country, particularly in Alberta, B.C. and Ontario.</li> <li>• Editorial board strategy developed for implementation in the winter of 2008.</li> <li>• Updates and marketing of articulation agreements ongoing.</li> <li>• Business model for study circles in B.C. colleges under discussion.</li> <li>• Proposal for top 25 courses to be included in BCCAMPUS approved.</li> <li>• Application for inclusion in B.C. transfer guide underway.</li> <li>• Proposal to implement a route to BN for internationally educated nurses submitted to government.</li> <li>• Examination restructuring, document imaging and workflow projects for the Office of the Registrar begun.</li> <li>• Student financial aid processing system under development.</li> </ul>
<p>Recruit a diverse and wide-ranging group of graduate students from all sectors, all provinces and abroad to major graduate programs.</p>	<ul style="list-style-type: none"> <li>• International marketing plan under development: advertising with Canadian Education Council.</li> <li>• Working on joint Ontario recruitment initiatives with three other Alberta universities.</li> <li>• Action plan for B.C. and Ontario recruitment developed and being implemented.</li> <li>• Marketing and recruitment plan, including revised materials for distribution to specific market segments, being implemented.</li> <li>• Increased publicity across the country particularly in Alberta, B.C. and Ontario.</li> <li>• Editorial board strategy developed for implementation in the winter of 2008.</li> </ul>

Strategic Objectives	Results (2007-08)
<p>Increase opportunities for access to university-level education for students from northern, rural, minority, Aboriginal and under-represented communities across Canada.</p>	<ul style="list-style-type: none"> <li>• Learning Communities Project continuing.</li> <li>• Continued participation in Alberta North and University of the Arctic.</li> <li>• Rural media strategy developed and being implemented.</li> <li>• Participation in Lois Hole Campus Alberta Digital Library and Canadian Knowledge Research Network continuing.</li> <li>• Contributed to two successful research bids for Alberta North. AU awarded funds to run a feasibility study for a research and development arm of Alberta North.</li> <li>• AU profile raised with consortia groups through Learning Services – Collaborations; AU posters now on display at consortia facilities (about 200 sites); new students recruited.</li> <li>• Restructured Master of Counselling degree requirements to reduce face-to-face instructional time and facilitate greater access for students outside of central Alberta.</li> <li>• Degree audit and program planning tools under review by the Office of the Registrar with a goal of providing better data links between academic advisors and the evaluation unit.</li> </ul>
<p>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.</p>	<ul style="list-style-type: none"> <li>• Working closely with implementation teams for the Alberta Post-Secondary Application System</li> <li>• Learning Communities Project collaborations.</li> <li>• Co-operating with E-campus Alberta; Learning Services – Collaborations contributing via consortia group attendance.</li> <li>• Playing a leadership role in the Alberta Association in Higher Education for Information Technology.</li> <li>• Continuing collaborations with and physical presence at other Alberta institutions.</li> <li>• The Centre for Integrated Management working with the University of Alberta on delivery of electives in energy management.</li> <li>• The Chief Information Officer, in conjunction with the Alberta Universities Association CIO's subcommittee, taking a lead role in the provincial application process.</li> </ul>
<p>Develop a more co-ordinated approach to addressing learner needs and improving student success and better supports for students in achieving their learning goals.</p>	<ul style="list-style-type: none"> <li>• Enrolment Management Committee established and review of front-line feedback continuing.</li> <li>• Contact management system (HEAT) expanded to the Information Centre and Learner Services.</li> <li>• Math Site operational.</li> <li>• Information literacy program established in library.</li> <li>• Educational Media Development systematically incorporating learner data (demographic and course evaluation) in course revisions and development.</li> <li>• Learning Services – Collaborations and Office of the Registrar providing additional training for on-site liaison officers. Increased co-ordination of student advising (recruitment and retention).</li> <li>• Business process reviews identified areas for improvement in the Office of the Registrar; changes being implemented.</li> <li>• Transfer credit and articulation system projects initiated; evaluations backlog improving.</li> </ul>

Strategic Objectives	Results (2007-08)
Improve financial support for students to reduce barriers to post-secondary education.	<ul style="list-style-type: none"> <li>• Number of student awards increased.</li> <li>• Scholarship and grant needs in each academic centre identified and potential donors and sources of funds being sought.</li> <li>• Scholarships for MBA students in not-for-profit organizations proposed; other scholarship possibilities under review.</li> <li>• Working to further increase scholarship opportunities for students.</li> <li>• Institutional awards policies revised; awards committee procedures under review.</li> </ul>
Provide a wide range of dynamic services that support the diverse needs of students.	<ul style="list-style-type: none"> <li>• Ongoing improvements to MyAU portal functionality.</li> <li>• Mobile learning applications being developed.</li> <li>• Revised English language assessment tool made available through the Write Site.</li> <li>• Approaches to course design supportive of learner preferences and choice included in pilot evaluation strategies.</li> <li>• Improved financial services: accounts receivable upgrade (Banner); APAS-AB provincial application processing; course renumbering; direct pay for students; credit card security; and online access to tuition accounts (Banner).</li> </ul>

### Goal 3: to foster and expand research and scholarship at Athabasca University

Strategic Objectives	Results (2007-08)
Continue to provide and increase appropriate support for student and staff excellence in research and scholarship.	<ul style="list-style-type: none"> <li>• Grant writing mentors available to faculty members.</li> <li>• Ongoing support to Canada Research Chairs and to the Geophysical Observatory.</li> <li>• Canada Research Chair in space science, instrumentation and networking renewed.</li> <li>• Research incentive grants for new faculty members expanded.</li> <li>• Graduate student research funds increased.</li> <li>• Volume of digital content available online expanded.</li> <li>• Archival collections expanded and the Archives Facility Project, including cultural properties certification, initiated to facilitate expansion of collections for researchers.</li> <li>• Industry collaborations agreement under discussion with Advanced Education and Technology.</li> <li>• NSERC New Scholar applications supported.</li> <li>• Social software applications for research collaboration and support for staff and students piloted.</li> <li>• Faculty orientation, conference hosting, research ethics and grant administration activities supported.</li> </ul>
Enhance Athabasca University's international reputation in open and distance learning scholarship.	<ul style="list-style-type: none"> <li>• Technology Enhanced Learning Research Institute (TELRI) established, pending resolution of administrative issues, and interim director appointed.</li> <li>• International partnership policy under development.</li> <li>• Preparations made for official launch of AU Press.</li> <li>• Planning completed for hosting first Canadian Network for Innovation in Education (CNIE) Conference (Banff, April 2008).</li> <li>• Hosted delegations or representatives from Mozambique Commission on Heritage, Korean National Open University, Open University of Nigeria, Taibah University, UniSIM (Singapore), UNISA (South Africa) and the Pakistan Higher Education Commission.</li> </ul>

Strategic Objectives	Results (2007-08)
	<ul style="list-style-type: none"> <li>• Through Learning Communities Project, began research on use of mobile technologies for remote and rural learners.</li> <li>• Developed virtual e-media laboratory for Centre for State and Legal Studies.</li> <li>• Continued support of Canadian Institute for Distance Education Research and of the International Review of Research in Open and Distance Learning.</li> <li>• International joint grant proposals submitted by Centre for Integrated Studies.</li> <li>• Assisted with organization of the first M-libraries Conference.</li> <li>• Women's Memory Project continuing.</li> <li>• Hosted Canadian Moodle Moot in May 2007; preparations underway for Digital 2008 Conference in partnership with the Institute of Electrical and Electronics Engineers (IEEE).</li> </ul>
Expand the research culture throughout the university environment.	<ul style="list-style-type: none"> <li>• Xerox Industry Research Chair in Adaptivity and Personalization awarded.</li> <li>• iCore Chair application to align with Xerox Chair undertaken.</li> <li>• Research Institutes Policy initiated.</li> <li>• Greater focus placed on researchers and their successes in university publications.</li> <li>• Sponsored virtual conference on a Canadian Agenda for Research in Distance Education.</li> <li>• Research forums held regularly.</li> <li>• Research Services continued to assist faculty and staff members with applications for funding through Tri-Council Agencies (SSHRC, NSERC, CIHR), hosted grant proposal development workshops, publicized grant, conference, and research forum opportunities and developed new online newsletter.</li> <li>• Contributed to two successful research bids by Alberta North.</li> </ul>
Promote and expand the transfer of research knowledge for the benefit of society.	<ul style="list-style-type: none"> <li>• Preparations made for official launch of AU Press.</li> <li>• Faculty members published in both academic and practice-oriented journals.</li> <li>• Athabasca River Basin Research Institute launched, pending resolution of administrative issues, and recruitment of interim director underway.</li> <li>• Established <i>Open</i> magazine, a university publication directed to a broad audience</li> <li>• <i>International Review of Research in Open and Distance Learning</i> and other open access publications supported.</li> <li>• Centre for World Indigenous Knowledge and Research speakers series, newsletter, community partnerships and relationship building continuing.</li> <li>• Workshops and other assistance provided for grant proposal writers.</li> </ul>
Provide the widest possible access to the research created by researchers at Athabasca University.	<ul style="list-style-type: none"> <li>• Canadian Institution for Distance Education Research workshops held.</li> <li>• Use of AUSpace expanded.</li> <li>• Experts guide to AU faculty drafted and under review.</li> <li>• The MAIS Program organizing and sponsoring an international conference on interdisciplinary thinking to be held in the fall of 2008.</li> </ul>
Increase research partnerships and collaborations with other internationally recognized research institutions.	<ul style="list-style-type: none"> <li>• Developed strategic alliance with Xerox Canada, a component of which is research based.</li> <li>• Memorandum of understanding signed with Yashwantrao Chavan Maharashtra University of Nashik, India, and University of Madras, India.</li> <li>• Centre of Excellence agreement with SUN Microsystems under development.</li> <li>• Co-hosted How Canada Communicates Popular Culture with University of Calgary.</li> <li>• Engaged Alberta government agencies and institutes (e.g. Water Institute, Rural Alberta's Development Fund, Innovation Fund).</li> <li>• Established Institutional Grants Office to assist in co-ordinating and writing grant applications.</li> </ul>

Strategic Objectives	Results (2007-08)
Develop a clear funding strategy to seek and allocate research funding.	<ul style="list-style-type: none"> <li>• Centre of excellence development initiated with Access to the Future Grants.</li> <li>• Established Institutional Grants Office in to assist in co-ordinating and writing grant applications.</li> <li>• Advancement Office submitted over 25 funding proposals to private sector sources.</li> <li>• Two research institutes (TELRI, ARBRI) established, pending resolution of administrative issues.</li> <li>• Workshops and other assistance provided by Research Services for grant proposal writers.</li> </ul>

#### Goal 4: to promote collaboration and foster leadership in the communities we serve

Strategic Objectives	Results (2007-08)
Raise the profile of Athabasca University as Canada's Open University provincially, nationally and internationally so that students, employers, and governments will see Athabasca University as their first choice option for meeting their educational needs.	<ul style="list-style-type: none"> <li>• Conference presentations made by professional staff and faculty members.</li> <li>• Planning completed for hosting first Canadian Network for Innovation in Education (CNIE) Conference (Banff, April 2008).</li> <li>• AU Press established and preparations made for official launch.</li> <li>• Government relations strategy under development, and government relations manager hired.</li> <li>• Developed and implementing a comprehensive marketing and recruitment plan including revised marketing materials, key messages, graphics standards and a national advertising campaign.</li> <li>• Hired media relations manager and developed media relations policy. Implementing strategy focusing on increasing mainstream media coverage, rural coverage, editorial boards, etc.</li> <li>• Developing application for a university coat of arms (university crest).</li> <li>• Hosted six alumni receptions and one alumni awards event.</li> <li>• Advancement Office working closely with academic centres to increase direct student recruitment activities.</li> <li>• Participated in over 125 recruitment and career fairs over the last year.</li> <li>• Centre for Nursing and Health Studies participated in wide range of international conferences.</li> <li>• Centre for World Indigenous Knowledge and Research collaborated with and built relationships in Aboriginal communities.</li> <li>• Supporting Alberta Post-secondary Application System development.</li> <li>• Continuing involvement with Pan-Canadian Consortium on Admissions and Transfer, Alberta Council on Admissions and Transfer and Canadian Virtual University.</li> </ul>
Employ university resources in the community to develop initiatives and collaborative partnerships.	<ul style="list-style-type: none"> <li>• Learning Communities Project continuing.</li> <li>• Completed planning and design of Academic and Research Centre on Athabasca campus.</li> <li>• Athabasca Regional Multiplex development completed on AU land.</li> <li>• Contributed to the renovations for the Athabasca community daycare centre.</li> <li>• Engaged St. Albert municipal government and provincial government in discussions related to Greater Edmonton building project.</li> <li>• Involved previous recipients of AU honorary doctorates in alumni events (e.g., Ted Harrison and the Royal Canadian Air Farce).</li> <li>• Federal incorporation of AU's Alumni Association completed.</li> <li>• Science Outreach Program continuing in Athabasca, and bibliographer hired.</li> </ul>

Strategic Objectives	Results (2007-08)
	<ul style="list-style-type: none"> <li>• Discussions between the Centre for Work and Community Studies and the International Labour Organization begun.</li> <li>• Academic centres and Advancement Office working to promote collaborative partnerships.</li> <li>• Centre for Nursing and Health Studies involved in a pilot project with a clinical agency to facilitate completion of the post-LPN BN program by some of their students. Project may serve as a model for similar future endeavors.</li> <li>• Financial Services hosted 2007-08 W3 Conference for financial, purchasing and budgeting professionals from western universities.</li> <li>• Learning Services – Collaborations working with regional education consortia, public college partners and college liaison officers to enhance joint publicity for learning opportunities.</li> </ul>
<p>Foster vital alliances with business and industry to advance mutually beneficial educational goals for employment.</p>	<ul style="list-style-type: none"> <li>• Signed strategic alliance with Xerox Canada.</li> <li>• Centre of Excellence in Project Management under development.</li> <li>• Recruitment position focused on business and industry established.</li> <li>• Invited to join the E-learning Coalition for Business (with six high profile Canadian businesses).</li> <li>• Advancement supporting academic centres making presentations to business and industry, following up leads for prospective students.</li> <li>• Developed and now implementing a national tour to include Chambers of Commerce across Canada (rural and urban).</li> <li>• Sponsored and actively participated in the Edmonton Chamber of Commerce's Workforce Conference, September 2007.</li> <li>• Review of all collaborations, including corporate collaborations, summarized and circulated to recruitment for follow-up.</li> </ul>

#### Goal Five: to recruit and retain the very best staff

Strategic Objectives	Results (2007-08)
<p>Create an environment that supports Athabasca University's teaching and research priorities, increases recruitment and retention activities, and ensures leadership succession.</p>	<ul style="list-style-type: none"> <li>• Selected by Mediacorp Canada Inc. as one of Alberta's top 35 employers.</li> <li>• Tele-work policy consultations continued.</li> <li>• Arts and Science research forums instituted.</li> <li>• Educational Media Development satellite unit established in Edmonton to enhance service and relationships among design professionals and faculty.</li> <li>• Educational Media Development workshop series held for course developers.</li> <li>• HR capacity enhanced by organizational changes and hiring of six additional staff members.</li> <li>• Review and update of Athabasca University Faculty Association classification completed by HR. Training being scheduled.</li> <li>• Business process review completed by HR; systems implementation underway (new résumé and leave tracking systems implemented).</li> <li>• Review and updating of recruitment related policies in progress.</li> <li>• Executive succession review completed. Succession planning for critical positions outside executive in progress.</li> <li>• Learning Services – Collaborations working towards ISO9001 recognition for unit.</li> <li>• Office of the Registrar reconfigured workstations to improve ergonomics.</li> <li>• Learning Services – Tutorial reorganized.</li> </ul>

Strategic Objectives	Results (2007-08)
Provide appropriate recognition and support for staff in their role in the teaching and research mandate for Athabasca University.	<ul style="list-style-type: none"> <li>• Annual staff recognition events held.</li> <li>• Wellness program continuing.</li> <li>• Staff climate survey RFP process complete.</li> <li>• Staff development and transition planning underway to provide career advancement opportunities within the Office of the Registrar. Position reviews undertaken to achieve balanced workloads.</li> </ul>
Improve collaboration and foster open dialogue, interpersonal networking and communications at Athabasca University.	<ul style="list-style-type: none"> <li>• Staff portal implemented.</li> <li>• University events, such as TGIF gatherings, faculty dinners and tutor dinners, sponsored.</li> <li>• Town hall meetings and open forums held to encourage active engagement.</li> <li>• Enhanced the content and increased publication frequency of internal newsletter, <i>The Insider</i>.</li> <li>• Collaborative technologies enhanced (Elluminate Live expanded, video-conferencing designed).</li> <li>• Collaborative suite (Zimbra) piloted.</li> <li>• Office of the Registrar working with Learning Services – Collaborations to increase communication between AU and partner institutions.</li> <li>• Increased collaboration between Learning Services – Collaborations and Learner Support Services to enhance student advising and recruitment and retention.</li> </ul>
Strengthen governance and organizational structures within Athabasca University.	<ul style="list-style-type: none"> <li>• Academic restructuring and governance review continuing.</li> <li>• Developed and approved policies and procedures for fund development (gift acceptance, naming, gift agreements, endowment agreements, etc).</li> <li>• Systematic policy review and revision schedule implemented in the Office of the Registrar.</li> </ul>

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

Strategic Objectives	Results (2007-08)
Align institutional planning and refine mechanisms to assess the effectiveness of university planning, resource allocation and the institutional renewal process.	<ul style="list-style-type: none"> <li>• Rolling capital plan integrating information technology planning implemented. Ten-year technology capital plan developed.</li> <li>• Response to the Roles and Mandates Framework developed, including reassessment of planning elements and cycles.</li> <li>• Institutional self-study initiative underway.</li> <li>• Course development costing analysis initiated.</li> <li>• System development for contract management, payroll and financial reporting continuing.</li> <li>• Business process reviews underway by Office of the Chief Information Officer in advance of implementation of Banner student information system and HRIS.</li> <li>• Review of current financial reporting processes underway.</li> <li>• Active budget rehabilitation underway in Learning Services – Collaborations to reflect actual and planned departmental spending and to increase accountability.</li> </ul>

Strategic Objectives	Results (2007-08)
Increase existing and identify new sources of funds to support research, teaching and service at Athabasca University.	<ul style="list-style-type: none"> <li>• Capital planning underway.</li> <li>• Government relations strategy under development.</li> <li>• Funding match achieved for Access to the Future Fund.</li> <li>• Additional fund development staff hired.</li> <li>• Fund Development policies, procedures and supports refined and established (e.g., call reports, Raiser's Edge – category of accounts, gift agreements, endowment policy, volunteer management manuals).</li> <li>• Tax receipting and reporting procedures refined.</li> <li>• Draft Campaign Plan completed and Strategic Fund Development Plan under development, including a funding feasibility study and a global case for support.</li> <li>• Donor prospect list being developed: strong prospects identified and meetings arranged.</li> <li>• Continuing to build internal culture of philanthropy: working with staff and faculty members to establish funding needs, prepare case statements and funding proposals and match prospective donors (over 50 internal meetings and presentations).</li> <li>• Established Institutional Grants Office in to assist in co-ordinating and writing grant applications.</li> </ul>

## PERFORMANCE MEASURES

### Enrolment

Total enrolment at AU increased from 37,095 to in 2006-07 to 37,615 in 2007-08, an increase of 1.4 per cent. These students registered in a total of 68,850 individual courses, an increase of 0.6 per cent at the undergraduate level and 2.7 per cent at the graduate level. The following table shows growth, in full-load equivalents, during 2007-08.

	2005-06	2006-07	2007-08
Undergraduate	5,450	5,919	5,984
Graduate	1,292	1,263	1,211
Total	6,742	7,182	7,195
Growth Rate		6.5%	0.2%

AU's 2007-11 Business Plan targeted a seven per cent per year increase in enrolment by Alberta students. During 2007-08, 13,168 Alberta residents took AU courses, a decrease of 0.3 per cent over the previous year. This decline mirrors enrolment decreases across the board in Alberta post-secondary institutions and may well be attributable to the phenomenal growth experienced by the Alberta economy over this past year. Economic boom times are traditionally a harbinger of enrolment decline.

	2005-06	2006-07	2007-08
Undergraduate	11,960	12,456	12,329
Graduate	713	750	839
Total	12,673	13,206	13,168
Growth Rate		4.2%	(0.3 %)

## Degrees, Diplomas and Certificates Awarded

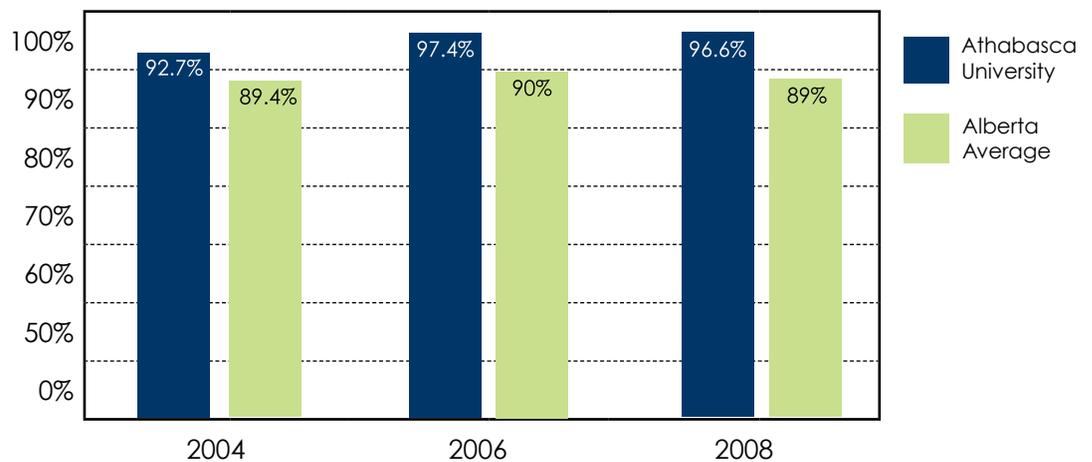
A total of 1,629 academic credentials, 756 at the graduate level and 873 at the undergraduate level, were awarded by AU during the 2007-08 academic year.

	2005-06	2006-07	2007-08
<b>Undergraduate</b>			
Bachelor of Administration	132	88	93
Bachelor of Arts	99	103	94
Bachelor of Commerce	25	36	31
Bachelor of General Studies	99	101	103
Bachelor of Health Administration	1	2	7
Bachelor of Human Resources and Labour Relations	5	7	13
Bachelor of Management	76	68	93
Bachelor of Nursing	331	273	264
Bachelor of Professional Arts	100	92	90
Bachelor of Science	6	6	11
Bachelor of Science in Computing and Information Systems	5	3	7
<b>Total Undergraduate Degrees</b>	<b>879</b>	<b>779</b>	<b>806</b>
<b>Undergraduate Certificates and Diplomas</b>	<b>46</b>	<b>63</b>	<b>67</b>
<b>Graduate</b>			
Master of Arts – Integrated Studies	25	33	47
Master of Business Administration	314	219	209
Master of Counselling	10	62	65
Master of Distance Education	43	94	74
Master of Health Studies	66	66	54
Master of Nursing	54	73	78
Master of Science – Information Systems	13	21	25
<b>Total Graduate Degrees</b>	<b>525</b>	<b>568</b>	<b>552</b>
<b>Graduate Diplomas</b>	<b>278</b>	<b>208</b>	<b>204</b>
<b>Total Credentials Awarded</b>	<b>1,728</b>	<b>1,618</b>	<b>1,629</b>

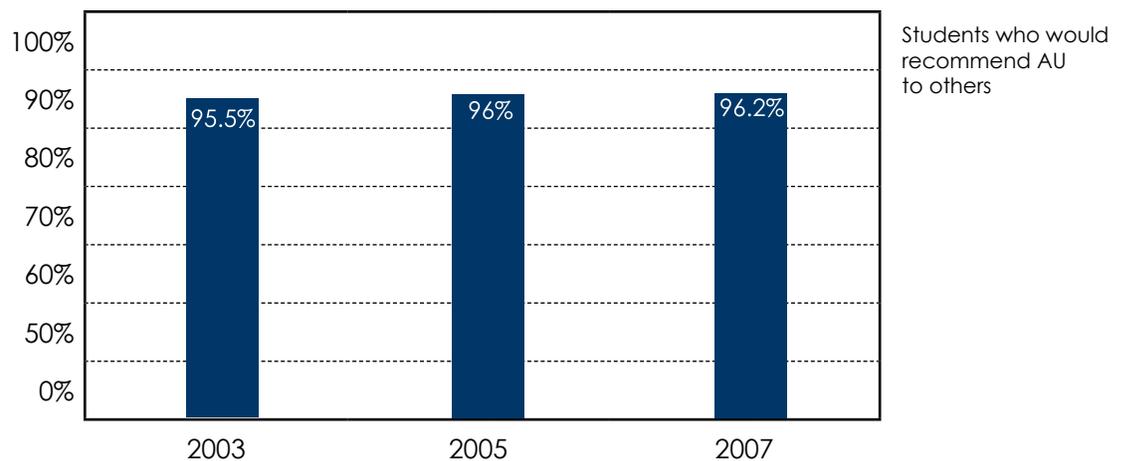
## Graduate Satisfaction

In its value statements, AU 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.

AU consistently exceeds the provincial average level of satisfaction on the Government of Alberta's Alberta Graduate Outcome Survey.

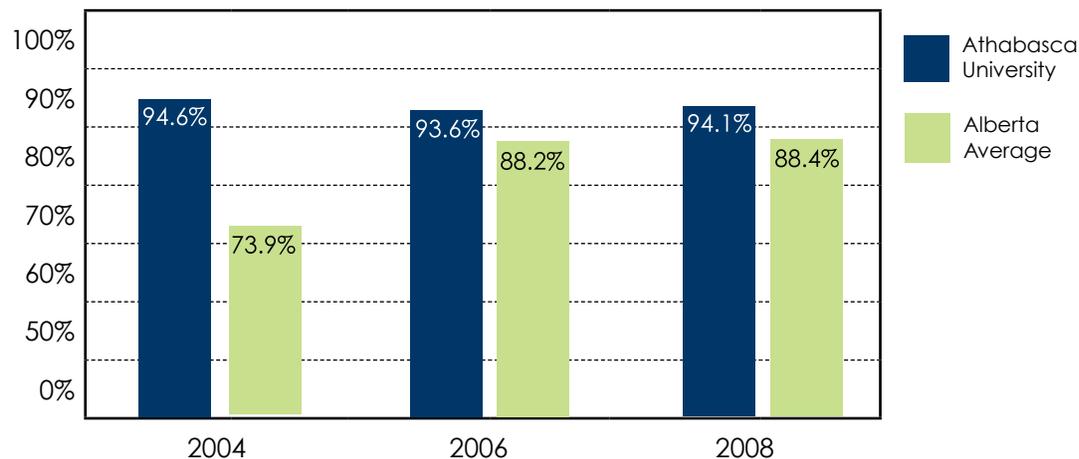


An increasing number of AU undergraduates indicate that they would recommend AU to others, as revealed in the Athabasca University Biennial Undergraduate Student Satisfaction Survey:



## Graduate Employment Rate

That AU'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 AU graduates as revealed in the Alberta Graduate Outcome Survey:



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.

## Student Awards

The amount of student aid provided by AU as scholarships and bursaries has increased significantly in the past year.

	Total Awarded	Percent Change
2007-08	494,000	17.8%
2006-07	419,430	3.0%
2005-06	407,190	

## Research Activities

AU 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, but AU also actively supports and maintains high standards in discipline based research.

During 2007-08, two new research institutes, the Technology Enhanced Learning Research Institute (TELRI) and the Athabasca River Basin Research Institute (ARBRI), were conceptualized, and interim directors were appointed.

The Technology Enhanced Learning Research Institute is dedicated to creating knowledge and fostering innovation in the use of digital technologies to support learning. Research will focus on how new technologies and their applications can transform Canadians' learning potential and improve their earning capacity.

The Athabasca River Basin Research Institute, an innovative interdisciplinary research centre, will exclusively study the Athabasca River Basin, Alberta's largest river basin, and its people from a broad range of perspectives. The institute will build on AU's strong relationships with the basin's diverse stakeholders, including local industries, post-secondary institutions, Aboriginal communities and non governmental agencies, to serve as a point of co-ordination for stakeholder research. Together, stakeholders will support the development of an improved understanding of the natural context and human populations in the basin.

The following are a few highlights of research activity during the past year:

- When results for Canada Research Chair nominations were announced in February 2008, Dr. Martin Connors' Tier 2 CRC in space science, networking and instrumentation was renewed for a second five-year term. Tier 2 chairs, tenable for five years and renewable once, are for exceptional emerging researchers, acknowledged by their peers as having the potential to lead in their field. For each Tier 2 chair, the university receives \$100,000 annually for five years. This funding has allowed for progress in the study of asteroids, space physics and auroral elements using an observatory and equipment partially funded by the Canada Foundation for Innovation.
- Dr. Kinshuk in the School of Computing and Information Systems was selected as the Xerox Industry Research Chair, receiving a \$250,000 grant to advance his research in adaptivity and personalization. The funding is principally to support postdoctoral fellows, graduate students and research assistants. This chair has a five-year non-renewable term, and AU will receive \$50,000 per year for the research component.
- Work continues on the Getting Online (GO) Project (May 2007-09). The project was awarded \$464,000 by Human Resources and Social Development Canada's Adult Learning, Literacy and Essential Skills Program which supports "interventions to promote lifelong learning by reducing non-financial barriers to adult learning and to facilitate the creation of opportunities for Canadians to acquire the learning, literacy and essential skills they need to participate in a knowledge-based economy and society." The GO Project is a national project to promote the use of online education as a means of professional development for literacy practitioners, allowing them to improve their teaching practice in the most cost- and time-effective ways. The project will gather, analyze and disseminate information about the state and potential of online training for adult literacy practitioners in Canada. It will then develop and deliver an online training course and develop and make widely available a number of tools and resources to assist Canadian literacy practitioner in implementing promising practices in online training.
- Dr. Robert Holmberg, professor emeritus, received \$75,000 in funding from the Government of Alberta Community Initiatives Program (administered by Alberta Culture and Community Spirit and funded through the Alberta Lottery Fund) and \$75,000 from Suncor, over three years, to partially fund the development of the Athabasca River Basin Research Institute's bibliographic database. This database will house scientific materials relating to the Athabasca River Basin and will be both the foundation for further scientific research and an information base for the general public.
- Inukshuk Wireless has provided \$111,855 to fund an AU project entitled Merging Pedagogies of Online Learning and New Learning Technologies to Increase Success in First-Year Calculus. The goals of the project are to research, create and evaluate three online first-year calculus modules that will reflect the world's best pedagogy in distance and online learning. All content will be designed to maximize student engagement with the material.

- Dr. Jane Arscott received the President's Award for Research and Scholarly Excellence. This award will assist her in bringing to completion the publication of her book *Primed and Ticking: Feminism, Gender Analysis, and the Federal State in Canada*.
- Dr. Kam Jugdev, an associate professor of project management in the Centre for Innovative Management, together with colleagues at the University of Calgary and San Jose University, received an Emerald Literati Award for outstanding paper as part of the annual Literati Network Awards for Excellence 2008. The group's paper, "Intangible Project Management Assets as Determinants of Competitive Advantage," was published in 2007 in *Management Research News*. This paper was part of a body of work funded by AU and the Social Sciences and Humanities Research Council.

### *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.

Types of Research Support	2005-06	2006-07	2007-08	Three-Year Average 2005-07	Three-Year Average 2006-08
Total sponsored research revenues <sup>1</sup>	\$1,849	\$2,117	\$2,509	\$2,094	\$2,158
Support from council sources <sup>2</sup>	\$709	\$642	\$466	\$692	\$606
Council support ratio (council sources/total sponsored research revenue)	38.3%	30.3%	18.6%	33.3%	29.1%
Support from community and industry sources <sup>3</sup>	\$1,141	\$1,475	2,043	\$1,403	\$1,553
Community and industry support ratio (community and industry/total sponsored research revenue)	61.7%	69.7%	81.4%	66.7%	70.9%

<sup>1</sup> 2006-07 figures onward 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 risen slightly over the past three years.

Types of Research Support	2005-06	2006-07	2007-08	Three-Year Average 2005-07	Three-Year Average 2006-08
Total sponsored research revenues	\$1,849	\$2,117	\$2,509	\$2,094	\$2,158
Total Province of Alberta operating grants	\$30,113	\$31,064	\$34,211	\$28,876	\$31,796
Sponsored research revenues as a percentage of provincial operating grants	6.1%	6.8%	7.3%	7.3%	6.7%

### *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 submitted. The success rate over the past three years has risen slightly.

Granting Councils <sup>1</sup>	2005-06	2006-07	2007-08	Three-Year Average 2005-07	Three-Year Average 2006-08
Number of applications	21	31	34	26	29
Number of awards	5	7	10	6	7
Total value of awards (in thousands of dollars)	\$709	\$642	\$466	\$692	\$606

<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 3,200, AU 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.)

Research Publications <sup>1</sup>	2004-05	2005-06	2006-07	Three-Year Average 2004-06	Three-Year Average 2005-07
Number of full-time faculty <sup>2</sup>	111	142	162	120	138
Books authored or co-authored	44	61	49	53	50
Books edited or co-edited	7	8	12	7	7
Articles in refereed publications	159	146	203	146	156
Non-refereed publications	36	40	35	39	36
Conference presentations	242	296	306	281	272

<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).



excellence

openness

flexibility

innovation

Appendix A  
Financial Statements  
Year Ended March 31, 2008





**Auditor's Report**

For the year ended March 31, 2008

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

To the Athabasca University Governing Council

I have audited the statement of financial position of Athabasca University as at March 31, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I draw attention to Note 19 to the financial statements that describes the unfunded liability of the Universities Academic Pension Plan which may affect the University's future financial statements. Our opinion is not qualified in respect of this matter.

*Original signed by Fred J. Dunn, FCA*

**Auditor General**

Edmonton, Alberta  
May 9, 2008

**Statement of Financial Position**

March 31, 2008

(thousands of dollars)

	2008	2007
<b>ASSETS</b>		
Current assets		
Cash and short-term investments (Note 3)	\$ 23,334	\$ 20,213
Accounts receivable (Notes 18)	5,439	4,558
Inventory of course materials	3,805	3,340
Prepaid expenses	1,184	834
	<u>33,762</u>	<u>28,945</u>
Non-current investments (Notes 3 and 4)	51,340	29,468
Deferred course development costs (Note 5)	141	211
Capital assets (Note 6)	21,842	20,062
	<u>\$ 107,085</u>	<u>\$ 78,686</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accruals	\$ 4,736	\$ 3,099
Salaries and benefits payable (Note 7)	7,168	6,091
Deferred revenue	11,791	11,829
Deferred contributions (Note 8)	4,545	2,943
Current portion of deferred lease inducement (Note 9)	117	117
	<u>28,357</u>	<u>24,079</u>
Deferred salaries and benefits payable (Notes 7 and 19)	3,689	3,338
Deferred lease inducement (Note 9)	146	263
Deferred capital contributions (Note 10)	29,771	-
Unamortized deferred capital contributions (Note 11)	10,206	11,441
Unamortized course development contributions (Note 11)	141	211
	<u>72,310</u>	<u>39,332</u>
Net assets		
Investment in capital assets (Note 6)	11,636	8,621
Endowments (Note 12)	1,595	1,560
Internally restricted (Note 13)	19,529	27,009
Unrestricted	2,015	2,164
	<u>34,775</u>	<u>39,354</u>
	<u>\$ 107,085</u>	<u>\$ 78,686</u>

Approved on behalf of the Governing Council

*Original signed by Joy Romero*Joy Romero, P.Eng., MBA PM  
Chair*Original signed by Frits Pannekoek*Dr. Frits Pannekoek  
President*The accompanying notes are part of these financial statements.*

**Statement of Operations**

For the year ended March 31, 2008

(thousands of dollars)

	2008	2007
Revenue		
Province of Alberta grants (Note 18)	\$ 34,211	\$ 31,064
Undergraduate student fees	36,844	33,485
Graduate student fees	13,153	12,282
Sales of goods and services	12,908	12,635
Amortization of unamortized deferred capital contributions (Note 11)	1,876	1,892
Research and other grants	909	780
Investment income (Note 14)	661	2,351
Donations (Note 15)	673	684
Other	88	118
Amortization of deferred course development contributions (Note 11)	70	71
	<u>101,393</u>	<u>95,362</u>
Expenses		
Salaries and benefits	68,367	59,828
Fees and purchased services	14,427	13,100
Materials and supplies	9,312	8,421
Communications and travel	7,346	6,541
Amortization of capital assets	3,601	3,780
Facilities rental	1,605	1,079
Insurance, utilities and taxes	730	677
Scholarships	494	419
Loss on disposal of capital assets	76	-
Amortization of deferred course development costs (Note 5)	70	71
	<u>106,028</u>	<u>93,916</u>
Excess (deficiency) of revenue over expenses	<u>\$ (4,635)</u>	<u>\$ 1,446</u>

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

**Statement of Changes in Net Assests**

For the year ended March 31, 2008

(thousands of dollars)

	2008					2007
	Investment in Capital Assets	Endowments (Note 12)	Internally Restricted (Note 13)	Unrestricted	Total	Total
Balance, beginning of year	\$ 8,621	\$ 1,560	\$ 27,009	\$ 2,164	\$ 39,354	\$ 37,618
Excess (deficiency) of revenue over expenses	-	-	-	(4,635)	(4,635)	1,446
Investment in capital assets, internally funded	4,825	-	(3,229)	(1,596)	-	-
Proceeds from sale of capital assets	(9)	-	-	9	-	-
Amortization of internally funded capital assets	(1,725)	-	-	1,725	-	-
Loss on disposal of capital assets	(76)	-	-	76	-	-
Expenditure of internally restricted net assets	-	-	(1,912)	1,912	-	-
Endowment contributions and net transfers	-	35	(47)	68	56	290
Transfer from internally restricted net assets	-	-	(2,292)	2,292	-	-
Balance, end of year	\$ 11,636	\$ 1,595	\$ 19,529	\$ 2,015	\$ 34,775	\$ 39,354

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

**Statement of Cash Flows**

For the year ended March 31, 2008

(thousands of dollars)

	2008	2007
Cash provided from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (4,635)	\$ 1,446
Items not affecting cash flow:		
Amortization of capital assets	3,601	3,780
Transfer to deferred capital contributions (Note 10)	129	50
Amortization of deferred course development costs	70	71
Loss on disposal of capital assets	76	-
Increase in deferred salaries and benefits payable	351	634
Amortization of deferred course development contributions	(70)	(71)
Amortization of deferred lease inducement	(117)	(97)
Amortization of deferred capital contributions	(1,876)	(1,892)
	<u>(2,471)</u>	<u>3,921</u>
Change in non-cash working capital		
Change in current assets, except cash and short-term investments	(1,696)	(500)
Change in current liabilities, except current portion of deferred lease inducement	4,278	3,675
	<u>2,582</u>	<u>3,175</u>
	111	7,096
Cash used in investing activities:		
Capital asset acquisitions, internally funded	(4,825)	(2,257)
Capital asset acquisitions, externally funded	(641)	(50)
Proceeds on disposal of capital assets	9	30
Decrease (increase) in non-current investments	(21,872)	(1,375)
	<u>(27,329)</u>	<u>(3,652)</u>
Cash provided from financing activities:		
Capital contributions	30,000	-
Transfer interest to capital contributions	283	-
Endowment contributions and net transfers	56	290
Capital lease payments	-	(52)
	<u>30,339</u>	<u>238</u>
Increase in cash and short-term investments	3,121	3,682
Cash and short-term investments, beginning of year	20,213	16,531
Cash and short-term investments, end of year	<u>\$ 23,334</u>	<u>\$ 20,213</u>

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

## Notes to the Financial Statements

For the year ended March 31, 2008

(thousands of dollars)

### Note 1 Authority and Purpose

Athabasca University (the “University”) operates under 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 the 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 grants are recognized as revenue in the period received or receivable, unless a portion of a grant relates to a future period, in which case that portion is deferred and recognized in the appropriate future 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.

Investment income includes interest income and realized and unrealized investment gains and losses. Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statement of operations, or deferred, or reported as direct increases to net assets, depending on the nature of any external restrictions imposed on the investment income. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

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.

Endowed donations, including capitalized 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) Change in Accounting Policy**

#### **Financial Instruments**

On April 1, 2007, the University adopted the provisions of CICA Handbook Section 3855, “Financial Instruments, Recognition and Measurement” and Section 3861, “Financial Instruments, Disclosure and Presentation.”

The new standards require the University to classify financial assets as held-for-trading, held-to-maturity, loans and receivables or available-for-sale and to classify financial liabilities as held-for-trading or as other financial liabilities.

Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in the statement of operations. Financial instruments classified as held-to-maturity, as loans and receivables and as other financial liabilities are measured at amortized cost with gains and losses recognized in the statement of operations when the asset or liability is derecognized. Financial instruments classified as available-for-sale are measured at fair value with changes in unrealized gains and losses recognized directly as changes in net assets until the asset is derecognized.

In accordance with the new standards, the University has classified cash and short-term investments and non-current investments as held-for-trading, accounts receivable as loans and receivables, and accounts payable and accruals and salaries and benefits payable as other financial liabilities.

Inventory of course materials, prepaid expenses, deferred course development costs, capital assets, deferred revenue, deferred contributions, current portion of deferred lease inducement, deferred salaries and benefits payable, deferred lease inducement, unamortized deferred capital contributions and unamortized course development contributions are not within the scope of the new standards and accordingly have not been classified.

The amortized cost of loans and receivables and other financial liabilities approximates their carrying value. The University’s accounts receivable are due from a diverse group of customers and are subject to normal credit risks.

The value of the University’s financial instruments are recognized on their settlement date. Transaction costs related to all financial instruments are expensed as incurred.

The new standards have been applied retrospectively without restatement of prior periods. The relevant balances in the University’s March 31, 2007, statement of financial position approximate their fair value at April 1, 2007, and as a result, there has been no transitional adjustment recorded in the University’s financial statements.

As permitted, the University has elected to exclude from the scope of Section 3855, “Financial Instruments, Recognition and Measurement”, non-financial contracts or derivatives embedded in non-financial contracts, leases and insurance contracts.

#### **Future Change to Accounting Policy**

The Canadian Institute of Chartered Accountants (CICA) has issued four new standards: CICA Handbook sections 1535: “Capital Disclosures,” 3031: “Inventories,” 3862: “Financial Instruments – Disclosures,” and 3863: “Financial Instruments – Presentation.”

Section 1535 requires the disclosure of qualitative and quantitative information that will enable users of financial statements to evaluate an entity’s objectives, policies and processes for managing capital. Sections 3862 and 3863 are intended to enhance the ability of users of financial statements to evaluate the significance of financial instruments to an entity, the related exposure to risks and the management of these risks. These future accounting policy changes will require only additional note disclosure and will not affect the statements of financial position, operations, changes in net assets or cash flows.

Section 3031 prescribes the accounting treatment for inventories and provides guidance on the determination of cost and its subsequent recognition of expense, including any write-down to net realizable value. The new requirements for the determination of cost may require the University to include certain additional costs in the measurement of its inventories. The effect of this change is uncertain at this time.

In accordance with the transitional provisions of these new standards, the University has chosen to adopt the related changes in accounting policies for the fiscal year beginning April 1, 2008.

**(d) Investments**

Investments are recorded at fair market value. They are initially recognized at acquisition cost and subsequently remeasured at fair value at each reporting date. Valuations of publicly traded securities are based on quoted market bid prices at the close of business on the statement of financial position date.

**(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.

**(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 plans. 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 are the actual claims paid during the period, the insurer's cost of administration (net of interest), plus the year-over-year change in the estimate for any claims that may have occurred but have not been paid.

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 the General illness Plan is not significant at year end 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 Cash and Investments

Cash and investments are recorded at fair market value and consist of the following:

	2008	2007
Bank balances <sup>(1)</sup>	\$ 6,172	\$ 6,587
Money market investments <sup>(2)</sup>	22	16,589
Investment Fund	68,480	25,908
Other investments (Note 4)	-	597
<b>Total Cash and Investments</b>	<b>74,674</b>	<b>49,681</b>
Less amount recorded as non-current	(51,340)	(29,468)
<b>Cash and short-term investments</b>	<b>\$ 23,334</b>	<b>\$ 20,213</b>
Non-current investments consist of		
Endowments	\$ 1,595	\$ 1,560
Deferred salaries and benefits payable	3,689	3,338
Deferred capital contributions	29,771	-
Internally restricted net assets, non-current portion	16,285	23,973
Shares and joint venture interest	-	597
<b>Non-current investments</b>	<b>\$ 51,340</b>	<b>\$ 29,468</b>

(1) From April 1, 2007, to December 31, 2007, interest was earned on cash in bank based on the Canadian prime interest rate less 2.05%, applied against the daily closing cash balance. From January 1, 2008, to March 31, 2008, interest was earned based on the daily-tiered closing balance as follows: \$0 to \$49,999 - no interest, \$50,000 to \$749,999 - prime less 2.25% and \$750,000 and over - prime less 1.95%

(2) Money market investments were purchased at a discount and were rated R-1 or better (by the Dominion Bond Rating Service). For the year ending March 31, 2008, the average effective yield was 4.70% (2007 - 4.36%). In 2007-08, the majority of the remaining money market investments were transferred to the Investment Fund, which is managed by an external fund manager on a pooled basis.

The University's investments are subject to normal interest rate, market, foreign currency, credit and liquidity risks, which could affect future cash flows, revenues and financial position. Interest rate, market and foreign currency risks refer to the potential adverse consequences of changes in interest rates, market value and foreign currency respectively. Credit risk relates to the potential that the issuer of a financial instrument will fail to discharge an obligation and cause the University to incur a financial loss. Liquidity risk refers to the risk that an issuer will encounter difficulty in raising funds to meet its commitments. These risks are managed in a number of ways through the University's Investment Policy, the Investment Advisory Group and the University's external fund manager.

The Investment Policy for the University, approved by the Athabasca University Governing Council, provides the structure and guidelines within which the University's investment portfolio is to be effectively managed and enhanced. The University's Investment Advisory Group has the delegated authority for 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. Based on cash flow projections, the University determines the amounts to be invested in each portfolio.

The Investment Policy defines minimum and maximum ranges for each type of qualifying investment within each investment portfolio.

The Investment Fund comprises

	2008					2007
	Short-term (less than 1 year)	Medium-term (1 to 5 years)	Long-term (more than 5 years)	Endowment (more than 5 years)	Total Investment Fund	Total Investment Fund
Cash and short-term	\$ 33,321	\$ 113	\$ 468	\$ 38	\$ 33,940	\$ 2,361
Fixed income	-	14,039	9,124	833	23,996	15,139
Equities						
Canadian	-	976	3,111	284	4,371	3,374
U.S.	-	934	2,517	229	3,680	3,100
International	-	681	1,661	151	2,493	1,934
Total equities	-	2,591	7,289	664	10,544	8,408
Total Investment Fund	\$ 33,321	\$ 16,743	\$ 16,881	\$ 1,535	\$ 68,480	\$ 25,908

In accordance with the Investment Policy, the entire short-term portfolio was invested in readily liquid Canadian securities or in cash.

Eighty-five per cent (2007 – 83 per cent) of the medium-term portfolio was invested in fixed income securities, which is within the prescribed range of 75 to 100 per cent, while 15 per cent (2007 – 17 per cent) was invested in equities, which is within the prescribed range of up to 25 per cent.

Fifty-seven per cent (2007 – 52 per cent) of the long-term and endowment portfolios were invested in fixed income securities, which is within the prescribed range of 50 to 100 per cent, while 43 per cent (2007 – 48 per cent) were invested in equities, which is within the prescribed range of up to 50 per cent.

In accordance with the Investment Policy, Canadian equities are listed in the S&P/TSX composite index, and U.S. and International equities are limited to shares and pooled funds listed and traded on recognized stock market exchanges.

The University's external fund manager allocates the investments within the above portfolios into specific pools or funds including a Canadian Money Market Fund, a Bond Fund, a Canadian Equity Fund, a U.S. Equity Fund and an Overseas Equity Fund.

As at March 31, 2008, 70.1 per cent of the cash and short-term investments in the Canadian Money Market Fund were issued by banks and other financial institutions, 10.0 per cent were issued or guaranteed by the federal government or a provincial government and the remainder were issued by corporations across a variety of sectors.

The entire fixed income portfolio is invested in the Bond Fund. As instructed by the Investment Advisory Group, all bonds and debentures are rated BBB or higher, as measured by the Dominion Bond Rating Service (DBRS). A primary strategy used by the external fund manager to address risks in this fund is varying duration based on anticipation of future yields. The external fund manager also manages risks by varying the percentage of bonds and debentures issued by corporations as compared to those issued or guaranteed by the federal government or a provincial government. As of March 31, 2008, for example, 38.6 per cent of this fund was invested in bonds, debentures and mortgages issued or guaranteed by the federal government or a provincial

government, and the remainder was invested in bonds and debentures issued by corporations, primarily banks and other financial institutions. For the Bond Fund, risks related to foreign currency exchange rate fluctuations are insignificant, with over 98 per cent of the bonds and debentures denominated in Canadian currency, and the remaining 2 per cent denominated in U.S. currency. However, 13.5 per cent of those denominated in Canadian currency are guaranteed by foreign governments, agencies or corporations. These are known as Maple Bonds, and they add diversification to the portfolio while protecting it from foreign currency exchange rate and interest rate fluctuations.

The external fund manager manages risks in the equity funds primarily by varying investments across sectors and judiciously selecting specific stocks within those sectors. The largest concentration of equities at March 31, 2008, was in the financial sector, comprising 31.5 per cent of the Canadian Equity Fund, 18.1 per cent of the U.S. Equity Fund and 24.8 per cent of the Overseas Equity Fund. More moderate concentrations of equities include the energy, industrials, consumer staples and health care sectors. The annualized, daily weighted average rates of return for the investment pools were as follows:

	2008
Canadian Money Market Fund	4.70%
Bond Fund	4.60%
Canadian Equity Fund	-2.20%
United States Equity Fund	-15.80%
Overseas Equity Fund	-14.30%

#### Note 4 Interest in Joint Venture

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

On January 1, 2008, the terms of this relationship were substantively modified, and a new decentralized administrative and operational structure was established. The joint venture was terminated, and the equity was distributed on January 1, 2008. The University's interest in the joint venture is included in Cash and Investments (Note 3).

	2008	2007
Current assets	\$ -	\$ 647
Capital assets	-	1
	<u>\$ -</u>	<u>\$ 648</u>
Current liabilities	\$ -	\$ 50
Investment in capital assets	-	1
	<u>-</u>	<u>51</u>
Joint venture interest		
Opening balance	597	316
Net distribution	(708)	(101)
Excess of revenue over expenses	111	382
	<u>-</u>	<u>597</u>
	<u>\$ -</u>	<u>\$ 648</u>

**Note 5 Deferred Course Development Costs**

	2008	2007
Balance, beginning of year	\$ 211	\$ 282
Amount amortized during year	(70)	(71)
Balance, end of year	<u>\$ 141</u>	<u>\$ 211</u>

**Note 6 Capital Assets and Investment in Capital Assets**

	2008			2007		
	Cost <sup>(1)(2)</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	27,212	15,935	11,277	26,624	15,142	11,482
Leasehold improvements	3,400	1,671	1,729	2,180	1,404	776
Furnishings, equipment and software	20,016	14,385	5,631	22,391	17,574	4,817
Library materials	5,585	4,590	995	5,367	4,565	802
Works of art	645	-	645	620	-	620
	<u>\$ 58,423</u>	<u>\$ 36,581</u>	<u>\$ 21,842</u>	<u>\$ 58,747</u>	<u>\$ 38,685</u>	<u>\$ 20,062</u>
Unamortized deferred capital contributions related to capital assets (Note 11)			<u>(10,206)</u>			<u>(11,441)</u>
Investment in capital assets			<u>\$ 11,636</u>			<u>\$ 8,621</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.

(2) Included in the cost of capital assets are projects in progress that are not yet being amortized. These include leasehold improvements \$925 (2007 - \$0), software \$677 (2007 - \$0) and buildings \$512 (2007 - \$0).

**Note 7 Salaries and Benefits Payable**

	2008	2007
Other defined benefit plans		
Administrative Leave Plan	\$ 1,615	\$ 1,573
Flexible Benefit Plan	1,243	1,276
Total other defined benefit plans (Note 19)	2,858	2,849
Salaries and wages	3,422	2,823
Vacation pay	2,427	1,951
Professional development funds	2,150	1,806
Total salaries and benefits payable	10,857	9,429
Current portion of salaries and benefits payable	(7,168)	(6,091)
Deferred salaries and benefits payable	\$ 3,689	\$ 3,338

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 8 Deferred Contributions**

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

	2008	2007
Balance, beginning of year	\$ 2,943	\$ 1,550
Contributions received		
Grants	2,969	2,899
Donations (Note 15)	1,007	-
Transfer to deferred capital contributions (Note 10)	(129)	(50)
Amount recognized as revenue		
Grants	(1,905)	(1,456)
Donations (Note 15)	(340)	-
Balance, end of year	\$ 4,545	\$ 2,943
The balance consists of funds restricted from:		
Province of Alberta		
Access to the Future Fund	\$ 2,330	\$ 1,200
Enrolment Planning Envelope	439	523
Other provincial foundations	74	-
Community Incentive Program	50	50
Innovation and Science	45	90
Health and Wellness	20	30
Sponsored research special projects	1,587	1,050
	\$ 4,545	\$ 2,943

**Note 9 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	2007
2008	\$ -	\$ 117
2009	117	117
2010	117	117
2011	29	29
Total unamortized deferred lease inducement	263	380
Less: current portion	(117)	(117)
Long-term portion of deferred lease inducement	\$ 146	\$ 263

**Note 10 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:

	2008	2007
Balance, beginning of year	\$ -	\$ -
Grant received	30,000	-
Interest earned	283	-
Transfers from deferred contributions (Note 8)	129	50
	30,412	50
Transfers to unamortized deferred capital contributions (Note 11)	(641)	(50)
Balance, end of year	\$ 29,771	\$ -

**Note 11 Unamortized Deferred Capital and Deferred Course Development Contributions**

	2008		2007	
	Capital	Course Development	Capital	Course Development
Balance, beginning of year	\$ 11,441	\$ 211	\$ 13,283	\$ 282
Transfer from deferred capital contributions (Note 10)	641	-	50	-
	12,082	211	13,333	282
Amortized to revenue	(1,876)	(70)	(1,892)	(71)
Balance, end of year	\$ 10,206	\$ 141	\$ 11,441	\$ 211

## Note 12 Endowments

Endowments consist of externally restricted donations, the principal of which is required to be maintained intact.

	2008				2007
	Endowments				Total
	Capital Contributions	Capitalized Earnings	Expendable Earnings	Total	
Balance, beginning of year	\$ 1,439	\$ 93	\$ 28	\$ 1,560	\$ 1,249
Donations received (Note 15)	-	-	-	-	250
Investment earnings	-	63	-	63	62
Transfer from internally restricted net assets	-	-	47	47	21
Transfer to unrestricted net assets	-	-	(68)	(68)	(15)
Administrative fees	-	-	(7)	(7)	(7)
Balance, end of year	\$ 1,439	\$ 156	\$ -	\$ 1,595	\$ 1,560

## Note 13 Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by Athabasca University Governing Council for specific future operating and capital needs. These amounts are not available for other purposes without the approval of the Governing Council.

	Balance, beginning of year	Expenditures	Transfers	Balance, end of year
Operating				
New program development	\$ 8,700	\$ (1,446)	\$ -	\$ 7,254
Bridging to retirement	4,100	(330)	(2,300)	1,470
Future student awards	1,754	-	(40)	1,714
Future claims reserve	412	-	48	460
	14,966	(1,776)	(2,292)	10,898
Capital				
Investment in systems development	10,000	(1,882)	-	8,118
Infrastructure	2,043	(1,530)	-	513
	12,043	(3,412)	-	8,631
Total internally restricted net assets	\$ 27,009	\$ (5,188)	\$ (2,292)	\$ 19,529

**Note 14 Investment Income**

	2008	2007
Investment income from:		
Operating bank accounts	\$ 351	\$ 235
Investment fund	315	45
Marketable securities	240	1,819
Joint venture and other	101	314
Total investment income	1,007	2,413
Transfer to deferred capital contributions (Note 10)	(283)	-
Transfer to endowments (Note 12)	(63)	(62)
Total investment income recognized as revenue	<u>\$ 661</u>	<u>\$ 2,351</u>

**Note 15 Donations**

Donations were received during the year as follows:

	2008			2007
	Cash <sup>(1)</sup>	In-kind <sup>(2)</sup>	Total	Total
Amount recognized as revenue	\$ 364	\$ 309	\$ 673	\$ 684
Net transfers to deferred contributions <sup>(3)</sup> (Note 8)	667	-	667	-
Transfer to endowments (Note 12)	-	-	-	250
Total donations received	<u>\$ 1,031</u>	<u>\$ 309</u>	<u>\$ 1,340</u>	<u>\$ 934</u>

(1) Includes shares contributed with a fair value of \$982, converted to cash, for a research related project. A further gift of shares from the same donor, with an approximate value of \$325, is expected in 2008-09.

(2) In-kind donations of \$309 (2007 - \$638) consisted of professional services received during the year.

(3) Donations received subject to external restrictions: \$1,007 less \$340 recognized as revenue.

### Note 16 Budget

The budget for the year ended March 31, 2008, as approved by Athabasca University Governing Council on March 30, 2007, is presented together with actual revenue and expenses for the year.

	Actual	Budget
<b>Revenue</b>		
Province of Alberta grants	\$ 34,211	\$ 34,484
Undergraduate student fees	36,844	38,817
Graduate student fees	13,153	14,261
Sales of goods and services	12,908	14,572
Amortization of unamortized deferred capital contributions	1,876	2,132
Research and other grants	909	888
Investment income	661	2,027
Donations	673	2,000
Other	88	144
Amortization of deferred course development contributions	70	-
	101,393	109,325
<b>Expenses</b>		
Salaries and benefits	68,367	76,050
Fees and purchased services	14,427	15,946
Materials and supplies	9,312	10,319
Communications and travel	7,346	6,551
Amortization of capital assets	3,601	4,783
Facilities rental	1,605	1,143
Insurance, utilities and taxes	730	715
Scholarships	494	616
Loss on disposal of capital assets	76	-
Amortization of deferred course development costs	70	-
	106,028	116,123
Deficiency of revenue over expenses	\$ (4,635)	\$ (6,798)

### 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:

2009	\$ 1,296
2010	\$ 1,302
2011	\$ 1,460
2012	\$ 1,441
2013	\$ 770

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

	2008	2007
Operating grant	\$ 30,512	\$ 26,210
Capital grant	30,000	-
Enrolment Planning Envelope	3,407	3,311
Infrastructure maintenance	142	142
Other	447	1,443
Total contributions	64,508	31,106
Change in deferred contributions and other accruals from provincial sources	(30,297)	(42)
Province of Alberta grants revenue	<u>\$ 34,211</u>	<u>\$ 31,064</u>

At March 31, 2008, the University had accounts receivable from the Province of Alberta of \$2,171 (2007 - \$1,436) and from the University of Lethbridge of \$559 (2007- \$9).

The University offered certain courses at other provincial post-secondary institutions. The revenue for these courses amounted to \$1,393 (2007 - \$1,628).

During the year, the University conducted certain other business transactions with other universities and public colleges. The revenues and expenses incurred for these business transactions have been included in the statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as those with non-related parties and are recorded at fair value amounts.

## Note 19 Employee Future Benefits

### Pension Plans

The University participates with other employers in the Public Service Pension Plan (PSPP) and the Universities Academic Pension Plan (UAPP). These pension plans are multi-employer defined benefit plans that provide pensions for the University's participating employees based on years of service and earnings. The pension expense recorded in these financial statements is equivalent to the University's actuarially determined contributions of \$4,236 (PSPP - \$851; UAPP - \$3,385) for the year ended March 31, 2008 (2007 - \$3,553; PSPP - \$727; UAPP - \$2,825).

At December 31, 2007, the PSPP reported an actuarial deficiency of (\$92,070) (2006 -\$153,024 surplus). An actuarial valuation of the PSPP was carried out as at December 31, 2005, and was then extrapolated to December 31, 2007.

At December 31, 2007, the UAPP reported an actuarial deficiency of \$535,843 (2006 - \$409,128) consisting of a pre-1992 deficiency of \$501,300 and a post-1991 deficiency of \$34,543. An actuarial valuation of the UAPP was carried out as at December 31, 2006, and was then extrapolated to December 31, 2007. The unfunded liability for service prior to January 1, 1992, is financed by additional contributions of 1.25 per cent (2006 - 1.25 per cent) of salaries by the Province of Alberta. Employees and employers equally share the balance of the contributions of 2.28 per cent (2006 - 2.28 per cent) of salaries required to eliminate the unfunded liability by December 31, 2043. The actuarial evaluation shows that the present value at December 31, 2006, of the Province of Alberta's obligation for the future additional contributions was \$213,900. The unfunded liability for service after December 31, 1991, is financed by special payments of 2.64 per cent (2006 - 2.64 per cent) of salaries shared equally between employees and employers until December 31, 2017. The special payments will decrease to 1.38 per cent of pensionable earnings on January 1, 2018, and continue until December 31, 2019. At March 31, 2008, the University's share of total payroll, upon which contributions are based, was 4.8 per cent.

Changes are being contemplated for the UAPP which will substantially alter the underlying assumptions used to estimate the plan's actuarial deficiency or surplus. The outcome of these changes is unknown at this time; however, they could have a material effect on the University's future financial statements. Under GAAP, the UAPP and the University are required to report

pension related matters in accordance with the recommendations of different CICA handbook sections. The UAPP actuarial funding deficiency of \$535,843 is reported under CICA 4100: Pension Plans. The University has used the best information available to estimate the unfunded deficiency under defined benefit pension accounting recommendations in CICA 3461: Employee Future Benefits. The estimated unfunded deficiency calculated using the CICA 3461 methodology is approximately \$975 million for the entire UAPP, as extrapolated to March 31, 2008. The University estimated its share of this deficiency by prorating the total employers' share by the University's percentage of the total payroll costs of the plan. The University's estimated share of the unfunded UAPP deficiency under CICA 3461, given significant measurement uncertainty in the methodology and assumptions used, is approximately \$17 million.

#### Administrative Leave and Flexible Benefit Plan

The University's Administrative Leave Plan and Flexible Benefit Plan have no plan assets. The University has provided for these plans by accruing a benefit obligation of \$2,858 (2007 - \$2,849) in salaries and benefits payable (Note 7).

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

	2008	2007
Discount rate and rate of return		
Administrative Leave Plan	5.50%	4.75%
Flexible Benefit Plan	5.75%	5.00%
Rate of compensation increase		
First year	7.00%	7.00%
Subsequent years	7.00%	7.00%
Average remaining service period of active employees		
Administrative Leave Plan	9 years	8 years
Flexible Benefit Plan	14 years	13 years
Retirement age	62 years	60 years

During the year, the University paid benefits from these benefit plans totaling \$432 (2007 - \$634). Employee future benefit costs recognized in the year are \$1,017 (2007 - \$920).

#### Extended Health and Dental Care Plans

The accrued benefit obligation and plan assets for the Extended Health and Dental Care defined benefit plans are \$95 (2007 - \$77) and \$554 (2007 - \$489) respectively. The net position of the plans of \$460 (2007 - \$412) is recorded in accounts receivable in the University's statement of financial position. The change in the net position of \$48 (2007 - \$75) is recorded as a reduction to expenses in the University's statement of operations. Employer premiums paid to Alberta Blue Cross of \$2,032 (2007 - \$1,752) are recorded as an expense in the University's statement of operations.

## Note 20 Salary and Benefits Disclosure

A Treasury Board directive under the *Financial Administration Act* of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

	2008				2007
	Base Salary <sup>(1)</sup>	Cash Benefits <sup>(2)</sup>	Non-cash Benefits <sup>(3)</sup>	Total	Total
Governing Council <sup>(4)</sup>					
Chair of Governing Council	\$ -	\$ -	\$ -	\$ -	\$ -
Governing Council members	-	-	-	-	-
Executive Officers					
President	339	30	47	416	326
Vice-presidents					
Academic	197	13	28	238	227
Advancement	199	13	28	240	122
Finance and Administration	193	12	28	233	215
Chief Information Officer	162	9	28	199	184
Associate Vice-presidents					
Academic	132	-	27	159	166
Research	163	-	29	192	174
Increase in Administrative Leave Plan accruals <sup>(5)</sup>					
President				98	53
Vice-presidents					
Academic				51	28
Advancement				41	23
Finance and Administration				65	44
Chief Information Officer				54	45
Associate Vice-presidents					
Academic				15	31
Research				-	-

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

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

(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) The chair and the 16 members (2007 – 15) of Governing Council receive no remuneration for participation on the council.

(5) 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 21 Comparative Figures

Certain 2007 comparative figures have been reclassified to conform to the presentation adopted in the 2008 financial statements.



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