

Athabasca University 

Annual Report

to Alberta Enterprise and Advanced Education

For the year ended March 31, 2012



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Accountability Statement

Athabasca University's Annual Report for the year ended March 31, 2012, was prepared under the direction of the Governors of Athabasca University in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Barry Walker

Barry Walker, FCA
Chair
The Governors of Athabasca University

October 5, 2012

Management's Responsibility For Reporting

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

The Annual Report has been developed under the oversight of Board of Governors' Audit Committee and approved by the Board and is prepared in accordance with the *Government Accountability Act* and the *Post-secondary Learning Act*.

The Auditor General of the Province of Alberta, Athabasca University's external auditor, appointed under the *Auditor General Act*, performs an annual independent audit of the consolidated financial statements in accordance with generally accepted accounting principles.

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President

October 5, 2012

Original signed by Estelle Lo

Estelle Lo, B.Comm., MBA, CMA
Vice-President (Finance and Administration)

Message from the Chair and President

Athabasca University has, despite continuing pressures imposed by the economic realities of the time, enjoyed another successful year. Highlights of 2011-12, as detailed in the following report, include adoption of a new strategic plan, completion of two major infrastructure projects, development of a number of collaborative projects and partnerships, and advancement of the university's teaching and research mandate.

The *Strategic University Plan: 2011-16* was completed and approved by the Board of Governors in 2011 after more than two years of broadly based community consultation. The plan commits AU to maintaining its leadership position in open and distance education, ensuring institutional sustainability, fostering adaptability, recruiting and retaining excellent employees and promoting excellence in research and collaboration and innovation in the various communities it serves.

The Academic and Research Centre, the largest infrastructure project undertaken by AU since its relocation to Athabasca in 1984, was completed on the university's Athabasca campus and officially opened in July 2011. The new building is providing badly needed workspace for faculty and staff members and will greatly strengthen AU's leadership role in addressing global distance education challenges and opportunities.

The Open Knowledge Environment Project, completed in October 2011, responded to AU's highest priority infrastructure need: development and enhancement of the university's information and communication technology infrastructure. The largest ICT project in AU's history, it included over 35 sub-projects designed to strengthen the university's teaching, learning and research environments. Its successful completion has helped to position AU to better serve the learning needs of Albertans now and in years to come.

Increasing financial support for students through scholarships and bursaries is another priority goal for AU, and during 2011-12 the university took further significant steps toward its achievement. Student awards in the amount of nearly \$1.1 million, the second highest total in AU history, were distributed, and a number of new awards were introduced.

Several large, multi-year research projects were completed during 2011-12 and several others began. AU Press continues to grow and to enhance access to the products of scholarly research, particularly for those living in areas not served by university libraries. Increasing research funding remains a university priority.

AU continues to build relationships with professional associations, business, industry and the communities it serves. Such relationships are fundamental to the advancement of the university in a number of areas, including research, enrolment, program delivery, alumni engagement and community development. AU also continues to strengthen its relationships with other post-secondary institutions, both within Campus Alberta and nationally and internationally.

Original signed by Barry Walker

Barry Walker, FCA
Chair
The Governors of Athabasca University

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President
Athabasca University

Operational Overview

Mission

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

May 1985

Reconfirmed October 2011

Mandate

Founded in 1970 and operating as a comprehensive academic and research institution under the authority of the *Alberta Post-secondary Learning Act*, Athabasca University is a public, board-governed, open and distance education university which serves students throughout Alberta, across Canada and around the world. Working as a partner within Campus Alberta, Athabasca University is committed to collaborating with other key stakeholders to ensure a seamless and responsive advanced education system that provides high-quality learning opportunities in support of lifelong learning.

The university offers a range of courses and programs leading to graduate and undergraduate degrees, certificates and diplomas in the humanities, the social sciences, the sciences, technology, business and the health disciplines.

As an open university, Athabasca University seeks to remove barriers to undergraduate and graduate education. It offers flexible enrolment opportunities for learners, regardless of age, gender, culture, income, disability, career and family obligations, geographic location or educational background. As a distance education university, Athabasca University provides flexibility for lifelong learners who cannot or choose not to undertake residential post-secondary education. The university offers learners the opportunity to interact with students across Canada and around the world through programs in established and emerging areas as it seeks to meet the needs of career professionals, develop research expertise and create knowledge that fosters a global outlook among its graduates.

Athabasca University provides high-quality, interactive learning environments that include a variety of online and other media technologies for individualized and cohort learning. The university's library and tutorial services and extensive student support services that facilitate access and increase learner success are integral aspects of a quality open and distance education system. Similarly, its course designs and technology applications are based on current research in open and distance education, pedagogical advances in lifelong learning and contemporary developments in online learning technologies. The university actively pursues technological innovations that can enhance its teaching, research and administrative functions.

The university provides undergraduate degree completion opportunities for university transfer students and college diploma graduates through credit co-ordination, credit transfer, prior learning assessment and associated forms of learning accreditation. It supports collaborations such as its degree completion agreements with colleges and partnership with Alberta-North. These collaborations, together with its participation in initiatives such as the Canadian Virtual University, reflect Athabasca University's long-standing commitment to adult and lifelong learners, to aboriginal communities, to

learners in remote, rural and northern areas, to under-served urban populations and to program students at other universities who seek courses to accelerate degree completion. The university also acquires and maintains accreditation in other Canadian provinces and in appropriate international jurisdictions.

Athabasca University pursues and demonstrates excellence in research and scholarship, viewing research as central to the creation and mobilization of knowledge, the enhancement of its programs, the education of its students, the betterment of its community and the development of its faculty and future scholars. Besides its international reputation for research in all aspects of open and distance education and learning technologies innovation, the university is developing notable strength in interdisciplinary research in several areas such as Canadian studies, globalization and cultural studies, indigenous education, space and environmental sciences, project management, and nursing and health management. Aspects of technological change are integral to many of these theme areas. By supporting and conducting research activity in all program areas, Athabasca University makes significant contributions to cultural, scientific and professional development in Alberta and beyond.

Athabasca University's academic, professional and support staff engage in professional service within the education system at local, provincial, national and international levels. The university encourages its members to serve a wide range of communities through activities such as volunteerism, community based research, involvement in local community organizations and participation in virtual learning communities.

*Approved by the Minister of Advanced Education and Technology
November 17, 2009*

Governance

AU operates with a bicameral governance system. Members of the Board of Governors are appointed by the Government of Alberta. The Board consists of the chairperson, up to 10 public members, two academic staff members, one tutor, one non-academic staff member, one graduate student, two undergraduate students and one alumni member. The president of the university is an *ex officio* member of the Board.

As of March 31, 2012, the membership of Governing Council was as follows:

| | |
|-------------------|--|
| Chair | Barry Walker |
| Public Members | Brian Curial (Vice-Chair) Rai Batra Dr. William Byrne Diane Davies Heather Kennedy Jill Matthew Andy Neigel Robert Splane John Trefanenko Shawn Wasel |
| Executive Officer | Dr. Frits Pannekoek, President |
| Academic Staff | Dr. Michael Mauws, Athabasca University General Faculties Council John Ollerenshaw, Athabasca University Faculty Association |

| | |
|------------------------|---|
| Tutor | Dr. Douglas Knight |
| Non-academic Staff | Carla Yeaman |
| Graduate Student | Amanda Nielsen, President, Athabasca University Graduate Students' Association |
| Undergraduate Students | Bethany Tynes, President, Athabasca University Students' Union Toni Fox, Vice-President External and Student Affairs, Athabasca University Students' Union |
| Alumni | Vacant |

Strategic University Plan

The *Strategic University Plan: 2011–16* sets the direction for AU in realizing its vision of being recognized as a best practices university in research, teaching and service and as the leader in removing barriers to post-secondary learning. The university is guided by five strategic goals for realizing this vision during the planning period:

- to be the leader in quality open and distance education
- to ensure sustainability and foster adaptability
- to recruit and retain excellent people
- to promote excellence in research
- to build communities

Each goal is supported by a list of associated strategic objectives (high-level objectives that will contribute to the achievement of the goal) and measurable key outcomes. Monitoring of these outcomes over the term of the strategic plan will ensure that progress is clear to all stakeholders and that AU can adjust to new challenges and opportunities that may arise during the planning period.

Core 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.

During 2011–12, AU offered 852 courses in a broad range of 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 12 graduate-level diplomas and certificates:

- Doctor of Education (Distance Education)
- Doctor of Business Administration
- Master of Arts (Integrated Studies)
- Master of Business Administration
- Master of Counselling

- Master of Education (Distance Education)
- Master of Health Studies
- Master of Nursing
- Master of Science (Information Systems)

Undergraduate Programs

In addition to 22 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, four-year (general or with a major in human resource management, marketing, or indigenous nations and organizations)
- Bachelor of Management, three-year
- Bachelor of Nursing (post LPN or post RN)
- Bachelor of Professional Arts (with a major in communication studies, criminal justice, human services or governance, law and justice)
- Bachelor of Science (general or with a major in human science)
- Bachelor of Science in Computing and Information Systems

Enrolment, Facility and Staffing Information

Enrolment

AU's overall student enrolment for 2011–12 was 40,403 (7,874 full-load equivalents). Enrolment in graduate degree programs was 3,103; in undergraduate degree programs, 6,752. Detailed enrolment and course registration statistics are presented on pages 24–28.

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 locations in Edmonton, St. Albert and Calgary. AU's main Data Centre is located on the Athabasca campus and contains the central storage, processing and network hubs.

Staffing

AU's staff complement increased by two per cent in the past year. Growth in the work force continued to be restricted by a hiring freeze introduced in 2010 in response to the economic downturn and the resulting freeze in operating grants. The following table presents a comparison of staffing complements (full-time equivalents) for the past three years:

| | 2009–10 | Change from 2008–09 | 2010–11 | Change from 2009–10 | 2011–12 | Change from 2010–11 |
|--------------------------|--------------|------------------------|--------------|------------------------|------------------|------------------------|
| Academic, full-time | 186 | 3.9% | 176 | (5.4) | 175 ¹ | (0.6%) |
| Academic, part-time | 149 | 17.3% | 139 | (6.7) | 179 | 28.8% |
| Professional | 306 | 20% | 270 | (11.8) | 265 | (1.9%) |
| Management and executive | 24 | (4%) | 19 | (20.8) | 24 | 26.3% |
| Support and temporary | 351 | 6.7% | 286 | (18.5) | 271 | (5.2%) |
| Casual | 54 | (34.9%) | 53 | (1.9) | 68 | 28.3% |
| Tutors | 377 | (1.8%) | 384 | 1.9 | 371 | (3.4%) |
| Total | 1,447 | 4.7% | 1,327 | (8.3) | 1,353 | 2% |

¹ Includes 135 permanent research faculty, 29 permanent teaching faculty and 11 temporary appointments.

Collaborations and Partnerships

The diversity of Alberta's educational institutions provides learners with flexibility of choice, and AU plays 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.

Students registered at other Alberta post-secondary institutions make extensive use of AU's courses and educational services to help them complete their degrees. In the past year, for example, 2,886 students from Alberta's other five universities took AU courses for degree completion at their home institution. To create pathways to degree completion for students who hold college diplomas, AU has entered into more than 350 agreements and partnerships with colleges and technical institutes in Alberta, across Canada and abroad. Last year, for example, 1,573 college graduates were enrolled in AU degree completion programs.

AU has long-standing collaborative arrangements for providing post-secondary learning in rural and aboriginal communities. The university is a member of eCampusAlberta, a partnership of 16 Alberta post-secondary institutions bringing courses and programs to students provincewide. Through this partnership, AU helps to provide facilities, learning technologies and support services at over 80 online CAP sites through which students can receive courses and programs offered by many different post-secondary institutions. AU also collaborates with tribal councils and Alberta aboriginal institutions (e.g., Yellowhead Tribal College, Blue Quills College) to ensure access to university-level study.

AU is a founding member of the Canadian Virtual University, a consortium of 12 Canadian universities with an interest in e-learning. The university also maintains formal collaborative ties with a number of major employers and professional associations.

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 offers its courses through grouped study

(classroom-based courses) at a variety of partner institutions, enabling students to remain in their home communities while pursuing university-level study, including post-diploma degree completion opportunities. In addition to offering courses, AU has liaison staff on site at Medicine Hat College, Grande Prairie Regional College and Lethbridge College and another staff member working with four central Alberta institutions. These liaison offices provide services to students taking AU courses and programs and initiate opportunities for dialogue and relationship building with both college partners and the larger community.

During 2011–12, AU entered into an agreement with Bow Valley College to relocate its Calgary offices to a new building, now under construction, on the Bow Valley campus. This partnership will showcase Campus Alberta and provide an example of positive collaboration among Alberta post-secondary institutions. It will benefit students by providing learning experiences at a variety of academic levels in one convenient downtown Calgary location accessible by public transportation and by providing options for students to transfer or ladder into university-level programs in both classroom and distance learning environments.

Developing partnerships with corporate Canada is another long-standing focus of AU's collaborative strategy. The university works with a number of Alberta and national corporations and professional organizations on a wide variety of educational and research ventures. Forging new corporate partnership opportunities remains a major focus of AU's Comprehensive Institutional Plan.

Major Accomplishments of 2011–12

The following significant individual and collective achievements were among the highlights of 2011–12 for the AU community.

Infrastructure

Academic and Research Centre

AU's 5,343 m² Academic and Research Centre on the Athabasca campus was officially opened by Premier Ed Stelmach on July 29, 2011. The technologically enabled building provides badly needed work space and services for academic and research employees of the university in a healthy and safe work environment and supports future expansion.



The building, designed by Manasc-Isaac Architects and constructed by Chandos Construction, both of Edmonton, is expected to achieve a LEED® Gold standard certification. Its open design supports increased collaboration among researchers and academics, giving impetus to research in teaching practices, technological innovations and implementation strategies associated with e-learning.

Construction of the building began in the fall of 2008. The Government of Alberta provided a \$30 million capital grant to fund construction.

Open Knowledge Environment Project

AU's \$8.65 million Open Knowledge Environment Project, initiated in June 2009 as a first step toward realization of the university's visionary Open Learning Environment, was successfully completed on schedule in October 2011.

This information and communication technology infrastructure project included more than 30 sub-projects which together enhanced the university's technology infrastructure and upgraded skill sets and ICT processes across the institution. Elements created or enhanced included desktop virtualization, synchronous web conferencing, research collaboration, a tutor portal, VOIP communication, course content management, online assessment, student program planning and course evaluation. These developments are in turn, enabling the exploration of new tools in areas such as learning and academic analytics, simulation, gaming and immersive environments and the creation of open educational resources.

The project was funded by a grant from the Government of Canada's Knowledge Infrastructure Program with matching funding from the Government of Alberta.

Governance

Strategic University Plan

After extensive community consultation, including two rounds of open forums at all AU locations, focus groups and written community feedback on two drafts, AU's *Strategic University Plan: 2011–16* was approved by the Board of Governors on October 21, 2011.

During the five-year period covered by the plan, AU will focus on realizing five strategic goals:

- to be the leader in quality distance and open education
- to ensure sustainability and foster adaptability
- to recruit and retain excellent people
- to promote excellence in research
- to build communities

For each goal, the new SUP provides strategic objectives, priority actions and measurable performance indicators to ensure that progress is clear, accountable and on target.

Premier's Award

AU was one of nine Alberta employers to receive a 2011 Premier's Award for Healthy Workplaces. AU received an Award of Merit in the large workplaces category (1,000 or more employees). The award was presented at the provincial Legislature on March 13, 2012.

Awarded annually, the Premier's Award for Healthy Workplaces is designed to recognize Alberta employers that provide strategies, initiatives, policies or programs that promote, support and enhance a healthy workplace and the efforts of workers to remain healthy at work and beyond through physical activity, active living and healthy eating.

Teaching and Learning

Calculus Project

The three-year World's Best Calculus Project, a design-based exploration of new models of teaching calculus online, was successfully completed in 2011-12, having yielded innovative learning designs and interactive tools that are now being applied in several AU science courses. Course production staff are now able to convert specialized course materials from print to online versions using a variety of technologies to reproduce symbols and equations. Interactive modules produced to enhance the calculus course have been released as open educational resources. Accessibility guidelines for the design and production of online courses were also developed and tested through this project and now inform all course development. This project was supported by funding from the Government of Alberta's Renaissance Fund.

Copyright Project

The Copyright Project, initiated in 2009 with Renaissance Fund funding and completed early in 2012, allowed AU to significantly increase its understanding of the changing landscape of copyright and open access in Canada and to adapt processes in the use of third party materials and other learning resources accordingly. Through this project, records and permissions were updated, and open and other resources that support teaching and enhance learning in AU online courses were researched. As a result, AU is now well positioned to provide leadership in copyright and open educational resources to post-secondary institutions across Canada. A new Fair Dealing Policy now guides course developers, and concerted efforts are being devoted to the design, use and adaptation of open educational resources.

CMA Accreditation

Certified Management Accountants of Canada, the world leader in shaping strategic management accounting professionals to lead successful enterprises in the global marketplace, accredited AU's Bachelor of Commerce Accounting Major Program for a five-year period beginning in 2011. The AU program is the first online accounting program to receive the accreditation. The decision placed AU among an exclusive group of Canadian institutions to have a CMA Canada accredited undergraduate accounting program. The accreditation affirmed both the calibre of AU's Accounting Major Program and the growing recognition of quality online business courses and programs.

E-Learning Award

The AU Mobile Learning Project, focused on the use of mobile devices to deliver language training, received the International E-Learning Association's E-Learning Award at the organization's annual conference in Piestany, Slovakia, in September 2011. The project, under the leadership of Dr. Mohamed Ally of the Centre for Distance Education, includes researchers Dr. Rory McGreal, also of the Centre for Distance Education; Tony Tin and Colin Elliott, both of Library Services; and Tracey Woodburn of the Research Centre.

Launched in 2007, the AU Mobile Learning Project consists of four parts:

- Mobile ESL: a text-based interactive component designed specifically for new Canadians needing ESL training to enter the workforce
- Workplace English: a multimedia component for smartphones
- Accent Reduction: offering users a variety of speaking and listening activities to help improve English pronunciation
- Mobile French: a five-lesson module for beginners

The Mobile ESL and Workplace English components are operational, with students and others using the open access lessons developed to improve their English skills. Results from both projects have been presented at national and international conferences. The Accent Reduction and Mobile French components are in the pilot testing phase.

Student Support

A Vision for Student and Learning Support Services

To provide an overall direction for services planning, AU has developed a vision statement for student and learning support services. The vision has five overarching goals:

- to continue to foster a student service-oriented culture across the university
- to identify and pursue opportunities for integrated, automated, self-serve student services
- to provide staff members with the supports they need to become informed and knowledgeable, enabling them to be responsive to student needs and expectations
- to facilitate opportunities for learners to become self-directed and self-sufficient
- to adopt an evidence based approach that cultivates continuous improvement and quality enhancement in student services

Digital Theses and Dissertations

As a result of the joint Faculty of Graduate Studies and AU Library Electronic Thesis and Dissertation Submission Project, all AU master's theses and doctoral dissertations will now be submitted to the DTheses Repository, from which they will be accessible worldwide. Documents in the repository can also be harvested by Library and Archives Canada.

Electronic submission of theses and dissertations is a first for AU, and both it and the increased accessibility of the documents through Library and Archives Canada offer significant advantages to student research. Students also benefit when their own research is made available to a wider audience.

Research

Trojan Asteroid

Dr. Martin Connors, a Canada Research Chair in space science, instrumentation and networking, working with two co-researchers at the University of Western Ontario and the Canada-France-Hawaii Telescope in Kamuela, Hawaii, discovered the first known Trojan asteroid associated with planet Earth. Connors, a professor in AU's Faculty of Science and Technology, oversees the Athabasca University Geophysical Observatory and is a world-renowned expert on asteroids and near-earth objects. The discovery was published in the July 28, 2011, issue of *Nature*.

The Trojan asteroid, called 2010 TK7, was first detected in 2009 using NASA's Wide-field Infrared Survey Explorer Satellite and was confirmed using the ground-based Canada-France-Hawaii Telescope in April 2011. Trojan asteroids were previously known to exist in association with Jupiter, Neptune and Mars. This discovery proves that they can also be found in stable orbits like that of Earth around the sun.

Bibliography of the Athabasca River Basin

Initiated in 2009, the Bibliography of the Athabasca River Basin has grown into a digital online information resource about the Athabasca River Basin. The goal of the project was to identify, collect and preserve information sources and make them available to scholars, researchers, industry, government, media and the general public. The BARB is managed by AU through the Athabasca River Basin Research Institute and has grown into an innovative interdisciplinary research resource focused uniquely on the basin. It contains more than 25,000 entries, many of them accessible online, in a variety of formats (e.g., textual, image, maps and data). This resource provides ready access to a broad range of information about the Athabasca River Basin (environment, industry, geography, economics, history, culture, recreation, tourism), inspiring and facilitating scientific and other research and providing educational opportunities for anyone interested in learning about the basin. The BARB is expected to continue to grow at the rate of 5,000 to 7,500 items per year.

Knowledge Networks

In *Building Knowledge Networks: Factors Impacting Project Assessments*, a recently completed Social Sciences and Humanities Research Council funded study of project teams, Dr. Kam Jugdev, a professor in the Faculty of Business, sought to increase the collective understanding of how project assessments and communities of practice lead to the creation of organization-wide knowledge networks. Her findings reinforce the importance of collaborative activities such as informal knowledge sharing and relating prior work experiences in fostering group dialogue, supporting, mentoring and enabling participants to develop networks of contacts for future reference.

Artistic Pedagogical Technologies

Artistic pedagogical technologies refer to teaching strategies founded in the arts, such as those involving literary, visual, musical or dramatic elements. Dr. Beth Perry and Dr. Margaret Edwards, both of the Faculty of Health Disciplines, addressed questions related to the effects of selected artistic pedagogical technologies on students and teachers and how such approaches influence interaction, social presence and community. Findings from their Social Sciences and Humanities Research Council funded study *An Exploration of How Artistic Pedagogical Technologies Influence Interaction, Social Presence and Community* include conceptualization of a holistic model of student learning involving attributes of Web 3 technologies, increased understanding of these arts-based approaches and enhanced awareness of the complexity of integrating social media elements in pedagogical design.

Publishing

AU Press

AU Press continued to promote its open access initiative worldwide through the release of 17 new books during 2011-12. The press maintained its focus on research in education, western history, labour studies and aboriginal studies while also developing new strengths in critical theory and political science. A number of AU Press publications received prestigious awards and nominations, among them:

- *Recollecting: Lives of Aboriginal Women of the Canadian Northwest and Borderlands*, edited by Sarah Carter and Patricia A. McCormack: the 2011 Armitage-Jameson Prize, awarded by the Western History Association and the Coalition for Western Women's History; the 2012 Best Book in Aboriginal History Prize, awarded by the Canadian Historical Association; and the Best Book in the Scholarly and Academic category at the 2012 Alberta Book Awards
- *Goodlands: A Meditation and History on the Great Plains*, by Frances W. Kaye: shortlisted for the Best Book in Aboriginal History Prize awarded by the Canadian Historical Association
- *Imagining Head-Smashed-In: Aboriginal Buffalo Hunting on the Northern Plains*, by Jack W. Brink: the 2012 Felicia A. Holton Book Award, awarded by the Archaeological Institute of America to the non-fiction work which best excites an appreciation for archaeology

In collaboration with the Centre for Learning Design and Development, AU Press is developing a textbook initiative, now in the testing phase, which will allow it to publish low-cost textbooks for use in undergraduate courses throughout the province.

CNIE Award of Merit

An AU produced video series *The Paragraph: A Video Tutorial* received a Canadian Network for Innovation in Education Award of Merit in the video category at the association's fourth international conference in Hamilton, Ont., in 2011. The video tutorial was developed by Linda McCloud-Bondoc, director of the Write Site, AU's student literacy support service, in collaboration with learning designer Dr. Mary Pringle, visual designer Ian Grivois and multimedia producer Blaise McMullin.

Learned Journals

AU president Dr. Frits Pannekoek was acclaimed president-elect of the Canadian Association of Learned Journals in 2011. He will serve as president-elect for one year and then assume the association's presidency for two years. Pannekoek welcomed the opportunity to work with the academic community through a period of rapid change.

Conferences

International Academy of African Business and Development

AU and Grant MacEwan University co-hosted the twelfth annual International Academy of African Business and Development Conference, the first academic conference focused on business in and with Africa to be held in Canada, in Edmonton from May 17 to 20, 2011. Over 120 delegates, representing African, Chinese, British, American and Canadian institutions attended the event, the theme of which was Challenges in the Era of Globalization.

Conference speakers included Hon. Iris Evans, Alberta minister of international and intergovernmental relations, and high commissioners for Kenya, the Federal Republic of Nigeria, and the Republic of South Africa. Representatives of the Canadian International Development Agency and the World Institute for Development Economics Research at the United Nations University in Helsinki were among the keynote presenters.

Founded in 1998, the IAABD is one of the world's leading organizations committed to fostering functional education in Africa, broadening and deepening global understanding of the various challenges facing African development and business, and advancing alternative solutions to Africa's business and economic challenges. The annual IAABD Conference is open to scholars, professionals and students engaged in teaching, research, performance or administration of business and economic development issues as they relate to Africa.

Moodlemoot

Nearly 350 on-site participants and 50 virtual participants came together for the third Canadian Moodle moot and social learning gathering hosted by AU in Edmonton from May 1 to 5, 2011. A Moodle moot is a conference for users, developers and administrators of Moodle, a popular open-source virtual learning environment.

The conference theme was Open Learning and Open Collaboration, and the keynote speakers were Martin Dougiamas, founder and developer of Moodle, and Stephen Downes, a National Research Council of Canada specialist in online learning, new media, pedagogy and philosophy. Conference sessions focused on open learning, the open source production and development model, open educational resources and open social networking.

External Relations

Creative Commons

In March 2012, AU joined with BCcampus and the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic to re-establish a Creative Commons affiliate team in Canada and to relaunch the Creative Commons Salon in Ottawa.

This new partnership will re-ignite the Canadian Creative Commons community, first established in 2004. Since then, volunteers, interns and affiliate leads have supported and promoted Creative Commons and the use of open licenses generally in a Canadian context. Through public outreach, community building, tools, research and resources, the new team will work with a network of supporters to maximize digital creativity, sharing and innovation across Canada.

10 Years of Science Outreach

On April 7, 2011, Science Outreach – Athabasca celebrated its tenth anniversary with the unveiling of a new website, a source of science links for everyone, especially children and their parents and teachers. During its first 10 years, the group organized 339 activities involving over 24,000 child and adult participants in 19 central and northern Alberta communities. Although many Canadian universities and other institutions provide science activities for the public, Science Outreach – Athabasca is one of only seven such organizations in the country that present activities outside their home institution.

Science Outreach – Athabasca now includes six scientists from the AU's Centre for Science and five other science-associated people from AU and the Athabasca area. During its first decade, 15 others contributed to the organization. Founded with a grant from Alberta Innovation and Science, the organization has since received nearly \$450,000 in financial support from organizations, businesses and individuals. It has also benefited greatly from community volunteers. Nearly every AU department and several Athabasca area organizations helped, and members of the university community and the general public have volunteered to support talks, field trips, science camps, exhibitions and major events such as film festivals and conferences.

Support for Slave Lake

AU faculty and staff members and the university as a whole responded quickly to support residents of Slave Lake following the May 15, 2011, wildfire. Over 2,000 evacuees escaped to Athabasca, and an evacuation centre was established at the Athabasca Multiplex. Ninety AU employees volunteered at the centre over the next two weeks. The university helped to co-ordinate the emergency effort and provided

a variety of supports including parking space for RVs and trailers, classrooms for evacuated school children, a communications centre with computer, printer, telephone and fax services, and warehouse equipment and storage space for handling donated goods.

Development

Coat of Arms

AU was granted official armorial bearings by the Canadian Heraldic Authority in August 2011. The design of the coat of arms by the heraldic authority followed extensive consultation with all sectors of the university community.

The various elements of the coat of arms (e.g., eagles, spruce tree, bear, university mace, poplar leaves) represent strength, wisdom, AU's northern Alberta location and its tradition of openness. AU's colours, blue and green, are dominant, and its motto, Learning for Life, is displayed beneath the shield.



Open Our World

In October 2011, AU's Board of Governors approved the public launch, in May 2012, of Open Our World, the university's first formal fundraising campaign. AU's Development and External Relations unit had been engaged with the quiet phase of the campaign for the previous 18 months. Elements of that phase included recruiting a campaign cabinet, finalizing funding priorities, planning launch and other events, preparing the campaign website and other materials, and securing major gifts. The Open Our World Campaign is focused on realizing support in four key areas: student awards, learning innovation, research and community service.

Student Awards

Expansion of the student award program during the past year included creation of the following new awards:

- Faculty of Business Bursary: two new bursaries for MBA students
- Edmonton Oilers Community Foundation Bachelor of Nursing Scholarships: two new scholarships for nursing students from central and northern Alberta, created through a donation by the Edmonton Oilers Community Foundation (Forty students will benefit over the next five years.)
- Wayne Perry Doctor of Education Award (the first award specific to AU's recently established doctoral programs) and Wayne Perry M.Ed. Student Research Award: to recognize and support the research of exceptional students pursuing a Doctor of Education or a Master of Education degree through the Centre for Distance Education

Support for Teaching and Research

During 2011–12 private, corporate and non-profit donors have made major commitments to several AU teaching and research projects including the Writer in Residence Program, the Technology Enhanced Knowledge Research Institute, Expanding Access to Legal Services in Alberta through E-Learning, the Alberta Women's Memory Project, Faculty of Business Case Competition Coaching, AU Press and Mobile Learning.

Student Achievement

CMA Case Competition

AU undergraduate business students took first and second place in the 2012 Certified Management Accountants of Alberta Board Governance Competition, held in Calgary March 14 to 16. The team of Nicole Brittin, Megan Daigneault, Matthew Green and Christina Husband took the \$10,000 first prize while Scott Beaton, Sarah Leverton, Karen Neider and Alexander Poulton finished second overall and won \$5,000. The AU teams were coached by Dr. Alain Ross, Dr. Aris Solomon and Dr. Martin Lees.

World University Games

At the twenty-sixth Summer Universiade in Shenzhen, China, in August 2011, AU student Nathan Gafuik of Calgary became the first Canadian gymnast to capture two individual medals at a single world university games. Gafuik won Canada's first medal of the games, a bronze in the individual all-around competition. He added a silver in the vault on the final day of men's artistic gymnastics competitions.

Young Entrepreneur

Jade Jager Clark, 23, of Brampton, Ont., was awarded the Black Business and Professional Association's 2011 Harry Jerome Young Entrepreneur Award for her youth dance school. Clark, who is studying governance and politics at AU, started the dance school while she was in high school. One of the fastest-growing dance studios in the Greater Toronto Area, it now enrolls 220 students and recently had to move to a larger location. The Harry Jerome Awards recognize and honour excellence in African Canadian achievement across Canada.

Scholastic Team of the Year

In May 2011, the Swift Current Broncos were named the 2010–11 Western Hockey League Scholastic Team of the Year for achieving the highest overall academic performance during the league season. Eleven members of the Broncos team were studying at AU through a WHL/AU education partnership launched in 2009. Through the partnership, AU provides, through online and other distance education vehicles, fully accredited university courses to WHL players interested in pursuing post-secondary studies.

Alumni Achievement

Ombudsman

Peter Hourihan (B.Admin., 1991), a 35-year veteran of the RCMP, was appointed as Alberta's eighth ombudsman in October 2011. Hourihan was appointed commanding officer of the RCMP in British Columbia in 2010 and has an extensive background in policing and mediation. He has been involved in the RCMP's grievance and adjudicative processes and has sat on a number of administrative policing boards. Hourihan received the RCMP's Long Service medal in 1996, Bronze Clasp in 2001 and Silver Clasp in 2006. He received the Queen's Golden Jubilee Medal in 2002.

Giving Back

Doug Schindel (MBA, 2005) of Edmonton was awarded AU's Distinguished Alumni Award in 2011. President of the Weldco Companies, he found that his studies reinforced the philosophy that had guided his work and community activities over the years. The corporate social responsibility lessons learned matched his belief in giving back. Schindel now chairs the Board of Directors of the Edmonton YMCA

and the Boyle Renaissance Development Association and previously served in the campaign cabinet of the Edmonton United Way and with Women Building Futures. He was also the driving force behind the creation of the Canadian Centre for Welding and Joining at the University of Alberta.

Significant Changes

Athabasca University Regulation

The *Athabasca University Regulation*, the provincial government regulation under the *Post-secondary Learning Act* which controls governance of AU, was amended by Order in Council on July 26, 2011. The two major amendments were to change the university's corporate name, from Athabasca University Governing Council to the Governors of Athabasca University, and to replace the university's Academic Council with a broader General Faculties Council.

eCampusAlberta

In May 2011, AU joined eCampusAlberta, bringing the total membership to 16 post-secondary institutions: 11 colleges, two polytechnic institutes and three universities. The consortium will benefit from AU's expertise in online and distance education as it expands student services and enhances the quality of its online offerings. Expansion of the consortium represents another step toward the realization of Alberta Enterprise and Advanced Education's vision of Campus Alberta.

Health and Safety Award

AU's commitment to promoting and supporting health, safety, wellness and environmental initiatives resulted in a new annual employee award for health and safety excellence. Presented for the first time in September 2011 at the university's annual Employee Recognition Event, the Award for Health and Safety Excellence recognizes up to two AU employees (or teams of employees) for health, safety and environmental achievement.

Environmental Factors Affecting Performance

Opportunities and Challenges

Information and Communication Technology

Technological developments continue to transform the contemporary learning environment and workplace, creating both opportunities and challenges for AU and other adult educators. In response, AU has crafted its visionary Open Learning Environment, a 10-year capital investment plan to create a virtual campus through which course delivery can be tailored to meet students' individual needs and learning styles.

Development of the Open Learning Environment was initiated in 2009 through the Course Digitization Project and the Open Knowledge Environment Project, which were successfully completed in 2010–11 and 2011–12 respectively. These projects allowed AU to develop the most urgently needed elements of the virtual campus and included many improvements to student services, organizational efficiency and the online learning environment. They provided a solid foundation for the 10-year plan, which will require capital support from the Government of Alberta if the university is to continue to provide services at levels needed by students, faculty and staff members, and the larger learning community.

AU faces the challenge of consistently renewing its virtual campus to meet increasing student expectations. These expectations are fuelled by technological innovation itself and by the growing number of institutions competing in the post-secondary online learning market.

Economic Factors

Like other Alberta universities, AU continued to experience significant fiscal challenges during 2011–12, including the following:

- a freeze on the provincial general operating grant
- a cap on tuition fee increases
- provincial base operations funding at a substantially lower level per full-load equivalent than the average for comprehensive academic and research institutions
- renewal of collective agreements
- modest returns on investments and continuing market volatility
- increasing competition in online education from other post-secondary providers across the country
- pressures for new information and communication technology capital, essential for development of the university's Open Learning Environment

Research

AU's mandate enjoins the university to support and conduct research in all program areas. In line with Alberta's Research and Innovation Plan, the challenge is to implement AU's Institutional Research Plan with its emphasis on knowledge transfer through industrial partnerships and commercialization. Building research capacity through flexible networks and alliances is one important aspect of that plan. Areas of strength in environment, health, information technology, knowledge media, community sustainability and project management are being expanded. While the recently developed research institutes are providing impetus for some research networks and initiatives, they have not yet achieved sustainable grant levels.

How Challenges and Risks Identified in the Business Plan Have Affected Institutional Performance

As emphasized in previous business plans, ensuring the university's ability to meet its post-secondary mandate requires an increase in funding to cover its growing indirect costs. As a number of analyses have revealed, AU has had ongoing unfunded indirect costs of \$15 million per year (2006 dollars). While the recent freeze on university operating grants and the province's fiscal position have been deterrents to a ready resolution to this issue, the university will continue to reinforce its position with government. In the meantime AU will continue to meet these fiscal realities through a continuing hiring freeze, by increasing efficiencies and by slowing or deferring a number of planned activities.

Effectiveness with which Challenges Were Approached

AU has a unique and critical dependency on information and communication technology to operate and deliver programs to students. ICT is integral to the university's learning delivery, student support systems and administrative operations. Technology increases access and removes barriers, making AU more accessible, particularly to those in rural and remote areas and those unable to attend residential programs because of work, disability, or community or family commitments. It enables their full participation in the knowledge economy. As mentioned above, AU continued to advance some of its planned initiatives, including the development of the Open Learning Environment, through the external funding secured in 2009.

AU has focused its efforts on becoming more entrepreneurial, seeking partnerships with business and increasing its capacity and productivity through information and communication technology and e-learning solutions. The university's innovative initiative to enhance its contribution to Alberta's and Canada's digital economy, has three strategic areas:

- commercializing AU's intellectual property
- assisting small and medium enterprises in Alberta and across Canada by providing e-learning expertise
- assisting organizations to improve their organizational performance through the use of e-learning and e-knowledge

To date, this initiative has received federal and provincial funding, and AU is actively pursuing a number of commercial opportunities. The university has also received provincial funding to jointly develop an assessment security system. Completion of that project will allow AU to securely provide online exams to students in any location, substantially improving operational efficiencies, providing greater flexibility to students and enhancing exam security.

Major Operating and Capital Initiatives

Academic and Research Centre Project

Construction of the 5,343 m² Academic Research Centre on AU's Athabasca campus was completed, and the building was put into service during the 2011–12 fiscal year (See page 11). This new building provides office space and meeting rooms for faculty and staff at AU Athabasca, effectively reducing the acute space shortages they have experienced in recent years.

Open Knowledge Environment Project

The Open Knowledge Environment Project, initiated in 2009 in response to AU's highest priority infrastructure need, development and enhancement of the university's information and communication technology infrastructure, was successfully completed in 2011 (See page 12).

Athabasca University Geophysical Observatory Project

Construction of a new geophysical observatory began in 2011–12, and the structure will be put into service in 2012–13. The facility, which will be one of 16 ground based observatories assisting with the research and collection of data for NASA's THEMIS Mission, was constructed at Narrow Lake, approximately 30 km west of Athabasca, to eliminate light interference.

The project was funded by the Alberta Science and Research Investments Program as part of the concurrent Canada Foundation for Innovation and Alberta Science and Research Investments competitions. It received \$1,373,558 in funding: \$712,261 from Alberta Science and Research Investments Program and \$661,297 from the Canada Foundation for Innovation.

Calgary Relocation

During 2011–12, AU and Bow Valley College entered into a construction agreement whereby AU will relocate its Calgary operations from their leased downtown location to the sixth floor of Bow Valley's new building, now under construction. The new space will be approximately 930 m², and the relocation is scheduled to occur in 2013.

Integrated Learning Centre – Edmonton

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 the downtown AU Edmonton centre. The expected benefits of this project include administrative efficiencies in registration, financial and support processes, including support for those working from home offices in the St. Albert and Edmonton areas. Through discussions with interested parties and government, AU continues to investigate options for housing its Greater Edmonton Area operations.

Main Campus Building Renovations and Infrastructure Renewal – Athabasca

Now that the Academic and Research Centre has been completed and occupied, the second floor of the main campus building at AU Athabasca must be renovated and upgraded to meet the technological infrastructure and functional needs of the departments that will be relocated to it. This renovation will allow the university to optimize space and building functionality. Functional programming for this project has been completed and work will begin in 2012–13.

Financial Highlights

As of March 31, 2012, AU's net assets were \$11.7 million, compared to \$12.2 million reported the previous year. Detailed financial analysis is presented in the "Management's Discussion and Analysis" section on pages 38–42. Audited financial statements are presented in Appendix A.

Goals, Outcomes and Performance measures

The goals of AU's *Comprehensive Institutional Plan 2011–14* were aligned with those of the Strategic University Plan: 2006–11 which was replaced in the last year by *Strategic University Plan: 2011–16*. Progress in advancing those goals during the past year is outlined below with reference to the performance measures established in the *Comprehensive Institutional Plan: 2010–14*.

Access

AU is committed to increasing participation rates and to ensuring that the university is accessible to students from diverse regions and backgrounds. It continues its efforts to maintain its visiting student market and to increase the number of program students from both urban and rural areas, particularly in its graduate programs. Ensuring flexibility of access through improved information and communication technology infrastructure remains the university's highest priority.

CIP Goals

1. Recruit and retain students from diverse regions and backgrounds and provide necessary aid when possible.
2. Expand student access through improved information and communication technology infrastructure.

Performance Measures

CIP: 2011–14 included the following performance measures related to access goals. Progress in meeting them is outlined below:

1. Completion of Enrolment Management Plan projects:

Four Enrolment Management Plan projects, targeted for completion in 2012–13, were initiated in 2011–12:

- AU National and International Marketing Campaign (2011–12): to increase student enrolment by creating awareness of AU as a leader in online and distance education
- AU Branding Project: to improve AU's competitive position, strengthen enrolment and reinforce a positive perception of AU as a top-of-mind university with target audiences
- Undergraduate Student Orientation Project: to create an efficient and informative student orientation tool for use by the AU community.
- Alumni Engagement Initiatives: to engage with alumni in ways that build institutional loyalty and brand recognition and to provide opportunities for continued learning

2. Increase in undergraduate and graduate level student awards:

AU awarded \$1,081,000 in undergraduate and graduate student bursaries and scholarships in 2010–11, a 4.3 per cent increase over the previous year's award total and the second highest distribution of student aid in the university's history. The following table shows award totals for the past three years:

| | Total Awarded ¹ | Growth Rate |
|---------|----------------------------|-------------|
| 2011–12 | \$ 1,081,000 | 4.3% |
| 2010–11 | \$ 1,036,257 | 5.7% |
| 2009–10 | \$ 980,743 | (13.9%) |

¹ Includes AU funded scholarships and bursaries and SSHRC Canada, Health Quality Studentship, Canative and Syncrude awards.

3. Implementation of an international recruitment plan:

An international recruitment project was undertaken in 2011–12 to test the viability of various approaches to international recruitment. Data collected during the first phase of the project has provided useful information in designing a second phase. Given the substantial costs and potential hazards associated with international initiatives, AU have chosen to adopt an incremental approach to plan development.

4. General enrolment targets:

CIP 2011–14 projected annual undergraduate enrolment growth of 2.2 per cent and annual graduate enrolment growth of 2.3 per cent for the planning period and projected 2011–12 course registration at 73,300.

Total enrolment at AU increased from 38,862 in 2010–11 to 40,400 in 2011–12, an increase of 3.9 per cent. Graduate enrolment grew by 4.2 per cent during the period, undergraduate enrolment by 3.9 per cent. Comparative enrolment figures for the past three years are shown in the following table:

| | 2009–10 | 2010–11 | 2011–12 |
|---------------|---------|---------|---------|
| Undergraduate | 34,452 | 35,071 | 36,451 |
| Graduate | 3,738 | 3,791 | 3,949 |
| Total | 38,190 | 38,862 | 40,400 |
| Growth Rate | (0.6%) | 1.8% | 3.9% |

Enrolment by undergraduate degree, certificate and diploma program students rose by 5.5 per cent per cent, as shown in the following table (Note: enrolment figures for 2009–10 and 2010–11 have been restated from previous year's reports to reflect a new calculating methodology introduced in 2011–12):

| | 2009–10 | 2010–11 | 2011–12 | Change |
|--|---------|---------|---------|---------|
| Bachelor of Administration ¹ | 213 | 153 | 121 | (20.9%) |
| Bachelor of Arts (4-Year) | 920 | 847 | 849 | 0.2% |
| Bachelor of Arts (3-Year) | 479 | 506 | 513 | 1.4% |
| Bachelor of Commerce | 824 | 898 | 1,000 | 11.4% |
| Bachelor of General Studies | 368 | 348 | 315 | (9.5%) |
| Bachelor of Health Administration | 137 | 154 | 166 | 7.8% |
| Bachelor of Human Resources and Labour Relations | 280 | 304 | 353 | 16.1% |
| Bachelor of Management (4-Year) | 255 | 267 | 300 | 12.4% |
| Bachelor of Management (3-Year) | 685 | 684 | 687 | 0.4% |
| Bachelor of Nursing (Post-RN) | 849 | 680 | 677 | (0.4%) |

| | | | | |
|--|--------------|--------------|--------------|-------------|
| Bachelor of Nursing (Post-LPN) | 377 | 442 | 536 | 21.3% |
| Bachelor of Professional Arts | 576 | 595 | 673 | 13.1% |
| Bachelor of Science | 311 | 330 | 306 | (7.2%) |
| Bachelor of Science in Computing and Information Systems | 233 | 222 | 256 | 15.3% |
| Certificate and diploma programs | 280 | 291 | 336 | 15.5% |
| Total | 6,787 | 6,721 | 7,088 | 5.5% |

¹ Program closed December 31, 2004.

Enrolment by graduate degree, certificate and diploma program students rose by 3.6 per cent, as shown below:

| | 2009–10 | 2010–11 | 2011–12 | Change |
|--|--------------|--------------|--------------|-------------|
| Doctor of Business Administration | 13 | 25 | 33 | 32% |
| Doctor of Education (Distance Education) | 25 | 35 | 33 | (5.7%) |
| Master of Arts (Integrated Studies) | 512 | 504 | 521 | 3.4% |
| Master of Business Administration | 670 | 647 | 690 | 6.6% |
| Master of Counselling | 210 | 245 | 248 | 1.2% |
| Master of Education (Distance Education) | 200 | 200 | 203 | 1.5% |
| Master of Health Studies | 375 | 371 | 366 | (1.3%) |
| Master of Nursing | 648 | 724 | 812 | 12.2% |
| Master of Science (Information Systems) | 205 | 201 | 197 | (2%) |
| Certificate and diploma programs | 285 | 350 | 317 | (9.4%) |
| Total | 3,143 | 3,302 | 3,420 | 3.6% |

Total course registration by both undergraduate and graduate students also rose as shown in the following table:

| | 2009–10 | 2010–11 | 2011–12 |
|---------------|---------|---------|---------|
| Undergraduate | 63,377 | 63,736 | 66,041 |
| Graduate | 9,071 | 9,472 | 9,625 |
| Total | 72,448 | 73,208 | 75,666 |
| Growth Rate | 0.7% | 1% | 3.4% |

As registration rose at a lower rate than enrolment, the number of full-load equivalents dropped slightly (Note that credits earned through the prior learning assessment and recognition process were included in calculating full-load equivalents for the first time in 2010–11 and therefore account for part of the increase in that year):

| | 2009–10 | 2010–11 | 2011–12 |
|---------------|---------|---------|---------|
| Undergraduate | 6,217 | 6,286 | 6,283 |
| Graduate | 1,485 | 1,606 | 1,591 |
| Total | 7,702 | 7,892 | 7,874 |
| Growth Rate | 2.3% | 2.5% | (0.2%) |

CIP: 2010–14 targeted a 3.7 per cent annual increase in enrolment by Alberta students during the planning period. Actual growth significantly exceeded that target in 2011–12, as shown below:

| | 2009–10 | 2010–11 | 2011–12 |
|---------------|---------|---------|---------|
| Undergraduate | 12,354 | 12,855 | 13,570 |
| Graduate | 993 | 1,098 | 1,139 |
| Total | 13,347 | 13,953 | 14,709 |
| Growth Rate | (0.02%) | 4.5% | 5.4% |

5. International enrolment targets:

As mentioned above, an international recruitment strategy is still under development, and establishment of international enrolment targets will be a component of that process. International enrolment grew by 2.9 per cent in 2011–12 as shown below:

| | 2009–10 | 2010–11 | 2011–12 |
|---------------|---------|---------|---------|
| Undergraduate | 882 | 779 | 803 |
| Graduate | 128 | 128 | 130 |
| Total | 1,010 | 907 | 933 |
| Growth Rate | 3% | (10.2%) | 2.9% |

6. Implementation of access related components of the Open Knowledge Environment Project:

The Open Knowledge Environment Project was successfully completed in October 2011 (See page 12).

7. Launch of the AU Alberta Adult Learner Information and Recruitment Micro-Website:

The site plan and marketing plan for the Alberta Adult Learner Information and Recruitment Micro-Website website were completed in 2011–12. Work on the website itself is ongoing, and it will be launched in 2012–13.

8. Course and program completion rates:

Course completion rates have been relatively stable over the past three years. Though the actual number of courses completed has risen steadily in step with increased registration, the percentage completed has dropped slightly, from 86 per cent in 2009–10 to 85 per cent in 2010–11 and 84 per cent in 2011–12 (excluding students who registered for courses but never started them).

AU awarded 1,726 academic credentials, 785 at the graduate level and 941 at the undergraduate level, during 2011–12, a 4.6 per cent decrease over the previous year.

| | 2009–10 | 2010–11 | 2011–12 |
|---|---------|---------|---------|
| Undergraduate Degrees | | | |
| Bachelor of Administration ¹ | 54 | 34 | 27 |
| Bachelor of Arts | 126 | 127 | 141 |
| Bachelor of Commerce | 47 | 67 | 66 |

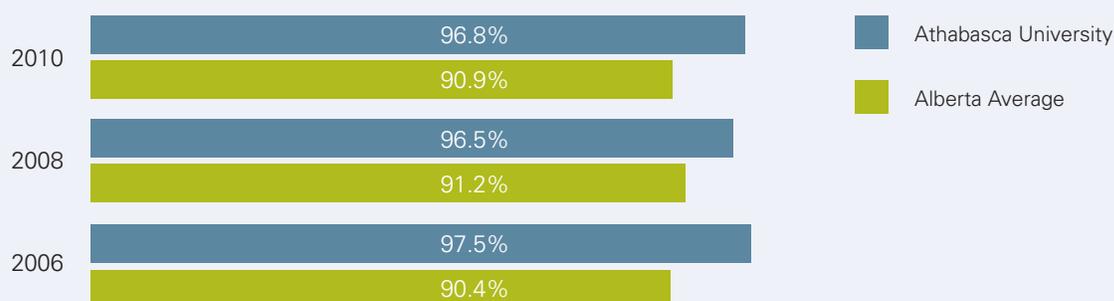
| | | | |
|--|--------------|--------------|--------------|
| Bachelor Bachelor of General Studies | 127 | 124 | 109 |
| Bachelor of Health Administration | 6 | 4 | 8 |
| Bachelor of Human Resources and Labour Relations | 30 | 42 | 26 |
| Bachelor of Management | 118 | 121 | 129 |
| Bachelor of Nursing | 326 | 338 | 190 |
| Bachelor of Professional Arts | 104 | 88 | 109 |
| Bachelor of Science | 10 | 8 | 16 |
| Bachelor of Science in Computing and Information Systems | 5 | 9 | 9 |
| Total Undergraduate Degrees | 953 | 962 | 830 |
| Undergraduate Certificates and Diplomas | 69 | 65 | 111 |
| Graduate Degrees | | | |
| Master of Arts (Integrated Studies) | 57 | 84 | 70 |
| Master of Business Administration | 179 | 160 | 179 |
| Master of Counselling | 43 | 35 | 59 |
| Master of Education (Distance Education) | 39 | 33 | 31 |
| Master of Health Studies | 67 | 77 | 69 |
| Master of Nursing | 123 | 134 | 138 |
| Master of Science (Information Systems) | 35 | 23 | 23 |
| Total Graduate Degrees | 543 | 546 | 569 |
| Graduate Certificates and Diplomas | 231 | 237 | 216 |
| Total Credentials Awarded | 1,796 | 1,810 | 1,726 |

¹ Program closed December 31, 2004.

9. Graduate satisfaction ratings:

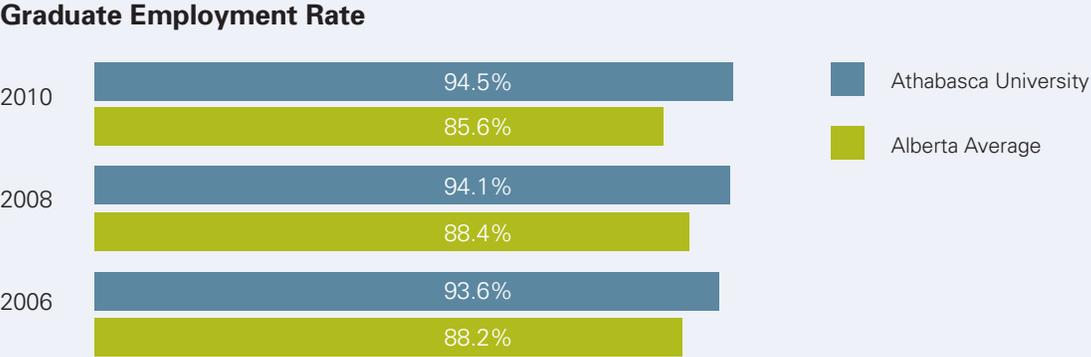
AU consistently exceeds the provincial average level of satisfaction on the Government of Alberta's Alberta Post-secondary Graduate Outcomes Survey. The following chart shows the percentage of graduates who indicated that they were satisfied with their overall educational experience:

Graduate Satisfaction with Overall Quality of Education



10. 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 through the Alberta Post-secondary Graduate Outcomes Survey:



It is also important to note that a majority of AU students participate in the labour force while completing their courses or programs: 95 per cent work while they study.

Quality

AU continues to focus on delivering a wide range of high-quality online and distance education courses and programs at the undergraduate and graduate level and on enhancing the course development processes, student services and the information and communication technology on which its operations are based.

CIP Goals

1. Develop and enhance programs and courses.
2. Support student success and engagement.
3. Continue to expand learning systems infrastructure.

Performance Measures

CIP: 2011–14 included six performance measures related to quality goals, as follows:

1. Student satisfaction ratings:

As demonstrated by survey data from the Canadian University Survey Consortium, AU undergraduate students remain highly satisfied with their student experience:



2. Implementation of quality related components of Open Knowledge Environment Project:

The Open Knowledge Environment Project was successfully completed in October 2011 (See page 12).

3. Implementation of 2010–11 program review recommendations:

Implementation of the review recommendations is ongoing.

4. Completion of 2011–12 program reviews:

Reviews of the following programs were completed:

- Bachelor of Nursing
- Bachelor of Human Resources and Labour Relations
- Master of Education (Distance Education)

5. Completion of the Course Digitization for Online Learning Project:

The Course Digitization for Online Learning Project was completed on schedule and on budget in 2010–11. All project goals were met or exceeded.

6. Proposed new programs operational on schedule:

Due to budgetary constraints, no new programs were introduced during 2011–12.

Research

Fostering and expanding research and scholarship activities remain important goals for AU, as do strengthening the financial support for research initiatives and increasing the breadth of research activities undertaken. The university remains dedicated to maintaining its leadership role in the open access movement by encouraging researchers to publish their findings in open access venues.

CIP Goals

1. Build research capacity in specific areas: science, technology and innovation.
2. Strengthen support for research initiatives.

Performance Measures

AU's success at meeting the five research and scholarship related performance measures presented in *CIP: 2011–14* is outlined below:

1. Success with national research council applications:

AU's success rate has increased by about 14 per cent compared to 2010–11. Results of applications to the granting councils for the past three years are summarized below.

| Granting Councils ¹ | 2009–10 | 2010–11 | 2011–12 | Three-Year Average 2009–11 | Three-Year Average 2010–12 |
|---|---------|---------|---------|----------------------------|----------------------------|
| Number of applications | 46 | 31 | 39 | 44 | 39 |
| Number of awards | 13 | 6 | 13 | 11 | 11 |
| Total value of awards (in thousands of dollars) | \$824 | \$1,293 | \$1,348 | \$884 | \$1,155 |

¹ Includes Social Sciences and Humanities Research Council of Canada and Natural Sciences and Engineering Research Council of Canada, including graduate scholarships, and Canadian Institutes of Health Research. Also includes Canada Research Chairs and indirect costs, but not Canada Foundation for Innovation, Human Resources and Skills Development Canada, Office of Learning Technologies or Industry Canada grants.

2. Research funding and the number of funding sources:

Funding from the granting councils has shown an upward trend, and support from community and industry sources has grown significantly over 2010-11. The number of funding sources supporting AU research projects increased by 11.1 per cent in 2011-12.

The following table provides a summary of all external research funding (in thousands of dollars).

| Types of Research Support | 2009–10 | 2010–11 | 2011–12 | Three-Year Average 2009–11 | Three-Year Average 2010–12 |
|--|---------|---------|---------|----------------------------|----------------------------|
| Total sponsored research revenues ¹ | \$4,864 | \$3,905 | \$5,209 | \$4,019 | \$4,659 |
| Support from council sources ² | \$824 | \$1,293 | \$1,348 | \$884 | \$1,155 |
| Council support ratio (council sources/total sponsored research revenue) | 16.9% | 33.1% | 25.9% | 22.1% | 25% |
| Support from community and industry sources ³ | \$4,040 | \$2,612 | \$3,861 | \$3,135 | \$3,504 |
| Community and industry support ratio (community and industry/total sponsored research revenue) | 83.1% | 66.9% | 74% | 77.9% | 75% |

¹ Figures include cash as well as in-kind contributions as recorded in the audited financial statements.

² Council sources include Social Sciences and Humanities Research Council of Canada and Natural Sciences and Engineering Research Council of Canada, including Canadian Graduate Scholarships, and Canadian Institutes of Health Research and Canada Research Chairs and indirect costs (federal).

³ Includes other federal, provincial, and industry funding from sources such as the Canada Foundation for Innovation, Human Resources and Skills Development Canada and the Office of Learning Technologies.

3. Refereed publications and creative works:

Faculty and staff members actively disseminate their research findings through various publications and presentations. The following table provides a summary of these activities (Note: Some numbers for previously reported years have been amended to reflect revisions to definitions by the granting agencies).

| Research Publications ¹ | 2008-09 | 2009-10 | 2010-11 | Three-Year Average 2008-10 | Three-Year Average 2010-11 |
|--|---------|---------|---------|----------------------------|----------------------------|
| Number of full-time faculty ² | 182 | 174 | 174 | 176 | 177 |
| Books authored or co-authored | 66 | 78 | 36 | 70 | 60 |
| Books edited or co-edited | 20 | 22 | 11 | 20 | 18 |
| Articles in refereed publications | 247 | 226 | 189 | 234 | 221 |
| Non-refereed publications | 42 | 31 | 55 | 37 | 43 |
| Conference presentations | 400 | 363 | 321 | 380 | 361 |

¹ 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.

² 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).

4. Sponsored research 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. While the percentage has fluctuated over the past three years, it reached its highest level in 2011-12.

| Types of Research Support | 2009-10 | 2010-11 | 2011-12 | Three-Year Average 2009-11 | Three-Year Average 2010-12 |
|--|----------|----------|----------|----------------------------|----------------------------|
| Total sponsored research revenues | \$4,864 | \$3,905 | \$5,209 | \$4,019 | \$4,659 |
| Total Province of Alberta operating grants | \$43,055 | \$45,203 | \$42,341 | \$42,265 | \$43,533 |
| Sponsored research revenues as a percentage of provincial operating grants | 11.3% | 8.6% | 12.3% | 9.5% | 11% |

5. Updating of research policies and elimination of policy gaps:

AU has been engaged in a major review and revision of all of its institutional policies and procedures to ensure their consistency with current legislative and other requirements, including those of the national research councils. Work undertaken to date has included the separation of policy and procedures and ongoing consultation with relevant stakeholders within the university community prior to approval by General Faculties Council and the Board of Governors.

Sustainability

AU continues its efforts to secure and steward the resources needed to allow its faculty, staff and students to achieve their full potential. Broadening, leveraging and expanding funding in support of the university's core mission, removing barriers to post-secondary study and providing a high-quality learning experience, remains the focus of this effort, which will be supported by renewed internal and governance structures.

CIP Goals

1. Continue with ongoing governance review.
2. Allocate resources equitably through formal, transparent processes.
3. Streamline business operations and improve processes, systems and controls.
4. Broaden and expand revenue sources.
5. Ensure the availability of quality and affordable facilities that support the university's strategic goals.
6. Continue to enhance records management and archival collection resources and services.
7. Continue to implement improvements to human resources management processes.
8. Engage faculty members, tutors and academic coaches, and staff members through recognition.

Performance Measures

CIP: 2011-14, stipulated 13 sustainability related performance measures:

1. Securing Edmonton and Calgary locations:

Calgary: An agreement has been signed with Bow Valley College to occupy the sixth floor of a new Bow Valley College building in 2013.

Greater Edmonton Area: AU continues to investigate options for a permanent location to consolidate its operations in the Capital Region. The university signed a five-year lease agreement on its downtown Edmonton Peace Hills Trust Tower location (109 Street) on February 29, 2012, and the lease on its Grandin Park Plaza location (Sir Winston Churchill Avenue) in St. Albert expires on May 31, 2016.

2. Opening of the Academic Research Centre:

The Academic Research Centre was completed on budget and put into service in 2011–12 (See page 11).

3. Redevelopment plan for the AU Athabasca main campus building:

A redevelopment plan has been approved, and renovation work on the second floor of the building is scheduled for 2012–13.

4. Growth in donations and grants (private, public, research):

The total value of donations received (cash and in-kind) during 2011–12 increased by 33.3 per cent over the amount received during the previous year. The number of donations received, however, decreased by 20.5 per cent.

Total grant revenue recognized from all sources for 2011–12 decreased by 8.4 per cent from the previous year. This decrease was mostly attributable to the completion of one-time projects funded by the federal Knowledge Infrastructure Program and Community Adjustment Fund. If funding for those projects is excluded, total grant revenue remained virtually unchanged from 2010–11 to 2011–12.

5. Policy review:

The policy review is ongoing. Reviews of 24 policies were completed in 2011–12, and the policies and their associated procedures (where applicable) were approved by the Board of Governors.

6. Budget model:

Development of a new budget model is in progress. A proposed modified responsibility centre budget model has been discussed by Executive Group and the Deans Council. The model will be further discussed, tested and refined during budget consultations in late 2012 and early 2013.

7. Revenue from partnerships:

AU signed six new partnerships agreements in 2011–12 and established collaborations with three additional industry partners through the Natural Sciences and Engineering Research Council's Engage Grants Program (See page 36). Development of a mechanism for tracking growth in revenue derived from partnerships is underway, beginning with a review and definitional analysis of current partnerships to provide comparative baseline data.

8. Enhancement of employee services:

Consolidation of the Payroll and Benefits units has resulted in a one-stop service location for employees. The new combined service reduces the number of duplicate entries, reduces the volume information exchange among groups and allows for cross training of staff, which improves employee service.

AU has initiated the renewal of its administrative systems with the movement to adopt the Banner Enterprise Resource System. The university has been using the Banner Student Information System since 2001, and the adoption of the finance, human resource and other modules will provide more efficient transaction handling, integrated information flows and enhanced data analytics to improve

decision making. The project has a budget of \$5.2 million and will have a phased implementation with completion in 2014. The self-service system will give employees hands-on, available-on-demand services.

9. Improvement of employee performance assessment process:

An employee handbook for performance assessments has been created and made available to employees online.

10. Recognition of performance excellence:

A new annual employee award for health and safety excellence was created and presented for the first time in 2011 (See page 20).

Tutor service awards and the President's Award for Tutoring/Mentoring Excellence will be presented at the annual Employee Recognition Event beginning in 2012.

11. Website improvements to enhance internal communication:

AU's main webpage (www.athabascau.ca) underwent a complete redesign during 2011-12, the culmination of a number of months of development and cross-departmental consultation. Among the new elements are

- a cleaner, more user-friendly interface
- one-click access to the most commonly used pages
- a rotating banner of stories about AU, its people and projects, to be updated regularly

The new webpage will be launched in 2012-13.

12. Employee participation in professional development:

Participation in professional development activities, by employee group, changed as follows with respect to the previous year:

- Support Staff (AUPE): The number of professional development fund applications decreased by 10.1 per cent and fund expenditures dropped by 1.9 per cent.
- CUPE: The number of professional development fund applications increased by 11 per cent and the fund expenditures rose by 21.3 per cent.
- AUFA and Excluded Professional: The number of professional development expense claims decreased by 3.5 per cent and expenditures fell by 1.6 per cent.

13. Leadership development:

An AUPE Supervisor Orientation Program, intended to enhance the supervisory skills of managers, has been developed.

Community

AU continues to promote collaboration and to foster leadership in the communities it serves. Building mutually beneficial partnerships with a variety of groups and communities across the country, particularly in rural, remote and aboriginal communities, remains a priority.

CIP Goals

1. Continue to build mutually beneficial partnerships with the community.
2. Expand AU's role in Campus Alberta.

Performance Measures

CIP: 2011–14 included the following community related performance measures:

1. Alumni engagement:

The value of alumni donations increased by 16.7 per cent over 2010–11, and the number of alumni events held increased by 25 per cent.

2. Industry partnerships:

Six partnership agreements were signed in 2011–12 with the following organizations:

- Xerox Canada
- Certified Management Accountants of Alberta
- Canadian Gaming Centre of Excellence
- OMNI Corporation
- Professional Hockey Players Association
- Loblaw Companies Ltd.

In addition, AU established collaborations with three industry partners through the Natural Sciences and Engineering Research Council's Engage Grants Program:

- Paltech Solutions Inc.
- SideBuy Technologies Inc.
- Warranty Life

3. Collaboration with other Campus Alberta institutions and the K-12 system:

In addition to the co-location initiative at Bow Valley College (See page 22), AU signed a grouped-study agreement with Bow Valley College this year to offer the Bachelor of Professional Arts (in criminal justice and human services) at Bow Valley beginning in September 2013. Promotion and recruitment activities will start this fall. An AU liaison officer will be housed in the relevant Bow Valley College department.

4. Government knowledge and funding of AU:

During 2011–12, AU met with elected officials and representatives of all government departments that are involved with post-secondary funding or major projects. The university had ample opportunity to advance its vision and explore its concerns during these meetings and received positive feedback from the government officials involved.

The provision of Government of Alberta Infrastructural Maintenance Plan funding for information and communication technology maintenance has been a major development in providing resources to sustain AU's vital digital infrastructure. The identification of ICT as being eligible to receive IMP grants and the provision of important funding are both significant and very welcome developments in sustaining AU's operations. AU continues to work closely with representatives of Alberta Enterprise and Advanced Education on its need for adequate capital technology funding and on Campus Alberta Grant funding identified in previous business plans.

5. Athabasca Centennial observance:

The official opening of the Academic and Research Centre (See page 11) on July 29, 2011, with Premier Ed Stelmach, members of AU's Board of Governors and other dignitaries on hand, was scheduled to coincide with and contribute to Athabasca's Centennial celebrations.

Management's Discussion and Analysis

The following discussion and analysis is a supplement to the information contained in the university's annual audited financial statements and, as such, should be read in conjunction with the audited financial statements. This narrative provides management's analysis of the university's financial performance and other relevant information for the fiscal year ending March 31, 2012.

Financial Statement Presentation

The university's financial reporting conforms to generally accepted accounting principles and the Canadian Institute of Chartered Accountants standards for not-for-profit organizations.

A significant characteristic of university financial statement presentation is the method of revenue recognition. While operating grants and other types of unrestricted income are recognized as revenue when they are received or receivable, externally restricted grants, donations and contributions are deferred when received and recognized as income in the year(s) in which the related expenses are incurred. These appear as deferred items on the Statement of Financial Position until spent in accordance with the funding restrictions or until capital assets purchased with these funds are amortized.

In not-for-profit reporting, an organization's equity is referred to as net assets on the Statement of Financial Position. Net assets consist of AU's investment in capital assets, endowment principal which remains intact in perpetuity, internally restricted reserves set aside for specific purposes by the Governors of Athabasca University and unrestricted operating reserves.

2011-12 Overview

For the year ending March 31, 2012, AU reported a deficiency of revenue over expense of \$834,000. This deficiency compares well to the planned deficiency of \$3.4 million. Net assets decreased from \$12.2 million in the previous year to \$11.7 million at the end of fiscal 2012

Statement of Financial Position

2012 Compared to 2011 (millions of dollars)

| | 2012 | 2011 | Change |
|--------------------|-----------------|-----------------|-----------------|
| Assets | | | |
| Current | \$ 13.9 | \$ 23.4 | \$ (9.5) |
| Long-term | 92.2 | 85.1 | 7.1 |
| | \$ 106.1 | \$ 108.5 | \$ (2.4) |
| Liabilities | | | |
| Current | \$ 34.3 | \$ 38.3 | \$ (4.0) |
| Long-term | 60.1 | 58.0 | 2.1 |
| | \$ 94.4 | \$ 96.3 | \$ (1.9) |
| Net Assets | 11.7 | 12.2 | (0.5) |
| | \$ 106.1 | \$ 108.5 | \$ (2.4) |

The decrease in current assets is primarily in cash and short-term investments, accounts receivable and inventories, and prepaid expenses. Short-term investments decreased due to the spending of Academic Research Centre funds that had been received up front from the Province of Alberta. Accounts receivable at the end of 2011 included an amount due from Western Economic Diversification Canada, which was collected in 2012. Inventories of course materials decreased by \$377,000 in 2012.

The increase in long-term assets is primarily due to the investments made in capital assets during 2012 as well as an increase in long-term investments. Capital assets and collections showed a net increase of \$5.8 million: \$9.6 million in net capital asset additions offset by a \$3.8 million net increase in accumulated amortization. Long-term investments increased by \$1.3 million.

The 2012 capital asset additions consisted of the following:

- Information technology projects: \$4.5 million
- Externally funded projects, buildings and equipment: \$4.9 million
- Other: \$200,000

The decrease in current liabilities is primarily due to a reduction in accounts payable from the winding down of large capital building projects.

The increase in long-term liabilities is for the most part attributable to employee future benefit liabilities and unamortized deferred capital contributions. AU's liability for the Universities' Academic Pension Plan (UAPP) increased from \$7 million to \$8.1 million during 2011-12, resulting in an increase in employee future benefits liabilities. The increase in unamortized deferred capital contributions is due to the addition of externally funded capital during the year.

The decrease in net assets is primarily due to a decrease in unrestricted net assets resulting from the increased UAPP liability (above). The provincewide total UAPP deficiency (employer and government share) at March 31, 2012, was estimated to be \$734 million, up from \$654 million the previous year.

Statement of Operations

2012 Actual Compared to 2011 Actual

In comparing the Statement of Operations for 2012 to that of 2011, revenue increased by \$649,000, while total expenses decreased by \$2.4 million, resulting in an overall decrease in the deficiency of revenue over expense of \$3 million.

| | 2012 | 2011 | Change (millions) |
|---------|-----------------|-----------------|-------------------|
| Revenue | \$ 125.1 | \$ 124.5 | \$ 0.6 |
| Expense | 125.9 | 128.3 | (2.4) |
| | \$ (0.8) | \$ (3.8) | \$ 3.0 |

The following table highlights the changes and the primary contributors to the change in either revenue or expenses from one year to the next:

| | Change from 2011 to 2012 (millions) |
|---|---|
| Revenue | |
| Government of Alberta grants ¹ | \$ (2.9) |
| Undergraduate tuition and fees ² | 2.2 |
| Graduate tuition and fees ³ | (0.3) |
| Sales of services and products ⁴ | 2.1 |
| Federal and other government grants ⁵ | (1.7) |
| Amortization of deferred capital contributions ⁶ | 1.0 |
| Other revenue | 0.2 |
| | \$ 0.6 |
| Expenses | |
| Salaries ⁷ | \$ 3.2 |
| Employee benefits ⁸ | (1.1) |
| Fees and purchased services ⁹ | 1.4 |
| Amortization of capital assets ⁶ | (1.0) |
| Other expenses | (0.1) |
| | \$ 2.4 |
| Deficiency of revenue over expense | \$ 3.0 |

¹ Government of Alberta grants: With the exception of lights-on operating money for the Academic and Research Centre, no base operating grant increases were received during 2011-12. An additional \$2 million was received through the provincial Infrastructure Maintenance Program to support communication and information technology development. The \$2.9 million net decrease from the previous year is due to the offsetting effects of the curtailment of one-time grants from the Knowledge Infrastructure Program and decreased revenue recognition from the Access to Future Fund and other provincial funding sources.

² Undergraduate tuition and fees: The \$2.2 million increase is largely attributable to a 3.9 per cent increase in enrolment over the previous year. Timing of revenue recognition also factors in, given that a larger proportion of the course registration was processed early in the year.

³ Graduate tuition and fees: A \$1.2 million increase in revenue due to volume and price increases was offset by a \$1.5 million reallocation of the learning resource component of the tuition fee to the Sales of Services and Products category.

⁴ Sales of services and products: The \$2.1 million increase is primarily due to learning resource fee revenue, which increased in step with increased undergraduate enrolment, and the reallocation of learning resource fees from the graduate tuition and fees category (See note 3).

⁵ Federal and other government grants: The \$1.7 million decrease is mainly due to the curtailment of the Western Economic Diversification Canada Community Adjustment Fund grant that had supported course digitization during 2011.

⁶ Amortization of deferred capital contributions (revenue) and amortization of capital assets (expense): The \$1 million increase in revenue is offset by a \$1 million decrease in expense. These changes are due to capitalization of externally funded projects and the resulting amortization of the assets and related contributions.

⁷ Salaries: The \$3.2 million decrease is primarily due to the curtailment of KIP and CAF funded project activity. A Voluntary Retirement Incentive Plan payout of \$700,000 was also reflected in the 2011 salary costs.

⁸ Benefits: The \$1.1 million increase is due to the increase in the UAPP liability.

⁹ Fees and purchased services: The \$1.4 million decrease is due to the curtailment of KIP and CAF funded project activity.

2012 Actual Compared to 2012 Budget

At the end of 2012, the actual deficiency of revenue over expenses was \$834,000 compared to the planned deficiency of \$3.4 million. This difference resulted in a \$2.6 million positive variance which is attributable to the following:

- various savings initiatives: \$2.1 million
- personal computer evergreening: (\$546,000)
- Universities Academic Pension Plan liability: \$1 million

The planned deficiency had anticipated a \$2 million increase in the UAPP liability and a planned draw from reserves of \$1.4 million. The actual year end effect on reserves, not including PC evergreening, was a gain of \$780,000. The primary contributors to this positive variance were undergraduate student fees, investment income, federal grants, and sales and services of products on the revenue side, and fees and purchased services and communications and travel on the expense side.

Undergraduate enrolment increased by 3.9 per cent over the previous year, well above the one per cent planned in the budget. A discretionary spending freeze and other savings initiatives were implemented during the year.

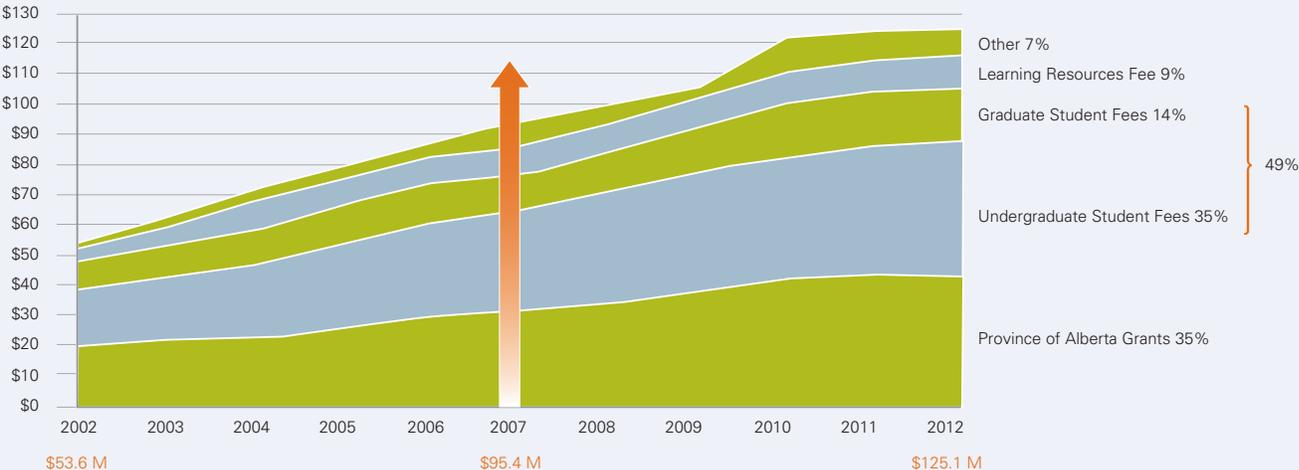
PC evergreening expenses of \$546,000 were recorded in operations. A \$593,000 expense had initially been planned in the capital budget, but it was later deemed to be operational.

The UAPP pension liability adjustment as identified in the year end actuarial report came in at \$1 million rather than the \$2 million estimated in the budget.

Revenue and Expense: Historical Overview

Revenue increased by 133 per cent between 2002 and 2012. In 1993, the Government of Alberta grant represented 75 per cent of AU's revenue, but by 1997 it represented 45 per cent and by 2012 only 35 per cent. Increases in revenue over the past 10 years have been derived, for the most part, from student fees, which now provide 49 per cent of the university's revenue.

Revenue by Source: 2002–03 to 2011–12 Actual (in millions of dollars)



Over the last 10 years, course registration at AU has increased by 48 per cent and student fee revenue by 99 per cent.

Student Fee Revenue (in millions of dollars) and Registration Growth (undergraduate and graduate) from 2002–03 to 2011–12



¹ Estimated

Total expenses have increased in every year of the past decade except 2011 and 2012.

At 69 per cent of total expenses, a common ratio in the post-secondary sector, salaries and benefits are by far AU's largest expenditure. Over the past 10 years, salaries and benefits expenses as a percentage of total expenses have increased from 60 to 69 per cent. This growth reflects both a significant increase in the cost of human resources and the increased level of staffing required to support a more complex organizational and governance structure and to facilitate research and project activities.

Expense by Category: 2002–3 to 2011–12 Actual (in millions of dollars)



Appendix A

Athabasca University 

Financial Statements

For the Year Ended March 31, 2012

Athabasca University Financial Statements

For the year ended March 31, 2012

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Auditor's Report

Independent Auditor's Report



To the Board of Governors of the Athabasca University

Report on the Financial Statements

I have audited the accompanying financial statements of the Athabasca University, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Athabasca University as at March 31, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, FCA

Auditor General
May 25, 2012
Edmonton, Alberta

Statement of Financial Position

March 31, 2012
(thousands of dollars)

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 3) | \$ 5,142 | \$ 7,518 |
| Short-term investments (Note 4) | 2,037 | 6,701 |
| Accounts receivable | 1,583 | 3,616 |
| Inventories and prepaid expenses | 5,106 | 5,607 |
| | 13,868 | 23,442 |
| Long-term investments (Note 4) | 33,397 | 32,059 |
| Capital assets and collections (Note 5) | 58,861 | 53,036 |
| | <u>\$ 106,126</u> | <u>\$ 108,537</u> |
| Liabilities And Net Assets | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 9,122 | \$ 14,452 |
| Deferred contributions, research and other (Note 7) | 11,228 | 10,133 |
| Deferred revenue | 13,955 | 13,669 |
| | 34,305 | 38,254 |
| Employee future benefit liabilities (Note 6) | 10,946 | 9,643 |
| Deferred contributions, capital (Note 7) | 923 | 5,090 |
| Unamortized deferred capital contributions (Note 8) | 48,275 | 43,310 |
| | 94,449 | 96,297 |
| Net assets | | |
| Endowments (Note 9) | 2,508 | 2,297 |
| Investment in capital assets and collections (Note 10) | 10,586 | 9,726 |
| Internally restricted (Note 11) | 6,658 | 7,224 |
| Unrestricted (deficit) | (8,075) | (7,007) |
| | 11,677 | 12,240 |
| Contractual obligations (Note 12) | <u>\$ 106,126</u> | <u>\$ 108,537</u> |

Approved by the Board of Governors:

Original signed by Barry Walker

Barry J. Walker, FCA
Chair, Governors of Athabasca University

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President

The accompanying notes are part of these financial statements.

Statement of Operations

For the year ended March 31, 2012
(thousands of dollars)

| | 2012 Budget (Note 13) | 2012 | 2011 |
|---|-----------------------------|-----------------|-------------------|
| Revenue | | | |
| Government of Alberta Grants (Note 15) | \$ 42,538 | \$ 42,341 | \$ 45,203 |
| Student tuition and fees: | | | |
| Undergraduate | 42,633 | 44,367 | 42,209 |
| Graduate | 17,506 | 17,504 | 17,784 |
| Sales of services and products | 13,533 | 14,243 | 12,169 |
| Federal and other government grants | 465 | 1,608 | 3,313 |
| Investment income (Note 14) | 1,558 | 1,746 | 2,038 |
| Donations and other grants | 2,625 | 1,455 | 952 |
| Amortization of deferred capital contributions (Note 8) | 2,758 | 1,877 | 824 |
| | <u>123,616</u> | <u>125,141</u> | <u>124,492</u> |
| Expense | | | |
| Salaries | 70,253 | 70,480 | 73,717 |
| Employee benefits | 14,997 | 15,997 | 14,827 |
| Materials, supplies and services: | | | |
| Fees and purchased services | 17,036 | 15,091 | 16,466 |
| Materials and supplies | 9,493 | 10,614 | 10,161 |
| Communications and travel | 6,418 | 5,754 | 6,134 |
| Rental, insurance and utilities | 2,744 | 2,985 | 3,008 |
| Amortization of capital assets | 4,925 | 3,973 | 2,953 |
| Scholarships and bursaries | 1,187 | 1,081 | 1,036 |
| | <u>127,053</u> | <u>125,975</u> | <u>128,302</u> |
| Deficiency of revenue over expense | <u>\$ (3,437)</u> | <u>\$ (834)</u> | <u>\$ (3,810)</u> |

The accompanying notes are part of these financial statements.

Statement of Changes in Net Assets

For the year ended March 31, 2012
(thousands of dollars)

| | Endowments | Investment in Capital Assets and Collections | Internally Restricted Net Assets | Unrestricted Net Assets (Deficit) | Total |
|--|------------|--|--|---|-----------|
| 2012 | | | | | |
| Balance, beginning of year | \$ 2,297 | \$ 9,726 | \$ 7,224 | \$ (7,007) | \$ 12,240 |
| Deficiency of revenue over expense | - | - | - | (834) | (834) |
| Investment income (Note 14) | 59 | - | - | - | 59 |
| Endowment contributions (Note 9) | 152 | - | - | - | 152 |
| Net transfers | - | - | 1,315 | (1,315) | - |
| Net change in investment in capital assets (Note 10) | - | 800 | - | (800) | - |
| Contributions of assets not subject to amortization (Note 10) | - | 60 | - | - | 60 |
| Net expenditures of internally restricted net assets | - | - | (1,881) | 1,881 | - |
| Balance, end of year | \$ 2,508 | \$ 10,586 | \$ 6,658 | \$ (8,075) | \$ 11,677 |
| 2011 | | | | | |
| Balance, beginning of year | \$ 2,346 | \$ 10,691 | \$ 9,250 | \$ (6,287) | \$ 16,000 |
| Deficiency of revenue over expense | - | - | - | (3,810) | (3,810) |
| Investment income (Note 14) | 23 | - | - | - | 23 |
| Endowment contributions (Note 9) | 27 | - | - | - | 27 |
| Net transfers | (99) | - | (1,379) | 1,478 | - |
| Net change in investment in capital assets (Note 10) | - | (965) | - | 965 | - |
| Contributions of assets not subject to amortization (Note 10) | - | - | - | - | - |
| Net expenditures of internally restricted net assets | - | - | (647) | 647 | - |
| Balance, end of year | \$ 2,297 | \$ 9,726 | \$ 7,224 | \$ (7,007) | \$ 12,240 |

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31, 2012
(thousands of dollars)

| | 2012 | 2011 |
|---|-----------------|-----------------|
| Cash provided from (used in) operating activities: | | |
| Deficiency of revenue over expenses | \$ (834) | (3,810) |
| Add (deduct) non-cash items: | | |
| Amortization of capital assets | 3,973 | 2,953 |
| Amortization of deferred capital contributions | (1,877) | (824) |
| Loss (gain) on disposal of capital assets | 26 | (12) |
| Change in employee future benefit liability | 1,302 | (394) |
| Change in unrealized gain on investments | (1,141) | (883) |
| | <u>1,449</u> | <u>(2,970)</u> |
| Net change in non-cash working capital: | | |
| Inventory and prepaid expenses | 501 | 603 |
| Accounts payable and accrued liabilities | (2,776) | (2,100) |
| Deferred contributions | 1,096 | (2,198) |
| Deferred revenue | 285 | 875 |
| Short term investments | 4,664 | 15,900 |
| Accounts receivable | 2,033 | 2,977 |
| | <u>5,803</u> | <u>16,057</u> |
| | <u>7,252</u> | <u>13,087</u> |
| Cash used in investing activities: | | |
| Purchases of capital assets, net of proceeds from disposals | (12,327) | (19,148) |
| Purchase of long term investments, net of sales | (197) | (1,270) |
| | <u>(12,524)</u> | <u>(20,418)</u> |
| Cash provided from financing activities: | | |
| Capital contributions | 2,674 | 6,915 |
| Endowment contributions | 152 | 27 |
| Endowment investment earnings | 59 | 23 |
| Interest earned on capital contributions | 11 | 151 |
| | <u>\$ 2,896</u> | <u>7,116</u> |
| Net cash decrease in cash and cash equivalents | (2,376) | (215) |
| Cash and cash equivalents, beginning of year | 7,518 | 7,733 |
| Cash and cash equivalents, end of year (Note 3) | <u>\$ 5,142</u> | <u>7,518</u> |

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2012
(thousands of dollars)

1 Authority and Purpose

The Governors of Athabasca University (previously known as Athabasca University Governing Council) is a corporation which manages and operates Athabasca University ("the University") under the *Post-Secondary Learning Act* (Alberta), and the Athabasca University Regulation (Alberta Regulation 50/2004). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education and Technology, with the exception of the President, who is an ex officio member. Under the *Post-Secondary Learning Act*, Campus Alberta Sector Regulation, the University is a comprehensive academic and research institution offering undergraduate and graduate degree programs through distance education. The University is a registered charity and, under section 149 of the Income Tax Act (Canada), is exempt from the payment of income tax.

2 Summary of Significant Accounting Policies and Reporting Practices

(a) General – GAAP and Use of Estimates

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

(b) Financial Instruments

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

| Financial Statement Components | Classification | Measurement |
|--|-----------------------|----------------|
| Cash and cash equivalents | Held for Trading | Fair Value |
| Investments | Held for Trading | Fair Value |
| Accounts receivable | Loans and Receivables | Amortized Cost |
| Accounts payable and accrued liabilities | Other Liabilities | Amortized Cost |

The University's financial instruments are recognized on their settlement date. Transaction costs related to all financial instruments are expensed as incurred. Valuations of publicly traded securities are based on quoted market bid prices at the close of business on the statement of financial position date.

As permitted for Not-for-Profit Organizations, the University has elected to not apply the standards on derivatives embedded in non financial contracts, and the University has elected to continue to follow CICA 3861: Disclosure and Presentation.

Financial statements are exposed to market risk, credit risk and commodity price risk.

- **Market Risk:** The University is subject to market risk, foreign currency and interest rate risk with respect to its investment portfolio. To manage these risks, the University has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance.
- **Credit Risk:** The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.
- **Commodity Price Risk:** The University is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the institution's facilities. To mitigate these risks, the University has entered into contracts to fix the price for electricity and natural gas.

The University is not exposed to significant liquidity or interest rate risk.

(c) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Cost of purchased inventory includes the purchase price, cost of shipping and net tax. For internally produced inventory, cost also includes direct and indirect overhead. Inventories held for consumption are valued at cost or net replacement cost.

(d) 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.

(e) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are recorded at fair value when a fair value can be reasonably determined. Works of art purchased by the University are not amortized and include sketches, limited edition prints, photographs, sculptures, rare books, and original paintings. The works of art are held by the University for education, research, and public exhibition purposes.

Construction in progress includes the costs directly attributable to the construction including engineering and legal fees. Capital assets, once placed into service, are amortized on a straight-line basis over the assets' estimated useful lives, as follows:

| | Years |
|-------------------------------------|---------------------------------|
| Buildings | 40 |
| Site improvements | 10–25 |
| Leasehold improvements | lesser of 5 years or lease term |
| Furnishings, equipment and software | 3–10 |
| Library materials | 10 |

(f) Revenue Recognition

The financial statements record the following items as revenue – at the following times:

- Unrestricted contributions – when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Operating grants – when received or receivable, or where a portion of the grant relates to a future period, it is deferred and recognized in the appropriate future period.
- Unrestricted investment income – when earned; this includes interest, dividends, and realized and unrealized gains and losses.
- Pledges – when collected.
- Revenues received for services and products – when the services or products are substantially provided.
- Tuition fees – when the instruction is delivered. Deferred revenue includes course fees received in advance.
- Donations of materials – are recorded at fair value when a fair value can be reasonably determined and when materials and services would otherwise have been purchased.
- Restricted contributions – based on the deferral method.

Deferral method:

- Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions, are deferred and recognized as revenue when the conditions of the contribution are met.
- Contributions to acquire capital assets with limited life are first recorded as deferred contributions, capital when received; and when expended they are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

- Endowment contributions are recognized as direct increases in endowment net assets. Investment earnings, under agreements with benefactors or the Post-Secondary Learning Act allocated to endowment principal, are also recognized as direct increases in endowment net assets.
- Endowment investment earnings that are allocated for spending are deferred and recognized as revenue when the conditions of the endowment are met.
- Contributions restricted to the acquisition of land and permanent collections are first recorded as deferred contributions when received, and when expended, they are recognized as direct increases in investment in capital assets and collections.

(g) Employee Future Benefits

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

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each participant based on their respective percentage of pensionable earnings. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

The University does not have sufficient plan information on the PSPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the PSPP is comprised of employer contributions to the plan that are required for its employees during the year; which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

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, and Long-term Disability.

For the Administrative Leave, 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. The net change is recorded as an expense or recovery.

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.

(h) Capital Disclosures

The University defines its capital as the amounts included in deferred contributions (Note 7), endowment net assets (Note 9) and unrestricted net assets. A significant portion of the University's capital is externally restricted and the University's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The University has investment policies (Note 4), spending policies and cash management procedures to ensure the University can meet its capital obligations.

Under the *Post-Secondary Learning Act*, the University must receive ministerial approval for a deficit budget, for borrowing and for the sale of any land or buildings.

(i) Contributed Services

Volunteers as well as staff members of the University contribute an indeterminable number of hours per year to assist the institution in carrying out its mission. Such contributed services are not recognized in the financial statements.

(j) Future Accounting Changes

The Canadian Public Sector Accounting Board (PSAB) has issued a framework of financial reporting for government not-for-profit organizations. The framework will be effective for fiscal years beginning on or after January 1, 2012.

Effective April 1, 2012, the University will adopt the Canadian Public Sector Accounting (PSA) standards without the public sector PS 4200 series. Adopting these new standards will impact the University's financial statements. As a result, administration has identified the major differences between current and PSAB accounting and reporting standards. Administration is developing a transition plan and continues to work through the remaining differences. The quantitative impact of the transition cannot be fully and reasonably determined at this time.

3 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposit, money market funds, short-term notes and treasury bills, with a maximum maturity of ninety days at date of purchase.

4 Investments

The composition, fair value, and annual market yields on investments are as follows:

| | 2012 | | 2011 | |
|--|---------------------|------------------|---------------------|------------------|
| | Annual Market Yield | Market Value | Annual Market Yield | Market Value |
| Money market funds, short-term notes, and treasury bills | 1.0% | \$ 2,689 | 1.3% | \$ 7,101 |
| Canadian bonds | 8.2% | 30,035 | 5.5% | 19,925 |
| Canadian equity | (9.2)% | 1,815 | 17.2% | 5,769 |
| US equities | 5.5% | 616 | 7.7% | 3,638 |
| Overseas equities | (8.1)% | 279 | 7.8% | 2,327 |
| | | <u>\$ 35,434</u> | | <u>\$ 38,760</u> |
| Short-term investments | | 2,037 | | 6,701 |
| Long-term investments | | 33,397 | | 32,059 |
| | | <u>\$ 35,434</u> | | <u>\$ 38,760</u> |

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

- Money market funds, short-term notes and treasury bills: 1.0 per cent (2011 – 1.3 per cent); term to maturity: less than one year
- Canadian government and corporate bonds: 8.2 per cent (2011 – 5.5 per cent) terms to maturity: range from less than 1 year to more than 5 years

The Investment Policy for the University, approved by the Board of Governors of Athabasca University, 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.

The 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 amount to be invested in each portfolio. The Investment Policy defines minimum and maximum ranges for each type of qualifying investment within each investment portfolio. Canadian equities are listed in the S&P/TSX composite index, and US and International equities are limited to shares and pooled funds listed and traded on recognized stock market exchanges.

Credit risk is managed by maintaining a minimum overall credit quality for the fixed income holdings of 'A' and a minimum credit quality for any short-term money market investments of 'R1-Low' or 'A.' Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk is managed by limiting the modified duration of the fixed income holdings to a maximum of plus or minus two years around the duration of the applicable Dex Bond Index. 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. Funds invested in equities have assets and liabilities that are non-interest bearing, accordingly, these funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

5 Capital Assets and Collections

| | 2012 | | | 2011 | | |
|-------------------------------------|-------------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost ^{(1) (2)} | Accumulated Amortization | Net book Value | Cost | Accumulated Amortization | Net book Value |
| Land | \$ 1,565 | \$ - | \$ 1,565 | \$ 1,565 | \$ - | \$ 1,565 |
| Buildings and site improvements | 61,632 | 18,991 | 42,641 | 57,013 | 17,997 | 39,016 |
| Leasehold improvements | 3,187 | 3,055 | 132 | 3,187 | 2,642 | 545 |
| Furnishings, equipment and software | 33,060 | 20,185 | 12,875 | 28,207 | 17,975 | 10,232 |
| Library materials | 5,983 | 5,131 | 852 | 5,928 | 4,987 | 941 |
| Works of art | 796 | - | 796 | 737 | - | 737 |
| | <u>\$ 106,223</u> | <u>\$ 47,362</u> | <u>\$ 58,861</u> | <u>\$ 96,637</u> | <u>\$ 43,601</u> | <u>\$ 53,036</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 one dollar per year.

⁽²⁾ Included in the cost of capital assets are projects in progress that are not yet being amortized. These include buildings \$571 (2011 – \$30,305) and technology software \$3,216 (2011 – \$5,300).

6 Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

| | 2012 | 2011 |
|---|------------------|-----------------|
| Universities Academic Pension Plan (UAPP) | \$ 8,075 | \$ 7,007 |
| Administrative leave plan | 2,810 | 2,590 |
| Flexible benefits plan | 61 | 46 |
| | <u>\$ 10,946</u> | <u>\$ 9,643</u> |

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2010 and was then extrapolated to March 31, 2012. The University's portion of the UAPP deficiency has been allocated based on its percentage of the plan's total employer contributions for the year.

The UAPP unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25 per cent (2011 – 1.25 per cent) of total earnings by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.34 per cent (2011 – 2.03 per cent) of total earnings required to eliminate the unfunded deficiency by December 31, 2043. The actuarial valuation shows that the present value of the Government of Alberta's obligation for the future additional contributions was \$314,798 at March 31, 2012. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.24 per cent (2011 – 5.09 per cent) of pensionable earnings until December 31, 2021, 1.46 per cent (2011 – 1.01 per cent) of salaries for 2022 and 2023, and 0.45 per cent (2011 – 0.00 per cent) of salaries for 2024 and 2025, all shared equally between employees and employers.

The expense and financial position of the UAPP defined benefit plan is as follows:

| | 2012 | 2011 |
|--------------------------------------|-----------------|-----------------|
| Financial Operations | | |
| Expense | | |
| Current service cost | \$ 3,932 | \$ 3,161 |
| Interest cost | 1,357 | 1,190 |
| Amortization of net actuarial losses | 1,243 | 845 |
| Total expense | \$ 6,532 | \$ 5,196 |
| Financial Position | | |
| Accrued benefit obligation: | | |
| Balance, beginning of year | \$ 83,364 | \$ 68,500 |
| Current service cost | 3,932 | 3,161 |
| Interest cost | 5,552 | 4,834 |
| Benefits paid | (3,757) | (3,195) |
| Actuarial (gain) loss | (2,496) | 10,064 |
| Balance, end of year | 86,595 | 83,364 |
| Plan assets | (63,746) | (63,678) |
| Funded status – plan deficit | 22,849 | 19,686 |
| Unamortized net actuarial loss | (14,774) | (12,679) |
| Accrued benefit liability | \$ 8,075 | \$ 7,007 |

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

| | 2012 | 2011 |
|---|------------|------------|
| Accrued benefit obligation: | | |
| Discount rate | 6.50% | 6.50% |
| Average compensation increase | 3.50% | 3.50% |
| Benefit cost: | | |
| Discount rate | 6.50% | 6.50% |
| Average compensation increase | 3.50% | 3.50% |
| Alberta inflation: | | |
| Year 1; | 2.25% | 2.25% |
| Years 2 and thereafter) | 2.25% | 2.25% |
| Estimated average remaining service life: | 10.2 years | 11.3 years |

Administrative Leave Plan

The University's Administrative Leave Plan has no plan assets. The University has provided for the plan by accruing a benefit obligation of \$2,810 (2011 – \$2,590) in employee future benefit liabilities. The significant actuarial assumptions adopted in measuring the University's Administrative Leave Plan are as follows:

| | 2012 | 2011 |
|--|---------|---------|
| Discount rate | 2.10% | 2.70% |
| Rate of compensation increase | | |
| First year | 3.00% | 3.00% |
| Subsequent years | 3.00% | 3.00% |
| Average remaining service period of active employees | 6 years | 5 years |
| Retirement age | 62 | 62 |

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

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the University does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these financial statements is \$1,245 (2011 – \$1,329).

An actuarial valuation of the PSPP was carried out as at December 31, 2010 and was then extrapolated to December 31, 2011. At December 31, 2011, the PSPP reported an actuarial deficiency of \$ 1,790,383 (2010 – \$2,067,151).

7 Deferred Contributions

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

| | 2012 | | 2011 | |
|--|----------|--------------------|-----------|--------------------|
| | Capital | Research and other | Capital | Research and other |
| Balance, beginning of the year | \$ 5,090 | \$ 10,133 | \$ 17,477 | \$ 12,331 |
| Grants and donations received | - | 10,135 | - | 12,486 |
| Investment income (Note 14) | 11 | 6 | 151 | 196 |
| Recognized as revenue | - | (6,372) | - | (7,965) |
| Transfers | 2,674 | (2,674) | 6,915 | (6,915) |
| Transferred to unamortized deferred capital contributions (Note 8) | (6,842) | - | (19,453) | - |
| Transferred to investment in capital assets, not subject to amortization | (10) | - | - | - |
| Balance, end of the year | \$ 923 | \$ 11,228 | \$ 5,090 | \$ 10,133 |

8 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the unamortized grants and donations spent to fund capital acquisitions. The amortization of unamortized deferred capital contributions is recorded as revenue in the statement of operations. The changes in the unamortized deferred capital contributions balance are as follows:

| | 2012 | 2011 |
|---|-----------|-----------|
| Balance, beginning of the year | \$ 43,310 | \$ 24,681 |
| Additions from deferred contributions, capital (Note 7) | 6,842 | 19,453 |
| Amortization to revenue | (1,877) | (824) |
| Balance, end of the year | \$ 48,275 | \$ 43,310 |

9 Endowments

Endowments consist of externally restricted donations received by the University, the principal of which is required to be maintained intact in perpetuity.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors. The primary investment objective is to ensure all funds are prudently invested in accordance with the investment policy, and that investments are selected to match the anticipated cash flow requirements and investment objectives of the University. These goals necessitate incurring generally accepted investment risks through ownership of financial securities.

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

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

The composition of endowments is as follows:

| | 2012 | 2011 |
|-------------------------------|-----------------|-----------------|
| Balance, beginning of year | \$ 2,297 | \$ 2,346 |
| Endowment contributions | 152 | 27 |
| Investment income (Note 14) | 59 | 23 |
| Transfer from endowments | - | (99) |
| Balance, end of year | <u>\$ 2,508</u> | <u>\$ 2,297</u> |
| Cumulative contributions | \$ 2,221 | \$ 2,069 |
| Cumulative capitalized income | 287 | 228 |
| | <u>\$ 2,508</u> | <u>\$ 2,297</u> |

10 Investment in Capital Assets and Collections

Net assets invested in capital assets and collections represent the carrying amount (net book value) of capital assets and collections less unamortized deferred capital contributions and any related debt.

| | 2012 | 2011 |
|--|------------------|-----------------|
| Capital assets at net book value (Note 5) | \$ 58,861 | \$ 53,036 |
| Less amounts financed by: Unamortized deferred capital contributions (Note 8) | (48,275) | (43,310) |
| Investment in capital assets, end of year | <u>\$ 10,586</u> | <u>\$ 9,726</u> |
| The changes during the year are as follows: | | |
| Investment in capital assets, beginning of year | \$ 9,726 | \$ 10,691 |
| Acquisition of internally funded capital assets | 2,995 | 1,164 |
| Net book value of internally funded asset disposals | (99) | - |
| Amortization of investment in capital assets | (2,096) | (2,129) |
| Net change in investment in capital assets | 800 | (965) |
| Contributions of assets not subject to amortization | 60 | - |
| Increase (decrease) for the year | 860 | (965) |
| Investment in capital assets, end of year | <u>\$ 10,586</u> | <u>\$ 9,726</u> |

11 Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the University's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board of Governors. Internally restricted net assets are summarized as follows:

| | Balance at beginning of year | Appropriations and transfers | Additions (disbursements) | Balance at end of year |
|--|---------------------------------|---------------------------------|------------------------------|---------------------------|
| Appropriation for operating activities | | | | |
| New program development | \$ 911 | \$ (1,348) | \$ 1,315 | \$ 878 |
| Future student awards | 1,762 | 84 | - | 1,846 |
| Research and academic projects | 165 | - | - | 165 |
| | <u>2,838</u> | <u>(1,264)</u> | <u>1,315</u> | <u>2,889</u> |
| Appropriation for capital activities | | | | |
| Investment in system development | 4,386 | (617) | - | 3,769 |
| | <u>\$ 7,224</u> | <u>\$ (1,881)</u> | <u>\$ 1,315</u> | <u>\$ 6,658</u> |

12 Contractual Obligations

The University has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

| | 2012 | 2011 |
|---|-----------------|------------------|
| Capital projects | \$ 154 | \$ 3,471 |
| Service contracts, information systems and technology, and long term leases | 9,509 | 10,166 |
| | <u>\$ 9,663</u> | <u>\$ 13,637</u> |

The estimated aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | 2012 | | | | |
|------------|---------------------|----------------------|--|---------------------|-----------------|
| | Capital Projects | Service Contracts | Information Systems and Technology | Long-term Leases | Total |
| 2013 | \$ 154 | \$ 3,480 | \$ 2,500 | \$ 715 | \$ 6,849 |
| 2014 | - | 93 | 618 | 558 | 1,269 |
| 2015 | - | 2 | 14 | 440 | 456 |
| 2016 | - | 2 | 14 | 428 | 444 |
| Thereafter | - | 5 | 35 | 605 | 645 |
| | <u>\$ 154</u> | <u>\$ 3,582</u> | <u>\$ 3,181</u> | <u>\$ 2,746</u> | <u>\$ 9,663</u> |

13 Budget Comparison

The University's 2011–2012 budget was approved by the Board of Governors and was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2010–2014 Comprehensive Institutional Plan. Certain budget figures from the University's 2010–2014 Comprehensive Institutional Plan have been reclassified to conform to the presentation adopted in the 2012 financial statements.

14 Investment Income

| | 2012 | 2011 |
|--|-----------------|-----------------|
| Income on investments held for endowments | \$ 65 | \$ 196 |
| Income on other investments | 1,727 | 2,277 |
| | 1,792 | 2,473 |
| Transfers to endowment net assets (Note 9) | (59) | (23) |
| Transfers to deferred contributions, research and other (Note 7) | (6) | (196) |
| Transfers to deferred contributions, capital (Note 7) | (11) | (151) |
| Other transfers | 30 | (65) |
| Total investment income recognized | <u>\$ 1,746</u> | <u>\$ 2,038</u> |

15 Related Party Transactions

The University operates under the authority and statutes of the Province of Alberta. Transactions between the University and the Government of Alberta (GOA) are measured at the exchange amount and are summarized below.

| | 2012 | 2011 |
|---|------------------|------------------|
| Grants | | |
| Advanced Education and Technology: | | |
| Operating grants | \$ 38,900 | \$ 39,106 |
| Infrastructure Maintenance Program | 5,020 | 919 |
| Research grants | 750 | 346 |
| Alberta Innovates - Technology Futures | 573 | 323 |
| Alberta Innovates - Health Solutions | 188 | - |
| Knowledge Infrastructure Program | - | 3,813 |
| Access to the future fund (matching grants) | - | 1,200 |
| Advanced Technology Industries | - | 275 |
| Other | 49 | 13 |
| | <u>45,480</u> | <u>45,995</u> |
| Other GOA departments and agencies grants: | | |
| Treasury Board and Enterprises | 394 | 328 |
| Culture and Community Spirit | 98 | 35 |
| Human Services | 37 | - |
| Health and Wellness | - | 1,750 |
| Education | - | 350 |
| | <u>529</u> | <u>2,463</u> |
| Total contributions received | 46,009 | 48,458 |
| Less: deferred contributions | (3,668) | (3,255) |
| Grants from GOA | <u>\$ 42,341</u> | <u>\$ 45,203</u> |
| Accounts receivable | | |
| Advanced Education and Technology | \$ 232 | \$ 482 |
| Other GOA departments and agencies | 71 | 121 |
| | <u>\$ 303</u> | <u>\$ 603</u> |
| Accounts payable | | |
| Advanced Education and Technology | \$ 98 | \$ 199 |
| Other GOA departments and agencies | 5 | 7 |
| | <u>\$ 103</u> | <u>\$ 206</u> |

In addition to the grants listed above, the University received \$533 (2011 – \$813) from the Ministry of Culture and Community Spirit, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

16 Salary and Benefits Disclosure

Treasury Board Directive 12-98 under the *Financial Administration Act* of the Province of Alberta requires the disclosure of certain salary and employee benefits information.

| | 2012 | | | | 2011 |
|---|----------------------------|------------------------------|----------------------------------|-------|-------|
| | Base Salary ⁽¹⁾ | Cash Benefits ⁽²⁾ | Non cash Benefits ⁽³⁾ | Total | Total |
| Governance ⁽⁴⁾ | | | | | |
| Chair of the Board of Governors | \$ - | \$ - | \$ - | \$ - | \$ - |
| Members of the Board of Governors | - | - | - | - | - |
| Executive Officers | | | | | |
| President | 360 | 44 | 136 | 540 | 521 |
| Vice-Presidents: | | | | | |
| Academic | 236 | 17 | 86 | 339 | 336 |
| Advancement | 204 | 9 | 75 | 288 | 268 |
| Finance and Administration ⁽⁵⁾ | 211 | 9 | 61 | 281 | 251 |
| Information Technology & CIO | 217 | 12 | 33 | 262 | 261 |

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

⁽²⁾ Cash benefits include amounts to compensate for the UAPP salary cap, 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, extended health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long- and short-term disability plans. Non cash benefits for the President include a taxable benefit for a rent allowance of University House. Non cash benefits for some of the executive include memberships and the employer's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) of Administrative Leave Plan.

⁽⁴⁾ The chair and the 17 members (2011 – 17) of the Board of Governors receive no remuneration for participation on the Board.

⁽⁵⁾ Two individuals held this position during the year.

The current service cost and accrued obligation for each executive officer under the Administrative Leave plan is as follows:

| | 2012 | | | | Accrued Obligation ⁽⁶⁾ March 31, 2012 |
|------------------------------|--------------------------------------|---------------|--------------------------|-----------------------|---|
| | Accrued Obligation March 31, 2011 | Service costs | Interest and other costs | Actuarial loss (gain) | |
| President | \$ 364 | \$ 75 | \$ 12 | \$ (2) | \$ 449 |
| Vice-Presidents: | | | | | |
| Academic | 231 | 48 | 8 | (1) | 286 |
| Advancement | 29 | 44 | 2 | - | 75 |
| Finance and Administration | - | 25 | 1 | (1) | 25 |
| Information Technology & CIO | 248 | - | 7 | (7) | 248 |

⁽⁶⁾ The accrued obligation is based on Athabasca University years of eligible service and other factors such as age, salary and actuarial assumptions.

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

17 Canada – Alberta Knowledge Infrastructure Program

The Canada – Alberta Knowledge Infrastructure Program (KIP) was established to provide funding in support of capital projects at post secondary institutions in order to offset the impact of the global economic recession by providing employment opportunities. Eligible KIP projects received up to 50 per cent of its funding from Government of Canada contributions through direct payments made by the Province. The remaining portion of funding for KIP projects consisted of internal resources and provincial contributions. The KIP program supports eligible costs incurred from February 24, 2009 to October 31, 2011. Amounts received from the Province of Alberta representing Government of Canada contributions and total eligible costs incurred on KIP projects were as follows:

| | 2012 | 2011 | 2010 | February 24, 2009 to March 31, 2009 | Total |
|----------------------|-------------------------|--------------------------|-------------------------|--|-----------|
| Contributions | \$ – | \$ 3,813 | \$ 3,814 | \$ - | \$ 7,627 |
| Total Eligible Costs | \$ 1,439 ⁽¹⁾ | \$ 10,272 ⁽¹⁾ | \$ 3,564 ⁽¹⁾ | \$ - | \$ 15,275 |

⁽¹⁾ Externally funded portion is \$511 (2011 – \$9,244, 2010 – \$3,564).

18 Comparative Figures

Certain 2011 figures have been reclassified to conform to the presentation adopted in the 2012 financial statements.



Athabasca University

1 University Drive
Athabasca, AB T9S 3A3 Canada

Phone 780-675-6100
1-800-788-9041 (toll-free in Canada and the U.S.)
www.athabascau.ca