



Athabasca
University

**ANNUAL REPORT
TO ALBERTA
ADVANCED
EDUCATION
FOR THE YEAR ENDED
MARCH 31, 2019**

OUR VISION

Transforming lives, transforming communities.

OUR MISSION

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



ACKNOWLEDGMENT

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

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ACCOUNTABILITY STATEMENT

Athabasca University's Annual Report for the year ended March 31, 2019, was prepared under the direction of the Governors of Athabasca University in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Nancy Laird

Nancy Laird, BA (Hons.), MBA, ICD.D
Chair, The Governors of Athabasca University

September 13, 2019

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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

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

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

Original signed by Dr. Neil Fassina

Neil Fassina, PhD, CPHR, ICD.D
President

Original signed by Deborah Meyers

Deborah Meyers, B.Comm., CPA, CA
Vice-President Finance and Administration and Chief Financial Officer

**MESSAGE FROM
THE PRESIDENT**



The past 12 months have been pivotal for Athabasca University. As we entered the second year of our transformation, we continued to experience the natural ebb and flow of organizational change and learning. Together, we witnessed great gains and worked through some of our most challenging terrain to date. These milestones have been a significant unifying force for our team, campus and community.

When we developed our five-year strategic plan *Imagine: Transforming Lives, Transforming Communities* in 2017–18, we had a vision of the type of learning environment and culture we wanted to create for Athabasca University. We recognized the remarkable opportunity before us to evolve ingrained post-secondary expectations and to refine the way we impart enduring skills and knowledge in a distance learning setting. Over the past year, we have begun laying the foundations of what the learning and research environment of the future truly looks like.

While this process has challenged us to critically evaluate our path thus far and stretch beyond the confines of what has been traditionally comfortable, it has also made us more aware, engaged and nimble.

As highlighted in this report, we have made substantial progress during this fiscal year. As you will read in the “Operational Overview” section at the front of the report, this progress included completion of the new *Imagine Learning Framework*, the *Strategic Research Plan: 2018–22* and a renewed policy framework as well as implementation of the *RISE: Athabasca University’s Digital Transformation* IT plan and the *Empower: AU’s Strategic Human Resource Plan* developed near the end of fiscal 2017–18.

Our new organizational approach and the associated culture shift are mammoth undertakings. However, by working together, we have strengthened the foundation of a distance learning environment that will provide a vast runway of opportunities for continual growth and success going forward.

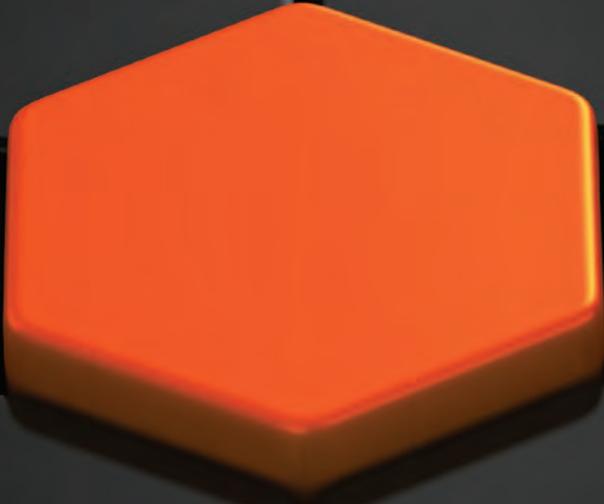
Sincerely,

Original signed by Dr. Neil Fassina

Neil Fassina, PhD, CPHR, ICD.D

PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

AU is committed to maintaining the highest standards of ethical conduct in all of its activities and to acting promptly on any reported wrongdoing. As required by the *Public Interest Disclosure (Whistleblower Protection) Act*, the university provides various mechanisms for employees to disclose their concerns. No disclosures were received or referred under the *PIDA* in 2018–19.



OPERATIONAL OVERVIEW

Laying the groundwork for Athabasca University's re-emergence as a world leader in digital post-secondary learning, as envisioned in the new *Imagine: Transforming Lives Transforming Communities* strategic plan, was the focus of activity at AU in 2017–18, as detailed in last year's Annual Report.¹ In 2018–19, the first full year of implementation, the focus shifted to realizing the Imagine vision. At the same time, as detailed in the pages that follow, substantial progress was made toward achieving the goals of the *Comprehensive Institutional Plan: 2018–21* that grew out of the Imagine vision.

¹ Athabasca University Annual Report to Alberta Advanced Education for the Year Ended March 31, 2018.

Imagine Learning Framework

General Faculties Council approval of AU's new *Imagine Learning Framework* in November 2018 marked the completion of a months' long university-wide consultative process carried out over the summer and fall of 2018 and represented a crucial step toward connecting the strategic vision of *Imagine: Transforming Lives, Transforming Communities* with faculty- and unit-level decision-making about how to design, deliver, support, assess and continuously improve all aspects of the AU learning experience.

The learning framework defines and measures learning in terms of its impacts (its capacity for transforming lives and transforming communities) and envisions a curriculum that enhances learners' capacity to decide upon and act to achieve the outcomes they desire. This capacity—or self-efficacy—is the basis of lifelong learning. To support learners' self-efficacy, AU will design immersive and engaging learning experiences that allow learners to connect new ideas and concepts with what is meaningful to them in their own lives.

The framework enables several *Imagine: Transforming Lives, Transforming Communities* priority outcomes, including

- Lifelong, self-paced distributed learning
- National enrolment growth through pathways, credential completion and non-credit offerings
- An adaptable, data-informed and sustainable credential, program and course mix that includes modularized and stackable learning outcomes in undergraduate and graduate offerings in both credit and non-credit environments

The *Imagine Learning Framework* commits AU to optimizing accessibility for all learners. To ensure that accessibility is built into all curriculum from the outset, the design and production of learning content and experiences at AU will be rooted in Universal Design for Learning principles and align with industry technical accessibility standards.

Through the new learning framework, the university has also made a commitment to the integration of research and learning. AU learners will impact their community through their participation in research and scholarship. Programs, curriculums, projects and assignments will be designed with reference to learning outcomes that require learners to stay connected to evidence, to critically test their ideas and to be skeptical when data and anecdote differ. AU's growing achievements in the areas of open scholarship and data will support learners, regardless of their location, with the resources they need to participate in basic and applied research that optimizes social, economic and environmental impacts on communities.

Implementation of the learning framework has begun with several foundational efforts:

- Defining shared learning outcomes at the institutional level as an early step toward building an Institutional Learning Outcomes Assessment Plan
- Reviewing and assessing learning resources in use in AU courses as a first step toward developing a Learning Resources Strategy to support the integrated, accessible, affordable and up-to-date learning resources anticipated by the learning framework
- Identifying and defining shared accessibility standards in support of the learning framework's goal of designing such standards into every learning experience
- Developing a framework of AU credentials that complements the existing provincial framework of traditional programs, degrees, diplomas and certificates
- Piloting a new student information system

Digital Transformation

Modernization of the technological environment required to support the *Imagine Learning Framework* and emergent pedagogical needs in support of *Imagine: Transforming Lives, Transforming Communities* has been a second major focus of the past year, and work in this direction is well underway.

In October 2018, AU became the first Canadian university to enter into a formal collaboration with Amazon Web Services, a significant part of the university's digital transformation and a key outcome of the five-year *RISE²* IT strategic plan presented in last year's Annual Report. Deep collaboration with AWS gives AU the modern cloud infrastructure, tools and training necessary to enable a learning model that is flexible, scalable and affordable to both learners and the university. To date, achievements associated with the collaboration have included

- Movement of the AU learning management system of more than 850 online courses, programs and degree pathways to the AU cloud, an action which immediately provided better, more secure and more reliable online access for AU students worldwide
- Creation of the university's cloud-first digital architecture (in progress) to implement a more flexible and robust security model for all infrastructure and systems, one that can easily scale to serve all AU students, including those in remote and rural communities, whenever and wherever they wish to study or retrain
- Implementation of a cloud-first approach training strategy for all AU technical employees and continuously available cloud-first operations strategy training for all AU employees (over 400 employees retrained so far)
- Launch of AWS Educate to AU's 43,000 students, including free access to Cloud Career Pathways, offering digital curriculum, digital completion badges, virtual hands-on labs and a jobs board with postings from top tech companies seeking new employees with cloud training

Other related developments in the planning stages include

- Using integrated virtual reality and augmented reality, creating hands-on learning experiences that support asynchronous text-based digital learning
- Enabling AU employees to create learning that learns from itself by applying machine learning and artificial intelligence to learner interactions with learning, academic services and student support units
- Creating research and development capacity within the online learning ecosystem itself, using AU cloud flexibility and its library of tools and products, allowing professors and students to co-experiment with deeper learning interactions, then scale successful experiments across the entire AU cloud-first ecosystem
- Building at scale personalized learning pathways for learners aged 14 to 99 and beyond, allowing their learning journey to follow them wherever they go
- Adding a cloud-based disaster recovery layer to AU's existing disaster recovery operations to ensure that all students have reliable access to AU online

After a successful pilot project, AU has also signed a three-year partnership agreement with ProctorU, an online invigilation service that is able to monitor test-takers (via webcam and screen-sharing technology), 24 hours a day, seven days a week. Because of this partnership, many AU learners are now able to take their exams at any time and place that is convenient for them.

² *RISE: Athabasca University's Digital Transformation (Responsive, Innovative, Sustainable, Engaging).*

“

I believe that the future is for those who reach for the education needed; I believe that around us opportunities are endless, waiting to be seized; and I believe that there is value in learning for learning's sake and in pushing oneself to the edge of what you know and beyond.

I believe that the Athabasca University MBA program will help me move myself forward on all three counts, and I believe that this program will help transform me to be capable of accomplishing more within both my career and personal life than I can even perceive today.

Christopher Drobot, MBA student

“

With Athabasca, I was able to take two semesters off, and it wasn't anything I had to stress about at all. I started right where I left off when I was ready to go back to school.

Nicole King, Master of Nursing, 2019



31

The average AU undergraduate is 31 years old.



85%

85% of AU students work while they study.



39

The average AU graduate student is 39 years old.

Pre-Kindergarten to PhD

AU continues to work with Alberta communities and educational partners who share the university's mission of transforming lives and communities through innovative and open educational pathways. By collaborating with rural communities and their local and regional school boards to enhance the connections among primary, secondary and post-secondary educational programs and services, AU hopes to reduce the decades old necessity for rural Albertans to travel to larger communities to pursue their advanced studies—often never to return home.

In September 2018, AU, Northern Lakes College and Aspen View Public School Division No. 78 formalized Campus Athabasca, a multi-institutional commitment to enhance access, participation, mobility, learner success and effectiveness of learning pathways from pre-kindergarten to PhD.

Developing such collaborative opportunities at all stages of the educational continuum will

- Eliminate barriers preventing learners from accessing post-secondary education
- Enhance the range and relevance of learning pathways through innovative programming
- Create greater learner awareness of pathways from high school through university
- Enhance identification of community issues and needs and the development and delivery of credit and non-credit programming, such as rural and remote health delivery, that addresses those needs
- Enhance identification of dual credit learning opportunities that facilitate the transition of learners from secondary to post-secondary education
- Ensure that all learning is recognized and transferrable
- Provide opportunities for sharing best practices, processes and system innovations to promote learner success
- Provide opportunities to identify or affect common learning outcomes and to develop innovative programs

Academic Programs

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

AU offers, in addition to 15 graduate-level certificate and diploma programs and 15 undergraduate certificate and diploma programs, the following degree programs:

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



49%

49% of AU graduates supported dependents during their period of study.



65%

65% of AU undergraduates are women.

“

I never would have had the opportunity to complete a university degree if not for AU.

*Nicole Harrison,
Master of Education student*



98%

98% OF AU STUDENTS RESIDE IN CANADA.

“

I'm so grateful for the chance to pursue a degree in something I am especially enthusiastic about without having to choose between being a parent, a business owner or a student.

*Brandi Morpurgo,
Bachelor of Arts student*

- Master of Nursing
- Master of Science (Information Systems)
- Bachelor of Arts, four-year (with a major in anthropology, English, French, history, humanities, labour studies, political economy, political science, psychology, sociology, women's and gender studies or a combined major)
- Bachelor of Arts, three-year (general or with a concentration in English, French, history, psychology or sociology)
- Bachelor of Commerce (general or with a major in accounting, business technology management or finance)
- Bachelor of General Studies (in applied studies or arts and science)
- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, four-year (general or with a major in human resources management, Indigenous nations and organizations or marketing)
- 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 management)
- Bachelor of Science (general or with a major in applied mathematics, architecture, computing and information systems or human science)

Recruitment

Following implementation of a multi-year recruitment and marketing plan, AU experienced a banner year in enrolment growth (See "Enrolment Report," p. 34, and "Enrolment and Course Registration" below). New approaches and innovations included the following:

- Refocusing on Alberta enrolment (visiting and program students and graduate students) including increased recruiter availability at large educational institutions and greater emphasis on providing guidance on gap course completion and degree options
- Achieving an unprecedented 14.8 per cent year-over-year growth in Ontario enrolment by leveraging opportunities in the current Ontario marketplace and targeting a growing student population there that is underserved due to limited course availability, intake limits and program caps
- Formalizing some recruitment roles with respect to specific markets and increasing co-ordination of marketing and web operations
- Adopting recruitment technologies (e.g., AI powered recruitment chat-bots) and using targeted e-mail campaigns to increase outreach to prospective students

Further technological investments will improve the student experience of the enrolment process.

Enrolment and Course Registration

A total of 43,022 learners worldwide took advantage of AU's flexible online learning programs and services in 2018–19. The number of individual Albertans to do so rose by 8.7 per cent to 17,764, increasing 9.5 per cent at the undergraduate level and decreasing slightly, by one per cent, at the graduate level, as shown in Table 1.

Table 1: Alberta Learners Enrolled at AU: 2016–17 to 2018–19

	2016–17	2017–18	2018–19
Undergraduate	14,952	15,067	16,499
Graduate	1,262	1,278	1,265
Total	16,214	16,345	17,764

Enrolment as full-load equivalents increased 7.3 per cent overall (See “Enrolment Report” p. 34), but 8.4 per cent for Alberta learners (Table 2), jumping 10.5 per cent at the undergraduate level and dropping three per cent at the graduate level.

Table 2: Alberta Learner Enrolment (Full-load Equivalents): 2016–17 to 2018–19

	2016–17	2017–18	2018–19
Undergraduate	3,079	3,167	3,498
Graduate	547	567	550
Total	3,626	3,734	4,048

AU delivered a total of 85,716 courses in 2018–19, a 10.6 per cent increase over the previous year. Course registration by Alberta learners rose 11.7 per cent, increasing significantly at both the undergraduate level (12.4 per cent) and the graduate level (4.2 per cent) as shown in Table 3.

Table 3: Course Registration by Alberta Learners: 2016–17 to 2018–19

	2016–17	2017–18	2018–19
Undergraduate	30,484	30,727	34,538
Graduate	3,077	3,058	3,187
Total	33,561	33,785	37,725

Student Health and Wellness

In 2018–19, AU's draft *Mental Health Strategy* was reviewed by the university's Cross-Divisional Mental Health Advisory Committee, a multi-stakeholder committee which represents the interests and concerns of the entire university community and includes representation from both the Athabasca University Students' Union and the Athabasca University Graduate Students' Association. At year end, the draft strategy was on track for approval by May 2019.

While work on the *Mental Health Strategy* was underway, other strategies were being put into place to support learners. AU's Student Wellness Program, implemented in November 2018, strengthens non-clinical mental health support to learners and provides resources on a host of everyday challenges that can affect student mental health and wellness.

AU will continue to build on these successes in the coming year by

- Implementing case management protocols for identifying, referring and responding to at-risk learners to help support their learning success

- Creating additional digital resources to raise awareness of mental health issues and support help-seeking behaviours for online learners
- Updating and creating awareness of crisis management protocols to ensure clear processes for team members responding to learners in crisis and to reduce stress and anxiety for learners needing support
- Participating in the 2019 National College Health Assessment Survey to better understand the mental health and wellness needs of AU learners and to measure the effectiveness of work accomplished to date
- Developing mental health core competency training for front-line team members
- Continuing to support regional and provincial committee meetings and related partnerships

Program Completion

AU awarded 1,933 academic credentials in 2018–19, 904 at the graduate level and 1,029 at the undergraduate level, as shown in Table 4.

Table 4: Academic Credentials Awarded: 2016–17 to 2018–19

	2016–17	2017–18	2018–19
Doctor of Business Administration	5	4	9
Doctor of Education (Distance Education)	4	8	5
Master of Arts (Interdisciplinary Studies)	82	65	59
Master of Business Administration	168	165	175
Master of Counselling	82	90	86
Master of Education (Distance Education)	85	69	58
Master of Health Studies	70	58	47
Master of Nursing	203	273	274
Master of Science (Information Systems)	29	15	27
Total Graduate Degrees	728	747	740
Graduate Certificates and Diplomas	243	202	164
Total Graduate Credentials	971	949	904
Bachelor of Administration ¹	9	3	5
Bachelor of Arts	108	97	90
Bachelor of Commerce	85	79	87
Bachelor of General Studies	159	128	163
Bachelor of Health Administration	12	14	19
Bachelor of Human Resources Labour Relations	65	68	75
Bachelor of Management	120	89	107
Bachelor of Nursing	237	227	218
Bachelor of Professional Arts	104	93	85
Bachelor of Science	26	28	35
Total Bachelor's Degrees	925	826	884
Undergraduate Certificates and Diplomas	141	169	145
Total Undergraduate Credentials	1,066	995	1,029
Total Credentials Awarded	2,037	1,944	1,933

¹ Program closed December 31, 2004.

“

Life happens. You set out with this big, perfect plan, and sometimes you just don't know what life's going to throw at you. It doesn't mean that you will not succeed. It might mean that you need to pause, take time to deal with whatever's going on in your life, and keep moving forward toward the final goal or destination you were aiming for.

*Christine Quesnel,
Master of Nursing, 2019*



31%

31% OF AU UNDERGRADUATES ARE VISITING STUDENTS FROM OTHER INSTITUTIONS.

“

My experience at Athabasca University has had a rippling effect in my life. As I finish a lesson or assignment, I feel like I am completing something important.

*Autumne Atwood, Visiting student
Faculty of Humanities and Social Sciences*



AU students live in every Canadian province and in 120 other countries.

Research

As reported in last year's Annual Report, AU's *Strategic Research Plan: 2018–22*, adopted in March 2018, sets the direction for AU's investments in research, scholarship and creativity and serves as a guide for the development of the infrastructure and services required to nurture research excellence, foster research performance comparable to that of other research-intensive universities in Canada, and enrich the social, environmental and economic value of research conducted by the university's faculty and students.

Implementation of the plan in 2018–19 signaled a shift from merely doing research to identifying strategic research priorities and building an infrastructure with the capacity to foster and sustain research success in key areas. The university's research agenda has become more focused, yet more nimble and responsive to emerging societal concerns. The plan identifies four broad themes of research expertise at AU:

- Environmental and societal dynamics of sustainability
- Disruptive pedagogies
- Culture, health and well-being
- Digital futures

The *Strategic Research Plan* creates a compelling research value proposition that reflects the outcomes and impacts outlined in *Imagine: Transforming Lives, Transforming Communities* and positions AU to drive innovation, optimize its social, economic and environmental impact, and take advantage of opportunities to leverage scarce research resources by spearheading generative research collaborations and partnerships within the academy and beyond.

Governance

AU operates through a bicameral governance structure, as set out in the *Post-secondary Learning Act* and the *Athabasca University Regulation*. The Board of Governors is the senior governing body but shares academic governance with the General Faculties Council, the academic governing body. As of March 31, 2019, membership of the Board was as follows:

- Chair: Vivian Manasc
- President: Dr. Neil Fassina
- Public Members: Sharon Anderson, Robert Balay, Shawn Cornett, Lynn Hamilton, Brenden Hunter, Cheryl Hunter Loewen, Debby Kronewitt Martin, McDonald Madamombe (Vice-Chair), Tracey Maguire, Shannon Neighbour
- Academic Staff Members: Dr. Derek Briton, Dr. Shawn Fraser
- Tutor Member: Liam Connelly
- Non-academic Staff Member: Paulette Patry
- Graduate Student Member: Lindsay McNena
- Undergraduate Student Members: Melinda Goertz, Brandon Simmons
- Alumni Member: Douglas Schindel

Policy Framework

In May 2018, the Board of Governors approved the *Policy Framework – Governing Policy*, which now governs the development and management of all AU policies and related procedures and establishes appropriate delegated authority for approvals. The framework embraces lean, people-focused processes to ensure that policy and procedure development and maintenance are consistent, streamlined and efficient and that policies and procedures are aligned with the university's mandate, values, mission and strategic plan and with legislative requirements.

In the year since the framework was approved, AU has implemented a project to review and revise the *Policy and Procedures Manual*, focusing first on the highest priority policies, those most affecting institutional needs and strategic direction. Co-ordination of high priority policy development will ensure that the required guidance is in place for students, employees and stakeholders to support the successful implementation of strategic initiatives.

Human Resources

The overarching deliverable of AU's human resources strategic plan³ is to identify and adopt the most efficient, effective, innovative and cost effective human resources function of the twenty-first century, facilitating the movement from a transactional model to a strategic but lean function to meet the university's current and future needs. Year one under the *EMPOWER* plan was characterized by foundational planning and design and recruitment activities.

Creation of a purposeful and supported semi-virtual organizational structure through technology, infrastructure and social processes, a key consideration in terms of AU's organizational needs, was approved by the Board of Governors in December 2018. Subsequently, the Human Resources team supported structural, process and technology optimization initiatives in the Information Technology, Academic Operations and Human Resources Units.

Optimization of the Human Resources Unit included exploration of a strategic human resources system and supporting values, culture and talent management frameworks that support and reinforce AU's semi-virtual organization. In addition, in an effort to optimize, streamline, standardize and modernize human resources service delivery, a comprehensive review and analysis of human resources policies and processes was completed.

AU's year-over-year growth resulted in an increase in recruitment activity across all AU faculties and departments. In September 2018, Deborah Meyers was appointed Vice-President Finance and Administration and Chief Financial Officer, and in October 2018, Kristine Williamson was appointed Vice-President University Relations. With these appointments, the strategic transformation of the AU's Executive Team was complete.

³ *EMPOWER: Athabasca University's Human Resources Five-Year Strategic Plan (2018–2022)*.

**GOALS, PRIORITY INITIATIVES,
EXPECTED OUTCOMES,
PERFORMANCE MEASURES
AND RESULTS**



AU's *Comprehensive Institutional Plan: 2018–21* identified 10 goals in five categories (accessibility, quality, affordability, co-ordination and accountability) for the planning period, along with associated priority initiatives, expected outcomes and performance measures. Progress made with respect to these metrics is presented in Tables 5 through 9 below:

Table 5: Accessibility Goals, Priority Initiatives, Expected Outcomes, Performance Measures and Results

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018–19	Revised Expected Completion Date
Goals					
G1	Systematically remove barriers to create a culture of inclusion in which all learners are welcome.	Ongoing	In progress	<ul style="list-style-type: none"> A 24/7 learners' mental health and wellness support line was implemented. Online mental health and wellness and communicating with learners in distress resources were delivered to AU teams. A conciliation working group, including alumni from Indigenous communities, is active in the Faculty of Health Disciplines. 	No change
G2	Leadership in digital accessibility	2022	In progress	<ul style="list-style-type: none"> Tools for evaluating the quality (including accessibility) of digital assets were implemented (e.g., syllabuses are rated 84 for accessibility compared to a benchmark of 65). Work to evaluate and strengthen digital accessibility is ongoing. A working group was struck to define accessibility standards. In the Faculty of Health Disciplines, a trial of auditorium-style graduate course delivery is active, and 45 per cent of courses use only open resources. 	No change
Priority Initiatives					
PI1	Student Service Delivery Framework and navigation that enables data-informed, responsive and adaptable student services.	2020	In progress	<ul style="list-style-type: none"> Introduction of chat services at the Library Info Desk and on Library website pages increased student and employee awareness of Library resources and services. Info Desk activity increased 17 per cent and reference requests 127 per cent. Student Services Framework development work included current state analysis, student service culture consultation, student journey mapping, student services dashboard creation and student information relationship management system proof of concept. Development of online forms to support graduate students in meeting program goals, understanding program expectations and managing program timelines continued. 	No change
PI2	Develop sexualized violence policy and procedures to enable investigations of and responses to instances of sexualized violence.	2019	Complete	<ul style="list-style-type: none"> The <i>Harassment, Violence and Sexual Violence Policy</i> and associated procedures, including the <i>Addressing Sexual Violence Procedure</i>, were developed. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
PI3	Nukskahtowin (meeting place: a learning and research space respectful of the knowledge and values of Indigenous Peoples through cultural affirmation and academic excellence).	2020	In progress	<ul style="list-style-type: none"> AU's Centre for World Indigenous Knowledge and Research was renamed Nukskahtowin in 2018, and a name change ceremony was scheduled to be held in Athabasca in May 2019. Nukskahtowin hosts a monthly film series, Bannock and a Movie, showcasing Indigenous filmmakers telling Indigenous stories. 	No change
PI4	AU digital learning transformation (IT Strategy).	Ongoing	In progress	<ul style="list-style-type: none"> In a first for Canadian universities, a cloud and code campus was built through a multi-layered collaboration with Amazon Web Services. The AU cloud has the virtual infrastructure needed to support the migration and delivery of functional services to support current and future learners. Migration of key applications and services, including the learning management system, to the cloud is underway. IT team members and those in other key business roles received training to support cloud-first transformation, and the IT leadership roles needed to mentor team members and guide implementation of transformative projects and related activities were solidified and filled. A pilot with VMWare and AWS aimed at creating a layer of disaster recovery protection for AU (additional to the capabilities achieved in 2017-18 through partnership with Athabasca County, as reported last year) is underway, with failover to the AU cloud for existing on-premises and virtualized servers and data. IT advised on the creation of a learning delivery solution pilot for the Professional and Corporate Relations Unit using a cloud-based ecosystem of D2L/Brightspace virtual learning environment, PCI compliant financial transaction processing and blockchain identity credentials. 	No change

Expected Outcomes

E01	Learning environment that supports and connects learners with diverse learning goals and is relevant and responsive to learner needs.	Ongoing	In progress	<ul style="list-style-type: none"> Implementation of the <i>Imagine Learning Framework</i> (See p. 10), providing strategic direction for faculty- and unit-level decisions about how to design, deliver, support, assess and continuously improve all aspects of the learning experience, is underway. Virtual, home and concentrated labs were offered in physics, chemistry, biology and microbiology. 	No change
E02	Learners have access to a safe and supportive learning environment where sexualized violence and harassment are never tolerated.	Ongoing	In progress	<ul style="list-style-type: none"> Implementation of the <i>Addressing Sexual Violence Procedure</i> is underway. 	No change
E03	Indigenous knowledge, education and oral traditions are supported, protected and sustained.	2020	In progress	<ul style="list-style-type: none"> A conciliation working group, guided by Nukskahtowin and including alumni from Indigenous communities is active in the Faculty of Health Disciplines. Learning activities are being included in course revisions. The Learning Communities Project continues to provide access to learning opportunities for northern Alberta Indigenous learners. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
E04	AU demonstrates excellence and leadership in advancing digital accessibility.	Ongoing	In progress	<ul style="list-style-type: none"> Online virtual architecture studios now connect students worldwide through an accessible platform that allows real-time mark-up of projects by external critics. 	No change
Performance Measures					
PM1	Student Services Framework complete.	2020	In progress	<ul style="list-style-type: none"> The <i>Student Services Strategic Plan</i>, laying a foundation for a data-informed, responsive student services experience was completed. 	No change
PM2	Sexualized Violence Policy approved.	2019	In progress	<ul style="list-style-type: none"> The <i>Harassment, Violence and Sexual Violence Policy</i> and associated procedures, including the <i>Addressing Sexual Violence Procedure</i>, were developed during 2018-19 and scheduled to be submitted for Executive approval in May 2019. 	No change
PM3	Nukskahtowin metric to be co-created.	2020	Pending	<ul style="list-style-type: none"> N/A 	No change
PM4	Digital Accessibility Maturity Model Composite Score.	2020	Pending	<ul style="list-style-type: none"> N/A 	No change

Table 6: Quality Goals, Priority Initiatives, Expected Outcomes, Performance Measures and Results

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
Goals					
G3	Leadership in quality, innovative, and research-informed open, digital and distributed learning.	2022	In progress	<ul style="list-style-type: none"> Implementation of the <i>Imagine Learning Framework</i> (See p. 10) is underway. 	No change
G4	New pedagogies, ideas, technologies and processes that support learning and research are identified, tested, deployed, assessed and retired in real time.	2020	In progress	<ul style="list-style-type: none"> Implementation of the <i>Imagine Learning Framework</i> (See p. 10) is underway. 	No change
G5	A reputation for scholarly activity, dissemination, and impact reflecting status as a comprehensive research university.	Ongoing	In progress	<ul style="list-style-type: none"> AU's fourth Canada Research Chair, in Digital Disruption and Organizational Transformation, began work in the Faculty of Business in September 2018, and recruitment is underway for a fifth Tier 2 allocation, in Disruptive Pedagogies. The Tier 2 CRC, in Health Promotion and Chronic Disease Management, in the Faculty of Health Disciplines was renewed for a second five-year term. An application for an Industrial Research Chair has passed the first stage. A final decision will be forthcoming in early 2020. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
				<ul style="list-style-type: none"> Ten new research partnerships with industry and associations and one new inter-university research partnerships were initiated. These partnerships provided funding for part or all of the associated research. Faculty of Health Disciplines research into exercise and health, mental health and dementia is supported by more than \$1.5 million in grant funding. Faculty members presented their research at eight webinars over the course of the year and discussed research issues and opportunities at two Let's Talk Research webinars. Members of the Faculty of Health Disciplines produced over 50 peer-reviewed publications in 2018-19 and presented at 99 national and international conferences, including 17 with graduate student and alumni participation. 	
G6	A culture of innovation and creativity in action.	Ongoing	In progress	<ul style="list-style-type: none"> A model for provisioning high performance computing capabilities and services based on the needs of research-related stakeholders and partners is in design. 	No change

Priority Initiatives

PI1	A learning framework that enables lifelong, self-paced distributed learning.	2020	In progress	<ul style="list-style-type: none"> The <i>Imagine Learning Framework</i> (See p. 10) was approved by General Faculties Council In December 2018. Implementation is underway. 	No change
PI2	A sustainable and adaptable course, program and credential mix based on a lean and data-informed development, renewal and retirement process.	Ongoing	In progress	<ul style="list-style-type: none"> New courses and programs are in development and will be submitted for approval in the coming year. Program health reports are being used for integrated resource planning purposes. 	No change
PI3	A multi-stage innovation process.	2020	Deferred	<ul style="list-style-type: none"> N/A 	2021
PI4	Research outputs are preserved in open access formats.	2021	In progress	<ul style="list-style-type: none"> AU Press published seven open access books by AU authors and received a grant to implement a new reading tool (Manifold) that permits mobile reading, mark-up and collaboration on books at aupress.ca. The Academic Research Committee is providing up to \$2,000 per accepted manuscript toward the cost of publishing in open access journals. The Bibliography of the Athabasca River Basin contains open materials for research and community access. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
PI5	Learners are engaged in research.	Ongoing	In progress	<ul style="list-style-type: none"> AU researchers train students, and the Research Centre encourages the use of cash donations to hire student research assistants. Thirteen students and post-doctoral scholars were fully or partially funded by Mitacs grants. Four undergraduates were awarded Alberta Innovates Summer Studentships. With financial support from the Research Centre, the Faculty of Graduate Studies hosted the Grad Student Research Conference and a 3MT competition. Students are invited to participate in research webinars. AU and the Athabasca University Graduate Students' Association negotiated and activated a collective agreement. 	No change
PI6	Phase 1 of Learning Environment Evolution (LEE)	2019	Complete	<ul style="list-style-type: none"> Phase 1 (Moodle upgrade). Phase 2 is to follow, pending academy decisions on preferred systems and approaches. 	No change

Expected Outcomes

E01	AU courses, programs and credentials respond to learner and societal needs in real time.	2022	Pending	<ul style="list-style-type: none"> N/A 	No change
E02	Personalized and flexible learning opportunities fulfil learners' personal goals and optimize social impact in communities.	2022	Pending	<ul style="list-style-type: none"> N/A 	No change
E03	Strategic directions and digital data management training needs are delineated and aligned with Open Scholarship Framework outlined in <i>Imagine</i> .	2020	Deferred	<ul style="list-style-type: none"> A scalable and sustainable model for open scholarship in alignment with AU's <i>Strategic Research Plan</i> will be completed in 2020-21. 	2021
E04	Grants mentorship.	Ongoing	In progress	<ul style="list-style-type: none"> Proposals for external funding are reviewed by at least two faculty members before submission. Comments and revision recommendations are offered to the grant applicants to increase their probability of success. Two grant development editors contracted by the Research Centre reviewed about a third of submitted grant proposals and held a half day proposal writing workshop for faculty members. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
E05	Outcomes of the <i>Strategic Research Plan</i> achieved.	2022	In Progress	<ul style="list-style-type: none"> Research Centre activities aimed at increasing research capacity and success included meeting individually with external funders, seeking funding through partnerships and collaborations, meeting with faculty members individually and as groups, presenting webinars, enhancing mentorship, arranging meetings between researchers and external groups to create funding opportunities, investigating a funding opportunity database, investigating a standardized method for storing and reporting scholarly work and developing an early-career research award. 	No change
E06	Research training for learners, post-doctoral fellows.	Ongoing	In progress	<ul style="list-style-type: none"> Post-doctoral scholars were invited to and attended the biennial Research Forum. Post-doctoral scholars conducted a half day workshop at which they presented their research, for the first time, to faculty members. Faculty of Graduate Studies research webinars for faculty and students are ongoing. 	No change
E07	New learning experiences and their supporting systems resulting in higher learner satisfaction and operational effectiveness and efficiency.	2021	In progress	<ul style="list-style-type: none"> Implementation of the <i>Imagine Learning Framework</i> (See p. 10) is underway. 	No change

Performance Measures

PM1	Time to market (new curriculum).	Ongoing	Pending	<ul style="list-style-type: none"> Metric not yet available. 	No change
PM2	Programs with positive health index.	Ongoing	In progress	<ul style="list-style-type: none"> Fifty-four per cent 	No change
PM3	Innovation process in place.	2020	Deferred	<ul style="list-style-type: none"> N/A 	2021
PM4	Digital research data management plan complete.	2019	In progress	<ul style="list-style-type: none"> The Research Centre, with the Faculty of Graduate Studies and the Library, is recruiting a research data management librarian. AU jointly applied, with Trinity, Brandon and Mount Royal Universities, for a SSHRC grant to fund a workshop for the purpose of creating research data management champions, facilitating creation of an RDM plan. 	No change
PM5	Success rate in grant applications.	Ongoing	In progress	<ul style="list-style-type: none"> Success rates for internal grant applications for the past three years were 2016-17: 72.7 per cent 2017-18: 72.1 per cent 2018-19: Preliminary data indicate a success rate of 79.2 per cent, but five submissions are pending. Success rate rates for external grant applications for the past three years were 2016-17: 54 per cent 2017-18: 55.7 per cent 2018-19: TBD (13 of 60 submissions are still pending). 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
PM6	Research revenue from tri-agency, industry, and community sources	Ongoing	In progress	<ul style="list-style-type: none"> The total value of external funding for the past three years was 2016-17: \$3.6 million 2017-18: \$2.5 million 2018-19: \$3 million (\$1.4 from tri-agency sources and \$1.6 million from community, industry and other non-tri-agency sources) Two AU Press published journals received substantial funding from the SSHRC Aid to Scholarly Journals Program. 	No change
PM7	Number of learners hired as research assistants and number of postdoctoral fellows	Ongoing	In progress	<ul style="list-style-type: none"> Research assistants who were students at AU or other post-secondary institutions: 45 Post-doctoral scholars: seven 	No change
PM8	Learner satisfaction with learning environment	Ongoing	Pending	<ul style="list-style-type: none"> N/A (future metric) 	No change

Table 7: Affordability Goals, Priority Initiatives, Expected Outcomes, Performance Measures and Results

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
Goals					
G7	Optimize student affordability.	2020	In progress	<ul style="list-style-type: none"> Under development. 	No change
G8	People-focused and lean processes and procedures.	Ongoing	In progress	<ul style="list-style-type: none"> A new policy framework was approved and implemented (See p. 20). Optimization of the Office of the Provost and Vice-President Academic, the Office of the Vice-President University Relations, and Human Relations and Employee Relations. Finance eliminated the vacant position salary and benefit reclamation process, condensed the month-end accounting close process, and simplified and improved the travel and expense claim process. 	No change
Priority Initiatives					
PI1	Choice in the provision of learning resources.	2019	In progress	<ul style="list-style-type: none"> A learning resources plan is in development. The learning resource fee was reduced for 18 per cent of undergraduate courses (eight per cent of total course registration). Forty-five per cent of Faculty of Health Disciplines courses use only open resources. The MyAU Bookstore Project was cancelled as it did not align with the learning framework. 	No change
PI2	New tuition fee and financial support model.	2020	In progress	<ul style="list-style-type: none"> Costs that AU incurs through accepting credit card payments for tuition and fees are being reduced. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
PI3	Additional investment in student awards for all Alberta learners, including part-time students.	Ongoing	In progress	<ul style="list-style-type: none"> Three new awards were established: the KPMG Foundation Leader Scholarship, the Carter Yellowbird Indigenous Bursary and the Alberta Blue Cross Health and Wellness Award. Increased base funding for student awards was directed to increasing the number of AU Access for Students with Disability Education Bursaries, AU Undergraduate Bursaries, AU Graduate Bursaries and Undergraduate Lab Travel Awards. 	No change
PI4	Lean governance and processes.	2020	In progress	<ul style="list-style-type: none"> The Integrated Planning and Assessment Unit was established in January 2019, and an integrated planning and assessment cycle is now in place. A new policy framework was approved and implemented (See p. 20). The Enterprise Risk Management quarterly reporting process and the quarterly reporting process on the status of outstanding audit recommendations were streamlined. The Prior Learning Assessment and Recognition process was streamlined to increase scalability and encourage faster PLAR completion. 	No change

Expected Outcomes

E01	A student-centred, accessible, accountable, and fairly priced learning resource model and tuition fee and financial support framework.	2020	In progress	<ul style="list-style-type: none"> A learning resources strategy is in development. 	No change
E02	Reduced financial barriers to students; increased awareness and availability of student awards.	Ongoing	In progress	<ul style="list-style-type: none"> The value of the AU Undergraduate and AU Graduate Bursaries, previously \$750 and \$1500 respectively, was changed to a tuition credit equal to tuition for one course, thereby allowing students to more easily apply their awards to their course fees. A proposed cloud-based scholarship management tool will improve promotion of awards and make it easier for students to apply for and receive them. 	No change
E03	Simplicity in our internal processes; digital governance structure.	2019	In progress	<ul style="list-style-type: none"> A Digital Governance Framework, including governing and advising bodies, processes and controls, is fully implemented. The framework design, validated through external subject matter experts, incorporates an annual continuous improvement cycle to inform its subsequent iterations. IT partnered with owners of divisional systems not historically supported by IT to channel their investments through the new digital governance process. All IT-related policies and procedures were reviewed and are being revised as necessary to reflect current best practices and standards. A joint IT-University Relations digital strategy working group was established to improve understanding of learner needs and behaviours and to co-create and inform the design or optimization of student-facing services and resources. 	No change

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
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Performance Measures

PM1	Student Affordability Index.	2020	In progress	• Under development.	No change
PM2	Value of student awards.	Ongoing	In progress	• Total value of 2018-19 awards: \$1,156,479, up from \$1,130,861 the previous year. This small increase was attributable to three new awards (See PI3 above) and about \$15,000 in increases in Alberta Government Scholarships.	No change
PM3	Percentage of digital initiatives managed within the AU Digital Governance Framework.	Ongoing	In progress	• Nineteen digital initiatives valued at over \$25,000 were managed through the Digital Governance Framework.	No change

Table 8: Co-ordination Goals, Priority Initiatives, Expected Outcomes, Performance Measures and Results

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
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Goals

G9	Pursue partnerships that enable the creation of value.	Ongoing	In progress	<ul style="list-style-type: none"> • A Manager, Partnerships and Collaborations, position was created in the Prospective Student Relations Unit. • Partnerships and collaborations policies and procedures are being reviewed. • Partnerships and collaborations are now included in the PSR measurement matrix. • To maintain and grow partnerships, not just with top-sending post-secondary institutions, but also with next-level schools, AU has increased efforts to leverage existing partner relationships by purposefully targeting specific programs, thereby generating more program and degree completion applicants. 	No change
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Priority Initiatives

PI1	Campus Alberta partnerships that strengthen the system for learners and funders.	Ongoing	In progress	<ul style="list-style-type: none"> • Partnered with Aspen View Public Schools and Northern Lakes College to develop a Pre-K to doctorate connection (See p. 13) • Expanded partnership with Lakeland College to offer 12 additional degree programs that Lakeland students can complete through a combination of on-campus and online courses (See p. 45). • Signed a memorandum of agreement with Bow Valley College to better serve BVC learners and remove barriers to degree completion (See p. 45). 	No change
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Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018-19	Revised Expected Completion Date
PI2	Diversification of credit/non-credit opportunities and complementary offerings.	Ongoing	In progress	<ul style="list-style-type: none"> The Professional and Corporate Relations Unit is developing new non-credit courses and certificate programs that align with market needs as identified by market research conducted in 2018. The unit developed a <i>Training Course/Program Development and Quality Assurance Guide</i> to support efficient production of high-quality non-credit courses. Policies and procedures were developed to guide the unit's activities. The Faculty of Health Disciplines introduced a non-credit course in RN Prescribing and a non-credit course in Mental Health Practice for nurse practitioners. The Faculty of Science and Technology worked on development of stackable non-credit math courses adapted from MATH 100 and on proposals for future micro-credential, graduate diploma and graduate certificate programs. 	No change

Expected Outcomes

E01	Expanded pathways to degree completion.	Ongoing	In progress	<ul style="list-style-type: none"> Twelve new degree programs were added to those available to Lakeland College students through its partnership with AU. 	No change
E02	Increased opportunities for learners to develop new skills.	Ongoing	In progress	<ul style="list-style-type: none"> Implementation of the <i>Imagine Learning Framework</i> (See p. 10) is underway. 	No change

Performance Measures

PM1	Number of partnerships with a wide range of post-secondary institutions, industry employers, associations and sports organizations.	Ongoing	In progress	<ul style="list-style-type: none"> Formal institutional collaboration with Amazon Web Services (See p. 11) Three-year online exam invigilation partnership with ProctorU (See p. 11) Pre-K to PhD partnership with Aspen View Public School Division and Northern Lakes College (See p. 13) Ten new research partnerships with industry and associations and one new inter-university research partnership New learning partnerships with Bow Valley College and Lakeland College (See p. 45) Faculty of Business learning partnership with the Aboriginal Financial Officers Association of Alberta (See p. 44) 	No change
PM2	Partnership success ratio.	2020	In progress	<ul style="list-style-type: none"> Installing a Manager, Partnerships and Collaborations, revising partnerships policy and procedures and including partnerships and collaborations in the Prospective Student Relations measurement matrix are steps toward benchmarking a partnership success ratio for the future. 	No change
PM3	Return on partnership agreements.	2020	In progress	<ul style="list-style-type: none"> Benchmarking the partnership success ratio (PM2) will enable calculation of return on partnership agreements. 	No change

Table 9: Accountability Goals, Priority Initiatives, Expected Outcomes, Performance Measures and Results

Type	Description	Expected Completion Date (from CIP)	Status	Progress in 2018–19	Revised Expected Completion Date
Goals					
G10	AU leaders, teams and individuals respond to opportunities and challenges with a lens focused on continuous improvement in all that we do.	Ongoing	In progress	<ul style="list-style-type: none"> An integrated planning and assessment cycle is now in place. Year two of integrated planning is underway. 	No change
Priority Initiatives					
PI1	Measurement and Board reporting.	2019	In progress	<ul style="list-style-type: none"> Institutional health and strategic and governance dashboards are in place and being updated quarterly. 	No change
PI2	Accurate and timely financial data.	2019	Ongoing	<ul style="list-style-type: none"> The quarterly variance reporting and forecasting cycle has been compressed in order to provide additional time for in-depth analysis. 	No change
PI3	Community building.	Ongoing	In progress	<ul style="list-style-type: none"> A new phase of AU's partnership with Reconciliation in Solidarity Edmonton began with entering into a support arrangement for their RISE Book Club season. Fifty Science Outreach—Athabasca events, including speaker series, school presentations, field trips and science fairs reached 5,710 participants, averaging 114 per event. 	No change
PI4	Banner Human Resources and Finance System upgrade.	2019	Complete	<ul style="list-style-type: none"> The Banner Human Resource and Finance System was upgraded from Version 8 to Version 9. 	No change
Expected Outcomes					
E01	Transparency, predictability, accountability and effectiveness in planning processes.	Ongoing	In progress	<ul style="list-style-type: none"> Year two of integrated planning is underway. 	No change
E02	An integrated planning, execution, assessment and accountability cycle.	2019	Complete	<ul style="list-style-type: none"> The Integrated Planning and Assessment Unit was established in January 2019, and an integrated planning and assessment cycle is now in place. 	No change
E03	A defined strategic Human Resources system.	2019	In progress	<ul style="list-style-type: none"> Strategic human resources system framework was designed, including the following frameworks: values and culture, equity, diversity and inclusions, talent management, leadership, performance assessment, rewards and recognition. An annual Employee Engagement Survey was designed. 	No change
Performance Measures					
PM1	Trust and confidence in leaders.	Ongoing	Pending	<ul style="list-style-type: none"> Metric is under development. 	No change

**ENROLMENT
PLAN AND
PROGRAM
CHANGES**



Enrolment Report

Enrolment results by program and specialization for the past three years and a comparison of actual 2018–19 results with *Comprehensive Institutional Plan: 2018–21* estimates are shown in Table 10.

Table 10: Enrolment Results 2016–17 to 2018–19 (Full-load Equivalents)¹

Credential	Specialization	2016–17 Actual	2017–18 Actual	2018–19 Estimate	2018–19 Actual	2018–19 Variance Estimate to Actual
University Certificate	Accounting	36	40.3	36.6	36.8	0.2
	Advanced Accounting	4.9	3.4	5.1	5.3	0.2
	Career Development ²	2.8	2.4	1.8	3	1.2
	Computers and Management Information Systems	6.4	6.4	6.5	5.9	-0.6
	Computing and Information Systems	10.5	11.8	12.1	12	-0.1
	Counselling Women	4.7	4.4	4.5	5.4	0.9
	E-Commerce ²	2.5	2.7	2	2.5	0.5
	English Language Studies ²	0.1				
	Finance	5	5.2	7.3	7.1	-0.2
	French Language Proficiency	3.6	2.7	4.8	3.9	-0.9
	Game Development and Programming ²	3.2	4.2	3.9	4.5	0.6
	Heritage Resources Management	1.8	1.4	1.4	1.5	0.1
	Human Resources and Labour Relations	31.7	30.7	27.9	25.7	-2.2
	Labour Studies ²	0.6	0.8	0.6	0.6	0
	Management Applications	4.5	4.9	5.3	5.7	0.4
	Management Foundations	7	8.4	11.2	9.9	-1.3
	Marketing	4.8	3.6	4	4.3	0.3
	Public Administration	5.4	6.2	8.6	8.1	-0.5
	Subtotal		135.5	139.5	143.6	142.2
University Diploma	Arts	3.9	4.1	5.7	5.6	-0.1
	Health Administration ²	1.6	6	4.8	4.8	0
	Inclusive Education	7.6	10.5	8.7	8.9	0.2
	Subtotal	13.1	20.6	19.2	19.3	0.1
Bachelor of Administration²	Health Administration	0.7	0.5	0.1	0.2	0.1
	Industrial Relations and Human Resources	0.6	0.1	0	0	0
	Management	1.7	1.5	0.4	1	0.6
	Organization	0.7	0.8	0.2	0.6	0.4
	Subtotal	3.7	2.9	0.7	1.8	1.1
Bachelor of Arts	Anthropology	7.6	12.1	14.5	14	-0.5
	Canadian Studies ²	2	3.2	2.8	3.3	0.5
	English	26.8	28	28.6	29	0.4
	French	7.9	7	6.3	7.1	0.8
	History	10.4	14.4	19.2	19	-0.2
	Humanities	4.7	3.3	1.9	2	0.1
	Information Systems ²	3	4.8	4.2	4.3	0.1

Credential	Specialization	2016-17 Actual	2017-18 Actual	2018-19 Estimate	2018-19 Actual	2018-19 Variance Estimate to Actual
	Labour Studies	3.1	2	2.3	2.3	0
	Political Economy	7	7.3	7	7.5	0.5
	Political Science	11.8	13.8	13.8	14.2	0.4
	Psychology	159	169.1	184.3	188.9	4.6
	Sociology	13.6	14.6	20.6	21	0.4
	Women's and Gender Studies	9.3	6.8	8.6	9.2	0.6
	Subtotal	266.2	286.4	314.1	321.8	7.7
Bachelor of Arts (3-Year)	Anthropology ²	2.7	2.4	3.1	2.6	-0.5
	English	16.3	16.9	15.9	16.9	1
	French	5.9	7.8	8.4	8.2	-0.2
	General	18.8	17.5	22.9	22.7	-0.2
	History	4.5	7.1	9.1	8.6	-0.5
	Humanities ²	2.9	2.4	1.8	4.4	2.6
	Information Systems ²	6.3	4.6	3.5	4.8	1.3
	Labour Studies ²	3.3	1.7	1.3	1.8	0.5
	Political Economy ²	1.1	1.8	1.4	2.8	1.4
	Political Science ²	7.4	7	5.3	6.8	1.5
	Psychology	48.6	54.4	57.1	57.4	0.3
	Sociology	15.9	16.1	16.9	17.6	0.7
	Women's and Gender Studies ²	1.5	3.9	3.1	4.3	1.2
	Subtotal	135.2	143.6	149.8	158.9	9.1
Bachelor of Commerce	Accounting	241.7	242.6	237.8	243.6	5.8
	Business Technology Management ³	7.9	7	7	7.5	0.5
	Finance	37	47.5	47.9	45.6	-2.3
	General	66.3	72	82.5	72.4	-10.1
	Subtotal	352.9	369.1	375.2	369.1	-6.1
Bachelor of General Studies	Applied Studies	34	35.4	40.7	47	6.3
	Arts and Science	41.5	47.6	56.2	49.9	-6.3
	Subtotal	75.5	83	96.9	96.9	0
Bachelor of Health Administration		45.6	47.4	53.1	53.6	0.5
Bachelor of Human Resources and Labour Relations		125.4	122.5	115.2	114.5	-0.7
Bachelor of Management	General	34.9	31.9	32.5	35.8	3.3
	Human Resources Management	36.3	39.7	49.2	50.2	1
	Indigenous Nations and Organizations	1.1	1.5	2.9	3.1	0.2
	Marketing	29.1	30	28.8	34.5	5.7
	Subtotal	101.4	103.1	113.4	123.6	10.2
Bachelor of Management (3-Year)		149.3	157.5	170.1	169.3	-0.8
Bachelor of Nursing	Post-LPN	419	365.2	317.7	322.8	5.1
	Post-RN	101.3	95.9	93	93.8	0.8
	Subtotal	520.2	461.1	410.7	416.6	5.9

Credential	Specialization	2016-17 Actual	2017-18 Actual	2018-19 Estimate	2018-19 Actual	2018-19 Variance Estimate to Actual
Bachelor of Professional Arts	Communication Studies	54.7	47.3	41.6	42.2	0.6
	Criminal Justice	73.4	62.5	55	54.2	-0.8
	Governance, Law and Management	13.9	11.5	15.4	16	0.6
	Human Services	55.5	57	62.7	63.9	1.2
	Subtotal	197.5	178.3	174.7	176.3	1.6
Bachelor of Science	Applied Mathematics	5.2	13.1	19.7	18.4	-1.3
	Architecture	10.9	17	21.8	20.5	-1.3
	Computing and Information Systems	80.2	84.8	96.7	93	-3.7
	General	42.6	39.2	37.7	40	2.3
	Human Science	37.3	40.4	53.3	48.5	-4.8
	Subtotal	176.2	194.5	229.2	220.4	-8.8
Post-Baccalaureate Certificate	Data Analytics	3.3	6	4.8	4.5	-0.3
	Information Security	1.5	3	2.3	1.8	-0.6
	Information Technology Management	3.5	3.8	4.7	4.8	0.1
	Instructional Design	7.7	2.3	2.7	4	1.3
	Technology-Based Learning	9.1	4.6	4	4.1	0.1
	Subtotal	25	19.6	18.5	19.1	0.6
Post-Baccalaureate Diploma	Architecture	5.1	7.5	8.2	7.9	-0.3
	Counselling	19	17.2	14.1	14.5	0.4
	Distance Education Technology	2.8	1.7	1.7	1.3	-0.4
	Heritage Resources Management	11.8	8.8	8.8	8.5	-0.3
	Instructional Design	4.5	3.8	4.3	4.5	0.2
	Leadership and Management	1.6	0.8	1.7	1.4	-0.3
	Legislative Drafting	9.2	7.9	7.8	8	0.2
	Management	42	37.6	35	34.1	-0.9
	Subtotal	96.1	85.2	81.6	80.3	-1.3
Master of Arts (Interdisciplinary Studies)		146	140	142.8	139.2	-3.6
Master of Business Administration	Hockey Management		8.8	9.2	7.3	-2
	Business Administration	305.4	292.7	278.1	289.8	11.7
	Subtotal	305.4	301.5	287.3	297	9.7
Master of Counselling	Art Therapy	19	17.8	17.8	19.5	1.7
	Career Counselling	2.5	1.8			
	Counselling Psychology	225.5	227.3	231.8	228.3	-3.6
	School Counselling	0.8	4.3	4.3	3.5	-0.8
	Subtotal	247.8	251	253.9	251.3	-2.7
Master of Education (Distance Education)		105.9	101.9	97.8	97	-0.8
Master of Health Studies		154.3	137.3	135.9	139.5	3.6

Credential	Specialization	2016-17 Actual	2017-18 Actual	2018-19 Estimate	2018-19 Actual	2018-19 Variance Estimate to Actual
Master of Nursing	Generalist	332.9	369.8	384.6	384.6	-0.1
	Nurse Practitioner	253.3	262.9	277.3	278.3	1
	Subtotal	586.2	632.7	661.9	662.9	1
Master of Science (Information Systems)		60.8	59.5	49.4	48.2	-1.2
Post-Master's Certificate	Counselling Psychology	3.5	2	1.7	1.8	0.1
Post-Master's Diploma	Nurse Practitioner	9.5	9.9	12.8	13.1	0.3
Doctor of Business Administration		30	31.5	32.4	30.5	-1.9
Doctor of Education (Distance Education)		43	44.5	46.3	47.5	1.2
Open Studies ⁴		4,536.8	4,612.7	5,047.3	5,163.5	116.2
	Total	8,648.1	8,738.8	9,235.5	9,375	139.5
	Per cent Change		1.1%		7.3%	

¹ All figures presented are rounded to tenths. Because of this rounding, subtotals and totals may vary slightly from the sum of the program enrolment figures and estimates listed, and variances (Column 7) may vary slightly from the difference between the 2018-19 estimate (Column 5) and 2018-19 actual (Column 6).

² Enrolment to this program is closed.

³ Formerly e-Commerce.

⁴ Open studies includes qualifying, non-declared and visiting students.

Programming

As reported in the 2018 Annual Report, AU completed a comprehensive course and program review in 2017-18, after which it closed 85 courses and 16 underperforming programs, creating a way forward for innovation and growth through new course and program development. AU supports its faculties in developing and implementing curricular change and innovation. The academy will identify opportunities that best exemplify the commitments of the *Imagine* plan.

A new process for course and program development, one that will ensure a sustainable, responsive and adaptable course, program and credential mix, is now in place. All proposed new programs will align with the university's institutional programming strengths, leverage investment and relate to programming at other institutions. The university will be submitting new program proposals to the Ministry of Advanced Education in January 2020.

AU's recent curriculum renewal initiatives include the following:

- The Bachelor of Commerce Program has enhanced capstone experiences for learners.
- The Faculty of Business is renewing specialized accreditations of its majors and deepening relationships with professional associations.
- The Master of Health Studies and Master of Nursing (General) programs have added three new focus areas (health research, leadership and teaching, and learning with health promotion) to be implemented in January 2020.





**RESEARCH, APPLIED
RESEARCH AND
SCHOLARLY ACTIVITIES**

AU's *Strategic Research Plan: 2018–22* (See p. 19) supports intellectual inquiry and advocates building a sustainable ecosystem that promotes excellence in research, education and training for the next generation of researchers through the recruitment and retention of world-class researchers. It identifies research priorities based on existing and emerging research strengths, including those embedded in AU's research institutes, and commits to the transfer and mobilization of knowledge beyond traditional academic settings for the benefit of society.

Increasing the research capacity and success of AU faculty members has been the priority for the Research Centre over the past year. Strategies have been implemented at a variety of organizational levels, internally and externally, to create maximum impact. A survey of all AU researchers, conducted to determine their awareness of Research Centre services, their perspective on service gaps and their research support needs, revealed that faculty members were only somewhat aware of the services provided and needed grant-writing assistance. Respondents also lacked awareness of the types of research being conducted by researchers in other faculties. A number of initiatives have been implemented in response to the survey findings, including individual and group work with early-, mid- and late-career researchers.

Over the course of the year, the Associate Vice-President Research met with over a dozen government representatives in several ministries, including the Ministry of Environment and Parks and the Ministry of Economic Development, Trade and Tourism, to highlight AU's key research areas and to identify opportunities for the university's researchers to support government operations by examining strategic issues or finding needed solutions. Communication with other post-secondary institutions, national organizations such as Alliance of Canadian Comprehensive Research Universities, the Canadian Association of Research Administrators, the Tri-Agency (NSERC, SSHRC, CIHR) and the Canadian Foundation for Innovation, and provincial groups such as Alberta Innovates have led to new initiatives and raised the profile of both the university and its researchers. AU gained access for the first time to four new or existing funding opportunities, and AU researchers seized the opportunity to apply for these grants.

The Industry Liaison Officer position was approved as a permanent position, a decision which will enable more robust academic-industry and academic-not-for-profit partnerships and funding opportunities.

The Research Centre has adopted Tri-Agency principles for promoting equity, diversity and inclusion when hiring Canada Research Chairs. A plan is being developed, some components of which have already been implemented, to ensure that AU benefits from the heightened research excellence, innovation and creativity associated with environments that offer equitable, inclusive and unbiased systems and practices.

Strategic Research Areas

As indicated on page 19, the *Strategic Research Plan: 2018–22* identifies four broad themes of research expertise at AU:

- Environmental and societal dynamics of sustainability
- Disruptive pedagogies
- Culture, health and well-being
- Digital futures

Current research activity in these areas is outlined below.

Digital Futures and Disruptive Pedagogies⁴

After an international search, a new Canada Research Chair, the focus of which is to advance knowledge of digital disruption and its impact on organizational transformation, was hired in September 2018.

In addition, AU received another new CRC allocation, and the selection process is now underway for an emerging researcher, from any discipline, with a focus on disruptive pedagogies. This CRC will place AU at the forefront of research on creative and innovative methods of developing learning models (e.g., effective learning analytics, machine learning, artificial intelligence, virtual reality).

AU has also applied for a Natural Sciences and Engineering Research Council Industrial Research Chair to lead research using a core set of data analytic computational models to design, develop and evaluate analytic functionalities in two different education contexts. The functionalities will be customized with artificial intelligence techniques to mimic human traits. Individualized training methods can then be designed for use by local and international partners.

Open access to research data, findings and publications is important to AU. The Research Centre, IT Services, and Library and Scholarly Services are working together to provide an open access repository for all AU research data, whether from faculty or student work. Creating a closer link between the Research Centre and the IT Division will enable better understanding of researchers' IT needs and facilitate access to specialized computing resources.

Society, Culture, Health and Well-Being⁵

An agreement between AU and the University of Alberta's Health Research Ethics Board enables AU researchers conducting health research to submit their ethics applications to the U of A's Health Research Ethics Board only, rather than to both the AU Research Ethics Board and that of one or more other CARU. Formalization of this agreement reflects the excellent working relationship between the two CARUs.

AU also entered into an agreement with the University of Alberta to form an Animal Ethics Care Committee. One AU CRC who conducts research on water quality and health of fish uses the U of A's aquatic facilities and relies on their laboratory staff to ensure the facilities are safe and meet the necessary care standards. The Canadian Council on Animal Care recently conducted an accreditation visit, subsequent to which AU's Animal Care Policy and Procedures received CCAC approval.

A cluster of AU researchers is examining the effects of environmental climate change on social structure, relationships and community and the development of renewable energy alternatives. Another cluster is collaborating with three other Canadian universities and three universities outside of North America to explore perspectives of a post-humanist society on technology, political and social structures and environmental changes. The research focus of a third cluster pertains to housing and climate. The multidisciplinary nature of these research initiatives illustrates the value of different perspectives and innovative problem-solving to addressing issues affecting culture, health, society and well-being.

The CRC in Health Promotion and Chronic Disease Management examines the effects of physical activity behaviour on cancer survivors. Other health researchers are evaluating nursing care strategies for older adults, individuals with Alzheimer's disease, palliative care patients and those injured in the workplace.

⁴ Aligns with Alberta Research and Innovation Framework emerging technologies and health targets.

⁵ Aligns with ARIF health and environment and climate adaptation targets.

Environmental and Societal Dynamics of Sustainability⁶

A cluster of AU researchers, including two CRCs and two Campus Alberta Innovation Program Chairs, studies environmental changes and the factors that influence climate, water quality, land reclamation and the economy. Six other post-doctoral scholars are intensely focused on environmental stewardship and climate leadership.

The Athabasca River Basin Research Institute continues to thrive under the guidance of the CRCs, CAIPs and post-doctoral scholars. On-site research, mathematical modelling and testing of samples in the laboratories in Athabasca comprise a productive research cluster.

A former CRC in Space, Science, Instrumentation and Networking collaborates with international colleagues focused on understanding the effects of geomagnetism on power grids and pipelines.

To accelerate AU's research in digital technology, another cluster of researchers is using high performance computing to analyze and calculate algorithms to measure and predict environmental change. A recent contract with Amazon Web Services and current discussions with the Vancouver Supercluster and the Pacific Institute for Mathematical Sciences will enable greater productivity and efficiency in developing models and contributing to Alberta targets.

AU is committed to promoting and building the strong research culture characteristic of a CARU. Multiple strategies have been employed and will continue to be implemented to increase research capacity and research success.

⁶ Aligns with ARIF emerging technologies, environment and climate adaptation, and energy and GHG mitigation targets.

**REGIONAL STEWARDSHIP,
FOUNDATIONAL
LEARNING AND
UNDER-REPRESENTED
LEARNERS**



Indigenous Communities

AU continues its outreach to Indigenous communities, providing opportunities for college students to ladder their diplomas to degrees. The university has articulation agreements with five Alberta First Nations post-secondary institutions:

- University nuhelot'jine thaiyots'j nistameyimâkanak Blue Quills
- Maskwacis Cultural College
- Old Sun Community College
- Red Crow Community College
- Yellowhead Tribal College.

In total, about 270 courses from these institutions are eligible for transfer credit in AU certificate, diploma and degree programs.

Each year, AU participates in events directed to First Nations students through the First Nations, Métis and Inuit Education Council, the Alberta Aboriginal Recruitment Network and First Nations career fairs and tradeshow. These events provide a platform to showcase the university's open admissions policy and the opportunities it provides for First Nations learners to earn a degree without leaving their home communities. The University Relations Division has increased its focus on collaborating with these First Nations institutions and organizations to better serve the educational needs of First Nations learners in the years ahead.

AU's Faculty of Business has also taken steps to bring new learning opportunities to Indigenous learners. Through an agreement with the Aboriginal Financial Officers Association of Alberta, the faculty will provide Bachelor of Commerce degree programming to Indigenous learners who will access courses online via digital course delivery as well as receiving additional face-to-face time with AU professors and AFOA mentorship support. This hybrid delivery method will help to address systemic barriers faced by Indigenous learners by enabling the use of supports known to assist them in meeting the rigorous academic requirements of a degree program.

Professional and Corporate Relations

As indicated in last year's Annual Report, the Professional and Corporate Relations Unit, an entrepreneurial unit tasked with development and delivery of non-credit professional development courses and programs, was created in AU's University Relations Division in 2017–18. The unit aims to provide quality, just-in-time learning to meet the training and professional development needs of corporate, governmental and non-profit organizations and individual learners through the use of digitally enriched content on an engaging learning platform.

In response to an August 2018 call for proposals by the Government of Alberta's Talent Advisory Council on Technology to increase access for Albertans to a variety of educational opportunities and technology skills development programs, the Professional and Corporate Relations Unit submitted three proposals and received funding for the development of two certificate programs:

- Decoding Disruptive Technologies (in partnership with Amazon Web Services)
- Artificial Intelligence and Machine Learning and Digital Transformation (in partnership with AltaML)

Both programs are in development and will be offered in fall 2019.

In aligning with AU's *Imagine Learning Framework* (See p. 10) and the *Institutional Learning Outcomes Assessment Plan and Credentials Framework* now under development, Professional and Corporate Relations wants to build on AU's legacy of providing quality, flexible and innovative online learning by

- Integrating modern, innovative technologies and approaches to forge lifelong partnerships with learners
- Creating integrated, affordable, accessible, relevant and up-to-date learning experiences
- Committing to an outcomes-based and impacts-based curriculum

The contemporary non-credit marketplace is crowded; however, AU can distinguish itself by leveraging a unique mix of diversified wrap-around services and on-demand learning to meet the learning needs of organizational partners and individual learners. Professional and Corporate Relations aims to stand out for the speed with which it can bring non-credit courses and programs to market and for exceptional service.

Post-secondary Partnerships and Collaborations

New partnership agreements with Alberta colleges have further reduced barriers to degree completion for Alberta learners, including rural learners.

Following a January 2019 agreement with Lakeland College, students there will have access to 12 degree options in AU Bachelor of Arts and Bachelor of Science programs in addition to the Bachelor of General Studies degree program that has been available for several years. As with the previously established program, students on the Lloydminster campus will take a mix of face-to-face Lakeland Colleges courses and AU online courses to earn the AU degree.

A new partnership between AU and Bow Valley College, effective December 2018, focuses on reducing barriers for learners by offering them innovative, integrated, flexible and efficient learning services. As a next step toward better service for Alberta learners, industries and communities, the agreement commits the two institutions to align their learning and assessment environments, to create training and growth opportunities, and to develop integrated academic courses and programs.

AU's continued emphasis on partnership development was reflected in this year's realignment of the Prospective Student Relations Unit, including the creation of a Manager of Partnerships and Collaborations position.

Future Lifelong Learners

Dual Credit

AU is an active participant in Alberta's Dual Credit Program, giving high-school students a head start toward advanced studies and employment opportunities by simultaneously earning both high-school and post-secondary course credit.

AU continues to make positive strides in expanding its dual-credit program to school divisions across Alberta. With new agreements now in place or in progress, dual credit partnerships will soon include eight school divisions representing 13 per cent of provincial school boards, together accounting for 19 per cent of Alberta's young learners.

One unique dual-credit pilot program, developed in collaboration with Edmonton Public School Division, saw 22 students enrol in a two-week summer 'boot-camp' that qualified for both high-school and university credit. Both AU and the school division are excited about this initiative and look forward to converting the pilot into a recurring program that expands into other academic disciplines. AU intends to offer this type of program to other school divisions in future.

In alignment with AU's commitment to executing the 2018 *Dual Credit Onboarding and Retention Plan*, a dedicated dual-credit portfolio has been developed in Partnerships and Collaborations. Dual credit remains a strategic imperative to the university.

High Achievers

AU also maintains partnerships with the Renert School in Calgary and École Beau-Port in Richmond, Nova Scotia, through which their high achieving high-school students enrol in AU accounting courses during their spare class periods. Partnerships and Collaborations is working to replicate this partnership with another Calgary area private school and to develop a pilot for partnerships with high schools that want to offer advanced courses to high achievers.

INTERNATIONALIZATION



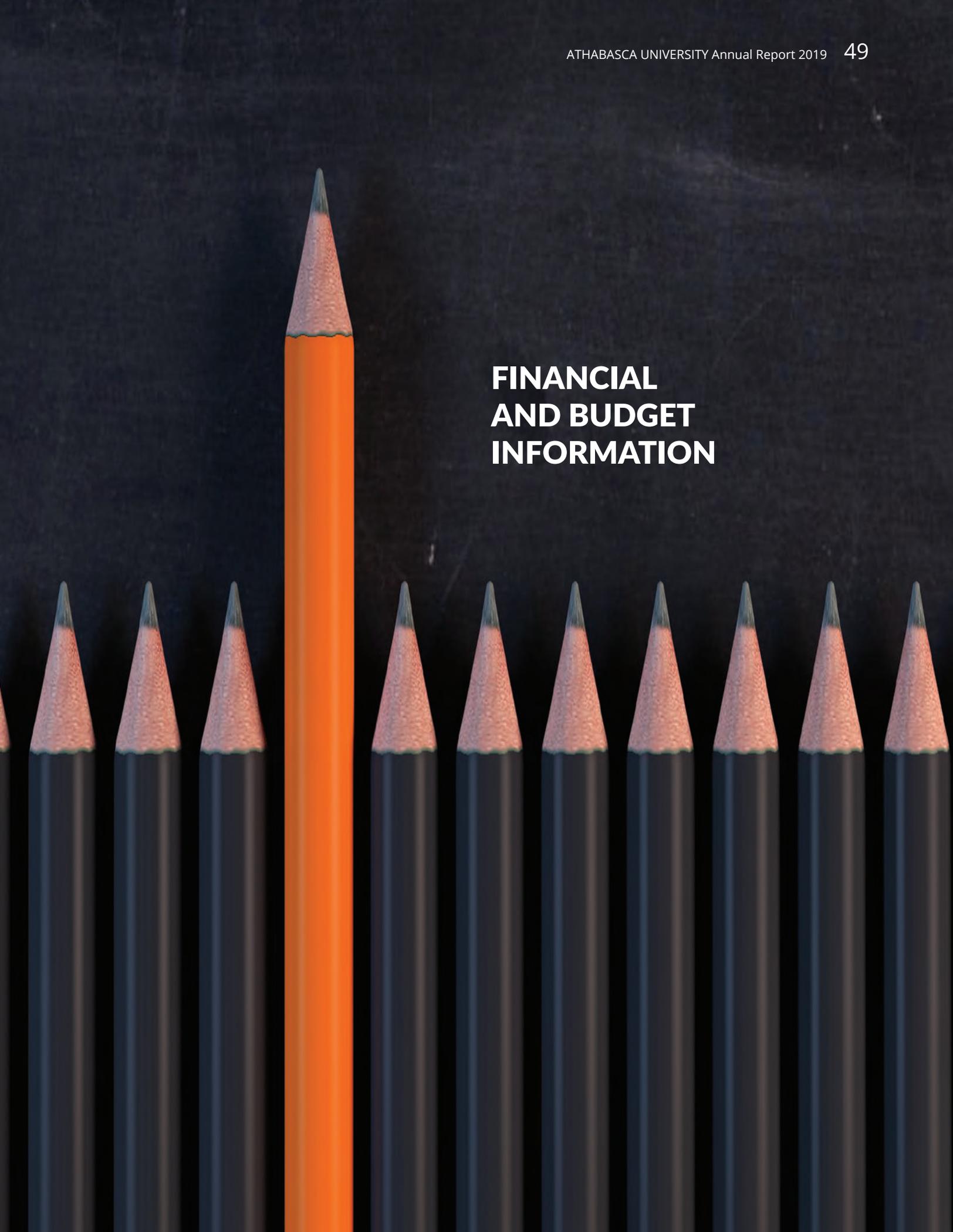
AU's global reach supports its mission to increase equality of educational opportunity for adult learners worldwide. Such opportunities benefit adult learners everywhere. Flexible learning means that learners who reside in other parts of the world, those who travel internationally for work, those deployed domestically or overseas with the military, and those awaiting study visas or immigration processing have access to university courses and programs. Their diverse perspectives also enhance the quality of AU's digital learning environment.

The following are examples of specific current initiatives with international dimensions:

- Two Faculty of Science and Technology graduates are enrolled in PhD programs through the University of Oviedo (Spain) and are being co-supervised by AU faculty members.
- AU's student exchange program with Tec de Monterrey (Mexico) continues for graduate students in computing and information systems at both institutions.
- AU is also embarking on an undergraduate project course in water sustainability for students at Tec de Monterrey.
- AU's i@home workshop series brings together students and faculty from other institutions around the world.

International learners, drawn from over 90 countries in 2018–19, make up only about two per cent of AU's undergraduate population and three per cent of its graduate students. As a result, international education activities do not limit access for Alberta learners.

An internationalization plan will be developed following the renewal of AU's *Strategic Enrolment Management Plan*.

A row of pencils is shown against a dark background. Most are black with a sharp lead tip. One pencil in the center is orange and is significantly taller than the others, which are of uniform height. The text 'FINANCIAL AND BUDGET INFORMATION' is positioned to the right of the orange pencil.

**FINANCIAL
AND BUDGET
INFORMATION**

Financial Highlights and Key Variances

The following discussion and analysis is a supplement to the information contained in Athabasca University's *Financial Statements, March 31, 2019* (Appendix A) and, as such, should be read in conjunction with the audited financial statements and their accompanying notes. AU's financial statements have been prepared in accordance with Canadian public sector accounting standards.

This narrative provides management's analysis of AU's financial performance and other relevant information for the fiscal year ended March 31, 2019, with comparative results for the previous year, ended March 31, 2018, and identifies the key variances by comparing 2018–19 budget to 2018–19 actual.

Statement of Operations

Comparison of 2018–19 and 2017–18 Actual

As reported in the Statement of Operations, AU's revenue for the year ended March 31, 2019, exceeded expenses by \$14.3 million. Table 11 provides a comparison of the current year's results with those of the previous year.

Table 11: Operating Results: 2018–19 Compared to 2017–18 (Millions of Dollars)

	2018–19	2017–18	Change Amount	Change Per Cent
Revenue	\$ 148.5	\$ 139.3	\$ 9.2	6.6%
Expense	134.3	132.2	2.1	1.6%
Annual surplus	14.2	7.1	7.1	
Endowment contributions and capitalized income	0.1	0.1	-	
Annual surplus	\$ 14.3	\$ 7.2	\$ 7.1	

Comparison of 2018–19 Budget to 2018–19 Actual

The \$14.3 million annual surplus arose primarily from four factors:

- \$3.2 million more revenue than budgeted in student tuition and fees
- \$4.1 million less expense than budgeted in salaries and employee benefits
- \$3.9 million reduction in benefit expense resulting from the Universities Academic Pension Plan unfunded liability⁷
- \$2.5 million less expense than budgeted for purchased services

Table 12 shows the variance from the current year's budget to actual results.

⁷ See Appendix A: *Athabasca University Financial Statements, March 31, 2019*, Note 7A, p. A21.

Table 12: 2018–19 Budget Compared to Actual Results (Millions of Dollars)

	2018–19 Budget	2018–19 Actual	Variance Amount	Variance Per Cent of Total Budget
Revenue	\$ 145.5	\$ 148.5	\$ 3.0	2.1%
Expense	145.5	134.3	11.2	7.7%
Annual operating surplus	-	14.2	14.2	
Endowment contributions and capitalized income	-	0.1	0.1	
Annual surplus	\$ -	\$ 14.3	\$ 14.3	

Revenue by Source

Revenue for the year ended March 31, 2019, was \$148.5 million, an increase of \$9.2 million (6.6 per cent) over the previous year and \$3 million (2.1 per cent) more than budgeted. Revenue sources are illustrated in Figures 1 and 2 below.

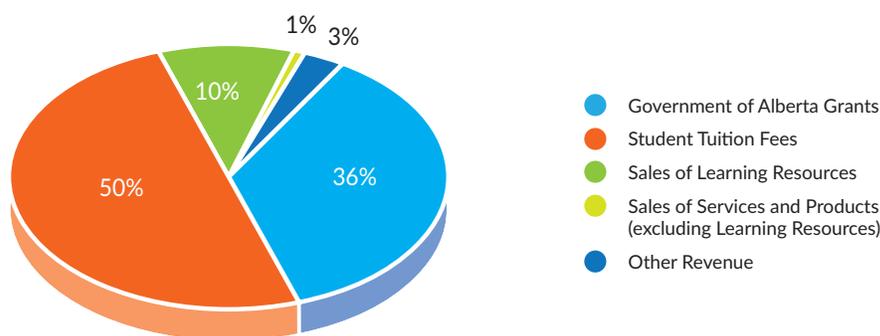
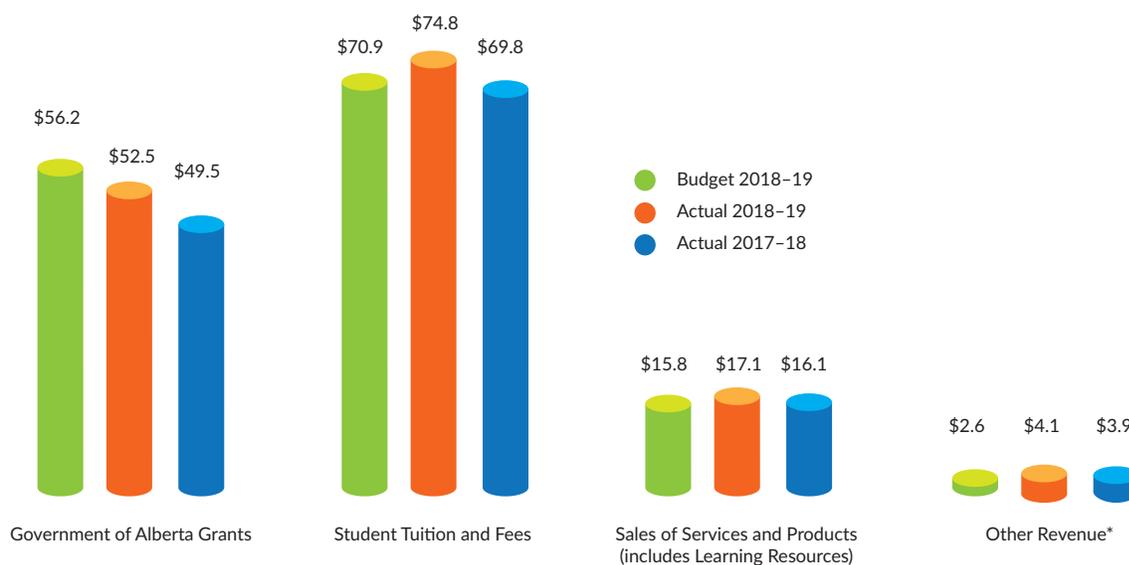


Figure 1: Major Revenue Sources as a Percentage of Revenue: 2018–19



* Other Revenue includes investment income, federal and other government grants, and donations and all other grants.

Figure 2: Revenue by Source: 2018–19 (Millions of Dollars)

Government of Alberta grants include the Campus Alberta Operating Grant and a number of conditional and one-time grants. The \$3 million increase over the previous year was due to a \$1.6 million increase to the operating grant (including funding to cover the estimated revenue foregone from the tuition freeze) and a \$1.4 million increase in one-time externally restricted research and special purpose project grants. The unfavourable variance of \$3.7 million in 2018–19 compared to budget was mainly due to the rate of spend of a one-time special purpose grant that was planned for in 2018–19.

In-province tuition and mandatory non-instructional fees remained at the 2014–15 rate as a result of the provincial government freeze. The \$5 million increase over the previous year in student tuition and fees and the favourable variance of \$3.9 million compared to budget were mainly due to higher than expected growth in registration and increases in out-of-province tuition. Revenue from tuition increased by \$2.2 million and from related student fees by \$2.8 million.

The \$1 million increase from the previous year in sales of services and products and the favourable variance of \$1.3 million in 2018–19 compared to budget were primarily due to increased sales of learning resources due to registration growth.

Expense by Object

Expenses for the year ended March 31, 2019, were \$134.3 million, an increase of \$2.1 million (1.6 per cent) over the previous year and \$11.2 million (7.7 per cent) less than budgeted. Expense amounts are presented by object in the notes to the financial statements. Expense by object is illustrated in Figures 3 and 4 below.

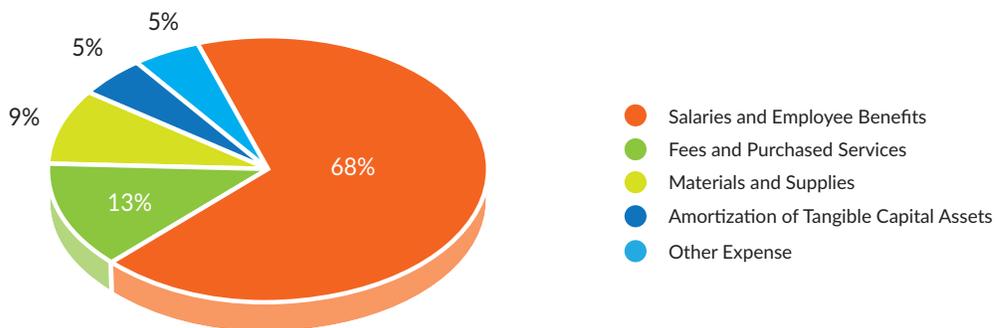
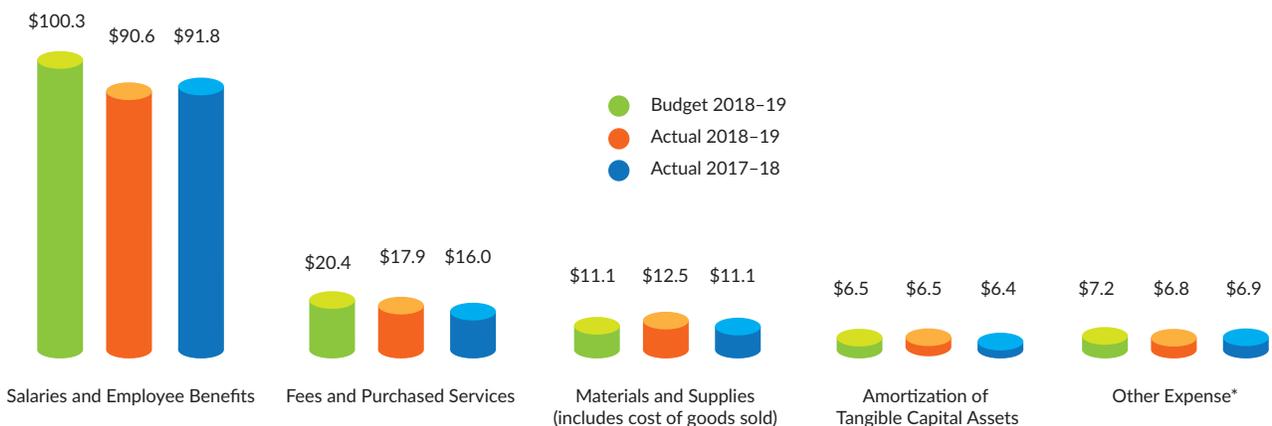


Figure 3: Expense by Object as a Percentage of Expense: 2018-19



* Other Expense includes scholarships, bursaries, communication, travel, rental, insurance and utilities.

Figure 4: Expense by Object (Millions of Dollars)

At two thirds of total expenses, salaries and employee benefits represent AU’s largest expense. The \$1.2 million decrease from the previous year in salaries and benefits was due to several factors including a decrease from the UAPP liability reduction, a decrease from strategic workforce planning, and partially offsetting increases in direct delivery cost as a result of registration growth and in annual compensation as outlined in the unionized compensation agreements. The favourable variance of \$9.7 million in 2018–19 compared to budget was primarily due to the UAPP liability reduction and adjustments to the timelines associated with one-time externally funded activities.

The \$1.9 million increase from the previous year in fees and purchased services resulted primarily from one-time externally funded activities and inflationary amounts for software and equipment maintenance. The favourable variance of \$2.5 million in 2018–19 compared to budget was mainly driven by lower than expected costs for instructional and course development contracted services, internal strategic initiatives fund requirements and externally restricted grant activity.

The \$1.4 million increase from the previous year in materials and supplies was mainly due to the need for a greater volume for learning resource package materials and a one-time expense for the write down of an internally funded capital project. The unfavourable variance of \$1.4 million in 2018–19 compared to budget was attributable to a higher than expected level of purchases for learning resource materials associated with growth in registration.

Expense by Function

AU reports expense amounts by function (Figure 5 and Table 13) in the Statement of Operations and uses the definitions in the Ministry of Advanced Education’s Financial Reporting Information System as the basis for the categorization. The proportionate share of expense for each function remains relatively similar from year to year.

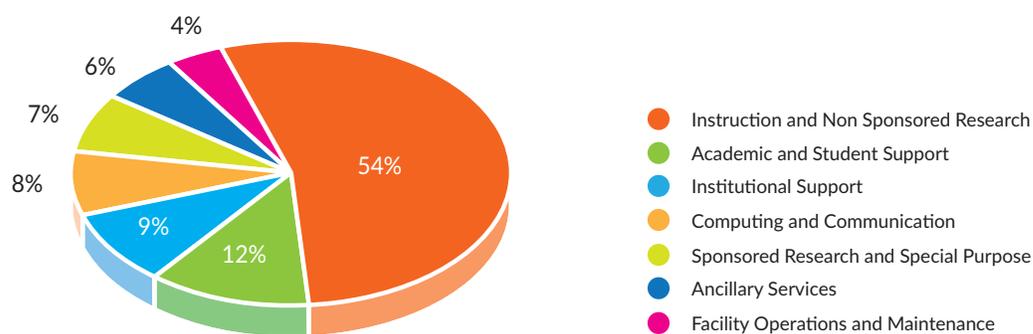


Figure 5: Expense by Function as a Percentage of Expense: 2018–19

Table 13: Expense by Function: 2018–19 Compared to 2017–18 (Millions of Dollars)

	2018–19 Actual	2017–18 Actual	Change Amount	Change Per Cent
Instruction and non-sponsored research	\$ 72.4	\$ 73.7	\$ (1.3)	(1.8) %
Academic and student support	15.7	16.7	(1.0)	(6.0) %
Institutional support	13.0	11.2	1.8	16.1 %
Computing and communication	10.5	9.6	0.9	9.4 %
Sponsored research and special purpose	9.5	8.6	0.9	10.5 %
Ancillary services	8.2	7.5	0.7	9.3 %
Facility operations and maintenance	5.0	4.9	0.1	2.0 %
Total Expense by Function	\$ 134.3	\$ 132.2	\$ 2.1	

The commentaries for the actual year-to-year and budget to actual comparisons in “Expense by Object” highlights are relevant throughout each of the “Expense by Function” highlights to some degree. That is, some factors such as the decrease in employee benefits expense due to UAPP liability reduction are distributed across most functions. On the other hand, some expenses are reported in a specific function; for example, the student relations expenses are contained within institutional support.

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

Institutional support includes activities that are considered overhead (i.e., not direct learning costs) such as student marketing, program advertising, community relations, employee recruitment and general administration of university-wide services.

Computing and communication support the infrastructure essential for digital delivery to students and the technical operation of a semi-virtual institution. It also includes amortization expenses on information technology capital assets such as computer hardware and software.

Sponsored research and special purpose report activities that are externally funded by restricted grants and donations. These costs are offset in the Statement of Operations by a corresponding amount of revenue recognized.

Ancillary services report activities related to operations that provide products to students, namely learning resources such as textbooks and other educational materials.

Facility operations and maintenance supports the facilities (owned or leased) that house learning, research, administrative and common areas. It includes building maintenance, rental, custodial services, utilities and amortization of building and facility equipment.

Statement of Financial Position

The Statement of Financial Position reports a \$15.3 million increase in net financial assets over the previous year and a \$14.8 million increase in net assets.

Net Financial Assets

Net financial assets increased by \$15.3 million to \$19.6 million at March 31, 2019, compared to a balance of \$4.3 million at March 31, 2018. This increase is mainly the result of a \$14.3 million surplus flowing into the components on the Statement of Financial Position.

The net financial assets amount is a measure of the university's ability to use its financial assets to cover existing liabilities and fund future operations. AU presents the net financial asset indicator in the manner directed by the Province of Alberta.

AU's net financial assets balance after *portfolio investments - restricted for endowments* of \$19.6 million includes \$4.1 million of endowment restricted investments from donations and capitalized investment income (to protect the economic value of endowment) that are to be maintained in perpetuity and are therefore not available to pay liabilities or to fund future operations or to spend on capital purchases.

Net Assets

AU's net asset balance is an important indicator of the financial health of the university. As the difference between the total value of all assets less the total of all liabilities, the net asset indicator measure reports the economic position of the university from all years in operation.

The net asset balance (Table 14) is comprised of accumulated surplus and accumulated remeasurement gains (losses). Accumulated surplus includes the accumulated surplus from operations, investment in tangible capital assets and endowments.

Net assets increased by \$14.8 million (86.5 per cent) to \$31.9 million at March 31, 2019, compared to a balance of \$17.1 million at March 31, 2018, mainly due to the year-end surplus.

Table 14: Net Assets: 2018-19 Compared to 2017-18 (Millions of Dollars)

Components of Net Assets	2018-19 Actual	2017-18 Actual	Change Amount	Per Cent Change
Accumulated surplus from operations	\$ 17.8	\$ 2.7	\$ 15.1	
Investment in tangible capital assets	10.3	11.3	(1.0)	
Endowments	3.6	3.4 ¹	0.2 ²	
Total Accumulated Surplus	31.7	17.4	14.3	
Accumulated remeasurement gains (losses)	0.2	(0.3)	0.5	
Total Net Assets	\$ 31.9	\$ 17.1	\$ 14.8	86.5 %

¹ Rounding

² Change = \$100,000

Another indicator of financial health is accumulated surplus from operations, an amount that has not been spent on capital or committed to future expenditures. This indicator improved over the year, increasing by \$15.1 million, mainly due to the year-end surplus.

Investment in tangible capital assets decreased by \$1 million as a result of amortization greater than net capital asset acquisitions during the year. This component reports the net book value of tangible capital assets funded by the university.

Endowments increased by \$100,000 from externally restricted donations and the capitalization of investment income. They must be held in perpetuity and are not available for spending.



**CAPITAL PLAN
UPDATE**

Capital preservation, expansion and new or upgrade projects at AU primarily involve information technology but also include traditional facilities and other physical infrastructure. AU's Summary Capital Plan addresses both the short- and long-term capital priorities.

Information Technology Infrastructure

The Information Technology team continued to focus on providing consistent support of existing production systems and technology tools in 2018–19, including software and hardware upgrades to stabilize older systems planned for decommissioning as new systems and solutions are selected to support AU's new *Imagine Learning Framework*. IT also focused on key *RISE* (IT strategic plan) deliverables which will enable AU to support learners on their future learning journeys. Training of all IT team members on Amazon Web Services and other AU cloud initiatives provided the critical knowledge and skills to create the new learning framework's Integrated Learning Environment in the AU cloud.

At year-end, IT was on schedule to complete the initiatives funded for Year 1 by the Coates Grant provided by Advanced Education in July 2018. The following projects were set to be completed as of July 30, 2019:

- Hiring of key IT resources experienced in digital user experience transformation
- Establishing continuously available training for IT and other AU employees in hybrid cloud architecture, cloud development and cloud infrastructure and providing necessary training to over 400 employees
- Implementing lean change management and lean digital governance processes
- Identifying a large number of digital solutions to support the student experience, such as the new AU cloud architecture on the AWS secure cloud, digital solutions for turn-key Professional and Corporate Relations online delivery, cybersecurity tools and enhancements to the AU firewall architecture and disaster recovery process, and a pilot program to prevent AU employees from falling for phishing attempts using social media reminders and just-in-time cybersecurity training

All training and process improvements will continue so that all IT and other AU employees have access to continuous skills upgrading to support the university's cloud and code campus.

IT also completed critical software updates in 2018–19, using operating funds to keep the environment up-to-date in order to preserve and enhance AU's ability to deliver the experiences needed by team members and students.

The transformation of other IT systems was achieved by working with academic and operational units to deliver improved initiatives including creating a consortium of AU, Northern Lakes College and Portage College to together pilot test the Unit4 student information system to determine if it meets the 'register today, start today' needs of AU students as well as allowing for the consolidation of all legacy AU SRM/CRM systems and data into a single system with one data record per student and stakeholder using a Unit4 Microsoft Dynamics people records management approach. IT anticipates system implementation in 2019–20 with data conversion continuing through 2020–21. A number of *Imagine* and *RISE* projects were developed, prioritized and evaluated, with vendor selection and integration into the AU cloud also anticipated over the next two years.

Facilities and Other Physical Infrastructure

In 2018–19, AU continued to focus on minor upgrades to existing infrastructure to ensure that the university meets the health and safety needs of employees and the operational requirements of academic, research and administrative units. Projects carried out included the following:

- Window and exterior door replacement to maintain the integrity of the building envelope
- Electrical panel replacements in aging infrastructure
- HVAC system and control refurbishment within the Main Campus Building

A number of the projects within the 2018–23 Summary Capital and Infrastructure Plan, including Solar Power Generation, Main Campus Building Major Systems Upgrade, and the Main Campus Internal Roads, Parking Lots and Trail Initiative, were developed pending external capital funding which was not received, so they did not go ahead.

Tables 15 and 16 below show progress on and changes to AU capital projects identified in the *Comprehensive Institutional Plan: 2018–21*.

Table 15: Type of Capital Project and Funding Sources

Type	Project Description	Total Project Cost (thousands of dollars)	Funding Sources ¹	Funding Received to Date (thousands of dollars) and Source	Type
Priority Projects (Top Three Capital Priorities)					
New Facilities or Systems	Third-Party Review recommendations implementation	\$ 9,500	100% GOA	-	No change
Preservation (Minor)	IMP-funded Banner HR and Finance System upgrade and system patches	\$ 2,075	100% GOA	\$ 1,375 from GOA IMP	No change
Expansion	IMP-funded Student Information System upgrade	\$ 1,600	100% GOA	\$ 800 from GOA IMP	No change
Other Projects					
Preservation (Minor)	AU Main Campus Building major systems upgrade	\$ 7,500	100% GOA	-	No change
Preservation (Minor)	AU Main Campus internal roads, parking lots and trails	\$ 2,100	100% GOA	-	No change
Preservation (Minor)	Student Relationship Management: Phase 2	\$ 375	AU	N/A	No change
Preservation (Minor)	Business intelligence upgrade	\$ 222	AU	N/A	No change
Preservation (Minor)	ApplyAlberta PASI high school transcript specification update	\$ 75	AU	N/A	No change
Preservation (Minor)	AU technology evergreening	\$ 1,500	AU	N/A	No change
Preservation (Minor)	Divisional IT capital requests	\$ 500	AU	N/A	No change
Preservation (Minor)	Audit recommendations responses	\$ 200	AU	N/A	No change

Type	Project Description	Total Project Cost (thousands of dollars)	Funding Sources ¹	Funding Received to Date (thousands of dollars) and Source	Type
Preservation (Minor)	Library collections	\$ 250	AU	N/A	No change
Preservation (Minor)	Equipment renewal	\$ 1,100	AU	N/A	No change
Expansion	Greater Edmonton Area space consolidation solution	\$ 500	GOA	-	No change
Expansion	Solar power generation	\$ 1,500	GOA	-	No change
Expansion	Development of Athabasca lands	\$ 200	GOA	-	No change
Expansion	Grade Integration and Tutor Pay System	\$ 443	AU	N/A	No change
Expansion	Student Relationship Management: Phase 3	\$ 375	AU	N/A	No change
Expansion	Dashboard and predictive analytics	\$ 140	AU	N/A	No change
Expansion	Learning environment evolution: Phase 1	\$ 294	AU	N/A	No change
Expansion	MyAU student bookstore	\$ 882	AU	N/A	No change
Expansion	Digital content experience publishing platform	\$ 1,578	AU	N/A	No change
Expansion	Athabasca space utilization projects	\$ 250	AU	N/A	No change

¹ Percentage of funding from Athabasca University (AU), the Government of Alberta (GOA), the Government of Canada (GOC), donations, foundations, industry, etc.

Table 16: Capital Project Timelines and Status

Project Description	Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Third-Party Review recommendations implementation	Estimated July 2018 through March 2021	July 2018	March 2021	Year 1 projects are on target to be completed by July 30, 2019.	Hired IT resources in digital user experience transformation. Trained employees in hybrid cloud architecture, development and infrastructure. Implemented lean change management and digital governance processes.
IMP-funded Banner HR and Finance System upgrade and system patches	April 2018 through March 2023	April 2018	March 2023	Phase 2 to be completed in 2019. Banner upgrades and patches for HR and Finance are ongoing.	Phase 1 was completed on time and under budget.
IMP-funded Student Information System upgrade	April 2018 through March 2023	April 2018	March 2023	In progress.	Created consortium to pilot Unit4 student information system. (See p. 58)
AU Main Campus Building major systems upgrade	April 2018 through March 2023	Subject to funding	Subject to funding	Project is pending funding.	Project was not started.
AU Main Campus internal roads, parking lots and trails	April 2018 through March 2023	Subject to funding	Subject to funding	Project is pending funding.	Project was not started.
Student Relationship Management: Phase 2	April 2018 to March 2019	April 2018	Complete	Project is completed.	Phase 2 was launched and completed.

Project Description	Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Business intelligence upgrade	April 2018 to March 2019	April 2018	Complete	Project is completed.	Upgrade was launched and completed.
ApplyAlberta PASI high school transcript specification update	April 2018 to March 2019	April 2018	Complete	Project is completed.	Update was launched and completed.
AU technology evergreening	April 2018 through March 2023	April 2018	Ongoing	Project is ongoing and on schedule.	Year 1 was completed.
Divisional IT capital requests	April 2018 through March 2023	May 2018	Ongoing	Project is ongoing and on schedule.	Year 1 was completed on budget.
Audit recommendations responses	April 2018 through March 2023	April 2018	Ongoing	Project is ongoing and on schedule	Year 1 was completed.
Library collections	April 2018 through March 2023.	April 2018	March 2023	Project is ongoing and on schedule.	Annual purchases for collections on budget.
Equipment renewal	April 2018 through March 2023.	April 2018	March 2023	Project is ongoing and on schedule.	Annual purchases of equipment on budget.
Greater Edmonton Area space consolidation solution	April 2020 to June 2020.	January 2020	June 2020	Project will start early.	Project was not started.
Solar power generation	April 2019 to March 2019	Subject to funding	Subject to funding	Project is pending funding.	Project was not started.
Development of Athabasca lands	April 2020 to March 2023	Subject to funding	Subject to funding	Project is pending funding.	Project was not started.
Grade Integration and Tutor Pay System	April 2018 through March 2020	April 2018	August 2019	In final soft rollout.	System re-architected for containerization architecture.
Student Relationship Management: Phase 3	TBD	TBD	TBD	Project deferred as SIS project may provide functionality.	N/A
Dashboard and predictive analytics	April 2018 through March 2023	April 2018	March 2023	Project is ongoing and on schedule.	Year 1 completed. Tableau server purchased.
Learning environment evolution: Phase 1	April 2018 through September 2019	April 2018	August 2019	Project is ongoing and on schedule.	Moodle upgrade and move to the AU cloud completed. Moodle optimization and stabilization underway.
MyAU student bookstore	April 2018 through March 2020	April 2018	N/A	Project was closed as it was not in alignment with AU's new learning framework	N/A
Digital content experience publishing platform	April 2018 through March 2023	April 2018	March 2021	Project is ongoing and on schedule.	Definition of platform need and architectural review completed.
Athabasca space utilization projects	April 2019 to March 2020	N/A	N/A	Project will not go ahead.	Project was dropped from the Capital Plan.

APPENDIX A



Athabasca
University

FINANCIAL STATEMENTS
MARCH 31, 2019

Athabasca University
Financial Statements
Year ended March 31, 2019

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Athabasca University

Statement of Management Responsibility

Year ended March 31, 2019

The financial statements of Athabasca University have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The financial statements present fairly the financial position of the University as at March 31, 2019 and the results of its operations, remeasurement gains and losses, changes in net financial assets, and cash flows for the year then ended.

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

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

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

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

Original signed by Dr. Neil Fassina

Original signed by Deborah L. Meyers

Dr. Neil Fassina
President

Deborah L. Meyers
Vice-President, Finance and Administration
Chief Financial Officer



Independent Auditor's Report

To the Board of Governors of Athabasca University

Report on the Financial Statements

Opinion

I have audited the financial statements of Athabasca University which comprise the statement of financial position as at March 31, 2019, and the statements of operations, change in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Athabasca University as at March 31, 2019, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Auditor General

May 24, 2019
Edmonton, Alberta

Athabasca University

Statement of Financial Position

As at March 31, 2019

(thousands of dollars)

	2019	2018
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (Note 4)	\$ 21,405	\$ 4,425
Portfolio investments - non-endowment (Note 5)	43,831	41,887
Accounts receivable	3,661	8,134
Inventory held for sale	1,144	1,347
	<u>70,041</u>	<u>55,793</u>
Liabilities		
Accounts payable and accrued liabilities	10,633	10,533
Employee future benefit liabilities (Note 7)	13,537	17,502
Deferred revenue (Note 8)	30,399	27,466
	<u>54,569</u>	<u>55,501</u>
Net financial assets excluding portfolio investments restricted for endowments	15,472	292
Portfolio investments - restricted for endowments (Note 5)	4,073	4,002
Net financial assets	<u>19,545</u>	<u>4,294</u>
Non-financial assets		
Tangible capital assets (Note 9)	45,958	49,764
Prepaid expenses	1,976	1,466
	<u>47,934</u>	<u>51,230</u>
Net assets before spent deferred capital contributions	67,479	55,524
Spent deferred capital contributions (Note 10)	35,628	38,428
Net assets (Note 11)	<u>\$ 31,851</u>	<u>\$ 17,096</u>
Net assets is comprised of:		
Accumulated surplus	\$ 31,697	\$ 17,395
Accumulated remeasurement gains (losses)	154	(299)
	<u>\$ 31,851</u>	<u>\$ 17,096</u>
Contingent assets and contractual rights (Note 12 and Note 14)		
Contingent liabilities and contractual obligations (Note 13 and Note 15)		
Approved by the Board of Governors (Note 21)		

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

Athabasca University

Statement of Operations

Year ended March 31, 2019

(thousands of dollars)

	Budget 2019	Actual 2019	Actual 2018
	(Note 16)		
Revenue			
Government of Alberta grants (Note 17)	\$ 56,179	\$ 52,496	\$ 49,481
Student tuition and fees	70,914	74,761	69,830
Sales of services and products	15,781	17,142	16,111
Investment income	1,236	1,788	1,404
Federal and other government grants (Note 17)	1,227	1,549	1,282
Donations and other grants	182	716	1,223
	<u>145,519</u>	<u>148,452</u>	<u>139,331</u>
Expense			
Instruction and non-sponsored research	83,328	72,341	73,748
Academic and student support	18,327	15,728	16,720
Institutional support	13,469	13,020	11,211
Computing and communication	10,828	10,491	9,554
Sponsored research and special purpose	6,829	9,524	8,597
Ancillary services	7,316	8,160	7,492
Facility operations and maintenance	5,422	4,989	4,954
	<u>145,519</u>	<u>134,253</u>	<u>132,276</u>
Annual operating surplus	-	14,199	7,055
Endowment contributions (Note 11)	-	19	96
Endowment capitalized interest income (Note 11)	-	84	54
	<u>-</u>	<u>14,302</u>	<u>7,205</u>
Annual surplus	-	14,302	7,205
Accumulated surplus, beginning of year	17,395	17,395	10,190
Accumulated surplus, end of year	<u>\$ 17,395</u>	<u>\$ 31,697</u>	<u>\$ 17,395</u>

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

Athabasca University

Statement of Change in Net Financial Assets

Year ended March 31, 2019

(thousands of dollars)

	Budget 2019	Actual 2019	Actual 2018
Net financial assets (net debt), beginning of year	\$ 4,294	\$ 4,294	\$ (3,253)
Annual surplus	-	14,302	7,205
Acquisition of tangible capital assets	(7,952)	(3,275)	(3,416)
Amortization of tangible capital assets	6,542	6,471	6,362
Loss on disposal of tangible capital assets		610	-
Change in prepaid expenses	(108)	(510)	8
Change in spent deferred capital contributions	(1,137)	(2,800)	(1,887)
Change in accumulated remeasurement gains (losses)		453	(725)
Increase in net financial assets		15,251	7,547
Net financial assets, end of year	\$	\$ 19,545	\$ 4,294

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

Athabasca University

Statement of Remeasurement Gains and Losses

Year ended March 31, 2019

(thousands of dollars)

	2019	2018
Accumulated remeasurement (losses) gains, beginning of year	<u>\$ (299)</u>	<u>\$ 426</u>
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	573	(573)
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	<u>(120)</u>	<u>(152)</u>
Net change for the year	<u>453</u>	<u>(725)</u>
Accumulated remeasurement gains (losses), end of year	<u><u>\$ 154</u></u>	<u><u>\$ (299)</u></u>
Accumulated remeasurement gains (losses) is comprised of:		
Portfolio investments - non-endowment	<u><u>\$ 154</u></u>	<u><u>\$ (299)</u></u>

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

Athabasca University

Statement of Cash Flows

March 31, 2019

(thousands of dollars)

	2019	2018
	<u> </u>	<u> </u>
Operating transactions		
Annual surplus	\$ 14,302	\$ 7,205
Add (deduct) non-cash items:		
Amortization of tangible capital assets	6,471	6,362
Expended capital recognized as revenue	(3,335)	(3,305)
Loss on disposal of tangible capital assets	610	-
Decrease in employee future benefit liabilities	<u>(3,965)</u>	<u>(2,354)</u>
Change in non-cash items	(219)	703
Decrease (increase) in accounts receivable	4,473	(5,792)
Decrease in inventory held for sale	203	8
Increase in accounts payable and accrued liabilities	100	820
Increase in deferred revenue	2,965	3,596
(Increase) decrease in prepaid expenses	<u>(510)</u>	<u>8</u>
Cash provided by operating transactions	<u>21,314</u>	<u>6,548</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(3,275)</u>	<u>(3,416)</u>
Cash applied to capital transactions	<u>(3,275)</u>	<u>(3,416)</u>
Investing transactions		
Purchases of portfolio investments	<u>(1,594)</u>	<u>(5,380)</u>
Cash applied to investing transactions	<u>(1,594)</u>	<u>(5,380)</u>
Financing transactions		
Increase in spent deferred capital contributions, less expended capital recognized as revenue	<u>535</u>	<u>1,418</u>
Cash provided by financing transactions	<u>535</u>	<u>1,418</u>
Increase (decrease) in cash and cash equivalents	16,980	(830)
Cash and cash equivalents, beginning of year	<u>4,425</u>	<u>5,255</u>
Cash and cash equivalents, end of year	<u>\$ 21,405</u>	<u>\$ 4,425</u>

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

1 Authority and purpose

The Governors of Athabasca University is a corporation which manages and operates Athabasca University (“the University”) under the *Post-secondary Learning Act* (Alberta), and the Athabasca University Regulation (Alberta Regulation 50/2004). All members of the Board of Governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education, with the exception of the President, who is an *ex officio* member. Under the *Post-secondary Learning Act*, the University is a comprehensive academic and research university offering fully-accredited distributed learning from its online virtual campus. Athabasca University offers credit and non-credit learning experiences that lead to professional, undergraduate, masters, and doctoral credentials across ever evolving and comprehensive disciplines. The University is a registered charity, and under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2 Summary of significant accounting policies and reporting practices

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

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

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

(b) Valuation of financial assets and liabilities

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

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

Unrealized gains and losses from changes in the fair value of unrestricted financial assets and liabilities are recognized in the statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

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

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

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

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

determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

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

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

(c) Revenue recognition

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

Restricted grants and donations are recognized as deferred revenue if the terms for the use, or the terms along with the University's actions and communications as to the use, create a liability. These grants and donations are recognized as revenue as the terms are met. If the grants and donations are used to acquire or construct tangible capital assets, revenue will be recognized over the useful life of the tangible capital assets.

Government grants without terms for the use of the grant are recorded as revenue when the University is eligible to receive the funds. Unrestricted non-government grants and donations are recognized as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

In-kind donations of services, materials or tangible capital assets are recorded at fair value when a fair value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded at the carrying value.

Grants and donations related to land

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased. An in-kind contribution of land is recognized as revenue at the fair value of the land when a fair value can be reasonably determined. When the fair value cannot be reasonably determined, the in-kind contribution is recorded at nominal value.

Endowment donations

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

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

(c) Revenue recognition (continued)

Investment income

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

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

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

Endowments

Endowments consist of:

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

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

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

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

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is adjusted and the donors are notified, where appropriate.

Endowment contributions, and associated capitalized investment income allocated for the preservation of endowment capital purchasing power, are recognized in the statement of operations in the period they are received.

(d) Inventory held for sale

Inventory held for sale is valued at the lower of cost and expected net realizable value and is determined using the weighted average method.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

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

(e) Tangible capital assets

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

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

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

<u>Asset category</u>	<u>Estimated useful life</u>
Buildings	40 years
Site improvements	10 - 25 years
Computer hardware and software	3 - 10 years
Furniture and equipment	5 - 20 years
Leasehold improvements	term of lease
Library holdings	10 years

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

Intangible assets, works of art, cultural and historical properties, and archival materials are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

(f) Foreign currency translation

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

(g) Employee future benefits

Pension

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

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

(g) Employee future benefits (continued)

Pension (continued)

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

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

Administrative Leave Plan

The University provides for certain senior administrators to accrue a compensated leave. The expense for this plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are recognized immediately in the statement of operations.

Life Insurance, Short Term Disability, and Long Term Disability

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

Extended Health and Dental Care

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

(h) Expense by function

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

Instruction and non-sponsored research

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

Academic and student support

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

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

(h) Expense by function (continued)

Institutional support

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

Computing and communication

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

Sponsored research and special purpose

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

Ancillary services

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

Facility operations and maintenance

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

(i) Future accounting changes

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

In November 2018, the Public Sector Accounting Board issued PSA Handbook Section PS 3400, Revenue. This accounting standard is effective for fiscal years starting on or after April 1, 2022. PS 3400 Revenue provides guidance on how to account for and report on revenue, by distinguishing between revenue that arises from transactions that include performance obligations from transactions that do not have performance obligations.

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

3 Adoption of new accounting standard

As at April 1, 2018, the University has prospectively adopted PSA Handbook Section PS 3430, Restructuring Transactions. This new section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. The adoption of this accounting standard has not resulted in any changes to the financial statements or notes.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

*(thousands of dollars)***4 Cash and cash equivalents**

	2019	2018
Cash	\$ 21,405	\$ 4,425
Cash equivalents	-	-
	<u>\$ 21,405</u>	<u>\$ 4,425</u>

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

5 Portfolio investments

	2019	2018
Portfolio investments - non-endowment	\$ 43,831	\$ 41,887
Portfolio investments - restricted for endowments	4,073	4,002
	<u>\$ 47,904</u>	<u>\$ 45,889</u>

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

	2019			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 34,601	-	-	\$ 34,601
Equities listed in active market	6,793	-	-	6,793
Money Market Funds	6,510	-	-	6,510
Total Investments	<u>\$ 47,904</u>	<u>-</u>	<u>-</u>	<u>\$ 47,904</u>
	2018			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 32,699	-	-	\$ 32,699
Equities listed in active market	6,800	-	-	6,800
Money Market Funds	6,390	-	-	6,390
Total Investments	<u>\$ 45,889</u>	<u>-</u>	<u>-</u>	<u>\$ 45,889</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

5 Portfolio investments (continued)

The fair value measurements are derived from:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Inputs other than quoted prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

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

- Money Market pooled funds: 2.59%; term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 3.09%; terms to maturity: range from less than one year to more than 10 years.

In addition to recognizing the realized gains and losses on the sale of portfolio investments in the statement of operations, the University reports unrealized gains and losses on portfolio investments as follows:

	2019		2018	
	Deferred revenue endowments (Note 8)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized gains (losses), beginning of year	\$ 503	\$ (299)	\$ 204	\$ 916
Unrealized gains (losses) attributable to portfolio investments	(32)	573	541	(560)
Amounts reclassified to statement of operations	-	(120)	(120)	(152)
Net unrealized gains, end of year	\$ 471	\$ 154	\$ 625	\$ 204

6 Financial risk management

The University is exposed to the following risks:

Market risk

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

The University assesses its portfolio investment sensitivity to a percentage increase or decrease in market prices. At March 31, 2019, if market prices had a 5% (2018 - 5%) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and deferred revenue for the year would have been a total of \$2,395 (2018 - \$2,294).

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

6 Financial risk management (continued)

Credit risk

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

The credit rating distribution of bonds held are as follows:

	2019	2018
Credit rating		
AAA	50 %	50 %
AA	8 %	13 %
A	30 %	26 %
BBB	12 %	11 %
	<u>100 %</u>	<u>100 %</u>

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University does not have an available line of credit, however it manages liquidity risk by maintaining a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements.

Interest rate risk

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

The maturity of the interest bearing investments held in pooled funds are as follows:

	Less than 1 year	1 to 5 years	Greater than 5 years	Total
Money Market Funds	\$ 6,510	\$ -	\$ -	\$ 6,510
Bonds listed in active market	843	13,758	20,000	34,601
	<u>\$ 7,353</u>	<u>\$ 13,758</u>	<u>\$ 20,000</u>	<u>\$ 41,111</u>

The impact of a change in interest rates on those pooled investment funds, that are primarily invested in fixed income debt instruments, are as follows:

	0.50% decrease	0.25% decrease	0.25% increase	0.50% increase
Dollar value change	\$ 872	\$ 436	\$ (436)	\$ (872)

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

6 Financial risk management (continued)

Foreign currency risk

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

7 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2019	2018
Universities Academic Pension Plan (UAPP)	\$ 11,758	\$ 15,684
Administrative Leave Plan	1,779	1,818
	<u>\$ 13,537</u>	<u>\$ 17,502</u>

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was completed as at December 31, 2016, and was then extrapolated to March 31, 2019, resulting in a UAPP deficit of \$996,451 (2018 - \$446,772) consisting of a pre-1992 deficit of \$827,872 (2018 - \$735,624) and a post-1991 deficit of \$168,579 (2018 - surplus of \$288,902). The University's portion of the UAPP deficit has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficit for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2018 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.90% (2018 - 2.90%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$258,570 at March 31, 2019 (2018 - \$244,241).

The unfunded deficit for service after December 31, 1991 is financed by special payments of 4.93% (2018 - 4.93%) of pensionable earnings until June 30, 2018, then 4.44% (2018 - 4.44%) of pensionable earnings until December 31, 2021, then 1.71% (2018 - 1.71%) of pensionable earnings for 2022 and 2023, and then 0.70% (2018 - 0.70%) of pensionable earnings for 2024 and 2025 and 0.25% (2018 - 0.25%) of pensionable earnings for 2026 and 2027, all shared equally between employees and employers.

Administrative Leave Plan

The University provides for certain senior administrators to accrue a compensated leave. The individual's salary and benefits in effect at the time of commencing the leave are paid for the duration of the leave. The leave obligation is actuarially determined using the projected benefit method prorated on service and is calculated based on assumptions that have been adopted as a best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2019. Net actuarial gains or losses are recognized immediately in the statement of operations. The University has provided for the plan by accruing a benefit obligation of \$1,779 (2018 - \$1,818) in employee future benefit liabilities. The University's Administrative Leave Plan has no plan assets. The University plans to use its working capital to finance these future obligations.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

7 Employee future benefit liabilities (continued)

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

The University's expense and financial position of these defined benefit plans is as follows:

	2019		2018	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Financial Operations				
Expense				
Current service cost	\$ 4,580	\$ 313	\$ 4,531	\$ 442
Interest cost	347	31	789	57
Amortization of net actuarial (gain) loss	(996)	134	(537)	(82)
Total Expense	\$ 3,931	\$ 478	\$ 4,783	\$ 417
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 123,684	\$ 1,818	\$ 117,989	\$ 2,154
Current service cost	4,580	313	4,531	442
Interest cost	7,523	31	7,195	57
Benefits paid	(5,770)	(517)	(5,220)	(753)
Actuarial loss (gain)	25,444	134	(811)	(82)
Balance, end of year	155,461	1,779	123,684	1,818
Plan assets	(134,352)	-	(118,558)	-
Plan deficit	21,109	1,779	5,126	1,818
Unamortized net actuarial (loss) gain	(9,351)	-	10,558	-
Accrued benefit liability	\$ 11,758	\$ 1,779	\$ 15,684	\$ 1,818

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

	2019		2018	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	5.60%	1.80%	6.00%	1.64%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	5.60%		6.00%	
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Alberta inflation (long term)	2.00%		2.00%	
Estimate average remaining service life	10.6 years	9.0 years	10.6 years	9.0 years
Retirement age	65	67.5	65	67.5

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2019

*(thousands of dollars)***7 Employee future benefit liabilities (continued)****(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 \$1,343 for 2019 (2018 - \$1,523).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2018 from the actuarial valuation as at December 31, 2017 with the updated assumptions. At December 31, 2018, the PSPP financial statements reported an actuarial surplus of \$519,218 (2017 - \$1,275,843). For the year ended December 31, 2018, PSPP reported employer contributions of \$337,390 (2017 - \$363,748). For the 2018 calendar year, the University's employer contributions were \$1,397 (2017 – calendar year - \$1,568).

8 Deferred revenue

	2019			2018
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 12,973	\$ 14,493	\$ 27,466	\$ 23,857
Grants, tuition and donations	9,063	64,719	73,782	72,671
Investment income	246	-	246	94
Unrealized (loss) gain (Note 5)	(32)	-	(32)	13
Transfers to spent deferred capital contributions (Note 10)	(535)	-	(535)	(1,418)
Recognized as revenue	(6,647)	(63,881)	(70,528)	(67,751)
Balance, end of year	<u>\$ 15,068</u>	<u>\$ 15,331</u>	<u>\$ 30,399</u>	<u>\$ 27,466</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

9 Tangible capital assets

	2019					2018	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library holdings	Total	Total
Cost							
Beginning of year	\$ 2,254	61,958	43,022	8,088	7,479	\$ 122,801	\$ 119,822
Acquisitions	-	-	3,065	151	59	3,275	3,416
Disposals, including write-downs	(74)	-	(3,466)	(336)	(102)	(3,978)	(437)
	<u>\$ 2,180</u>	<u>61,958</u>	<u>42,621</u>	<u>7,903</u>	<u>7,436</u>	<u>\$ 122,098</u>	<u>\$ 122,801</u>
Accumulated amortization							
Beginning of year	\$ -	28,664	30,888	6,568	6,917	\$ 73,037	\$ 67,112
Amortization expense	-	1,609	4,290	337	235	6,471	6,362
Effects on disposals, including write-downs	-	-	(2,930)	(336)	(102)	(3,368)	(437)
	<u>\$ -</u>	<u>30,273</u>	<u>32,248</u>	<u>6,569</u>	<u>7,050</u>	<u>\$ 76,140</u>	<u>\$ 73,037</u>
Net book value at March 31, 2019	<u>\$ 2,180</u>	<u>31,685</u>	<u>10,373</u>	<u>1,334</u>	<u>386</u>	<u>\$ 45,958</u>	
Net book value at March 31, 2018	<u>\$ 2,254</u>	<u>33,294</u>	<u>12,134</u>	<u>1,520</u>	<u>562</u>		<u>\$ 49,764</u>

Included in computer hardware and software is \$1,442 (2018 - \$1,110) work in progress, that is not amortized as the assets are not yet available for use. No interest was capitalized by the University for the year ended March 31, 2019. Write-downs in the amount of \$536 (2018 - \$0) are included within the disposals amounts.

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

10 Spent deferred capital contributions

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

	2019	2018
Balance, beginning of year	\$ 38,428	\$ 40,315
Transfers from restricted grants and donations	535	1,418
Expended capital recognized as revenue	<u>(3,335)</u>	<u>(3,305)</u>
Balance, end of year	<u>\$ 35,628</u>	<u>\$ 38,428</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

11 Net assets

	Accumulated surplus (deficit) from operations	Investment in tangible capital assets	Endowments	Total
Balance as at March 31, 2017	\$ (5,128)	\$ 12,395	\$ 3,349	\$ 10,616
Annual operating surplus	7,055	-	-	7,055
Endowments				
New donations	-	-	96	96
Capitalized investment income	-	-	54	54
Tangible capital assets				
Acquisition of tangible capital assets	(1,998)	1,998	-	-
Amortization of tangible capital assets	3,057	(3,057)	-	-
Change in accumulated remeasurement gains (losses)	<u>(725)</u>	<u>-</u>	<u>-</u>	<u>(725)</u>
Balance as at March 31, 2018	2,261	11,336	3,499	17,096
Annual operating surplus	14,199	-	-	14,199
Endowments				
New donations	-	-	19	19
Capitalized investment income	-	-	84	84
Tangible capital assets				
Acquisition of tangible capital assets	(2,740)	2,740	-	-
Amortization of tangible capital assets	3,136	(3,136)	-	-
Net book value of tangible capital asset disposals	610	(610)	-	-
Change in accumulated remeasurement gains (losses)	<u>453</u>	<u>-</u>	<u>-</u>	<u>453</u>
Balance as at March 31, 2019	<u>\$ 17,919</u>	<u>\$ 10,330</u>	<u>\$ 3,602</u>	<u>\$ 31,851</u>
Net assets is comprised of:				
Accumulated surplus	\$ 17,765	\$ 10,330	\$ 3,602	\$ 31,697
Accumulated remeasurement gains	<u>154</u>	<u>-</u>	<u>-</u>	<u>154</u>
	<u>\$ 17,919</u>	<u>\$ 10,330</u>	<u>\$ 3,602</u>	<u>\$ 31,851</u>

12 Contingent assets

The University has no contingent assets as at March 31, 2019.

13 Contingent liabilities

The University has no legal claims as at March 31, 2019 that administration believes would have a material adverse effect on the financial position or the results of operations of the University.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

14 Contractual rights

Contractual rights are entitlements of the University to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. The University has no material contractual rights arising from such contracts or agreements.

15 Contractual obligations

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

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

	Service Contracts	Information Systems and Technology	Long-term Leases	Total
2020	\$ 7,808	\$ 1,187	\$ 899	\$ 9,894
2021	671	57	189	917
2022	544	21	125	690
2023	114	-	-	114
2024	34	-	-	34
Thereafter	9	-	-	9
Total at March 31, 2019	<u>\$ 9,180</u>	<u>\$ 1,265</u>	<u>\$ 1,213</u>	<u>\$ 11,658</u>
Total at March 31, 2018	<u>\$ 9,277</u>	<u>\$ 938</u>	<u>\$ 2,050</u>	<u>\$ 12,265</u>

Service contracts include contractual obligations for services such as course delivery, learning materials, electricity, and consulting services. Information systems and technology include contractual obligations for services to systems. Long-term leases are contractual obligations the University has entered into for facility space with fixed term costs.

The University is one of 64 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected costs of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2018, CURIE had an accumulated surplus of \$79,338 (2017 - \$81,232), of which the University's pro rata share is approximately 0.52% (2018 - 0.53%). This accumulated surplus is not recognized in the financial statements.

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2019

*(thousands of dollars)***16 Budget figures**

The University's 2018-2019 budget figures have been provided for comparison purposes. The budget was approved by the Board of Governors and was presented to the Minister of Advanced Education as part of the University's 2018-2021 Comprehensive Institutional Plan.

17 Government transfers

	2019	2018
	<u> </u>	<u> </u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 44,863	\$ 43,298
Special purpose	5,655	7,772
Total Advanced Education	<u>50,518</u>	<u>51,070</u>
Other Government of Alberta departments and agencies:		
Economic Development and Trade	819	1,078
Labour	187	-
Culture and Tourism	106	103
Justice and Solicitor General	-	7
Total other Government of Alberta departments and agencies	<u>1,112</u>	<u>1,188</u>
Total grants received	51,630	52,258
Expended capital recognized as revenue	3,109	3,063
Deferred revenue	<u>(2,243)</u>	<u>(5,840)</u>
Total Government of Alberta grants	<u>\$ 52,496</u>	<u>\$ 49,481</u>
Grants from Federal and other government		
Special purpose grants received	\$ 1,557	\$ 1,010
Expended capital recognized as revenue	223	231
Deferred revenue	<u>(231)</u>	<u>41</u>
Total Federal and other government grants	<u>\$ 1,549</u>	<u>\$ 1,282</u>

In addition to the grants listed above, the University received \$228 (2018 - \$199) from the Ministry of Culture and Tourism, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2019

(thousands of dollars)

18 Related parties

The University is a related party with organizations within the Government of Alberta reporting entity. Related parties also include key management personnel, and their close family members, of the University. Transactions with these entities and individuals are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

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

During the year, the University received and provided the following services at nominal or reduced amounts:

- the University occupied space owned by Bow Valley College, an entity subject to common control, on an operating cost recovery basis.
- the University operates a research observatory station on land leased, at nominal cost, from the Alberta Ministry of Environment and Parks.
- the University leased space to Northern Lakes College, an entity subject to common control, on an operating cost recovery basis.

19 Expense by object

	2019		2018
	Budget (Note 16)	Actual	Actual
Salaries ⁽¹⁾	\$ 82,485	\$ 78,362	\$ 77,465
Employee benefits	17,799	12,212	14,298
Fees and purchased services	20,448	17,921	15,965
Cost of goods sold	7,562	8,270	7,649
Materials and supplies	3,521	4,215	3,723
Communication and travel	3,405	3,055	2,957
Rental, insurance and utilities	2,614	2,569	2,595
Scholarships and bursaries	1,143	1,178	1,262
Amortization of tangible capital assets	6,542	6,471	6,362
	<u>\$ 145,519</u>	<u>\$ 134,253</u>	<u>\$ 132,276</u>

(1) Includes \$456 (2018 - \$826) termination benefits as defined under PSA Handbook section 3255.

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2019

*(thousands of dollars)***20 Salary and employee benefits**

	2019			2018	
	Base salary ⁽¹⁾	Cash benefits ⁽²⁾	Non-cash benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President ⁽⁵⁾	337	153	111	601	595
Provost and Vice-President Academic ⁽⁵⁾	290	23	100	413	415
Vice-President Finance and Administration and CFO ⁽⁶⁾	255	12	40	307	670
Vice-President Information Technology and CIO	264	20	39	323	276
Vice-President University Relations ⁽⁷⁾	237	9	42	288	257

⁽¹⁾ Base salary includes pensionable base pay.⁽²⁾ Cash benefits include, if applicable, earnings such as vacation payouts, amounts to compensate for the UAPP salary cap, expense allowance, relocation benefit, and other non-pensionable direct cash lump sum payments.⁽³⁾ Non-cash benefits include the University's share of all employee benefits and contribution payments made on behalf of employees for pension, extended health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. Non-cash benefits for some of the executive include the University's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) of the Administrative Leave Plan.⁽⁴⁾ The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.⁽⁵⁾ The individual in this role earned administrative leave benefits, accrued for future use, during the year that have been included in other non-cash benefits.⁽⁶⁾ In 2019, two individuals held this position; the past interim incumbent for 5.1 months and the current incumbent for 6.9 months.⁽⁷⁾ In 2019, two individuals held this position; the past interim incumbent for 6.0 months and the current incumbent for 6.0 months.

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

	Accrued Obligation				Actuarial loss (gain)	Accrued Obligation ⁽⁸⁾ March 31, 2019
	March 31, 2018	Service costs	Interest and other costs	Benefits paid		
President	\$ 173	71	4	-	(3)	\$ 245
Provost and Vice-President Academic	\$ 94	60	3	-	(3)	\$ 154

⁽⁸⁾ The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 7.**21 Approval of financial statements**

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



Athabasca University

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