



Athabasca
University

2021-22 ANNUAL REPORT

TO ALBERTA ADVANCED EDUCATION FOR THE YEAR ENDED MARCH 31, 2022



**High
achievement
always takes
place in the
framework
of high
expectation.**

Jack Kinder



Athabasca University

2021–22 ANNUAL REPORT

TO ALBERTA ADVANCED EDUCATION
FOR THE YEAR ENDED MARCH 31, 2022



**Education is
the passport
to the future,
for tomorrow
belongs to those
who prepare
for it today.**

Malcolm X

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.

ACKNOWLEDGMENT

The members of the Athabasca University community respectfully acknowledge that we live 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, 2022, 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 Byron Nelson

Byron Nelson

Chair, the Governors of Athabasca University

September 26, 2022

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, are executed in accordance with all relevant legislation, regulations, and that policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

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

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

Original signed by Dr. Peter Scott

Dr. Peter Scott

President

Original signed by Deborah L. Meyers

Deborah L. Meyers, CPA, CA

Vice-President Finance and Performance
Services and Chief Financial Officer

UNCERTAINTY HAS BEEN A KEY THEME OF THE PAST YEAR, IN BOTH THE POST-SECONDARY SECTOR AND IN SOCIETY MORE BROADLY. AS WE PERSEVERED THROUGH THE SECOND YEAR OF A GLOBAL PANDEMIC, IT BECAME INCREASINGLY CLEAR THAT A RETURN TO "NORMAL" WAS NOT TO BE.

Dr. Peter Scott, *President, Athabasca University*

MESSAGE FROM THE PRESIDENT



Uncertainty has been a key theme of the past year, in both the post-secondary sector and in society more broadly. As we persevered through the second year of a global pandemic, it became increasingly clear that a return to "normal" was not to be. Instead, universities generally have ridden a roller coaster of enrolment numbers, an apparent symptom of uncertainty among learners and prospective learners which is predicted now to be a long-lasting feature of the higher learning landscape.

Navigating these bumps, Athabasca University made great strides in 2021–22, advancing many of its key institutional priorities and finishing the fiscal year in a solid financial position. As a new president who led AU for only a few months of this report, I give much of the credit for this work to my predecessor, interim president Deborah Meyers, the amazingly resilient executive team, and our hardworking AU team members, who have kept the university on the path to success.

AU's transition to a near-virtual environment brought benefits to the university again last year, with team members continuing to work largely from home throughout the pandemic. As we consolidate our place-based requirements at our primary physical location in Athabasca, we are reducing and redesigning the use of space in areas such as Calgary and Edmonton. In fact, as a virtual-first university, AU's primary location is now in the cloud, a transition we completed in 2021–22, becoming the first Canadian university to move our operations into our own secure digital environment.

AU's cloud and near-virtual organizational design makes it unique among Canadian post-secondary institutions. Research on remote work consistently demonstrates that remote workers take fewer sick days, have lower attrition rates, and enjoy greater work-life balance. AU staff agree. In response to our near-virtual survey of team members in September, 2021, 87% of respondents agreed, "I can do my job effectively working remote," with 72% stating, "I am more productive since shifting to remote work."

Our open, accessible, online, and virtual campus is a key component of AU's mission to remove barriers that restrict access to, and success in, university study, and to increase equality of education worldwide. The university continues to demonstrate its value as Canada's national online and open university, providing excellent access for the underserved in rural, remote, and Indigenous communities, and welcoming all learners, regardless of their location, past education, or family and work circumstances.

More than 38,000 learners studied with AU through the year in more than 50 undergraduate and graduate programs across five faculties. Our virtual convocation in June 2021 was a world-leading example of our diverse community of learners from across Canada and around the world coming together to celebrate each other's successes.

We have made significant progress in achieving the vision first laid out in our five-year strategic plan, *Imagine*. Our research program continues to grow with the launch of IDEA Lab, a completely virtual research platform that harnesses the power of cloud computing to tackle big data research projects, and AU is developing a patent for a biosensor technology related to oil sands contamination. We have implemented efficiencies and new technologies across our administrative and academic operations, in finance, information technology, digital security, communications, and across our web properties. We are mastering near-virtual work and learning, now fully in the cloud. A new integrated learning environment due to be launched later in 2022 will keep AU and our learners at the leading edge of technology. And our work with the university's Nukskahtowin team continues with efforts to decolonize and Indigenize all aspects of our community. We will soon be laying the groundwork for our next institutional strategy that will guide AU into the digital future.

The university is well-positioned on a path of continued strength and success – for our institution, for our team, and most importantly, for our tens of thousands of learners.

Dr. Peter Scott

President

PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWER PROTECTION) ACT

In 2013, the Government of Alberta enacted the *Public Interest Disclosure (Whistleblower Protection) Act* and associated regulations. The act applies to provincial government departments, offices of the Legislature and to public entities. Public entities include any agency, board, commission, provincial corporation, or other entity designated in the regulations, which includes Athabasca University.

The purposes of the act are to:

- Facilitate the disclosure and investigation of significant and serious matters an employee believes may be unlawful, dangerous, or injurious to the public interest;
- Protect employees who make a disclosure;
- Manage, investigate, and make recommendations respecting disclosures or wrongdoings and reprisals; and
- Promote public confidence in the administration of the departments, Legislative offices, and public entities.

No disclosures that fall within the definition of wrongdoing as defined in the act were reported during the reporting period (April 1, 2021 to March 31, 2022).

To ensure the most robust protections for team members and learners, Athabasca University expands the ability to report matters beyond the scope of the *Public Interest Disclosure Act*. The university's Code of Conduct for Members of the University Community and other policies such as the Harassment, Violence, and Sexual Violence Policy set out clear expectations for conduct by members of the university community. Confidential disclosures relating to these policies can be made with confidence that there are robust investigation processes, as well as protections from reprisal and supports to assist those affected.

“

I was so close to just giving up, but because I had such strong support through AU, I was able to push through.

Aileen Bishop (Master of Health Studies '22)



5.5%

5.5% of learners have self-identified disabilities.



38

The average AU graduate student is 38 years old.

“

I want to carry the message of post-secondary opportunities to Inuit who live in northern communities. It is possible to get a degree through distance education when you're living in these locations.

Dr. Wayne Clark (Doctor of Education in Distance Education '20), 2021 Distinguished Alumni Award winner

“

AU's online program suited my environment, and the need to continue to remain marketable. This education has helped me tremendously, both personally and professionally.

Seema Abbasi (Master of Education in Open, Digital, and Distance Education '22)



**What you feed
your mind will
lead your life.**

Kemi Sogunle

OPERATIONAL OVERVIEW

AU's operations over the past year were affected by a number of external factors, including the ongoing pandemic, labour uncertainty, and the increasing shift to remote work. Micro-credentials and work-integrated learning have been a growing emphasis for the post-secondary sector and in the workforce. This was reflected in AU's academic initiatives for 2021–22. And of course, the critical need for, and focus on, digital literacy skills in today's labour market underlined the ongoing work at AU to prepare learners, and our university environment, for the future world of work.

A March 2022 Conference Board of Canada report about the future of post-secondary education cited virtual learning options, flexible learning options including micro-credentialling and upskilling, and experiential learning as key areas of growth for the sector.

"These themes point towards PSIs' [post-secondary institutions'] shifting role in the learning process, beyond designing and delivering traditional degree programs," the report said. This is the critical work already underway at AU.

In 2021–22, AU continued its work to meet these needs by developing new micro-credentials in the Faculty of Science and Technology and through its award-winning entrepreneurial unit, PowerED™, which also launched Canada's first micro-credential in artificial intelligence ethics. The university is also expanding work-integrated learning opportunities in innovative ways, through AI and other technologies, such as simulation software in community health courses.

AU's Faculty of Business was recognized among the best in the world by earning accreditation this year from the Association to Advance Collegiate Schools of Business (AACSB), a prestigious recognition held by only six per cent of business schools internationally.

To further its research mission, AU developed and launched IDEA Lab, a completely virtual research platform that tackles big data with the power of cloud computing. Progress continued on the development of a new learning environment that will streamline and enhance the online experience for AU learners and better integrate and optimize the university's systems to enhance operational efficiency.

Recognizing the need for continued support for our learners through the second year of the pandemic and to further AU's mission to remove barriers to learning, additional mental health and financial supports were also provided in 2021–22.

One positive outcome from the pandemic and labour uncertainty experienced at AU in 2021 was a strong focus on contingency planning and risk mitigation. The university's investment in business continuity and managing risk both operationally and financially has left it in a much stronger position for the future.

The university's near-virtual work environment continued, formalizing and clarifying the way AU has long worked – online, and before that, by distance education. Near-virtual also supports the way in which the majority of AU team members have said they want to work.



**The mind is not
a vessel to be
filled, but a fire
to be kindled.**

Plutarch

“

For me to go into Athabasca University, it meant I could be in the profession that I wanted ... the choices for me are now infinite.

Juanita Marshall (Master of Counselling '22)



32

The average AU undergraduate is 32 years old.

“

I realized that [AU] was a much better fit for the life that I wanted to live at the time. And in hindsight, it was the best choice I could have possibly made!

Danica McKinnon (Bachelor of Management '22)



66%

66% of undergraduate learners are female.



11.7%

11.7% of learners are from rural areas.



**Accessibility
allows us to tap
into everyone's
potential.**

Debra Ruh

ENROLMENT AND PROGRAM CHANGES

After seeing two years of steady or growing enrolment prior to, and at the start of the pandemic, undergraduate enrolment declined in 2021–22, while graduate enrolment increased slightly.

More than 38,000 learners were enrolled in AU programs and courses in 2021–22, a decrease of 12 per cent overall from the previous year, with undergraduate enrolment down 13.9% and graduate enrolment up 3.4%.

The trend among Alberta learners was similar, with an overall decline in undergraduate enrolment and an increase in graduate enrolment, as reflected in the charts below.

Table 1 Learners¹ Enrolled at AU: 2019–20 to 2021–22²

	2019–20	2020–21	2021–22
Undergraduate	38,264	38,619	33,272
Graduate	4,552	4,670	4,830
Total	42,816	43,289	38,102

Table 2 Alberta Learners Enrolled at AU: 2019–20 to 2021–22

	2019–20	2020–21	2021–22
Undergraduate	16,527	17,559	15,321
Graduate	1,267	1,333	1,417
Total	17,794	18,892	16,738

Table 3 Ontario Learners Enrolled at AU: 2019–20 to 2021–22

	2019–20	2020–21	2021–22
Undergraduate	11,655	10,949	9,100
Graduate	1,625	1,648	1,695
Total	13,280	12,597	10,795

Table 4 AU Course Registration: 2019–20 to 2021–22

	2019–20	2020–21	2021–22
Undergraduate	76,523	83,301	75,573
Graduate	11,414	12,258	12,530
Total	87,937	95,559	88,103

¹ Learners reflect net headcount, which is all students active in a course in a year, including zero-credit courses across the faculties, excluding PowerED™ and MOOCs.

² Numbers from previous years have been adjusted to reflect updated enrolment figures, which include adjustments made to learners' records, including early course withdrawals.

Table 5 AU Course Registration by Alberta Learners: 2019–20 to 2021–22

	2019–20	2020–21	2021–22
Undergraduate	35,470	40,908	38,610
Graduate	3,325	3,623	3,719
Total	38,795	44,531	42,329

Table 6 AU Course Registration by Ontario Learners: 2019–20 to 2021–22

	2019–20	2020–21	2021–22
Undergraduate	22,709	22,583	19,463
Graduate	3,977	4,253	4,364
Total	26,686	26,836	23,827

Work to renew and refresh curriculum is ongoing, as are efforts to Indigenize and decolonize all aspects of our curriculum and our university community. New programs under development in 2021–22 included a Bachelor of Environmental Studies and a Master of Science in Earth System Science. Proposals were submitted to the Alberta Ministry of Advanced Education in 2021–22 for a new Master of Architecture program and a new University Certificate in Indigenous Community Economic Development and Planning. Two new specializations within the MBA program were also approved: Digital Business Transformation and Strategic Leadership and Change.

“

I am thankful for AU because without AU I wouldn't get my degree that's taken me four schools and nine years to get. I love this school. It's given me the opportunity to do everything.

Kira Dunlop, AU learner



38,102

38,102 total learners at AU.



4.2%

4.2% of learners self-identify as Indigenous.

“

I am forever grateful to AU for transforming my life!

Elijah Buchan, AU learner



6,400

6,400 learners use Accessibility Services.

“

Athabasca University made the impossible possible for me.

Laurie Thompson, AU learner



**Success doesn't
just happen. It
is a product of
hard work, grit
and ingenuity.**

Ogwo David Emenike

GOALS AND PERFORMANCE MEASURES

The goals of Athabasca University are outlined in its strategic plan, *Imagine: Transforming Lives, Transforming Communities*, and focus on the university's role as an academic and research institution dedicated to removing barriers between learners and their educational goals, advancing strategic research priorities, and working with community and educational partners across the post-secondary landscape. The university's goals, along with the performance measures for each, are detailed below.

GOAL 1. Systemically remove barriers to create a culture of inclusion in which all learners are welcome

In 2021–22, AU helped learners mitigate financial barriers exacerbated by the pressures of the pandemic, through the distribution of \$1 million in bursaries. Additional mental health supports for learners were also added, including new resources to the mental health and wellness website for traditionally under-represented groups such as Indigenous learners, 2SLGBTQIA+ learners, veterans and military members, and men's mental health. Funding was also provided for an additional student wellness support specialist.

Learner Support Services distributed \$20,000 in bursaries funding to Accessibility Services to provide financial support for learners needing costly physical or other related assessments. This was in response to concerns from student leaders and was intended to further reduce barriers that learners requiring accommodations experience.

Across the faculties, inclusion initiatives continued throughout the year, with an emphasis on diversifying and decolonizing course content, incorporating Universal Design for Learning knowledge and principles to reduce barriers and increase accessibility for learners, and offering alternative and/or flexible forms of assessment.

The Faculty of Humanities and Social Sciences (FHSS) worked to decolonize courses, programs, and processes prior to and through the establishment of a decolonization and conciliation working group and circle. It has also created a virtual safe space for Indigenous learners to connect, with virtual circles held about four times a year, including invited Indigenous speakers. There is a growing emphasis across the faculty on pedagogy that accommodates diverse learner needs and fosters learner success. For example, some courses have used collaborative negotiation and co-created assignments and discussion topics. In other courses, alternative assessments have been created to accommodate incarcerated learners who don't have access to the internet.

The Write Site, a service to support learner writing, has expanded its services to include real-time coaching, interactive workshops, and specialized webinars.

In the Faculty of Health Disciplines (FHD), learners have been offered a variety of types of learning resources (for example, print, graphics, and video) along with choice and flexibility in the types of assessments. FHD also provided a series of professional development webinars focused on Universal Design for Learning to reduce barriers and increase accessibility for learners, anti-racism education, and a framework for racial justice.

In the Faculty of Science and Technology (FST), work continued to support the principles of equity, diversity, and inclusion by reviewing and revising course content. Learner representatives participated in new program proposals, programs reviews, and faculty council. FST also worked with Accessibility Services to accommodate learners in a range of science, technology, engineering, and math (STEM) fields. Women in STEM were promoted and celebrated during the annual Ada Lovelace Day, with presentations of research findings and seminars on women in STEM.

The library and scholarly resources team focused on accessibility by created accessible formats for the archives' COVID-19 Memory Project Exhibit items and, with Accessibility Services, worked to ensure the library research guides meet accessibility standards. Reference librarians began booking live sessions through Microsoft Teams, to increase accessibility for neurodivergent learners, and for those who are not strong English readers.

The university initiated a pilot program in open educational resources, replacing traditional textbooks in five high-enrolment courses, reducing costs for learners. Once the pilot is complete and has been evaluated, additional courses will be added.

AU's entrepreneurial unit, PowerED™, launched *The Uplift*, a strategic, community-building campaign designed to re-engage past and present learners. Through *The Uplift*, PowerED™ crowd-sourced new course ideas to address the skill gaps and challenges faced by today's workforce. The winning submission on personal branding was developed into an online course that was delivered back to the community for free, enabling access for all. The course also received an award from the Canadian Association of University Continuing Education.

PowerED™, in partnership with the Rick Hansen Foundation (RHF), offers the *Rick Hansen Foundation Accessibility Certification* (RHFAC) for those who are designing, planning, and building the physical spaces where we live, work, and play. Because the training has prerequisites, such as an architectural or engineering certification, it precludes enrolment by those with a general interest in accessibility. To open up the content to a broader audience, PowerED™ and RHF created *Accessible Spaces 101*, an on-demand introductory course based on key content from the RHFAC to raise disability awareness and promote meaningful access.

Funding was approved in 2021–22 to establish an equity, diversity, and inclusion (EDI) function within the university, and an initial review of a structure for the EDI office has begun. An EDI framework and action plan will be finalized by July 2023.

As well, AU joined 40 other universities and colleges in signing the Scarborough Charter, the first national action plan for Canadian post-secondary institutions to redress anti-Black racism and foster Black inclusion in higher education.

AU hosted its second virtual convocation celebration in June 2021, allowing even more graduates and their loved ones to participate in the event. The virtual convocation platform included a live, cross-the-stage moment for grads. A total of 46% of eligible grads participated in the 2021 virtual convocation (710 grads), compared to 26% at the in-person convocation in Red Deer in 2019 (413 grads), and 24% at the in-person convocation in Athabasca in 2018 (380 grads).

PERFORMANCE MEASURES

learner age: undergraduate 32.1, graduate 38.1; overall 32.9 (change from 2020–21: undergraduate +0.6; graduate -0.2; overall +0.7)

percentage of learners with self-identified disability: 5.5% (change from 2020–21: +0.6%)

percentage of learners who self-identify as Indigenous: undergraduate 4.4%; graduate 3.3%; overall 4.2% (change from 2020–21: undergraduate +0.2%; graduate 0%; total +0.2%)

domestic learners living in rural areas: 11.7% (change from 2020–21: +0.5%)

domestic learners living in urban areas: 88.3% (change from 2020–21: -0.5%)

international learners: 3.65% (change from 2020–21: +0.4%)

total funds distributed through needs-based grants: \$940,903 (change from 2020–21: +43%)

number of learners registered to receive Accessibility Services: 3,253 (change from 2020–21: -13.7%)

number of learners registered with one disability: 2,071 (-23%)

numbers of learners self-identifying with two or more disabilities: 1,182 (+10.4%)

number of learners self-identifying a mental-health disability: 1,068 (-35.7%)

number of exam accommodations for learners registered with Accessibility Services: 5,504 (+6.8%)

number of learners who received alternative forms of assessment in their courses: 463 (+170.8%)

AU team members' response to equity, diversity, and inclusion survey question (2020) "Our culture at AU is supportive of equity, diversity, and inclusion": 60% agree, 25% neutral, 15% disagree

GOAL 2. Leadership in quality, innovative, accessible, and research-informed open, digital, and distributed learning

In February 2022, AU's Faculty of Business earned prestigious, international accreditation by the Association to Advance Collegiate Schools of Business (AACSB), in recognition of its excellence in teaching, research, curriculum development and student learning. The accreditation is held by only six per cent of business schools in the world.

Work on AU's new integrated learning environment continued with plans for an initial launch of some features later in 2022. In response to a changed online learning environment in Canada and beyond, AU has prioritized the learner experience in its initial launch, with enhancements to student administration such as electronic transcripts and improved degree planning. A prototype of the university's new learning management system was tested in late 2021, demonstrating that learners will see significant improvements in usability and in new tools and supports for planning and managing their learning.

Throughout 2021-22, AU advanced a variety of leading and innovative programs, tools, and technologies for learners. These included work-integrated learning opportunities in all faculties, from clinical components in the Bachelor of Nursing program to developing a virtual co-op for learners in the BSc Architecture program, to practicum course in Heritage Resources Management. In the Faculty of Humanities and Social Sciences, all course production forms have been updated to allow for work-integrated learning to be incorporated into relevant courses.

Graduate and undergraduate learners had the opportunity this year to be involved in research with AU faculty through the new IDEA Lab, a completely virtual research platform using the power of cloud computing. Graduate learners have also been using the work-integrated learning platform Riipen for independent project courses.

Other technologies include the use of simulation through KeithRN in the Bachelor of Nursing program, which provides case studies and other virtual clinical scenarios for learners. Additional software provides simulated community health experiences for learners in mental health, public health, and community health clinical courses.

The Mobius assessment platform has been used for four mathematics courses serving more than 3,000 learners with accessible and interactive exams, improving delivery methods and exam security for AU. Mobius also uses open educational resources for effective math instruction.

New courses and programs are under development or have been introduced, for example, two new health promotion courses in the Faculty of Health Disciplines, three new micro-credentials in Heritage Resources Management which are offered for free, and a new, free course developed through PowerED™ for the Faculty of Graduate Studies and the Research Office called "Designing Your Research for Impact", aimed at graduate learners.

The Faculty of Science and Technology is developing new programs in growth sectors, including architecture, earth systems science, psychology, computing, artificial intelligence and machine learning, data science, bioinformatics, and environmental data analytics.

This year, PowerED™ launched Canada's first micro-credential in artificial intelligence ethics. The four-course program delivers foundational skills needed to address issues around the ethical development of AI systems. The micro-credential also includes two AI-based simulations, taking learners through ethical dilemmas that simulate real-world challenges and issues with AI in the workplace.

PowerED™, in partnership with the Faculty of Science and Technology, continued to develop two additional micro-credentials funded by the Government of Alberta to meet upskilling and reskilling needs in the market. These micro-credentials are in Energy Efficiency in Architecture, Engineering, and Construction and Innovative and Diversified Energy Resources. They are set to launch in 2022.

PowerED™ joined the D2L Wave platform as one of its first education partners, and its content is the most popular on the platform, with the highest number of enrolments. This upskilling platform enables staff at participating employers to gain new skills by accessing an online catalog of high-quality education options from leading educational institutions like AU. PowerED™ courses are available on demand, so employees can begin their professional development without any wait time.

PERFORMANCE MEASURES

learner satisfaction with learning experience: 78.4% (undergraduate); (change from 2020–21: 0%)

learner satisfaction with course materials: 73.9% (undergraduate); (change from 2020–21: -1.3%)

GOAL 3. Integrated, affordable, accessible, relevant, and up-to-date learning resources

AU continues to implement a digital-first vision of learning resources, because they are more integrated, affordable, and accessible than print resources. AU's cost of goods sold for learning resources in 2021–22 was \$6.3 million, a reduction of \$1.3 million or 22% from the previous year. This is due, in part, to an institution-wide shift to digital resources.

An open access/educational resources pilot that began in November 2021 included the move of five, high-enrolment courses from publisher resources to open resources, with the goal of creating savings for learners, providing customized, high-quality resources, and reducing learning resource costs for the university. The pilot is expected to reduce the course materials fees paid by learners for more than 8,000 course registrations and will result in savings for the institution of nearly \$200,000 per year in cost of goods sold.

A growing number of courses and programs have moved away from textbooks to encourage a variety of open and accessible resources. In many STEM courses, hands-on learning opportunities include home lab kits, virtual labs, field and in-person labs, virtual tours, virtual designs studios, machine learning and programming projects, and simulations in courses. AU's Math Site is a free online resource used by AU learners as well as visitors from all over the world.

Across AU, faculty have, wherever possible, converted learning resources to eTexts, open educational resources and other online-accessible course materials, journal articles, podcast, and videos.

AU's library team is focused on ensuring instructional resources are accessible, to increase their usability by learners.

The Faculty of Science and Technology and PowerED™ received over \$1 million in Government of Alberta funding to develop three new micro-credentials, each of which includes a work-integrated learning component and has been developed with industry collaboration.

PowerED™ is working with the Artificial Intelligence Pathways Partnership (AIPP) to design and develop an introductory MOOC on artificial intelligence. The MOOC aims to bring general awareness to AI and will point to further opportunities for study at AU and other partnering post-secondary institutions. AU is one of four institutions involved in the AIPP, a consortium that works collaboratively with industry to train learners and retain graduates for Alberta's AI and machine-learning industry.

In partnership with the Digital Wellness Institute, PowerED™ also launched a short, micro-course on digital wellness, providing a framework for learners to develop a balanced approach to technology that will enable them to flourish in this digital era.

PERFORMANCE MEASURES:

learner satisfaction with learning experience: 78.4% (undergraduate); (change from 2020–21: 0%)

learner satisfaction with course materials: 73.9% (undergraduate); (change from 2020–21: -1.3%)

GOAL 4. Reputation for scholarly activity, dissemination, and impact reflecting our comprehensive research university status

Over the past year, faculty participated in research areas of focus across AU and partnered with colleagues at post-secondary institutions across the country, supporting increased collaboration, funding, and output leveraging AU's strengths as a digital-first research university. In total, almost 17% of faculty were awarded external funding, for a total of \$2.64 million in sponsored research revenue from multiple awards.

Two AU Press journals were also recognized with awards, about \$67,000 per year—the maximum amount of funding—from the Aid to Scholarly Journals program administered by the Social Sciences and Humanities Research Council (SSHRC).

Learners also had the opportunity to participate in research as part of their graduate programs, with 70 learners employed in faculty research projects in 2021–22. AU hosted another 25 international research interns from the Mitacs program. They completed completed research projects on gamification of learning, remote sensing and climate change, artificial intelligence and machine learning, adaptive learning, and robotics.

Graduate researchers also benefited from a new, free micro-course developed by the Faculty of Graduate Studies and PowerED™ called *Designing Your Research for Impact: Emerging Methods of Mobilization*. The course gave 317 graduate-level scholars the tools to share their research findings more broadly, using digital spaces and finding new ways to engage audiences.

AU's Faculty of Science and Technology is developing the university's first patent, for a biosensor technology which allows highly sensitive and rapid monitoring of contamination related to oil sands activity, particularly in the detection and reporting of naphthenic acids in tailings ponds.

The university is enhancing its commitment to the Athabasca River Basin Research Institute (ARBRI) by supporting increased membership, interdisciplinary research, student participation, collaboration, funding opportunities, awareness, and active partnerships. ARBRI Day was hosted March 17, 2022. Membership has increased significantly and includes researchers from across AU.

Meanwhile, work on the development of an institutional research data management strategy continued over the last year, led by the Library and Scholarly Resources department in collaboration with the Research Office, faculties, and IT. This strategy will ensure AU is compliant with the Tri-Agency's Research Data Management Policy by the March 2023 deadline.

PERFORMANCE MEASURES:

Total sponsored research revenue: \$2.64m (-26%)

Research revenue external (faculty Tri-Agency): \$843k (-17.8%)

Research revenue (faculty non-Tri-Agency): \$945k (-40.9%)

Number of faculty submitting external applications (Tri-Agency): 34 (+3%)

Number of faculty submitting external applications (non-Tri-Agency): 23 (-20.7%)

Number of successful external applications awarded to faculty (Tri-Agency): 19 (-5%)

Number of successful external applications awarded to faculty (non-Tri-Agency): 15 (-6.3%)

Percentage of faculty holding (i.e., awarded) external funding: 16.76% (-1.3%)

Number of AU learners employed in faculty research projects: 70 (+89.2%)

GOAL 5. New pedagogies, ideas, technologies, and processes that support learning and research are identified, tested, deployed, assessed, and retired in real time

AU is constantly innovating in its delivery of courses and programs for learners. Examples in 2021–22 included the introduction of e-portfolios in a number of courses, and alternative forms of assessment such as oral assignments, which are popular with learners. Some faculty are undertaking training in virtual technology with Amazon Web Services Virtual, in the hopes of using the technology to teach comparative literature studies.

Interactive webinars supported learners in improving their writing skills. Essential skills training was provided to graduate learners through the piloting of a free PowerED™ course about allyship and inclusion.

Three new micro-credentials under development—Innovative and Diverse Energy Resources, Energy Efficiency in Architecture and Construction, and Ethics and AI—will ladder into the Bachelor of Science degree programs and provide work-integrated learning opportunities.

AU Press this year became a Benetech Global Certified Accessible publisher, a designation that demonstrates AU Press’s production of ebooks that meet or exceed accessibility standards.

PERFORMANCE MEASURES:

learner satisfaction with learning experience: 78.4% (undergraduate); (change from 2020–21: 0%)

learner satisfaction with course materials: 73.9% (undergraduate); (change from 2020–21: -1.3%)

PowerED™ micro-courses:

percentage of learners satisfied with experience: 97%

percentage of learners who would recommend the course(s) to colleagues, family, and friends: 95%

percentage of learners who feel confident applying what they have learned to their work: 95%

GOAL 6. Partnerships that enable the creation of value

In addition to its research partnerships, AU partners with many other educational institutions, professional associations, governments, and agencies to provide educational opportunities.

One of the university’s biggest partnerships in 2021–22 was with McDonald’s Canada, to recognize courses in the company’s management training program for credit in select AU programs. It was one of 12 new partnerships the university welcomed through the year, which included the Airline Pilots Association in the U.S., Eden Valley Bears paw Nation, Portage College, Red Crow Community College, Tampere University in Finland, and Women of the Métis Nation.

AU continued to partner with school boards across Alberta and Canada to provide dual-credit opportunities for high school students, and with educational institutions such as Portage College and Maskwacis Cultural College, to provide pathways for their learners.

The university also renewed its partnerships with organizations such as the Commonwealth of Learning, the Canadian Olympic Committee, the Edmonton Public School Board, and Wolf Creek Public Schools.

AU is also part of the Artificial Intelligence Pathways Project (AIPP) along with the Alberta Machine Intelligence Institute, Norquest College, and Concordia University, to create educational pathways for Albertans for skill development in AI and machine learning.

AU’s Bachelor of Nursing program’s Northern Alberta Collaborative Initiative partnered with Alberta Health Services and Northern Lakes College to look at the needs of rural, northern, and Indigenous communities in training registered nurses.

PowerED™ has a variety of partnerships with government, non-profit, corporate, and post-secondary institutions. These include The Rick Hansen Foundation, the Digital Wellness Institute, Save-On-Foods, Chartered Professionals

in Human Resources Alberta, the Banff Centre for Arts and Creativity, Algoma University, Northwestern Polytechnic, McGill University, and the University of California–Irvine.

PERFORMANCE MEASURES:

Percentage of partnerships renewed: 75% (new metric)

number of new partnerships: 12 (last year: 4)

number of partnership requests: 82 (new metric)

Goal 7. AU leaders, teams, and individuals respond to opportunities and challenges with a lens focused on continuous improvement in all that we do

A learner mental health and wellness evaluation framework was developed in 2021–22 to assess mental health and wellness supports and resources for AU learners. Next, a plan will be developed to support decision-making when considering future initiatives. The development of the framework was recommended by an assessment of AU's mental health services against the Canadian post-secondary standard in this area.

Assessment and redevelopment of curriculum continues in all faculties; a prime example from the past year is the reimagining of the curriculum in the Bachelor of Nursing program. The goal is to modify and improve the curriculum to better meet learner needs and employer expectations. The redesign will continue through 2022 and into 2023.

The Faculty of Science and Technology is improving course development and production processes, and is piloting an agile model to shorten the turnaround time for new and revised courses. AU is also reviewing its graduate learner program administration to improve learners' experience and success.

The Faculty of Business invested years of work to receive accreditation from the Association to Advance Collegiate Schools of Business (AACSB) in 2021–22, joining the ranks of only six per cent of business schools worldwide that are part of this prestigious group.

The past year saw the completion of AU's digital experience project, an overhaul and consolidation of the university's website that include five new faculty websites and almost 16,000 hours of improvements to the structure and navigability of AU's web properties, including a new content management system in the Amazon Web Services cloud.

AU is also re-imagining the delivery of its frontline services to learners, using a learner-centric model to enable learners to navigate their AU journey with ease and confidence.

In the IT division, a new structure and the addition of 38 new technical professionals helped to implement the digital aspects of AU's *Imagine* strategy, including the ongoing development of the integrated learning environment, cloud optimization, enhanced digital security, and digital governance. IT also launched the AU Safe mobile app during the pandemic, and launched cybersecurity awareness training, and improved technical service support to learners and team members.

PERFORMANCE MEASURES:

Integrated Resource Plan process rating (from members of AU's Administrative Council): 6.2/10

employee engagement survey results:

"I understand how my role contributes to achieving our vision": 51% (2019 survey, up 4% from 2018)

"We understand what needs to be done for us to succeed in the long run": 61% (2019 survey, up 7% from 2018)

"We live the AU value of community": 61% (2019 survey, up 11% from 2018)

AU team members' response to equity, diversity, and inclusion survey question (2020), "Our culture at AU is supportive of equity, diversity, and inclusion": 60% agree, 25% neutral, 15% disagree



**You can never be
overdressed or
overeducated.**

Oscar Wilde

FINANCIAL INFORMATION OVERVIEW

Thriving in Turbulent Times

2021–22 was a turbulent year at Athabasca University as the evolving effects of the pandemic caused significant shifts in enrolment trends. Beyond the turbulence, AU remained steadfast in its vision to be a leading, digital-first, post-secondary institution, continuing to invest in a world-class online learning experience.

AU completed the 2021–22 fiscal year with an annual surplus of \$10.4 million (\$1.6 million in 2020–21). The surplus reflects a combination of flexible and responsive decision-making amidst unprecedented uncertainty, combined with several extraordinary items which are explored in greater detail below.

AU has committed to reinvesting much of the surplus into capital investments in 2022–23, reflecting the high demand for capital funding as it revolutionizes the AU learning experience.

Audited financial results are provided in Attachment 3.

OPERATING STATEMENT

Navigating Adversity

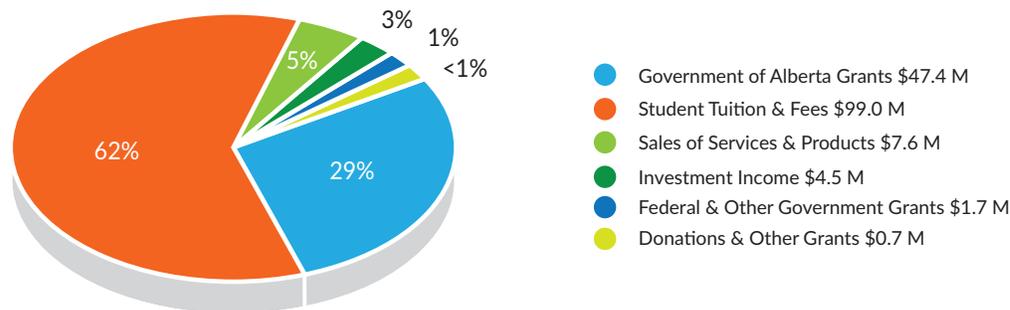
The 2021–22 operating statement reflects the ongoing volatility and uncertainty that have characterized the pandemic. After experiencing rapid enrolment growth in 2020–21, AU's budget reflected the expectation of continued growth, but as enrolment numbers began to decline, AU took prudent steps to adjust spending expectations as the year progressed.

Revenue

- Revenue from student tuition and fees, and from the sale of services and products were both impacted by lower enrolment, as non-program undergraduate students in particular pursued other options. These students traditionally take courses at AU for flexibility or availability but the proliferation of online courses at traditional PSIs has likely changed the competitive dynamic.
- Grant revenue was impacted as externally funded research projects and facilities maintenance were deferred as a result of the pandemic. Grant revenue related to the integrated learning environment will be recognized in future years as the asset is amortized.
- Extraordinary investment income reflects atypical gains on AU's investment portfolio. The 2021 calendar year was a strong year for the global equity market, which was the main contributor to this abnormally large gain.

Figure 1

Sources of Revenue (Figures rounded to \$ millions) 2021–22



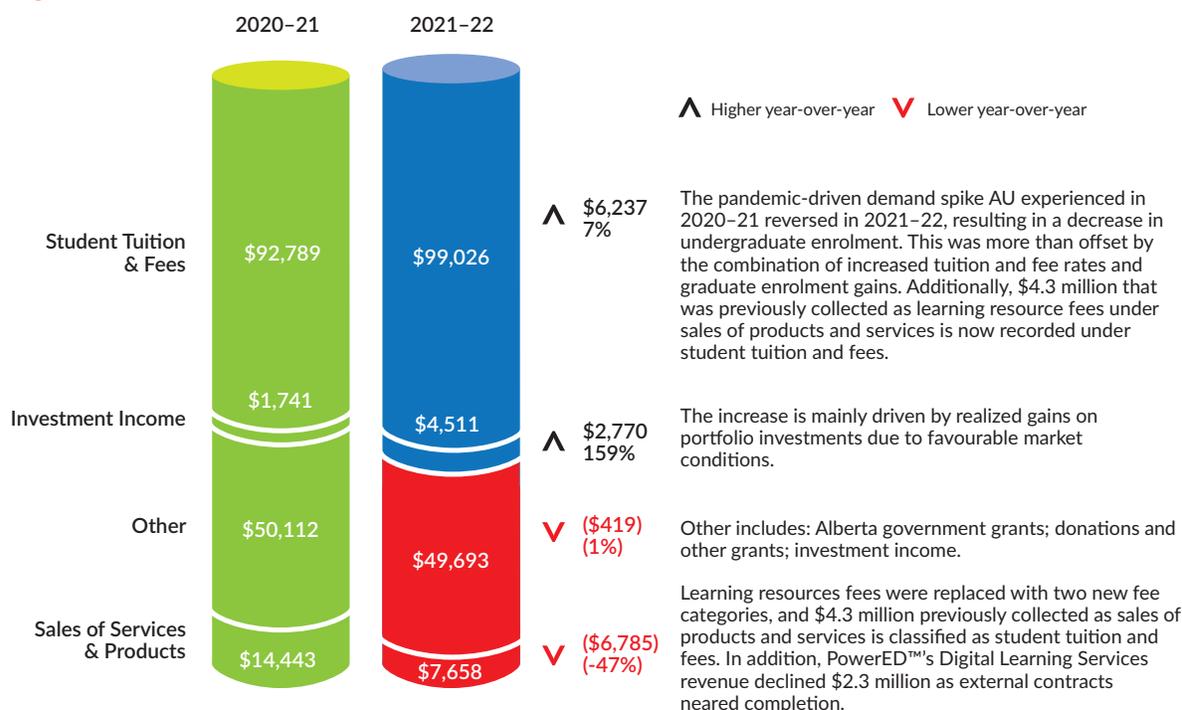
Expenses

- Lower enrolment resulted in lower costs for course materials and tutors.
- Changes to the Tangible Capital Asset Policy in 2021 resulted in planned investments in AU's digital infrastructure totalling \$4.6 million being capitalized rather than expensed as originally budgeted. This was partially offset by deferring recognition of grant revenue of \$2.5 million as noted above. In order to offset these planned capital outlays, a \$2.1-million surplus was intentionally created.
- A surplus of \$0.8 million was created by the revaluation of the UAPP pension liability.
- AU maintained COVID-19 protocols, including work-from-home mandates, to better protect staff and students, resulting in lower travel costs. Lower demand for rented conference spaces further reduced costs, while investment in an exceptional digital convocation experience raised the bar and increased participation and accessibility.

STATEMENT OF OPERATIONS

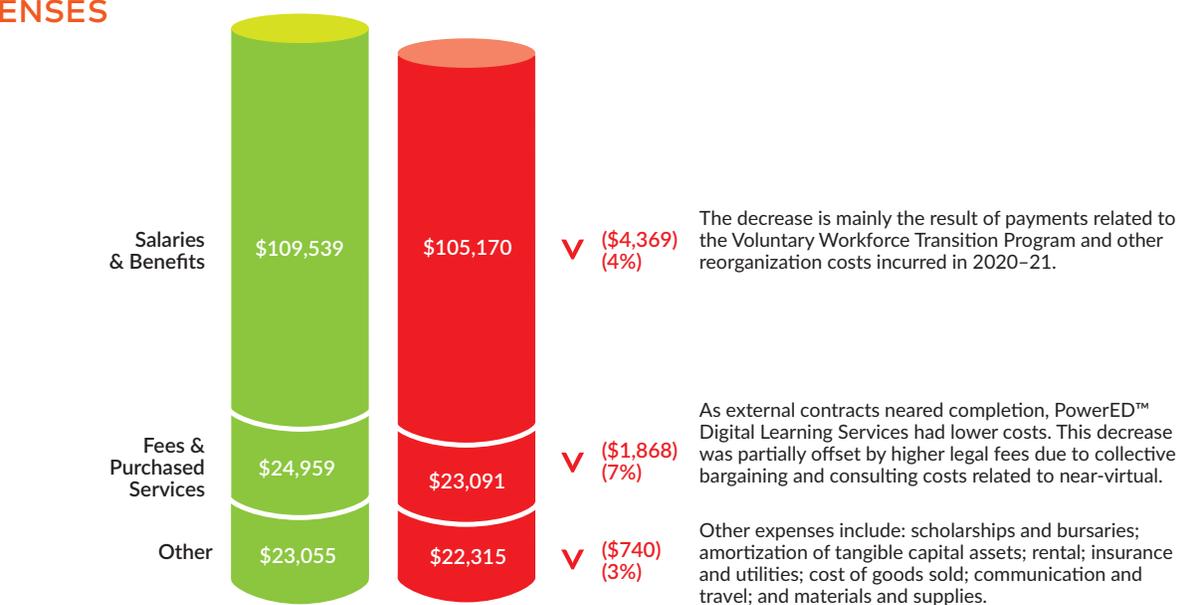
YEAR-OVER-YEAR COMPARISON *(Thousands of Dollars)*

REVENUE



TOTAL \$159,085 \$160,888 ▲ \$1,803 1%

EXPENSES



TOTAL \$157,553 \$150,576 ▼ (\$6,977) (4%)

Operating Surplus \$1,532 \$10,312 ▲ \$8,780

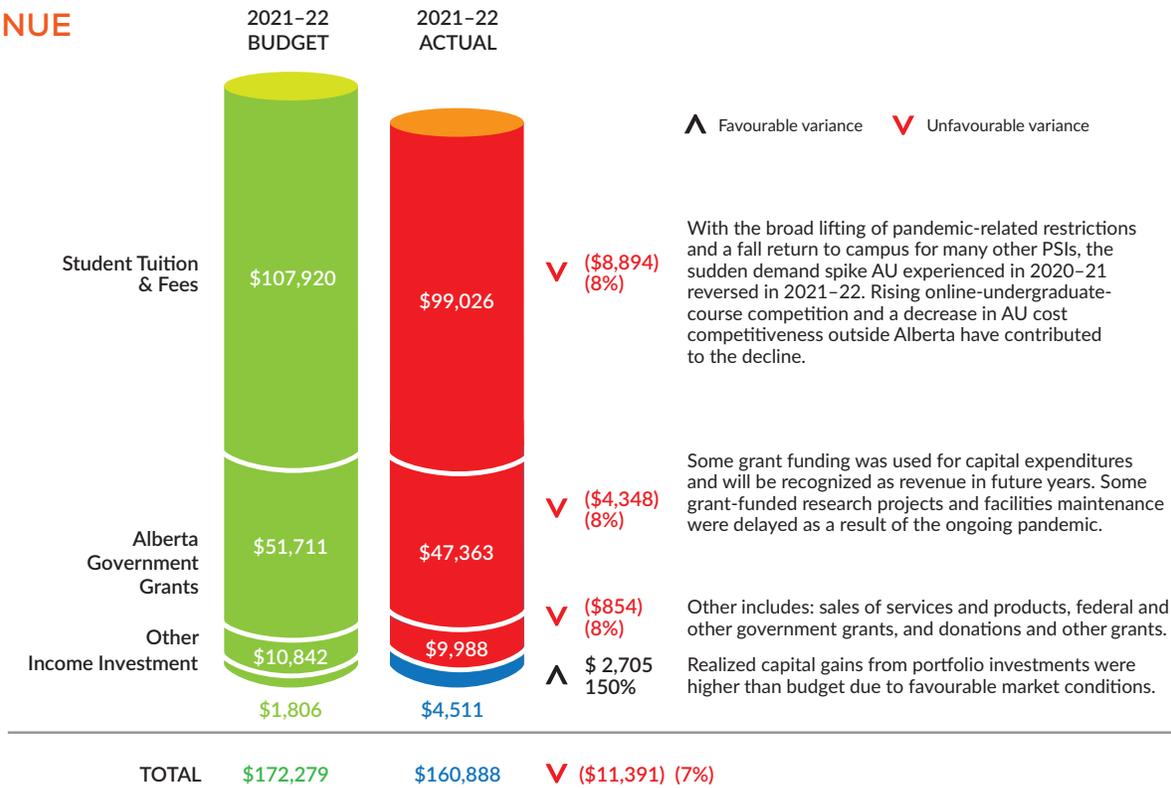
Endowment Revenue \$88 \$127 ▲ \$39

ANNUAL SURPLUS \$1,620 \$10,439 ▲ \$8,819

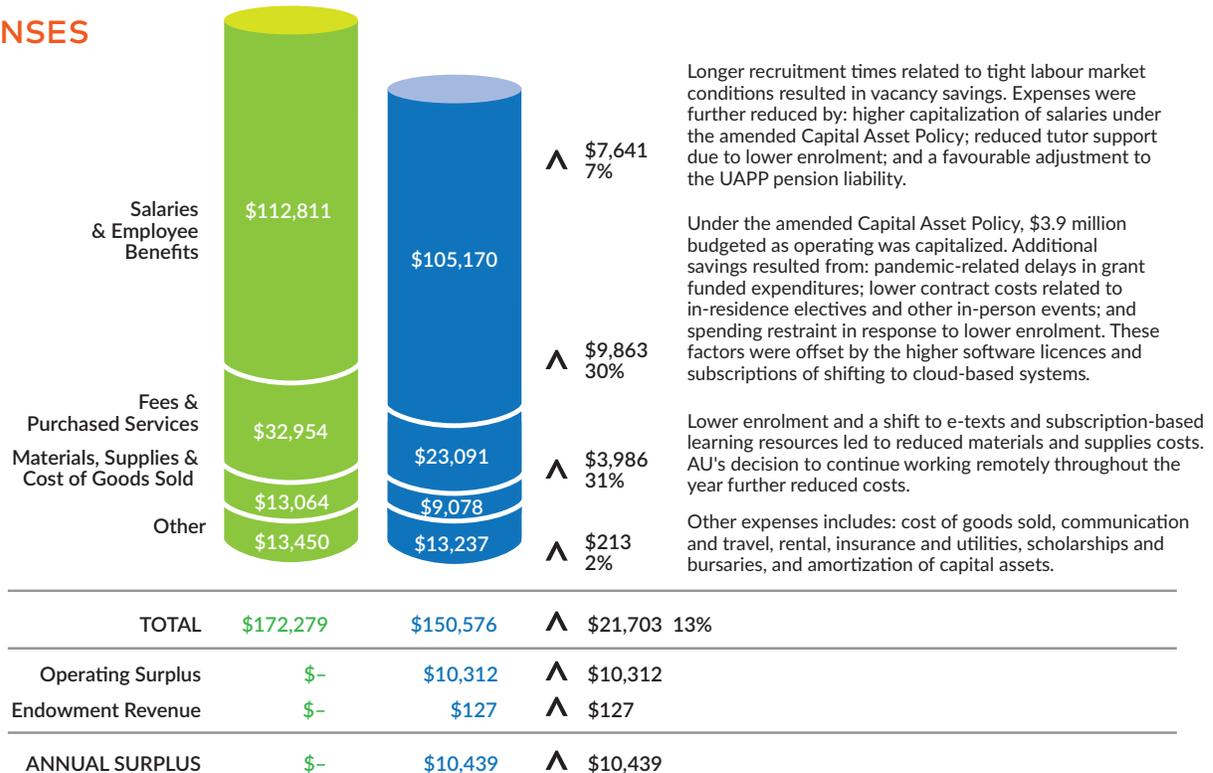
STATEMENT OF OPERATIONS

BUDGET VS ACTUAL *(Thousands of Dollars)*

REVENUE



EXPENSES



Operating Surplus	\$-	\$10,312	▲ \$10,312
Endowment Revenue	\$-	\$127	▲ \$127
ANNUAL SURPLUS	\$-	\$10,439	▲ \$10,439

STATEMENT OF OPERATIONS

EXPENSES BY FUNCTION

Exploring the university's operating expenses by function provides additional perspective where expenses are incurred in the delivery of programs and services that support AU's mission. AU uses the definitions in the Ministry of Advanced Education's Financial Reporting Information System as the basis for categorization.³

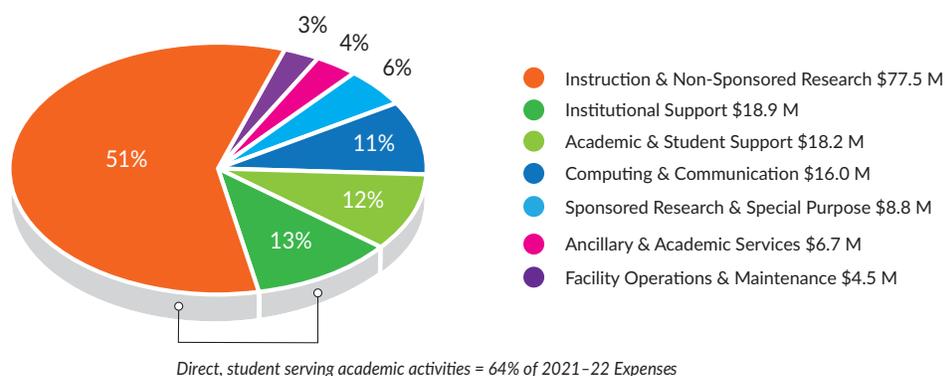
Examining expenses reveals that almost two-thirds of AU's expenses are directly related to the university's academic activities: teaching and learning, scholarly activities, internally funded research, and student support services.

These definitions, however, do not fully reflect expenses that benefit students. As a digital-first online university, a significantly larger portion of computing and communication technology expenses serve students than in traditional, bricks-and-mortar institutions.

Sponsored research and special purpose costs represent important contributions to AU's research focus.

Figure 2

Expenses by Function (Figures rounded to \$ millions) 2021–22



³ Athabasca University uses government definitions as the basis for the categorization. The definitions are provided in note 2(j) of the detailed financial statements.

STATEMENT OF FINANCIAL POSITION

Increasing Net Assets

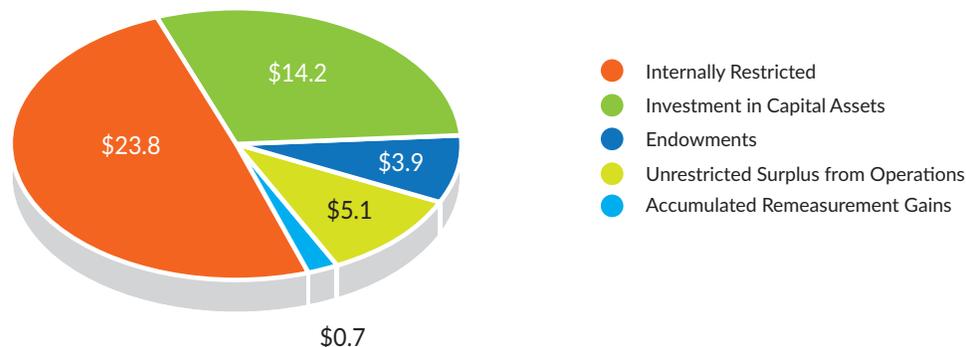
The balance sheet provides a snapshot of the assets and liabilities of the university. Over the year, net assets increased by \$9.2 million, and net financial assets increased by \$6.2 million.

Net Assets

The university's net asset balance is the difference between assets and liabilities and is an important indicator of the university's financial health and sustainability. AU has sufficient net assets to provide for the ongoing operations of the organization. Net assets are comprised of accumulated surplus and accumulated remeasurement gains. Accumulated surplus includes the cumulative surplus from operations (inception-to-date operating surpluses and deficits) allocated as both unrestricted and internally restricted, investment in tangible capital assets (university funded) and endowments (externally restricted). The balance reflected is after accounting for the pension plan liability of \$12.0 million. The proportions that make up the total net assets at March 31, 2022, are presented in the chart below.

Figure 3

Net Assets (\$ Millions) March 31, 2022



Net Financial Assets

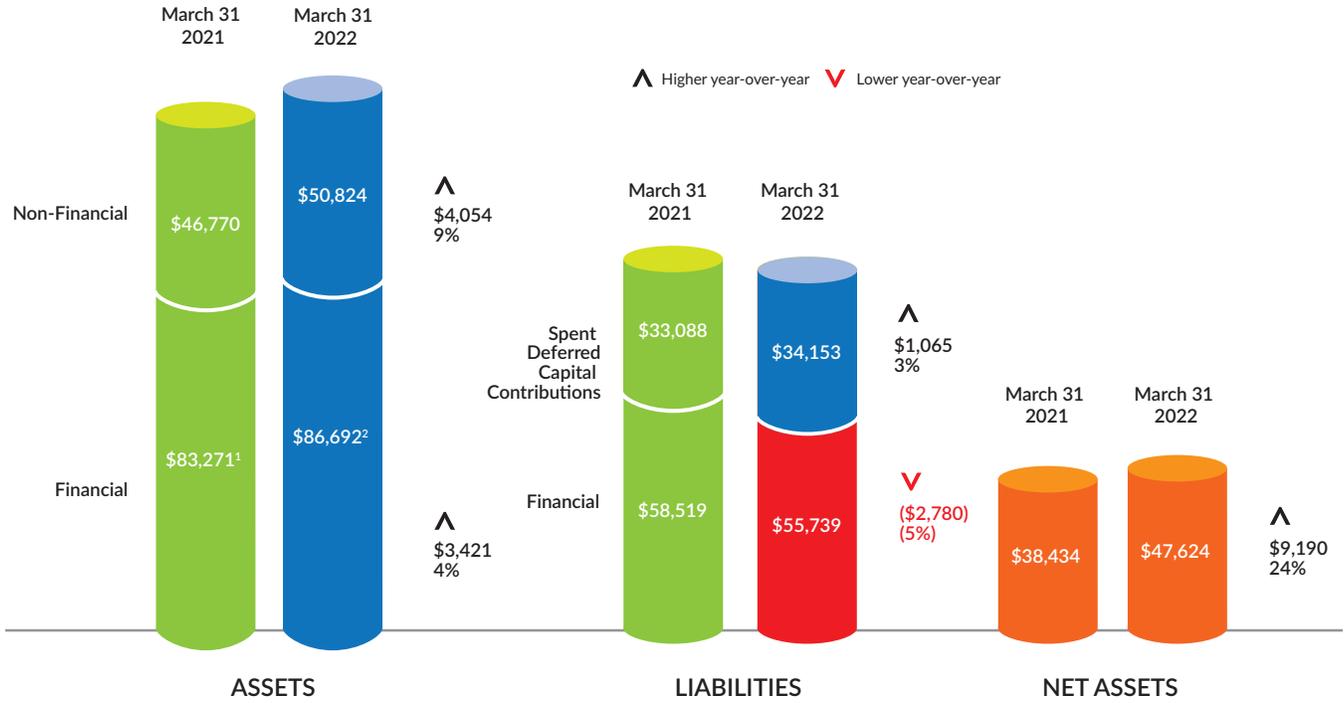
The university's liquidity needs are met primarily through operating cash flows, working capital balances and funding received through grants. The net financial assets identify the availability of net financial resources to fund future operations after considering liabilities owed to third parties. During the year, net financial assets increased mainly as the result of the \$10.4-million annual surplus, less the acquisition of tangible capital assets net of amortization.

The university's net financial assets balance of \$31.0 million increased by \$6.2 million. Net financial assets include \$4.1 million of portfolio investments restricted for endowments. Endowment-restricted investments represent donations that must be maintained in perpetuity and capitalized investment income (to protect the economic value of endowment) that is also required to be maintained in perpetuity. Consequently, these investments are not available to pay liabilities or fund future operations, including capital purchases.

Non-financial assets comprised of tangible capital assets, purchased intangible assets, and prepaid expenses increased by \$4.1 million. This increase resulted mainly from additions net of amortization to tangible capital assets for computer hardware and software.

STATEMENT OF FINANCIAL POSITION

YEAR-OVER-YEAR COMPARISON *(Thousands of Dollars)*



¹ Including portfolio investments restricted for endowments of \$3,983

² Including portfolio investments restricted for endowments of \$4,139



**Because the
people who are
crazy enough
to think they
can change the
world are the
ones who do.**

Steve Jobs

CAPITAL REPORT

AU's 2021–22 capital plan reflected its ongoing commitment to the strategic priorities outlined in AU's *Imagine* plan. It demonstrates AU's commitment to delivering a truly exceptional digital experience to learners and team members alike.

AU's highest priority capital projects in the year are described below.

Integrated learning environment

- The integrated learning environment is a people, process, and technology transformation program, designed to deliver a new learner experience and enable AU to deliver on the *Imagine* learning framework. Learning, teaching, and administration experiences are being re-imagined, and a foundation is being laid that will enable future innovation and continuous improvement.
- This program is under way and a first release will go live in late 2022 with further releases and enhancements rolling out over 2022-23 and beyond.

Digital security program

- Central to AU's digital learning experience is a comprehensive digital security program. This program provides a framework to enable and support the realization of AU's digital business transformation objectives and removes cybersecurity barriers to the university's strategic objectives.
- Approved elements of the program roadmap are being implemented with additional implementations scheduled for completion in early 2023. In response to an evolving digital business landscape, the program will continue to adapt to support business objectives.

Cloud contact centre

- As a part of its Frontline Learner Services Transformation (FLST), AU must replace its existing, on-premise contact centre technology with a new, cloud-based contact centre solution that supports the university's goal of modernizing frontline student service technology, enhanced service capability, expanded service offerings, and improved processes through integrations. In addition, the cloud contact centre

solution will replace other legacy systems such as the current knowledge management system (AskAU), and integrate with a new student portal and digital experience for learners. The solution will add new, modern service enhancements and communication modalities for learners to streamline navigation and support within all areas of the university that support the learner's journey.

- This project is a subset of the broader FLST program to improve frontline learner experience and student navigation to support services. The cloud contact centre solution also supports the retirement of legacy technical debt in favour of more scalable, robust, and secure cloud-based technology.

Cloud infrastructure

- The cloud infrastructure (previously Cloud Optimization Program) is the continuous improvement of AU's cloud environment as the entire university's operations are now running in the AU cloud.
- As cloud is a pay-as-you-go model, IT can continuously monitor and achieve cost efficiencies even as AU scales the environment to support a growing learner population. Cloud infrastructure ensures that the best cloud artificial intelligence and robotic processing automation tools are in use to protect and monitor the cloud operating environment.
- In addition, the Cloud Infrastructure Program ensures updating AU applications so they run optimally in the secure cloud, allowing IT to create the new cloud research infrastructure and cloud research tools that researchers require.
- The Cloud Infrastructure Program remains on track for summer 2022.

IDEA Lab

- IDEA Lab provides a virtual domain of cloud-based tools and infrastructure for AU researchers to innovate both the processes and outcomes of their discoveries. This will advance adaptive and innovative research excellence and extend AU's reputation as a comprehensive academic and research university through digitally enabled distributed learning and research.
- IDEA Lab will cultivate research communities and scale capacity by building collaborative and coordinated environments and networks to achieve excellence and greater understanding. This project will help to realize the integration of teaching and research and provide a mechanism for operationalizing select innovations.

Near virtual

AU's shift to a supported and purposeful near-virtual organizational structure is centred around three phases:

- Phase 1: COVID-19 response (March–December 2020)—Phase 1 focused on AU's COVID-19 response and making a quick transition to operating virtually with minimal disruption while also supporting the ongoing health and safety of our team members and learners.
- Phase 2: Virtual first operations (January 2021–August 2022) – Phase 2 focused on a purposeful and supported virtual-first strategy. To ensure a collaborative design process, the university established a near-virtual working group to focus on the design, development and implementation of the near-virtual policy, processes, functions, and systems required to achieve organizational excellence in a virtual workplace environment. Planning has focused on change management, communications, facilities, human resources, learning and academic support, research, and technology. In this phase, roles were assessed as virtual, virtual with place-based functions, or place-based. A significant part of this phase was gathering data from Phase 1 experiences, identifying gaps, and implementing solutions by reviewing current policies, programs, and processes, and modifying them to align with AU's near-virtual strategy.
- Phase 3: Beyond virtual (September 2022–onward) – In Phase 3, AU will focus on the future, looking at how to leverage the flexibility, agility, and resiliency of AU's near-virtual model to enhance the delivery of services to our learners.

AU's reliance on digital infrastructure results in most of its capital investment targeted at information technology assets. However, the university also incurred capital expenditures during the year for maintenance of physical locations which support teaching, research, and administrative functions. The capital plan also included various smaller capital investments which ensured the sustainment of AU assets and capabilities.



**Discovery consists
of looking at
the same thing
as everyone else
and thinking
something
different.**

Albert Szent Gyorgi

RESEARCH, APPLIED RESEARCH, AND SCHOLARLY ACTIVITIES

AU researchers continued to advance research discovery and impact through research projects and partnerships in alignment with the university's four priority themes of research established in the *Strategic Research Plan (2018–2022)*:

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

Since the plan is currently under redesign and set for a renewal and launch in 2023, the present year's annual research metrics can also be read against the background of research grant successes to date in our current plan, which includes more than \$12.2 million in external research awards.

Advances in research in 2021–22 were enabled and enhanced by a significant portfolio of funded research through competitive grants from federal agencies, provincial programs, and industry partners. This included a total of \$2.64 million in sponsored research revenue. Within this portfolio, funding from Tri-Agency (\$843,000) and other external funders or partners (\$945,000) remain priorities. These successes are made possible by a growing research community at AU and cadre of researchers who both consistently hold external funding (16.89% of AU faculty) and are seeking and submitting grant funding (19 Tri-Agency grants awarded; 15 non-Tri-Agency grants awarded). AU successfully undertook two searches for open allocations of the Canada Research Chairs program, which will result in nominations and awards in the coming year.

The most ambitious growth in AU's research contributions in 2021–22 relates to the significant increase in the inclusion of AU learners in research projects through work-integrated-learning experiences in research projects and teams (70 learners, an increase of 89.19%). This increase is due to the responsive and intentional effort by AU academics to create opportunities in funded research programs for highly qualified personnel, as well as new, signature initiatives for technology-oriented talent development.

As a digital-by-design and research-focused university, AU continued to lead in innovative approaches to creating knowledge, prioritizing impact, and advancing talent development through technology-supported research.

AU's commitment to responsive research and minimizing barriers to research outcomes included the expansion of supports for knowledge mobilization as well as active network engagement and proactive profiling of AU research. Examples of this include 14 articles on The Conversation Canada, which had a collective international reach to more than 154,000 readers. Through this platform, AU researchers are contributing publicly accessible and engaging information on topics including Indigenous rights, pandemic responses, artificial intelligence, climate change, pedagogical innovation, and anti-Asian racism. To further increase the visibility of AU's thought leadership in critical areas of research, AU complemented these contributions with a "Research with Reach" video campaign that profiled the insights and impacts of AU researchers. To date, the series has garnered more than 53,000 views on YouTube. AU's priority on open and accessible research outcomes also now includes a membership in Research Impact Canada.

Partnership priorities in 2021–22 included advancing coordinated approaches with other Alberta post-secondary institutions to ensure and enable collective success in funded research, as well as collaborative opportunities for joint research projects. AU continues to proactively partner with University of Calgary, University of Alberta, and University of Lethbridge in major federal-

and provincial-funded programs. AU has also prioritized and increased coordination with mid-sized universities and colleges with research priorities in Alberta. Together, these ongoing relationship developments ensure the sector's success in research is anchored in collaboration and complementary opportunity development.

With respect to research partnerships with community groups and industry, AU continues to leverage organizational partnerships with Amazon Web Services and celebrates ongoing successes of researchers partnering with industry leaders such as those with Canadian Natural Resources, Suncor, and the Alberta Real Estate Foundation. As a component of AU's priority on research impact and commitment to transformative research, AU's Research Office undertook a redesign of supports for partnership brokering and development. As enhanced services and strategy intersect in the coming year, AU looks forward to seeking, supporting, and securing research partnerships that are responsive and high impact.



**Nothing is
impossible. The
word itself says
I'm possible.**

Audrey Hepburn

REGIONAL STEWARDSHIP, FOUNDATIONAL LEARNING, AND UNDER-REPRESENTED LEARNERS

A key initiative to support under-represented learners in 2021–22 was the addition of \$1 million in one-time funds for bursaries. The additional funds provided the opportunity to try new funding ideas. While AU used the additional funds to top up undergraduate and graduate bursaries, as demand always outstrips the funds available, the university also allocated funds to continue the emergency bursary plan established in the first year of the pandemic.

As well, AU piloted an Indigenous Entrance Award, funding the first three courses for Indigenous learners new to AU. The pilot was undersubscribed, which may be because of the timing of its promotion, but may also indicate that barriers to study are not only financial. The university also made a small amount of funds available to support learners who required costly medical assessments to qualify for accessibility supports. The learnings about where need is greatest within the learner community will help inform how best to fund bursaries and scholarships to ensure AU supports those who are most marginalized or who will benefit from supports most.

Mental health resources were added this year to the mental health and wellness website to support traditionally under-represented groups, including Indigenous learners, 2SLGBTQIA+ learners, veterans and military members, and men's mental health.

Regional partnerships continued to be a significant focus for AU in 2021-22, with new partnerships established with the Eden Valley Bearspaw Nation, Portage College, and Red Crow Community College, each of which serves rural and/or Indigenous learners in Alberta, and the renewal of our partnership with Wolf Creek Public Schools.

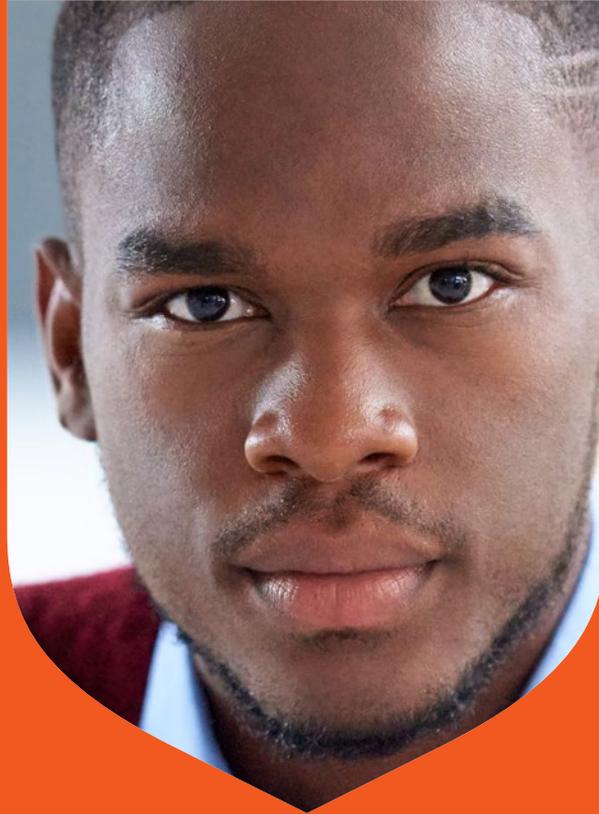
Across the university, work continued to diversify and decolonize course content. The Faculty of Humanities and Social Sciences (FHSS) established a decolonization and conciliation working group and circle, and created a virtual safe space for Indigenous learners to connect and hear from Indigenous speakers.

In Accessibility Services, AU invested in updates to its collection of assistive technology, hardware, and software to provide a broader range of supports for learners who can't afford to buy them, and to allow learners to test out the effectiveness of technologies before committing to buying them.

The library facilitated new and easier ways of distributing software licences to learners which can be pushed out to personal devices or AU devices on loan. Other resources include a range of educational support apps and various tablet devices.

The Accessibility Services team provided exam invigilation via Office 365 to support learners who can't use other invigilation services that are incompatible with assistive technology. In-person invigilation centres across the country are reopening and this option is increasingly available for learners' requiring accommodation for examinations.

AU also hosted a series of academic strategy sessions focused on learning strategies and techniques for online learners. The university has connected with four referral organizations that provide academic strategists to ensure learners can connect with the professional best suited to their needs. As well, collaboration with the Write Site writing support service ensures learners are aware of, and make use of available supports.



**Accountability is
the glue that ties
commitment to
the result.**

Bob Proctor

APPENDIX A



Athabasca
University

FINANCIAL STATEMENTS

MARCH 31, 2022

Athabasca University

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Athabasca University
Statement of Management Responsibility
 Year ended March 31, 2022

The financial statements of Athabasca University (“the University”) have been prepared by management in accordance with Canadian Public Sector Accounting Standards as described in note 2 to the financial statements. The financial statements present fairly the financial position of the University as at March 31, 2022 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 auditors and internal auditors to discuss the results of audit examinations and financial reporting matters. The external and internal auditors have 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 Peter Scott

Original signed by Deborah L. Meyers

Peter Scott
 President

Deborah L. Meyers
 Vice-President, Finance and Performance
 Services and 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 (the University), which comprise the statement of financial position as at March 31, 2022, 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 the University as at March 31, 2022, 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 the 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 *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *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 the 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 the 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 the 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 the 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 the 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 20, 2022
Edmonton, Alberta

Athabasca University

Statement of Financial Position

As at March 31, 2022

(thousands of dollars)

	<u>2022</u>	<u>2021</u>
Financial assets excluding portfolio investments restricted for endowments		
Cash	\$ 10,065	\$ 7,594
Portfolio investments - non-endowment (Note 3)	67,754	64,560
Accounts receivable	3,781	6,427
Inventory held for sale	953	707
	<u>82,553</u>	<u>79,288</u>
Liabilities		
Accounts payable and accrued liabilities	15,350	15,033
Employee future benefit liabilities (Note 5)	13,209	14,171
Deferred revenue (Note 6)	27,180	29,315
	<u>55,739</u>	<u>58,519</u>
Net financial assets excluding portfolio investments restricted for endowments	26,814	20,769
Portfolio investments - restricted for endowments (Note 3)	4,139	3,983
Net financial assets	<u>30,953</u>	<u>24,752</u>
Non-financial assets		
Tangible capital assets (Note 7)	48,272	44,346
Purchased intangible capital assets (Note 8)	58	92
Prepaid expenses	2,494	2,332
	<u>50,824</u>	<u>46,770</u>
Net assets before spent deferred capital contributions	81,777	71,522
Spent deferred capital contributions (Note 9)	34,153	33,088
Net assets (Note 10)	<u>\$ 47,624</u>	<u>\$ 38,434</u>
Net assets is comprised of:		
Accumulated surplus	\$ 46,885	\$ 36,446
Accumulated remeasurement gains	739	1,988
	<u>\$ 47,624</u>	<u>\$ 38,434</u>
Contingent assets and contractual rights (Note 12 and Note 14)		
Contingent liabilities and contractual obligations (Note 13 and Note 15)		

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

Athabasca University

Statement of Operations

Year ended March 31, 2022

(thousands of dollars)

	Budget (Note 20)	2022	2021
Revenues			
Government of Alberta grants (Note 16)	\$ 51,711	\$ 47,363	\$ 47,537
Student tuition and fees	107,920	99,026	92,789
Sales of services and products	8,418	7,658	14,443
Investment income	1,806	4,511	1,741
Federal and other government grants (Note 16)	1,466	1,660	1,593
Donations and other grants	958	670	982
	<u>172,279</u>	<u>160,888</u>	<u>159,085</u>
Expenses			
Instruction and non-sponsored research	86,992	77,504	80,504
Academic and student support	21,833	18,159	18,908
Institutional support	16,244	18,947	19,122
Computing and communication	23,664	16,004	16,418
Sponsored research and special purpose	8,987	8,781	7,547
Ancillary and academic services	9,100	6,726	10,510
Facility operations and maintenance	5,459	4,455	4,544
	<u>172,279</u>	<u>150,576</u>	<u>157,553</u>
Annual operating surplus	-	10,312	1,532
Endowment contributions and capitalized investment income			
Endowment contributions (Note 10)	-	6	47
Endowment capitalized interest income (Note 10)	-	121	41
	<u>-</u>	<u>127</u>	<u>88</u>
Annual surplus	-	10,439	1,620
Accumulated surplus, beginning of year	-	36,446	34,826
Accumulated surplus, end of year (Note 10)	<u>\$ -</u>	<u>\$ 46,885</u>	<u>\$ 36,446</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, 2022

(thousands of dollars)

	Budget <u>(Note 20)</u>	2022 <u></u>	2021 <u></u>
Net financial assets, beginning of year	\$ 24,752	\$ 24,752	\$ 19,359
Annual surplus	-	10,439	1,620
Acquisition of tangible capital assets	(5,569)	(9,781)	(6,939)
Acquisition of intangible capital assets		-	(104)
Amortization of tangible capital assets	5,503	5,855	5,930
Amortization of purchased intangible capital assets		34	12
(Increase) decrease in prepaid expenses		(162)	45
Increase (decrease) in spent deferred capital contributions	(635)	1,065	(807)
(Decrease) increase in accumulated remeasurement gains and losses		(1,249)	5,636
Increase in net financial assets		<u>6,201</u>	<u>5,393</u>
Net financial assets, end of year	<u>\$</u>	<u>\$ 30,953</u>	<u>\$ 24,752</u>

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

Athabasca University

Statement of Remeasurement Gains and Losses

Year ended March 31, 2022

(thousands of dollars)

	2022	2021
Accumulated remeasurement gains (losses), beginning of year	<u>\$ 1,988</u>	<u>\$ (3,648)</u>
Unrealized (losses) gains attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	(835)	5,715
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	<u>(414)</u>	<u>(79)</u>
Net change for the year	<u>(1,249)</u>	<u>5,636</u>
Accumulated remeasurement gains, end of year	<u>\$ 739</u>	<u>\$ 1,988</u>
 Accumulated remeasurement gains is comprised of:		
Portfolio investments - non-endowment	<u>\$ 739</u>	<u>\$ 1,988</u>

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

Athabasca University

Statement of Cash Flows

Year ended March 31, 2022

(thousands of dollars)

	2022	2021
Operating transactions		
Annual surplus	\$ 10,439	\$ 1,620
Add (deduct) non-cash items:		
Amortization of tangible capital assets	5,855	5,930
Amortization of purchased intangible capital assets	34	12
Expended capital contributions recognized as revenue	(3,075)	(3,383)
Gain on sale of portfolio investments	(414)	(79)
(Decrease) increase in employee future benefit liabilities	(962)	200
Change in non-cash items	1,438	2,680
Decrease (increase) in accounts receivable	2,646	(3,720)
(Increase) decrease in inventory held for sale	(246)	522
Increase in accounts payable and accrued liabilities	317	1,149
(Decrease) increase in deferred revenue	(2,164)	4,897
(Increase) decrease in prepaid expenses	(162)	45
Cash provided by operating transactions	<u>12,268</u>	<u>7,193</u>
Capital transactions		
Acquisition of tangible capital assets	(9,781)	(6,939)
Purchase of intangible capital assets	-	(104)
Cash applied to capital transactions	<u>(9,781)</u>	<u>(7,043)</u>
Investing transactions		
Purchases of portfolio investments	(9,285)	(23,984)
Proceeds on sale of portfolio investments	5,129	7,592
Cash applied to investing transactions	<u>(4,156)</u>	<u>(16,392)</u>
Financing transactions		
Increase in spent deferred capital contributions, less expended capital contributions recognized as revenue	4,140	2,576
Cash provided by financing transactions	<u>4,140</u>	<u>2,576</u>
Increase (decrease) in cash	2,471	(13,666)
Cash, beginning of year	7,594	21,260
Cash, end of year	<u>\$ 10,065</u>	<u>\$ 7,594</u>

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(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. The 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, liabilities, revenues, and expenses is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. The University’s management 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 management’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	Cost
Portfolio investments	Fair value
Accounts receivable	Lower of cost or net recoverable value
Inventory held for sale	Lower of cost or net realizable value
Accounts payable and accrued liabilities	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, that is other than temporary, is not reversed for a subsequent increase in value.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

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

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

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of 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.

Management 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 contributions-

Endowment contributions 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, 2022

(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, 2022
(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.

(f) Purchased intangible capital assets

Intellectual property including licenses and course content where the University controls access to, is recorded at cost, which includes amounts that are directly related to the acquisition, initial update or modifications to bring these assets into service. Intangible assets acquired through a transfer, contribution, or inter-entity transactions are not capitalized.

The cost, less residual value, of the purchased intangible capital asset, is amortized on a straight-line basis over the lesser of the expected useful life or the license expiry date.

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

(g) 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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

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

(h) Employee future benefits

Pension

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

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

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

Administrative Leave Plan

The University provides for certain senior administrators to accrue a compensated leave. The expense for this plan is actuarially determined using the projected benefit method prorated on service. 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 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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022
(thousands of dollars)

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

(i) Liability for contaminated sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Contaminated sites occur when an environmental standard exists and contamination exceeds the environmental standard.

A liability for remediation of contaminated sites from an operation(s) that is in productive use is recognized net of any expected recoveries when all of the following criteria are met:

- the University has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand; and
- the transaction or events obligating the University have already occurred.

A liability for remediation of contaminated sites from an operation(s) no longer in productive use and/or an unexpected event occurs resulting in contamination is recognized net of any expected recoveries when all of the following criteria are met:

- the University is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

(j) Expense by function

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

Instruction and non-sponsored research

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

Academic and student support

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

Institutional support

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

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.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

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

(j) Expense by function (continued)

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 and academic services

Expenses relating to product and service sales including the provision of course materials and other learning resources to students, and consulting services for digital online transformation support to organizations and institutions.

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.

(k) Internally restricted funds and reserves

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from funds and reserves are an adjustment to the respective fund when approved.

(l) Future changes in accounting standards

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280, Asset Retirement Obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. 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 PSAB issued PS 3400, Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, specifically addressing revenue arising from transactions with performance obligations (exchange transactions) and transactions that do not have performance obligations (unilateral transactions).

In April 2021, the PSAB issued PS 3160, Public Private Partnerships. This accounting standard is effective for fiscal years starting on or after April 1, 2023. Public Private Partnerships provides guidance on how to account for infrastructure (recognizing, measuring, and classifying) when procured under these types of arrangements.

Management has not yet adopted these standards, and is currently assessing the impact of these new standards on the financial statements.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022
(thousands of dollars)

3 Portfolio investments

	2022	2021
Portfolio investments - non-endowment	\$ 67,754	\$ 64,560
Portfolio investments - restricted for endowments	4,139	3,983
	<u>\$ 71,893</u>	<u>\$ 68,543</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:

	2022			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 35,854	-	-	\$ 35,854
Equities listed in active market	32,757	-	-	32,757
Money Market Funds	3,282	-	-	3,282
Total portfolio investments	<u>\$ 71,893</u>	<u>-</u>	<u>-</u>	<u>\$ 71,893</u>
	2021			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 35,229	-	-	\$ 35,229
Equities listed in active market	30,035	-	-	30,035
Money Market Funds	3,279	-	-	3,279
Total portfolio investments	<u>\$ 68,543</u>	<u>-</u>	<u>-</u>	<u>\$ 68,543</u>

The fair value measurements are derived from:

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

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

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

3 Portfolio investments (continued)

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

- Money Market pooled funds: 1.36% (2021 - 0.73%); term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 3.33% (2021 - 3.32%); 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:

	2022		2021	
	Deferred revenue endowments (Note 6)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized gains (losses), beginning of year	\$ 222	\$ 1,988	\$ 2,210	\$ (4,229)
Unrealized (losses) gains attributable to portfolio investments	29	(835)	(806)	6,518
Amounts reclassified to statement of operations	-	(414)	(414)	(79)
Net unrealized gains, end of year	\$ 251	\$ 739	\$ 990	\$ 2,210

4 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. The sensitivity rate is determined, by the University's investment consultant, using the historical annualized standard deviation for the total portfolio investments over a four year period. At March 31, 2022, if market prices had a 5.2% (2021 - 5.0%) 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 \$3,738 (2021 - \$3,427).

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

4 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:

	<u>2022</u>	<u>2021</u>
Credit rating		
AAA	33 %	36 %
AA	14 %	10 %
A	33 %	35 %
BBB	20 %	19 %
	<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	\$ 3,282	\$ -	\$ -	\$ 3,282
Bonds listed in active market	3,792	20,683	11,379	35,854
	<u>\$ 7,074</u>	<u>\$ 20,683</u>	<u>\$ 11,379</u>	<u>\$ 39,136</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	\$ 524	\$ 262	\$ (262)	\$ (524)

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

4 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.

5 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	2022	2021
Universities Academic Pension Plan (UAPP)	\$ 11,988	\$ 12,802
Administrative Leave Plan	1,221	1,369
	<u>\$ 13,209</u>	<u>\$ 14,171</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, 2020, and was then extrapolated to March 31, 2022, resulting in a UAPP deficit of \$247,933 (2021 - \$817,447 deficit) consisting of a pre-1992 deficit of \$797,730 (2021 - \$832,342) and a post-1991 surplus of \$549,797 (2021 - \$14,895). The University's portion of the UAPP pre-1992 deficit and post-1991 surplus 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% (2021 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 3.04% (2021 - 2.90%) of salaries until June 30, 2022 and 3.57% (2021 - 3.04%) of salaries required to eliminate the unfunded deficit by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$226,028 at March 31, 2022 (2021 - \$249,339).

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, 2022. 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 \$1,221 (2021 - \$1,369) 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, 2022
(thousands of dollars)

5 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:

	2022		2021	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Expense				
Current service cost	\$ 6,096	\$ 321	\$ 5,303	\$ 287
Interest cost	938	13	1,647	74
Amortization of net actuarial loss (gain)	305	(91)	1,498	(371)
Total expense (income)	<u>\$ 7,339</u>	<u>\$ 243</u>	<u>\$ 8,448</u>	<u>\$ (10)</u>
Financial Position				
Accrued benefit obligation:				
Balance, beginning of year	\$ 176,118	\$ 1,369	\$ 152,855	\$ 1,864
Current service cost	6,096	321	5,303	287
Interest cost	9,269	13	8,656	74
Benefits paid	(7,911)	(391)	(7,173)	(485)
Actuarial loss (gain)	13,424	(91)	16,477	(371)
Balance, end of year	196,996	1,221	176,118	1,369
Plan assets	<u>(196,341)</u>	-	<u>(160,084)</u>	-
Plan deficit	655	1,221	16,034	1,369
Less unamortized net actuarial (gain) loss	<u>(11,333)</u>	-	<u>3,232</u>	-
Accrued benefit liability	<u>\$ 11,988</u>	<u>\$ 1,221</u>	<u>\$ 12,802</u>	<u>\$ 1,369</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

*(thousands of dollars)***5 Employee future benefit liabilities (continued)****(a) Defined benefit plans accounted for on a defined benefit basis (continued)**

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

	2022		2021	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	5.10%	0.90%	5.20%	3.85%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	5.20%	n/a	5.60%	n/a
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Alberta inflation (long term)	2.00%	n/a	2.00%	n/a
Estimate average remaining service life	10.6 years	12 years	10.6 years	10.0 years
Retirement age	65	67.5	65	67.5

(b) Defined benefit plan accounted for on a defined contribution basisPublic 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 (2021 - \$1,359).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2021 from the actuarial valuation as at December 31, 2020 with the updated assumptions. At December 31, 2021, the PSPP reported a surplus of \$4,588,479 (2020 - \$2,223,582). For the year ended December 31, 2021, PSPP reported employer contributions of \$310,371 (2020 - \$323,497). For the 2021 calendar year, the University's employer contributions were \$1,378 (2020 calendar year - \$1,360).

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2022
(thousands of dollars)

6 Deferred revenue

	<u>2022</u>			<u>2021</u>
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 10,790	\$ 18,525	\$ 29,315	\$ 23,615
Grants, tuition and donations	6,513	71,436	77,949	81,609
Investment income	272	-	272	68
Unrealized gain (Note 3)	29	-	29	803
Transfers to spent deferred capital contributions (Note 9)	(4,140)	-	(4,140)	(2,576)
Recognized as revenue	(4,941)	(71,304)	(76,245)	(74,204)
Balance, end of year	<u>\$ 8,523</u>	<u>\$ 18,657</u>	<u>\$ 27,180</u>	<u>\$ 29,315</u>

7 Tangible capital assets

	<u>2022</u>					<u>2021</u>	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library holdings	Total	Total
Cost							
Beginning of year	\$ 2,180	61,958	50,884	9,245	7,537	\$ 131,804	\$ 125,031
Acquisitions	-	14	9,564	105	98	9,781	6,939
Disposals, including write-downs	-	-	(23)	(295)	(1,141)	(1,459)	(166)
	<u>\$ 2,180</u>	<u>61,972</u>	<u>60,425</u>	<u>9,055</u>	<u>6,494</u>	<u>\$ 140,126</u>	<u>\$ 131,804</u>
Accumulated amortization							
Beginning of year	\$ -	33,492	39,573	7,225	7,168	\$ 87,458	\$ 81,694
Amortization expense	-	1,610	3,680	502	63	5,855	5,930
Effects on disposals, including write-downs	-	-	(23)	(295)	(1,141)	(1,459)	(166)
	<u>\$ -</u>	<u>35,102</u>	<u>43,230</u>	<u>7,432</u>	<u>6,090</u>	<u>\$ 91,854</u>	<u>\$ 87,458</u>
Net book value at March 31, 2022	<u>\$ 2,180</u>	<u>26,870</u>	<u>17,195</u>	<u>1,623</u>	<u>404</u>	<u>\$ 48,272</u>	
Net book value at March 31, 2021	<u>\$ 2,180</u>	<u>28,446</u>	<u>11,311</u>	<u>2,020</u>	<u>369</u>		<u>\$ 44,346</u>

Included in computer hardware and software is \$6,553 (2021 - \$3,925) work-in-progress, that is not amortized as the assets are not yet available for use.

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

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

*(thousands of dollars)***8 Purchased intangible capital assets**

	<u>2022</u>	<u>2021</u>
Cost		
Beginning of year	\$ 104	\$ -
Purchases	-	104
Disposals, including write-downs	-	-
	<u>\$ 104</u>	<u>\$ 104</u>
Accumulated amortization		
Beginning of year	\$ 12	\$ -
Amortization expense	34	12
Effects on disposals, including write-downs	-	-
	<u>\$ 46</u>	<u>\$ 12</u>
Net book value	<u>\$ 58</u>	<u>\$ 92</u>

9 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.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 33,088	\$ 33,895
Transfers from restricted grants and donations	4,140	2,576
Expended capital contributions recognized as revenue	(3,075)	(3,383)
Balance, end of year	<u>\$ 34,153</u>	<u>\$ 33,088</u>

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2022
(thousands of dollars)

10 Net assets

	Accumulated surplus from operations ⁽¹⁾	Investment in capital assets ⁽²⁾	Endowments	Total
Balance as at March 31, 2020	\$ 18,061	\$ 9,442	\$ 3,675	\$ 31,178
Annual operating surplus	1,532	-	-	1,532
Endowments				
New contributions	-	-	47	47
Capitalized investment income	-	-	41	41
Capital assets ⁽²⁾				
Acquisition of capital assets ⁽²⁾	(4,467)	4,467	-	-
Amortization of capital assets ⁽²⁾	2,559	(2,559)	-	-
Increase in accumulated remeasurement gains and losses	5,636	-	-	5,636
Balance as at March 31, 2021	23,321	11,350	3,763	38,434
Annual operating surplus	10,312	-	-	10,312
Endowments				
New contributions	-	-	6	6
Capitalized investment income	-	-	121	121
Capital assets ⁽²⁾				
Acquisition of capital assets ⁽²⁾	(5,641)	5,641	-	-
Amortization of capital assets ⁽²⁾	2,814	(2,814)	-	-
Decrease in accumulated remeasurement gains and losses	(1,249)	-	-	(1,249)
Balance as at March 31, 2022	<u>\$ 29,557</u>	<u>\$ 14,177</u>	<u>\$ 3,890</u>	<u>\$ 47,624</u>
Net assets is comprised of:				
Accumulated surplus	\$ 28,818	\$ 14,177	\$ 3,890	\$ 46,885
Accumulated remeasurement gains	739	-	-	739
	<u>\$ 29,557</u>	<u>\$ 14,177</u>	<u>\$ 3,890</u>	<u>\$ 47,624</u>

⁽¹⁾ Accumulated surplus from operations includes internally restricted funds of \$23,761 (2021 - \$20,129).

⁽²⁾ Includes tangible capital assets and purchased intangible capital assets.

11 Liability for contaminated sites

The University has no liability for remediation of contaminated sites as at March 31, 2022 (2021 - \$0).

12 Contingent assets

The University has no contingent assets as at March 31, 2022.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

13 Contingent liabilities

The University has no legal claims as at March 31, 2022 that management believes would have a material adverse effect on the financial position or the results of operations of the University.

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
2023	\$ 15,442	\$ 10,096	\$ 181	\$ 25,719
2024	1,102	1,672	85	2,859
2025	247	1,440	-	1,687
2026	145	1,257	-	1,402
2027	20	6	-	26
Thereafter	-	-	-	-
Total at March 31, 2022	<u>\$ 16,956</u>	<u>\$ 14,471</u>	<u>\$ 266</u>	<u>\$ 31,693</u>
Total at March 31, 2021	<u>\$ 14,214</u>	<u>\$ 11,131</u>	<u>\$ 946</u>	<u>\$ 26,291</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, 2021, CURIE had an accumulated surplus of \$105,790 (2020 - \$99,449), of which the University's pro rata share is approximately 0.53% (2021 - 0.53%). This accumulated surplus is not recognized in the financial statements.

Athabasca University**Notes to the Financial Statements**

Year ended March 31, 2022

*(thousands of dollars)***16 Government transfers**

	2022	2021
	<u> </u>	<u> </u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 41,831	\$ 42,274
Special purpose	2,982	3,600
Total Advanced Education	<u>44,813</u>	<u>45,874</u>
Other Government of Alberta departments and agencies:		
Environment and Parks	-	1,000
Culture and Status of Women	140	104
Jobs, Economy and Innovation	64	36
Health	-	3
Labour and Immigration	-	(15)
Total other Government of Alberta departments and agencies	<u>204</u>	<u>1,128</u>
Total grants received	45,017	47,002
Expended capital contributions recognized as revenue	2,899	3,188
Deferred revenue	(553)	(2,653)
Total Government of Alberta grants	<u>\$ 47,363</u>	<u>\$ 47,537</u>
Grants from Federal and other government		
Special purpose grants received	\$ 2,043	\$ 2,104
Expended capital contributions recognized as revenue	167	186
Deferred revenue	(550)	(697)
Total Federal and other government grants	<u>\$ 1,660</u>	<u>\$ 1,593</u>

In addition to the grants listed above, the University received \$320 (2021 - \$212) from the Ministry of Culture and Status of Women, 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, 2022

(thousands of dollars)

17 Related parties

The University is a related party to organizations within the Government of Alberta reporting entity, such as Ministries, Alberta universities and colleges, and school districts. Related parties also include key management personnel, the Board of Governors, and their close family members.

During the year the University conducted business transactions with related parties. The revenue received or expense incurred for these transactions have been included in the statement of operations but have not been separately quantified. These transactions 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 received the following services at nominal or reduced amounts:

- leased office space owned by Bow Valley College, an entity subject to common control, on only an operating cost recovery basis.
- operated the Athabasca University Geophysical Observatory II research station on land leased at nominal cost from the Alberta Ministry of Environment and Parks.

18 Expense by object

	2022		2021
	Budget (Note 20)	Actual	Actual
Salaries	\$ 92,775	\$ 86,448	\$ 90,613
Employee benefits	20,036	18,722	18,926
Fees and purchased services	32,954	23,091	24,959
Cost of goods sold	8,478	6,312	7,575
Communication and travel	3,066	2,916	2,685
Materials and supplies	4,586	2,766	2,939
Rental, insurance and utilities	2,813	2,351	2,289
Scholarships and bursaries	2,068	2,081	1,625
Amortization of capital assets ⁽¹⁾	5,503	5,889	5,942
	<u>\$ 172,279</u>	<u>\$ 150,576</u>	<u>\$ 157,553</u>

⁽¹⁾ Includes tangible capital assets and purchased intangible capital assets.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

19 Salary and employee benefits

	2022			2021	
	Base salary ⁽¹⁾	Cash benefits ⁽²⁾	Non-cash benefits ⁽³⁾	Total	Total
Governance⁽⁴⁾					
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Executive					
President ⁽⁵⁾⁽⁶⁾	281	21	38	340	96 ⁽⁷⁾
Provost and Vice-President Academic ⁽⁸⁾	290	21	104	415	433
Vice-President Finance and Performance Services and CFO ⁽⁵⁾	236	5	43	284	311
Vice-President Information Technology and CIO	256	17	46	319	318
Vice-President University Relations	245	15	45	305	305

(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, vehicle 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) In 2022 two individuals held this position; the past interim incumbent for 9 months and the current incumbent for 3 months.

(6) Other non-cash benefits for the incumbent in this role include future administrative leave benefits, which accrue annually on the employment anniversary date, beginning after completing the first year of service (per the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation*).

(7) The 2021 amount is net of a \$280 forfeited balance of administrative leave benefits upon prior incumbent resignation in accordance with the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation*.

(8) Non-cash benefits for the individual in this role include future administrative leave benefits accrued during the year.

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

	Accrued Obligation				Accrued Obligation ⁽⁹⁾	
	March 31, 2021	Service costs	Interest and other costs	Benefits paid	Actuarial loss (gain)	March 31, 2022
President ⁽⁶⁾	\$ -	-	-	-	-	\$ -
Provost and Vice-President Academic	\$ 280	60	3	-	(5)	\$ 338

(9) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 5.

Athabasca University

Notes to the Financial Statements

Year ended March 31, 2022

(thousands of dollars)

20 Budget figures

The University's 2021-2022 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.

21 Approval of financial statements

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

“

I love that AU has an online program because literally anyone in the world can take a program. They can tune in, they can learn how they like.

Sheena Papin, AU learner



**Athabasca
University**

“

I just always regretted not getting that degree. And once our family was growing up, I thought, you know, I will.

Brenda Butler (Bachelor of General Studies '22)

“

Without AU, I would not have been able to commit to earning my Doctor of Education in Distance Education degree with the other responsibilities I have.

Kelsey Shields (Doctor of Education in Distance Education '22)



Athabasca
University

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