

Annual Report 2008-09

Athabasca University 

Annual Report

to Alberta Advanced Education and Technology

For the year ended March 31, 2009

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flexibility
innovation

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Statement of Accountability

Athabasca University's Annual Report for the year ended March 31, 2009, was prepared under the direction of Athabasca University Governing Council in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

Original signed by Barry Walker

Barry Walker, FCA
Chair, Athabasca University Governing Council

January 8, 2010

Message from the Chair and the President

As outlined in the following report, the 2008-09 fiscal year has been one of significant change and substantial accomplishment, on both the individual and institutional level, for Athabasca University.

During 2008-09, the university admitted students to its first two doctoral programs, appointed its first dean of graduate studies and approved a reorganization of its undergraduate academic governance structure, adopting a decanal model. The university's research infrastructure was enhanced by the addition of several new chairs and research centres, and a number of exciting new research projects were initiated as others grew to fruition. Several successful international conferences and a number of publications by AU Press further enhanced the university's research profile and its record for disseminating knowledge to both academic audiences and the community at large.

Enrolment at both the undergraduate and graduate levels continued to grow during the year, though more modestly than in the recent past, and several academic programs were introduced or expanded. Student services have also been enhanced, and additional planned improvements are in various stages of development.

Construction of the new \$30 million Academic and Research Centre on the Athabasca campus began in December 2008, with occupancy scheduled for the fall of 2010. A number of improvements to information and communication technology infrastructure were also carried out or planned, and the university continued to explore options for consolidating its Greater Edmonton Area operations.

Like all public institutions, AU was forced by the worldwide economic recession to make adjustments and compromises during the past year, but the university remains committed to the priorities identified in the *Strategic University Plan* and is in a strong position to maintain its record of outstanding service to students.

As AU enters the final year of its fourth decade, it is involved in a comprehensive self-study process that will engage the entire university community in creating a document that will encapsulate the values and beliefs of the institution and inform its future planning.

Original signed by Barry Walker

Barry Walker, FCA
Chair
Athabasca University Governing Council

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President
Athabasca University

Operational Overview

THE YEAR IN REVIEW

During 2008-09, Athabasca University made significant strides to accomplish the goals of the *Strategic University Plan 2006-11* and to advance the growth and development of post-secondary online and distance education. It continues to maintain its standing as one of the world's foremost distance education specialists, now serving 38,464 students through 776 courses in more than 90 graduate and undergraduate degree, diploma and certificate programs. Some of the highlights of the past year follow.

Governance

Self Study

A comprehensive institutional self study, an in-depth examination of what the university does and how it does it, is in progress at AU. The process will contribute to both internal planning, such as the upcoming *Strategic University Plan 2011-16*, and external planning, such as the five-year reaffirmation of the university's accreditation with the Middle States Commission on Higher Education.

The self-study process is designed to achieve an objective view of the quality of the university, and to engage the entire university community in reflecting upon the collective values and beliefs of the institution. The results of the study will show how well AU performs in relation to generally accepted norms in higher education, how well it achieves its own performance expectations and how well it supports continual institutional improvement.

Conference Board of Canada Nomination

AU was nominated for the Conference Board of Canada/Spencer Stuart 2009 National Award in Governance, the sole university nominated this year. The awards recognize innovation, excellence and leadership in governing bodies.

The university was recognized for honouring its mission to remove barriers to post-secondary

education and for its innovative work in distance education to increase educational opportunities worldwide. Among several accomplishments recognized by the nomination was the university's decision to adopt an innovative set of internal governance structures for the purpose of developing council composition, continually monitoring and enhancing performance, expanding organizational effectiveness and building a dynamic relationship with university management.

Administration

First Dean of Graduate Studies

Dr. Pamela Hawranik joined AU in June 2008 as the university's first dean of graduate studies. In the new position, she is charged with building a state-of-the-art Faculty of Graduate Studies, one that is relevant and responsive to the needs of students, faculty members and the community.

Before coming to AU, Hawranik served as associate dean in the Faculty of Graduate Studies at the University of Manitoba and as associate dean for graduate programs in the Faculty of Nursing, also at the University of Manitoba. Her research, in gerontology, focuses on the effectiveness of community services in meeting the needs of older adults and their unpaid caregivers. She has participated in several nationally funded studies which, for example, identified barriers and issues in delivering and accessing home care services in rural Canada and evaluated the effectiveness various interventions, such as alternative therapies and vision care services, on the health of older adults.

In November 2008, Hawranik, was one of 100 Canadian nurses to receive the Canadian Nurses Association's Centennial Award. This award was created to honour exceptional registered nurses whose work has had a positive impact on nursing and on the lives and health of Canadians. Recipients were nominated by their peers and included nurses from all regions of the country and from all areas of nursing, including educators, administrators, practitioners, researchers and policy leaders.

New Executive Director of CIM

Dr. Alex Kondra was appointed executive director of the Centre for Innovative Management for a two-year term beginning April 1, 2008. Prior to accepting this post, he served as an associate professor in the School of Business and most recently as AU's acting associate vice-president (academic).

Kondra received a PhD in Industrial Relations from the University of Alberta in 1995. In addition to several years' experience in senior academic administration, he brought to his new position a wealth of teaching experience in human resources, organizational theory, and labour and industrial relations and research interests in change management, collective bargaining, labour policy and institutional theory. He is a member of the Canadian Industrial Relations Association, the Administrative Sciences Association of Canada and the Canadian Federation of Business School Deans.

Teaching

Heritage Resources Management Program Courses

The Heritage Resources Management Program, approved by Alberta Advanced Education and Technology in 2007, made significant advances during the past year: five undergraduate and graduate courses are open, and three more are set to open later in 2009. Course design and teaching in the HRM program have been inspired by the university's principles of openness, flexibility, excellence and innovation. All courses are offered in Moodle, and AU's Educational Media Development unit has worked creatively with the HRM Program to make the best use of this teaching tool.

Moodle has given the program the ability to create supportive learning environments by combining traditional distance education techniques (such as print materials and postal, email and phone contact) with full online interactive capability. Moodle courses allow instructors to post contemporary news items and notices with Internet links about museums and historic sites or heritage issues for

students to discuss. Students submit assignments digitally through the course site, and instructors return marked assignments the same way. Many assigned course readings are also provided in digital format, allowing students to access them at any time on their computers. Moodle also makes it easy to use photographs, slide shows, video and audio materials, and links to worldwide museum and heritage Internet sites as teaching tools.

Teaching and new course development in the HRM Program has also benefited from the administrative integration of undergraduate and graduate streams. Teaching excellence is always influenced by administrative structures, and the treatment of both academic streams as a single program in the Centre for Integrated Studies has offered significant advantages. Students benefit because undergraduate and graduate training become mutually reinforcing elements, an arrangement that also makes efficient use of resources.

This innovative use of technology and integration of research, creative activity and heritage practice in teaching heritage resources management has contributed to the creation of a supportive and exciting learning environment for students, all the while meeting the heritage sector's need for highly qualified and well trained professionals.

CNIE Leadership Award

In recognition of his outstanding service to distance education, Dr. Bob Spencer, former director of AU's Centre for Distance Education, was presented the 2008 Award for Leadership in Distance Education at the Canadian Network for Innovation in Education conference hosted by AU in Banff from April 27 to 30, 2008.

Spencer was instrumental in the founding and initial development of the Centre for Distance Education and its Master of Distance Education program at AU. He served as the co-ordinator of the original proposal for the degree (the university's first graduate degree) and co-ordinated development of the details of the program, including program

regulations, the original courses, admissions criteria, staffing sources, promotion and management, and administrative structure.

Research

Chair in Adaptivity and Personalization in Informatics

The importance of leading-edge research in m-learning (mobile learning) was confirmed in February 2009 with the launch of the \$3 million iCORE/Xerox/Markin Industry Research Chair in Adaptivity and Personalization in Informatics at AU. The chair is held by Dr. Kinshuk, director of AU's School of Computing and Information Systems.

The new research chair focuses on using mobile technology such as cell phones, personal digital assistants and laptops to provide individual learning to students by extending access to those in remote locations who cannot attend a campus-based institution and by enriching the learning experience of both classroom and distance learners by making it more authentic and contextual.

The research also aims to adapt the learning experience to learners' unique needs by using technology to identify an individual learner's background, knowledge and the environment in which he or she is working.

Immersive Technologies for Education

In February 2009, Sun Microsystems of Canada Inc. announced the creation of a new Immersive Technologies for Education Centre of Excellence at AU. Dr. Fuhua Lin of the School of Computing and Information Systems is leading this initiative. A Canadian first, the COE will enable students, teachers, schools and communities to develop innovative and inclusive learning experiences that foster collaboration and interaction.

AU will be introducing the COE's three-dimensional immersive technology research into the curriculum so teachers can create dynamic 3D learning environments and share experiences with colleagues while graduate students can acquire

the knowledge and skills necessary for real-world applications.

Research produced at the COE will lay the foundation for the creation of rich immersive educational environments on a broader scale, permitting students to work and play together regardless of where they may be, allowing isolated communities to engage with others within and outside Canada and enabling the development of richer ties between any arbitrary set of communities anywhere in the world.

New Canada Research Chair in Semantic Technologies

Dr. Dragan Gasevic, an assistant professor in AU's School of Computing and Information Systems, was awarded a Canada Research Chair in semantic technologies. Gasevic is an internationally known researcher in this emerging area of research. Marrying the ideas of artificial intelligence and web technologies, the semantic web uses ontologies, a set of concepts that model a domain of knowledge or discourse in order to automatically process and share knowledge. Combining the semantic web with widely adopted concepts of collective intelligence and the wisdom of crowds (also known as Web 2.0 or the social web) creates a novel and synergetic space of technologies, known as semantic technologies.

New Canada Research Chair in Indigenous Studies

Based on its increased research activity, AU was awarded an additional Canada Research Chair in March of 2009. This chair, in Indigenous studies, has been advertised, and a nominee will be proposed to the Canada Research Chairs Secretariat in the coming year.

Student Services

New Website

After more than a year of research, collaboration, design, development and testing, AU launched a

new website in December 2008. The scope of the project included

- new content
- templates to create a unique look consistent with an overall visual identity
- improved architecture and information placement
- comprehensive site navigation, navigational aids and orientation markers
- an easy-to-read site map
- system documentation and technical style manuals so that AU web authors can make changes while maintaining a consistent style

The new website has made it easier for prospective students to become AU students and for students to register for courses. Future components of the website redevelopment process will include improvements to application, enrolment and registration processes.

Quick Admit

The Office of the Registrar and Computing Services have completed and implemented a redesigned Quick Admit general application form for non program students. This form has made the admission process much more efficient and user friendly.

Faculty Achievement

CIHR Institute of Aging Award

Dr. Sharon Moore, an associate professor of nursing in AU's Centre for Nursing and Health Studies, was presented the Betty Havens Award for Knowledge Translation in Aging in October 2008 for her work in suicide assessment and prevention for seniors. The award was presented by the Canadian Institutes of Health Research Institute of Aging. Moore shared the \$50,000 award with Dr. Marnin J. Heisel of the Lawson Health Research Institute at the University of Western Ontario.

In 2005-06, Moore and Heisel, together with the Canadian Coalition for Seniors' Mental Health, created Canada's first ever guidelines for the assessment of suicide risk and prevention of suicide in seniors. Both are committed to continuing their work with the CCSMH to ensure that the guidelines are disseminated effectively and moved into practice and policy wherever possible.

Science Research Fellowship

Dr. Kinshuk, director of AU's School of Computing and Information Systems, received a research fellowship from the Japan Society for the Promotion of Science, through its Invitational Fellowship Program, for short-term research in Japan. He was in Japan from July 21 to August 10, 2008, conducting research and lecturing on adaptivity and personalization in e-learning. He also visited various universities and industries for discussions on academic research and possibilities for collaboration.

Wedemeyer Award

The Theory and Practice of Online Learning, edited by Dr. Terry Anderson, a professor in the Centre for Distance Education and Canada Research Chair in distance education, received the Charles A. Wedemeyer Award from the University Continuing Education Association. The award recognizes publications of merit that make significant contributions to research in the field of distance education.

Staff Achievement

Emerging Artist Award

Sherry Coffey, a repository network and content specialist in the AU Library, was selected as one of the first winners of the Lieutenant Governor of Alberta Arts Awards Foundation's new Emerging Artist Award. She received the award for her novel in progress, *A Pattern of Walking*, a historical novel which, the adjudication panel said, "eloquently mixes historical events with fiction to carve an imaginative landscape which draws you in."

Editorial Posting

Citing her superior work as a peer reviewer, the Multimedia Educational Resource for Learning and Online Teaching has once again invited Pamela Quon, academic co-ordinator, management accounting, in AU's School of Business to join its Business Editorial Board. MERLOT's business editorial members are selected based on several criteria, including their experience in the discipline, excellence in teaching, experience in technology and participation in professional organizations. Quon is a Certified Management Accountant and holds an AU Master of Distance Education degree and a University of Alberta Bachelor of Commerce degree.

Student Achievement

National In-Course Excellence Award

Heather Fraser, a second-year BA student (double major in information systems and psychology) was the winner of a 2009 Millennial Foundation In-Course Excellence Award, receiving one of only 100 first-level awards distributed nationally. Criteria for the award included solid academic performance, a high level of community service, innovation and leadership. A councillor with Athabasca University Students' Union, Fraser is also involved with a number of community volunteer groups including the Navy League of Cadets of Canada, minor hockey and baseball, and a local powwow planning board.

Gold Quill Award

Chasity Berast, a student in AU's undergraduate Communication Studies Program, received a 2008 Gold Quill Award (Student Division) from the International Association of Business Communicators. The award recognized the excellence of her work in a communication campaign that she designed for Saskatchewan Library Week 2007. The goal of the campaign was to promote medical libraries to employees of the Saskatoon Health Region. The IABC received over 1,040 entries from 30 countries for the 2008 Gold Quill competition and made 116 awards.

Alumni Achievement

Order of Canada

Winston Kassim (MBA, 2000) has been named to the Order of Canada for lifetime achievement. Kassim, who is head of strategic initiatives, Canadian banking, for the Royal Bank of Canada, was cited as "a community volunteer who played a key role in establishing several community and religious centres that provide outreach services to refugees and immigrants." His many contributions include more than 10 years of service to the International Development and Relief Foundation, most recently as vice-chair.

National Nursing Award

AU alumna Susan Stoneson (Master of Nursing, 2007) was one of three Canadian nurses to receive the 2009 National Award of Excellence in Nursing for First Nations and Inuit Communities. Since graduating from AU, Stoneson has been working for Health Canada as a community health nurse and nurse in charge on the British Columbia Resource Team. She divides her time as an advanced practice nurse among her home base in Chilliwack, B.C., and seven First Nations communities.

AU Press

Athabasca University Press celebrated its official launch and presented its first published works at the Congress 2008 Book Fair held in conjunction with the Congress of the Humanities and Social Sciences in Vancouver in June 2008.

Canada's first 21st century scholarly press, AU Press is committed to the principle of open access as a means of overcoming barriers to knowledge for all readers with Internet access. Access to all AU Press publications is free over the Internet and, wherever possible, its publications are licensed with Creative Commons. In keeping with Athabasca University's mission of overcoming barriers to education, AU Press also works with emerging writers and researchers to promote success in scholarly publishing, whether in journals, monographs or new electronic formats.

Two of AU Press's first publications received major recognition in 2008-09. *Imagining Head-Smashed-In: Aboriginal Buffalo Hunting on the Northern Plains*, by Jack W. Brink, curator of archaeology at the Royal Alberta Museum, was selected by the Society for American Archaeology as the best archaeology book of 2009 in the popular writing category, and Sarah Carter's *The Importance of Being Monogamous: Marriage and Nation Building in Western Canada* (co-published with the University of Alberta Press) was nominated for the Cundill International Prize in History, the world's most prestigious award for historical non-fiction.

Conferences

AU hosted two major international conferences over the past year and co-hosted a third.

CNIE 2008

CNIE Conference 2008, the inaugural annual conference of the Canadian Network for Innovation in Education, hosted by AU in Banff April 27-30, 2008, was a great success. Created in 2007, the CNIE was formed through the merger of the Canadian Association for Distance Education and the Association for Media and Technology in Education. Nearly 600 participants from across Canada and around the world attended. In addition to keynote speeches, 149 presentations, four panel discussions and 145 paper presentations were featured. Poster sessions, pre-conference workshops and vendor seminars were also offered.

Digital Games and Learning

In November 2008, AU hosted Digital 2008, the second IEEE International Conference on Digital Game and Intelligent Toy Enhanced Learning, also in Banff. This conference was organized by the School of Computing and Information Systems and the Research Centre. Eight sessions over three days covered topics in areas such as games and learning, special needs and self-efficacy, second lives, novel technologies, educational gaming, learning through games, robots and pets, and games and curricula.

Sustainable Wealth Creation

Together with the University of Maryland University College and Mexico's Tecnológico de Monterrey, AU co-hosted Sustainable Wealth Creation Through Human Capital Transformation in the New Knowledge Economy, an international conference focused on sustainable wealth creation and human capital transformation in the North American Free Trade Agreement region, in Adelphi, Maryland, in March 2009. The conference, which brought together representatives of governments, business, universities and non-governmental organizations, was the first of a series of three to be sponsored by the North American Alliance of Innovative Universities, an association formed by the three host universities to advance leadership in

- developing and using innovative educational models and technologies for online adult education
- providing accessible educational opportunities in terms of student time, space, pace socioeconomic status and cultural understanding
- facilitating academic, administrative and technological learner support
- fostering learning communities and individual transformation
- offering intellectually demanding, internationally relevant and collaboratively rich learning dynamics

The three annual conferences will, besides showcasing and enriching collaborations among North America's three finest distance education universities, focus on NAFTA and free trade issues in North America and lay the groundwork for an innovative international MBA.

OPPORTUNITIES AND CHALLENGES

Program Expansion

Identification and consideration of new program opportunities, including those that will align with Alberta's Access Planning Framework, are

important. Graduate programs, programs that align with labour market needs and transitioning programs fall into this category. Liaison with professional associations to respond to learning needs through modularized offerings is another area of opportunity. Such initiatives may also strengthen AU's role in Campus Alberta. The university continues to work with the Royal Architectural Institute of Canada on development of distance education programming in architecture.

Refreshing the curriculum through online enhancements may present opportunities for cost savings, but further investigation of the distribution processes is required. The course development tracking system now under development will provide much needed management information about the course revision cycle. It should be noted that as enrolment grows the cost of sustaining licensed subscriptions and use rights also increases.

Accessibility

AU must continue to advance its key mission of making post-secondary education accessible to all Albertans, including Aboriginal people, residents of rural and remote communities, older learners and persons with disabilities. Targeted campaigns to reach underserved populations will continue.

The Enrolment Management Committee has identified a number of system development projects that should improve the experience of prospective and new students. Opportunities to expedite transcript evaluations are being addressed through training, process changes and additional staffing. The first phases of information technology projects for this area are now underway. Implementation of the Alberta Post-Secondary Application System this fall will need to be closely monitored to ensure that the university's registration process is not negatively affected.

Research

The launch of doctoral programs and a renewed focus on the university's research base are providing

exciting opportunities for AU. The reputation of the university is enhanced by the continuing success of the *International Review of Research in Open and Distance Learning* and by the new activities associated with AU Press.

The relocation of AU's Geophysical Observatory is expected to cost \$1.8 million. Funding support is being sought from the Canadian Foundation for Innovation and the provincial government. Garnering matching funds during a time of fiscal restraint will be a challenge.

AU will continue to engage in provincial discussions on the Research and Innovation Framework. Through the pilot of Alberta's Research Capacity Framework in 2010, the province will co-ordinate planning and prioritize investments. Targeted support will be focused in the domains of health, bio-industries, energy and the environment, and technology commercialization. The drive for rapid commercialization will pose challenges. However, as e-learning develops into a greater research strength, AU should become more competitive.

As a uniquely structured university with a full-time faculty complement of less than 200, AU must adopt unique approaches to developing research capacity: other universities with AU's enrolment have a significantly higher faculty complement. A focused expansion of the research agenda is important to the continued growth of any comprehensive university. Maintenance of a robust research program is also essential to attracting and retaining high quality faculty members.

The number of council grant applications submitted by AU faculty members has steadily increased in the past few years. The success rate is also improving. The three research institute initiatives launched over the past two years (the Athabasca River Basin Research Institute, the Technology Enhanced Knowledge Research Institute, and the Project Management Research Institute) will, as they become formalized, provide opportunities to build on the university's research strengths.

Collaboration

By virtue of its mandate, AU is integral to Campus Alberta. AU's open access mandate, including its transfer credit practice, provides the opportunity for increased partnerships and strategic alliances with other post-secondary institutions, particularly colleges.

Grouped study activities and international registration have not been growing in recent years. With degree granting status having been awarded to two Alberta colleges, some partnership activities are in transition.

AU must continue to advance its internationalization agenda. Accomplishing this goal will require

- building additional strategic partnerships with international colleges and universities, thereby providing another avenue for student recruitment
- developing targeted approaches to attracting international students and providing appropriate support services
- forging strategic partnerships with Alberta colleges to deliver seamless educational opportunities to international markets

Staffing

The worldwide economic climate and expected restraint measures have created some uncertainty for staff members over the past year. At the same time, recruitment activities for specially funded projects in some very competitive fields continued to pose a challenge.

Some workspaces will need to be adjusted to accommodate renovations when the new Academic and Research Centre building is ready for occupancy.

Once deans have been recruited, the academic governance review can resume. A comprehensive policy and procedure review will be required to recognize the new administrative structure.

Resources

The need to revise the budget model to address

the changes in academic administration is clear. A new model should also provide opportunities to enhance efficiencies within faculties and operational divisions. The current fiscal climate makes the need for understanding cost structures and providing room for incentives even more pressing. Opportunities for diversifying revenue streams will have to be considered in the contexts of business cases and institutional capacity.

Like many public sector institutions, AU is facing fiscal challenges including fluctuating investment income, restricted grant revenues and competition for philanthropic attention. AU's mission supports compelling cases for enhanced investment, but it is incumbent upon the university to prove its merits as a steward of its resources. Feedback from the university community has been collected, and a combination of measures is being considered including strategic realignment of core business, automation of business processes, review of vacancies, redistribution of workload and identification of other targeted saving opportunities.

Over the past year AU has worked closely with Alberta Advanced Education and Technology on redefining its mandate within the context of Alberta's university culture. Discussions were also undertaken on a new funding formula to reflect that renewed mandate.

FINANCIAL HIGHLIGHTS

Summary

With a deficiency of revenue over expense of \$11.5 million, AU continues to move forward by strategic investments from reserves. As a result, net assets, net of an increase of \$434,000 in endowments, decreased from \$31.2 million to \$20.3 million. The primary reasons were strategic investments of \$6.5 million, approved in the 2008-09 budget, and a \$4.8 million negative variance in investment income attributable to extreme volatility in the equity markets.

The university faced a number of other challenges during the year, including lower than anticipated

increases in enrolment, but managed them effectively through reductions in related expenses.

Construction of the Academic Research Centre began during the year, but because this \$30 million project is funded by the Province of Alberta, its financial impact is apparent only on the Statement of Financial Position and Statement of Cash Flows. About \$3.1 million of the increase in capital assets is related to the Academic Research Centre. Deferred capital contributions and changes thereto, and the increase in unamortized deferred capital contributions are also directly related to the Academic Research Centre.

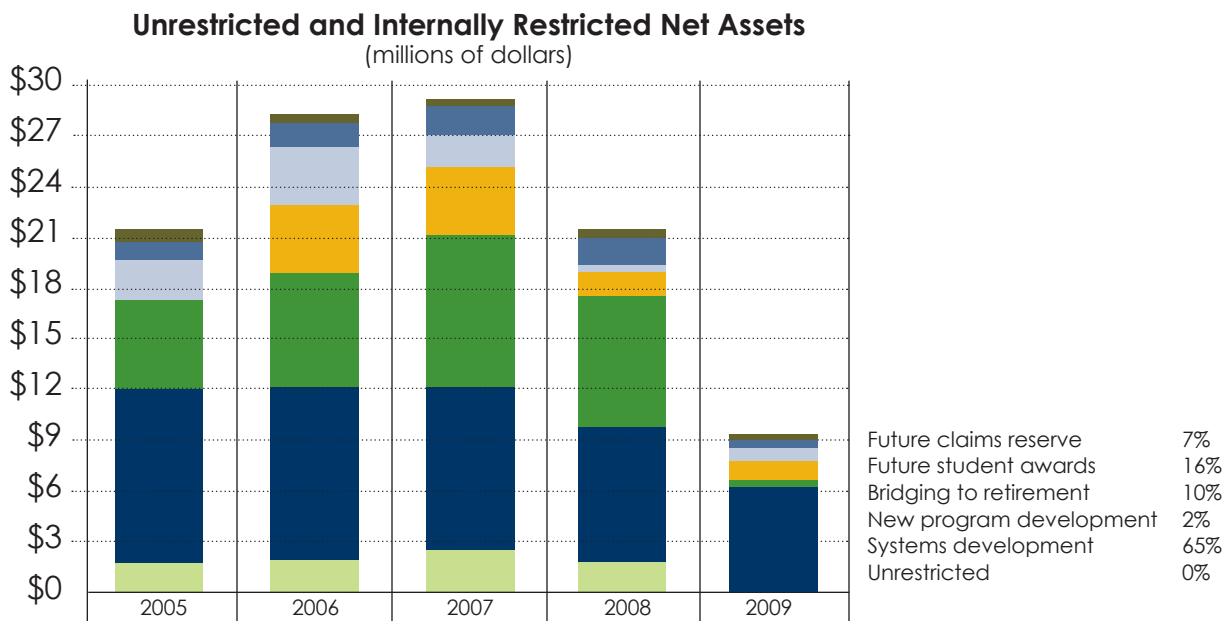
This year, AU also recorded its portion of the liability related to the Universities' Academic Pension Plan. The in-year expense for 2008-09 is \$760,000, which is shown as an increase in salaries and benefits expense. The total UAPP deficiency at March 31, 2009, was estimated to be \$1.3 billion. AU's portion, based on percentage of pensionable earnings, was estimated to be \$28.4 million. The March 31, 2009, financial statements include the amortized liability of \$4.33 million, with the remaining \$24 million to

be amortized over the next 10.5 years (an annual expense of \$2.3 million). The UAPP Board plans to increase both employer and employee contribution rates by 1.5 per cent on July 1, 2009, and again on January 1, 2010, to fund this deficiency.

Financial Position

AU's total cash and short-term investments and non-current investments decreased by \$13 million (18 per cent) to \$62 million in 2009. This decrease resulted primarily from planned draws from reserves of \$6.5 million, a \$4.8 million unfavourable variance on investment income (comprising an unrealized budgeted gain of \$2.3 million and an actual loss of \$2.5 million), an expenditure of \$3.1 million related to the construction of the Academic and Research Centre, offset by endowment contributions of \$600,000, and interest income of \$800,000 related to the capital grant provided for the Academic and Research Centre.

At March 31, 2009, investments totaling \$59.4 million were held by the university's external fund



manager; \$8.4 million (14 per cent) of these funds were invested in equities.

The university acquired \$6.5 million in capital assets during the year. These included \$3.1 million spent on the first phase of construction of the Academic and Research Centre, a \$2.6 million investment in information technology and a \$500,000 investment in leasehold improvements for the main campus in Athabasca, primarily related to a major renovation of the library. Amortization of \$2.9 million for capital assets offset the increase from acquisitions, resulting in a year-over-year change in capital assets of \$3.6 million. Over the next several years, the university plans to continue to invest significantly in new buildings and technology, including ongoing construction of the Academic and Research Centre in Athabasca, expansion and renewal of the main campus science laboratory and expansion and renewal of information and communication technology.

To ensure that the university continues to grow and remain competitive, Governing Council has appropriated net assets for strategic investments.

Over the past several years, the university has generated surpluses that have enabled it to set aside funds for future investment in academic programs, technological development, infrastructure maintenance and building capacity. In the last two years, however, planned draws on reserves and the unanticipated loss on investments have depleted unrestricted and internally restricted net assets to \$9.6 million.

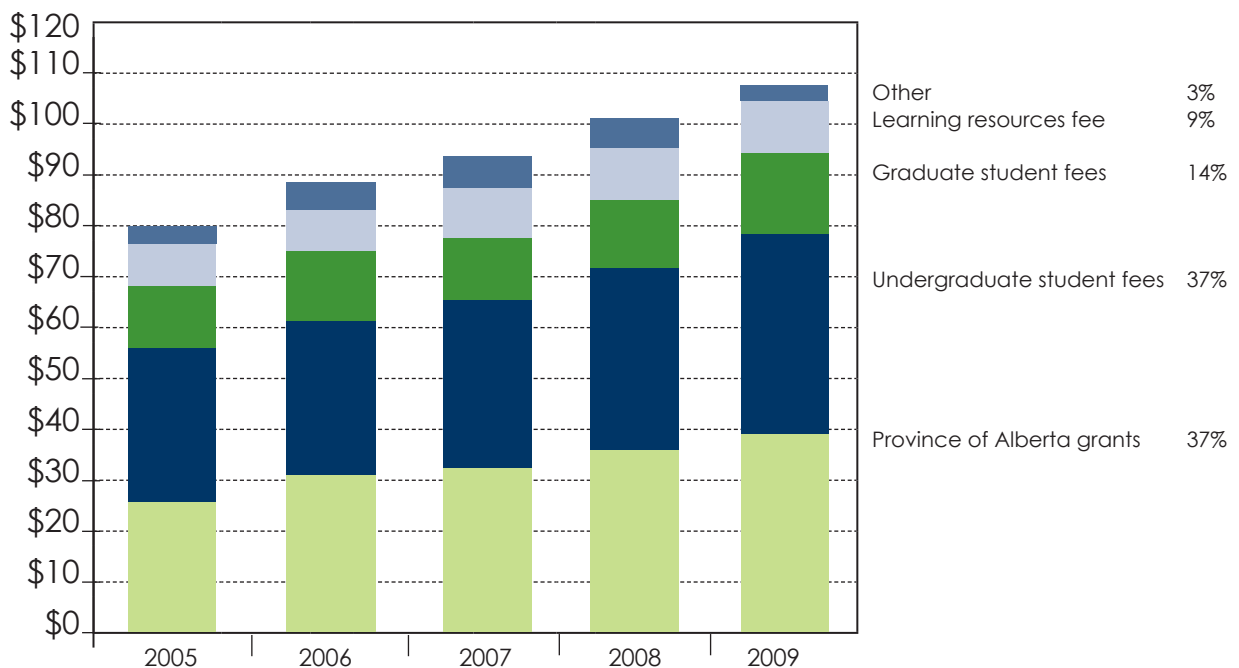
Financial Operations

The 2009 fiscal year ended with expenses exceeding revenue by \$11.5 million, compared to a \$3.4 million deficiency in 2008.

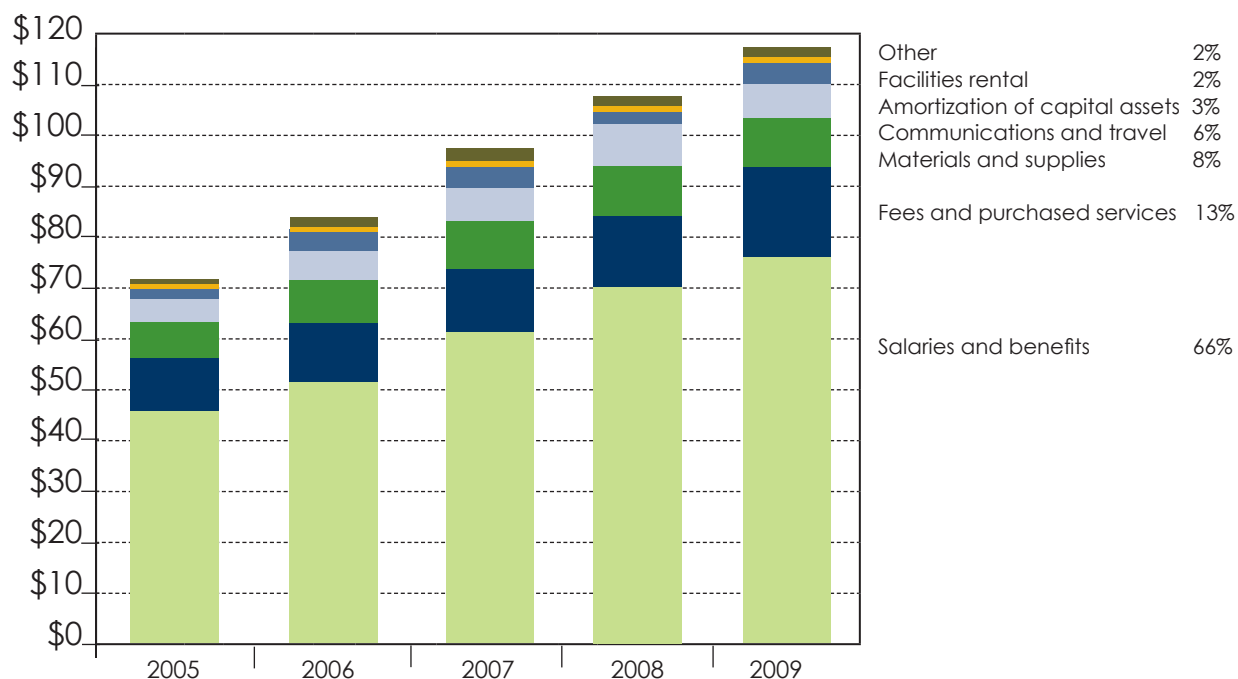
Despite the \$2.5 million investment loss (a product of extreme volatility in investment markets), overall revenue grew by \$4.8 million (five per cent) to \$106 million.

Expenses grew by \$13 million (12 per cent) to \$118 million. This change is primarily due to increases in salaries and benefits, the university's largest expense, and is a product of modest growth in the

Revenue by Source
(millions of dollars)



Expense by Type (millions of dollars)



number of employees combined with negotiated wage adjustments. The proportion of each non-salary expense to total expense has remained fairly constant over recent years.

Actual Compared to Budget Variance

The university's approved budget included planned draws from reserves of \$6.5 million for the 2009 fiscal year. By the end of the year, due primarily to investment losses, the draw from reserves increased by \$5 million to \$11.5 million.

	Year End Actual	Annual Budget	Variance
Total revenue	\$106,209,000	\$118,653,000	\$(12,444,000)
Total expense	117,723,000	125,107,000	7,386,000
Surplus (deficit)	(11,514,000)	(6,454,000)	5,060,000

MAJOR OPERATING AND CAPITAL INITIATIVES

Decanal Structure

As part of an overall review of academic governance, Athabasca University Academic Council formed a subcommittee to consider restructuring options. At its January meeting, Athabasca University Governing Council accepted the recommendations of AUAC's Ad Hoc Restructuring Subcommittee to organize the university's academic centres into four faculties: Business, Humanities and Social Sciences, Health Disciplines, and Science and Technology, with the Centre for Distance Education remaining as a flagship centre reporting directly to the Office of the Vice-President (Academic).

This restructuring is seen as a means not only of helping to make the work of the academic centres more visible to students and academic colleagues in other institutions but also of increasing academic involvement and aligning the university with

other post-secondary institutions under the *Post-secondary Learning Act*. In the coming year, the Governance Committee will reconvene to complete its work on academic governance.

Risk Management Plan and Internal Audit Work Plan

In 2008-09, AU tabled an initial Risk Management Plan with priorities to establish a framework for the identification and assessment of risks and to advance the development of its business continuity planning. With the assistance of an external audit review of administrative process and practices, a first internal audit work plan was put in place late in the year, together with procedures for definition of project work and follow-up reporting to completion of the recommendations contained in the work plan. These specific undertakings are expected to be achieved through a working partnership established between AU and other Alberta universities. It is also expected that internal audit practices will be further refined and become integral to the conduct of AU's operations.

Academic Research Centre Project

Construction of the Academic and Research Centre building began in December 2008, and the project is on schedule, in accordance with the general contractor's revised construction schedule. The schedule for substantial completion was revised due to on-site construction complications. Substantial completion is now scheduled for September 30, 2010. There have been no substantive changes to the originally approved final design, construction drawings and specifications. Major project milestones to March 31, 2009 were as follows:

September 19, 2008: Official sod turning ceremony

September 19, 2008: Public tender call for the construction released

October 28, 2008: Public tender closed

December 5, 2008: Construction tender awarded: general contractor Chandos Construction Ltd. of

Edmonton selected as the successful bidder
December 11, 2008: Chandos on site to begin ground clearing operations

January 29, 2009: Construction methodology chosen and construction schedule tabled for review and approved by the university and the design team

March 31, 2009: Major excavation of the foundation complete

ICT Infrastructure

AU continues to develop and plan its information and communication technology infrastructure. Funding of this infrastructure is critical to realizing the university's vision of positioning AU as a global leader in distance education by 2020. Over the course of the year, AU has begun to research, plan and implement key technologies that will serve as building blocks to facilitate the development of the proposed world-class, student-centred Open Knowledge Environment.

A knowledge management strategy has been formulated that builds upon AU's Content Management System, Alfresco, along with an enterprise taxonomy and workflow to automate the storage and repurposing of information. Planned integration of the CMS with AU's Learning Management System, Moodle, and its web infrastructure, supported by the Storage Array Network, will streamline AU's course development and service delivery model.

AU continues to enhance Moodle's open source code in an effort to continually improve the online learning platform for its students and the greater global Moodle community. As of March 2009, 47 percent of undergraduate and graduate courses had been successfully converted to Moodle and enhanced for online delivery.

Over the last year AU's student record system, Banner, was upgraded to meet the university's business needs. This upgrade included integration of the Centre for Innovative Management's student record system to form a common system for student

record management. In an effort to improve existing systems within the infrastructure, student usability studies were conducted on AU's online registration system, website, student portal and call centres. Results from these studies have been put into a strategic planning framework to ensure the future Open Knowledge Environment is developed using a highly integrated and student-centred approach. The framework is supported by the Project Management Office and Information Technology Services governance committees to ensure that project planning components are in place, that resources are allocated efficiently and that best practices are adopted to balance technological initiatives with administrative and pedagogical needs.

Internal communication at AU has been enhanced through implementation of Zimbra, a new Internet based collaboration suite. In addition, video-conferencing systems have been enhanced. Along with voice over Internet protocol (VoIP), wireless data connectivity, the Alberta SuperNet, web-conferencing and planned smart rooms, these technologies will serve as critical enablers connecting staff with one another and with learners to facilitate real-time information sharing and knowledge development.

As noted in last year's Annual Report, recruiting highly skilled employees has been a challenge

in recent years. To help streamline recruitment activities, AU Recruit, a new recruiting system was successfully piloted during the last year and will be implemented in the coming year. This system automates the recruitment process, allowing the university to respond quickly to recruitment opportunities. For staff management, a leave tracking system, AULTS, was implemented. This system automates many of the activities related to staff leaves, making staff management in a distributed work environment easier and providing essential reporting functions.

Integrated Learning Centre

AU continued to advance development of a facility solution for its Greater Edmonton Area operations with completion of a functional program that defined space requirements to the year 2025. The outcome included a unique model to apply space along a continuum of functional working relationships for users. The university also completed an analysis of its financial capacity to support debt in relation to this project. With these parameters and a predetermined set of objectives in hand, the university engaged in an open process of examining a broad array of development opportunity proposals. This work was carried on through the end of the fiscal year.

excellence
openness
flexibility innovation

Outcomes and Performance Measures

ACHIEVEMENT OF BUSINESS PLAN GOALS

The stated goals of Athabasca University's *Business Plan 2008-12* were based on those of the *Strategic University Plan 2006-11*:

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

Substantial progress has been made toward achieving these goals.

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

Program Planning

AU initiated two doctoral programs during 2008-09. The first students admitted to the Doctor of Education in distance education began their studies in August 2008 and those in the Doctor of Business Administration participated in an orientation session in March 2009. The applicant pool for both programs confirmed enrolment demand expectations.

The first students were also admitted to a new Graduate Diploma program in legislative drafting. In response to community needs and with enrolment planning envelope support, additional courses were opened in the Indigenous Nations and organization major of the Bachelor of Management program.

Internal review processes for four proposed programs were completed:

- Bachelor of Science in architecture
- Graduate Diploma in architecture
- Bachelor of Arts in education studies
- University Certificate in education studies

An investigation of the feasibility of a doctoral program in nursing and health studies is underway.

Four program reviews were completed in the past fiscal year and, with those now in progress or planned for the coming year, the full cycle of reviews will be completed by the end of 2009-10. As a result of recommendations from the review of the Master of Science – Information Systems degree program, a thesis route has been developed for this degree.

The Institutional Access Plan developed for Advanced Education and Technology identified opportunities for modularizing course content for particular professional association needs, investigating transition programs and developing mobile ESL applications for immigrant professionals.

Course Development

Educational Media Development published a new *Guide to Online Course Design and Development*, to replace the outdated *Course Author's Guide*.

Improved workflows for online course development are being created using the Alfresco Enterprise content management system. The transition to Moodle 1.9 was completed, and a demonstration site for effective Moodle courses was launched. Faculty and staff development opportunities are being provided through presentations at academic centre meetings and through general technology talks.

Student feedback on course materials was made available to course revision teams, and a student and tutor focus group project was initiated. Tracking of course availability and student outcomes has improved.

AU continues to participate in the Open Educational Resources organization and is now hosting WikiEducator. Discussions are underway with federal agencies which support such initiatives.

Student Services

The graduate admissions process is being regularized and information system improvements are being developed for all program areas. The system, first developed for the Campus Alberta Applied Psychology Program, facilitates electronic portfolio reviews. Under the leadership of the dean of graduate studies, additional common policies and procedures are being developed.

An extensive study of the call centre model for academic support in undergraduate business programs was initiated, and a pilot application of call centre support for a psychology course began.

Another pilot study was undertaken to develop mechanisms for contacting students who have completed a general application form but not registered for a course. The customary email prompting is being continued coupled with more proactive approaches by undergraduate advisors. Additional information is being provided to academic program directors to assist them in identifying program students for contact and encouragement.

Digitization

The Canadian Research Knowledge Network and the Lois Hole Campus Alberta Digital Library continued to expand to provide additional access to digital resources for AU staff and students. The number of connections to the library databases increased by 41 per cent in 2008-09 to 11,256,603. Academic and professional staff participation in the digital repository, AUSpace, has increased. Groups and individuals have made 1,096 contributions to the repository.

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

Student Recruitment

Overall, graduate enrolment grew by 11.9 per cent. Two graduate programs, the Master of Business Administration and Master of Counselling, exceeded budget targets, while the Master of Health Studies and Master of Nursing programs were very close to their budget targets. The Master of Arts – Integrated Studies and the Master of Science – Information Systems experienced lower than projected growth.

Overall, undergraduate course registration grew by 3.7 per cent, less than the 5.5 per cent budget target for 2008-09. This slower than anticipated growth resulted from a combination of circumstances, including decreased grouped study activity at partner colleges and a decrease through the fall and winter in registration for individualized study courses. While growth in the number of program students remained robust, and registration by Alberta students continued to grow, the number of visiting students from several key sending institutions and associations declined.

A long-range marketing and recruitment plan is being implemented with general awareness and targeted campaigns. Positioning statements focused on four core key student service components (excellence, openness, flexibility and innovation) were developed. The university website was redesigned, and work continues to strengthen the governance, design, currency and functionality of individual web pages.

A number of recruitment related technology upgrades were initiated. A usability study of the Office of the Registrar Online System (OROS) was undertaken and enhancements started, including introduction of a quick admit function for non-

innovation
flexibility

program students. An upgrade of the student information system (Banner) was completed, and the Centre for Innovative Management data was integrated with the central system. Systems development is also underway for the transfer credit and assessment system (TCAS).

Special initiatives have been undertaken to assist with the recruitment of students from northern, rural and Aboriginal communities. Research undertaken through AU's Learning Communities Project identified needs and opportunities including the need to place greater emphasis on career-related offerings in resource based communities and modularized offerings for mobile learners. Additional recruitment officers and advisor contacts have been initiated and community based research continues.

Student Retention

A comprehensive information literacy plan has been developed and additional resources made available through course development teams and electronic resources on the library website.

Social networking and other Web 2.0 tools are being piloted. Providing students with opportunities to interact with one another is being assessed for both grouped study and individualized study delivery models.

A student awards plan was developed and approved internally. The total value of scholarships and bursaries awarded grew by 163.6 per cent to \$1,301,508.

The Office of the Registrar completed an analysis of student communication for consistency and clarity of message and to identify communication gaps. The Enrolment Management Committee is assisting with the ongoing review and monitoring the implementation of the report's recommendations.

The Call Centre Group, representing front line student support units, facilitated a wider implementation of client tracking. Significant upgrades to the Intelligent Voice Response (IVR)

system allowed for better call routing, consequently reducing caller wait times and the number of dropped calls.

Goal 3: Excellence in Research: to foster and expand research and scholarship at AU

Support for Student and Staff Research

The Graduate Student Research Fund Committee approved 12 awards (five research dissemination, seven disciplinary).

In the fall of 2008, Alberta Scholarship Programs implemented the Profiling Alberta's Graduate Students Program, a new scholarship for national and international research conferences (for dissemination and networking), which AU's Research Centre administered this year through the Graduate Student Research Fund Committee. This program is meant to profile Alberta graduate students and the type of research they are doing and to showcase the quality of Alberta universities. AU received \$100,000 to allocate under this new program. Between November 2008 and February 2009, the committee adjudicated 13 dissemination applications and approved funding totaling \$42,386.

Thirteen internal grants were awarded by the Academic Research Committee to seven faculty members with unfunded but meritorious Social Science and Humanities Research Council applications. The Research Incentive Grants Program for new faculty members is continuing. The Academic and Professional Development Fund Committee reviewed 97 applications for funding in 2008-2009 and issued 85 awards (43 for travel within Canada, 42 for international travel).

The Centre for Integrated Studies started a new journal to showcase research by students in the Master of Arts – Integrated Studies degree program. The post-doctoral fellowship policy is under review.

Research assistantship opportunities are being promoted and hosted through graduate centres and through the Athabasca University Graduate Students' Association.

Scholarship in Open and Distance Learning

The Technology Enhanced Knowledge Research Institute was initiated and an interim director appointed. The institute promotes research and development of technologies that enhance the development, application and transfer of human knowledge.

A vacant Canada Research Chair was filled by a semantic technologies specialist, Dr. Dragan Gasevic of the School of Computing and Information Systems, who also received a new faculty award from Alberta Ingenuity Program.

AU and Sun Microsystems of Canada Inc. announced the creation of the new Immersive Technologies for Education Centre of Excellence. A Canadian first, this centre of excellence will enable students, teachers, schools and communities to develop innovative and inclusive learning experiences that foster collaboration and interaction. This collaboration exemplifies AU's increasing support of student and staff excellence in research and scholarship.

AU also collaborated with two Indian universities, the Yashwantrao Chavan Maharashtra Open University and the University of Mumbai, on a distance education workshop and hosted two major conferences:

- the first annual conference of the Canadian Network for Innovative Education, in Banff in April 2008
- Digital 2008, the second IEEE International Conference on Digital Game and Intelligent Toy Enhanced Learning, in Banff in November 2008 (Grant sponsorship for the conference was received from iCore.)

Together with the University of Maryland University College and Mexico's Tecnológico de Monterrey, AU also co-hosted Sustainable Wealth Creation

Through Human Capital Transformation in the New Knowledge Economy, an international conference focused on sustainable wealth creation and human capital transformation in the North American Free Trade Agreement region, in Adelphi, Maryland, in March 2009.

AU also continued its active participation in the Moodle development community, including preparing to host the Canadian Moodle Moot in April 2009 and providing assistance to the First Nations Adult and Higher Education Consortium in its adoption of Moodle.

Expanding Research Culture

The Project Management Research Institute was approved and provided seed funding from the Renaissance Fund of the Access to the Future Fund. The institute will initiate and strengthen cutting-edge, multidisciplinary research in project management, enabling project management scholars, organizations and practitioners to work together to address the significant challenges confronting project managers and project organizations. It will also will enhance AU's reputation as a world leader in project management research by facilitating collaboration, shaping research agendas and disseminating research findings throughout the academic and practitioner communities.

An additional Canada Research Chair in Indigenous studies was awarded to AU, and recruitment for the position is underway. The addition of this funded research position in the humanities and social sciences reflects the interdisciplinary interests of AU scholars.

The faculty mentoring program for assistance with grant preparation was expanded. Workshops on grant writing (Social Sciences and Humanities Research Council and Natural Sciences and Engineering Research Council) and on research techniques (qualitative research and NVivo training) were offered. Two successful research retreats (one general and one for the ethics board)

were held. A pilot session in remote facilitation of grant development with a SSHRC program officer proved successful.

Publication of research news through AU's internal newsletter, *The Insider*, and its online magazine, *Open AU*, provides higher profile to researchers. The publication *Guide to Research Services and Conducting Research at AU* was also updated.

Dissemination and Knowledge Transfer

AU Press, one of the first open access presses in North America, published 19 monographs, six journals, a website and 86 author video segments. Three publications won academic awards. The Social Sciences and Humanities Research Council's Aid to Scholarly Journals program awarded funding to the *International Review of Research in Open and Distance Learning* and *Labour/Le Travail*. These awards signal the acceptance of the press by peers.

The Research Centre hosted a number of dissemination activities including: seven Lunch and Learn sessions, nine Arts and Science Research Talks and 12 Collaborative Research Forums. Research Services continued to promote AU's Open Access Policy in collaboration with the library's promotion of AU Space digital repository. Work on an intellectual property policy is ongoing.

Research Partnerships and Collaborations

The Athabasca River Basin Research Institute was initiated and an interim director appointed. The institute will support interdisciplinary research, community engagement and knowledge transfer for all stakeholders in the Athabasca River Basin by improving awareness of past and contemporary issues and encouraging collaboration among scientists, scholars and other stakeholders. Over \$825,000 in grants and pledges were received for the institute.

The Centre for Integrated Studies hosted The Scope of Interdisciplinarity, a symposium on interdisciplinary and integrated studies in Edmonton in November 2008.

A number of collaborative research proposals were submitted during the past year, and AU signed a collaboration agreement with a number of European companies and universities in the Intelligent Learning Extended Organization (InteLEO) Project. Canada Research Chair Dr. Dragan Gasevic is the principal investigator, researching semantic web applications. This initiative is intended to enhance AU's international profile in open and distance learning research and scholarship.

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

Raising AU's Profile

AU's Advancement Office launched two major publications during 2008-09. *Open* magazine, AU's community report, was distributed across Canada. *Open AU*, a weekly online publication for alumni and students, profiles successful students, graduates, and faculty and staff members and provides updates on research initiatives and other developments at AU.

The university's media relations campaign has, to date, focused on educating university stakeholders about the importance of the media in raising awareness and on building strong, long-term relationships with external media. An *AU Expert's Guide* has been compiled and training is being offered to help facilitate contacts between AU experts and media representatives. Media coverage has grown significantly over the past year to an estimated advertising value in excess of \$2 million.

Development of a government relations strategy was completed in June 2008 with the aim of increasing AU's profile with various levels of government, particularly with regard to certain issues such as funding, technology, distance education, rural development and copyright law and laying the foundation that will enable AU to

apply for intergovernmental funding grants. Events sponsored during the past year included a reception for members of Alberta's Legislative Assembly, a presentation to the Government of Alberta's Capital Region Caucus and five tours of AU's Athabasca campus by government representatives.

Community Partnerships

In collaboration with Alberta-North, AU launched a research project to systematically investigate how Community Access Points attract and prepare members of under-represented populations to participate and succeed in distance and online programs. The project seeks to identify effective practices and examine how technology is used to support those practices.

The Heritage Resource Management Program, a partnership with the Province of Alberta, was launched. Two Canada-Mozambique Internship Program visitors to the program were hosted.

The Advancement Office initiated a community and alumni relations strategy for both northern Alberta and select urban centres across Canada.

AU has been invited to submit a detailed funding proposal to Rural Alberta's Development fund for Phase 2 of the Learning Communities Project, which will focus on Indigenous Communities. This phase of the project has the support of several northern Alberta First Nations communities, post-secondary education providers and other community support groups.

In collaboration with the City of Calgary and Citizenship and Immigration Canada, AU participated in Canada Day celebrations in Calgary. In conjunction with the university's annual Community Breakfast in Athabasca in October, AU held a sod turning for the Arts and Research Centre building. Science Outreach continues to provide learning opportunities and community connections in Athabasca.

AU is particularly involved in responding to the learning needs of Indigenous Peoples in Alberta

and Canada. The Centre for World Indigenous Knowledge and Research provides programs that help Indigenous learners transition to undergraduate studies, as well as undergraduate Indigenous programs with tailored, community-based support. It is also a policy centre for activities related to Aboriginal public awareness, culture, education and community building. One aspect of the work of the centre is to partner with Indigenous colleges, thereby helping them achieve their goals. These activities support the Government of Alberta's policy, Strengthening Relationships, which delineates the government's commitment to "work with Aboriginal people, federal and municipal governments, industry and other interested parties, toward the goals of individual and community well-being and self reliance." The recently approved Indigenous Nations and organizations major in AU's Bachelor of Management program is the first of several planned new programs with an Indigenous focus.

Alliances with Business and Industry

The importance of leading-edge research in m-learning was confirmed with the launch of the \$3 million iCORE/Xerox/Markin Industry Research Chair at Athabasca University. Led by Dr. Kinshuk, director of AU's School of Computing and Information Systems, the Chair is in adaptivity and personalization in informatics. The research is focused on adapting the learning experience to learners' unique needs through the use of technology.

AU's partnership with Xerox Canada continues to grow, and work continues with the E-learning Coalition, a consortium of some of Canada's most powerful organizations with the goal of providing a new private sector training regime for the country's small business community.

Discussions with the Western Hockey League have resulted in a memorandum of understanding to facilitate access to and support in advanced education programs for junior hockey players.

AU has also become a professional service provider for Advanced Education and Technology's Alberta Innovation Voucher Pilot Program. The program provides financial assistance, in the form of redeemable vouchers, to businesses and entrepreneurs in the pre-commercialization and early stages of start-up development.

Goal 5: Recruiting and Retaining Excellent People:
to recruit and retain the very best staff

Staff Recruitment and Retention

In 2009, for the second year in a row, AU was named one of Alberta's Top 40 Employers in a competition organized by Mediagroup Canada Inc., publishers of *Canada's Top 100 Employers*. The annual regional competition, conducted in partnership with Alberta's two largest newspapers, the *Calgary Herald* and the *Edmonton Journal*, recognizes, Mediagroup says, "the Alberta employers that lead their industries in offering exceptional places to work." Among other things, AU was recognized for encouraging green transportation, telecommuting and offering flexible work hours, top-up benefits for new mothers and fathers, phased in retirement options and retirement planning seminars.

A career fair video developed during the past year to promote AU as a great employer has been featured several times on *Alberta's Best is Hiring*, a television show and website that bring employers and potential employees together.

The university purchased and piloted AU Recruit, a talent management system designed to speed up the administrative end of recruitment, to provide improved reporting on recruitment activities and to allow AU to identify candidates with necessary competencies from previous competitions. A proposed signing matrix was implemented as part of AU Recruit, with the goal of reducing recruitment

time and moving hiring decisions closer to executive members and managers with the relevant operational responsibility.

A phased retirement program for members of the Athabasca University Faculty Association was developed and confirmed during the latest round of collective bargaining, and an agreement to eliminate mandatory retirement was reached with the Alberta Union of Provincial Employees. These measures are expected to attract new employees and to retain employees who might otherwise have been forced to retire.

An improved and more comprehensive benefits program for tutors was agreed to and implemented. This program is expected to make tutoring more attractive to retired academics who are not only seeking to supplement their retirement income but to maintain access to basic benefits.

Staff Recognition, Networking and Communication

A number of internal events, including the annual Employee Recognition Event and staff Christmas party and new staff welcome lunches occurred. Informal staff events were also held monthly in various locations.

Human Resources sponsored supervisory and administrative skills programs delivered on site at AU by Northern Lakes College and three staff reward and recognition events through committees reporting to and sponsored by the department.

The staff orientation workshop was revised to improve the relevancy and usefulness of the information provided to new employees.

Work was started on auditing and obtaining certification for the university's occupational health and safety and wellness programs. This undertaking is expected to lead to enhancements that will benefit existing employees and further define AU's brand as an employer of choice.

Governance and Administration

A benefits review resulted in new contracts with annual savings of \$250,000 and improved benefits and reduced cost to employees.

AU recruited its first Dean of Graduate Studies. This position is providing leadership for common administrative functions for graduate programming and reducing service duplication. Similar synergies are anticipated as a result of ongoing academic restructuring and the linkages between undergraduate and graduate programming afforded under the new faculty model.

Goal 6: Allocating Resources:
to secure and steward the resources necessary for AU and its staff and students to achieve their potential

Alignment

The new Alberta programming planning framework was piloted last year with the development of Institutional Access Plans, which should facilitate better communication of funding needs for program development.

Enrolment Planning Envelope grants were received for the following programs:

- Bachelor of Management (Indigenous Nations and organizations)
- Doctor of Business Administration
- Doctor of Education (distance education)
- Master of Health Studies (leadership/teaching emphasis)
- Master of Nursing (generalist/teaching emphasis)

Investment losses and revenue shortfalls required AU to adjust its operating plans and a number of projects were delayed as a consequence. While revenues and expenditures were both lower than

projected in the budget plan, the net operating loss for the year was \$11.5 million as a result of a \$2.5 million loss on investments, an \$800,000 increase in UAPP pension liability and \$7.3 million in strategic investments.

Information technology projects continue to provide opportunities for efficiencies. For example, the installation of more robust video-conferencing tools can reduce travel expenditures. An automated leave tracking system (AULTS) was implemented across the university, allowing employees to request leave online, supervisors to approve their requests online and both to review leave balances online and substantially reducing administrative work loads. Laptop security (encryption) has been deployed and a remote computing project (light client) is being initiated to enhance privacy and cost effectiveness.

Capital projects are proceeding according to plan. Construction began on the Academic Research Centre in Athabasca and renovation of leased spaces in Edmonton and Calgary was completed.

AU has made a commitment to sign the University and College Presidents' Climate Change Statement of Action for Canada.

New Funding Sources

Government grant revenues, particularly the infrastructure grant, increased, and the matching target for the Access to the Future Fund was met. While funding increases do not fully address the equity imbalance identified in last year's Annual Report, they represent a substantial improvement in public investment in AU.

Applications were submitted to the Government of Canada's Knowledge Infrastructure Program for upgrades to the AU science laboratory (\$3.8 million) and for development of technology infrastructure (\$7.6 million).

The Thomas A. Edge Archives and Special Collections received donations from several sources including

- Robert and Shirley Hendriks (W.B. Cameron Collection on Western Canadian History)
- Town and County of Athabasca (Edward Polanski Collection)
- Deirdre Griffiths (Slave River Coalition Collection)
- Edward Kostuch (Martha Kostuch Collection of papers and digital rights relating to the history of Alberta's environmental movement)
- C.A. Anderson (C.A. Anderson Collection of art work by Fred LaCaine)

AU Press received a \$26,000 Alberta Foundation for the Arts grant and \$410,000 from Canadian Heritage. These grants in aid of publication are a strong signal of the acceptance of the press by funding councils.

The University Leadership Campaign exceeded its goal by 224 per cent and achieved a participation rate of almost 100 per cent. This success has set the stage for the next phase of the fund development program. Numerous internal meetings have helped to clarify potential cases for support and prospect research is continuing.

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PERFORMANCE MEASURES

Enrolment

Total enrolment at AU increased from 37,615 in 2007-08 to 38,495 in 2008-09, an increase of 2.3 per cent. These students registered in a total of 72,040 individual courses, an increase of 3.7 per cent at the undergraduate level and 11.9 per cent at the graduate level. The following table shows growth, in full-load equivalents, during the past three years.

	2006-07	2007-08	2008-09
Undergraduate	5,919	5,984	6,183
Graduate	1,263	1,211	1,343
Total	7,182	7,195	7,526
Growth Rate	6.5%	0.2%	4.6%

AU's *Business Plan 2008-12* targeted a 4.8 per cent per year increase in enrolment by Alberta students. During 2008-0, 13,436 Alberta residents took AU courses, an increase of two per cent over the previous year.

	2006-07	2007-08	2008-09
Undergraduate	12,456	12,329	12,496
Graduate	750	839	940
Total	13,206	13,168	13,436
Growth Rate	4.2%	(0.3 %)	2%

Student Awards

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

	Total Awarded	Change
2008-09	\$1,301,508	163.6%
2007-08	493,661	17.9%
2006-07	419,430	2.9%

Degrees, Diplomas and Certificates Awarded

A total of 1,606 academic credentials, 621 at the graduate level and 985 at the undergraduate level, were awarded by AU during the 2008-09 academic year.

	2006-07	2007-08	2008-09
Undergraduate			
Bachelor of Administration ¹	88	93	47
Bachelor of Arts	103	94	118
Bachelor of Commerce	36	31	35
Bachelor of General Studies	101	103	139
Bachelor of Health Administration	2	7	1
Bachelor of Human Resources and Labour Relations	7	13	20
Bachelor of Management	68	93	99
Bachelor of Nursing	273	264	334
Bachelor of Professional Arts	92	90	118
Bachelor of Science	6	11	11
Bachelor of Science in Computing and Information Systems	3	7	6
Total Undergraduate Degrees	779	806	928
Graduate			
Master of Arts – Integrated Studies	33	47	41
Master of Business Administration	219	209	156
Master of Counselling ²	62	65	19
Master of Distance Education	94	74	53
Master of Health Studies	66	54	56
Master of Nursing	73	78	100
Master of Science – Information Systems	21	25	30
Total Graduate Degrees	568	552	455
Graduate Diplomas	208	204	166
Total Credentials Awarded	1,618	1,629	1,606

¹Program closed Dec. 31, 2004

²Enrolment numbers for 2006-07 and 2007-08 include joint program graduate data from the University of Calgary; 2008-09 number reflects only students in AU database.

Graduate Satisfaction

In its value statements, AU indicates that student learning and satisfaction are measures of success. AU has consistently exceeded the provincial average level of satisfaction on the Government of Alberta's Alberta Graduate Outcome Survey. The following table shows the percentage of graduates who were satisfied with their overall educational experience:

	Athabasca University	Alberta Average
2008	96.6%	89%
2006	97.4%	90%
2004	92.7%	89.4%

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

Students Who Would Recommend AU to Others	
2009	97.6%
2007	96.2%
2005	96%

Graduate Employment Rate

That AU's graduates enjoy a very high rate of participation in the labour force is an indirect measure of the high quality of the university's programs. The following chart shows employment rates for AU graduates as revealed in the Alberta Graduate Outcome Survey:

	Athabasca University	Alberta Average
2008	94.1%	88.4%
2006	93.6%	88.2%
2004	94.6%	73.9%

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

Research Activities

AU is committed to excellence in research. Mission critical research in the scholarship of teaching and learning in open and distance environments has had particular prominence, but AU also actively supports and maintains high standards in discipline based research. The following are a few highlights of research activity during the past year:

- Dr. Kinshuk, director of AU's School of Computing and Information Systems received \$3 million in support of his iCORE/Xerox/Markin Industrial Chair in Adaptivity and Personalization through private industry donations and provincial government funding (See page 8).
- Dr. Dragan Gasevic, assistant professor in the School of Computing and Information Systems, was awarded the Canada Research Chair in semantic technologies effective January 1, 2009 (See page 8). This Tier 2 CRC position is funded at \$100,000 per year for five years, with the possibility of one renewal.
- Dr. Dragan Gasevic also became the first AU faculty member to receive a New Faculty Award from Alberta Ingenuity. This award provides start-up support, primarily operating funds, to independent investigators who are in their first academic career appointment at an Alberta university or college. Funds may be used to cover costs associated with the establishment of a new research laboratory and program. Gasevic will receive \$288,860 over three years.
- Sun Microsystems of Canada Inc. announced the creation of a new Immersive Technologies for Education Centre of Excellence at AU under the leadership of Dr. Fuhua Lin of the School of Computing and Information Systems (See page 8).
- Dr. Janice Thomas, program director of AU's MBA in project management, concluded her research project, *Understanding the Value of Implementing Project Management*. This \$2.5 million U.S. project, sponsored by the Project Management Institute, included experts from around the world investigating how organizations realize value. The research explored data from more than 65 organizations representing a broad cross section of industry. The investigators sought to find evidence of the value to organizations of appropriately implemented project management. Despite its efforts, the research team was unable to find one organization that had calculated a return on investment for its project management investments. Although both tangible and intangible benefits were realized, the organizations had no measures in place to demonstrate the return on investment in terms of tangible, quantifiable financial benefits. One of the outcomes of this research, the monograph *Researching the Value of Project Management Research*, which details the results of the research project, was published by the Project Management Institute.
- Subsequent to the completion of Dr. Janice Thomas's intensive three-year research project, AU, under her leadership, launched the Project Management Research Institute with the help of \$300,000 in seed funding from the Government of Alberta's Access to the Future Fund (Renaissance Fund). This research institute will initiate and strengthen cutting-edge, multidisciplinary research in project management, enabling project management scholars, organizations and practitioners to work together to address the significant challenges confronting project managers and project organizations. Such an institute will enhance AU's reputation as a world leader in project management research by facilitating collaboration, shaping research agendas and disseminating research findings throughout the academic and practitioner communities.
- Dr. Rory McGreal, AU's associate vice-president (research), completed his research project *Accessibility to Education Using Learning Objects: Implementing the Semantic Web with Advanced Development and Testing of Applications Using Metadata Promoting*

Interoperability among Repository Networks, which was funded through the Canadian Foundation for Innovation's New Opportunities Fund. This research included the development of a taxonomy of the open source learning object repositories that exist on the Internet and collaboration with the AU library to render library databases accessible through mobile devices. The research findings, demonstrating the use of proxy servers in opening library accessibility to a range of different mobile devices, was disseminated internationally. This applied research led to the development of the CanCore implementation profile for the IEEE international learning object metadata standard for mobile device applications and produced the book *Online Education Using Learning Objects (Open and Flexible Learning)* (London: RoutledgeFalmer).

- Dr. Fuhua Lin of the School of Computing and Information Systems was awarded \$75,000 in funding, over five years, from the Natural Science and Engineering Research Council for his research project Developing Reasoning Capabilities for Intelligent Agents that Facilitate Adaptive Learning. This project will highlight a new methodology for formalizing the reasoning models and mechanisms for the agents of adaptive learning systems (AL systems).
- Dr. Ken Munyikwa of the Centre for Science was awarded \$75,000 in Natural Science and Engineering Research Council funding, over five years, for his project Late Wisconsinan and Holocene Depositional Chronologies of Aeolian Sands in Central and Northern Alberta: Implications for Deglaciation Patterns and Environmental Evolution. The project will examine samples of sand from dune structures in central and northern Alberta containing depositional sequences longer than any investigated in the area to date. The collected samples will be dated using luminescence dating techniques to provide depositional chronologies. The results will be compared with data collected in southern Alberta and across the Canadian prairies to reveal patterns in environmental change over the last 20,000

years. Such medium range data on climate change will help put the current global warming debate into context.

- In the fall of 2008, AU, in partnership with Alberta-North, initiated Best Practices for Attracting and Retaining Learners from Under-represented Populations. This collaborative project, funded by a \$327,000 grant from the Access to the Future Fund's Innovation Fund Program, will investigate and evaluate northern and rural Community Access Points (CAP sites) activities aimed at attracting and preparing students from under-represented populations to participate and succeed in distance and online educational programs, identifying effective practices and noting how technology is used to support these practices. The project will also identify barriers to participation and develop new strategies and services to reduce or overcome those obstacles, investigate the effectiveness and appropriateness of using synchronous and asynchronous learning technologies and test and evaluate a minimum of three strategies and make recommendations regarding their implementation into the Alberta-North CAP services network. The project will involve the seven Alberta-North institutions and a majority of their 80 CAP sites. Three southern rural colleges, educational consortia associated with participating colleges and numerous Community Adult Learning Councils within these regions will also be invited to participate.
- Dr. Martha Cleveland-Innes, associate professor of distance education in the Centre for Distance Education, and Dr. Karen Wall, assistant professor of communication studies in the Centre for State and Legal Studies, were the 2008-09 recipients of the President's Award for Research and Scholarly Excellence. This award will assist them in bringing their publications to completion. Cleveland-Innes's book is *An Introduction to Distance Education: Understanding Teaching and Learning in a New Era*. Wall's book is *It's Not About the Puck: A Social History of Sport in Alberta*.

Research Impact: All Sources

A summary of all external research funding (in thousands of dollars) is provided in the following table. External funding from the granting councils increased in 2008-09, and support from community and industry sources continued its upward trend.

Types of Research Support	2006-07	2007-08	2008-09	Three-Year Average 2006-08	Three-Year Average 2007-09
Total sponsored research revenues ¹	\$2,117	\$2,509	\$3,288	\$2,158	\$2,638
Support from council sources ²	\$642	\$466	\$536	\$606	\$548
Council support ratio (council sources/ total sponsored research revenue)	30.3%	18.6%	16.3%	29.1%	21.7%
Support from community and industry sources ³	\$1,475	\$2,043	\$2,752	\$1,553	\$2,090
Community and industry support ratio (community and industry/ total sponsored research revenue)	69.7%	81.4%	83.7%	70.9%	78.3%

¹ Figures include cash as well as in-kind contributions as recorded in the Audited Financial Statements.

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

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

Sponsored Research Revenue as a Percentage of Provincial Grants

Sponsored research revenue (in thousands of dollars) as a percentage of provincial operating grants is summarized in the following table. The percentage increase has risen over the past three years.

Types of Research Support	2006-07	2007-08	2008-09	Three-Year Average 2006-08	Three-Year Average 2007-09
Total sponsored research revenues	\$2,117	\$2,509	\$3,288	\$2,158	\$2,638
Total Province of Alberta operating grants	\$31,064	\$34,211	\$38,537	\$31,796	\$34,604
Sponsored research revenues as a percentage of provincial operating grants	6.8%	7.3%	8.5%	6.7%	7.5%

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Research Council Success

Athabasca University's success rate with its applications to the granting councils is summarized in the following table. Both the number of applications and the number of awards have risen over the past three years.

Granting Councils ¹	2006-07	2007-08	2008-09	Three-Year Average 2006-08	Three-Year Average 2007-09
Number of applications	31	34	55	29	40
Number of awards	7	10	15	7	11
Total value of awards (in thousands of dollars)	\$642	\$466	\$536	\$606	\$548

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

Research Publications and Other Creative Works

Faculty and staff members actively disseminate their research findings through various publications and presentations. The following table provides a summary of these activities.

Research Publications ¹	2005-06	2006-07	2007-08	Three-Year Average 2005-07	Three-Year Average 2006-08
Number of full-time faculty ²	142	162	173	138	159
Books authored or co-authored	61	49	65	50	58
Books edited or co-edited	8	12	17	7	12
Articles in refereed publications	146	203	230	156	193
Non-refereed publications	40	35	38	36	38
Conference presentations	296	306	378	272	327

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

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

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Appendix A

About Athabasca University

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MISSION

Athabasca University, Canada's Open University, is dedicated to the removal of barriers that restrict access to and success in university-level study and to increasing equality of educational opportunity for adult learners worldwide.

We are committed to excellence in teaching, research and scholarship and to being of service to the general public.

*May 1985
Reconfirmed June 2006*

MANDATE

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

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

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

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

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

*Approved by the Minister of Advanced
Education, April 1999¹*

¹ A revised mandate is under review by Alberta Advanced Education and Technology.

GOVERNANCE

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

As of March 31, 2009, the membership of Governing Council was as follows:

Appointed Public Members	Joy Romero (Chair) Marilyn Kane (Vice-Chair) William Byrne Ron Cherlet Brian Curial Jody Hunt Jill Matthew Jeffrey Mulligan John Trefanenko Barry Walker Shawn Wasel
Executive Officer	Frits Pannekoek, President
Academic Staff Members	Bruce Spencer, Athabasca University Academic Council John Ollerenshaw, Athabasca University Faculty Association
Nonacademic Staff Member	vacant
Tutor Member	Judi Malone
Student Members	Karl Low, President, Athabasca University Students' Union Sarah Kertcher, Vice-President (Finance and Administration) Athabasca University Students' Union
Alumni Member	Timothy Nerenz

PROGRAMS

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

As of March 2009, AU offered 776 courses in more than 90 undergraduate and graduate degree, diploma and certificate programs. The university focuses on providing flexibility of access and effective student support.

Graduate Programs

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

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

Enrolment in the graduate degree programs has grown from 3,261 in 2007-08 to 3,543 in 2008-09, an increase of 7.6 per cent.

Undergraduate Programs

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

- Bachelor of Arts, four-year (with a major in anthropology, Canadian studies, English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's studies or a combined major)
- Bachelor of Arts, three-year (general or with a concentration in English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's studies)
- Bachelor of Commerce (general or with a major in accounting, e-commerce or financial services)
- Bachelor of General Studies (in arts and science or applied studies)
- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, three-year

- Bachelor of Management, four-year (general or with a major in human resource management or marketing)
- Bachelor of Nursing (post LPN or post RN)
- Bachelor of Professional Arts (with a major in communication studies, criminal justice, human services or governance, law and justice)
- Bachelor of Science (general or with a major in human science or computing and information systems)

The highest percentage increases in undergraduate course registration during the 2008-09 year were in the Bachelor of Nursing (5.3 per cent), the four-year Bachelor of Arts (4.5 per cent) and the Bachelor of Commerce (3.1 per cent) programs. The following table shows course registration statistics for AU's 10 highest enrolment undergraduate degree programs:

	2006-07	2007-08	2008-09
Bachelor of Nursing	2,649	3,135	3,386
Bachelor of Arts (4-Year)	2,413	2,443	2,866
Bachelor of Commerce	1,760	1,709	1,965
Bachelor of Management (3-Year)	1,210	1,494	1,707
Bachelor of Professional Arts	1,614	1,635	1,464
Bachelor of Arts (3-Year)	1,092	1,204	1,212
Bachelor of Management (4-year)	1,721	1,376	1,201
Bachelor of General Studies	754	781	797
Bachelor of Science	593	675	687
Bachelor of Human Resources and Labour Relations	345	675	687

In total, course registration by students in undergraduate degree programs grew by 6.3 per cent in 2008-09 to 16,606.

COLLABORATIONS

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

Students registered at other Alberta post-secondary institutions make extensive use of AU's courses and educational services to help them complete their degrees. This accessibility accounts for a large percentage of students enrolled at the university: 27.8 per cent of AU undergraduates are visiting from other Alberta post-secondary institutions. For example, in the past year, 1,657 students from the University of Alberta and the University of Calgary took AU courses for degree completion.

To create pathways to degree completion for students who hold college diplomas, AU has entered into over 350 agreements and partnerships with colleges and technical institutes in Alberta, across Canada and abroad. Last year, for example, 1,684 Alberta college graduates were enrolled in AU degree completion programs.

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

PARTNERSHIPS

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

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

Forging new partnership opportunities, particularly with corporate Canada, is a major focus of the university's current business plan.

FACILITIES

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

STAFFING

In the 10-year period from 1999 through 2008, AU experienced a 93.2 per cent cumulative enrolment growth (FLEs), an average yearly growth of 7.6 per cent. AU's staff complement has grown to meet the needs of this larger student body. On average, the number of full-time equivalent staff has increased by seven per cent per year over the past five years. The following table presents a comparison of staffing complements (FTE) for the past three years:

	2006-07	2007-08	2008-09
Academic, full-time	152	169	179
Academic, part-time	168	123	127
Professional	187	228	255
Management and executive	23	26	25
Support and temporary	297	325	329
Casual	77	79	83
Tutors	322	361	384
Total	1,226	1,311	1,382

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

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Appendix B

Athabasca University
Audited Financial Statements
Year Ended March 31, 2009

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Auditor's Report
For the year ended March 31, 2009



To the Athabasca University Governing Council

I have audited the statement of financial position of Athabasca University as at March 31, 2009 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Fred J. Dunn FCA

Auditor General

Edmonton, Alberta
May 29, 2009

Statement of Financial Position

March 31, 2009
(thousands of dollars)

	2009	2008 <small>(Restated, Note 3)</small>
ASSETS		
Current assets		
Cash and short-term investments (Note 4)	\$ 21,586	\$ 23,334
Accounts receivable (Notes 18)	4,939	5,439
Inventory of course materials	4,040	3,805
Prepaid expenses	1,077	1,184
	<u>31,642</u>	<u>33,762</u>
Non-current investments (Notes 4)	39,992	51,340
Deferred course development costs (Note 5)	71	141
Capital assets (Note 6)	25,526	21,842
	<u>\$ 97,231</u>	<u>\$107,085</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals	\$ 3,351	\$ 4,736
Salaries and benefits payable (Note 7)	6,564	7,168
Deferred revenue	12,672	11,791
Deferred contributions (Note 8)	5,940	4,545
Current portion of deferred lease inducement (Note 9)	117	117
	<u>28,644</u>	<u>28,357</u>
Deferred salaries and benefits payable (Notes 7 and 19)	3,767	3,689
Deferred lease inducement (Note 9)	29	146
Deferred capital contributions (Note 10)	27,615	29,771
Universities Academic Pension Plan unfunded liability (Note 19)	4,330	3,570
Unamortized deferred capital contributions (Note 11)	12,454	10,206
Unamortized course development contributions (Note 11)	71	141
	<u>76,910</u>	<u>75,880</u>
Net assets		
Investment in capital assets (Note 6)	13,072	11,636
Endowments (Note 12)	2,029	1,595
Internally restricted (Note 13)	9,550	19,529
	<u>24,651</u>	<u>32,760</u>
Unrestricted	-	2,015
Universities Academic Pension Plan unfunded deficiency (Note 19)	(4,330)	(3,570)
	<u>(4,330)</u>	<u>(1,555)</u>
	<u>20,321</u>	<u>31,205</u>
	<u>\$ 97,231</u>	<u>\$107,085</u>

Approved on behalf of the Governing Council

Original signed by Joy Romero

Joy Romero, P.Eng., MBA PM
Chair

The accompanying notes are part of these financial statements.

Original signed by Frits Pannekoek

Dr. Frits Pannekoek
President

Statement of Operations

For the year ended March 31, 2009
(thousands of dollars)

	2009	2008
		(Restated, Note 3)
Revenue		
Province of Alberta grants (Note 18)	\$ 38,537	\$ 34,211
Undergraduate student fees	39,070	36,844
Graduate student fees	15,138	13,153
Sales of goods and services	12,444	12,908
Research and other grants	1,231	909
Donations (Note 15)	1,228	673
Amortization of unamortized deferred capital contributions (Note 11)	833	1,876
Other	121	88
Amortization of deferred course development contributions (Note 11)	70	70
Investment income (loss) (Note 14)	(2,463)	661
	<u>106,209</u>	<u>101,393</u>
Expenses		
Salaries and benefits	77,536	67,097
Fees and purchased services	15,718	14,427
Materials and supplies	9,861	9,312
Communications and travel	7,600	7,346
Amortization of capital assets	2,907	3,601
Facilities rental	1,864	1,605
Scholarships	1,302	494
Insurance, utilities and taxes	880	730
Amortization of deferred course development costs (Note 5)	70	70
Loss (gain) on disposal of capital assets	(15)	76
	<u>117,723</u>	<u>104,758</u>
Deficiency of revenue over expenses	<u>\$ (11,514)</u>	<u>\$ (3,365)</u>

The accompanying notes are part of these financial statements.

Statement of Changes in Net Assets

For the year ended March 31, 2009
(thousands of dollars)

	2009						2008
	Investment in Capital Assets	Endowments (Note 13)	Internally Restricted (Note 13)	Unrestricted	UAPP unfunded deficiency	Total	Total
Balance, beginning of year as previously reported	\$11,636	\$ 1,595	\$19,529	\$ 2,015	\$ -	\$34,775	\$39,354
Restatement (Note 3)					(3,570)	(3,570)	(4,840)
Balance, beginning of year as restated	\$11,636	\$ 1,595	\$19,529	\$ 2,015	\$(3,570)	\$31,205	\$34,514
Deficiency of revenue over expenses	-	-	-	(10,754)	(760)	(11,514)	(3,365)
Investment in capital assets, internally funded	3,510	-	(2,485)	(1,025)	-	-	-
Proceeds from sale of capital assets	(15)	-	-	15	-	-	-
Amortization of internally funded capital assets	(2,074)	-	-	2,074	-	-	-
Gain on disposal of capital assets	15	-	-	(15)	-	-	-
Expenditure of internally restricted net assets	-	-	(2,269)	2,269	-	-	-
Endowment contributions and net transfers	-	434	-	196	-	630	56
Transfer from internally restricted net assets	-	-	(5,225)	5,225	-	-	-
Balance, end of year	\$13,072	\$ 2,029	\$9,550	\$ -	\$(4,330)	\$20,321	\$31,205

(Restated, Note 3)

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31, 2009
(thousands of dollars)

	<u>2009</u>	<u>2008</u>
		<small>(Restated, Note 3)</small>
Cash provided from operating activities:		
Deficiency of revenue over expenses	\$ (11,514)	\$ (3,365)
Items not affecting cash flow:		
Amortization of capital assets	2,907	3,601
Amortization of deferred course development costs	70	70
Loss (gain) on disposal of capital assets	(15)	76
Increase in deferred salaries and benefits payable	78	351
Increase (decrease) in UAPP unfunded liability	760	(1,270)
Amortization of deferred course development contributions	(70)	(70)
Amortization of deferred lease inducement	(117)	(117)
Amortization of deferred capital contributions	(833)	(1,876)
Unrealized loss on investments	3,922	1,580
	<u>(4,812)</u>	<u>(1,020)</u>
Change in non-cash working capital		
Change in current assets, except cash and short-term investments	372	(1,696)
Change in current liabilities, except current portion of deferred lease inducement and capital construction holdbacks	283	4,125
	<u>655</u>	<u>2,429</u>
	<u>(4,157)</u>	<u>1,409</u>
Cash used in investing activities:		
Capital asset acquisitions, internally funded	(3,510)	(4,825)
Capital asset acquisitions, externally funded	(3,077)	(488)
Proceeds on disposal of capital assets	15	9
Decrease (increase) in non-current investments	11,348	(21,872)
Unrealized loss on investments	(3,922)	(1,580)
	<u>854</u>	<u>(28,756)</u>
Cash provided from financing activities:		
Capital contributions	74	30,129
Interest earned on capital contributions	851	283
Endowment contributions	630	56
	<u>1,555</u>	<u>30,468</u>
Increase (decrease) in cash and short-term investments	(1,748)	3,121
Cash and short-term investments, beginning of year	\$ 23,334	20,213
Cash and short-term investments, end of year	<u>\$ 21,586</u>	<u>\$ 23,334</u>

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2009
(thousands of dollars)

Note 1 Authority and Purpose

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

Note 2 Significant Accounting Policies and Reporting Practices

(a) General – GAAP and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, known as GAAP. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Such estimates, the potential errors in which are, in the administration's opinion, within reasonable limits of materiality, have been made using professional judgment and conform to the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

(b) Revenue Recognition

Government grants are recognized as revenue in the period received or receivable, unless a portion of a grant relates to a future period, in which case that portion is deferred and recognized in the appropriate future period.

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

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

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

as deferred contributions in the period in which they are received and, when expended, are recognized as direct increases in net assets.

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

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

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

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

(c) Financial Instruments

Financial assets and liabilities are classified in order to recognize, measure and account for changes in fair value.

Financial assets classified:

- as held-for-trading are measured at fair value with changes in fair value recognized immediately in the statement of operations, and
- as held-to-maturity, or as loans and receivables, are measured at amortized cost with gains and losses recognized in the statement of operations when the asset is derecognized.

Financial liabilities classified:

- as held-for-trading are measured at fair value with changes in fair value recognized immediately in the statement of operations, and
- as other financial liabilities are measured at amortized cost with gains and losses recognized in the statement of operations when the liability is derecognized.

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

<u>Financial Statement category</u>	<u>Classification</u>	<u>Measurement</u>
Cash and short-term investments	Held-for-trading	Fair value
Non-current investments	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost
Salaries and benefits payable	Other financial liabilities	Amortized cost

Note 2 Significant Accounting Policies and Reporting Practices (continues)

Other accounts in the Statement of Financial Position have not been classified as they are not within the scope of the accounting standard. These include; inventory of course materials, prepaid expenses, deferred course development costs, capital assets, deferred revenue, deferred contributions, current portion of deferred lease inducement, deferred salaries and benefits payable, deferred lease inducement, Universities Academic Pension Plan unfunded liability, unamortized deferred capital contributions and unamortized course development contributions. The amortized cost of loans and receivables and other financial liabilities approximates their carrying value. The University's accounts receivable are due from a diverse group of customers and are subject to normal credit risks.

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

The University has elected, as permitted by the standard, not to classify non-financial contracts or derivatives embedded in non-financial contracts, leases and insurance contracts.

(d) Investments

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

(e) Inventory of Course Materials

Inventory of course materials is valued at the lower of cost and net realizable value. Cost of purchased inventory includes the purchase price, shipping and net tax. For internally produced inventory, cost also includes direct and indirect overhead.

(f) Copyrights

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

(g) Deferred Course Development Costs

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

(h) Capital Assets

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

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

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

(i) **Employee Future Benefits**

The University participates with other employers in two defined benefit pension plans, the 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 costs for PSPP are accounted for using the defined contribution method and comprise the amount of employer contributions to the plan that are required for the University's employees during the year, based on contribution rates that are expected to provide for benefits payable.

Pension costs for UAPP are accounted for using the defined benefit method and comprise the amount as actuarially determined using the projected defined benefit value of UAPP in total, and allocated to the University based on University's respective percentage of pensionable earnings.

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

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

For the Extended Health and Dental Care Plans, the costs of benefits earned by employees are the actual claims paid during the period, the insurer's cost of administration (net of interest), plus the year-over-year change in the estimate for any claims that may have occurred but have not been paid.

For the Life and Dependent Life Insurance, Weekly Indemnity and Long Term Disability Plans, the cost of the employee future benefit, if any, is not reflected. Future premium rates are negotiated annually. Rate adjustments are determined based on a combination of the insurer's manual rate and the University's actual claims experience over the past five years. Any plan assets resulting from the surplus or deficit of the plans are attributed to the insurer.

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

Note 2 Significant Accounting Policies and Reporting Practices (continues)

(j) Deferred Lease Inducement

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

(k) Internally Restricted Net Assets

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

Note 3 Restatement

In previous years, the University had accounted for its pension costs related to the Universities Academic Pension Plan (UAPP) based on a defined contribution basis. These pension costs are now recorded using the defined benefit method. The University's share of the liability has been allocated based on a percentage of pensionable earnings.

These changes have been applied retroactively with restatement of comparative numbers. As a result, the University's financial statements have been restated as follows:

	<u>2008</u>
Statement of Financial Position - Liabilities	
Universities Academic Pension	
Plan unfunded liability, as previously stated	\$ -
April 1, 2007 balance	4,840
Change in liability, 2008	(1,270)
Universities Academic Pension	
Plan unfunded liability, as restated	<u>\$ 3,570</u>
Statement of Operations	
Deficiency of revenue over expense, as previously stated	\$ (4,635)
Change in liability, decrease benefit expense	1,270
Deficiency of revenue over expense, as restated	<u>\$ (3,365)</u>
Statement of Financial Position - Net Assets	
Unrestricted - Universities Academic Pension	
Plan unfunded deficiency, as previously stated	\$ -
April 1, 2007 balance	(4,840)
Change in liability, 2008	1,270
Unrestricted - Universities Academic Pension	
Plan unfunded deficiency, as restated	<u>\$ (3,570)</u>

Note 4 Cash and Short-Term Investments and Non-Current Investments

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

	<u>2009</u>	<u>2008</u>
Bank balances ⁽¹⁾	\$ 2,131	\$ 6,172
Money market investments ⁽²⁾	22	22
Investment Fund	59,425	68,480
Total Cash and Investments	61,578	74,674
Less amount recorded as non-current	(39,992)	(51,340)
Cash and short-term investments	<u>\$21,586</u>	<u>\$23,334</u>
Non-current investments consist of		
Endowments	\$2,029	\$1,595
Deferred salaries and benefits payable	3,767	3,689
Deferred capital contributions	27,615	29,771
Internally restricted net assets, non-current portion	6,581	16,285
Non-current investments	<u>\$39,992</u>	<u>\$51,340</u>

(1) From April 1, 2008, to March 31, 2009, interest was earned based on the daily-tiered closing balance as follows: \$0 to \$49,999 – no interest, \$50,000 to \$749,999 - prime less 2.25% and \$750,000 and over - prime less 1.95%.

(2) Money market investments were purchased at a discount and were rated R-1 or better by the Dominion Bond Rating Service. For the year ending March 31, 2009, the average effective yield was nil (2008 – 4.70%).

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

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

An investment objective is to ensure that the investments are selected to match the anticipated cash flow requirements of the University. Therefore, short-, medium-, and long-term (including endowment) investment portfolios have been established. Based on cash flow projections, the University determines the amounts to be invested in each portfolio.

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

Note 4 Cash and Short-Term Investments and Non-Current Investments (continues)

The Investment Fund comprises

	2009				2008	
	Short-term (less than 1 year)	Medium-term (1 to 5 years)	Long-term (more than 5 years)	Endowment (more than 5 years)	Total Investment Fund	Total Investment Fund
Cash and short-term	\$28,305	\$ -	\$ -	\$ -	\$28,305	\$33,940
Fixed income	-	11,957	9,475	1,263	22,695	23,996
Equities						
Canadian	-	1,132	2,180	294	3,606	4,371
U.S.	-	761	2,000	263	3,024	3,680
International	-	432	1,203	160	1,795	2,493
Total equities	-	2,325	5,383	717	8,425	10,544
Total Investment Fund	\$28,305	\$14,282	\$14,858	\$1,980	\$59,425	\$68,480

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

Eighty-four per cent (2008 – 85 per cent) of the medium-term portfolio was invested in fixed income securities, which is within the prescribed range of 75 to 100%, while 16 per cent (2008 – 15 per cent) was invested in equities, which is within the prescribed range of up to 25 per cent.

Sixty-four per cent (2008 – 57 per cent) of the long-term and endowment portfolios were invested in fixed income securities, which is within the prescribed range of 50 to 100 per cent, while 36 per cent (2008 – 43 per cent) were invested in equities, which is within the prescribed range of up to 50 per cent.

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

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

As at March 31, 2009, 74 per cent of the cash and short-term investments in the Canadian Money Market Fund were issued by banks and other financial institutions, 10 per cent were issued or guaranteed by the federal government or a provincial government and the remainder were issued by corporations across a variety of sectors.

The entire fixed income portfolio is invested in the Bond Fund. As instructed by the Investment Advisory Group, all bonds and debentures are rated BBB or higher, as measured by the Dominion Bond Rating Service (DBRS). A primary strategy used by the external fund manager to address risks in this fund is varying duration based on anticipation of future yields. The external fund manager also manages risks by varying the percentage of bonds and debentures issued by corporations as compared to those issued or guaranteed by the federal government or a provincial government. As of March 31, 2009, for example, 40 per cent of this fund was invested in bonds, debentures and mortgages issued or guaranteed by the federal government or a provincial government, and the remainder was invested in bonds and debentures issued by corporations, primarily banks and other

financial institutions. For the Bond Fund and Money Market Funds risks related to foreign currency exchange rate fluctuations are insignificant.

The external fund manager manages risks in the equity funds primarily by varying investments across sectors and judiciously selecting specific stocks within those sectors. The largest concentration of equities at March 31, 2009, was in the financial sector, comprising 33 per cent of the Canadian Equity Fund, 17 per cent of the U.S. Equity Fund and 11 per cent of the Overseas Equity Fund. More moderate concentrations of equities include the energy, industrials, consumer staples and health care sectors.

The annualized, daily weighted average rates of return for the investment pools were as follows:

	<u>2009</u>	<u>2008</u>
Canadian Money Market Fund	3.1%	4.7%
Bond Fund	3.0%	4.6%
Canadian Equity Fund	-32.8%	-2.2%
United States Equity Fund	-25.2%	-15.8%
Overseas Equity Fund	-33.1%	-14.3%

Note 5 Deferred Course Development Costs

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$141	\$211
Amount amortized during year	(70)	(70)
Balance, end of year	<u>\$71</u>	<u>\$141</u>

Note 6 Capital Assets and Investment in Capital Assets

	<u>2009</u>			<u>2008</u>		
	Cost ⁽¹⁾	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,565	\$ -	\$ 1,565	\$ 1,565	\$ -	\$ 1,565
Buildings and site improvements	30,219	16,732	13,487	27,212	15,935	11,277
Leasehold improvements	3,193	1,532	1,661	3,400	1,671	1,729
Furnishings, equipment and software	22,307	15,189	7,118	20,016	14,385	5,631
Library materials	5,761	4,734	1,027	5,585	4,590	995
Works of art	668	-	668	645	-	645
	<u>\$63,713</u>	<u>\$38,187</u>	<u>\$25,526</u>	<u>\$58,423</u>	<u>\$36,581</u>	<u>21,842</u>
Unamortized deferred capital contributions related to capital assets (Note 11)			<u>(12,454)</u>			<u>(10,206)</u>
Investment in capital assets			<u>\$13,072</u>			<u>\$11,636</u>

(1) Beginning August 1, 2006, for a term of 99 years, the University has leased certain lands (Lot 3 and 4, Block 8, Plan 0623053, to the north of and adjacent to its main campus) to the Town of Athabasca and the County of Athabasca for a nominal amount of \$1 per year.

(2) Included in the cost of capital assets are projects in progress that are not yet being amortized. These include leasehold improvements \$0 (2008 - \$925), software \$0 (2008 - \$677) and buildings \$3,519 (2008 - \$512).

Note 7 Salaries and Benefits Payable

	<u>2009</u>	<u>2008</u>
Other defined benefit plans		
Administrative Leave Plan	\$1,765	\$1,615
Flexible Benefit Plan	1,200	1,243
Total other defined benefit plans (Note 19)	2,965	2,858
Salaries and wages	2,302	3,422
Vacation pay	2,681	2,427
Professional development funds	2,383	2,150
Total salaries and benefits payable	10,331	10,857
Current portion of salaries and benefits payable	<u>(6,564)</u>	<u>(7,168)</u>
Deferred salaries and benefits payable	<u>\$3,767</u>	<u>\$3,689</u>

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

Note 8 Deferred Contributions

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$4,545	\$2,943
Contributions received		
Grants	5,294	2,969
Donations (Note 15)	439	1,007
Other	157	-
Transfer to deferred capital contributions (Note 10)	(74)	(129)
Amount recognized as revenue		
Grants	(3,915)	(1,905)
Donations (Note 15)	(506)	(340)
Balance, end of year	<u>\$5,940</u>	<u>\$4,545</u>
The balance consists of funds restricted from Province of Alberta		
Access to the Future Fund	\$2,536	\$2,330
Infrastructure Maintenance Program	585	-
Enrolment Planning Envelope	419	439
Other ministries, agencies or foundations	121	189
Sponsored research projects	1,589	1,587
Special projects	518	-
Student awards	172	-
	<u>\$5,940</u>	<u>\$4,545</u>

Note 9 Deferred Lease Inducement

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

	<u>2009</u>	<u>2008</u>
2009	-	117
2010	117	117
2011	29	29
Total unamortized deferred lease inducement	146	263
Less: current portion	<u>(117)</u>	<u>(117)</u>
Long-term portion of deferred lease inducement	<u>\$29</u>	<u>\$146</u>

Note 10 Deferred Capital Contributions

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

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$29,771	\$ -
Grant received	-	30,000
Interest earned (Note 14) ⁽¹⁾	851	283
Transfers from deferred contributions (Note 8)	74	129
	<u>925</u>	<u>30,412</u>
Transfers to unamortized deferred capital contributions (Note 11)	<u>(3,081)</u>	<u>(641)</u>
Balance, end of year	<u>\$27,615</u>	<u>\$29,771</u>

(1) Interest on capital grant, originally received from the Province of Alberta in 2008 fiscal.

Note 11 Unamortized Deferred Capital and Deferred Course Development Contributions

	<u>2009</u>		<u>2008</u>	
	Capital	Course Development	Capital	Course Development
Balance, beginning of year	\$10,206	\$141	\$11,441	\$211
Transfer from deferred capital contributions (Note 10)	3,081	-	641	-
	<u>13,287</u>	<u>141</u>	<u>12,082</u>	<u>211</u>
Amortized to revenue	(833)	(70)	(1,876)	(70)
Balance, end of year	<u>\$12,454</u>	<u>\$71</u>	<u>\$10,206</u>	<u>\$141</u>

Note 12 Endowments

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

	2009				2008
	Capital Contributions	Endowments Capitalized Earnings	Expendable Earnings	Total	Total
Balance, beginning of year	\$1,439	\$ 156	\$ -	\$1,595	\$1,560
Donations received (Note 15)	630	-	-	630	-
Awards	-	-	(11)	(11)	(47)
Transfer from internally restricted net assets	-	-	-	-	47
Transfer from (to) unrestricted net assets ⁽¹⁾	-	51	(236)	(185)	35
Balance, end of year	\$2,069	\$ 207	\$ (247)	\$2,029	\$1,595

(1) Capitalized earnings \$51 (2008 - \$63) allocated from expendable earnings. The accumulated loss in expendable earnings is expected to be recovered by future investment income. Includes investment earnings (loss) of (\$189) (2008 - \$63).

Note 13 Internally Restricted Net Assets

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

	Balance, beginning of year	Net expenditures	Net transfers	Balance, end of year
Operating				
New program development	\$7,254	\$(990)	\$(6,075)	\$189
Bridging to retirement	1,470	(494)	-	976
Future student awards	1,714	-	(162)	1,552
Future claims reserve	460	171	-	631
	10,898	(1,313)	(6,237)	3,348
Capital				
Investment in systems development ⁽¹⁾	8,118	(3,441)	1,525	6,202
Infrastructure	513	-	(513)	0
	8,631	(3,441)	1,012	6,202
Total internally restricted net assets	\$19,529	\$(4,754)	\$(5,225)	\$9,550

(1) Net expenditures include \$956 materials and purchased services of a non capital nature.

Note 14 Investment Income

	<u>2009</u>	<u>2008</u>
Investment income (loss) from		
Operating bank accounts	\$ 124	\$ 351
Investment fund	(1,937)	315
Marketable securities	-	240
Other	12	101
Total investment income (loss)	(1,801)	1,007
Transfer to deferred capital contributions (Note 10)	(851)	(283)
Transfer to endowments (Note 12)	189	(63)
Total investment income (loss) recognized	<u><u>\$(2,463)</u></u>	<u><u>\$ 661</u></u>

Note 15 Donations

Donations were recognized as revenue during the year as follows:

	<u>2009</u>			<u>2008</u>
	Cash ⁽¹⁾	In-kind ⁽²⁾	Total	Total
Donations received	\$1,108	\$ 683	\$1,791	\$1,340
Net transfers to deferred contributions ⁽³⁾ (Note 8)	(67)	-	\$(67)	667
Transfer to endowments (Note 12)	630	-	630	-
Total donations recognized	<u><u>\$ 545</u></u>	<u><u>\$ 683</u></u>	<u><u>\$1,228</u></u>	<u><u>\$ 673</u></u>

(1) Includes shares contributed with a fair value of \$297, converted to cash, for a research related project.

(2) In-kind donations of \$683 (2008 - \$309) consisted of professional services received during the year.

(3) Donations received subject to external restrictions: \$439 (2008 - \$1,007) less \$506 (2008 - \$340) recognized as revenue.

Note 16 Budget

The budget for the year ended March 31, 2009, as approved by Athabasca University Governing Council on March 30, 2008, is presented together with actual revenue and expenses for the year.

	<u>Actual</u>	<u>Budget</u>
Revenue		
Province of Alberta grants	\$ 38,537	\$ 37,485
Undergraduate student fees	39,070	42,149
Graduate student fees	15,138	16,824
Sales of goods and services	12,444	13,730
Research and other grants	1,231	1,004
Donations	1,228	3,500
Amortization of unamortized deferred capital contributions	833	1,007
Other	121	679
Amortization of deferred course development contributions	70	-
Investment income (loss)	(2,463)	2,275
	<u>106,209</u>	<u>118,653</u>
Expenses		
Salaries and benefits	77,536	81,369
Fees and purchased services	15,718	19,112
Materials and supplies	9,861	10,742
Communication and travel	7,600	7,052
Amortization of capital assets	2,907	3,842
Facilities rental	1,864	1,695
Scholarships	1,302	580
Insurance, utilities and taxes	880	715
Amortization of deferred course development costs	70	-
Loss (gain) on disposal of capital assets	(15)	-
	<u>117,723</u>	<u>125,107</u>
Deficiency of revenue over expenses	<u>\$(11,514)</u>	<u>\$(6,454)</u>

Note 17 Contractual Obligations

The University has contractual commitments of \$27,233 (2008-\$0) for a capital project, of this amount \$16,500 is anticipated to be expended in 2010 and the remainder in 2011. Funding for this project was provided from a Province of Alberta capital grant and is included in deferred capital contributions (Note 10).

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

2010	\$ 1,287
2011	\$ 1,442
2012	\$ 1,423
2013	\$ 679

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

Note 18 Related Party Transactions

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

	<u>2009</u>	<u>2008</u>
Operating grant	\$33,826	\$30,512
Enrolment Planning Envelope	3,244	3,407
Infrastructure maintenance	919	142
Access to the Future Fund ⁽¹⁾	1,200	-
Other	<u>1,576</u>	<u>447</u>
	40,765	34,508
Capital grant	-	<u>30,000</u>
Total contributions received	<u>40,765</u>	<u>64,508</u>
Change in deferred contributions and other accruals from provincial sources	<u>(2,228)</u>	<u>(30,297)</u>
Province of Alberta grants revenue recognized	<u>\$38,537</u>	<u>\$34,211</u>

(1) In 2008 a receivable of \$1,200 is included in the change amount of \$ (30,297).

At March 31, 2009, the University had accounts receivable from the Province of Alberta of \$1,451 (2008 - \$2,171) and from the University of Lethbridge of \$459 (2008- \$559).

The University offered certain courses at other provincial post-secondary institutions. The revenue for these courses amounted to \$1,272 (2008 - \$1,393).

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

Note 19 Employee Future Benefits

Pension Plans

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

At December 31, 2008, the PSPP reported an actuarial deficiency of \$1,187,538 (2007 - \$92,070). An actuarial valuation of the PSPP was carried out as at December 31, 2005 and was then extrapolated to December 31, 2008. The pension expense recorded in these financial statements is equivalent to the University's actuarially determined contributions of \$897 (2008 - \$851).

At December 31, 2008, the UAPP reported an actuarial funding deficiency of \$1,055,471 (2007 - \$535,843) consisting of a pre-1992 deficiency of \$752,437 (2007 - \$501,300) and a post-1991 deficiency of \$303,034 (2007 \$34,543). An actuarial valuation of the UAPP was carried out as at December 31, 2006 and was then extrapolated to December 31, 2008. A further extrapolation was

Note 19 *Employee Future Benefits (continues)*

completed to March 31, 2009 reporting a net funding deficiency of \$1,299,860 (\$857,110 for pre-1992 service and \$442,750 for post-1991 service). The University's portion, which has been allocated based on its plan members' percentage of pensionable earnings, is estimated to be \$28,420 at March 31, 2009 (2008 - \$ 12,020). The University has recorded an accrued benefit liability of \$4,330 (2008 - \$3,570) and deferred \$24,090 (2008 - \$8,450) of unamortized experience losses as prescribed by the accounting standards for employee future benefits.

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

	2009	2008
Accrued benefit obligation as of March 31		
Discount rate	6.70%	6.70%
Average compensation increase	6.00%	6.00%
Benefit costs for years ended March 31		
Discount rate	6.70%	6.70%
Average compensation increase	6.00%	6.00%

The unfunded liability for service prior to January 1, 1992 is financed by additional contributions of 1.25 per cent (2007 - 1.25 per cent) of salaries by the Province of Alberta. Employees and employers equally share the balance of the contributions of 1.74 per cent (2007 - 2.28 per cent) of salaries required to eliminate the unfunded liability by December 31, 2043. The unfunded liability for service after December 31, 1991 is financed by special payments of 1.08 per cent (2007 - 2.64 per cent) of salaries shared equally between employees and employers until December 31, 2021.

Administrative Leave and Flexible Benefits Plan

The University's Administrative Leave Plan and Flexible Benefit Plan have no plan assets. The University has provided for these plans by accruing a benefit obligation of \$2,965 (2008 - \$2,858) in salaries and benefits payable (Note 7).

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

	2009	2008
Discount rate and rate of return		
Administrative Leave Plan	7.70%	5.50%
Flexible Benefit Plan	7.90%	5.75%
Rate of compensation increase		
First year	7.00%	7.00%
Subsequent years	5.00%	7.00%
Average remaining service period of active employees		
Administrative Leave Plan	8	9 years
Flexible Benefit Plan	15	14 years
Retirement age	62	62 years

During the year, the University paid benefits from these benefit plans totaling \$926 (2008 - \$432). Employee future benefit costs recognized in the year are \$1,356 (2008 - \$1,017).

Extended Health and Dental Care Plans

The accrued benefit obligation and plan assets for the Extended Health and Dental Care defined benefit plans are \$95 (2008 - \$95) and \$725 (2008 - \$554) respectively. The net position of the plans of \$630 (2008 - \$460) is recorded in accounts receivable in the University's statement of financial position. The change in the net position of \$170 (2008 - \$48) is recorded as a reduction to expenses in the University's statement of operations. Employer premiums paid to Alberta Blue Cross of \$2,461 (2008 - \$2,032) are recorded as an expense in the University's statement of operations.

Note 20 Salary and Benefits Disclosure

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

	2009			2008
	Base Salary ⁽¹⁾	Cash Benefits ⁽²⁾	Non-cash Benefits ⁽³⁾	Total
Governing Council⁽⁴⁾				
Chair of Governing Council	\$ -	\$ -	\$ -	\$ -
Governing Council members	-	-	-	-
Executive Officers				
President	341	29	45	415
Vice-presidents				
Academic	222	14	26	262
Advancement	214	14	26	254
Finance and Administration	205	11	26	242
Chief Information Officer	187	11	26	224
Associate Vice-presidents				
Academic	170	-	26	196
Research	176	-	26	202
Increase in Administrative Leave Plan accruals^{(5) (6)}				
President				79
Vice-presidents				
Academic				41
Advancement				38
Finance and Administration				38
Chief Information Officer				50
Associate Vice-presidents				
Academic				21
Research				-

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

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

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

(4) The chair and the 17 members (2008 - 16) of Governing Council receive no remuneration for participation on the council.

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

(6) The total Administrative Leave Plan payable for these members is \$869 (2008 - \$787) (Note 7).



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