

Athabasca University 

Annual Report

to Alberta Advanced Education
and Technology

For the year ended March 31, 2011



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Accountability Statement

Athabasca University's *Annual Report* for the year ended March 31, 2011, 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

October 21, 2011

Management's Responsibility For Reporting

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

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

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

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President

October 21, 2011

Original signed by Murray Walford

Murray Walford, CMA
Acting Vice-President (Finance and Administration)

Message from the Chair and President

In the past year, as detailed in the following report, Athabasca University has seen a number of long-term plans and projects completed or draw near to fruition. Many of these accomplishments were inspired by the *Strategic University Plan: 2006–11*. At the same time, members of the AU community have been actively engaged in planning the next stage of the university's development through consultations informing a renewed strategic plan, for the 2011–16 period, which will be finalized this year.

Two major projects initiated in 2009, the Course Digitization Project, which was successfully completed at the end of March 2011, and the Open Knowledge Environment Project, which was extended by six months to October 2011, will help position AU to better serve the learning needs of Albertans now and in years to come. These projects have resulted in numerous improvements to the university's information and communication technology infrastructure and to its ability to deliver online learning and services to students in a timely and efficient manner. These projects have moved the university one step closer to realizing the Open Learning Environment, an innovative online post-secondary campus in which cutting-edge technologies will integrate with advanced pedagogical practice to form a supportive, student-centred, world-class learning environment. However, much work remains to be done to complete this visionary undertaking, and accessing sufficient funding for information and communication technology infrastructure remains the greatest obstacle to its realization.

On the research front, AU has had a successful year. Several large, multi-year projects proceeded on schedule and several others began. Three new research chairs were initiated during the year, and the university entered into several new research partnerships. AU Press continues to grow and to enhance access to the products of scholarly research, particularly for those living in areas not served by university libraries. Increasing research funding remains a university priority.

Increasing financial support for students through scholarships and bursaries is another priority goal for AU, and 2010–11 saw the university take significant strides toward achieving it. Over \$1 million in student awards were distributed, the second highest total in AU history.

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

The uncertain economic times of the past few years have affected AU, as they have all elements of the post-secondary sector. Despite these challenges, however, the university has stayed the course of its strategic plan and accomplished much. As it enters the next strategic planning period, AU has a solid foundation upon which to build and looks forward to ever greater accomplishments.

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

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

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

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

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

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

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

students at other universities who seek courses to accelerate degree completion. The university also acquires and maintains accreditation in other Canadian provinces and in appropriate international jurisdictions.

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

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

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

Governance

AU operates with a bicameral governance system. 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, one graduate student, two undergraduate students and one alumni member. The president of the university is an *ex officio* member of the council.

As of March 31, 2011, the membership of Governing Council was as follows:

Appointed Public Members	Barry Walker (Chair) Brian Curial (Vice-Chair) Rai Batra William Byrne Ron Cherlet Diane Davies Marilyn Kane Jill Matthew Andy Neigel John Trefanenko Shawn Wasel
Executive Officer	Frits Pannekoek, President
Academic Staff Members	Donna Romyn, Athabasca University Academic Council John Ollerenshaw, Athabasca University Faculty Association
Tutor Member	Judi Malone

Non-academic Staff Member	Carla Yeaman
Graduate Student Member	Amanda Nielson, President, Athabasca University Graduate Students' Association
Undergraduate Student Members	Barb Rielly, President, Athabasca University Students' Union Sarah Kertcher, Vice-President (Finance and Administration), Athabasca University Students' Union
Alumni Member	Vacant

Core Programs

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

As of March 2011, AU offered 903 courses in a broad range of undergraduate and graduate degree, diploma and certificate programs. The university focuses on providing flexibility of access and effective student support.

Graduate Programs

AU offers the following nine graduate degrees as well as 12 graduate-level diplomas and certificates:

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

Undergraduate Programs

In addition to 22 undergraduate certificate and diploma programs, AU offers the following undergraduate degrees, many of which are available through both regular and post-diploma programs:

- Bachelor of Arts, four-year (with a major in anthropology, Canadian studies, English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's studies or a combined major)
- Bachelor of Arts, three-year (general or with a concentration in English, French, history, humanities, information systems, labour studies, political economy, political science, psychology, sociology or women's studies)

- Bachelor of Commerce (general or with a major in accounting, e-commerce or financial services)
- Bachelor of General Studies (in arts and science or applied studies)
- Bachelor of Health Administration
- Bachelor of Human Resources and Labour Relations
- Bachelor of Management, four-year (general or with a major in human resource management, marketing, or indigenous nations and organizations)
- Bachelor of Management, three-year
- Bachelor of Nursing (post LPN or post RN)
- Bachelor of Professional Arts (with a major in communication studies, criminal justice, human services or governance, law and justice)
- Bachelor of Science (general or with a major in human science)
- Bachelor of Science in Computing and Information Systems

Enrolment, Facility and Staffing Information

Enrolment

AU's overall student enrolment for 2010–11 was 38,876 (7,923 full-load equivalents). Enrolment in the graduate degree programs was 2,952; in undergraduate degree programs, 6,151. Detailed enrolment and course registration statistics are presented on pages 25–30.

Facilities

AU operates out of its main campus and the nearby Duniece Centre and 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. AU's main Data Centre is located on the Athabasca campus and contains the central storage, processing and network hubs. Smaller subsidiary data facilities are located in St. Albert and Edmonton.

Staffing

AU's staff complement was reduced by 8.3 per cent in the past year, the result of a voluntary retirement program and a hiring freeze, both programs introduced to deal with the effects of the economic downturn and the resulting freeze to operating grants.

The following table presents a comparison of staffing complements (full-time equivalents) for the past three years. As the data show, though the effects of these human resources measures have been distributed across the institution, the impacts on academic and teaching positions have been kept to a minimum.

	2008–09	2009–10	2010–11	% Change
Academic, full-time	179	186	176	(5.4)
Academic, part-time	127	149	139	(6.7)
Professional	255	306	270	(11.8)
Management and executive	25	24	19	(20.8)
Support and temporary	329	351	286	(18.5)
Casual	83	54	53	(1.9)
Tutors	384	377	384	1.9
Total	1,382	1,447	1327	(8.3)

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

Collaborations and Partnerships

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

Students registered at other Alberta post-secondary institutions make extensive use of AU’s courses and educational services to help them complete their degrees. This accessibility accounts for a large percentage of students enrolled at the university: 9.9 per cent of AU undergraduates are visiting from other Alberta post-secondary institutions. For example, in the past year, 1,771 students from the University of Alberta and the University of Calgary took AU courses for degree completion at their home universities.

To create pathways to degree completion for students who hold college diplomas, AU has entered into more than 350 agreements and partnerships with colleges and technical institutes in Alberta, across Canada and abroad. Last year, for example, 2,018 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.

Through its partnership with Alberta-North, AU helps to provide facilities, learning technologies and support services at over 80 online CAP sites, through which students can receive courses and programs offered by many different post-secondary institutions.

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

AU administrators and faculty and staff members engage in discussions with colleagues at other Alberta post-secondary institutions, particularly provincial colleges, as part of their ongoing collaborative work.

Through a series of long established relationships, AU offers its courses through grouped study at a variety of partner institutions, enabling students to remain in their home communities while pursuing university-level study. In addition to offering courses, AU has liaison staff on site at Medicine Hat College, Mount Royal University, Grande Prairie Regional College and Lethbridge Community College and another staff member working with four central Alberta institutions. These liaison offices provide services to students taking AU programs and courses and initiate opportunities for dialogue and relationship building with both our college partners and the larger community.

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

Major Accomplishments of 2010–11

On June 25, 2010, AU marked the fortieth anniversary of its founding, by order in council of the Government of Alberta, in 1970. The following significant accomplishments were highlights of its anniversary year.

Teaching and Learning

Post-Baccalaureate Diploma in Architecture

With the approval of the Minister of Advanced Education and Technology and in partnership with the Royal Architectural Institute of Canada, AU launched a new Post-Baccalaureate Diploma in Architecture Program in February 2011. The goal of the program is to provide inclusive professional architectural education that meets the highest standards of excellence and leads to professional certification and to break down certification barriers for foreign-trained architects so they can work in Canada. The unique work-study program includes employment experience in an architectural office.

Professional practice courses started in the spring of 2011, and other courses will added to the curriculum as they are developed. The existing RAIC Syllabus program will continue to operate while courses are developed for delivery through AU.

Course Digitization Project

More than 500 of AU's 903 courses were converted to a consistent XML format that will help to streamline course development and delivery through the Course Digitization Project, which was successfully completed in March 2011, significantly surpassing the original project goal of converting 450 courses.

A number of additional sub-projects achieved outcomes which will further enhance learning opportunities for AU students:

- Interactive, multimedia learning resources (e.g., learning trees and multiple choice exercises incorporating audio and animations) were developed for 17 of AU's most popular online courses.
- Over 430,000 pages of course-related copyright documents were digitized, enabling improvements in access and processing.
- The undergraduate and graduate calendars were converted to AU's new web template.
- About 700 online syllabuses were converted to XML files that plug into the new web template.
- The web content for nine academic centres (40 websites and over 2,700 web pages) was revamped and relaunched in the new web template.

This 17-month, \$6.4 million project was financed by a grant from the Government of Canada's Community Adjustment Fund, grants from the Government of Alberta's Renaissance Fund Program and other sources. Local partners in the project included schools, school boards and a college that provided work spaces for Course Digitization Project staff.

The project created more than 90 temporary jobs in Athabasca, St. Paul and Grande Prairie, communities negatively affected by the recent economic downturn, and provided workers with opportunities to acquire new skills that will aid their transition to future employment.

Canadian Film Online

Canadian Film Online, a project begun in January 2011 under the leadership of Dr. Evelyn Ellerman, an associate professor of communication studies in the Faculty of Humanities and Social Sciences, is creating an interactive resource for film students and the general public on the history of film-making in Canada.

The resource will make available digitized versions of 80 Canadian films in English and French, with commentaries and interviews that explore and explain the development of the Canadian film industry, focusing on people, trends and issues. Through interactive tools such as wikis and GIS technologies, users of the resource will be able to track patterns of film development, employing the database to generate charts, graphs and timelines, submit commentaries for review and inclusion and contribute to the information available on feature film-making since the 1960s.

Canadian Film Online is being created in collaboration with the National Film Board, Library and Archives Canada, Telefilm Canada, the Directors Guild of Canada, the Canadian Association of Film and Television Producers, and L'Elephant, the project's counterpart in Québec. The project, which will be completed in 2011, has received funding (\$330,627) from the federal Department of Canadian Heritage.

PLAR Award

AU received a 2010 Canadian Recognizing Learning Award from the Canadian Association for Prior Learning Assessment in recognition of the university's achievements in prior learning assessment and recognition.

AU has earned national recognition for its expertise in prior learning assessment and recognition, a practice with which it has been involved since 1997, and post-secondary institutions frequently contact AU's Centre for Learning Accreditation for advice on setting up their own assessment and recognition systems.

The Centre for Learning Accreditation has also developed a successful method of mentoring students to help them demonstrate the learning they have acquired outside formal post-secondary education. Each year, with the help of over 100 assessors, AU processes between 1,500 and 1,800 university credits, the equivalent of 500 to 600 courses, from the PLAR portfolios created by students.

Research

Traditional Knowledge, Legal Orders and Laws

Dr. Tracey Lindberg, an associate professor in the Centre for World Indigenous Knowledge and Research, was awarded a Canada Research Chair (Tier II) in traditional knowledge, legal orders and laws in November 2010, becoming AU's fourth Canada Research Chair.

Through a study of the identifying characteristics of specific indigenous societies and their laws, Lindberg's research will focus on identifying how indigenous legal traditions can assist in the rejuvenation of certain rights of indigenous citizens.

Open Educational Resources

The United Nations Educational, Scientific and Cultural Organization and the Vancouver-based Commonwealth of Learning, with support from the Government of Alberta, formally launched a new Chair in Open Educational Resources at AU in January 2011. Open educational resources are teaching and learning materials (e.g., courses, course modules, syllabuses, lectures, assignments, quizzes, lab and classroom activities, pedagogical materials, games and simulations) that are freely available online to instructors, students or self-learners.

The new chair, the first UNESCO chair to be created in the Prairie provinces, will be held by Dr. Rory McGreal, AU's associate vice-president (research). As UNESCO/COL chair, McGreal will be responsible for promoting the use of open educational resources at institutional, national and international levels, particularly in the developing world.

AU is committed to using open educational resources and to opening its learning content and applications online, sharing content with other universities and colleges across Canada and around the world.

Mobile Learning

Dr. Jon Dron, an associate professor in the School of Computing and Information Systems, is the principal investigator for Open Social Mobile Systems for E-learning Research, an interdisciplinary research project which aims to build a research infrastructure to stimulate and observe interaction patterns between and among humans and devices in an electronic learning ecosystem of content objects, mobile devices, semantic web services and other intelligent agents.

The infrastructure will make it possible for mobile learning researchers to create, capture and index content in the mobile context and to analyze the effectiveness of mobile learning activities, social networking systems and ubiquitous technologies that trigger proximity based interactions. Connected and networked, rich multimedia, mobile and social tools will enhance knowledge and learning in places and ways that have hitherto been difficult or impossible to attain.

In the past year, the project has received support from both the Canada Foundation for Innovation's Leaders Opportunity Fund (\$346,152) and Alberta Advanced Education and Technology's Small Equipment Grants Program (up to \$346,152).

Sustainable Communities

Working with Dr. Dietmar Kennepohl, associate vice-president (academic) and interim director of the Athabasca River Basin Research Institute, Dr. Aris Solomon, an associate professor of accounting in the Faculty of Business, was awarded \$80,000 from the Alberta Rural Development Network for Achievable Sustainability Options for a Resource-Based Community.

This project, undertaken in partnership with NorQuest College, the communities of Hinton and Grande Cache and other participants, aims to find ways to build a more sustainable social, economic and environmental future for resource based communities. Dr. Deborah Hurst of the Faculty of Business and Dr. Mike Gismondi and Dr. Lorna Stefanick, both of the Faculty of Humanities and Social Sciences, are also involved in aspects of the study.

Student Support

Transfer Credit Information System

A web-based transfer credit articulation system launched in November 2010 gives users instant access to information about transfer credits. Prospective and current students and employees at AU or other post-secondary institutions can use the service to find three types of information: how a course taken at another institution transfers to AU, how a program taken at another institution transfers to AU and which courses from other institutions are equivalent to AU courses. The information provided by the new system will help students to plan their studies.

Online Fee Calculator

A new interactive student service, an online fee calculator, allows students to estimate course fees based on their individual circumstances. Launched in February, the online tool has been well received, having been used by about 5,000 students by year end with no problems reported.

Faculty and Staff Achievement

Research Award

Dr. Janice Thomas, a professor of project management in the Faculty of Business and director of the Project Management Research Institute, was awarded the Project Management Institute's 2010 Research Achievement Award. The award, given annually by the Washington, D.C., based institute, recognizes researchers who have significantly advanced the practice of project management through professionally conducted research. Thomas received the award for her work exploring organizational change, team building and leadership in project management.

Book Award

Dr. Dietmar Kennepohl, associate vice-president (academic), and Dr. Lawton Shaw, an assistant professor of chemistry in the Faculty of Science, received the 2011 Charles A. Wedemeyer Award from the University Professional and Continuing Education Association for their book *Accessible Elements: Teaching Science Online and at a Distance*. The award recognizes a monographic publication of merit that makes significant contributions to research in the field of distance education. Published by AU Press, *Accessible Elements* informs science educators about current practices in online and distance education and distance delivery methods for laboratory coursework.

Practitioner Award

Dr. Terry Anderson, Canada Research Chair in distance education, was named the 2010 Mildred B. and Charles A. Wedemeyer Outstanding Practitioner in Distance Education. This biennial award, jointly sponsored by the University of Wisconsin-Madison and *The American Journal of Distance Education*, recognizes exceptional achievement in the application and advancement of distance education theory and practice in North America.

Leadership Award

George Siemens, a project manager in the Technology Enhanced Knowledge Research Institute, received a 2010 Award of Excellence for sustained leadership in educational technology from the Association for the Advancement of Computing in Education. The AACE cited Siemens' continued innovation and

leadership in the field as the basis for the award. Siemens' works includes *Connectivism: A Learning Theory for the Digital Age* and *Knowing Knowledge*, an exploration of the changing context and characteristics of knowledge.

Student Service Award

Heidi Schreiner, co-ordinator of AU's Information Centre, received the 2010 Outstanding New Professional Award at the Alberta Services for Students Conference. The award is presented to a student services professional, with fewer than five years of full-time experience at an Alberta post-secondary institution, who demonstrates innovation or creativity in student services or research, active involvement in professional organizations, involvement in relevant student services related committees or projects, significant leadership potential and commitment to personal development.

Student Achievement

Alberta Scholarship Award

Jeanne Blair of Canmore, Alta., a student in the Master of Science (Information Systems) program, received Alberta Scholarship Programs funding (Profiling Alberta Graduate Students Award) to present a paper at the IEEE International Conference on Advanced Information Networking and Applications in Singapore in March, 2011. The paper, "An Approach for Integrating 3D Virtual Worlds with Multi-agent Systems," was co-authored by Blair and Dr. Fuhua (Oscar) Lin, a professor in the School of Computing and Information Systems.

Alumni Achievement

Rising Star

In recognition of his business success, the AU Alumni Association awarded Derek Prue (BA psychology, 1997; BA English, 2001; MBA, 2004) its 2010 Rising Star Award. Since founding SkyRider Developments, a land development, project management and construction company, in Stony Plain, Alta., in 2005, Prue has carved a distinctive niche for the company. Its reputation for adaptability and flexibility has opened the doors to many projects, and the company has earned a solid reputation for its work with First Nations communities. SkyRider Developments was ranked Alberta's fastest growing company under \$20 million by *Alberta Venture* in 2008, and Prue was selected as one of *Avenue Magazine's* Top 40 Under 40 in 2009.

Volunteer Service

Dr. James Chi Ming Pau (Bachelor of General Studies, 1982) was awarded the 2010 Volunteer Service Award by the AU Alumni Association in recognition of his long record of community service. Pau has spent the past 35 years helping marginalized people, especially seniors and drug addicts, living on Vancouver's Downtown Eastside. He blends Western and Asian principles to heal body and spirit and, as president of the North American Buddhist Order, is a passionate advocate for world peace and social justice.

Publications

AU Press

A growing list of publications (including 17 new books), the introduction of *Fabriks* (a new series in labour studies) and the addition of the *ePublications of the Canadian Archaeological Association* website and the journal *Canadian Folk Music/Musique folklorique canadienne* are just a few examples of the

thriving scholarly publishing activity at AU Press in 2010–11. Once again, works published by AU Press received a number of prestigious awards, among them:

- The Edna Staebler Award for Creative Non-fiction (to a first or second work of creative non-fiction that has a Canadian locale or a particular Canadian significance): awarded to *A Very Capable Life: The Autobiography of Zarah Petri* by John Leigh Walters
- The Alberta Readers' Choice Award (to a work of adult fiction or narrative non-fiction published in Alberta): awarded to *Letters from the Lost: A Memoir of Discovery*, by Helen Waldstein Wilkes
- The Charles A. Wedemeyer Award (for significant contributions to research in the field of distance education): awarded to *Accessible Elements: Teaching Science Online and at a Distance* by Dietmar Kennepohl and Lawton Shaw

Alberta Women's Memory Project

The Alberta Women's Memory Project launched a new website, a teaching and public education resource hosted by AU, in March 2011. Records donated to the project have been digitized by the Thomas A. Edge Archives and Special Collections for presentation on the website. To date, 11 collections, incorporating two metres of textual records and 200 photographs have been digitized. The Alberta Women's Memory Project is a collaborative project involving scholars, archivists, writers and researchers who are committed to preserving the history of women in Alberta. The project is supported by the Alberta Minister of Community Development and the Heritage Preservation Partnership Program.

Conferences

Learning Analytics

The Technology Enhanced Knowledge Research Institute hosted Learning Analytics and Knowledge, an international conference on learning analytics, in Banff in February 2011. Learning analytics is the measurement, collection, analysis and reporting of data about learners and their contexts with a view to understanding and optimizing learning and the environments in which it occurs.

The event, which was supported by Government of Alberta, the Bill and Melinda Gates Foundation, EDUCAUSE, Kaplan Ventures and Desire2Learn, was attended by over 100 researchers and academics from 12 countries. The conference proceedings will be published in ACM, and all videos and recordings from the conference will be posted online.

The success of this first conference has resulted in a commitment by conference organizers to plan another event for 2012. With growing interest in accountability for and improvements to education (K–12 and post-secondary), educational leaders and teachers require better data to guide decision making. Learning analytics is proving to be an important approach to identifying learners at risk for dropping out and to developing early interventions.

E-Quality Symposium

Participants from all over the world came to Banff in September 2010 for the E-Quality Symposium, sponsored by AU and the Campus Alberta Quality Council. The purpose of the symposium was to begin the process of developing a set of standards that will enable educators to measure the quality of education at institutions that offer distance education programs. The meeting identified a set of issues to be considered in making such assessments including course development, student and faculty support and evaluation and assessment. While a finished set of guidelines appears to be a long way off, the consensus was that any set of quality standards must be student-centred and focused on learning outcomes.

International Trade

Along with the University of Maryland University College and Mexico's Tecnológico de Monterrey, AU hosted Wealth Creation through Free Trade and Entrepreneurship in Ottawa in April 2010. The conference explored problems, real and imagined, with international trade agreements, including the North American Free Trade Agreement. Researchers, policy makers and industry leaders discussed an array of topics including labour mobility, security partnerships, the financial crisis and the rise of protectionism, and managing bilateral and trilateral relationships. Energy policy was a key theme of the conference, with the focus on North America's future energy needs and emerging energy and climate change legislation.

Social Media

The Technology Enhanced Knowledge Research Institute hosted a two-day conference, Making Sense of Social Media in Education, Government and Enterprise, in Edmonton in April 2010. The conference brought together newcomers and experienced practitioners to discuss how to use social media to connect with current and prospective clients, students and employees and how to increase the effectiveness of organizational communication. One goal of the conference was to highlight social media innovations in Alberta, across Canada and around the world.

Copyright

AU hosted the ABC Copyright conference in Athabasca in June 2010. ABC Copyright Group is a national organization of copyright administrators and others who work in copyright offices, libraries, bookstores, instructional and educational technology departments, distance learning offices and audiovisual units at various post-secondary institutions across Canada. Advocacy and Openness was the theme of the conference, and the keynote speaker was Dr. Michael Geist, a University of Ottawa law professor and Canada Research Chair in Internet and e-commerce law, who addressed the proposed new Canadian copyright legislation.

External Relations

Export Award

The Alberta Chamber of Commerce awarded its 2011 Export Award of Distinction to AU in recognition of its achievements in exporting knowledge and education. The award is given annually to an Alberta organization that has achieved outstanding accomplishments in exporting products or services outside of Canada. The award was one of several presented by the Chamber of Commerce in March 2011 at a ceremony to recognize the province's top business performers.

Hermes Award

A corporate video produced by AU's Advancement Office received a 2010 Hermes Platinum Award in the Video/Marketing (Service) category. The Hermes Creative Awards is an international competition for creative professionals using both traditional materials and programs and emerging technologies. The awards are administered and judged by the Association of Marketing and Communication Professionals, an international organization of marketing, communication, advertising, public relations, media production, web and free-lance professionals.

Association of Commonwealth Universities Award

AU's student recruitment publications *AU Viewbook* and the *Book of Answers* won the 2010 Association of Commonwealth Universities award for student publications. The award was presented at the ACU's annual conference in Melbourne, Australia, in December 2010. Open to communication professionals in all ACU member organizations the ACU Public Relations, Marketing and Communications Network was launched in 2003 and has over 400 members in 300 Commonwealth institutions.

Infrastructure

Main Campus Building and Science Laboratory Project

The \$8,450,000 Main Campus Building and Science Laboratory Renewal Project was successfully completed on time and on budget, with the new science laboratory being officially opened by Premier Ed Stelmach on March 4, 2011.

The project, which started in early 2009, included three subprojects: the Science Laboratory Expansion and Renewal Project (\$6,490,000), the Roofing and Skylight Upgrades Project (\$1,085,000) and the Main and Library Entrance Reconstruction Project (\$875,000). The original science laboratory was expanded from 355 m² to 735 m² and completely renovated to enhance research facilities and teaching labs and to improve work spaces and equipment storage areas.

This project was supported by a Knowledge Infrastructure Program grant from the Government of Canada and by Infrastructure Maintenance Program funding from the Province of Alberta.

Development

Student Awards

Five new student scholarships and bursaries were funded and introduced in 2010–11:

- The Walker Family Bachelor of Commerce Post-Diploma Accounting Scholarship is available to students living in rural and remote areas of Canada.
- The Walker Family Master of Counselling Scholarship will support students planning a practicum that focuses on children or youth.
- The Ken and Janny Hutchinson Scholarship in Architecture will assist students holding an architectural diploma from a recognized technical college or university to upgrade their credentials.
- The MAIS – Making a Difference Bursary and the AU MBA Faculty of Business Bursary will enable Master of Arts (Integrated Studies) students and Master of Business Administration students to continue their education without interruption due to financial need or exceptional life circumstances.

Support for Teaching and Research

During the past year, private, institutional and corporate donors have made major commitments to several AU teaching and research projects including the new RAIC Centre for Architecture at Athabasca University, the Writer in Residence Program, the Canadian Film Online Project, the Virtual Media Lab and Collaborative Journalism Residency Program, the Athabasca River Basin Research Institute and mobile learning research.

Significant Changes

New Programs

AU continues to develop new programs in response to the demonstrated educational needs of Albertans. In 2010–11, the Post-Baccalaureate Diploma in Architecture program opened after receiving approval from the Ministry of Advanced Education and Technology (See page 11).

First Writer in Residence

Joseph Boyden, a Canadian novelist and short story writer, was named AU's first writer-in-residence. Boyden's works include two novels: *Three Day Road*, which was nominated for a 2005 Governor General's Literary Award, and *Through Black Spruce*, winner of the 2008 Scotiabank Giller Prize. He has devoted his residency to researching and writing a third historical novel.

The focus of the Writer-in-Residence Program is to allow creative time for the writer while enabling mentoring opportunities for emerging and established writers. The writer in residence works mostly with students in the Centre for Language and Literature but is available to all AU faculty members and students. The one-year appointment, effective July 1, 2010, was funded by a grant from the Canada Council for the Arts.

Environmental Factors Affecting Performance

Opportunities and Challenges

Information and Communication Technology

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

Development of the Open Learning Environment has been initiated through the Open Knowledge Environment Project and the Course Digitization Project. These projects have allowed AU to create the most urgently needed elements of the virtual campus and have included many improvements to student services, organizational efficiency and the online learning environment. They have provided a solid foundation for the 10-year plan, enabling the university to continue to provide services at levels needed by students and faculty and staff members.

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

Economic Factors

Like other Alberta universities, AU continued to experience significant fiscal challenges during 2010–11, including the following:

- a freeze on the provincial general operating grant
- lower than projected enrolment growth and related revenue
- a cap on tuition fee increases

- renewal of collective agreements and higher than anticipated cost increases
- modest returns on investments and continuing market volatility
- increasing competition from other post-secondary providers across the country
- pressures for new information and communication technology capital, essential for development of the university's Open Learning Environment

AU has implemented various measures to address these funding challenges, including improvements in business practices (aided by technology), increased restraint in discretionary spending, the continuation of a freeze on hiring to vacant positions (except for vacancies that can be filled internally, those that have external funding and tutor positions), unpaid furlough days and a voluntary retirement incentive program.

Universities will continue to face cost pressures if salary and benefits continue to increase at rates that significantly outpace inflation and grant and tuition fee increases.

Limited program funding, especially for new programs, represents a particularly significant challenge for AU since its delivery model demands front-end course and program investments that are difficult to achieve in the present economic climate.

Research

AU's mandate enjoins the university to support and conduct research in all program areas. The challenges ahead are to realize the university's role in Alberta's new research capacity planning framework and to implement an Institutional Research Plan that aligns with the Government of Alberta's emphasis on knowledge transfer through industrial partnerships and commercialization. Building research capacity through flexible networks and alliances will be one important aspect of that plan. Areas of strength in health, information technology, knowledge media, community sustainability and project management are being expanded. While the recently developed research institutes are providing impetus for some research networks and initiatives, they have not yet achieved sustainable grant levels.

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

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

- exit surveys to gather information on matters such as satisfaction levels of students who left the university without passing or completing courses or without graduating from their degree program
- further co-ordination of recruitment activities focused on under-represented student groups with relevant support units (e.g., Access for Students with Disabilities)
- designation of a W3C-based checklist to ensure that websites are accessible to people with disabilities as a formal, required part of the course development process
- improvement of the assessment methods and communication related to transfer credit agreements
- course and program revision cycle and technology upgrading

Effectiveness with which Challenges Were Approached

Although some relief has been provided through Infrastructure Maintenance Program funding, AU continues to work closely with representatives of Advanced Education and Technology on its need for capital technology funding and on the operating lift requested in previous business plans.

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

AU has focused its efforts on becoming more entrepreneurial, seeking partnerships with business and increasing its capacity and productivity through information and communication technology and e-learning solutions. Some success has been achieved.

Major Operating and Capital Initiatives

Open Knowledge Environment Project

The Open Knowledge Environment Project, initiated in 2009, responds to AU's highest priority infrastructure need: development and enhancement of the university's information and communication technology infrastructure. The project continues to progress, its completion date having been extended from March 31, 2011, to October 31, 2011.

This innovative \$8.65 million online infrastructure project, funded by the Government of Canada through the Knowledge Infrastructure Program and by the Government of Alberta, represents a step toward fulfillment of AU's proposed \$90 million Information and Communication Technology Capital Plan: Open Learning Environment. Unlike campus-based post-secondary institutions, AU's campus is a virtual one, dependent on a robust and sustainable information and communication technology infrastructure, and completion of this project will significantly strengthen this infrastructure and AU's ability to achieve its pedagogical and strategic objectives.

The project is made up of a series of information and communication technology sub-projects aimed at strengthening AU's teaching, learning, and research environments. As of March 31, 2011, the project was 84.5 per cent complete, the following sub-projects having been completed:

- Westgrid collaboration room
- Network integration with Cybera (Netera)
- Synchronous web conferencing
- Video conferencing and smart rooms
- Contract centre analytics
- AU Press e-publishing system
- Desktop virtualization (Phase 1)
- Moodle analytics
- MyAU learning management (tutor services) tab

- Symtext liquid textbooks
- Enterprise storage system (Phase 1 and 2)
- Oracle intermediate sustainability (Oracle failover)
- Contract management system
- Copyright management system

Academic and Research Centre Project

Construction of the 5,343 m² Academic Research Centre on AU's Athabasca campus was about 75 per cent complete as of March 31, 2011. This new building will provide office space and meeting rooms for AU faculty and staff and reduce the acute space shortages experienced in recent years.

The project was originally scheduled for substantial completion by September 2010, but, for several reasons, that date was extended to end of August 2011. There have been no substantive changes to scope from the originally approved final design, construction drawings and specifications, and all changes are documented within the Change Order approval process. The project management team is working closely with the architect's design team to achieve the Leadership in Energy and Environmental Design (LEED) Gold Design Standard certification for the new building.

Main Campus Building and Science Laboratory Renewal Project

Work on the \$8,450,000 Main Campus Building and Science Laboratory Renewal Project, directed at maintaining and improving the main campus building at AU Athabasca, started in early 2009 and was substantially completed, on schedule, as of March 31, 2011 (See page 18).

Athabasca University Geophysical Observatory Project

A replacement geophysical observatory is needed to assist Dr. Martin Connors, Canada Research Chair in space science, instrumentation and networking, and his team in space research. The usefulness of the existing observatory, located on AU's Athabasca campus, has been compromised by increasing light pollution. The new observatory will be constructed at Narrow Lake, approximately 30 km west of Athabasca, to eliminate light interference. The facility will be one of 16 ground based observatories assisting with the research and collection of data for NASA's THEMIS Mission.

Construction of the new observatory is being funded by the Alberta Science and Research Investments Program as part of the concurrent Canada Foundation for Innovation and Alberta Science and Research Investments competitions. The project will receive \$1,373,558 in funding: \$712,261 from Alberta Science and Research Investments Program and \$661,297 from the Canada Foundation for Innovation. Construction is expected to be completed by November 2011.

Calgary Relocation

AU will be relocating its Calgary operations from their existing, leased downtown location to a new building under construction on the main campus of Bow Valley College. At year end, AU entered formal space planning discussions and plan preparation with Bow Valley College. The new space will be approximately 930 m², and the relocation is scheduled to occur in 2013.

This partnership between AU and Bow Valley College will showcase Campus Alberta and provide an example of positive collaboration among Alberta post-secondary institutions. It will benefit students

by providing learning experiences at a variety of academic levels in one convenient downtown location accessible by public transportation and by providing options for students to transfer or ladder into university-level programs in both classroom and distance learning environments.

Integrated Learning Centre – Edmonton

The Strategic University Plan calls for the development of a Greater Edmonton facility that will accommodate the activities of the Centre for Innovative Management, now located in St. Albert, and the two AU Edmonton centres located in downtown Edmonton. The expected benefits of this project include administrative efficiencies in registration and financial and support processes, including support for those working from home offices in the St. Albert and Edmonton areas. Through discussions with interested parties and government, AU continues to investigate options for housing its Greater Edmonton Area operations.

Financial Highlights

AU's net asset position remains relatively healthy, despite a decrease in overall net assets from \$16 million to \$12.2 million. Detailed financial analysis is presented in the "Management's Discussion and Analysis" section on pages 39–43. Audited financial statements are presented in Appendix A.

Goals, Expected Outcomes and Performance measures

The goals of AU's Business Plan: 2010–14 were based on those of the *Strategic University Plan: 2006–11*:

- ensuring quality in learning
- enhancing open access
- focusing quality research and scholarship
- building communities
- recruiting and retaining excellent employees
- securing and stewarding needed resources

The substantial progress made this year toward achieving these goals is outlined below with reference to the performance measures established in *Business Plan: 2010–14*.

Goal 1: Ensure Quality in Learning

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

Program Planning

AU continues to develop new programs in response to the demonstrated educational needs of Albertans. In 2010–11, one new program, the Post-Baccalaureate Diploma in Architecture opened after receiving ministerial approval.

The *Business Plan: 2011–14* acknowledged the challenges posed by the current fiscal environment and their effect on new program funding. In the past year, only programs and courses for which faculty members were in place and costs could be recovered through tuition were considered for opening. Planned program development activities requiring external funding did not proceed beyond internal approval.

The program proposal for a Bachelor of Science in architecture is with Advanced Education and Technology. A philosophy major for the Bachelor of Arts (four-year) and a PhD in health disciplines were approved by Academic Council.

Performance Measures

Business Plan: 2010–14 included five performance measures related to Goal 1. Progress in meeting them is outlined below:

1. Student satisfaction ratings:

AU undergraduate students remain highly satisfied with their student experience, as measured by the Canadian University Survey Consortium:

Student Satisfaction with Overall Quality of Education

2011	92%
2008	92%
2005	87%

2. Implementation of Open Knowledge Environment Project components:

The Open Knowledge Environment Project was 84.5 per cent complete at year end, and the completion deadline had been extended to October 31, 2011 (See page 21).

3. Implementation of recommendations from 2009–10 program reviews:

The Bachelor of Management and Bachelor of Science in Computing and Information Systems programs completed their reviews in 2009-10. The Educational Review Committee has reviewed their annual implementation reports, which indicate for each year which items have been completed. Reports from previous program reviews were also reviewed as part of the committee's mandate.

4. Completion of 2010–11 program reviews:

Program reviews were conducted for the following programs:

- Doctor of Education
- Master of Distance Education
- Master of Health Studies
- Master of Nursing
- Advanced Graduate Diploma: Advanced Nursing Practice
- Bachelor of Human Resources and Labour Relations
- Bachelor of Nursing.

The Campus Alberta Quality Council responded favourably to the inaugural review of the Doctor of Education program, which accepted its first cohort of students in 2008.

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

The Course Digitization for Online Learning Project was completed on schedule and on budget on March 31, 2011 (See page 11). All project goals were met or exceeded.

Goal 2: Enhance Open Access

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

Performance Measures

Business Plan: 2010–14 included nine performance measures for Goal 2, as follows:

1. Completion of projects identified in the Enrolment Management Plan:

A number of projects identified in the Enrolment Management Plan have been completed or are on schedule for completion. These will greatly enhance student services and reduce the resource requirements for providing services:

- The Transfer Credit Articulation System: a self-service application, allows students to assess the value of their previous learning in an AU program
- The Landing: an AU social networking site, assists the development of broader and deeper relationships among students
- Contact Centre Enhancement Project: an upgrading of the telephone infrastructure, providing virtual call centre capabilities and resulting in enhanced responsiveness to students, improved staff efficiency and improved reporting
- Moodle Analytics: provides data relating to student use of the Moodle learning management system, allowing deep analysis of learning behaviours and supporting pedagogical developments
- Online Course Evaluation: provides increased frequency and quality of student feedback while also significantly reducing overall cost
- Moodle Gradebook Upgrade: will reduce the time and effort to post, verify and report grades to students in the learning management system
- DegreeWorks: a program planning application which will substantially improve students' and advisors' ability to plan and monitor a student's academic program
- Enhanced Web Analytics: a systematic and integrated analysis of web patterns to assess areas for improvement and to develop predictive modeling
- Exam Harmonization: a comprehensive application of online technologies to the complete exam lifecycle to improve the quality, efficiency and delivery of exams from creation to grading
- Communication Gap Analysis: a focus for 2010-11, on developing a proposal to expand AU's e-letter initiative to allow more electronic communication with students
- Office of the Registrar Policy Review: to be completed by December 31, 2011

2. Increase in undergraduate and graduate student awards:

AU awarded \$1,036,257 in undergraduate and graduate student bursaries and scholarships in 2010–11, a 5.7 per cent increase over the previous year's award total and the second highest distribution of student aid in the university's history. The following table shows award totals for the past three years:

	Total Awarded	Growth Rate
2010–11	\$ 1,036,257	5.7%
2009–10	\$ 980,743	(13.9%)
2008–09	\$ 1,138,753	163.6%

3. Development and implementation of an International Plan:

A major focus of the Institutional Plan that was developed in concert with the *Strategic University Plan: 2006–11* was strategic partnerships. A strategic partnerships policy was developed, and the university has pursued a number of such partnerships; for example, with Beijing Normal University in China. Research linkages have become a major emphasis, with scholarly exchanges and students from international partner institutions coming to Alberta for involvement in research. AU has maintained its interest in international development, most recently working with Eduardo Mondalane University in Mozambique and with the Canada Foundation for Nepal and the Non-Resident Nepali Association on development of the Open University of Nepal.

4. General enrolment targets:

Business Plan 2010–14 projected annual undergraduate enrolment growth of one to two per cent and annual graduate enrolment growth in the three to four per cent range for the planning period.

Total enrolment at AU increased from 38,190 in 2009-10 to 38,876 in 2010-11, a increase of 1.8 per cent. Enrolment in graduate programs grew by 1.4 per cent during the period; undergraduate enrolment grew by 1.8 per cent. Comparative total enrolment figures for the past three years are shown in the following table:

	2008–09	2009–10	2010–11
Undergraduate	34,883	34,452	35,071
Graduate	3,534	3,738	3,791
Total	38,417	38,190	38,876
Growth Rate	2%	(0.6%)	1.8%

Though overall undergraduate enrolment increased, enrolment by undergraduate degree program students fell by 1.6 per cent per cent, as shown in the following table:

	2008–09	2009–10	2010–11	Change
Bachelor of Administration ¹	292	215	153	(28.8%)
Bachelor of Arts	1,299	1,350	1,309	(3%)
Bachelor of Commerce	718	778	847	8.9%
Bachelor of General Studies	364	357	335	(6.2%)
Bachelor of Health Administration	130	136	149	9.6%
Bachelor of Human Resources and Labour Relations	230	270	287	6.3%
Bachelor of Management (4-Year)	234	242	248	2.5%
Bachelor of Management (3-Year)	610	652	653	0.2%
Bachelor of Nursing	1,255	1,183	1,061	(10.3%)
Bachelor of Professional Arts	560	549	580	5.6%
Bachelor of Science	261	297	317	6.7%
Bachelor of Science in Computing and Information Systems	191	221	212	(4.1%)
Total	6,144	6,250	6,151	(1.6%)

¹ Program closed December 31, 2004.

Total course registration by both undergraduate and graduate students was higher than in the previous year, as shown in the following table:

	2008-09	2009-10	2010-11
Undergraduate	63,317	63,377	63,736
Graduate	8,600	9,071	9,472
Total	71,917	72,448	73,208
Growth Rate	4.3%	0.7%	1.1%

This increase in course registration resulted in a corresponding increase in full-load equivalents, as shown in the following table (Note that credits earned through the prior learning assessment and recognition process were included in calculating full-load equivalents for the first time this year, and their inclusion accounts for a portion of the increase):

	2008-09	2009-10	2010-11
Undergraduate	6,183	6,217	6,317
Graduate	1,343	1,484	1,606
Total	7,526	7,701	7,923
Growth Rate	4.6%	2.3%	2.9%

Business Plan: 2010-14 targeted a 2.5 per cent increase in enrolment by Alberta students during 2010-11. Actual growth significantly exceeded that target as shown below:

	2008-09	2009-10	2010-11
Undergraduate	12,408	12,354	12,855
Graduate	942	993	1,096
Total	13,350	13,347	13,951
Growth Rate	2%	(0.02%)	4.5%

5. International enrolment:

International graduate student enrolment remained the same in 2010-11, while international enrolment at the undergraduate level dropped, as shown in the table below:

	2008-09	2009-10	2010-11
Undergraduate	862	882	779
Graduate	119	128	128
Total	981	1,010	907
Growth Rate	(6.6%)	3%	(10.1%)

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

The Open Knowledge Environment Project was 84.5 per cent complete at year end, the completion deadline having been extended to October 2011 (See page 21).

7. Growth in the number of degrees, diplomas and certificates awarded:

A total of 1,810 academic credentials, 783 at the graduate level and 1,027 at the undergraduate level, were awarded by AU during 2010–11, an increase of 3.7 per cent over the previous year.

	2008–09	2009–10	2010–11
Undergraduate Degrees			
Bachelor of Administration ¹	47	54	34
Bachelor of Arts	118	126	127
Bachelor of Commerce	35	47	67
Bachelor of General Studies	139	127	124
Bachelor of Health Administration	1	6	4
Bachelor of Human Resources and Labour Relations	20	30	42
Bachelor of Management	99	118	121
Bachelor of Nursing	334	326	338
Bachelor of Professional Arts	118	104	88
Bachelor of Science	11	10	8
Bachelor of Science in Computing and Information Systems	6	5	9
Total Undergraduate Degrees	928	903	962
Undergraduate Certificates and Diplomas	57	69	65
Graduate Degrees			
Master of Arts (Integrated Studies)	41	57	84
Master of Business Administration	156	179	160
Master of Counselling	19	43	35
Master of Distance Education	53	39	33
Master of Health Studies	56	67	77
Master of Nursing	100	123	134
Master of Science (Information Systems)	30	35	23
Total Graduate Degrees	455	543	546
Graduate Certificates and Diplomas	166	231	237
Total Credentials Awarded	1,606	1,746	1,810

¹ Program closed December 31, 2004.

8. Graduate satisfaction ratings:

AU consistently exceeds 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 indicated that they were satisfied with their overall educational experience:

	Athabasca University	Alberta Average ¹
2010	95.9%	90.9%
2008	96.6%	91.2%
2006	97.4%	90.4%

¹ Data was generated through COGNOS cubes. The Alberta average is based on all participating Alberta institutions. The historical data have been restated to reflect a four-point scale.

9. Graduate employment rate:

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

	Athabasca University	Alberta Average
2010	94.5%	85.6%
2008	94.1 %	88.4%
2006	93.6 %	88.2%

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

Goal 3: Foster Quality Research and Scholarship

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

Performance Measures

AU's success at meeting the eight research and scholarship related performance measures presented in *Business Plan: 2010–14* is outlined below:

1. Success with national research council applications:

The number of applications submitted to the granting councils and the number of awards received have declined over the past three years, but the average total value of awards received has grown by over 45 per cent.

Granting Councils ¹	2008–09	2009–10	2010–11	Three-Year Average 2008–10	Three-Year Average 2009–11
Number of applications	55	46	31	45	44
Number of awards	15	13	6	13	11
Total value of awards (in thousands of dollars)	\$536	\$824	\$1,293	\$609	\$884

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

2. Research funding and the number of funding sources:

Average total research funding from all sources has grown by 13 per cent over the past three years. A summary of all external research funding (in thousands of dollars) is provided in the following table. External funding from the granting councils is trending upward, while support from community and industry sources has decreased.

Types of Research Support	2008–09	2009–10	2010–11	Three-Year Average 2008–10	Three-Year Average 2009–11
Total sponsored research revenues ¹	\$3,288	\$4,864	\$3,905	\$3,554	\$4,019
Support from council sources ²	\$536	\$824	\$1,293	\$609	\$884
Council support ratio (council sources/total sponsored research revenue)	16.3%	16.9%	33.1%	17.3%	22.1%
Support from community and industry sources ³	\$2,752	\$4,040	\$2,612	\$2,945	\$3,135
Community and industry support ratio (community and industry/total sponsored research revenue)	83.7%	83.1%	66.9%	82.7%	77.9%

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

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

The number of funding sources decreased from 41 in 2009–10 to 36 in 2010–11.

3. 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 has risen by 0.5 per cent on average over the past three years.

Types of Research Support	2008–09	2009–10	2010–11	Three-Year Average 2008–10	Three-Year Average 2009–11
Total sponsored research revenues	\$3,288	\$4,864	\$3,905	\$3,554	\$4,019
Total Province of Alberta operating grants	\$38,537	\$43,055	\$45,203	\$38,601	\$42,265
Sponsored research revenues as a percentage of provincial operating grants	8.5%	11.3%	8.6%	9%	9.5%

4. Refereed publications and creative works:

As shown in the following table, the average number of refereed publications continues to grow in all categories:

Research Publications ¹	2007–08	2008–09	2009–10	Three-Year Average 2007–09	Three-Year Average 2008–10
Number of full-time faculty ²	173	182	174	172	176
Books authored or co-authored	65	66	78	60	70
Books edited or co-edited	17	20	22	16	20
Articles in refereed publications	230	247	226	227	234
Non-refereed publications	38	42	31	38	37
Conference presentations	378	400	363	361	380

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).

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

The review of research policies has been completed, and various policy updates are underway. The Policy on Research Involving Humans was updated to take into consideration changes in Tri-Council policy.

6. Confirmation of new research chairs:

Three new research chairs were confirmed during the past fiscal year:

- The UNESCO Chair in Open Educational Resources was formally launched in January 2011 (See page 13).
- A Tier II Canada Research Chair, in traditional knowledge, legal orders and laws, AU's fourth Canada Research Chair was announced in November 2010 (See page 12).
- In April 2010, the Natural Science and Engineering Research Council's Advisory Committee on University Industry Grants recommended that AU's iCORE/ Xerox/Markin Industrial Research Chair in Adaptivity and Personalization in Informatics (created in 2009) be officially recognized as an NSERC Chair.

7. Development of a sustainable model for AU Press and continued external recognition for publishing excellence:

Now in a position to publish 20 books a year, AU Press continues to develop its reputation as a successful open access scholarly publishing house, a platform appreciated by scholars and readers alike. AU Press has received substantial international recognition among its peer printing presses, and has co-operated with other Canadian universities in creating better and more efficient digital processes for manuscripts. Since its inception, AU Press publications have been nominated for more than 20 major provincial, national and international awards.

In keeping with its commitment to publishing through electronic media, all AU Press e-books are being made available through the following distributors: Canadian Electronic Library, ebrary, EBSCO (formerly NetLibrary), MyiLibrary, eBooks/ebl, Kobo, Sony, and Barnes and Noble. Using this combination of distributors allows AU Press to ensure that its publications are accessible to all readers in whatever electronic format they desire.

Given the short time that AU Press has been in operation, the development of a sustainable model for this new form of university press is still in its early stages.

8. Worldwide recognition for leadership in the open access movement:

Several developments in support of the open access movement occurred over the past year:

- The UNESCO Chair in Open Educational Resources was formally launched in January 2011 (See page 13).
- AU Press continued to provide leadership in open access publishing.
- A second grant was received from the William and Flora Hewlett Foundation, in support of interaction and networking within the open educational resources community.
- AU continued to contribute to work of the Open Education Resource Foundation, an international organization founded in 2009 to assist educational institutions to reduce costs through the use of open educational resources.

Goal 4: Build Communities

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

Performance Measures

Business Plan: 2010–14, stipulated six community-building related performance measures, as indicated below:

1. Engagement of alumni members (increased donations and attendance at alumni events):

The Alumni Relations office continues to increase engagement and volunteer opportunities for AU's 30,000 alumni members. In 2010–11, eight events were held across the country, and average attendance was consistent with that of events held during the previous year. A number of alumni champions have come forward to help spearhead future alumni initiatives. Efforts to build community and encourage philanthropy among members of the alumni resulted in an increase in support and an increase in the number of alumni donors.

2. Number of industry partnerships:

Partnerships with industry continue to expand. In addition to continuing or extending existing partnerships (e.g., TD Meloche Monnex, MBNA Bank, Dell Canada, Xerox) over the past year, AU developed several new partnerships, including major agreements with the Certified Management Accountants of Alberta and Rogers Communications. Additional partnership agreements are in development. In addition, corporate sponsorship of AU-hosted conferences grew significantly over the past year, totaling approximately 25 sponsorships.

3. Collaboration with other post-secondary institutions and the K–12 system:

Over the past year, the number of group study students registered in AU courses at partner colleges continued to decline. This decline, in part, reflects continued developments in the sector two universities and changes in AU's international activities.

4. Growth in governments' understanding and knowledge of AU and maintenance or improvement of funding streams:

Awareness of AU and its contribution to post-secondary learning has been growing with governments at all levels (municipal, regional, provincial, federal and international). Despite the provincial and national economic situation, operating funding streams have been maintained at last year's levels.

Project funding streams have been reduced from 2010-11, but income for project funding was unusually high in that year due to grants related to the Government of Canada's Economic Action Plan (Knowledge Infrastructure Program and Community Adjustment Fund). Alternative sources of project funding are constantly being sought out, and the university has succeeded with a number of applications.

5. Development of an Athabasca Centennial project with support from community stakeholders:

The Town of Athabasca, Athabasca County, Aspen View School District and AU have formed a partnership to develop an Athabasca Centennial project, Towards Effective Stewardship of the Athabasca River Basin. The project reflects community interest in helping people learn about the environmental and economic diversity of the basin. The cornerstone of the project is a proposed \$30 million dollar, 5,600 m² multi-use facility to be built on riverside land. Reflecting the needs of the partnership members, the site will be used by schools, both through visits and remotely via Alberta's SuperNet, to access information and interactive exhibits on aspects of the Athabasca River Basin. It

will also provide community space for gatherings of people from various sectors and organizations and space for researchers to work together to explore innovative ways of sustaining the diverse environments of the Athabasca River Basin and economically healthy communities within it.

6. Playing a central role in Campus Alberta initiatives:

AU continues to play a key role in the development of digital learning infrastructures. The university's leadership role in ApplyAlberta, the Information and Technology Management Control Framework and the Alberta Association in Higher Education for Information Technology has facilitated the ongoing success of these collaborative, joint undertakings.

The university has become a Moodle learning management system host provider to eCampus Alberta and two other Alberta institutions and is working with a consortium to develop a Moodle cloud for the province.

AU has also helped establish the Banner User Group to assist with the adoption of provincial best practices and cost reductions for this enterprise resource planning application.

Finally, AU is working with a broad spectrum of provincial and industry organizations, companies and interested stakeholders to develop an educational technology industry cluster, with the goals of diversifying Alberta's economy and increasing the use of online learning in the province, two outcomes that will yield substantial benefits for all Albertans.

Goal 5: Recruit and Retain Excellent Employees

AU remains dedicated to retaining and recruiting high-quality faculty and staff members in order to achieve the goals and objectives of the *Strategic University Plan*. Refining and improving the institutional governance structure, including improved internal communication and university-wide involvement in planning and decision making, is an ongoing process.

Performance Measures

Progress toward meeting the six employee-related performance measures stated in *Business Plan: 2010–14* is outlined below:

1. Streamlined and more accessible employee services:

Health and wellness activities, including health and fitness (e.g., weight loss, smoking cessation, exercise), occupational (e.g., ergonomic assessments, WHMIS training) and educational (e.g., Wellness Fair) activities, were significantly increased during the past year.

Recruitment activities were also streamlined: AU successfully recruited 150 project staff members over 1.5 years for the Open Knowledge Environment Project and the Course Digitization Project.

2. Development and implementation of an improved employee performance assessment process:

Online performance assessment processes and systems, including documentation, have been upgraded.

3. Improved recognition of members of the university for achievements demonstrating performance excellence:

Service awards and a number of special annual awards were presented at the 2010 Employee Recognition Event held in Athabasca in October. A new Health and Safety Excellence Award was introduced in the past year.

4. Improved information to employees on the university website:

Business applications using Moodle and Elluminate were developed over the past year to facilitate business processes and practices such as teleconferencing and online event registration. Processes and systems, including documentation, were upgraded for recruitment administration, performance assessment, leave tracking and compensation administration.

5. Increased participation in training programs:

Over 330 employees in all four AU locations participated in 38 Respectful Workplace Workshops, the first to be held at the university, during 2010–11. Enhanced orientation and training support was also provided to recruitment and position classification processes.

Occupational health and safety training and management programs, ranging from workplace hazards assessment to audiometric testing for workers, were provided to employees, and development of an Occupational Health and Safety Development Plan was completed. The goal of the plan is to maintain a safe and healthy workplace demonstrated by a COR (Certificate of Recognition) designation. The approved plan will be implemented in six stages over five years.

6. Leadership development:

AU actively promotes professional development across all employee groups and provides funding through a variety of venues. Tuition funding for AU programs, conferences, research opportunities and professional association memberships are broadly accessed by faculty and staff members in their respective disciplines and vocations. More specifically, the university continues to seek out professional development opportunities that support employees in their ongoing work and career advancement as one strategy to serve the goals of employee retention, growth and succession planning.

During 2010–11, in response to accessible application/nomination processes, the university supported four employees in the Centre for Higher Education Research and Development senior management training program.

As a continuation of a multi-year training program, 60 management/supervisory employees attended workshops on employee intervention, communications skills and effective problem resolution. As a result, a number of employees are approaching Certification in Essential Skills designations that will sustain their careers and university operations into the future.

Goal 6: Secure and Steward Needed Resources

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

Performance Measures

Steps taken in response to the eight resource related performance measures stated in *Business Plan: 2010-14* are outlined below:

1. Securing of AU's Edmonton and Calgary locations:

The Calgary location is secured through agreement with Bow Valley College (See page 22). Efforts to secure a consolidated Capital Region facility are ongoing.

2. Opening the Academic Research Centre on time and on budget:

Completion of construction of the Academic Research Centre was rescheduled from September 2010 to August 2011. The project is expected to be completed on budget.

3. Completion and implementation of a redevelopment plan for the existing main campus building at AU Athabasca:

The university has completed a functional study and put in place funding over a three-year time-frame for the functional reallocation of space within its main campus building. Logistical planning is now underway to ensure as seamless as possible a series of space renewal, renovation and relocation processes with minimal disruption to operations. Implementation will start in the fall of 2011 as space is vacated with the transfer of academic faculties to the new Academic and Research Centre. This work will also be co-ordinated with long-term infrastructure maintenance, which will extend the life of the facility.

4. Donations and grants (private, public, research):

Donations from individuals, corporations and foundations continue to increase in number and value. Over the past fiscal year, the total value of corporate donations increased by 57 per cent and donations from foundations by almost 10 per cent. The total number of donations from all sources increased by 27 per cent over that of the previous year.

5. Undergraduate and graduate enrolment targets:

Undergraduate enrolment increased by 1.8 per cent. The target was one to two per cent. Graduate enrolment increased by 1.4 per cent. The target was three to four per cent. (See pages 27-28).

6. Completion of policy review and approval and implementation of necessary new policies:

A comprehensive policy and procedure review is in progress.

7. Approval and implementation of a new budget model:

Development of a new budget model is in progress. KPMG has been commissioned to review potential models.

8. Growth in revenue from vendors and other industry alliances:

Over the past year, revenue from industry/vendor partnerships grew significantly through approximately 25 new corporate/industry sponsorships of AU-hosted conferences.

Management's Discussion and Analysis

The following discussion and analysis is a supplement to the information contained in the university's annual audited financial statements and as such, should be read in conjunction with the audited financial statements. This narrative provides management's analysis of the university's financial performance and other relevant information for the fiscal year ending March 31, 2011.

Financial Statement Presentation

The university's financial reporting conforms to generally accepted accounting principles for not-for-profit organizations.

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

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

2011 Overview

For the year ending March 31, 2011, AU reported a deficiency of revenue over expense of \$3.8 million. As a result, net assets decreased from \$16 million to \$12.2 million. This deficiency can be attributed to planned draws from reserves of \$2.1 million as approved in the 2010-11 budget, a \$1.1 million shortfall in tuition fee revenues and a \$700,000 shortfall in provincial grant funding.

In the first half of the year, undergraduate individualized study course registration growth was tracking below the budgeted two per cent target. By year end, it was exceeding the target (2.3 per cent). Grouped study course registration, however, remained lower than in previous years. As a result of the registration delay for individualized study and the decline in grouped study, AU incurred a shortfall in undergraduate student fees. In addition, graduate programs showed a \$300,000 negative variance in tuition fees, which was offset by reduced expenditures.

The budget for grant revenue included \$1.2 million which had been expected from the Government of Alberta in support of the Course Digitization for Online Learning Project, a project partly funded by the Government of Canada's Community Adjustment Fund. This provincial funding was not received; however, at the end of the fiscal year, \$1.7 million was received to support AU's health programs over a six year period. Of that amount \$500,000 was recognized in 2010-11, so the net effect was a \$700,000 shortfall in provincial grants.

A number of large, one-time projects from the previous year continued into 2010-11. Total funding for these projects included \$3.8 million for the Open Knowledge Environment Project and \$3.8 million for Main Campus Building and Science Laboratory Renewal Project from the federal Knowledge Infrastructure Program. The province provided \$3.8 million in matching funds for the first of these two projects. AU also received \$3.2 million from the Government of Canada's Community Adjustment Fund.

Construction of the Academic and Research Centre, a \$30 million capital project funded by the province also continued during the year. The following table outlines the effect on the current year financial statements by these mainly externally funded projects:

	Total	Access to Future	Academic Research Centre	Community Adjustment Fund	Knowledge Infrastructure Program	Restricted Research Accounts
Financial Position						
Assets						
Short-term, cash & other	\$ 19,826	2,156	7,379	(2,772)	243	4,098
Short-term, receivable	3,616			1,328		
Long-term investments	32,059					
Capital assets	53,036	37	26,596	194	8,629	255
	\$ 108,537	2,193	33,975	(1,250)	8,872	4,353
Liabilities and Net Assets						
Current liabilities	\$ 38,254	2,156	2,289	56	1,271	4,098
Employee future benefits	9,643					
Deferred contributions, capital	5,090		5,090			
Unamortized DCC	43,310	37	26,596	194	8,629	255
Net assets	12,240			(1,500)	(1,028)	
	\$ 108,537	2,193	33,975	(1,250)	8,872	4,353
Financial Operations						
Revenue	\$ 124,492	1,802	-	3,354	2,546	1,842
Expense	128,302	1,802	-	4,854	2,546	1,842
	\$ (3,810)	-	-	(1,500)	-	-

Statement of Financial Position

Because the capital projects were mostly externally funded, the financial impacts are only apparent on the Statement of Financial Position and Statement of Cash Flows. Most of the \$17.7 million increase in capital assets is related to the capitalization of the Academic and Research Centre and the Knowledge Infrastructure Program funded projects. Deferred capital contributions and changes thereto and the increase in unamortized deferred capital contributions are also primarily related to these projects.

A \$15.9 million decrease in short-term investments is attributable to the expenditure of Academic and Research Centre funds that had been previously received from the province.

Of the \$38.8 million in total investments at March 31, 2011, \$36.2 million was held by Philips, Hager and North, and the remaining \$2.5 million consisted of short-term fixed income investment instruments held by Servus Credit Union.

AU's liability for the Universities' Academic Pension Plan decreased from \$7.3 million to \$7 million in 2010–11. This is reflected in the Unrestricted Net Assets (Deficit) amount on the Statement of Financial Position. The province-wide total UAPP deficiency (employer and provincial share) as of March 31, 2011, was estimated at \$453 million, down significantly from \$536 million the previous year.

Statement of Operations

2011 Actual Compared to 2010 Actual

In comparing the Statement of Operations for 2011 to that of 2010, revenue increased by \$3 million, or 2.4 per cent, while total expenses decreased slightly by \$200,000, resulting in an overall decrease in the deficiency of revenue over expense of \$3.2 million (from \$7 million in 2010 to \$3.8 in 2011).

	Actual 2011	Actual 2010
Revenue	\$ 124.5	\$ 121.5
Expense	128.3	128.5
	\$ (3.8)	\$ (7.0)

The following table highlights the changes in either revenue or expenses (in millions of dollars), and their primary contributors, from one year to the next:

	Change from 2010 to 2011
Revenue	
Government of Alberta grants ¹	\$ 2.1
Student fees (undergraduate and graduate) and sales of goods and services ²	1.9
Federal and other government grants ³	1.8
Investment income ⁴	(2.4)
Other	(0.4)
Total	3
Expenses	
Salaries ⁵	0.6
Employee benefits ⁵	(1.3)
Rental, insurance and utilities ⁶	0.6
Amortization of capital assets	(0.3)
Other	0.2
Total	(0.2)

¹ Government of Alberta grants: There was no base operating grant increase received during 2010–11. The \$2.1 million increase over the previous year is due to higher restricted revenue recognition for Access to Future Fund (\$800,000), health programs (\$500,000), KIP-ICT (\$500,000) and research funding (\$200,000).

² Student fees: \$1 million was due to a 4.8 per cent increase in graduate course registration and \$900,000 to a 0.6 per cent overall increase in undergraduate registration.

³ Federal and other government grants: The \$1.8 million increase is mainly due to increased CAF grant revenue recognition.

⁴ Investment income: This \$2.4 million decrease is the result of a return to normal market gains from the unusually high gain of \$4.4 million in the previous year. Current year returns were as follows: Canadian equity 17.2 per cent, U.S. equities 7.7 per cent, overseas equities 7.8 per cent, bond fund 5.5 per cent).

⁵ Salaries and benefits: Salaries increased only marginally from 2010 to 2011. Additional position costs related to the KIP and CDOL projects as well as a Voluntary Retirement Incentive Program payout were offset by vacancy and furlough savings. The decrease in employee benefits is attributable to a \$2.9 million increase to the UAPP pension liability in 2010 compared to a \$300,000 decrease in 2011.

⁶ Rental, insurance and utilities: In addition to the rental costs associated with the CDOL project a rent increase took effect July 1, 2010, for the Peace Hills Trust and Focus properties in Edmonton.

2011 Actual Compared to 2011 Budget

At the end of the 2010–11 fiscal year, the actual draw on reserves was \$3.8 million compared to the planned draw of \$2.2 million.

	Actual 2011	Budget 2011	Variance
Revenue	\$ 124.5	\$ 136.4	\$ (11.9)
Expense	128.3	138.6	10.3
	(3.8)	(2.2)	(1.6)

The primary reasons for the \$1.6 million variance (tuition fees and grants) were discussed in the “2011 Overview” section above. A number of offsetting revenue and expense variances occurred due to revenue and expense recognition for donations and externally funded projects as outlined below:

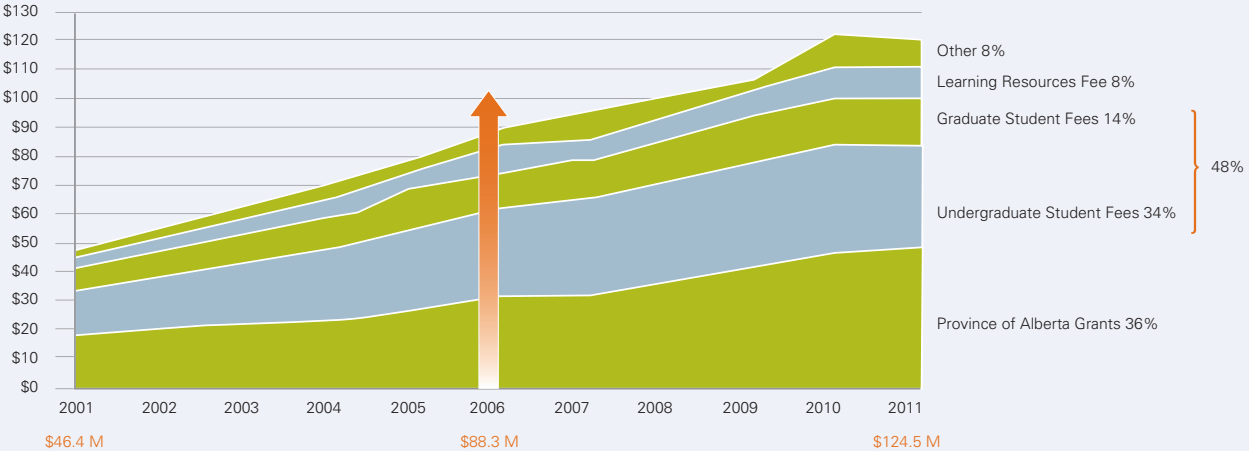
Donations: The donation revenue target reflected in the budget included donations received as well as pledged. The actual revenue, per generally accepted accounting principles, did not include donations that were pledged and not received or donations received and deferred (externally restricted). The resulting negative revenue variance was offset by a positive expense variance related to donation specific expenditures.

Externally Funded Projects: Due to the capitalization of the Main Campus Building and Science Laboratory Renewal Project and a number of the Open Knowledge Environment Project sub-projects, the associated federal and provincial funding was deferred. The negative revenue variance was offset by a positive expense variance due to the capitalization of the project costs.

Revenue and Expense: Historical Overview

Revenue increased by 268 per cent between 2001 and 2011. Increases in revenue during this period have, for the most part, derived from student fees, which now provide 48 per cent of the university’s revenue. In 1993, the provincial grant represented 75 per cent of AU’s revenue, but by 1997, it had dropped to 45 per cent, and by 2011 to only 36 per cent.

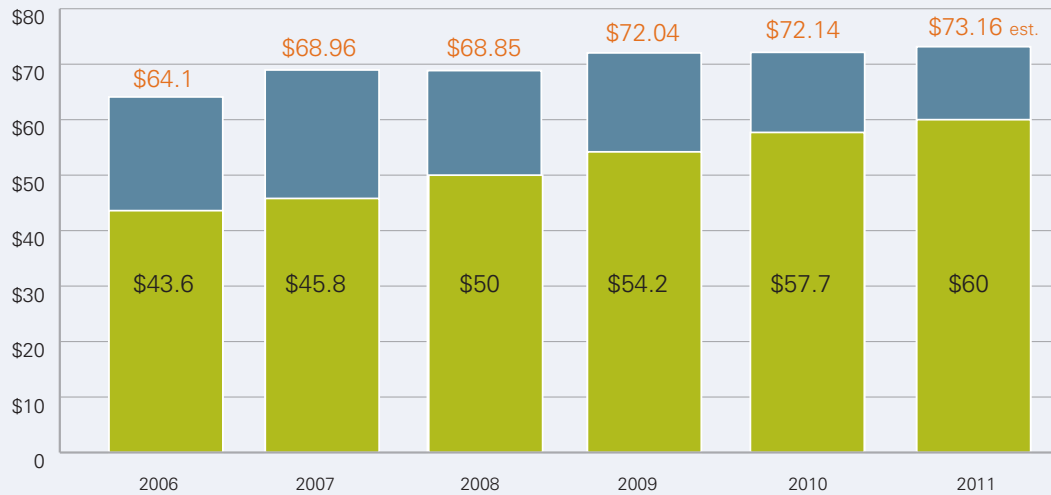
Revenue by Source: 2001 to 2011 Actual (millions of dollars)



Over the past five years, course registration at AU has increased by 14 per cent, and student fee revenue has grown by 38 per cent.

Student Fee Revenue and Registration Growth from 2006 to 2011 (millions of dollars)

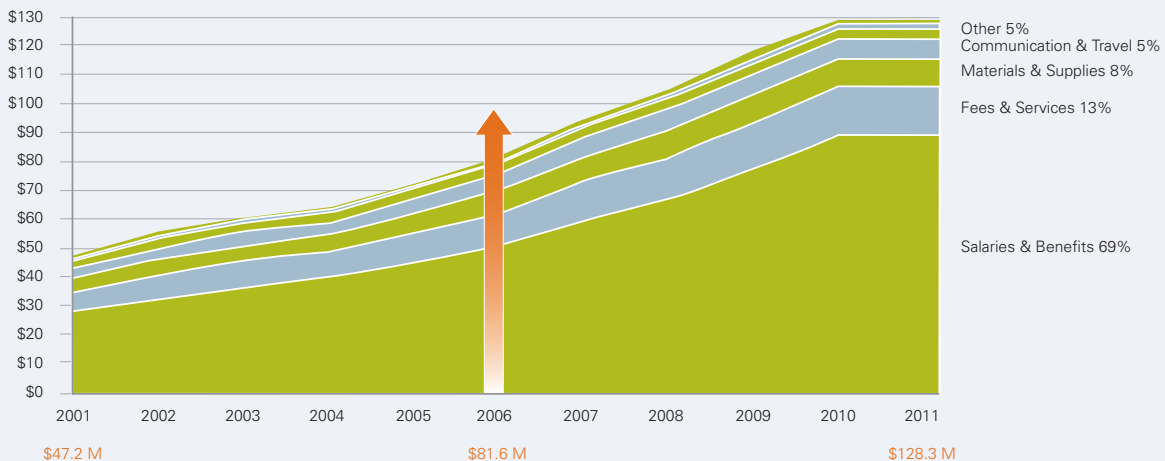
Undergraduate and Graduate



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

Total expenses have increased in each of the past 10 years except 2011, in which they decreased \$200,000 from 2010.

Expense by Category: 2001 to 2011 Actual (millions of dollars)





Appendix A

Athabasca University 

Financial Statements

For the year ended March 31, 2011



Auditor's Report

Independent Auditor's Report



To the Governing Council of Athabasca University

Report on the Financial Statements

I have audited the accompanying financial statements of Athabasca University, which comprise the statement of financial position as at March 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Athabasca University as at March 31, 2011, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA

Auditor General

June 10, 2011

Edmonton, Alberta

Statement of Financial Position

March 31
(thousands of dollars)

	2011	2010 (Restated Note 3)
Assets		
Current assets		
Cash and cash equivalents (Note 4)	\$ 7,518	\$ 7,733
Short-term investments (Note 5)	6,701	22,601
Accounts receivable	3,616	6,593
Inventories and prepaid expenses	5,607	6,210
	<u>23,442</u>	<u>43,137</u>
Long-term investments (Note 5)	32,059	29,906
Capital assets and collections (Note 6)	53,036	35,372
	<u>\$ 108,537</u>	<u>\$ 108,415</u>
Liabilities And Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,452	\$ 15,095
Deferred contributions, research and other (Note 8)	10,133	12,331
Deferred revenue	13,669	12,794
	<u>38,254</u>	<u>40,220</u>
Employee future benefit liabilities (Note 7)	9,643	10,037
Deferred contributions, capital (Note 8)	5,090	17,477
Unamortized deferred capital contributions (Note 9)	43,310	24,681
	<u>96,297</u>	<u>92,415</u>
Net assets		
Endowments (Note 10)	2,297	2,346
Investment in capital assets and collections (Note 11)	9,726	10,691
Internally restricted (Note 12)	7,224	9,250
Unrestricted (deficit)	(7,007)	(6,287)
	<u>12,240</u>	<u>16,000</u>
	<u>\$ 108,537</u>	<u>\$ 108,415</u>
Contractual obligations (Note 13)		

Approved by the Governing Council:

Original signed by Barry Walker

Barry J Walker, FCA
Chair, Athabasca University Governing Council

Original signed by Frits Pannekoek

Frits Pannekoek, PhD
President

The accompanying notes are part of these financial statements

Statement of Operations

For the year ended March 31, 2011
(thousands of dollars)

	2011 Budget (Note 14)	2011	2010 Restated (Note 3)
Revenue			
Government of Alberta Grants (Note 16)	\$ 51,888	\$ 45,203	\$ 43,055
Student tuition and fees:			
Undergraduate	43,043	42,209	40,905
Graduate	18,087	17,784	16,753
Sales of services and products	13,052	12,169	12,629
Federal and other government grants	2,350	3,313	1,528
Investment income (Note 15)	941	2,038	4,431
Donations and other grants	6,010	952	1,481
Amortization of deferred capital contributions (Note 9)	1,091	824	746
	<u>136,462</u>	<u>124,492</u>	<u>121,528</u>
Expense			
Salaries	68,994	73,717	73,156
Employee benefits	14,040	14,827	16,087
Materials, supplies and services:			
Fees and purchased services	33,484	16,466	16,166
Materials and supplies	9,121	10,161	9,987
Communications and travel	6,617	6,134	6,476
Rental, insurance and utilities	2,475	3,008	2,433
Amortization of capital assets	3,282	2,953	3,269
Scholarships and bursaries	620	1,036	981
	<u>138,633</u>	<u>128,302</u>	<u>128,555</u>
Deficiency of revenue over expense	<u>\$ (2,171)</u>	<u>\$ (3,810)</u>	<u>\$ (7,027)</u>

The accompanying notes are part of these financial statements

Statement of Changes in Net Assets

For the year ended March 31, 2011
(thousands of dollars)

	Endowments	Investment in Capital Assets	Internally Restricted Net Assets	Unrestricted Net Assets (Deficit)	Total
2011					
Balance, beginning of year (Restated Note 3)	\$ 2,346	\$ 10,691	\$ 9,250	\$ (6,287)	\$ 16,000
Deficiency of revenue over expense	-	-	-	(3,810)	(3,810)
Endowment contributions	50	-	-	-	50
Net transfers	(99)	-	(1,379)	1,478	-
Net change in investment in capital assets (Note 11)	-	(965)	-	965	-
Net expenditures of internally restricted net assets	-	-	(647)	647	-
Balance, end of year	<u>\$ 2,297</u>	<u>\$ 9,726</u>	<u>\$ 7,224</u>	<u>\$ (7,007)</u>	<u>\$12,240</u>

	2010				
Balance, beginning of year	\$ 2,029	\$ 13,072	\$ 9,550	\$ (1,947)	\$ 22,704
Deficiency of revenue over expense (Restated Note 3)	-	-	-	(7,027)	(7,027)
Endowment contributions	317	-	-	-	317
Net transfers	-	-	-	6	6
Net change in investment in capital assets (Note 11)	-	(2,381)	-	2,381	-
Net expenditures of internally restricted net assets	-	-	(300)	300	-
Balance, end of year	<u>\$ 2,346</u>	<u>\$ 10,691</u>	<u>\$ 9,250</u>	<u>\$ (6,287)</u>	<u>\$ 16,000</u>

The accompanying notes are part of these financial statements

Statement of Cash Flows

For the year ended March 31, 2011
(thousands of dollars)

	2011	2010 (Restated Note 3)
Cash provided from (used in) operating activities:		
Deficiency of revenue over expenses	\$ (3,810)	(7,027)
Add (deduct) non-cash items:		
Amortization of capital assets	2,953	3,269
Amortization of deferred capital contributions	(824)	(746)
(Gain) loss on disposal of capital assets	(12)	76
Change in employee future benefit liability	(394)	2,742
Change in unrealized gain on investments	(883)	(3,354)
	<u>(2,970)</u>	<u>(5,040)</u>
Net change in non-cash working capital:		
Inventory and prepaid expenses	603	(1,024)
Accounts payable and accrued liabilities	(2,100)	5,593
Deferred contributions	(2,198)	6,391
Deferred revenue	875	123
Short term investments	15,900	5,794
Accounts receivable	2,977	(1,654)
	<u>16,057</u>	<u>15,223</u>
	<u>13,087</u>	<u>10,183</u>
Cash provided from (used in) investing activities:		
Purchases of capital assets, net of proceeds from disposals	(19,148)	(12,239)
Purchase of long term investments, net of sales	(1,270)	4,568
	<u>(20,418)</u>	<u>(7,671)</u>
Cash provided from (used in) financing activities:		
Capital contributions	6,915	2,683
Interest earned on capital contributions	151	152
Endowment investment earnings	50	336
Endowment awards	-	(13)
	<u>\$ 7,116</u>	<u>3,158</u>
Net cash (decrease) increase in cash and cash equivalents	(215)	5,670
Cash and cash equivalents, beginning of year	7,733	2,063
Cash and cash equivalents, end of year (Note 4)	<u>\$ 7,518</u>	<u>7,733</u>

The accompanying notes are part of these financial statements

Notes to the Financial Statements

For the year ended March 31, 2011
(thousands of dollars)

1 Authority and Purpose

Athabasca University Governing Council is a corporation which manages and operates Athabasca University ("the University") under the *Post-Secondary Learning Act*, statutes of Alberta 2003, chapter P 19.5, and the Athabasca University Regulation, Alberta Regulation 50/2004. All members of Governing Council are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education and Technology, with the exception of the President, who is an *ex officio* member. Under the *Post-Secondary Learning Act* the University is a comprehensive academic and research institution (as per Campus Alberta Sector Regulation) offering undergraduate and graduate degree programs through distance education. The University is a registered charity and, under section 149 of the *Income Tax Act* (Canada), is exempt from the payment of income tax.

2 Summary of Significant Accounting Policies and Reporting Practices

(a) General GAAP and Use of Estimates

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

(b) Financial Instruments

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

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

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

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

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

- **Market Risk:** The University is subject to market risk, foreign currency and interest rate risk with respect to its investment portfolio. To manage these risks, the University has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance.
- **Credit Risk:** The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricted enrolment activities for students with delinquent balances and maintaining standard collection procedures.

- **Commodity Price Risk:** The University is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the institution’s facilities. To mitigate these risks, the University has entered into contracts to fix the price for electricity and natural gas.

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

(c) Inventories

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

(d) Copyrights

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

(e) Capital Assets

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

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

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

(f) Revenue Recognition

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

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

Deferral method:

- Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions are deferred and recognized as revenue when the conditions of the contribution are met.

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

(g) Employee Future Benefits

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

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

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

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

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

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

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

(h) Capital Disclosures

The University defines its capital as the amounts included in deferred contributions (Note 8), endowment net assets (Note 10) and unrestricted net assets. A significant portion of the University's capital is externally restricted and the University's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The University has investment policies (Note 5), spending policies and cash management procedures to ensure the University can meet its capital obligations.

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

(i) Contributed Services

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

(j) Future Accounting Changes

The Public Sector Accounting Board of the CICA (PSAB) has issued a framework for financial reporting by government not-for-profit organizations. The framework includes the 4400 series of standards from the CICA Handbook – Accounting, which have been incorporated into the Public Service Accounting (PSA) handbook as PS 4200 series of standards. This framework will be effective April 1, 2012.

Government not-for-profit organizations have been given the choice to apply either PS 4200 series of standards plus the PSA Handbook; or PSA handbook without the PS 4200 series of standards. The University has decided that it will initially adopt the PS 4200 series of the standards plus the PSA handbook. The University has started to identify the differences in the standards that will impact the financial statements and will quantify the differences. The University will also determine whether any specific exemptions and exceptions applicable to the first time adoption of PSA standards by government not-for-profit organizations will be applicable to the University.

3 Prior Period Adjustment

In the prior year, the University incorrectly recorded a construction holdback on a major capital project as an expense rather than as a capital asset (work-in-progress).

The correction of this error has been applied retroactively with restatement of prior year amounts. The impact on the prior year's financial statements as a result of this error is as follows:

	2010		
	As previously recorded	Adjustment recorded	As restated
Increase (decrease) in:			
Statement of Financial Position			
Capital assets	\$ 34,394	\$ 978	\$ 35,372
Deferred contributions, capital	18,455	(978)	17,477
Unamortized deferred capital contributions	23,703	978	24,681
Unrestricted net assets, end of the year	(7,265)	978	(6,287)
Statement of Operations			
Fees and purchased services	17,144	(978)	16,166
Total expense	129,533	(978)	128,555
Deficiency of revenue over expense	(8,005)	978	(7,027)
Statement of Cash Flows			
Deficiency of revenue over expense	(8,005)	978	(7,027)
Purchase of capital assets net of proceeds from disposals	11,261	978	12,239

4 Cash and Cash Equivalents

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

5 Investments

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

	2011		2010	
	Annual Market Yield	Market Value	Annual Market Yield	Market Value
Money market funds, short-term notes, and treasury bills	1.3%	\$ 7,101	0.9%	\$ 40,517
Canadian bonds	5.5%	19,925	10.5%	1,328
Canadian equity	17.2%	5,769	44.0%	5,018
US equities	7.7%	3,638	22.1%	3,541
Overseas equities	7.8%	2,327	28.9%	2,103
		<u>\$ 38,760</u>		<u>\$ 52,507</u>
Short-term investments		6,701		22,601
Long-term investments		32,059		29,906
		<u>\$ 38,760</u>		<u>\$ 52,507</u>

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

- Money market funds, short-term notes and treasury bills: 1.3 per cent (2010 - 0.9 per cent); term to maturity: less than one year
- Canadian government and corporate bonds: 5.5 per cent (2010 - 10.5 per cent) terms to maturity: range from less than 1 year to more than 5 years

The Investment Policy for the University, approved by the 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.

The investment objective is to ensure that the investments are selected to match the anticipated cash flow requirements of the University. Therefore, short, medium, and long-term (including endowment) investment portfolios have been established. Based on cash flow projections the University determines the amount to be invested in each portfolio. The Investment Policy defines minimum and maximum ranges for each type of qualifying investment within each investment portfolio. Canadian equities are listed in the S&P/TSX composite index, and US and International equities are limited to shares and pooled funds listed and traded on recognized stock market exchanges.

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

6 Capital Assets

	2011			2010		
	Cost ^{(1) (2)}	Accumulated Amortization	Net book Value	Cost (Restated Note 3)	Accumulated Amortization	Net book Value (Restated Note 3)
Land	\$ 1,565	\$ -	\$ 1,565	\$ 1,565	\$ -	\$ 1,565
Buildings and site improvements	57,013	17,997	39,016	41,041	17,407	23,634
Leasehold improvements	3,187	2,642	545	3,187	2,168	1,019
Furnishings, equipment and software	28,207	17,975	10,232	23,930	16,522	7,408
Library materials	5,928	4,987	941	5,856	4,841	1,015
Works of art	737	-	737	731	-	731
	<u>\$ 96,637</u>	<u>\$ 43,601</u>	<u>\$ 53,036</u>	<u>\$ 76,310</u>	<u>\$ 40,938</u>	<u>\$ 35,372</u>

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

⁽²⁾ Included in the cost of capital assets are projects in progress that are not yet being amortized. These include buildings \$30,305 (2010 \$13,355) and technology software \$5,300 (2010 \$1,444).

7 Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2011	2010
Universities Academic Pension Plan (UAPP)	\$ 7,007	\$ 7,265
Administrative leave plan	2,590	2,733
Flexible benefits plan	46	39
	<u>\$ 9,643</u>	<u>\$ 10,037</u>

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

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2008 and was then extrapolated to March 31, 2011. The University's portion of the UAPP deficiency has been allocated based on its percentage of the plan's total employer contributions for the year.

The UAPP unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25 per cent (2010 – 1.25 per cent) of total earnings by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.03 per cent (2010 – 2.03 per cent) of total earnings required to eliminate the unfunded deficiency by December 31, 2043. The actuarial valuation shows that the present value of the Government of Alberta's obligation for the future additional contributions was \$315,424 at March 31, 2011. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.09 per cent (2010 – 4.64 per cent) of pensionable earnings shared equally between employees and employers until December 31, 2023.

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

	2011	2010
Financial Operations		
Expense		
Current service cost	\$ 3,161	\$ 3,523
Interest cost	1,190	1,983
Amortization of net actuarial losses	845	2,132
Total expense	<u>\$ 5,196</u>	<u>\$ 7,638</u>
Financial Position		
Accrued benefit obligation:		
Balance, beginning of year	\$ 68,500	\$ 75,853
Current service cost	3,161	3,523
Interest cost	4,834	5,203
Benefits paid	(3,195)	(3,453)
Actuarial loss (gain)	10,064	(12,626)
Balance, end of year	<u>83,364</u>	<u>68,500</u>
Plan assets	<u>(63,678)</u>	<u>(51,684)</u>
Funded status - plan deficit	19,686	16,816
Unamortized net actuarial loss	<u>(12,679)</u>	<u>(9,551)</u>
Accrued benefit liability	<u>\$ 7,007</u>	<u>\$ 7,265</u>

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

	2011	2010
Accrued benefit obligation:		
Discount rate	6.50%	6.90%
Average compensation increase	3.50%	3.50%
Benefit cost:		
Discount rate	6.90%	6.70%
Average compensation increase	3.50%	3.00%
Alberta inflation:		
(year 1, thereafter;	2.25%	2.25%
years 1-2, thereafter)	2.25%	2.25%
Estimated average remaining service life:	11.3 years	11.3 years

Administrative Leave Plan

The University's Administrative Leave Plan has no plan assets. The University has provided for the plan by accruing a benefit obligation of \$2,590 (2010 \$2,733) in employee future benefit liabilities. The significant actuarial assumptions adopted in measuring the University's Administrative Leave Plan are as follows:

	2011	2010
Discount rate	2.70%	3.30%
Rate of compensation increase		
First year	3.00%	3.00%
Subsequent years	3.00%	3.00%
Average remaining service period of active employees	5 years	6 years
Retirement age	62	62

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

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer contributory defined benefit pension plan for support staff members. As the University does not have sufficient information to follow the accounting standards for defined benefit plans, it is accounted for on a defined contribution basis. The pension expense recorded in these financial statements is \$1,329 (2010 – \$1,067).

An actuarial valuation of the PSPP was carried out as at December 31, 2008 and was then extrapolated to December 31, 2010. At December 31, 2010, the PSPP reported an actuarial deficiency of \$ 2,067,151 (2009 - \$1,729,196).

8 Deferred Contributions

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

	2011		2010 (Restated Note 3)	
	Capital	Research and other	Capital	Research and other
Balance, beginning of the year	\$ 17,477	\$ 12,331	\$ 27,615	\$ 5,940
Grants and donations received	-	12,486	452	13,500
Investment income	151	196	152	-
Recognized as revenue	-	(7,965)	-	(4,878)
Transfers	6,915	(6,915)	2,231	(2,231)
Transferred to unamortized deferred capital contributions (Note 9)	(19,453)	-	(12,973)	-
Balance, end of the year	<u>\$ 5,090</u>	<u>\$ 10,133</u>	<u>\$ 17,477</u>	<u>\$ 12,331</u>

9 Unamortized Deferred Capital Contributions

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

	2011	2010 (Restated Note 3)
Balance, beginning of the year	\$ 24,681	\$ 12,454
Additions from deferred contributions, capital (Note 8)	19,453	12,973
Amortization to revenue	(824)	(746)
Balance, end of the year	<u>\$ 43,310</u>	<u>\$ 24,681</u>

10 Endowments

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

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

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

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

The composition of endowments is as follows:

	2011	2010
Balance, beginning of year	\$ 2,346	\$ 2,029
Transfer to endowments	27	-
Transfer from endowments	(99)	19
Investment gain	23	336
Balance, end of year	<u>\$ 2,297</u>	<u>\$ 2,346</u>
Cumulative contributions	\$ 2,069	\$ 2,069
Cumulative capitalized income	228	205
Expendable earnings	-	72
	<u>\$ 2,297</u>	<u>\$ 2,346</u>

11 Investment in Capital Assets

Net assets invested in internally restricted capital assets represent the carrying amount (net book value) of capital assets less unamortized deferred capital contributions.

	2011	2010 (Restated Note 3)
Capital assets at net book value (Note 6)	\$ 53,036	\$ 35,372
Less amounts financed by unamortized deferred capital contributions (Note 9)	<u>(43,310)</u>	<u>(24,681)</u>
Investment in capital assets, end of year	<u>\$ 9,726</u>	<u>\$ 10,691</u>
The changes during the year are as follows:		
Investment in capital assets, beginning of year	\$ 10,691	\$ 13,072
Acquisition of internally funded capital assets	1,164	157
Net book value of internally funded asset disposals	-	(78)
Amortization of investment in capital assets	<u>(2,129)</u>	<u>(2,523)</u>
Net change in investment in capital assets	(965)	(2,444)
Contributions of assets not subject to amortization	-	63
Decrease for the year	<u>(965)</u>	<u>(2,381)</u>
Investment in capital assets, end of year	<u>\$ 9,726</u>	<u>\$ 10,691</u>

12 Internally Restricted Net Assets

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

	Balance at beginning of year	Appropriations and transfers	Additions (disbursements)	Balance at end of year
Appropriation for operating activities				
New program development	\$ 911	\$ (827)	\$ 827	\$ 911
Future student awards	1,630	132	-	1,762
Future claims reserve	446	-	(446)	-
Research and academic projects	-	165	-	165
	<u>2,987</u>	<u>(530)</u>	<u>381</u>	<u>2,838</u>
Appropriation for capital activities				
Investment in system development	4,942	(556)	-	4,386
Infrastructure	1,321	(293)	(1,028)	-
	<u>6,263</u>	<u>(849)</u>	<u>(1,028)</u>	<u>4,386</u>
	<u>\$ 9,250</u>	<u>\$ (1,379)</u>	<u>\$ (647)</u>	<u>\$ 7,224</u>

13 Contractual Obligations

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

	2011	2010
Capital projects	\$ 3,471	\$ 15,816
Service contracts, information systems and technology, and long term leases	<u>10,166</u>	<u>8,571</u>
	<u>\$ 13,637</u>	<u>\$ 24,387</u>

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

	2011				
	Capital Projects	Service Contracts	Information Systems and Technology	Long-term Leases	Total
2012	\$ 3,471	\$ 5,856	\$ 591	\$ 1,042	\$ 10,960
2013	-	916	426	463	1,805
2014	-	113	136	454	703
2015	-	35	-	-	35
Thereafter	-	134	-	-	134
	<u>\$ 3,471</u>	<u>\$ 7,054</u>	<u>\$ 1,153</u>	<u>\$ 1,959</u>	<u>\$ 13,637</u>

14 Budget Comparison

The University's 2010-2011 budget was approved by Governing Council and was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2010-2014 Business Plan. Certain budget figures from the University's 2010-2014 Business Plan have been reclassified to conform to the presentation adopted in the 2011 financial statements.

15 Investment Income

	2011	2010
Income on investments held for endowments	\$ 196	\$ 336
Income on other investments	<u>2,277</u>	<u>4,583</u>
	2,473	4,919
Transfers to endowment net assets	(23)	(336)
Transfers to deferred contributions	(196)	-
Transfers to deferred contributions, capital	(151)	(152)
Other transfers	(65)	-
Total investment income recognized	<u>\$ 2,038</u>	<u>\$ 4,431</u>

16 Related Party Transactions

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

	2011	2010
Grants		
Advanced Education and Technology:		
Operating grants	\$ 39,106	\$ 39,555
Knowledge Infrastructure Program	3,813	7,640
Access to the future fund (matching grants)	1,200	1,350
Infrastructure Maintenance Program	919	919
Research grants	346	712
Alberta Innovates - Technology Futures	323	203
Advanced Technology Industries	275	-
Other	13	38
Alberta Innovates - Health Solutions	-	172
Capital grants	-	250
	<u>45,995</u>	<u>50,839</u>
Other GOA departments and agencies grants:		
Alberta Health and Wellness	1,750	-
Alberta Education	350	330
Finance and Enterprise	328	125
Culture and Community Spirit	35	40
	<u>2,463</u>	<u>495</u>
Total contributions received	48,458	51,334
Less: deferred contributions	(3,255)	(8,279)
Grants from GOA	<u>\$ 45,203</u>	<u>\$ 43,055</u>
Accounts receivable		
Advanced Education and Technology	\$ 482	\$ 3,010
Other GOA departments and agencies	121	178
	<u>\$ 603</u>	<u>\$ 3,188</u>
Accounts payable		
Advanced Education and Technology	\$ 199	\$ 165
Other GOA departments and agencies	7	17
	<u>\$ 206</u>	<u>\$ 182</u>

In addition to the grants listed above, the University received \$813 (2010 - \$1,060) from the Ministry of Culture and Community Spirit, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

17 Salary and Benefits Disclosure

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

	2011				2010
	Base Salary ⁽¹⁾	Cash Benefits ⁽²⁾	Non cash Benefits ⁽³⁾	Total	Total
Governing Council ⁽⁴⁾					
Chair of Governing Council	\$ -	\$ -	\$ -	\$ -	\$ -
Governing Council Members	-	-	-	-	-
Executive Officers					
President	362	110	49	521	529
Vice-Presidents:					
Academic	234	18	84	336	331
Advancement ⁽⁵⁾	208	4	56	268	322
Finance and Administration	222	9	20	251	259
Information Technology & CIO ⁽⁶⁾	215	12	34	261	282

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

⁽²⁾ Cash benefits include amounts to compensate for the UAPP salary cap, lump sum payments and any other non pensionable direct cash remuneration.

⁽³⁾ Non cash benefits include the employer's share of all employee benefits and contribution payments made on behalf of employees for pension, extended health care, dental, vision, group life insurance, accidental death and dismemberment insurance, and long and short-term disability plans. Non cash benefits for the President include a taxable benefit for a rent allowance of Athabasca University House. Non cash benefits for some of the executive include memberships and the employer's current year expense (current service cost, the related net actuarial gains or losses and adjustments for past service accrued at current salary rates) of Administrative Leave Plan.

⁽⁴⁾ The chair and the 17 members (2010 – 17) of Governing Council receive no remuneration for participation on the council.

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

⁽⁶⁾ Former position title; Chief Information Officer.

18 Canada – Alberta Knowledge Infrastructure Program

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

	2011	2010	February 24, 2009 to March 31, 2009	Total
Contributions	\$ 3,813	\$ 3,814	\$ -	\$ 7,627
Total Eligible Costs	\$ 9,244	\$ 3,564	\$ -	\$ 12,808

The remaining contractual obligation to complete the projects at March 31, 2011 is \$197. This amount is included in Note 13.

19 Comparative Figures

Certain 2010 figures have been reclassified to conform to the presentation adopted in the 2011 financial statements.



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