

Athabasca University

Financial Statements

March 31, 2013

Athabasca University Financial Statements

For the year ended March 31, 2013

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Auditor's Report

Independent Auditor's Report

To the Board of Governors of Athabasca University

Report on the Financial Statements

I have audited the accompanying financial statements of Athabasca University, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and cash flows for the years ended March 31, 2013 and March 31, 2012, and the statement of rereasurement gains and losses for the year ended March 31, 2013, 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 public sector accounting standards, 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 audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained in my audits 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012, and its rereasurement gains and losses for the year ended March 31, 2013 in accordance with Canadian public sector accounting standards.

Original signed by

Auditor General

June 7, 2013

Edmonton, Alberta

Athabasca University

Statement of Financial Position

As at
(thousands of dollars)

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Cash and cash equivalents (Note 5)	\$ 2,915	\$ 5,142	\$ 7,518
Portfolio investments (Note 6)	37,569	35,434	38,760
Accounts receivable (Note 8)	1,796	1,583	3,616
Inventories and prepaid expenses	5,355	5,106	5,607
Tangible capital assets (Note 9)	58,206	58,065	52,300
	<u>\$ 105,841</u>	<u>\$ 105,330</u>	<u>\$ 107,801</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 11,682	\$ 9,122	\$ 14,452
Employee future benefit liabilities (Note 10)	21,554	22,382	22,322
Deferred revenue (Note 11)	71,638	74,381	72,202
	<u>104,874</u>	<u>105,885</u>	<u>108,976</u>
Net Assets			
Endowments (Note 12)	2,536	2,508	2,297
Accumulated surplus (deficit)			
Accumulated operating deficit (Note 13)	(2,311)	(3,063)	(3,472)
Accumulated remeasurement gains	742	-	-
	<u>967</u>	<u>(555)</u>	<u>(1,175)</u>
	<u>\$ 105,841</u>	<u>\$ 105,330</u>	<u>\$ 107,801</u>

Contractual obligations (Note 14)

Approved by the Board of Governors:

Original signed by
Barry J. Walker, FCA
Chair, Governors of Athabasca University

Original signed by
Dr. Frits Pannekoek, PhD
President

The accompanying notes are part of these financial statements

Athabasca University

Statement of Operations

Year ended March 31
(thousands of dollars)

	Budget 2013	2013	2012
Revenue			
Government of Alberta grants (Note 17)	\$ 46,698	\$ 47,866	\$ 44,125
Student tuition and fees	63,731	63,207	61,871
Sales of services and products	15,921	15,805	14,243
Donations and other grants	2,454	2,570	1,477
Federal and other government grants	1,846	1,740	1,679
Investment income (Note 15)	1,161	1,364	1,746
	<u>131,811</u>	<u>132,552</u>	<u>125,141</u>
Expense			
Instruction and non-sponsored research	71,850	72,033	68,694
Academic and student support	16,284	15,805	16,016
Institutional support	12,491	12,508	12,067
Ancillary services	9,268	9,736	9,047
Computing and communication	8,757	7,799	7,561
Facility operations and maintenance	7,874	7,610	6,329
Sponsored research and special purpose	6,317	6,309	5,018
	<u>132,841</u>	<u>131,800</u>	<u>124,732</u>
Excess (deficiency) of revenue over expense	<u>(1,030)</u>	<u>752</u>	<u>409</u>
Accumulated operating surplus (deficit), beginning of year (Note 13)	<u>9,169</u>	<u>(3,063)</u>	<u>(3,472)</u>
Accumulated operating surplus (deficit), end of year (Note 13)	<u>\$ 8,139</u>	<u>\$ (2,311)</u>	<u>\$ (3,063)</u>

The accompanying notes are part of these financial statements

Athabasca University

Statement of Cash Flows

Year ended March 31
(thousands of dollars)

	2013	2012
Operating transactions		
Excess of revenue over expense	\$ 752	\$ 409
Add (deduct) non-cash items:		
Amortization of tangible capital assets	4,808	3,973
Expended capital recognized as revenue	(3,380)	(1,877)
Loss on disposal of tangible capital assets, net	230	26
Unrealized gains on investments	-	(1,141)
Change in employee future benefit liabilities	(828)	60
Total non-cash items	830	1,041
(Increase) decrease in accounts receivable	(213)	2,033
(Increase) decrease in inventories and prepaid expenses	(249)	501
Increase (decrease) in accounts payable and accrued liabilities	2,560	(5,330)
(Decrease) increase in deferred revenue	(1,558)	1,381
Cash provided by operating transactions	2,122	35
Capital transactions		
Acquisition of tangible capital assets	(5,188)	(9,837)
Proceeds on sale of tangible capital assets	9	73
Cash applied to capital transactions	(5,179)	(9,764)
Investing transactions		
Purchases of investments	(1,226)	(35,635)
Proceeds on sale of portfolio investments	-	40,113
Cash provided by investing transactions	(1,226)	4,478
Financing transactions		
Endowment contributions	-	152
Endowment transfers	28	59
Capital contributions	2,028	2,664
Cash provided by financing transactions	2,056	2,875
(Decrease) in cash and cash equivalents	(2,227)	(2,376)
Cash and cash equivalents, beginning of year	5,142	7,518
Cash and cash equivalents, end of year (Note 5)	\$ 2,915	\$ 5,142

The accompanying notes are part of these financial statements

Athabasca University

Statement of Remeasurement Gains and Losses

Year ended March 31, 2013
(thousands of dollars)

	<u>2013</u>
Accumulated remeasurement gains at beginning of year	\$ -
Net unrealized gains attributable to:	
Portfolio investments	<u>742</u>
Accumulated remeasurement gains at end of year	<u>\$ 742</u>

The accompanying notes are part of these financial statements

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

1. Authority and Purpose

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

2. Conversion to Public Sector Accounting Standards

Commencing with the 2012-2013 fiscal year, the University has adopted Canadian Public Sector Accounting Standards ("PSAS") as issued by the Public Sector Accounting Board. These financial statements are the first financial statements for which the University has applied Canadian PSAS. The adoption of PSAS is accounted for by retroactive application with a restatement of prior years.

The impact of the conversion to Canadian PSAS on the accumulated deficit at the date of transition and the comparative annual surplus is presented in Schedule 1. These accounting changes have been applied retroactively with restatement of prior periods. The changes that have been implemented to comply with PSAS are presented in Schedule 1.

The University has made the following elections on first time adoption of PSAS;

- Retirement and post-employment benefits: To retroactively recognize all cumulative unrecognized actuarial gains and losses on post-employment benefit liability as at April 1, 2011. By accepting this exemption the University has recognized these amounts directly to accumulated surplus (deficit).
- Tangible capital asset impairment: To prospectively apply the conditions for accounting for a write-down of a tangible capital asset. By accepting this exemption the University has not revisited any prior year write-downs relative to PSAS.

3. Adoption of New Accounting Standards

(a) Portfolio Investments

As at April 1, 2012, the University adopted PSA Handbook Section 3041, Portfolio Investments. This section establishes standards on how to account for and report portfolio investment. This standard is applicable to the fiscal year in which PSA Handbook Sections 2601, Foreign Currency Translation, 3450, Financial Instruments and 1201 Financial Statement Presentation are adopted. The standard refers to 3450, Financial Instruments for recognition and measurement of investments held by the University.

(b) Financial Instruments

As at April 1, 2012, the University adopted PSA Handbook Section 3450, Financial Instruments. This new standard provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when an organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the University immediately preceding its adoption of PSAS.

(c) Foreign currency

As of April 1, 2012, the University adopted PSA Handbook Section 2601, Foreign Currency Translation. This revised standard establishes standards on how to account for and report transactions that are denominated in a foreign currency. The transitional provisions in the standard state that when a government organization applies this standard in the same year it adopts PSAS for the first time, this standard cannot be applied retroactively. Comparative amounts are presented in accordance with the accounting policies applied by the University immediately preceding its adoption of PSAS.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

3. Adoption of New Accounting Standards (continued)

(d) Financial statement presentation

As of April 1, 2012, the University adopted PSA Handbook Section 1201 Financial Statement Presentation. This section establishes general reporting principles and standards for the disclosure of information in financial statements. This standard is applicable to fiscal years that PSA Handbook Sections 2601, Foreign Currency Translation and 3450 Financial Instruments are adopted.

(e) Government transfers

As at April 1, 2012, the University adopted revised PSA Handbook Section 3410, Government Transfers. This revised standard establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. The University has elected to apply the requirements of the revised standard on a retroactive basis.

4. Summary of Significant Accounting Policies and Reporting Practices

(a) General - PSAS and Use of Estimates

These financial statements have been prepared in accordance with Canadian PSAS. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. University administration uses judgment to determine such estimates. Employee future benefit liabilities, amortization of capital assets, and the revenue recognition for externally funded tangible 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) Non-use of Net debt model format

Canadian PSAS require a net debt presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as net debt or net financial assets as an indicator of the future revenues required to pay for past transactions and events. The University operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

(c) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Fair value
Portfolio investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses, except for the restricted portion that is recognized as a liability under deferred revenues, or as endowments. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to unrestricted financial instruments are reported in the statement of operations.

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

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

4. Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Valuation of Financial Assets and Liabilities (continued)

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments that are measured using cost or amortized cost and are expensed when measured at fair value.

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

(d) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue. The University recognizes government grants, donations, and other contributions as follows:

Government transfers

Government transfers and associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the University's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the University complies with its communicated use of the transfer.

Government transfers, without terms for the use of the transfer, are recorded as revenue when the University is eligible to receive the funds.

Donations and non-government contributions

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or restricted for operating or capital purposes or research purposes.

Unrestricted donations and non-government contributions are recorded as revenue in the year received or in the year the funds are committed to the University if the amount can be reasonably estimated and collection is reasonably assured.

Restricted donations, non-government contributions, and realized and unrealized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the University's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and when applicable, the University complies with its communicated use.

In kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers, as well as members of the staff of the University, contribute a significant amount of hours each year to assist the University in carrying out its mission, the value of their contributed services is not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

Grants and donations related to land

The University recognizes transfers and donations to buy land as a liability when received, and as revenue when the University buys the land. The University recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the University cannot determine the fair value, it records such in-kind contributions at nominal value.

Endowments

Donations, government transfers, and non-government contributions that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable. Realized and unrealized gains and losses attributable to portfolio investments of these endowments that also must be maintained in perpetuity are also recognized as a direct increase in endowment net assets when received or receivable.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

4. Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Revenue Recognition (continued)

Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations, or contributions are recognized in the statement of remeasurement gains and losses until the related investments are sold. Once realized, these gains or losses are recognized in the statement of operations.

(e) Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the weighted average method. Inventories held for consumption are valued at cost.

(f) Tangible Capital Assets

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

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

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

Building	10-25 years
Site improvements	40 years
Leasehold improvements	lesser of 5 years or lease term
Computer hardware and software	3-10 years
Furniture and equipment	3-10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded as revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at the carrying value.

Works of art, cultural and historical properties, and treasures are not recognized in the financial statements.

(g) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year end exchange rate. Revenues and expenses are translated based upon an estimate of the actual exchange rate on the date of the transaction. In the period of settlement realized gains or losses from these translations are included in investment income. Unrealized gains and losses are recognized in the statement of remeasurement gains and losses.

(h) Employee Future Benefits

Pension

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

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

4. Summary of Significant Accounting Policies and Reporting Practices (continued)

(h) Employee Future Benefits (continued)

Pension (continued)

Pension expense for the UAPP is actuarially determined using the projected benefit method prorated on service and is allocated to each 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.

Other Employee Benefit Plans

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

For the Administrative Leave Plan, 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.

(i) Internally Restricted Funds

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

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

5. 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.

6. Portfolio Investments

All of the University's investments are in units of pooled investment funds and are valued based upon quoted prices in active markets for identical assets or liabilities.

The pooled investment funds are segregated into asset classes for which the fair-value, and annual market yields are as follows:

	2013		2012	
	Annual Market Yield	Market Value	Annual Market Yield	Market Value
Money market funds, short-term notes, and treasury bills	1.1%	\$ 2,199	1.0%	\$ 2,689
Bonds	4.9%	29,231	8.2%	30,035
Canadian equities	12.0%	3,088	-9.2%	1,815
US equities	16.0%	1,855	5.5%	616
International equities	14.6%	1,196	-8.1%	279
		<u>\$ 37,569</u>		<u>\$ 35,434</u>

The terms to maturity of investments indirectly invested through pooled funds in money market funds are less than one year. The terms to maturity of investments indirectly invested through pooled funds in bonds range from less than one year to more than five years.

All portfolio investments are invested in pooled funds for which the composition and fair value are as follows:

		2013	2012	2011
Equities listed in active market;				
	Level 1	\$ 37,569	\$ 35,434	\$ 38,760
	Level 2	-	-	-
	Level 3	-	-	-
Total investments		<u>\$ 37,569</u>	<u>35,434</u>	<u>38,760</u>

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

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

6. Portfolio Investments (continued)

Unrealized gains and losses on restricted funds

	2013
Net unrealized gains, beginning of year	\$ -
Unrealized gains attributable to:	
Portfolio investments	167
Net unrealized gains, end of year, recorded in deferred revenue (Note 11)	<u>\$ 167</u>

7. Financial Risk Management

The University is exposed to the following risks:

Market risk

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

The following details the University's portfolio sensitivity to an increase or decrease in market prices. At March 31, 2013, if market prices had a 5% increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses and endowment net assets, and externally restricted deferred contributions for the year would have been a total of \$1,877 (2012 - \$1,772; 2011-\$1,938).

Credit risk

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

The University is indirectly invested in debt securities with the following credit ratings and percentages of the total investment fund

	2013	2012
Credit rating		
AAA	48%	55%
AA	9%	7%
A	24%	24%
BBB	3%	6%
Total percent of portfolio at risk	<u>84%</u>	<u>92%</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

7. Financial Risk Management (continued)

Interest rate risk

The University invests in equity units of pooled investment funds. Indirectly the University is exposed to risks associated with interest rate fluctuation and volatility. Interest rate risk is the risk to the University's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by managing the term to maturity of certain fixed income securities that the University holds.

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

	<u>.50% decrease</u>	<u>.25% decrease</u>	<u>.25% increase</u>	<u>.50% increase</u>
Dollar value change	\$ 600	\$ 300	\$ (300)	\$ (600)

Foreign currency risk

The University invests primarily in Canadian dollar denominated securities and therefore has minimal exposure to currency risk.

8. Accounts Receivable

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 1,623	\$ 1,253
Other receivable	173	330
Less provision for doubtful accounts	-	-
	<u>\$ 1,796</u>	<u>\$ 1,583</u>

Accounts receivable are unsecured and non-interest bearing. Other receivables are secured and interest bearing.

9. Tangible Capital Assets

	<u>2013</u>					
	<u>Land</u>	<u>Buildings and site improvements</u>	<u>Computer hardware and software</u>	<u>Furniture and equipment ⁽⁴⁾</u>	<u>Other ⁽⁵⁾</u>	<u>Total</u>
Cost ^{(1) (2)}						
Beginning of year	\$ 1,565	61,632	26,353	6,707	9,170	105,427
Additions	-	247	4,527	258	156	5,188
Disposals, including write-downs ⁽³⁾	-	-	(3,898)	(93)	(10)	(4,001)
	<u>\$ 1,565</u>	<u>61,879</u>	<u>26,982</u>	<u>6,872</u>	<u>9,316</u>	<u>106,614</u>
Accumulated amortization						
Beginning of year	\$ -	18,991	15,503	4,682	8,186	47,362
Amortization expense	-	1,647	2,433	460	268	4,808
Effects on disposals, including write-downs	-	-	(3,659)	(93)	(10)	(3,762)
	<u>\$ -</u>	<u>20,638</u>	<u>14,277</u>	<u>5,049</u>	<u>8,444</u>	<u>48,408</u>
Net book value at March 31, 2013	<u>\$ 1,565</u>	<u>41,241</u>	<u>12,705</u>	<u>1,823</u>	<u>872</u>	<u>58,206</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

9. Tangible Capital Assets (continued)

	2012					
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment ⁽⁴⁾	Other ⁽⁵⁾	Total
Cost ^{(1) (2)}						
Beginning of year	\$ 1,565	57,013	21,986	6,221	9,115	95,900
Additions	-	4,757	4,528	494	58	9,837
Disposals, including write-downs	-	(138)	(162)	(8)	(3)	(311)
	<u>\$ 1,565</u>	<u>61,632</u>	<u>26,352</u>	<u>6,707</u>	<u>9,170</u>	<u>105,426</u>
Accumulated amortization						
Beginning of year	\$ -	17,997	13,716	4,259	7,628	43,600
Amortization expense	-	1,033	1,949	431	560	3,973
Effects on disposals, including write-downs	-	(39)	(163)	(8)	(2)	(212)
	<u>\$ -</u>	<u>18,991</u>	<u>15,502</u>	<u>4,682</u>	<u>8,186</u>	<u>47,361</u>
Net book value at March 31, 2012	<u>\$ 1,565</u>	<u>42,641</u>	<u>10,850</u>	<u>2,025</u>	<u>984</u>	<u>58,065</u>
	2011					
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment ⁽⁴⁾	Other ⁽⁵⁾	Total
Cost ^{(1) (2)}						
Beginning of year	\$ 1,565	41,041	18,461	5,469	9,043	75,579
Additions	-	15,972	3,775	782	83	20,612
Disposals, including write-downs	-	-	(250)	(30)	(11)	(291)
	<u>\$ 1,565</u>	<u>57,013</u>	<u>21,986</u>	<u>6,221</u>	<u>9,115</u>	<u>95,900</u>
Accumulated amortization						
Beginning of year	\$ -	17,409	12,599	3,923	7,007	40,938
Amortization expense	-	588	1,367	366	632	2,953
Effects on disposals, including write-downs	-	-	(250)	(30)	(11)	(291)
	<u>\$ -</u>	<u>17,997</u>	<u>13,716</u>	<u>4,259</u>	<u>7,628</u>	<u>43,600</u>
Net book value at March 31, 2011	<u>\$ 1,565</u>	<u>39,016</u>	<u>8,270</u>	<u>1,962</u>	<u>1,487</u>	<u>52,300</u>

No interest was capitalized by the University in 2012-2013.

1. Historic cost includes work-in-progress at March 31, 2013 totaling \$ 6,366 comprised of leasehold improvements \$144, (2012 - \$0, 2011 - \$0), buildings \$0 (2012 - \$571, 2011 \$30,305), equipment \$213 (2012 - \$0, 2011 - \$0), and computer hardware and software \$6,009 (2012 - \$3,216, 2011 - \$5,300).
2. The University holds a number of works of art, cultural and historical properties, and treasures; under public sector accounting standards their values are not included in these statements.
3. There are no write-downs within disposals for 2012-2013.
4. Equipment includes vehicles, office equipment and furniture, and other equipment.
5. Other tangible capital assets include leasehold improvements and library.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

10. Employee Future Benefit Liabilities

Employee future benefit liabilities are comprised of the following:

	2013	2012
Universities Academic Pension Plan (UAPP)	\$ 19,019	\$ 19,511
Administrative leave plan	2,463	2,810
Flexible benefits plan	72	61
	<u>\$ 21,554</u>	<u>\$ 22,382</u>

(a) Defined Benefit Accounted for on a Defined Benefit Basis

Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was carried out as at December 31, 2010. This was then extrapolated to March 31, 2013. 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% (2012 - 1.25%) of total earnings by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.34% (2012 - 2.34%) 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 \$308,904 at March 31, 2013. The unfunded deficiency for service after December 31, 1991 is financed by special payments of 5.54% (2012 - 5.54%) of pensionable earnings until December 31, 2021, 1.46% (2012 - 1.46%) of salaries for 2022 and 2023, and 0.45% (2012 - 0.45%) of salaries for 2024 and 2025, all shared equally between employees and employers.

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

	2013	2012
Financial Operations		
Expense		
Current service cost	\$ 3,769	\$ 3,932
Interest cost	1,531	1,357
Amortization of net actuarial losses	327	-
Total expense	<u>\$ 5,627</u>	<u>\$ 5,289</u>
Financial Position		
Accrued benefit obligation:		
Balance, beginning of year	\$ 86,595	\$ 83,364
Current service cost	3,769	3,932
Interest cost	5,747	5,552
Benefits paid	(3,894)	(3,757)
Actuarial (gain) loss	8,811	(2,496)
Balance, end of year	<u>101,028</u>	<u>86,595</u>
Plan assets	<u>(77,177)</u>	<u>(63,746)</u>
Funded status - plan deficit	23,851	22,849
Unamortized net actuarial loss	(4,832)	(3,338)
Accrued benefit liability	<u>\$ 19,019</u>	<u>\$ 19,511</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

10. Employee Future Benefit Liabilities (continued)

(a) Defined Benefit Accounted for on a Defined Benefit Basis (continued)

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

	2013	2012
Accrued benefit obligation:		
Discount rate	6.20%	6.50%
Average compensation increase	3.50%	3.50%
Benefit cost:		
Discount rate	6.20%	6.50%
Average compensation increase	3.50%	3.50%
Alberta inflation:		
Year 1:	2.25%	2.25%
Year 2 and thereafter	2.25%	2.25%
Estimated average remaining service life:	10.2 years	10.2 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 \$2,463 (2012 - \$2,810) in employee future benefit liabilities. The University plans to use its working capital to finance these future obligations.

The expense and financial position of the Administrative Leave Plan is as follows:

	2013	2012
Financial Operations		
Expense		
Current service cost	\$ 495	\$ 481
Interest cost	62	79
Amortization of net actuarial losses	(215)	(32)
Total expense	<u>\$ 342</u>	<u>\$ 528</u>
Financial Position		
Accrued benefit liability:		
Balance, beginning of year	\$ 2,810	\$ 2,590
Current service cost	495	481
Interest cost	62	79
Benefits paid	(689)	(308)
Actuarial (gain)	(215)	(32)
Balance, end of year	<u>\$ 2,463</u>	<u>\$ 2,810</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

10. Employee Future Benefit Liabilities (continued)

(a) Defined Benefit Accounted for on a Defined Benefit Basis (continued)

Administrative Leave Plan (continued)

The significant actuarial assumptions adopted in measuring the University's Administrative Leave Plan are as follows:

	2013	2012
Discount rate	2.00%	2.10%
Rate of compensation increase		
First year	2.00%	3.00%
Subsequent years	2.00%	3.00%
Average remaining service period of active employees	6 years	6 years
Retirement age	63	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 \$1,358 (2012 - \$1,245).

An actuarial valuation of the PSPP was carried out as at December 31, 2011 and was then extrapolated to December 31, 2012. At December 31, 2012, the PSPP reported an actuarial deficiency of \$ 1,645,141 (2011 - \$1,790,383). This deficiency is being discharged through additional contributions from both employees and employers until 2026. Other than the requirement to make all additional contributions, the University does not bear any risks related to the PSPP deficiency.

11. Deferred Revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement:

	2013				
	Deferred research and other restricted	Unspent capital	Spent capital	Student and other fees	Total
Balance, beginning of year	\$ 11,228	\$ 923	\$ 48,275	\$ 13,955	\$ 74,381
Grants, tuition, donations received	7,469	-	-	47,969	55,438
Investment income (Note 15)	54	-	-	-	54
Unearned capital acquisition transfers	(2,028)	(399)	2,427	-	-
Recognized as revenue	(7,202)	-	(3,380)	(47,820)	(58,402)
Other (Note 6)	167	-	-	-	167
Balance, end of year	<u>\$ 9,688</u>	<u>\$ 524</u>	<u>\$ 47,322</u>	<u>\$ 14,104</u>	<u>\$ 71,638</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

11. Deferred Revenue (continued)

	2012				
	Deferred research and other restricted	Unspent capital	Spent capital	Student and other fees	Total
Balance, beginning of year	\$ 10,133	\$ 5,090	\$ 43,310	\$ 13,669	\$ 72,202
Grants, tuition, donations received	10,125	-	-	47,579	57,704
Investment income (Note 15)	6	11	-	-	17
Unearned capital acquisition transfers	(2,664)	(4,178)	6,842	-	-
Recognized as revenue	(6,372)	-	(1,877)	(47,293)	(55,542)
Balance, end of year	<u>\$ 11,228</u>	<u>\$ 923</u>	<u>\$ 48,275</u>	<u>\$ 13,955</u>	<u>\$ 74,381</u>

12. 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 endowments to enable:

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

The composition of endowments is as follows:

	2013	2012
Balance, beginning of year	\$ 2,508	\$ 2,297
Endowment contributions	-	152
Investment gain realized (Note 15)	28	59
Balance, end of year	<u>\$ 2,536</u>	<u>\$ 2,508</u>
Cumulative contributions	\$ 2,221	\$ 2,221
Cumulative capitalized income	315	287
	<u>\$ 2,536</u>	<u>\$ 2,508</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
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13. Accumulated Operating Deficit

Certain amounts, as approved by the Board of Governors, are set aside in accumulated surplus (deficit) for future operating and capital purposes. Those amounts are not available for other purposes without the approval of the Board of Governors.

Accumulated operating deficit is comprised of the following:

	2013	2012
Accumulated deficit from operations	\$ (13,195)	\$ (12,853)
Investment in tangible capital assets ⁽¹⁾	10,884	9,790
	<u>\$ (2,311)</u>	<u>\$ (3,063)</u>
The changes during the year are as follows:		
Accumulated deficit from operations, beginning of year	\$ (12,853)	\$ (12,462)
Excess of revenue over expense	752	409
Net change in investment in tangible capital assets	(1,094)	(800)
Net change in accumulated operating deficit	(342)	(391)
Accumulated deficit from operations, end of year	<u>\$ (13,195)</u>	<u>\$ (12,853)</u>
Investment in tangible capital assets, beginning of year	\$ 9,790	\$ 8,990
Acquisition of internally funded tangible capital assets	2,761	2,995
Net book value of internally funded tangible capital assets	-	(99)
Amortization of investment in tangible capital assets	(1,667)	(2,096)
Net change in investment in tangible capital assets	1,094	800
Investment in tangible capital assets, end of year	<u>\$ 10,884</u>	<u>\$ 9,790</u>

⁽¹⁾ The fund for investment in tangible capital assets represents the amount of the University's accumulated surplus that has been invested in the University's capital assets.

14. 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.

	2013	2012
Service contracts	\$ 4,469	\$ 3,582
Capital projects	88	154
Information systems and technology	2,843	3,181
Long-term leases	2,422	2,746
	<u>\$ 9,822</u>	<u>\$ 9,663</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

14. Contractual Obligations (continued)

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

	2013				
	Service Contracts	Capital Projects	Information Systems and Technology	Long-term Leases	Total
2014	\$ 3,725	\$ 88	\$ 2,361	\$ 655	\$ 6,829
2015	223	-	320	566	1,109
2016	160	-	52	573	785
2017	93	-	29	451	573
2018	89	-	27	177	293
Thereafter	179	-	54	-	233
	<u>\$ 4,469</u>	<u>\$ 88</u>	<u>\$ 2,843</u>	<u>\$ 2,422</u>	<u>\$ 9,822</u>

	2012				
	Service Contracts	Capital Projects	Information Systems and Technology	Long-term Leases	Total
2013	\$ 3,480	\$ 154	\$ 2,500	\$ 715	\$ 6,849
2014	93	-	618	558	1,269
2015	2	-	14	440	456
2016	2	-	14	428	444
2017	2	-	13	428	443
Thereafter	3	-	22	177	202
	<u>\$ 3,582</u>	<u>\$ 154</u>	<u>\$ 3,181</u>	<u>\$ 2,746</u>	<u>\$ 9,663</u>

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

15. Investment Income

	2013	2012
Income on investments held for endowments	\$ 82	\$ 65
Income on other investments	1,209	1,727
	<u>1,291</u>	<u>1,792</u>
Transfers to endowment net assets (Note 12)	(28)	(59)
Transfers to deferred revenue (Note 11)	(54)	(17)
Other transfers	155	30
Total investment income recognized	<u>\$ 1,364</u>	<u>\$ 1,746</u>

16. Expense by Object

The following is a summary of expense by object.

	2013		2012
	Budget (Note 19)	Actual ⁽¹⁾	Actual
Salaries	\$ 70,253	\$ 75,635	\$ 70,480
Employee benefits	16,604	14,680	14,754
Materials, supplies and services:			
Fees and purchased services	18,812	16,009	15,091
Materials and supplies	10,884	11,188	10,614
Communications and travel	6,884	5,468	5,754
Rental, insurance and utilities	3,068	2,889	2,985
Amortization of capital assets	5,287	4,808	3,973
Scholarships and bursaries	1,049	1,123	1,081
	<u>\$ 132,841</u>	<u>\$ 131,800</u>	<u>\$ 124,732</u>

(1) Includes \$3,829 termination benefits as defined under PSA Handbook section 3255.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

17. Related Party Transactions and Balances

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

	2013	2012
Grants from GOA		
Enterprise and Advanced Education:		
Operating	\$ 40,778	\$ 38,900
Infrastructure Maintenance Program	3,024	5,020
Research	625	750
Alberta Innovates - Technology Futures	230	573
Alberta Innovates - Health Solutions	127	188
Other	31	49
Total Enterprise and Advanced Education	<u>44,815</u>	<u>45,480</u>
Other GOA departments and agencies:		
Treasury Board and Finance	436	394
Culture	96	98
Human Services	-	37
Total other GOA departments and agencies	<u>532</u>	<u>529</u>
Total grants received	45,347	46,009
Add (less): deferred revenue	2,519	(1,884)
Total grants from GOA	<u>\$ 47,866</u>	<u>\$ 44,125</u>
Accounts receivable		
Enterprise and Advanced Education	\$ 180	\$ 200
Other GOA departments and agencies	78	71
Other post-secondary institutions	-	32
	<u>\$ 258</u>	<u>\$ 303</u>
Accounts payable		
Enterprise and Advanced Education	\$ -	\$ 3
Other GOA departments and agencies	4	5
Other post-secondary institutions	108	95
	<u>\$ 112</u>	<u>\$ 103</u>

In addition to the grants listed above, the University received \$567 (2012 - \$533) from the Ministry of Culture, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

18. Salary and Employee Benefits

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.

	2013			
	Base Salary ⁽¹⁾	Cash Benefits ⁽²⁾	Non cash Benefits ⁽³⁾	Total
Governance ⁽⁴⁾				
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	-	-	-
Executive Officers				
President	390	38	129	557
Vice-Presidents:				
Academic ⁽⁵⁾	246	17	80	343
Advancement	210	13	81	304
Finance and Administration	225	20	72	317
Information Technology and CIO ⁽⁵⁾	208	103	10	321

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

- (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 nonpensionable direct cash remuneration.
- (3) Noncash 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. Noncash benefits for the President include a taxable benefit for a rent allowance of University House. Noncash 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 (2012 – 17) of the Board of Governors receive no remuneration for participation on the Board.
- (5) The position was occupied by two individuals at different times during the year.

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

18. Salary and Employee Benefits (continued)

The current service cost and accrued obligation for each executive officer under the Administrative Leave Plan is outlined in the following table:

	Accrued Obligation March 31, 2012	Service costs	Interest and other costs	Actuarial loss (gain)	Accrued Obligation ⁽⁶⁾ March 31, 2013
President	\$ 449	\$ 104	\$ 12	\$ (31)	\$ 534
Vice-Presidents:					
Academic	286	59	7	(30)	322
Advancement	75	41	2	1	119
Finance and Administration	25	43	1	(1)	68
Information Technology and CIO	248	(222)	5	(31)	-

(6) The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 10.

19. Budget Figures

The University's 2012-2013 budget figures have been provided for comparison purposes. The amounts have been approved by the Board of Governors and were presented to the Minister of Enterprise and Advanced Education as part of the University's 2012-2015 Comprehensive Institutional Plan.

Certain budget figures from the University's 2012-2015 Comprehensive Institutional Plan have been reclassified to conform to the presentation adopted in the 2013 financial statements. The following table provides amounts as originally presented in the 2012-2013 budget, expense by object, reconciled to expense by function:

Function	Salaries	Employee benefits	Fees and purchased services	Materials and supplies	Communi- cations and travel	Rental, insurance, and utilities	Amortize capital assets	Scholar- ships	Expense Total
Instruction and non-sponsored research	\$ 44,814	10,575	10,295	1,912	3,635	593	20	6	\$ 71,850
Academic and student support	10,536	2,487	1,697	269	753	56	139	347	16,284
Institutional support	8,339	1,849	1,101	454	667	79	-	2	12,491
Ancillary services	625	164	456	7,263	697	24	39	-	9,268
Computing and communication	2,992	928	1,126	670	122	-	2,919	-	8,757
Facility operations and maintenance	1,087	262	1,972	71	27	2,285	2,170	-	7,874
Sponsored research and special purpose	1,860	339	2,165	245	983	31	-	694	6,317
	<u>\$ 70,253</u>	<u>16,604</u>	<u>18,812</u>	<u>10,884</u>	<u>6,884</u>	<u>3,068</u>	<u>5,287</u>	<u>1,049</u>	<u>\$ 132,841</u>

20. Comparative Figures

Certain 2012 figures have been reclassified to conform to the presentation adopted in the 2013 financial statements.

21. Approval of Financial Statements

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

Athabasca University

Notes to the Financial Statements

Year ended March 31
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Schedule to the Financial Statements
For the year ended March 31, 2013
Schedule 1 - Transition to Public Sector Accounting Standards
a) Reconciliation of April 1, 2011 Statement of Financial Position

	April 1, 2011		April 1, 2011		April 1, 2011		April 1, 2011		April 1, 2011	
	GAAP (1)		Tangible capital assets	Employee future benefits	Short-term investments	Investment in capital assets	Deferred revenue	Total adjustments	PSAS	
Assets										
Cash and cash equivalents	\$ 7,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,518	
Short-term investments	(2) 6,701	-	-	-	(6,701)	-	-	(6,701)	-	
Portfolio investments	(2) 32,059	-	-	-	6,701	-	-	6,701	38,760	
Accounts receivable	3,616	-	-	-	-	-	-	-	3,616	
Inventories and prepaid expenses	5,607	-	-	-	-	-	-	-	5,607	
Tangible capital assets	(3) 53,036	(736)	(736)	-	-	-	-	(736)	52,300	
	<u>\$ 108,537</u>	<u>\$ (736)</u>	<u>\$ (736)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (736)</u>	<u>\$ 107,801</u>	
Liabilities and Net Assets										
Accounts payable and accrued liabilities	\$ 14,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,452	
Employee future benefit liabilities	(4) 9,643	-	-	12,679	-	-	-	12,679	22,322	
Deferred revenue	(5) 13,669	-	-	-	-	-	58,533	58,533	72,202	
Deferred contributions, research and capital	(5) 15,223	-	-	-	-	-	(15,223)	(15,223)	-	
Unamortized deferred capital contributions	(5) 43,310	-	-	-	-	-	(43,310)	(43,310)	-	
	<u>96,297</u>	<u>-</u>	<u>-</u>	<u>12,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,679</u>	<u>108,976</u>	
Net Assets										
Endowments	2,297	-	-	-	-	-	-	-	2,297	
Investment in capital assets	(6) 9,726	(736)	(736)	-	-	(8,990)	-	(9,726)	-	
Accumulated surplus (deficit)										
Accumulated operating surplus (deficit)	(7) 217	-	-	(12,679)	-	8,990	-	(3,689)	(3,472)	
Remeasurement gains and losses	-	-	-	-	-	-	-	-	-	
	<u>12,240</u>	<u>(736)</u>	<u>(736)</u>	<u>(12,679)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,415)</u>	<u>(1,175)</u>	
	<u>\$ 108,537</u>	<u>\$ (736)</u>	<u>\$ (736)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (736)</u>	<u>\$ 107,801</u>	

(1) Canadian Generally Accepted Accounting Principles.

(2) Reclassify short-term investments to portfolio investments.

(3) Remove works of art and collections from tangible capital assets.

(4) Adjustment in Universities Academic Pension Plan liability. First time adoption of PSAS election for post-employment recognized

all cumulative unamortized actuarial gains and losses directly to accumulated surplus (deficit).

(5) Reclassify deferred contributions and unamortized deferred capital contributions to deferred revenue.

(6) Remove works of art and collections from tangible capital assets. Close investment in capital assets to accumulated surplus (deficit).

(7) Adjustment in pension plan liabilities direct to accumulated surplus (deficit). Close investment in capital assets to accumulated surplus (deficit).

Athabasca University

Notes to the Financial Statements

Schedule to the Financial Statements For the year ended March 31, 2013

Year ended March 31
(thousands of dollars)

b) Reconciliation of March 31, 2012 Statement of Financial Position

	March 31, 2012	March 31, 2012						
	GAAP (1)	Tangible capital assets	Employee future benefits	Short-term investments	Investment in capital assets	Deferred revenue	Total adjustments	PSAS
Assets								
Cash and cash equivalents	\$ 5,142	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 5,142
Short-term investments	(2) 2,037	-	-	(2,037)	-	-	(2,037)	-
Portfolio investments	(2) 33,397	-	-	2,037	-	-	2,037	35,434
Accounts receivable	1,583	-	-	-	-	-	-	1,583
Inventories and prepaid expenses	5,106	-	-	-	-	-	-	5,106
Tangible capital assets	(3) 58,861	(796)	-	-	-	-	(796)	58,065
	<u>\$ 106,126</u>	<u>\$ (796)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (796)</u>	<u>\$ 105,330</u>
Liabilities and Net Assets								
Accounts payable and accrued liabilities	\$ 9,122	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 9,122
Employee future benefit liabilities	(4) 10,946	-	11,436	-	-	-	11,436	22,382
Deferred revenue	(5) 13,955	-	-	-	-	60,426	60,426	74,381
Deferred contributions, research and capital	(5) 12,151	-	-	-	-	(12,151)	(12,151)	-
Unamortized deferred capital contributions	(5) 48,275	-	-	-	-	(48,275)	(48,275)	-
	<u>94,449</u>	<u>-</u>	<u>11,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,436</u>	<u>105,885</u>
Net Assets								
Endowments	2,508	-	-	-	-	-	-	2,508
Investment in capital assets	(6) 10,586	(796)	-	-	(9,790)	-	(10,586)	-
Accumulated surplus (deficit)	-	-	-	-	-	-	-	-
Accumulated operating deficit	(7) (1,417)	-	(11,436)	-	9,790	-	(1,646)	(3,063)
Remeasurement gains and losses	-	-	-	-	-	-	-	-
	<u>11,677</u>	<u>(796)</u>	<u>(11,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,232)</u>	<u>(555)</u>
	<u>\$ 106,126</u>	<u>\$ (796)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (796)</u>	<u>\$ 105,330</u>

(1) Canadian Generally Accepted Accounting Principles.

(2) Reclassify short-term investments to portfolio investments.

(3) Remove works of art and collections from tangible capital assets.

(4) Adjustment in Universities Academic Pension Plan liability. First time adoption of PSAS election for post-employment recognized all cumulative unamortized actuarial gains and losses directly to accumulated surplus (deficit).

(5) Reclassify deferred contributions and unamortized deferred capital contributions to deferred revenue.

(6) Remove works of art and collections from tangible capital assets. Close investment in capital assets to accumulated surplus (deficit).

(7) Adjustment in pension plan liabilities direct to accumulated surplus (deficit). Close investment in capital assets to accumulated surplus (deficit).

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

Schedule to the Financial Statement For the year ended March 31, 2013

c) Reconciliation of the March 31, 2012 Statement of Operation

	March 31, 2012		March 31, 2012		
	GAAP ⁽¹⁾	Amortize DCC ⁽²⁾	Employee future benefits	Investment in capital assets	Total adjustments
					PSAS
Revenue					
Government of Alberta grants	\$ 42,341	\$ 1,784	\$ -	\$ -	\$ 44,125
Student tuition and fees	61,871	-	-	-	61,871
Sales of services and products	14,243	-	-	-	14,243
Federal and other government grants	1,608	71	-	-	1,679
Donations and other grants	1,455	22	-	-	1,477
Investment income	1,746	-	-	-	1,746
Amortization of deferred capital contributions	⁽²⁾ 1,877	(1,877)	-	-	(1,877)
	<u>\$ 125,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,141</u>
Expense					
Instruction and non-sponsored research	⁽³⁾ \$ 69,538	\$ -	\$ (844)	\$ -	\$ (844)
Academic and student support	⁽³⁾ 16,139	-	(123)	-	(123)
Institutional support	⁽³⁾ 12,222	-	(155)	-	(155)
Ancillary services	9,047	-	-	-	-
Computing and communication	⁽³⁾ 7,655	-	(94)	-	(94)
Facility operations and maintenance	⁽³⁾ 6,333	-	(4)	-	(4)
Sponsored research and special purpose	⁽³⁾ 5,041	-	(23)	-	(23)
	<u>\$ 125,975</u>	<u>\$ -</u>	<u>\$ (1,243)</u>	<u>\$ -</u>	<u>\$ (1,243)</u>
Operating surplus (deficit)	(834)	-	-	-	409
Change in investment in capital assets	⁽⁴⁾ (800)	-	-	800	-
Change in accumulated surplus for the year	(1,634)	-	-	-	409
Accumulated operating surplus (deficit), beginning of year ⁽⁵⁾	217	-	(12,679)	8,990	(3,689)
Accumulated operating deficit, end of year	⁽⁶⁾ <u>\$ (1,417)</u>	-	-	-	<u>\$ (3,063)</u>

⁽¹⁾ Canadian Generally Accepted Accounting Principles.

⁽²⁾ Reclassify amortization of deferred capital contributions (DCC) to respective funding source.

⁽³⁾ Adjustment to pension liability; recognize current year amortization of actuarial gain.

⁽⁴⁾ Change in investment in capital assets now part of accumulated surplus (deficit).

⁽⁵⁾ Adjustment in pension plan liabilities direct to accumulated surplus (deficit). Close investment in capital assets to accumulated surplus (deficit).

⁽⁶⁾ Internally Restricted Funds

Beginning	Ending
\$ 7,224	\$ 6,658
<u>(7,007)</u>	<u>(8,075)</u>
<u>\$ 217</u>	<u>\$ (1,417)</u>

Unrestricted - UAPP Deficiency

Accumulated operating surplus (deficit)

Athabasca University

Notes to the Financial Statements

Year ended March 31
(thousands of dollars)

Schedule to the Financial Statements For the year ended March 31, 2013

d) Reconciliation of the March 31, 2012 Schedule of Expenses by Object

	March 31, 2012	Adjustment	March 31, 2012
	GAAP ⁽¹⁾	PSAS	PSAS
Salaries	\$ 70,480	-	\$ 70,480
Employee benefits	(2) 15,997	(1,243)	14,754
Materials, supplies and services:			
Fees and purchased services	15,091	-	15,091
Materials and supplies	10,614	-	10,614
Communications and travel	5,754	-	5,754
Rental, insurance, and utilities	2,985	-	2,985
Amortization of capital assets	3,973	-	3,973
Scholarships and bursaries	1,081	-	1,081
	<u>\$ 125,975</u>	<u>\$ (1,243)</u>	<u>\$ 124,732</u>

⁽¹⁾ Canadian Generally Accepted Accounting Principles.

⁽²⁾ Adjustment to pension liability; recognize current year amortization of actuarial gain.



Athabasca University **Financial Statements**

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Athabasca University

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