



# Athabasca University

Financial Statements

March 31, 2021

**Athabasca University**

**Table of Contents**

Year ended March 31, 2021

Statement of Management Responsibility.....	1
Independent Auditor's Report.....	2
Financial Statements	
Statement of Financial Position.....	5
Statement of Operations.....	6
Statement of Change in Net Financial Assets.....	7
Statement of Remeasurement Gains and Losses.....	8
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10

**Athabasca University**  
**Statement of Management Responsibility**  
Year ended March 31, 2021

The financial statements of Athabasca University (“the University”) have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The financial statements present fairly the financial position of the University as at March 31, 2021 and the results of its operations, remeasurement gains and losses, changes in net financial assets, and cash flows for the year then ended.

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

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

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

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

*original signed by Deborah L. Meyers*

---

Deborah L. Meyers  
President (Interim)

*original signed by David Head*

---

David Head  
Vice-President, Finance and Performance Services and,  
Chief Financial Officer (Interim)

## Independent Auditor's Report

To the Board of Governors of Athabasca University

### **Report on the Financial Statements**

#### **Opinion**

I have audited the financial statements of Athabasca University (the University) which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial assets, remeasurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2021, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for opinion**

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

#### **Other information**

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

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

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

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

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

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

May 21, 2021  
Edmonton, Alberta

# Athabasca University

## Statement of Financial Position

As at March 31, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
<b>Financial assets excluding portfolio investments restricted for endowments</b>		
Cash	\$ 7,594	\$ 21,260
Portfolio investments - non-endowment (Note 4)	64,560	42,541
Accounts receivable	6,427	2,707
Inventory held for sale	707	1,229
	<u>79,288</u>	<u>67,737</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	15,033	13,884
Employee future benefit liabilities (Note 6)	14,171	13,971
Deferred revenue (Note 7)	29,315	23,615
	<u>58,519</u>	<u>51,470</u>
<b>Net financial assets excluding portfolio investments restricted for endowments</b>	20,769	16,267
Portfolio investments - restricted for endowments (Note 4)	3,983	3,092
<b>Net financial assets</b>	<u>24,752</u>	<u>19,359</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	44,346	43,337
Purchased intangible capital assets (Note 9)	92	-
Prepaid expenses	2,332	2,377
	<u>46,770</u>	<u>45,714</u>
<b>Net assets before spent deferred capital contributions</b>	71,522	65,073
Spent deferred capital contributions (Note 10)	33,088	33,895
<b>Net assets (Note 11)</b>	<u>\$ 38,434</u>	<u>\$ 31,178</u>
<b>Net assets is comprised of:</b>		
Accumulated surplus	\$ 36,446	\$ 34,826
Accumulated remeasurement gains (losses)	1,988	(3,648)
	<u>\$ 38,434</u>	<u>\$ 31,178</u>
Contingent assets and contractual rights (Note 12 and Note 14)		
Contingent liabilities and contractual obligations (Note 13 and Note 15)		

Approved by the Board of Governors (Note 22)

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

# Athabasca University

## Statement of Operations

Year ended March 31, 2021

(thousands of dollars)

	Budget 2021	Actual 2021	Actual 2020
	(Note 21)		
<b>Revenue</b>			
Government of Alberta grants (Note 16)	\$ 47,411	\$ 47,537	\$ 50,443
Student tuition and fees	97,731	92,789	77,867
Sales of services and products	6,570	14,443	17,121
Investment income	1,806	1,741	2,436
Federal and other government grants (Note 16)	1,856	1,593	1,687
Donations and other grants	1,007	982	1,120
	<u>156,381</u>	<u>159,085</u>	<u>150,674</u>
<b>Expense</b>			
Instruction and non-sponsored research	82,543	80,504	78,834
Academic and student support	20,683	18,908	17,371
Institutional support	15,827	19,122	16,340
Computing and communication	15,038	16,418	11,667
Sponsored research and special purpose	7,817	7,547	10,457
Ancillary and academic services	9,193	10,510	8,382
Facility operations and maintenance	5,280	4,544	4,567
	<u>156,381</u>	<u>157,553</u>	<u>147,618</u>
<b>Annual operating surplus</b>	-	1,532	3,056
Endowment contributions (Note 11)	-	47	8
Endowment capitalized interest income (Note 11)	-	41	65
	<u>-</u>	<u>1,620</u>	<u>3,129</u>
<b>Annual surplus</b>	-	1,620	3,129
<b>Accumulated surplus, beginning of year</b>	-	34,826	31,697
	<u>-</u>	<u>34,826</u>	<u>31,697</u>
<b>Accumulated surplus, end of year</b>	\$ -	\$ 36,446	\$ 34,826
	<u>\$ -</u>	<u>\$ 36,446</u>	<u>\$ 34,826</u>

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



## Athabasca University

### Statement of Change in Net Financial Assets

Year ended March 31, 2021

(thousands of dollars)

	Budget 2021	Actual 2021	Actual 2020
<b>Net financial assets, beginning of year</b>	<u>\$ 19,359</u>	<u>\$ 19,359</u>	<u>\$ 19,545</u>
Annual surplus	-	1,620	3,129
Acquisition of tangible capital assets	(8,147)	(6,939)	(3,110)
Purchase of intangible capital assets		(104)	-
Proceeds from sale of tangible capital assets		-	14
Amortization of tangible capital assets	5,362	5,930	5,731
Amortization of purchased intangible capital assets		12	-
Gain on disposal of tangible capital assets		-	(14)
Change in prepaid expenses		45	(401)
Change in spent deferred capital contributions	1,497	(807)	(1,733)
Change in accumulated remeasurement gains (losses)		<u>5,636</u>	<u>(3,802)</u>
<b>Increase (decrease) in net financial assets</b>		<u>5,393</u>	<u>(186)</u>
<b>Net financial assets, end of year</b>	<u><u>\$</u></u>	<u><u>\$ 24,752</u></u>	<u><u>\$ 19,359</u></u>

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

## Athabasca University

### Statement of Remeasurement Gains and Losses

Year ended March 31, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
<b>Accumulated remeasurement (losses) gains, beginning of year</b>	<u>\$ (3,648)</u>	<u>\$ 154</u>
Unrealized gains (losses) attributable to:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	5,715	(3,183)
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments		
Portfolio investments - non-endowment	<u>(79)</u>	<u>(619)</u>
Net change for the year	<u>5,636</u>	<u>(3,802)</u>
<b>Accumulated remeasurement gains (losses), end of year</b>	<u><u>\$ 1,988</u></u>	<u><u>\$ (3,648)</u></u>
<b>Accumulated remeasurement gains (losses) is comprised of:</b>		
Portfolio investments - non-endowment	<u><u>\$ 1,988</u></u>	<u><u>\$ (3,648)</u></u>

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

# Athabasca University

## Statement of Cash Flows

Year ended March 31, 2021

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
<b>Operating transactions</b>		
Annual surplus	\$ 1,620	\$ 3,129
Add (deduct) non-cash items:		
Amortization of tangible capital assets	5,930	5,731
Amortization of purchased intangible capital assets	12	-
Expended capital recognized as revenue	(3,383)	(3,157)
Gain on sale of portfolio investments	(79)	(619)
Gain on disposal of tangible capital assets	-	(14)
Increase in employee future benefit liabilities	200	434
Change in non-cash items	2,680	2,375
Increase in accounts receivable	(3,720)	(129)
Decrease (increase) in inventory held for sale	522	(85)
Increase in accounts payable and accrued liabilities	1,149	3,251
Increase (decrease) in deferred revenue	4,897	(4,647)
Decrease (increase) in prepaid expenses	45	(401)
Cash provided by operating transactions	<u>7,193</u>	<u>3,493</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(6,939)	(3,110)
Purchase of intangible capital assets	(104)	-
Proceeds on sale of tangible capital assets	-	14
Cash applied to capital transactions	<u>(7,043)</u>	<u>(3,096)</u>
<b>Investing transactions</b>		
Purchases of portfolio investments	(23,984)	(42,849)
Proceeds on sale of portfolio investments	7,592	40,883
Cash applied to investing transactions	<u>(16,392)</u>	<u>(1,966)</u>
<b>Financing transactions</b>		
Increase in spent deferred capital contributions, less expended capital recognized as revenue	<u>2,576</u>	<u>1,424</u>
Cash provided by financing transactions	<u>2,576</u>	<u>1,424</u>
Decrease in cash	(13,666)	(145)
Cash, beginning of year	21,260	21,405
Cash, end of year	<u>\$ 7,594</u>	<u>\$ 21,260</u>

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 1 Authority and purpose

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

### 2 Summary of significant accounting policies and reporting practices

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

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

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

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

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

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

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

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

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments

Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

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

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

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

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

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

**(c) Revenue recognition**

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

Government grants, non-government grants and donations

Government transfers are referred to as government grants.

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

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

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

Grants and donations related to land

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

Endowment contributions

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

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

#### (c) Revenue recognition (continued)

##### Investment income

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

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

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

##### Endowments

Endowments consist of:

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

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

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

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

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

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

#### (d) Inventory held for sale

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

Notes to the Financial Statements

Year ended March 31, 2021  
(thousands of dollars)

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

(e) Tangible capital assets

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

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

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

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

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

(f) Purchased intangible capital assets

Purchased intangible capital assets is a change in accounting policy: refer to Note 3. Intellectual property including licenses and course content where the University controls access to, is recorded at cost, which includes amounts that are directly related to the acquisition, initial update or modifications to bring these assets into service. Intangible assets acquired through a transfer, contribution, or inter-entity transactions are not capitalized.

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

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

(g) Foreign currency translation

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

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

#### (h) Employee future benefits

##### Pension

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

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

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

##### Administrative Leave

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

##### Life Insurance, Short Term Disability, and Long Term Disability

The cost of providing non-vesting and non-accumulating benefits under these plans is expensed in full when the event occurs that obligates the University to provide the benefit. Future premium rates are negotiated annually. Rate adjustments are determined based on a combination of the insurer's manual rate and the University's actual claims experience over the past five years. Any plan assets resulting from the surplus or deficit of the plans are attributed to the insurer.

#### (i) Expense by function

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

##### Instruction and non-sponsored research

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

##### Academic and student support

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

##### Institutional support

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



Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

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

**(i) Expense by function (continued)**

Computing and communication

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

Sponsored research and special purpose

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

Ancillary and academic services

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

Facility operations and maintenance

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

**(j) Internally restricted funds and reserves**

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

**(k) Future accounting changes**

In August 2018, the Public Sector Accounting Board (PSAB) issued PS 3280, Asset Retirement Obligations. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2022. Asset Retirement Obligations provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

In November 2018, the PSAB issued PS 3400, Revenue. This accounting standard has been deferred by PSAB, and is effective for fiscal years starting on or after April 1, 2023. Revenue provides guidance on how to account for and report on revenue, by distinguishing between revenue that arises from transactions that include performance obligations from transactions that do not have performance obligations.

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 3 Changes in accounting policies

The University has early adopted the Public Sector Guideline, PSG-8, for Purchased Intangible Assets. In previous years, the University accounted for purchased intangibles, such as intellectual property including licenses and course content where the University controls access to, as an expense in the year of acquisition. Effective April 1, 2020 purchased intangibles are recognized as assets in the financial statements when they meet the asset definition outlined in Public Sector Accounting Standards. The University has applied this guideline prospectively.

### 4 Portfolio investments

	2021	2020
Portfolio investments - non-endowment	\$ 64,560	\$ 42,541
Portfolio investments - restricted for endowments	3,983	3,092
	<u>\$ 68,543</u>	<u>\$ 45,633</u>

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

	2021			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 35,229	-	-	\$ 35,229
Equities listed in active market	30,035	-	-	30,035
Money Market Funds	3,279	-	-	3,279
Total Investments	<u>\$ 68,543</u>	<u>-</u>	<u>-</u>	<u>\$ 68,543</u>
	2020			
	Level 1	Level 2	Level 3	Total
Pooled Investment Funds				
Bonds listed in active market	\$ 24,399	-	-	\$ 24,399
Equities listed in active market	17,093	-	-	17,093
Money Market Funds	4,141	-	-	4,141
Total Investments	<u>\$ 45,633</u>	<u>-</u>	<u>-</u>	<u>\$ 45,633</u>

The fair value measurements are derived from:

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

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

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

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 4 Portfolio investments (continued)

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

- Money Market pooled funds: .73%; term to maturity: less than one year.
- Pooled funds of government and corporate bonds: 3.32%; terms to maturity: range from less than one year to more than 10 years.

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

	2021		2020	
	Deferred revenue endowments (Note 7)	Accumulated remeasurement gains and losses	Total	Total
Net unrealized (losses) gains, beginning of year	\$ (581)	\$ (3,648)	\$ (4,229)	\$ 625
Unrealized gains (losses) attributable to portfolio investments	803	5,715	6,518	(4,237)
Amounts reclassified to statement of operations	-	(79)	(79)	(619)
Net unrealized gains (losses), end of year	\$ 222	\$ 1,988	\$ 2,210	\$ (4,231)

### 5 Financial risk management

The University is exposed to the following risks:

#### Market risk

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

The University assesses its portfolio investment sensitivity to a percentage increase or decrease in market prices. The sensitivity rate is determined, by the University's investment consultant, using the historical annualized standard deviation for the total portfolio investments over a four year period. At March 31, 2021, if market prices had a 5% (2020 - 3.7% revised) increase or decrease with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses and deferred revenue for the year would have been a total of \$3,427 (2020 - \$1,688 revised).

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 5 Financial risk management (continued)

#### Credit risk

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

The credit rating distribution of bonds held are as follows:

	<u>2021</u>	<u>2020</u>
Credit rating		
AAA	36 %	39 %
AA	10 %	10 %
A	35 %	37 %
BBB	19 %	14 %
	<u>100 %</u>	<u>100 %</u>

#### Liquidity risk

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

#### Interest rate risk

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

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Greater than 5 years</u>	<u>Total</u>
Money Market Funds	\$ 3,279	\$ -	\$ -	\$ 3,279
Bonds listed in active market	600	24,324	10,305	35,229
	<u>\$ 3,879</u>	<u>\$ 24,324</u>	<u>\$ 10,305</u>	<u>\$ 38,508</u>

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

	<u>0.50% decrease</u>	<u>0.25% decrease</u>	<u>0.25% increase</u>	<u>0.50% increase</u>
Dollar value change	\$ 603	\$ 302	\$ (302)	\$ (603)

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 5 Financial risk management (continued)

#### Foreign currency risk

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

### 6 Employee future benefit liabilities

Employee future benefit liabilities are comprised of the following:

	<u>2021</u>	<u>2020</u>
Universities Academic Pension Plan (UAPP)	\$ 12,802	\$ 12,107
Administrative Leave Plan	1,369	1,864
	<u>\$ 14,171</u>	<u>\$ 13,971</u>

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

##### Universities Academic Pension Plan (UAPP)

The UAPP is a multi-employer contributory joint defined benefit pension plan for academic and professional staff members. An actuarial valuation of the UAPP was completed as at December 31, 2018, and was then extrapolated to March 31, 2021, resulting in a UAPP deficiency of \$817,447 (2020 - \$1,276,243) consisting of a pre-1992 deficiency of \$832,342 (2020 - \$882,337) and a post-1991 surplus of \$14,895 (2020 deficiency - \$393,906). The University's portion of the UAPP pre-1992 deficiency and post-1991 surplus has been allocated based on its percentage of the plan's total employer contributions for the year.

The unfunded deficiency for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2020 - 1.25%) of salaries by the Government of Alberta. Employees and employers equally share the balance of the contributions of 2.90% (2020 - 2.90%) of salaries until June 30, 2020 and 3.04% (2020 - 3.04%) thereafter required to eliminate the unfunded deficiency by December 31, 2043. The Government of Alberta's obligation for the future additional contributions was \$249,339 at March 31, 2021 (2020 - \$267,201).

The unfunded deficiency for service after December 31, 1991 is financed by special payments, all shared equally between employees and employers, of:

- 3.38% (2020 - 3.38%) of salaries until June 30, 2020, then reducing to 3.24% (2020 - 3.24%) of salaries until December 31, 2021
- 1.71% (2020 - 1.71%) of salaries for 2022 and 2023
- 0.70% (2020 - 0.70%) of salaries for 2024 and 2025
- 0.25% (2020 - 0.25%) of salaries for 2026 and 2027

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 6 Employee future benefit liabilities (continued)

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

##### Administrative Leave Plan

The University provides for certain senior administrators to accrue a compensated leave. The individual's salary and benefits in effect at the time of commencing the leave are paid for the duration of the leave. The leave obligation is actuarially determined using the projected benefit method prorated on service and is calculated based on assumptions that have been adopted as a best estimate. An actuarial valuation of these benefits was carried out as at March 31, 2021. Net actuarial gains or losses are recognized immediately in the statement of operations. The University has provided for the plan by accruing a benefit obligation of \$1,369 (2020 - \$1,864) in employee future benefit liabilities. The University's Administrative Leave Plan has no plan assets. The University plans to use its working capital to finance these future obligations.

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

	2021		2020	
	UAPP	Administrative Leave	UAPP <sup>(1)</sup>	Administrative Leave
<b>Financial Operations</b>				
<b>Expense</b>				
Current service cost	\$ 5,303	\$ 287	\$ 5,679	\$ 346
Interest cost	1,647	74	1,290	37
Amortization of net actuarial loss (gain)	1,498	(371)	882	(110)
<b>Total expense (income)</b>	<b>\$ 8,448</b>	<b>\$ (10)</b>	<b>\$ 7,851</b>	<b>\$ 273</b>
<b>Financial Position</b>				
<b>Accrued benefit obligation:</b>				
Balance, beginning of year	\$ 152,855	\$ 1,864	\$ 155,461	\$ 1,779
Current service cost	5,303	287	5,679	346
Interest cost	8,656	74	8,831	37
Benefits paid	(7,173)	(485)	(6,880)	(188)
Actuarial (gain) loss	16,477	(371)	(10,236)	(110)
Balance, end of year	176,118	1,369	152,855	1,864
Plan assets	(160,084)	-	(124,865)	-
Plan deficit	16,034	1,369	27,990	1,864
Unamortized net actuarial gain (loss)	(3,232)	-	(15,883)	-
<b>Accrued benefit liability</b>	<b>\$ 12,802</b>	<b>\$ 1,369</b>	<b>\$ 12,107</b>	<b>\$ 1,864</b>

<sup>(1)</sup> In the prior year, an adjustment was made, by UAPP to its plan asset values, that was not reflected in the University's note to the financial statements. The adjustment resulted in a change to the University's share of the plan assets and the unamortized actuarial losses, however did not change amounts presented on the Statement of Financial Position.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 6 Employee future benefit liabilities (continued)

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

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

	2021		2020	
	UAPP	Administrative Leave	UAPP	Administrative Leave
Accrued benefit obligation:				
Discount rate	5.20%	3.85%	5.60%	3.85%
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Benefit cost:				
Discount rate	5.60%		5.60%	
Long-term average compensation increase	3.00%	2.00%	3.00%	2.00%
Alberta inflation (long term)	2.00%		2.00%	
Estimate average remaining service life	10.6 years	10.0 years	10.6 years	9.0 years
Retirement age	65	67.5	65	67.5

#### (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 \$1,359 for 2021 (2020 - \$1,361).

An actuarial extrapolation of the PSPP was carried out as at December 31, 2020 from the actuarial valuation as at December 31, 2019 with the updated assumptions. At December 31, 2020, the PSPP reported a surplus of \$2,223,582 (2019 - \$2,759,320). For the year ended December 31, 2020, PSPP reported employer contributions of \$323,497 (2019 - \$321,306). For the 2020 calendar year, the University's employer contributions were \$1,360 (2019 calendar year - \$1,356).

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 7 Deferred revenue

	2021			2020
	Unspent externally restricted grants and donations	Tuition and other fees	Total	Total
Balance, beginning of year	\$ 9,098	\$ 14,517	\$ 23,615	\$ 29,316
Grants, tuition and donations	8,222	73,387	81,609	68,305
Investment income	68	-	68	804
Unrealized gain (losses) (Note 4)	803	-	803	(1,054)
Transfers to spent deferred capital contributions (Note 10)	(2,576)	-	(2,576)	(1,424)
Recognized as revenue	(4,825)	(69,379)	(74,204)	(72,332)
Balance, end of year	<u>\$ 10,790</u>	<u>\$ 18,525</u>	<u>\$ 29,315</u>	<u>\$ 23,615</u>

### 8 Tangible capital assets

	2021					2020	
	Land	Buildings and site improvements	Computer hardware and software	Furniture and equipment	Leasehold improvements and library holdings	Total	Total
<b>Cost</b>							
Beginning of year	\$ 2,180	61,958	45,294	8,209	7,390	\$ 125,031	\$ 122,098
Acquisitions	-	-	5,713	1,075	151	6,939	3,110
Disposals, including write-downs	-	-	(123)	(39)	(4)	(166)	(177)
	<u>\$ 2,180</u>	<u>61,958</u>	<u>50,884</u>	<u>9,245</u>	<u>7,537</u>	<u>\$ 131,804</u>	<u>\$ 125,031</u>
<b>Accumulated amortization</b>							
Beginning of year	\$ -	31,883	35,847	6,862	7,102	\$ 81,694	\$ 76,140
Amortization expense	-	1,609	3,849	402	70	5,930	5,731
Effects on disposals, including write-downs	-	-	(123)	(39)	(4)	(166)	(177)
	<u>\$ -</u>	<u>33,492</u>	<u>39,573</u>	<u>7,225</u>	<u>7,168</u>	<u>\$ 87,458</u>	<u>\$ 81,694</u>
Net book value at March 31, 2021	<u>\$ 2,180</u>	<u>28,466</u>	<u>11,311</u>	<u>2,020</u>	<u>369</u>	<u>\$ 44,346</u>	
Net book value at March 31, 2020	<u>\$ 2,180</u>	<u>30,075</u>	<u>9,447</u>	<u>1,347</u>	<u>288</u>		<u>\$ 43,337</u>

Included in computer hardware and software is \$3,925 (2020 - \$952) work in progress, that is not amortized as the assets are not yet available for use.

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



# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 9 Purchased intangible capital assets

	<u>2021</u>	<u>2020</u>
Cost		
Beginning of year	\$ -	\$ -
Purchases	104	-
Disposals, including write-downs	-	-
	<u>\$ 104</u>	<u>\$ -</u>
Accumulated amortization		
Beginning of year	\$ -	\$ -
Amortization expense	12	-
Effects on disposals, including write-downs	-	-
	<u>12</u>	<u>-</u>
Net book value	<u>\$ 92</u>	<u>\$ -</u>

### 10 Spent deferred capital contributions

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 33,895	\$ 35,628
Transfers from restricted grants and donations	2,576	1,424
Expended capital recognized as revenue	<u>(3,383)</u>	<u>(3,157)</u>
Balance, end of year	<u>\$ 33,088</u>	<u>\$ 33,895</u>

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 11 Net assets

	Accumulated surplus from operations	Investment in capital assets <sup>(1)</sup>	Endowments	Total
Balance as at March 31, 2019	\$ 17,919	\$ 10,330	\$ 3,602	\$ 31,851
Annual operating surplus	3,056	-	-	3,056
Endowments				
New contributions	-	-	8	8
Capitalized investment income	-	-	65	65
Tangible capital assets				
Acquisition of tangible capital assets	(1,686)	1,686	-	-
Amortization of tangible capital assets	2,574	(2,574)	-	-
Change in accumulated remeasurement gains (losses)	(3,802)	-	-	(3,802)
Balance as at March 31, 2020	18,061	9,442	3,675	31,178
Annual operating surplus	1,532	-	-	1,532
Endowments				
New contributions	-	-	47	47
Capitalized investment income	-	-	41	41
Capital assets <sup>(1)</sup>				
Acquisition of capital assets <sup>(1)</sup>	(4,467)	4,467	-	-
Amortization of capital assets <sup>(1)</sup>	2,559	(2,559)	-	-
Change in accumulated remeasurement gains (losses)	5,636	-	-	5,636
Balance as at March 31, 2021	<u>\$ 23,321</u>	<u>\$ 11,350</u>	<u>\$ 3,763</u>	<u>\$ 38,434</u>
Net assets is comprised of:				
Accumulated surplus	\$ 21,333	\$ 11,350	\$ 3,763	\$ 36,446
Accumulated remeasurement gains (losses)	1,988	-	-	1,988
	<u>\$ 23,321</u>	<u>\$ 11,350</u>	<u>\$ 3,763</u>	<u>\$ 38,434</u>

<sup>(1)</sup> Includes tangible capital assets and purchased intangible capital assets (effective April 1, 2020)

### 12 Contingent assets

The University has no contingent assets as at March 31, 2021.

### 13 Contingent liabilities

The University has no legal claims as at March 31, 2021 that management believes would have a material adverse effect on the financial position or the results of operations of the University.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 14 Contractual rights

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

### 15 Contractual obligations

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

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

	Service Contracts	Information Systems and Technology	Long-term Leases	Total
2022	\$ 11,328	\$ 5,899	\$ 883	\$ 18,110
2023	1,856	1,645	63	3,564
2024	703	1,369	-	2,072
2025	212	1,333	-	1,545
2026	115	885	-	1,000
Thereafter	-	-	-	-
Total at March 31, 2021	<u>\$ 14,214</u>	<u>\$ 11,131</u>	<u>\$ 946</u>	<u>\$ 26,291</u>
Total at March 31, 2020	<u>\$ 14,360</u>	<u>\$ 3,021</u>	<u>\$ 1,577</u>	<u>\$ 18,958</u>

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

The University is one of 64 members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability, and errors and omissions risks of member universities. The projected costs of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2020, CURIE had an accumulated surplus of \$99,449 (2019 - \$90,185), of which the University's pro rata share is approximately 0.53% (2020 - 0.53%). This accumulated surplus is not recognized in the financial statements.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 16 Government transfers

	<u>2021</u>	<u>2020</u>
Grants from Government of Alberta		
Advanced Education:		
Operating	\$ 42,274	\$ 43,261
Special purpose	3,600	804
Total Advanced Education	<u>45,874</u>	<u>44,065</u>
Other Government of Alberta departments and agencies:		
Environment and Parks	1,000	-
Culture, Multiculturalism and Status of Women	104	120
Jobs, Economy and Innovation	36	132
Health	3	-
Labour and Immigration	<u>(15)</u>	<u>30</u>
Total other Government of Alberta departments and agencies	<u>1,128</u>	<u>282</u>
Total grants received	47,002	44,347
Expended capital recognized as revenue	3,188	2,954
Deferred revenue	<u>(2,653)</u>	<u>3,142</u>
Total Government of Alberta grants	<u>\$ 47,537</u>	<u>\$ 50,443</u>
Grants from Federal and other government		
Special purpose grants received	\$ 2,104	\$ 1,571
Expended capital recognized as revenue	186	198
Deferred revenue	<u>(697)</u>	<u>(82)</u>
Total Federal and other government grants	<u>\$ 1,593</u>	<u>\$ 1,687</u>

In addition to the grants listed above, the University received \$212 (2020 - \$343) from the Ministry of Culture, Multiculturalism and Status of Women, included in sales of services and products, for a service agreement to assist with the delivery of a specific program.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 17 Related parties

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

During the year the University conducted business transactions with related parties. The revenue received or expense incurred for these transactions have been included in the statement of operations but have not been separately quantified. These transactions are considered to be in the normal course of operations and are recorded at the exchange amount, which approximates fair value.

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

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

### 18 Expense by object

	2021		2020
	Budget (Note 21)	Actual	Actual
Salaries <sup>(1)</sup>	\$ 86,876	\$ 90,613	\$ 83,950
Employee benefits	19,011	18,926	17,726
Fees and purchased services	23,805	24,959	20,594
Cost of goods sold	8,793	7,575	8,132
Materials and supplies	4,568	2,939	4,058
Communication and travel	4,063	2,685	3,523
Rental, insurance and utilities	2,851	2,289	2,666
Scholarships and bursaries	1,052	1,625	1,238
Amortization of capital assets	5,362	5,942	5,731
	<u>\$ 156,381</u>	<u>\$ 157,553</u>	<u>\$ 147,618</u>

<sup>(1)</sup> Includes \$5,998 (2020 - \$2,017) termination benefits as defined under PSA Handbook section 3255. Of the current year amount, \$3,739 is a result of a Voluntary Work Transition Program offered to eligible employees in March 2020 and the applications were accepted, and payments made, during the current year.

# Athabasca University

## Notes to the Financial Statements

Year ended March 31, 2021

(thousands of dollars)

### 19 Salary and employee benefits

	2021				2020	
	Base salary <sup>(1)</sup>	Cash benefits <sup>(2)</sup>	Non-cash benefits <sup>(3)</sup>	Total	Total	
<b>Governance<sup>(4)</sup></b>						
Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Executive</b>						
President <sup>(5)</sup>	309	50	(263)	96	596	
Provost and Vice-President Academic <sup>(6)</sup>	290	23	120	433	404	
Vice-President Finance and Administration and CFO	257	18	36	311	307	
Vice-President Information Technology and CIO	257	18	43	318	316	
Vice-President University Relations	245	17	43	305	303	

<sup>(1)</sup> Base salary includes pensionable base pay.

<sup>(2)</sup> Cash benefits include, if applicable, earnings such as vacation payouts, amounts to compensate for the UAPP salary cap, expense allowance, relocation benefit, and other non-pensionable direct cash lump sum payments.

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

<sup>(4)</sup> The Chair and Members of the Board of Governors receive no remuneration for participation on the Board.

<sup>(5)</sup> Other non-cash benefits, for the individual in this role, include capped earned future administrative leave benefits during the year, and the forfeited balance of administrative leave benefits upon resignation on March 31, 2021 as a result of the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation section 7(5)*.

<sup>(6)</sup> Other non-cash benefits for the individual in this role, include earned future administrative leave benefits during the year.

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

	Accrued Obligation		Interest and other costs			Accrued Obligation <sup>(2)</sup>	
	March 31, 2020	Service costs	and other costs	Benefits paid	Actuarial loss (gain)	Other <sup>(1)</sup>	March 31, 2021
President	\$ 307	6	(33)	-	-	(280)	\$ -
Provost and Vice-President Academic	\$ 204	56	10	-	10	-	\$ 280

<sup>(1)</sup> Amount forfeited upon resignation on March 31, 2021 as a result of the *Reform of Agencies, Boards and Commissions, Post-secondary Institutions, Compensation Regulation section 7(5)*.

<sup>(2)</sup> The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 6.

**Notes to the Financial Statements**

Year ended March 31, 2021

*(thousands of dollars)*

**20 Impact of COVID-19 pandemic**

On March 11, 2020 the World Health Organization declared a strain of the novel coronavirus, COVID-19, to be a global pandemic. On March 17, 2020 the Government of Alberta declared a state of public health emergency related to COVID-19 and was subsequently lifted June 15, 2020, then reimposed November 24, 2020 and is currently enforced. In addition to the state of emergencies the federal and provincial governments enacted a series of measures for its citizens and businesses to follow, intended to minimize the spread of the virus. These public health restrictions during the COVID-19 pandemic are complex and continue to be volatile along with duration uncertainty.

The University is an on-line learning institution providing the majority of its services virtually and therefore has not been significantly impacted by certain federal and provincial government measures designed to combat the spread of COVID-19, such as campus closures to students during the health pandemic. Staff members continue working remotely as the University fully implements its near-virtual work environment. University management continues to assess the impacts on its operations and learners as governments respond and the economy reacts to these uncertainties.

**21 Budget figures**

The University's 2020-2021 budget figures have been provided for comparison purposes. The budget was approved by the Board of Governors and was presented to the Minister of Advanced Education.

**22 Approval of financial statements**

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