

**Alberta
University
of the
Arts**

2018-2019
**Annual
Report**

Alberta University of the Arts rests on the traditional Treaty 7 territories of the Blackfoot people, and in the spirit of our efforts to promote reconciliation, we acknowledge the traditional territories and oral practices of the Blackfoot Confederacy (Siksika, Piikani and Kainai), the Tsuut'ina (Sarcee), the Stoney Nakoda First Nations (Bears paw, Chiniki and Wesley), the Metis Nation (Region 3) and all those who make their homes in the Treaty 7 region of Southern Alberta.

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Accountability Statement

Alberta University of the Arts' first Annual Report is for the year ended June 30, 2019 and was prepared under the Board of Governors' direction in accordance with the Fiscal Planning and Transparency Act and ministerial guidelines established pursuant to the Post-Secondary Learning Act. All material economic, environmental or fiscal implication of which we are aware have been considered in preparation of this report.

Management's Responsibility for Reporting

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

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

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the financial statements which are prepared in accordance with Canadian Public Sector Accounting Standards.

Message from the Chair of the Board of Governors and the President and CEO

Our 96-year-old institution is almost one year old.

On February 1, 2019, Alberta University of the Arts became a university. AUArts is now the only art, craft and design dedicated university in Alberta and the prairies and one of only four in Canada. Having offered degrees for 20 years, the new status reflects who we are.

To maximize this opportunity, AUArts has spent time developing a new strategic plan. A revised vision, mission and values reflect our future. The University has been working to develop new goals and performance indicators in anticipation of key performance indicators coming from our Alberta government partner.

We are also close to finalizing a new academic plan that goes hand-in-hand with the strategic plan. This plan is focused on modernizing curriculum, with programs that are market-driven. The ambitious plan for Continuing Education and Professional Development is guided by professional advisory committees. Micro-credentials, certificates and diplomas are in development with piloting to begin in early 2020.

A bicameral governance system is in place. A General Faculties Council is formed with members guiding the academic vision and operations. A Deans' Council is the driving force of the strategic plan, in hand with the President and CEO's Cabinet team.

Enrollment is up. Diversity in our population continues, including international students. Our connections to the community and employers are up. Our donations and sponsorships are up. Our research progress continues. We have made smart capital and infrastructure support choices.

It is worth noting that this annual report reports on the 2018-21 Comprehensive Institutional Plan. It is the 2019-22 CIP that accurately reflects today's focus at Alberta University of the Arts.

We are proud of the strides Alberta University of the Arts has made in this past fiscal year. We look forward to working with government on our new mandate.



M. Carol Ryder
Chair of the Board of Governors



Dr. Daniel Doz
President and CEO

Public Interest Disclosure (Whistleblower Protection) Act

This section presents Alberta University of the Arts' report concerning disclosures made during 2018-19 pursuant to the Public Interest Disclosure (Whistleblower Protection) Act. The Act applies to provincial agencies, boards, and commissions, and therefore applies to Alberta University of the Arts. Under the Act, the Chief Officer of each agency, board, and commission is responsible for the preparation of an annual report detailing the number of disclosures received and investigated.

Amendments to Alberta's Public Interest Disclosure Act (PIPA) took effect March 1, 2018. In response, Alberta University of the Arts has a Public Interest Disclosure Policy and Procedure. No disclosures were reported in the past year.

Operational Overview

This annual report reports on the 2018-21 Comprehensive Institutional Plan.

Goals, Priority Initiatives, Expected Outcomes, Performance Measures

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
Goals					
G1	Accessibility: Through its low tuition and high proportion of students who are traditionally less likely to pursue and persist in completing a post-secondary education, AUArts is proud of its role as an accessible university that appeals to non-traditional learners. 2018-21 will see improved support of its diverse student body, through the deployment of integrated planning that develops, synthesizes, and implements a series of plans for the support of all its learners including, especially, Indigenous students and students of diverse genders and sexualities. Together, these several initiatives will positively impact student attrition by working to make AUArts a more safe, responsible, welcoming, and supportive creative university community.			Major Progress: <ul style="list-style-type: none"> • Student accessibility focal theme of new strategic plan • Corporate sponsored new peer mentorship program for Indigenous students • Gender-neutral bathroom conversations as part of facility-upgrades 	
G2	Affordability: AUArts' undergraduate tuition is low, in the Alberta PSE system. Nevertheless, studio-based instruction is costly, given the need for smaller, frequently capital-intensive classes. Notwithstanding the possible introduction of equitable funding for Albertan students through a review of PSE sector operating grants allocations, maintaining the quality of instruction without impacting affordability for students is a challenge. In 2018-21, AUArts will turn its attention to indirect impacts on the affordability of a post-secondary education, such as rates of completion, fundraising that enhances curriculum, sustainable stewardship of scholarships, and greater emphasis on professionalization in curriculum. These initiatives will lower financial barriers for students by finding ways to optimize financial supports, to provide equipment secured through fundraising efforts, and to ensure timely completion with business skills appropriate to the art, craft, and design professional.			Major progress: <ul style="list-style-type: none"> • Reorganization of Student Affairs addresses rates of completion, stewardship of financial aid • Increased funds raised and available to students through scholarships, bursaries and awards • Corporate sponsorship of work integrated learning • Corporate sponsorship of financial training 	
G3	Quality: The quality of AUArts' curriculum and creative research output is central to its mission, and contributes directly to the diversification and resilience of Alberta's economy. The maintenance or enhancement of quality, however, is challenged by its having faced over a decade of diminishing resources while adhering to its core principle of offering unique programming anchored in a studio environment. In order to meet this challenge, AUArts will spend 2018-21 refining its maturing graduate curriculum and revising its undergraduate curriculum so that AUArts can offer quality outcomes with greater efficiency. Both fiscal realities and trends in student interest and practice call for the creation of a common first year, as well as a rethinking of how fourth-year curriculum might be offered. This curricular revision will, in turn, shape faculty research directions and faculty hiring for years to come. AUArts' other major undertaking with respect to quality will be the better integration of the Illingworth Kerr Gallery and Luke Lindoe Library with undergraduate and graduate teaching, learning, and research, by making the resources of these areas more accessible to, and better targeted toward, teaching and research priorities.			Major progress: <ul style="list-style-type: none"> • Common first-year in approval stages • New academic plan being finalized that addresses revisions to curriculum and programming • Micro credentials, certificates and laddering well in development through Continuing Education and Professional Development, with new certificate launched Spring 2020 	

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
G4	Coordination: AUArts will continue to build on relationships it has developed in Alberta and beyond with other organizations, as it further develops transfer articulation agreements, refines and optimizes its institutional affiliations, and works with the Alberta K-12 system. It will devote particular attention to dual credit programming and to its academic upgrading ArtStream Certificate collaboration with Bow Valley College, developing both as a means to strengthen enrollment, particularly for students for whom a post-secondary education might be more difficult to attain.			Major progress: <ul style="list-style-type: none"> Dual credit programming continues to be successful with the addition of Edmonton high-school partnership ArtStream continues to build and draw students who would otherwise find post-secondary difficult to access 	
G5	Accountability: AUArts recognizes the commitment the Government of Alberta has made to its success by virtue of its having been granted university status, it also recognizes the premium placed on institutional accountability in the wake of this show of confidence. To that end, AUArts is committed to operating within its means, to implementing a structural of bicameral governance appropriate to both its mandate and its size, and to integrating its academic and strategic planning at all levels to reflect this new institutional direction.			Major progress: <ul style="list-style-type: none"> General Faculty Council created; designates appointed; and By-Laws to be shortly passed 	
Type	Description				
Priority Initiatives					
PI 1	Undergraduate Curriculum Revision Revise curriculum based on stakeholder consultation to produce content that is current, attractive, speaks to under-represented learners and that optimizes the academic timetable				
PI 2	Sexual Violence Prevention Working group established to develop and recommend a policy and procedure for implementation and programs developed to enhance a campus culture that reduces stigma, increased awareness and is supportive				
PI 3	Student, Faculty and Staff Wellness Make campus wide health and wellness a key principle in policy development and decision making				
PI 4	Indigenous Strategic Strategy development to enhance and integrate Indigenous community in all aspects of the institution				
PI 5	Continuing Education non-degree credit programming Complementary programming to provide certificate and post-baccalaureate diplomas that create pathways leading into and out of credit programming				
PI 6	Graduate Studies Curriculum Revision Revise the MFA curriculum to improve attraction and retention of students, cost-effective delivery				

Type	Description
PI 7	Instructional Support and Student Access Optimization of instructional support facilities and equipment access and maintenance
PI 2.1	Program Completion Rates Optimize timeliness of program completion
PI 2.2	Fundraising Integration and compatibility of curricular and fundraising initiatives drawing upon university status
PI 2.3	Scholarships and Awards General Scholarship Fund is reviewed for sustainability
PI 2.4	Tuition Review Examine and make recommendations on current tuition model in light of university status
PI 2.5	Financial Literacy Increase opportunities for students to develop business and entrepreneurship skills relevant to their practice
PI 2.6	Graduate Student support Build stable and practical graduate student support
PI 3.1	Undergraduate Curriculum Revision Undertake curriculum revision with stakeholder (faculty, staff, students) consultation to improve quality of student academic experience
PI 3.2	Pedagogical Enhancement Develop a plan for sustained enhancement to teaching and learning, academic mentorship and academic leadership
PI 3.3	Academic Workforce Management and Planning Prioritize faculty renewal to balance disciplinary expertise with curricular flexibility; optimize service and committee workload
PI 3.4	Illingworth Kerr Gallery Strategic Plan Enhance research culture, programming and summer residency opportunities
PI 3.5	Research and Creative Activity Strategic Plan Develop priorities to support high quality research and creative activity initiatives that speak to local, provincial and international contexts
PI 3.6	Continuing Education Strategic Plan Attract a broad group of participants including alumni, community members and international students; provide participants with enhanced skill sets to succeed in a contemporary creative economy
PI 3.7	Accreditation and Quality Assessment Leverage relationships with accrediting and assessment organizations
PI 4.1	Partnerships and Articulation Agreements are developed to provide provincial and international transferability of credits
PI 4.2	International Partnership Strategy Agreements developed to facilitate research partnerships and faculty exchanges

Type	Description
PI 4.3	Accreditations and Affiliations Strategic development of relationships with agencies and organizations such as: Campus Alberta Quality Council, Universities Canada, North American Schools of Arts and Design, Association of Independent Colleges of Art and Design
PI 4.4	Kindergarten to Grade 12 Coordination Establish liaison to inform, support and prepare creative and curious learners
PI 5.1	Undergraduate Curriculum Revision Revise curriculum to optimize enrollment management
PI 5.2	Sustainable 3 Year Budget Develop a 3 year balanced budget responsive to institutional mandate and fiscal realities
PI 5.3	BFA, BDes, and MFA Strategic Plans Development of undergraduate and graduate school strategic plans which provide future scope for development and efficiency
PI 5.4	University Governance Align internal academic governance with university status
PI 5.5	Integrated Planning Create framework for integrated planning for institutional prioritization, sustainability, and long-term strategic development
PI 5.6	Strategic Enrollment Management Create an evidence-based plan for targeted attraction and retention operating with available data and within available resources
Expected Outcomes	
EO 1	AUArts' diversity is meaningfully reflected in curriculum and the institutional culture
EO 2	Students have flexible access to institutional facilities, resources and classes
EO 3	The AUArts campus is safe, welcoming, and vibrant, supporting high quality teaching, learning and research
EO 2.1	AUArts balances affordable access with quality within the framework of studio-based instruction
EO 2.2	Student academic experience drives budget allocation and fundraising
EO 3.1	AUArts supports and makes possible research and creative activity excellence and teaching quality in the fine arts, the crafts and the media
EO 3.2	AUArts provides leadership for the diversification of the provincial cultural and creative economy

Type	Description				
EO 3.3	AUArts graduates creative, independent, critical and innovative individuals, skilled in specific professional practices				
EO 4.1	AUArts fulfills its unique role in Alberta's post-secondary system to offer specialized and diverse programming in the fields of art, craft and design				
EO 4.2	AUArts collaborates with post-secondary and cultural institutions and private industry, improving student mobility, transferability and employability, and strengthening curricular quality				
EO 5.1	Undergraduate courses are run with optimal capacity				
EO 5.2	AUArts' procedures and guidelines provide direction to meet institutional standards and legislative liabilities				
Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
Performance Measures					
PM 1.1.1	Decrease first year student attrition	Ongoing	Ongoing	Key priority in new strategic plan. Revision of Foundation year for implementation in 2020. SEM plan addressed in emerging academic plan.	Ongoing
PM 1.1.2	Curriculum revision and facility adaptation for increased flexibility in course timetabling	Fall 2019			Complete
PM 1.2.1	Sexuality and gender awareness and sexual violence awareness training is held regularly	Ongoing	Ongoing	Task force struck to further imbed training in the community.	Ongoing
PM 1.2.2	Sexual violence prevention programming is delegated to Student Affairs	Fall 2018			Complete
PM 1.2.3	Sexual violence prevention policy and procedure implemented	Fall 2018			Complete
PM 1.3.1	Campus Mental Health Strategy phase one developed and implemented (funding from Post-Secondary Student Mental Health Grant)	Spring 2019		Strategy development underway.	2020
PM 1.3.2	Develop and implement procedure responding to cannabis legalization	Fall 2018			Complete
PM 1.3.3	Committee structure revised to balance service workload demands with labour resources.	July 2019		Has been folded into committee structure design for General Faculties Council.	Winter 2020

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
PM 1.4.1	Strike an Indigenous Education Council in consultation with AUArts Elders Council	Fall 2019		Timeline being reconsidered for optimal alignment with emerging Indigenous Strategy.	Winter 2021
PM 1.4.2	Build Indigenous curriculum into first year studies	Fall 2019		Timeline being reconsidered for optimal alignment with emerging Indigenous Strategy and hiring plan.	Fall 2020
PM 1.4.3	Indigenous Strategy approved and programs implemented	Winter 2020		Design and consultation process, delayed by staffing changes, to being early 2020.	Spring 2020
PM 1.4.4	Critical and Creative Studies Minor with Indigenous focus approved by Academic Council	Fall 2020		Design process revealed Indigenous Strategy and hiring of Indigenous faculty first priority.	Spring 2021
PM 1.5.1	Certificate programs such as Art, Design and Business; Digital Media and Content Marketing launched	Fall 2019	In development	Industry program advisory councils formed to guide development of programs. Arts and Business certificate will be launched Spring 2020.	Fall 2020
PM 1.6.1	Reexamine program name, duration and disciplinary scope	Fall 2018		Addressing in new academic plan.	Fall 2020
PM 1.6.2	Restructure number of courses and electives	Fall 2018		Addressing in new academic plan.	Fall 2020
PM 1.6.3	Renegotiate supervisory compensation	Winter 2019		Bargaining underway.	Winter 2020
PM 1.6.4	MFA in Craft Media program revisions approved	Winter 2020		Addressing in new academic plan.	Fall 2020
PM 1.7.1	Establish consistent and optimal studio access support	Fall 2018			Complete
PM 1.7.2	Enhanced Thing Tank Equipped and Operational	Fall 2018			Complete
PM 1.7.3	Classroom renovation to suit post-1970 technological demands	Winter 2021		IMP funding used to update HVAC and lighting in 2 classrooms.	Winter 2021
PM 2.1.1	Analysis of delayed time-to-completion factors completed	Fall 2020	Ongoing	Addressing in new strategic and academic plans, and consequent revised SEM plan.	Ongoing
PM 2.1.2	Remediation plan approved and implemented	Spring 2021		Contingent upon PM 2.1.1.	Spring 2021

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
PM 2.2.1	Fundraising projects aligned with research and curricular initiatives in relation to long-term School and Research plans	Fall 2019	Ongoing	Contingent upon PI 5.5.	Will be ongoing priority
PM 2.3.1	Scholarship and bursary offerings aligned with resources and strategic enrollment planning	Fall 2018			Complete
PM 2.4.1	Plan for future tuition requirements, within Government of Alberta parameters, approved	Fall 2020		Student consultations to occur regarding impact on tuition with Budget 2019.	Fall 2020
PM 2.5.1	Business and entrepreneurship curriculum further developed, approved and offered in credit and continuing education programming	Fall 2019	Programming underway	Planned expansion of efforts in emerging academic plan.	Fall 2020
PM 2.6.1	Sustainable plan for financial support for graduate students established as part of graduate studies strategic plan	Fall 2020	In progress	Addressing in new academic plan.	
PM 3.1.1	Revised first year studies curriculum approved	Fall 2018	Approval stages	Ready for December 2019 GFC approval.	Fall 2020
PM 3.1.2	Revised fourth year studies curriculum approved, balancing disciplinary specificity with cross-disciplinary learning in a manner that responds to budgetary imperatives.	Winter 2019		Addressing in new academic plan.	Winter 2021
PM 3.1.3	Thematic minors and honours designation approved	Fall 2019		Addressing in new academic plan.	Winter 2021
PM 3.2.1	Luke Lindoe Library strategic plan developed centralizing its role in teaching and learning support	Fall 2019		In development in conjunction with PI 5.5.	Spring 2020
PM 3.2.2	Pedagogy enhancement plan developed and approved	Winter 2019		Addressing in new academic plan.	Winter 2022
PM 3.3.1	Five year hiring plan approved	Winter 2020		Addressing in strategic and academic plans.	Winter 2021
PM 3.4.1	IKG strategic plan approved and implemented, recalibrating inward- and outward-facing orientation and facilitating improved research and curriculum integration and support	Summer 2018		In progress in conjunction with PI 5.5.	Spring 2020
PM 3.5.1	Research and Creative Activity administration procedure approved and implemented	Winter 2019		In progress, situated within emerging academic plan.	Winter 2020
PM 3.5.2	Framework aligning institutional goals and industry partnerships approved	Winter 2021		Awaiting results of academic plan before can address.	Winter 2021
PM 3.5.3	Research and Creative Activity Strategic Plan approved	Winter 2019		First draft completed. Undergoing revision.	Winter 2020

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
PM 3.5.4	Online repository for research papers under review and in publication is developed	Spring 2019		To be situated within context of research and creative activity plan.	Spring 2020
PM 3.5.5	Tri-Council funding received	Spring 2021		Contextualized within emerging academic plan.	Spring 2021
PM 3.6.1	Continuing Education first non-degree credential piloted	Fall 2019		Arts and Business certificate will be launched Spring 2020.	Spring 2020
PM 3.7.1	Revision of MFA program consistent with the standards of the National Association of Schools of Art and Design submitted to Campus Alberta Quality Council	Fall 2018		Addressing in academic plan.	Fall 2020
PM 3.7.2	Submission of substantive undergraduate program revisions to Campus Alberta Quality Council	Fall 2019		Resituated within quality assessment cycle in anticipation of forthcoming CAQC comprehensive review.	Winter 2020
PM 4.1.1	Block Transfer established with Portage College (Fall 2018), Medicine Hat College (Fall 2019), MacEwan University (Fall 2019), and others		Ongoing	Portage completed, MHC in review at MHC, Red Deer College in review at RDC, and others on hold until GFC structure and process finalized.	Ongoing
PM 4.1.2	ArtStream Certificate enrollment targets met	Fall 2018		Partnership agreement and program sustainability under review.	Complete
PM 4.1.3	Transferable, ladderable non-degree credit Continuing Education programming piloted	Fall 2019		Program Advisories developed to guide decisions of academic staff.	Fall 2020
PM 4.1.4	Joint programming with SAIT and Bow Valley College developed in conjunction with long-term integrated academic planning (PI 5.3)	Fall 2020		Preliminary discussions underway.	Winter 2021
PM 4.1.5	Alberta Council on Articulation and Transfer presence established through Transfer and Articulation Committee		Fall 2020		Complete
PM 4.2.1	International Partnership Strategy developed in response to themes and priorities developed by the Research and Creative Activity Strategic Plan (PI 3.5), possibly to involve ERASMUS faculty exchanges		Winter 2020	Recontextualized within broader institutional activities in the emerging academic plan.	Aligned with academic plan.
PM 4.3.1	Review of accreditation memberships	Winter 2019		Folded into cyclical program review cycle in anticipation of CAQC comprehensive review.	Spring 2021
PM 4.4.1	Calgary Board of Education dual credit programming pilot launched	Fall 2018			Complete
PM 4.4.2	Develop an integrated K-12 outreach plan	Fall 2019			Complete

Type	Description	Expected Completion Date (from CIP)	Status	Progress Made in the Last 12 Months	Revised Expected Completion Date
PM 5.1.1	Revised first year curriculum implemented	Fall 2019		Anticipated implementation fall 2020.	Spring 2021
PM 5.1.2	Revised 4th year curriculum implemented	Fall 2020		Ongoing development.	Spring 2021
PM 5.2.1	3-year balanced budget presented to Government of Alberta, as requested	June 2018			Complete
PM 5.3.1	Integrated strategic plans, including Graduate Studies, approved	Fall 2019		Underway, to follow institutional strategic plan and academic plan.	Winter 2021
PM 5.4.1	Program of regular and sustained development of internal leadership capacity approved	Fall 2019			Complete
PM 5.4.2	General Faculties Council established		GOA Timeline		Complete
PM 5.5.1	Capital and IT plan approved	Fall 2020		Situated within emerging strategic plan and integrated planning process.	Fall 2020
PM 5.5.2	Strategic Plans (i.e. SEM PI 5.6, Research and Creative Activity PI 3.5, Academic PI 5.3, Capital, IT, Pedagogy Enhancement PI 3.2, Illingworth Kerr Gallery PI 3.4, Indigenous PI 1.4, Continuing Education and Professional Development PI 3.6) harmonized	Fall 2020		Ongoing, pending approval of strategic and academic plans.	Fall 2020
PM 5.5.3	Integrated planning framework implemented	Winter 2021		Follows PM 5.5.2.	Winter 2021
PM 5.6.1	Strategic Enrollment Management Plan approved	Fall 2020		Current plan under evaluation for revision within academic plan timeline.	Fall 2020

Financial and Budget Information

Alberta University of the Arts

Year Ended June 30, 2019

Financial Statement Discussion Analysis

The June 30, 2019 Annual Report includes the financial statements for Alberta University of the Arts (AUArts) prepared in accordance with Canadian public sector accounting standards (PSAS).

The Auditor General of Alberta have audited the financial statements and have provided the accompanying independent Auditors' Report. The financial statements and Annual Report satisfy a legislative requirement as set out in the Post-Secondary Learning Act of Alberta. The following financial statement discussion and analysis should be read in conjunction with the financial statements. Both have been prepared by and are the responsibility of Management.

This discussion and analysis and the audited financial statements are reviewed and approved by the Board of Governors of AUArts on the recommendation of the Finance and Audit Committee of the Board of Governors.

(All amounts are in thousands of dollars unless otherwise noted).

Significant Trends and Risks

AUArts operates in a complex environment and must deal with a variety of risks which it manages through its integrated enterprise risk management framework. The major risks that can affect AUArts from a financial perspective are as follows:

1. Budgetary Pressure

71.9% of AUArts annual revenues are received from the Government of Alberta; this makes AUArts vulnerable to any decreases in the annual Campus Alberta Grant, as well as, other government funding. Although AUArts presented a break-even operating budget for 2019-20, the recent government announcement of a reduction to the Campus Alberta Grant of \$188K for 2019-20 (with additional reductions expected in future years), indicates that budgetary pressures continue to represent a significant strategic risk for AUArts. AUArts is currently identifying and implementing operating efficiencies and assessing the potential impact of the grant reduction on future years.

2. Tuition Fees

As part of the budget, the Government announced that the tuition fee freeze will end in 2020/21 and AUArts will be allowed to increase tuition by up to 7%. AUArts is currently investigating options for how a tuition fee increase will reduce budgetary pressures while weighing the potential impact on enrollment. The end of the tuition fee freeze will allow AUArts to charge fees that contribute more to the costs of the education provided.

3. Negotiations with Collective Bargaining Units

68.9% of AUArts annual operating expenses are payroll related costs. AUArts financial viability is dependent on its ability to negotiate reasonable salary and benefit terms with two bargaining units. The current agreement with Alberta Union of Provincial Employees Local 071/006 expires on June 30, 2020. A wage reopener was postponed with the passing of The Public Sector Wage Arbitration Deferral Act and no date has been set for negotiations of a new contract. The collective agreement with Alberta University of the Arts Faculty Association (formerly Alberta College of Art and Design Faculty Association) expired June 30, 2019. Negotiations are expected to begin in January 2020.

4. Information Technology

AUArts spends approximately \$1,450 of operating funds and internally sourced capital funds per year on information technology to develop and support systems. Although there is a significant operating contribution towards Information Technology, the number of cyber risks including malware and ransomware continue to increase. If AUArts was impacted by one of these cyber risks, there could be significant financial and reputational impact.

In addition, during fiscal year 2018/2019, AUArts incurred significant costs to complete a mandatory upgrade to the student registration system.

Statement of Financial Position Highlights

Overall Results

AUArts' Net Assets increased by \$613 to \$13,784. The change in net assets is due to the annual operating surplus of \$311, as well as, \$89 in endowment capitalized investment income, \$48 of endowment new donations and a \$165 increase in accumulated remeasurement gains.

Net financial asset balance has improved slightly over the past year from \$11,953 to \$12,589. AUArts presentation of net financial assets includes \$6,673 of portfolio investments that are restricted for endowments. Endowment restricted investments represent contributions from donors that are required to be maintained intact in perpetuity, as well as, capitalized investment income that is required to be maintained in perpetuity to protect the economic value of the endowment. Therefore, these investments cannot be used to pay for liabilities or future operating or capital purchases. Other major components of financial assets are cash and cash equivalents and non-endowment investments totaling \$18,324.

Financial Assets

Total financial assets increased by \$2,629 to \$18,875 at June 30, 2019. An increase of 16.2% from the prior year.

Cash and cash equivalents

AUArts cash position comprises cash and temporary investments. Temporary investments are used to ensure that enough cash and liquid assets are available to manage the timing of AUArts operating and capital expenditures. The cash position has increased by \$1,757 to \$10,798, an increase of 19.4% from the prior year. AUArts continued to invest in short-term Guaranteed Investment Certificates where required by the underlying grants and to cover payments as they come due for essential infrastructure projects and university transition work.

The statement of Cash Flows summarizes the sources and uses of cash in the fiscal year. During the fiscal year, \$2,494 cash was raised from operating transactions, and cash decreased due to capital and investing activities \$1,437 and \$499, respectively.

Portfolio investments

Portfolio investments increased by \$988 to \$14,199 at June 30, 2019, an increase of 7.5% from the prior year. The unrealized gain on unrestricted and restricted investments represents the increase in market value of the investment portfolios during the year (see notes 5 and 6 of the financial statements for additional information relating to portfolio investments and financial risk management).

	2019	2018	Change
Net transfer from cash and cash equivalents	\$499	\$407	\$92
Unrealized gain on investments	404	230	174
Realized (loss) gain on sale of portfolio investment	(80)	208	(288)
Change in accumulated remeasurement gains	165	-	165
Change in portfolio investments	988	845	143
Portfolio investment, beginning of year	13,211	12,366	845
Portfolio investment, end of year	\$14,199	\$13,211	\$988

Liabilities

Total liabilities increased by \$2,275 to \$12,959 at June 30, 2019, an increase of 21.3% from the prior year.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$670 to \$2,848 at June 30, 2019, an increase of 30.8% from the prior year.

Deferred revenue

Deferred revenue consists of the following components (see note 9 of the financial statements for additional information):

	2019	2018	Change
Deferred research and special purpose	\$6,207	\$4,550	\$1,657
Unspent deferred capital contributions	2,692	3,330	(638)
Tuition and other fees	603	449	154
	\$9,502	\$8,329	1,173

- Deferred research and special purpose include several one-time and conditional funding supporting program development, research, scholarships and other operating requirements. In fiscal year 2019, AUArts received additional funding as part of the Campus Alberta Grant to support the university transition. At June 30, 2019, \$1,087 of these funds had not yet been spent but plans and commitments are in place to fully utilize remaining funds. This category also includes unrealized investment gains on restricted investments which amounted to \$489 at June 30, 2019.
- Unspent deferred capital contributions represent grants and donations received to fund capital acquisitions. At June 30, 2019, \$1,518 was held for capital upgrades that had not yet been completed.
- Student and tuition fees represent operating revenues received in the current year relating to services which will be provided in the next fiscal year. Consistent with the prior year, registration was opened before June 30, 2019, resulting in a balance of deferred credit tuition fees for the 2019/20 academic year being held in deferred revenue as at June 30, 2019.

Non-Financial Assets

Tangible capital assets

Tangible capital assets increased by \$598 to \$5,384 at June 30, 2019, an increase of 12.5% from the prior year (see note 11 in the financial statements for information on the changes during the year), which are summarized below:

	2019	2018
Acquisition of tangible capital assets	\$1,476	\$552
Net book value of assets disposed during the year:	(1,650)	(83)
Cost	1,587	81
Accumulated amortization	(63)	(2)
Amortization expense	(815)	(862)
Change in tangible capital assets	598	(312)
Tangible capital assets, beginning of year	4,786	5,098
Tangible capital assets, end of year	\$5,384	\$4,786

Acquisition of tangible capital assets includes:

- Furnishings and equipment - \$489
 - Furnishings and equipment additions include upgrades to AUArts main mall audio speakers and acoustic treatment. In addition, AUArts incurred \$243 to upgrade the fire alarm system, which as of June 30, 2019 had not yet been completed.
- Computer hardware and software - \$59
- Building improvements - \$928
 - In 2019, AUArts completed significant repair work to the roof of the Nellie McClung Building.

Spent Deferred Capital Contributions

Spent deferred capital contributions is comprised of restricted grants and donations spent on tangible capital acquisitions not yet recognized as revenue (see note 10 of the financial statements for additional details).

Net Assets

The net assets for AUArts increased by \$613 or 4.7% (see note 12 of the financial statements for additional details). Net assets are comprised of the following:

Endowments

Endowment net assets increased by \$137 or 2.7%.

Accumulated surplus from operations

Accumulated surplus from operations decreased by \$62 from \$5,899 at June 30, 2018 to \$5,837 at June 30, 2019. Changes to accumulated surplus from operations are comprised of the following:

	2019	2018
Operating surplus (deficit)	\$311	845
Add back:		
Amortization of internally funded capital assets	295	340
Operating expenses funded from internally restricted surplus	147	544
Net book value of tangible capital asset disposals	52	3
	494	1,753
Less:		
Net Board appropriation to internally restricted surplus	(844)	–
	(844)	–
Capital activities		
Internally funded acquisition of tangible capital assets	(188)	(179)
Change in accumulated remeasurement gains	165	96
Change in accumulated surplus from operations	–	–
Accumulated surplus from operations, beginning of year	5,899	4,250
Accumulated surplus from operations, end of year	\$5,837	\$5,899

Investment in tangible capital assets

In 2019, capital assets increased by, net of depreciation, \$598. Of this increase, \$255 of asset acquisitions were internally funded.

	2019	2018	Change
Investment in tangible capital assets, opening balance	\$655	\$758	\$(103)
Amortization of internally funded capital assets	(295)	(340)	45
Internally funded acquisition of tangible capital assets	255	240	15
Net book value of tangible capital asset disposals	(52)	(3)	(49)
Investment in tangible capital assets, ending balance	563	655	\$(92)

Internally restricted surplus

Internally restricted surplus represents amounts set aside by AUArts' Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Currently the use of those funds has been appropriated as follows:

	2019	2018
Appropriation for capital activities:		
Campus renovations and facility upgrades	\$ 55	\$ 125
Equipment, technology and program upgrades	1,069	427
	1,124	552
Appropriation for operating activities:		
Operating programs	483	737
Sustainability planning	-	223
University transitions	535	-
	1,018	960
Total	\$ 2,142	\$ 1,512

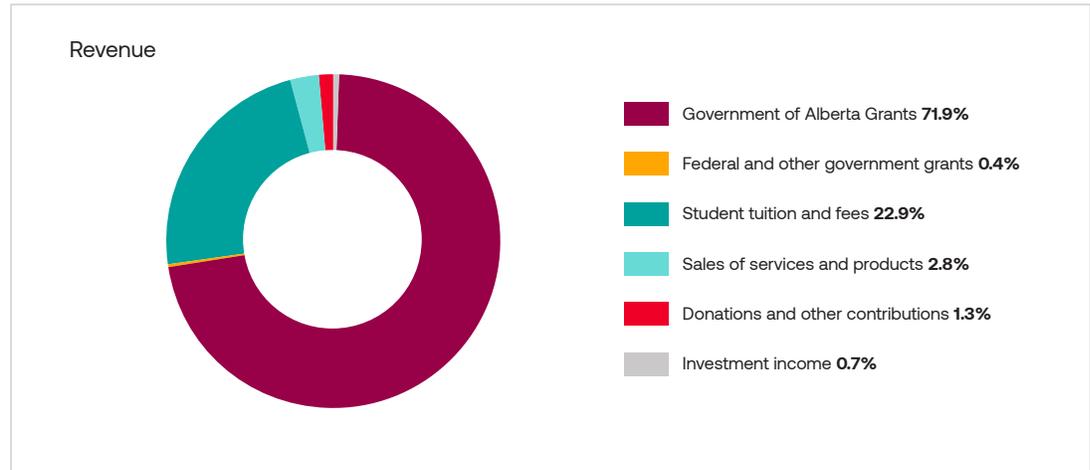
Accumulated remeasurement gains

Accumulated remeasurement gains represent the unrealized gain on unrestricted financial instruments. At June 30, 2019, AUArts had \$1,321 (2018 - \$1,156) accumulated remeasurement gains.

Statement of Operations Highlights

Overall Results

Fiscal Year 2019 ended with a final operating surplus of \$311 (2018 - \$845). The operating surplus decreased by \$534 from the prior year.



	2019		2018		Change From 2018	
	\$	%	\$	%	\$	%
Government of Alberta Grants	18,029	71.9%	16,415	67.7%	1,614	9.8%
Federal and other government grants	112	0.4%	103	0.4%	9	8.7%
Student tuition and fees	5,745	22.9%	6,022	24.8%	(277)	(4.6)%
Sales of services and products	693	2.8%	800	3.3%	(107)	(13.4)%
Donations and other contributions	321	1.3%	636	2.6%	(315)	(49.5)%
Investment income	170	0.7%	281	1.2%	(111)	(39.5)%
	25,070	100.0%	24,257	100.0%	813	3.4%

Summary of Key Statement of Operations Variances

Revenues

Total revenues for the year ending June 30, 2019 was \$25,070 compared to \$24,257 for the previous fiscal year. This represents an increase of 3.4% in overall revenues. Actual revenues were less than budgeted revenues by 0.2% or \$46. The largest changes to AUArts revenue base year-over-year were as follows:

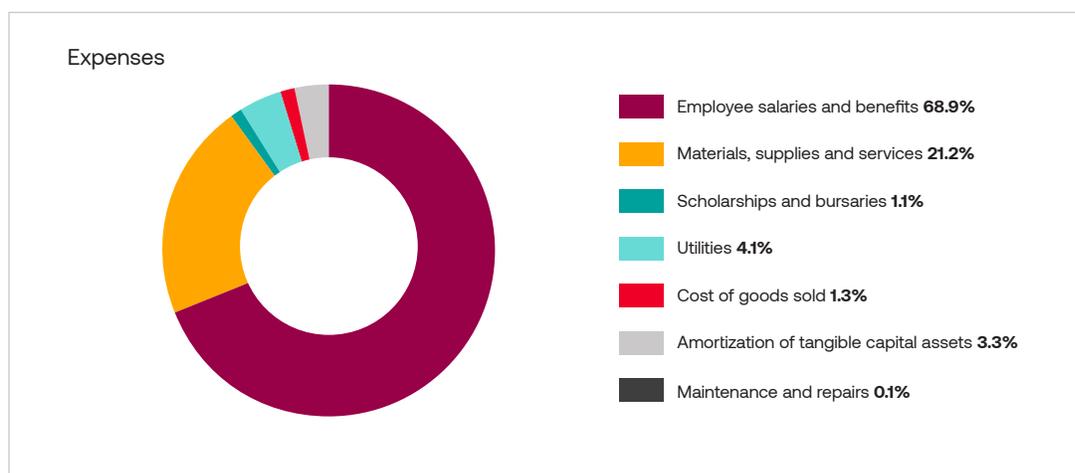
- In 2019, AUArts received \$2,338 in university transition funding as part of the Campus Alberta Grant. Of that amount, \$1,251 was recognized in revenue in fiscal year 2019. After normalizing for the university transition funding, AUArts Campus Alberta Grant increased by 8.2% or \$1,166. Therefore, AUArts Government of Alberta funding is concentrated in the Campus Alberta Grant, which made up 94.8% of AUArts Government of Alberta funding in fiscal year 2019 and 85.9% in fiscal year 2018.
- Student tuition and fees decreased by \$277. Fees and tuition for undergraduate students continued to decrease by \$180 as a result of reduced enrollment compared to the prior year. In addition, noncredit courses faced another challenging year with a \$101 decrease in continuing education course fees as the shift from hobbyist programming to certificate programming continues. These new certificate programs are expected to launch in winter 2020.
- Bookstore sales continued to decrease, consistent with the decrease in enrollment.

The largest differences between AUArts revenue budget and its actual results for 2019 were as follows:

	2019 Budget	2019 Actuals	Variance from Budget
Government of Alberta Grants	\$17,923	\$18,029	\$106
Federal and other government grants	174	112	(62)
Student tuition and fees	5,768	5,745	(23)
Sales of services and products	821	693	(128)
Donations and other contributions	310	321	11
Investment income	120	170	50
	\$25,116	\$25,070	\$(46)

- Government of Alberta grants had a favourable budget to actual variance of \$106K. As noted above, most of the Government of Alberta Grants is the Campus Alberta Grant. AUArts budget for the Campus Alberta Grant was very close to the actual grant received, however, \$1,087 of the university transition was deferred. This deferred amount was offset by other non-recurring Government of Alberta grants recognized in revenue as received or as the projects progressed. AUArts does not budget for these non-recurring government grants as their timing is difficult to forecast.
- Federal and other government grants had an unfavourable budget to actual variance of \$62. These grants can be difficult to forecast due to the timing of receipt and spending of funds.
- Student tuition and fees had an unfavourable budget to actual variance of \$23K. AUArts had budgeted a higher number of full-time equivalent domestic and international students for undergraduate credit courses than attended, resulting in a negative variance. This was offset by continuing education's very conservative budget, which they exceeded, as they shift their course offerings from hobbyist to certificate programs.

- Sales of services and products had an unfavourable budget to actual variance of \$128K. AUArts had factored in facility rentals when the budget was created. However, subsequent to the budget approval, AUArts shifted the focus from facility rentals as resources needed to be directed towards other priorities linked to student support.
- Investment income had a favourable budget to actual variance of \$50 due to strong performance of the investment portfolio combined with revenue from short-term investments, such as Guaranteed Investment Certificates.



Expense by Object

	2019		2018		Change From 2018	
	\$	%	\$	%	\$	%
Employee salaries and benefits	17,054	68.9%	16,993	72.6%	61	0.4%
Materials, supplies and services	5,251	21.2%	4,020	17.2%	1,231	30.6%
Scholarships and bursaries	275	1.1%	307	1.3%	(32)	(10.4)%
Maintenance and repairs	30	0.1%	69	0.3%	(39)	(56.5)%
Utilities	1,009	4.1%	822	3.5%	187	22.7%
Cost of goods sold	325	1.3%	339	1.4%	(14)	(4.1)%
Amortization of tangible capital assets	815	3.3%	862	3.7%	(47)	(5.5)%
	24,759	100.0%	23,412	100.0%	1,347	5.8%

Comparison to 2018

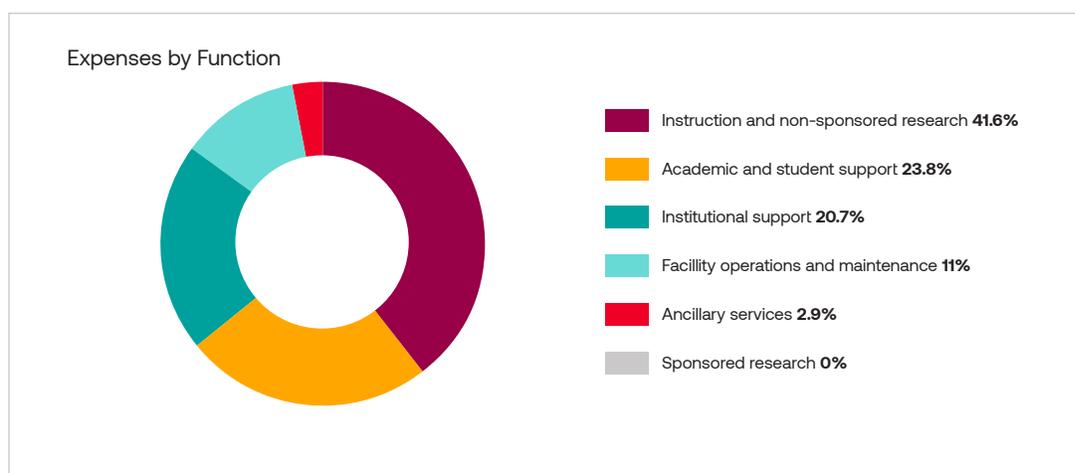
Total expenses for the period ending June 30, 2019 were \$24,759. This represents an increase of \$1,347 or 5.8% over total operating expenses for the previous year (2018 - \$23,412). The most significant changes were as follows:

- Payroll costs were only \$61 higher than in the previous year. The increase was primarily due to a long-term disability claim that was fully accrued at June 30, 2019. The remaining variance was small due to an offset of the reduction in faculty costs through retirements, resignation, hiring restraint and early retirement incentive. Offsetting the reduction in faculty costs was an increase in management costs associated with filling senior management positions to guide AUArts through the university transition.
- Materials, supplies and services increased \$1,231 over the prior year. This increase is attributable to ongoing system upgrades to AUArts registration and admissions system, as well as, costs associated with AUArts transition to university status, which has required significant rebranding and promotion.
- Utilities increased \$187 over the prior year, which is the result of a combination of increased rates, as well as, retroactive billing by the utility provider for historical underbilling of power charges.

	2019 Budget	2019 Actuals	Variance from Budget
Employee salaries and benefits	17,044	17,054	(10)
Materials, supplies and services	5,298	5,251	47
Scholarships and bursaries	312	275	37
Maintenance and repairs	63	30	33
Utilities	875	1,009	(134)
Cost of goods sold	392	325	67
Amortization of tangible capital assets	873	815	58
	24,857	24,759	98

Comparison to Approved Operating Budget:

- Although AUArts had two unfavourable budget to actual variances in fiscal year 2019, most variances were favourable, with AUArts ending the year under budget for expenses.
- Utilities had an unfavourable budget to actual variance of \$134. AUArts had budgeted utilities without an expectation for retroactive billing.
- Employee salaries and benefits had an unfavourable budget to actual variance of \$10. This was due to an unexpected adjustment for a long-term disability claim, which was not included in the budget. Employee salaries and benefits normalized for the long-term disability claim, were below budget.
- Cost of goods sold had a favourable budget to actual variance of \$67K, which was due to weaker sales in the bookstore as a result of lower than expected enrollment.
- Amortization expense had an unfavourable budget to actual variance of \$58. AUArts increased the amortization budget to account for two significant capital projects expected to be completed in 2018/19. However, at June 30, 2019 the fire system upgrade was still in work in progress. In addition, with the transition to a university, it was assumed capital expenditures would increase, however, they have not yet as AUArts was focused on completing other ongoing capital projects.



	2019 Budget		2019 Actuals		Change from Budget	
	\$	%	\$	%	\$	%
Instruction and non-sponsored research	10,345	41.6%	9,938	40.1%	407	4.1%
Academic and student support	5,917	23.8%	6,086	24.6%	(169)	(2.8)%
Institutional support	5,143	20.7%	5,281	21.3%	(138)	(2.6)%
Facility operations and maintenance	2,729	11.0%	2,842	11.5%	(113)	(4.0)%
Ancillary services	723	2.9%	607	2.5%	116	19.1%
Sponsored research	-	0.0%	5	0.0%	(5)	(100.0)%
	24,857	100%	24,759	100%	98	0.4%

Comparison to Operating Budget

- Instruction and non-sponsored research had a favourable budget to actual variance of \$407. The budget included a significant number of contingencies created as a result of the university transition that were not incurred. Most expenses within Instruction and non-sponsored research are payroll costs, which reduced overall, and especially in the budgeted academic sessional instructors, where a favourable budget to actual variance of \$384 was realized.
- Academic and student support had an unfavourable budget to actual variance of \$169. This was primarily due to two long-term support staff accepting the early retirement incentive program (demand for this program exceeded budget expectations in this area) as well as ongoing system upgrades to the AUArts registration, admissions and cashiering systems that exceeded budget.
- Institutional support had an unfavourable budget to actual variance of \$138 as AUArts utilized operating funds for a portion of the university transition costs rather than the internal reserve funding approved by the Board of Governors in 2017/18. AUArts chose to do this as the internal funds will be spent in future years as the university transition work will be multi-year.
- Facility operations and maintenance had an unfavourable budget to actual variance of \$113 due primarily to the increase in utility costs.
- Ancillary services had a favourable budget to actual variance of \$116 due to the reduced cost of goods sold as a result of the weaker than expected bookstore sales.

Enrollment Plan and Program Changes

As promised in its previous Annual Report, AUArts has begun to plan for the orderly and informed revision and development of programming by undertaking a comprehensive program quality assessment review and by drafting its first Academic and Strategic plans as a new university. While enrollment numbers remain steady in most areas, we recognize the need to improve the alignment of our programming with student and employer demand, while better demonstrating the ways in which it already does in fact speak to many in-demand employable skills as outline in the Conference Board of Canada report Perspectives of Alberta Employers (2019).

	2018-19 FLE Estimate	2018-19 FLE Actual
Bachelor of Design	260	254.15
Bachelor of Fine Arts	610	572.20
Open Studies including ArtStream	60	30.60
Master of Fine Arts in Craft Media	7	6.00
Total	937	862.95

AUArts has also begun to follow through on the April 2018 series of recommendations, intended to improve student experience within fiscal limitations, and to respond to the varying levels of student demand among programs, mentioned in its last Annual Report. These include improvements to the Bachelor of Design program in Photography and significant alterations to 100-level programming, in response to newly drafted foundational and institution-level outcomes.

With the above initiatives nearing completion, the next anticipated significant program change, as indicated in the CIP, is the further exploration, development, and implementation of a more efficient and disciplinarily porous capstone year. This revision will require extensive study and consultation with institutional timelines, meaning that implementation of a new 400-level curriculum could realistically take place, at the earliest, in Fall 2022.

As it develops its Academic Plan, work-integrated learning, micro-credentialling, and broad internationalization are emerging as compelling initiative areas for AUArts to develop in the immediate future.

After four years in operation, the Master of Fine Art in Craft Media has established a consistent and valuable experience for students progressing through the program. Nevertheless, the high cost of program delivery means—in what is sure to be several forthcoming years of fiscal constraint—that the program will require careful consideration and alteration if it is to be sustainable in the current climate.

AUArts remains committed to offering valuable, in-demand programming unique in Alberta, that balances quality with sustainability and urgency with realistic timelines based on our resources, and that enriches the province’s culture while preparing the whole student for life and work after graduation.

Research, Applied Research and Scholarly Activities

Internal Research Structure and Priorities:

1. Understanding Current Research

AUArts is unique in the post-secondary education system in Alberta. Despite Alberta's characterization of research as only being concerned with the traditional STEM areas, and not STEAM, AUArts research output plays a crucial role in contributing to the success of all four areas of Alberta Research and Innovation Plan:

1. Economic diversification and job growth within the cultural industries through applied and pure research of our alumni, both undergraduate and graduate.
2. Environmental stewardship and climate leadership through pure research of design thinking and problem solving.
3. Effective resource management through new technologies and hand-made objects, a result of pure and applied research.
4. Engaged individuals and communities for a healthy Alberta, given that community and cultural engagement lies at the heart of what we do.

AUArts continues to benefit from significant renewal of its faculty complement in recent years. There is a new emphasis on research that is transforming the University and student experience. Innovation in 3D printing and digital technologies, especially related to the craft areas including glass, textiles, jewellery and metals, and ceramics, have been exciting developments.

New Faculty research at AUArts includes, but is not limited to, the following:

- A Faculty research group with the working title Algorithmic Realisms. Focusing on algorithmic and computational strategies applied to creative works, without privileging the machine or the technology, this group plans to create a peer-reviewed symposium and related activities (exhibitions, workshops, etc.).
- A Faculty research group entitled Computational Craft, investigating new 3D printing technologies in combination with advanced hand skills.
- Research in connection with the Canadian Military through the participation of one of AUArts' Faculty members, who was an artist in residence with the Military stationed in Estonia.
- Ongoing research into head and neck cancer and patient experience, through the work of AUArts faculty members in collaboration with medical researchers at the University of Alberta and Concordia University in Quebec.
- Two Faculty members participating as co-researchers in SSHRC funded grants. One is working with Emily Carr University and the University of B.C. on a project collaborating with physicists; the other is working with researchers at the Ontario College of Art and Design University on a project that investigates the impact of digital technologies on craft education.
- Faculty member researching the connections between artists in residency programs and technological innovation, including artists who have worked at the Bell Labs, the Canadian National Research Council, and the Autodesk Pier 9 artist in residence program in San Francisco. This faculty member will write a book about this history.
- Faculty member working on a book about the history of craft in Alberta

Research at AUArts is supported through the Faculty Professional Affairs Fund, the Professional Expense Reimbursement Allowance, and the Faculty Summer Research Access Program. This last program has run for two years with great success, and increasing numbers of Faculty participation. Plans are being developed to offer a new Faculty Research Investment Award for projects aimed at Tri-Council Research Funding and other peer reviewed opportunities. AUArts hosts annually two Faculty research symposiums, and an annual research symposium for Graduate students. Research practice is also supported by the Research Advisory Committee and the Research Ethics Board. Lastly, the on-campus Illingworth Kerr Gallery represents a significant component of research at AUArts, presenting the best in new creative research for faculty, students, and the broader community. The IKG has a national reputation and is watched closely for its leading research, and is a significant outward facing dimension of AUArts.

AUArts is continually working to clarify and better capture the research output of faculty and students through its internal reporting, and to align this with the Campus Alberta Quality Council's reporting standards.

Most research funding in the 2018-19 academic year supported the presentation and/or production of creative work and conference presentations. These activities were equally divided between peer reviewed local, national and international venues, and were evaluated on a scale comparable to that employed by more traditional disciplines that calculate research in relation to traditional publication. Art, design and craft practices align with Campus Alberta Quality Council measures for research. CAQC has invited detailed information about research in the arts to better understand the correspondences with traditional academic research.

2. Growing Research

Transitioning from a College to University places greater emphasis on research. AUArts is working toward ensuring that all planning processes keep in mind support for research. The presence of an MFA program also emphasizes a robust research culture at AUArts.

Tri-Council Funding, either a Social Sciences and Humanities Research Council grant (SSHRC), or a Natural Sciences and Engineering Research Council grant (NSERC), remains a priority. To that end AUArts is in the process of developing internal financial support for Faculty interested in developing these applications. That financial support is expected to be in place in the Fall of 2019.

The Illingworth Kerr Gallery is a central component to research and its connection to curriculum at AUArts. The IKG works closely with the Research Advisory Committee when planning its exhibition and programming activities.

The Faculty Summer Research Access Program continues to grow and is a major contributor to faculty research on campus. The program encourages new research and collaboration. Faculty have been working in ceramics, fibre, jewellery and metals, sculpture, printmaking, glass, painting and drawing, and often on collaborative projects. It is expected that new faculty research groups will emerge from this program.

The further development of research at AUArts will be consistent with the expectations for scholarly and creative activity laid out by the National Association of Schools of Art and Design, an American accrediting body with which we have substantial equivalency. It will also observe Campus Alberta Quality Council expectations for research, and looks forward to CAQC's commitment, outlined in its 2018-22 Action Plan, to "work with sectors to further refine expectations for scholarly activity to support high quality programs."

AUArts recognizes the role its research will continue to play within the strategic context articulated by the 2018-21 Advanced Education Business Plan in helping to drive “a resilient, responsive and diversified economy.” Furthermore, with respect to helping build “vibrant and inclusive communities,” AUArts is confident it would prove exemplary if subjected to a ministerial Gender-Based Analysis Plus (GBAand) analysis.

3. Growth of Graduate Programs

AUArts intends to grow its current program to 12 students by 2020-21, and we anticipate further growth to 16 students after that. A program review is planned for 2019-20, out of which will come a plan for revisions to the curriculum. AUArts also expects that a program review will yield a blueprint for establishing other graduate programs. New graduate programming may involve collaboration with other Post-Secondary Institutions in Alberta, and it may also involve low residency programs.

4. Alignment of the Illingworth Kerr Gallery and Academic Programs

Through the implementation of the IKG Strategic Plan, AUArts will realize a greater alignment of the Gallery and the Academic Areas. This will allow for the growth of work integrated learning opportunities for students through writing workshops, installation and art handling work experience, and other related activities. AUArts sees its gallery as a key element of its research practice, in that it provides opportunities for the curation, exhibition, and analysis of its own research production, while serving as a venue for collaboration with external research entities through shows, performances, and residencies.

Transforming the IKG into an institutional research hub will take time for several reasons. First, recognizing and promoting IKG activity as research practice will entail a shift in institutional perspective, and a better understanding of the parameters of research creation in the context of an art, craft, and design university. Second, AUArts will need to carefully balance the degree to which the IKG supports curriculum and research internally, and the degree to which it continues to be an outward-facing gallery that provides Calgarians with access to the latest in contemporary Canadian and international art.

Community Outreach and Underrepresented Learners

AUArts is committed to improving support and inclusion of Indigenous students. The University is particularly attentive in its student services as it has a higher proportion than any other Alberta institution of female and LGBTQ2 and students, as well as students with self-declared disabilities.

Student Affairs has reorganized to enhance support for all learners, focusing on Indigenous student recruitment and holistic advising for students that focuses on academic planning, wellness, career preparation as well as financial aid and financial planning. A campus mental health strategy is almost final, and with the support of a grant from the Alberta government, we can continue enhanced mental health supports. Through our Lodgepole Center, we have introduced a new peer mentorship program with the support of a corporate sponsor. Our Elder Council continues to guide us and are regularly on campus.

Internationalization

AUArts' students benefit from a range of international exchange opportunities through our membership with the Association of Independent Colleges of Art and Design (AICAD) as well as our institutional partnerships with 12 colleges and universities in Europe, Australia and the United Kingdom. Incoming exchange students (from AICAD or our institutional partners) are welcomed in the fall and winter semesters each year, and immersed into the AUArts community of upper year undergraduate students.

Capital Plan

Type of Project and Funding Sources					
Type: (Proposed, New, Expansion, Maintenance)	Project Description	Total Project Cost	Funding sources: (GoA, GoC, PSI funds, donation, foundation, industry)	Funding received to date and source	Revised funding sources
Maintenance	Classroom HVAC Replacement	\$2.6 million	100% GoA	\$70,000 IMP funding approved	No change
Maintenance	Power Panels and Transformers	\$805,467	100% GoA	\$45,000 IMP funding approved	No change
Maintenance	Mechanical Room Retrofit	\$4.7 million	100% GoA	None	No change
Maintenance	Washroom Upgrades	\$1.8 million	100% GoA	\$240,000 IMP funding approved	No change
Maintenance	Flooring Replacement	\$4.7 million	100% GoA	None	No change
New	Mid-Size Lecture Theatre	\$1.9 million	100% GoA	None	No change
Proposed	Classroom/Studio Modernization	\$10.8 million	100% GoA	None	No change

Project Timelines and Status					
Project Description	Estimated Project Timelines	Expected Project Start	Expected Project Completion	Project Status	Progress Made in Last 12 Months
Classroom HVAC Replacement	April 2020 – August 2021	April 2020	August 2021	In progress	No change
Power Panels and Transformers	May 2020 – August 2020	May 2020	August 2020	In progress	2 classrooms completed
Mechanical Room Retrofit	March 2020 – May 2024	March 2020	May 2024	N/A	No change
Washroom Upgrades	February 2020 – December 2020	February 2020	December 2020	In progress	No change
Flooring Replacement	May 2020 – August 2022	May 2020	August 2022	N/A	No change
Mid-Size Lecture Theatre	June 2021 – December 2021	June 2021	December 2021	N/A	No change
Classroom/Studio Modernization	May 2020 – September 2022	May 2020	September 2022	N/A	No change

Information Technology

Continuity of administrative and academic services to staff, faculty, and students of AUArts is paramount. Strategic progress requires maintaining robust information technology and related services, while making investments in improving administrative and academic systems and processes. In 2018-19, AUArts spent \$2.9 million of its operations budget on Information Technology. An additional \$353,000 was allocated for IT related capital expenditures. Project initiatives were further supported with an allocation of \$183,000 from net unrestrictive reserves.

In 2018-19 AUArts also undertook the upgrade of an existing public gathering space with new audio technology and acoustical treatments that provides a significantly enhanced experience for internal and external stakeholders when attending events on our campus. AUArts formally acknowledges the Community Facilities Enhancement Program (CFEP) of Alberta Culture and Tourism for their generous support of this initiative through a grant in the amount of \$60,000.

The priorities for investment reflect the following:

- Supporting University Transition (from ACAD to AUArts)
- Ensuring technology tools meet the academic needs of students within the resource constraints of AUArts;
- Supporting technology solutions that offer the benefit of improved service to students for program requirements and course registration;
- Supporting infrastructure that improves on the security, reliability and sustainability of services including cyber security, business continuity and recovery management;
- Updating administrative applications for new versions that address productivity and maintenance ease; and
- Providing collaborative communication platforms and solutions that are relevant, flexible and usable.

The table below lists a number of the key initiatives at AUArts and the progress that was made in the 2018-19 year.

Initiative	Key Activities in 2018-19
Cyber Security / Endpoint Protection [System Recovery Management Plan(SRMP)]	<ul style="list-style-type: none"> • Hardened Mac and Windows endpoints to meet cyber security insurance requirements • Implemented enhanced tools for monitoring compliance with endpoint protection settings • Conducted end-user awareness training initiatives to reduce likelihood of internal security breach • Increased remote access capability for disaster recovery and business continuity
Student System Renewal	<ul style="list-style-type: none"> • Confirmed 5 year Strategic Direction for Student System and related services • Confirmed Strategic Partnerships in support of Strategic Direction • Developed and Approved Project Charter for Banner 9 Student Implementation • Completed acquisition of new software tools and services in support of Banner 9 Student Implementation Project
Enterprise Resource Planning (ERP) System Review	<ul style="list-style-type: none"> • Preserved alignment to long-term Strategic Direction for ERP within context of Student System Renewal • Preserved key Collaborations and Partnerships in support of realizing long-term Strategic Direction for ERP
Infrastructure Maintenance / Evergreen	<ul style="list-style-type: none"> • Acquired and implemented modern and innovative audio-visual services platform in support of key infrastructure and service renewal initiatives: • Main Mall Audio System Upgrade • TeleConference Upgrade for AUArts Boardroom • Firewall Replacement
University Transition	<ul style="list-style-type: none"> • Supported the reconfiguration, migration and/or content update for the rebranding of technology supported services (i.e. AUArts.ca website) • AD Transition to cloud phase 1 • Infolab Replacement (intranet) phase 1

In addition to the key initiatives above, AUArts is focused on continuous improvement in managing delivery, risk, and change through the use of a formal IT Project Portfolio Management processes, and an IT Steering Committee that meets regularly to review projects or support activities where changes are being made to the computing environment.

Appendix

Alberta University of the Arts Financial Statements

For the Year Ended June 30, 2019

Alberta University of the Arts

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2019

Alberta University of the Arts
FINANCIAL STATEMENTS
For the Year ended June 30, 2019

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Independent Auditor's Report

To the Board of Governors of Alberta University of the Arts

Report on the Financial Statements

Opinion

I have audited the financial statements of Alberta University of the Arts, which comprise the statement of financial position as at June 30, 2019, 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 Alberta University of the Arts as at June 30, 2019, 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 Alberta University of the Arts 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 Alberta University of the Arts' 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 Alberta University of the Arts' 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 Alberta University of the Arts' 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 Alberta University of the Arts' 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 Alberta University of the Arts 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.

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

October 30, 2019
Edmonton, Alberta

**ALBERTA UNIVERSITY OF THE ARTS
FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITY
YEAR ENDED JUNE 30, 2019**

The financial statements of the Alberta University of the Arts 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 June 30, 2019 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 Finance and Audit Committee. With the exception of the President and Chief Executive Officer, the Board Faculty Representative and the Alberta Union of Provincial Employees representative, all members of the Finance and Audit Committee are not employees of the University. The Finance and Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Finance and 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 Dr. Daniel Doz
President and Chief Executive Officer

Original signed by Jill Brown
Vice-President, Administration

**ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019
(thousands of dollars)**

	<u>2019</u>	<u>2018</u>
Financial assets excluding portfolio investments restricted for endowments		
Cash and cash equivalents (note 4)	\$ 10,798	\$ 9,041
Portfolio investments – non-endowment (note 5)	7,526	6,820
Accounts receivable	332	195
Inventories held for resale	219	190
	<u>18,875</u>	<u>16,246</u>
Liabilities		
Accounts payable and accrued liabilities	2,848	2,178
Employee future benefit liabilities (note 7)	541	87
Debt (note 8)	68	90
Deferred revenue (note 9)	9,502	8,329
	<u>12,959</u>	<u>10,684</u>
Net financial assets excluding portfolio investments restricted for endowments	<u>5,916</u>	<u>5,562</u>
Portfolio investments – restricted for endowments (note 5)	6,673	6,391
Net financial assets	<u>12,589</u>	<u>11,953</u>
Non-financial assets		
Tangible capital assets (note 11)	5,384	4,786
Inventories of supplies	327	300
Prepaid expenses	236	173
	<u>5,947</u>	<u>5,259</u>
Net assets before spent deferred capital contributions	<u>18,536</u>	<u>17,212</u>
Spent deferred capital contributions (note 10)	4,752	4,041
Net assets (note 12)	<u>\$ 13,784</u>	<u>\$ 13,171</u>
Net assets is comprised of:		
Accumulated surplus	\$ 12,463	\$ 12,015
Accumulated rereasurement gains	1,321	1,156
	<u>\$ 13,784</u>	<u>\$ 13,171</u>

Contingent assets and contractual rights (notes 14 and 16)
Contingent liability and contractual obligations (notes 15 and 17)

Approved by the Board of Governors:

Original signed by M. Carol Ryder
Chair, Board of Governors

Original signed by J. M. Stanford
Chair, Finance and Audit Committee

The accompanying notes are an integral part of these financial statements

**ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)**

	Budget (note 18)	2019	2018
Revenues			
Government of Alberta grants (note 21)	\$ 17,923	\$ 18,029	\$ 16,415
Federal and other government grants (note 21)	174	112	103
Sales of services and products	821	693	800
Student tuition and fees	5,768	5,745	6,022
Donations and other contributions	310	321	636
Investment income	120	170	281
	<u>25,116</u>	<u>25,070</u>	<u>24,257</u>
Expenses			
Instruction and non-sponsored research	10,345	9,938	9,780
Academic and student support	5,917	6,086	5,807
Institutional support	5,143	5,281	4,508
Facility operations and maintenance	2,729	2,842	2,615
Ancillary services	723	607	669
Sponsored research	-	5	33
	<u>24,857</u>	<u>24,759</u>	<u>23,412</u>
Annual operating surplus	-	311	845
Endowment contributions (note 12)	-	48	133
Endowment capitalized investment income (note 12)	-	89	96
	<u>-</u>	<u>137</u>	<u>229</u>
Annual surplus	-	448	1,074
Accumulated surplus, beginning of year	<u>-</u>	<u>12,015</u>	<u>10,941</u>
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 12,463</u>	<u>\$ 12,015</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

	Budget (note 18)	2019	2018
Annual surplus	\$ -	\$ 448	\$ 1,074
Acquisition of tangible capital assets, net of proceeds on disposals	(2,200)	(1,476)	(543)
Amortization of tangible capital assets	873	815	862
Loss (gain) on disposal of tangible capital assets		63	(7)
Change in inventories of supplies	25	(27)	(7)
Change in prepaid expenses	25	(63)	(2)
Change in spent deferred capital contributions	1,500	711	(184)
Change in accumulated remeasurement gains		165	96
Increase in net financial assets		636	1,289
Net financial assets, beginning of year		11,953	10,664
Net financial assets, end of year		\$ 12,589	\$ 11,953

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

	<u>2019</u>	<u>2018</u>
Accumulated remeasurement gains, beginning of year	\$ 1,156	\$ 1,060
Unrealized gains attributable to:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	415	353
Amounts reclassified to the statement of operations:		
Quoted in active market financial instruments:		
Portfolio investments — non-endowment	(250)	(257)
Accumulated remeasurement gains, end of year	<u>\$ 1,321</u>	<u>\$ 1,156</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2019
(thousands of dollars)

	<u>2019</u>	<u>2018</u>
Operating transactions		
Annual surplus	\$ 448	\$ 1,074
Add (deduct) non-cash items:		
Amortization of tangible capital assets	815	862
In-kind donations of capital assets	(39)	-
Loss (gain) on sale of portfolio investments	80	(208)
Loss (gain) on disposal of tangible capital assets	63	(7)
Expended capital recognized as revenue	(510)	(496)
Increase in employee future benefit liabilities	454	17
Change in non-cash items	863	168
(Increase) decrease in accounts receivable	(137)	48
(Increase) in inventories held for resale	(29)	(8)
Increase (decrease) in accounts payable and accrued liabilities	670	(52)
Increase in deferred revenue	769	2,472
(Increase) in inventories of supplies	(27)	(7)
(Increase) in prepaid expenses	(63)	(2)
Cash provided by operating transactions	<u>2,494</u>	<u>3,693</u>
Capital transactions		
Acquisition of tangible capital assets, less in-kind donations	(1,437)	(552)
Proceeds on sale of tangible capital assets	-	9
Cash applied to capital transactions	<u>(1,437)</u>	<u>(543)</u>
Investing transactions		
Purchase of portfolio investments	(680)	(977)
Proceeds on sale of portfolio investments	181	570
Cash applied to investing transactions	<u>(499)</u>	<u>(407)</u>
Financing transactions		
Debt – repayment	(22)	(25)
Increase in spent deferred capital contributions	1,221	312
Cash provided by financing transactions	<u>1,199</u>	<u>287</u>
Increase in cash and cash equivalents	<u>1,757</u>	<u>3,030</u>
Cash and cash equivalents, beginning of year	<u>9,041</u>	<u>6,011</u>
Cash and cash equivalents, end of year	<u>\$ 10,798</u>	<u>\$ 9,041</u>

The accompanying notes are an integral part of these financial statements

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

1. Authority and Purpose

On February 1, 2019, as a result of being granted university status by the Government of Alberta, the Alberta College of Art and Design was renamed the Alberta University of the Arts.

The Board of Governors of the Alberta University of the Arts is a corporation which manages and operates the Alberta University of the Arts ("the University") under the *Post-Secondary Learning Act* (Alberta). 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*, Campus Alberta Sector Regulation, the University is a specialized arts and culture institution mandated to offer four-year undergraduate and graduate degrees in visual art and design. 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 Practises

a) General - 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 judgement to determine such estimates. Employee future benefit liabilities, amortization of tangible capital assets and restricted expended capital recognized as revenue 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 classified and measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Amortized cost
Portfolio investments	Fair value
Inventories held for resale	Lower of cost and net realizable value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Debt	Amortized cost

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

Unrealized gains and losses from changes in the fair value of 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 recognized 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.

For financial assets and liabilities 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 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 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. The University does not have any embedded derivatives.

c) 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.

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 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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

In-kind donations or services, materials and tangible capital assets are recorded at fair value when such value can reasonably be determined. Transfers of tangible capital assets from related parties are recorded at the carrying value. While volunteers, as well as, University staff contribute a significant amount of time each year to assist the University in carrying out its mission, the value of their services is not recognized in the financial statements because the fair value cannot be reasonably determined.

Endowment donations

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

Investment income

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability, and is recognized as investment income when terms of the grant or donation are met.

The endowment spending allocation portion of investment income earned by endowments is recognized as deferred revenue when the terms for the use of the endowment create a liability. Realized investment income allocated to endowment balances for the preservation of endowment capital purchasing power is recognized in the statement of operations as a component of endowment contributions and capitalized investment income.

d) Endowments

Endowments consist of externally restricted donations received by the University and internal allocations by the University's Board of Governors, the principal of which is required to be maintained intact in perpetuity.

Investment income earned (excluding unrealized income) by the endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Donors 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 and the reinvesting of unexpended income.

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, generally to regulate the distribution of income earned by the endowments.
- Encroachment on the capital of the endowments to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowments 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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

Twenty five percent of the investment income earned on endowment is re-invested along with the principal donation. The remaining seventy five percent is held to fund scholarship awards. During 2018–2019, a small number of individual expendable funds were insufficient to cover the scholarship award. In these cases, the University allocated funds from the General Scholarship Fund for scholarships to fund the shortfall. The University does not draw against the principal of the endowment to fund scholarship awards.

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

e) Inventories

Inventories held for resale are valued at the lower of cost and expected net realizable value and are determined using the first in first out (FIFO) method. Inventories of supplies 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, 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. Assets or disposal groups that are classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Capital lease obligations are recorded at the present value of future minimum lease payments at the inception of the lease excluding executor costs (e.g. insurance, maintenance costs, etc.). Leased equipment is reflected as an asset and a liability in the Statements of Financial Position. The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

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 improvements	15 years
Furnishings and equipment	5 years
Computer hardware and software	3 – 5 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.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

Assets under capital lease are amortized on a basis that is consistent with the above for purchased assets.

Works of art, historical treasures and collections are expensed when acquired and not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

g) Asset Retirement Obligations

Asset retirement obligations are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

h) 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.

In the period of settlement, foreign exchange gains and losses are reclassified to the statement of operations, and the cumulative amount in the remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

i) Employee Future Benefits

Pension

The University participates with other employers in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the University's participating employees based on years of service and earnings.

The University does not have sufficient plan information on the LAPP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the LAPP 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.

**ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)**

Long-Term Disability

The University pays or shares the premiums for certain employees on long-term disability. The cost of providing non-vesting and non-accumulating employee future benefits for compensated absences under the University's long-term disability plans is charged to expense in full when the event occurs which obligates the University to provide the benefits. The cost of these benefits is determined using the present value of the estimated cost of these premiums and are recorded at the time the University becomes obligated under the plan. Comparative amounts for the liability associated with employees on long-term disability continue to be presented in the statement of financial position as employee future benefit liabilities.

Early Retirement Incentive Program

From time to time, and at the discretion of the University, the University offers an early retirement assistance program for eligible employees who may choose to retire before age 65. Participation in this program is voluntary. Early retirement benefits are approved by the President and Chief Executive Officer and calculated using a percentage of an eligible employee's salary and the number of continuous years of service. These benefits are disclosed as part of the salaries and benefits and are charged to expense in full when approved. See Note 7 for additional information.

Other Employee Benefit Plans

The University also provides employee future benefits in the form of compensated absences for sabbaticals. The cost of providing employee future benefits for compensated absences under the University's sabbatical plan is charged to expense in full when the event occurs which obligates the University to provide the benefits. These benefits are disclosed as part of the salaries and benefits.

Administrative Leave

Administrative leave relates to one senior executive. This employee is entitled to accumulate one-fifth of a year of administrative leave for each year served. If it is not practical or feasible for this leave to be taken in any given year, this employee is entitled to a payment in lieu on a pro rata basis up to a maximum of fifty percent of the current base pay to be paid at the conclusion of the term of the contract.

j) Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into the soil, water or sediment. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the University is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

As at June 30, 2019 there was no liability for remediation of contaminated sites.

**ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)**

k) 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 support for the academic functions of the University including institutional program delivery, both credit and non-credit, and expenses related to scholarly and non-sponsored research activities undertaken by faculty.

Academic and student support

Expenses related to the direct support of instructional delivery and the support of the student body.

Institutional support

Expenses related to executive management, corporate insurance premiums, corporate finance, human resources, information technology, communications and fund development, and other institution-wide administrative services.

Facility operations and maintenance

Expenses relating to maintenance and renewal of facilities that house the teaching, research and administrative activities within the University. These include utilities, facilities administration, building maintenance, security, custodial services, as well, as major repairs and renovations.

Ancillary services

Expenses related to secondary services available to students, faculty and staff. Services include food services and bookstore operations.

Sponsored research

Expenses for all sponsored research activities specifically funded by restricted grants and donations.

l) 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 and from funds and reserves are an adjustment to the respective fund when approved by the Board of Governors.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

m) Future Accounting Changes

In August 2018, the Public Sector Accounting Board issued PS 3280 Asset retirement obligations. This accounting standard is effective for fiscal years starting on or after April 1, 2021. 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 Public Sector Accounting Board approved PS 3400 Revenue. This accounting standard is effective for fiscal years starting on or after April 1, 2022 and provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these new standards on the financial statements.

3. Adoption of New Accounting Standards

The University has prospectively adopted PS 3430 Restructuring transactions. This accounting standard is effective for fiscal years starting on or after April 1, 2018. Restructuring transactions defines and establishes disclosure standards for restructuring transactions. The adoption of this standard did not affect the financial statements.

ALBERTA UNIVERSITY OF THE ARTS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(thousands of dollars)

4. Cash and Cash Equivalents

	<u>2019</u>	<u>2018</u>
Cash	\$ 3,750	\$ 5,018
Cash equivalents	<u>7,048</u>	<u>4,023</u>
	<u>\$ 10,798</u>	<u>\$ 9,041</u>

Cash and cash equivalents are comprised of cash on hand and short-term investments with a short maturity within 90 days from the date of acquisition.

5. Portfolio Investments

	<u>2019</u>	<u>2018</u>
Portfolio investments – non-endowment	\$ 7,526	\$ 6,820
Portfolio investments – restricted for endowments	<u>6,673</u>	<u>6,391</u>
	<u>\$ 14,199</u>	<u>\$ 13,211</u>

The composition of portfolio investments measured at fair value is as follows:

	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments at fair value:				
Portfolio managed money market	\$ -	\$ 711	\$ -	\$ 711
Portfolio managed fixed income	-	5,421	-	5,421
Portfolio managed equity	-	8,067	-	8,067
	<u>\$ -</u>	<u>\$ 14,199</u>	<u>\$ -</u>	<u>\$ 14,199</u>

	<u>2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investments at fair value:				
Portfolio managed money market	\$ -	\$ 700	\$ -	\$ 700
Portfolio managed fixed income	-	4,910	-	4,910
Portfolio managed equity	-	7,601	-	7,601
	<u>\$ -</u>	<u>\$ 13,211</u>	<u>\$ -</u>	<u>\$ 13,211</u>

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The fair market value measurements are those derived from:

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

Level 2 – Fair value measurements are those derived from inputs other than quoted market 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 – Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

The University has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The University's Finance and Audit Committee, a subcommittee of the Board of Governors, has delegated authority for oversight of the University's investments under a Policy of the Board. The Finance and Audit Committee monitors investment manager performance, to ensure compliance with the University's investment guidelines, and to evaluate the continued appropriateness of the University's investment guidelines.

Under the investment policy, the prime objectives of the investment fund are to generate income and to preserve the purchasing power of donated capital, and to generate growth in the capital value of the University's investment funds.

The prime constraints that guide the investment practice are risk aversion and liquidity.

6. Financial Risk Management

The University is exposed to a variety of financial risks, including market risks (price risk, currency risk and interest rate risk), credit risk, and liquidity risk. To manage these risks, the University invests in a diversified portfolio of investments that is guided by the established investment policy that outlines risk and return objectives. The long term objective of the University's investment policies is to achieve a long term real rate of return in excess of fees and expenses and maintain the real value of the fund.

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 designed to achieve the optimal returns with an acceptable level of risk.

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The following details the University's portfolio sensitivity to a 5.92% increase or decrease in the market prices. The sensitivity rate is determined using the historical standard deviation for the total fund based on a 4 year rolling period as determined by the investment advisor. At June 30, 2019, if market prices had a 5.92% (2018 – 5.89%) increase or decrease with all other variables held constant, the increase or decrease in remeasurement gains and losses, deferred revenue, and endowment net assets – externally restricted contributions for the year would have been a total of \$190 (2018 – \$166).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The University's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the University. The University is exposed to credit risk on investments and has established an investment policy with required minimum credit quality standards and issue limits to manage this risk. The credit risk from accounts receivable is low as the majority of balances are due from government agencies and corporate sponsors.

The credit risks on investments held are as follows:

	<u>2019</u>	<u>2018</u>
Credit rating		
AAA	36.07%	40.55%
AA	32.03%	29.11%
A	18.04%	20.41%
BBB	13.86%	9.93%
	<u>100.00%</u>	<u>100.00%</u>

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with its financial liabilities. The University maintains investments that may not be immediately liquid. This risk is managed through the University's investment guidelines and other internal policies, guidelines and procedures.

Interest rate risk

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 investment policies that limit the term to maturity of certain fixed income securities that the University holds.

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The maturity and effective market yield of interest bearing investments are as follows:

Asset class	< 1 year	1 - 5 years	> 5 years	Average effective market yield
Portfolio investments, money market funds	711	-	-	1.32%
Portfolio funds, fixed income	-	2,033	3,388	2.15%

Commodity price risk

The University is exposed to commodity price risk as a result of electricity and natural gas usage required to operate the University's facilities. The University manages these risks by monitoring prices and responding in accordance with internal policies, guidelines and procedures.

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7. Employee Future Benefits

Employee future benefits are comprised of the following:

	<u>2019</u>	<u>2018</u>
Administrative leave	\$ 91	\$ 80
Long-term disability	83	7
Early retirement assistance and incentive program	<u>367</u>	<u>-</u>
	<u>\$ 541</u>	<u>\$ 87</u>

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

Multi-Employer Pension Plan

Local Authorities Pension Plan (LAPP)

The LAPP is a multi-employer contributory defined benefit plan for support staff members and is accounted for on a defined contribution basis. At December 31, 2018, the LAPP reported an actuarial surplus of \$3,469 (2017 – \$4,836). An actuarial valuation of LAPP was carried out at December 31, 2017 and then extrapolated to December 31, 2018. The pension expense recognized in these financial statements is \$1,115 (2018 – \$1,247). Other than the requirement to make additional contributions, the University does not bear any risk related to the LAPP deficit.

b) Long term disability

The University provides certain extended health benefits to employees leaving the employment of the University under specific conditions. Liabilities for future benefit payments are recognized by the University in the year the application is approved. The remaining liability recorded in these financial statements is \$83 (2018 – \$7).

c) Administrative leave

One executive of the University has administrative leave provided under their contract of employment. This employee is entitled to accumulate one-fifth of a year of administrative leave for each year served. If it is not practical or feasible for this leave to be taken, the employee is entitled to a payment in lieu on a pro rata basis up to a maximum of fifty percent of current base pay to be paid at the conclusion of the term of employment. A liability is recognized annually equal to the amount of administrative leave accrued to June 30 each year as defined in the employee's terms of employment.

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8. Debt

The University has obligations under capital lease agreements for the leases of certain copier and printing equipment. The following outstanding amounts relate to these obligations:

	Interest rate	2019	2018
Obligations under capital leases	5%	\$ 68	\$ 90

Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	\$ 22	\$ 3	\$ 25
2021	24	2	26
2022	22	1	23
	\$ 68	\$ 6	\$ 74

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9. Deferred Revenue

Deferred revenue is set aside for specific purposes as required by legislation, regulation or agreement:

	2019			2018	
	Deferred research and special purpose	Unspent deferred capital contributions	Tuition and other Fees	Total	Total
Balance, beginning of year	\$ 4,550	\$ 3,330	\$ 449	\$ 8,329	\$ 5,723
Grants, tuition, donations received during the year	2,758	494	5,187	8,439	10,055
Restricted investment income	289	48	-	337	473
Changes in unrealized gains	489	-	-	489	40
Transfers to spent deferred capital contributions	(2)	(1,180)	-	(1,182)	(312)
Recognized as revenue	(1,663)	-	(5,033)	(6,696)	(7,385)
Scholarships, bursaries issued	(214)	-	-	(214)	(265)
Balance, end of year	\$ 6,207	\$ 2,692	\$ 603	\$ 9,502	\$ 8,329

10. Spent Deferred Capital Contributions

Spent deferred capital contributions is comprised of restricted grants and donations spent on tangible capital acquisitions (not yet recognized as revenue).

	2019	2018
Spent deferred capital contributions		
Spent deferred capital contributions, beginning of year	\$ 4,041	\$ 4,225
Transfers from unspent deferred capital contributions	1,182	312
In-kind donation of capital assets	39	-
Expended capital recognized as revenue	(499)	(496)
Net book value of tangible capital asset disposal recognized as revenue	(11)	-
Net change for the year	711	(184)
Spent deferred capital contributions, end of year	\$ 4,752	\$ 4,041

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11. Tangible Capital Assets

	2019			2018	
	Building Improvements	Furnishings and Equipment ⁽¹⁾	Computer Hardware and Software	Total	Total
Cost					
Beginning of year	\$ 7,389	\$ 2,907	\$ 2,873	\$ 13,169	\$ 12,700
Acquisitions	928	489	59	1,476	552
Disposals, including write-downs	-	(1,252)	(398)	(1,650)	(83)
	<u>\$ 8,317</u>	<u>\$ 2,144</u>	<u>\$ 2,534</u>	<u>\$ 12,995</u>	<u>\$ 13,169</u>
Accumulated Amortization					
Beginning of year	\$ 3,275	\$ 2,566	\$ 2,542	\$ 8,383	\$ 7,602
Amortization expense	480	138	197	815	862
Effects on disposals, including write-downs	-	(1,191)	(396)	(1,587)	(81)
	<u>\$ 3,755</u>	<u>\$ 1,513</u>	<u>\$ 2,343</u>	<u>\$ 7,611</u>	<u>\$ 8,383</u>
Net Book Value at June 30, 2019	<u>\$ 4,562</u>	<u>\$ 631</u>	<u>\$ 191</u>	<u>\$ 5,384</u>	
Net Book Value at June 30, 2018	<u>\$ 4,114</u>	<u>\$ 341</u>	<u>\$ 331</u>		<u>\$ 4,786</u>

No interest was capitalized by the University in 2019.

Cost includes work-in-progress at June 30, 2019 totaling \$234 (2018 – \$0) comprised of furnishings and equipment. These amounts are not amortized as they are not yet available for use.

(1) Included in furnishings and equipment are assets under capital lease that have a cost of \$118 (2018 – \$118) and accumulated amortization of \$49 (2018 – \$28).

The land and buildings which house the University are owned by SAIT and are occupied by the University under a facility license granted by SAIT. The term of the license is through a renewable contractual agreement between the University and SAIT determined by the Minister of Advanced Education.

The University holds a large number of contemporary works of art including paintings, sculptures, drawings, photographs, prints and other craft media. Due to the subjective nature of the value of these assets, the values are not reported in this note.

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12. Net Assets

	Accumulated surplus from operations	Investment in tangible capital assets	Internally restricted surplus	Endowments	Total
Net Assets as at June 30, 2017	\$ 4,250	\$ 758	\$ 2,117	\$ 4,876	\$ 12,001
Annual operating surplus	845	-	-	-	845
Endowments:					
New donations	-	-	-	133	133
Capitalized investment income	-	-	-	96	96
Tangible capital assets:					
Amortization of tangible capital assets	340	(340)	-	-	-
Acquisition of tangible capital assets	(179)	240	(61)	-	-
Net book value of tangible capital asset disposals	3	(3)	-	-	-
Operating expenses funded from internally restricted surplus	544	-	(544)	-	-
Change in accumulated remeasurement gains	96	-	-	-	96
Net assets, beginning of year	\$ 5,899	\$ 655	\$ 1,512	\$ 5,105	\$ 13,171
Annual operating surplus	311	-	-	-	311
Endowments:					
New donations	-	-	-	48	48
Capitalized investment income	-	-	-	89	89
Tangible capital assets:					
Amortization of tangible capital assets	295	(295)	-	-	-
Acquisition of tangible capital assets	(188)	255	(67)	-	-
Net book value of tangible capital asset disposals	52	(52)	-	-	-
Operating expenses funded from internally restricted surplus	147	-	(147)	-	-
Net board appropriation to internally restricted surplus	(844)	-	844	-	-
Change in accumulated remeasurement gains	165	-	-	-	165
Net assets, end of year	\$ 5,837	\$ 563	\$ 2,142	\$ 5,242	\$ 13,784
Net assets is comprised of:					
Accumulated surplus	\$ 4,516	\$ 563	\$ 2,142	\$ 5,242	\$ 12,463
Accumulated remeasurement gains and losses	1,321	-	-	-	1,321
	\$ 5,837	\$ 563	\$ 2,142	\$ 5,242	\$ 13,784

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13. Internally Restricted Surplus

Internally restricted surplus represent amounts set aside by the University's Board of Governors for specific purposes. Those amounts are not available for other purposes without the approval of the Board and do not have interest allocated to them. Internally restricted net assets with significant balances include:

	<u>2019</u>	<u>2018</u>
Appropriation for capital activities:		
Campus renovations and facility upgrades	\$ 55	\$ 125
Equipment, technology and program upgrades	<u>1,069</u>	<u>427</u>
	<u>\$ 1,124</u>	<u>\$ 552</u>
Appropriation for operating activities:		
Operating programs	\$ 483	\$ 737
Sustainability planning	-	223
University transitions	<u>535</u>	<u>-</u>
	<u>\$ 1,018</u>	<u>\$ 960</u>
Total	<u><u>\$ 2,142</u></u>	<u><u>\$ 1,512</u></u>

14. Contingent Assets

The University has no contingent assets as at June 30, 2019.

15. Contingent Liability

The University is a defendant in a legal proceeding concerning one student. While the ultimate outcome and liability of this proceeding cannot reasonably be estimated at this time, the University believes that any settlement will not have a materially adverse effect on its financial position or the results of operations. The University administration has concluded that the claim does not meet the criteria for being recorded under PSAS.

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16. Contractual Rights

The University has no material rights arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of those contracts or agreements are met.

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

	<u>Service contracts</u>	<u>Information systems and technology</u>	<u>Long - term leases</u>	<u>Total</u>
2020	\$ 852	\$ 913	\$ 25	\$ 1,790
2021	538	794	20	1,352
2022	490	706	18	1,214
2023	1	686	-	687
2024	-	364	-	364
	<u>\$ 1,881</u>	<u>\$ 3,463</u>	<u>\$ 63</u>	<u>\$ 5,407</u>
Total at June 30, 2018	<u>\$ 2,280</u>	<u>\$ 388</u>	<u>\$ 113</u>	<u>\$ 2,781</u>

18. Budget Figures

Budgeted figures have been provided for comparison purposes and have been derived from the University's Comprehensive Institutional Plan as approved by the Board of Governors.

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19. Expense by Object

The following is a summary of expense by object:

	2019		2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Employee salaries and benefits	\$ 17,044	\$ 17,054	\$ 16,993
Materials, supplies and services	5,298	5,251	4,020
Scholarships and bursaries	312	275	307
Maintenance and repairs	63	30	69
Utilities	875	1,009	822
Cost of goods sold	392	325	339
Amortization of tangible capital assets	873	815	862
	<u>\$ 24,857</u>	<u>\$ 24,759</u>	<u>\$ 23,412</u>

20. Related Parties

The University is a related party to organizations within the Government of Alberta reporting entity. Key management personnel of the University and their close family members are also considered related parties. The University may enter into arm's length transactions with these entities and individuals.

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

- The University operates out of the Nellie McClung building owned by the Southern Alberta Institute of Technology (SAIT). The University has occupied the site for the past 33 years for a nominal sum in accordance with the terms of a short term lease agreement with SAIT which has been renewed regularly.
- The University service agreement with SAIT for the provision of certain computer and information systems support and maintenance. During the year, the University paid \$335 (2018 – \$467) for these services, but due to the unique physical and operating arrangements in place and the specialized integrated nature of operations, the fair value of this agreement cannot reasonably be determined.

During the year, the University conducted business transactions with related parties, including Ministries of the Government of Alberta, school district and other public colleges and universities. The revenues and expenses incurred for these business transactions have been included in the Statement of Operations, but have not been separately quantified.

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21. Government Transfers

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

	<u>2019</u>	<u>2018</u>
Grants from Government of Alberta		
Advanced Education:		
Campus Alberta grant	\$ 18,337	\$ 14,273
Capital grants	494	3,330
Other grants	189	1,340
Total Advanced Education	<u>19,020</u>	<u>18,943</u>
Other Government of Alberta departments and agencies	<u>14</u>	<u>16</u>
Total contributions received	19,034	18,959
Deferred revenue	(1,444)	(2,961)
Expended capital recognized as revenue	439	417
Revenue	<u>\$ 18,029</u>	<u>\$ 16,415</u>
Federal and other government grants		
Contributions received	\$ 76	\$ 46
Deferred revenue	(21)	-
Expended capital recognized as revenue	57	57
Revenue	<u>\$ 112</u>	<u>\$ 103</u>

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22. Salary and Employee Benefits

	2019				2018
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	Total	Total
Governance ⁽⁴⁾					
Chair of the Board of Governors	\$ -	\$ -	\$ -	\$ -	\$ -
Members of the Board of Governors	-	1	-	1	1
Executive					
President and Chief Executive Officer	252	26	33	311	323
Vice-Presidents:				-	
Vice-President Administration	180	-	42	222	202
Interim Vice-President Academic Affairs ⁽⁵⁾	20	-	3	23	175
Vice-President Academic and Provost ⁽⁶⁾	167	-	29	196	-
Vice-President Engagement ⁽⁷⁾	32	11	6	49	170
Interim Vice-President Advancement ⁽⁷⁾	110	-	7	117	-
Associate Vice-President:					
Associate Vice-President Academic Affairs + Chair ⁽⁵⁾	90	26	24	140	-
Associate Vice-President Student Affairs ⁽⁸⁾	-	-	-	-	197

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include earnings such as vacation payouts, bonuses, vehicle allowances, honoraria, and cash payments in lieu of pension contributions. No bonuses were paid in 2019 or 2018.
- (3) Other non-cash benefits include the University's share of all employee benefits and contributions or payments made on behalf of employees including pension, group life insurance, employee family assistance program, critical illness, supplementary health care, short and long-term disability plans, dental plan, accidental disability, dismemberment, administration leave, professional memberships, tuition fees, and fair market value of parking.
- (4) The Chair and Members of the Board of Governors, other than the student representative, receive no remuneration for participation on the Board.
- (5) The Interim Vice-President Academic Affairs position became the Associate Vice-President Academic Affairs + Chair position effective August 15, 2018.
- (6) The Vice-President Academic and Provost is a new position and was filled effective August 15, 2018.
- (7) The Vice-President Engagement position terminated effective September 20, 2018 and was replaced by the Interim Vice-President Advancement position effective September 17, 2018.
- (8) The Associate Vice-President Student Affairs position terminated effective January 19, 2018. This position has been vacant since January 19, 2018.

23. Comparative Figures

Certain comparative figures have been reclassified to conform to current year presentation.

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