

Grant MacEwan University
Annual Report 2011/12



On the cover (from left to right):

- Angela Narayan, Bachelor of Science student
- Tyler Majeau, Bachelor of Arts student
- Brittany-Ann Pitruniak, Arts and Cultural Management diploma
and Bachelor of Communications Studies student
- Samantha Sperber, Bachelor of Science student
- Tarra Carter, Bachelor of Arts student
- Megan Howe, Bachelor of Arts student

Cover photo by Ellis Brothers Photography Ltd.

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President's Message

This past year has been one of reflecting on 40 years of teaching, student success and building community relationships; it has also been one of looking to the future and asking, "What's next for MacEwan University?"

There's no question the university's reputation is one of which we should be proud. MacEwan University has long been recognized throughout Edmonton and Alberta as a teaching-focused institution, and since 2009 it has made great strides in its transformation into a university. MacEwan University is committed to developing new degree programs and providing an outstanding undergraduate learning experience for students. The university currently offers seven degrees with 25 individual majors and 21 minors, three transfer degrees, two collaborative degrees and two applied degrees. It continues, as well, to offer a rich range of diploma and certificate programs.

To successfully position MacEwan University in relation to other post-secondary institutions, there can be no confusion about the university's identity.

Because our position in the post-secondary community informs our strategic planning, it is fundamental to define MacEwan University and build a clear identity for the institution. So, as has been our nature for more than 40 years, we have turned to the people within and beyond our walls to help. For the last year, we have been working to create a new brand for the university which will establish a series of value propositions that will assist in shaping our future planning as an outstanding undergraduate university.

In many ways the discussion around who we are as a university has brought our teams together with a renewed excitement about where we are going as an institution. This will help position MacEwan University in unequivocal terms as we move into the future. As you will see throughout this *Annual Report*, the university continues to move forward in its current initiatives and establish a strong foundation for future planning and governance. Regardless of how we define ourselves in the end, one thing has and always will be certain: MacEwan University is an exciting place to be.

David W. Atkinson, PhD
President

Management's Responsibility for Reporting



Accountability Statement

Grant MacEwan University's *Annual Report* for the year ended June 30, 2012, was prepared under the Board's direction in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.

John Day, QC
Board Chair

Grant MacEwan University's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the *Annual Report*, including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained by management to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized; 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 audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Government Accountability 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 consolidated financial statements in accordance with generally accepted accounting principles.

David W. Atkinson, PhD
President

About MacEwan University

BOARD OF GOVERNORS

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President and Chief Executive Officer

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William (Willie) Grieve, QC

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John B. Mitchell

Elizabeth Hurley, CMC

Mission Statement

Grant MacEwan University is a vibrant, innovative educational institution focused on student learning. MacEwan fosters student success and student contributions within local, national and international communities. Teaching and learning are central to the academic endeavour, which is informed and enriched by research and scholarly pursuits of highly engaged faculty and staff. MacEwan strives to exemplify the values of respect, integrity, citizenship and environmental stewardship through teaching, learning, scholarship, research and service.

Approved by the Grant MacEwan College Board of Governors, June 12, 2008 (Motion 03-6-12-2007/08) Name Changed by Order-in-Council #481/1009, A. R. 254/2009 September 24, 2009 Approved by Board of Governors' Motion #01-10-8-2009/10

Mandate

Grant MacEwan University is a public, board-governed Baccalaureate and Applied Studies Institution within Alberta's post-secondary system, operating under the authority of the public colleges section of the Post-Secondary Learning Act. The university was officially renamed Grant MacEwan University by Order in Council on September 24, 2009.

Grant MacEwan University focuses on four primary types of programming:

- Baccalaureate degrees that prepare learners for employment and for graduate studies.
- Certificate, diploma and applied degree programs that prepare learners for entry to careers and employment, and for continued study in other credential areas.
- University transfer programs that prepare learners for degree completion at other degree-granting institutions.
- Preparatory programming that prepares learners for success in further post-secondary studies.

Grant MacEwan University serves a diversity of learners in the following major areas of study: liberal arts, business/commerce, communications, education, engineering, health and human services, performing and visual arts, physical education and science. The university's innovative approaches to program delivery are designed to maximize graduates' opportunities to advance their careers and further their education.

Grant MacEwan University emphasizes a learner-centred approach to the provision of its programs and services. The university fosters student success through a focus on teaching excellence, interaction among faculty and students, flexible learning delivery and high quality student support. From prospective learners to alumni, students are provided with a wide range of services and support systems, residence and campus life activities, and intercollegiate and intramural sports programs. The university's inclusive governance structure provides many opportunities for leadership development that enable learners to develop skills to enhance their careers and future post-secondary endeavours.

Grant MacEwan University supports a culture of research, scholarship and creative activity to inform pedagogy, support economic and community development, enhance learning, create opportunities for innovation, and foster the application and creation of new knowledge. By incorporating a global focus in its research and teaching, serving a diverse range of Canadian and international faculty and students, and providing opportunities for knowledge dissemination and study abroad, the university aims to provide all researchers and learners with opportunities to develop the skills and attitudes to function successfully in an interconnected world economy and society.

Grant MacEwan University serves primarily the greater Edmonton region and northern Alberta by responding to the learning needs of business, industry, government and communities. Through distance delivery and eCampusAlberta, the university extends educational access across Canada and internationally. As a strong partner in Campus Alberta, Grant MacEwan University collaborates with stakeholders and partners to advance student mobility, conduct applied research, develop shared services and deliver continuing professional education and customized training.

*Approved by Grant MacEwan University Board of Governors
June 18, 2010 Board Motion: 02-06-18-2009/10
Approved by the Minister of Advanced Education & Technology,
August 19, 2010*

Operational Overview



Control and Protection
Substation & Switchgear
Distribution & 200V AC & DC
Power



Major Accomplishments

Campuses for sale a step towards a single sustainable campus

The sale of the university's South Campus in Millwoods and its Centre for the Arts and Communications in the west end is a critical step in the plan to create a single sustainable campus in downtown Edmonton.

The creation of a single sustainable campus at City Centre Campus is part of a long-term strategic plan intended to provide all students with the resources and services they need to be successful in their studies.

South Campus was officially put on the market in April, with commercial realtor DTZ Barnicke managing the sale of the property. Once the campuses have been sold, the university will utilize the proceeds of the sales to help fund a new building at City Centre. The new Centre for Arts and Culture will house programs currently operating out of the Centre for the Arts and Communications and will contain space for future growth.

Planning begins for new Centre for Arts and Culture

In late 2011, the Board of Governors approved the development of a detailed plan to relocate the operations of the Centre for the Arts and Communications (CFAC) in Edmonton's west end to the university's downtown City Centre Campus. The cornerstone of the plan will be the construction of new facilities to house the programs currently located at CFAC, along with additional multi-purpose teaching space.

In spring 2012, the team of Bing Thom Architects, Vancouver (BTA), and Manasc Isaac Architects, Edmonton was chosen to design the new Centre for Arts and Culture. The design phase was initiated shortly after, with the architects hosting a variety of consultations to engage faculty, staff, students and members of the community in the planning process to ensure the various stakeholders' needs are met in the design of the new facility. The university expects the architectural plans to be ready by June 2013.

With the design process underway, additional considerations include government approval of the plan, financing, the sale of the existing building, and establishing planning and implementation teams to support a successful relocation of all CFAC operations to the City Centre Campus. The target date to deliver new facilities is September 2015.



Academic programs – a Campus Alberta approach

MacEwan University now receives the largest number of transfer-in students in Alberta, according to the latest Transfer Pattern Report from Alberta Council on Admissions and Transfer (ACAT). Partnerships for block transfer arrangements and a robust alternative for online education have positioned the university as a significant degree-completion option for transfer students.

The university launched its highly anticipated Bachelor of Music in Jazz and Contemporary Popular Music in the Fall term, along with the Bachelor of Communication Studies. These degrees begin to position a national identity for arts undergraduate education on a national basis.

The Bachelor of Commerce degree introduced two new majors – human resources and marketing – in response to student and employer interest. The Bachelor of Commerce degree now offers six majors and has attracted significant interest for domestic, transfer and international students.

A new diploma in Arts and Cultural Management is now being offered to students in full-time, part-time and online delivery methods.

MacEwan University is the largest member of the eCampus Alberta Consortium offering seven credentials and attracting 5,000 online registrations.

Development of Research, Scholarly and Creative Activity Strategic Plan

As an innovative institution focused on undergraduate student learning, the university is committed to encouraging a rich learning environment through scholarly activity related to discipline research, the scholarship of teaching and learning and community-engaged research. The Research Council, a standing committee of the university's Academic Governance Council, has developed a five-year Strategic Plan for Research (2012-17) to support and encourage student and faculty research, policy frameworks, funding opportunities and showcases.

The Strategic Plan for Research aims to promote faculty and student involvement in research, highlight research at the university, and increase involvement with community and industry partners. The plan outlines five strategic goals to guide research at the university: (1) Formulate principles to drive interest and commitment for research; (2) Increase institutional capacity by expanding Research Services to support faculty; (3) Develop an undergraduate research strategy that aligns with programs of study to enrich program outcomes; (4) Support the intersection between research, scholarship, and creative activity and teaching/learning; and (5) Develop a system of performance measurement.



Fitness centre expansion, pool retrofit and other capital projects

The university carried out a variety of renovation projects over the past year. The largest undertaking was the pool retrofit and fitness centre expansion. The pool retrofit includes new water circulation, filtration and lighting as well as the installation of a new air-handling unit and upgraded ventilation. The pool is scheduled to reopen in February 2013. The fitness centre, reopened in September 2012, was expanded to increase fitness space, add state-of-the-art equipment and provide better access for patrons and student athletes.

The Office of the University Registrar and Student Resource Centre (now Student Life) spaces were renovated to increase accessibility and ease of use for students.

Projects related to academic programs included the expansion of music facilities at the Centre for the Arts and Communications (CFAC) to support the new music degree and music program, the construction of a new lab for the Emergency Communications and Response program in the Robbins Health Learning Centre, and the renovation of office space which allowed the Bachelor of Communications office to move from CFAC to City Centre Campus.

Facilities department earns ISO 9001:2008 Certification

The university's Facilities department became first of its kind in a post-secondary institution in North America to earn ISO 9001:2008 certification for Quality Management Systems.

Processes are governed by three principles: "Say what you do; do what you say; and prove it," resulting in engaged and well-trained staff who provide consistently high standards of service because work procedures are thoroughly documented and readily accessible.

ISO 9001:2008 has provided the opportunity for all Facilities employees to participate in the development, refinement and continuous improvement of work processes, procedures and methods. This has resulted in a department that has total "buy-in" to the way Facilities' services are delivered at the university. The Facilities department at MacEwan University is now at the vanguard of quality improvement and sustainability processes for universities across North America.



ERP Stabilization

In order to meet its key strategic business initiatives, in January, MacEwan University embarked on a post-implementation PeopleSoft Stabilization Project. Project objectives included bringing the PeopleSoft ERP applications and underlying software to an appropriate level from a fix/patch/release perspective; and a review of the application security model to meet business requirements while maintaining appropriate controls.

While project work will continue into late 2012, the university made significant progress on the first phase of the security sustainment strategy. A number of priority reports were identified and designed, application reconfigurations were under review for the Campus Solutions student system, and a new publicly accessible online catalogue of all MacEwan courses was designed for delivery through the university website.

Finally, the university has implemented formal processes for system-change requests and security requests; created a new governance model to sustain the integrated ERP; and approved a PeopleSoft “office” concept.

External marketing and communications review

On direction from the president, the university underwent an external review of its marketing and communications activities and functions. The review was conducted by two external reviewers with broad experience working in post-secondary who provided a range of perspectives on the structure, operation and effectiveness of marketing and communication processes.

The review was conducted to help measure the effectiveness of the current model, and to identify whether changes should be introduced to maximize effectiveness. A report was issued along with recommendations which were provided to the president and the Office of Communications and Marketing at the completion of the review. The university has utilized some of the findings and the report continues to inform marketing and communications activities.



Rebranding of MacEwan University

In September, the Board of Governors approved a strategy for institutional branding. The university contracted a marketing and communications agency to facilitate the rebranding process, which has included broad campus consultation and community involvement. The goal is to define the university's brand pillars – what defines MacEwan University – and to create consistent and concrete messaging that will help position the institution in relation to other post-secondary institutions in the community.

The anticipated roll-out of a new visual identity and brand pillars is planned in two stages. Phase One will begin in February 2013 and will create the foundation for the brand pillars, internally and externally. Phase Two will occur in September 2013, and will be the full launch of a new visual identity, logo, tag line, supporting materials, signage and supporting media campaign.

Development of Emergency Planning and Response Plan

The Department of Risk and Assurance finalized the university's Emergency Planning and Response (EPR) Plan, which was informed through consultation with the EPR Advisory Committee. This comprehensive plan includes a new integrated crisis communications plan, and provides general all-hazards management guidance to allow the university to meet its responsibilities before, during and after an emergency.

Following formalization of MacEwan University's Incident Response Team in line with the Province of Alberta's emergency plan and Incident Command System, an Emergency Operations Centre was established. This positions the university as a leader among post-secondary institutions for the application of technology to manage security and incident response.



University Advancement updates

The university's two major fundraising activities were tremendously successful this year. The Mad Hatter's Gala raised more than \$1 million towards student awards programs, and the Pro-Am golf tournament raised more than \$200,000 in support of the university's Golf Management program students and Griffins athletes.

In addition to these yearly fundraising events, the Office of University Advancement began building the campaign to raise \$20 million towards the university's new Centre for Arts and Culture, which will expand the City Centre Campus and house operations from the west-end campus.

Griffins Athletics' historic year

MacEwan University Athletics programs had an historic year, with first-ever provincial titles in women's basketball (ACAC Gold) and men's cross country (ACAC Gold, CCAA Bronze). Other notable finishes include women's cross country (ACAC Silver, CCAA Silver), women's hockey (ACAC Silver), men's golf (ACAC Gold, CCAA fifth), women's golf (ACAC Gold, CCAA sixth), men's soccer (ACAC Silver) and men's curling (ACAC Bronze).

The university's student athletes demonstrated a high calibre of performance: four athletes were named as CCAA Academic All-Canadians and two as CCAA All-Canadians. In addition, the coaches of the cross country team and the women's basketball squad received CCAA National Coach of the Year titles.

MacEwan University has submitted an application to transition a portion of its college-affiliated interuniversity sports program to the Canada West Universities Athletic Conference (CW), the regional association in the Canadian Interuniversity Sports (CIS) national university sport delivery system. In preparation for this process, the university has enhanced its interuniversity sport delivery model by upgrading facilities, increasing numbers of support personnel, adding full-time coaches and improving financial support to the athletics program, which allow the university to meet the standards of university-level athletics programs.

Core Programs

Programs	2009 / 2010	2010 / 2011	2011 / 2012
Baccalaureate degrees*	19	25*	27
Applied degrees	3	3	2
Degree transfer programs	5	5	5
Career diplomas	37	36	36
Post-diploma certificates	4	4	5
Career certificates	9*	11	10
Other credit programs / projects	4	4	2
Non-credit courses offered	1,395	1,468	n/a**

Updated degree numbers reflect the number of individual degree majors as approved by Campus Alberta Quality Council.

* For purposes of comparison, some historical data has been changed due to definitional changes resulting from the implementation of the ERP.

** Due to implementation of a new student information system, this figure is not currently available.

Enrolment, Facility and Staffing Information

Enrolments and Applications	2009 / 2010	2010 / 2011	2011 / 2012
Credit full-load equivalents (FLE)	11,221	11,721	11,468
Credit student headcount	18,739	19,501	n/a**
Non-credit student headcount	16,279	16,010	n/a**
International student headcount	855	1,020	n/a**
Program applications (total)	18,441	18,503	19,217
Program applications (per quota place)	3.5	2.8	2.9

** Due to implementation of a new student information system, this figure is not currently available.

Facilities	2009 / 2010	2010 / 2011	2011 / 2012
Total supported space (m ²)	151,540	158,579	158,579
Student capacity (FLE)	11,832	11,553	11,677
Per cent of capacity utilized	90.0%	96.6%*	95%

* For purposes of comparison, some historical data has been changed due to definitional changes resulting from the implementation of the ERP.

Staffing	2009 / 2010	2010 / 2011	2011 / 2012
Credit faculty (FTE)	635	678	683
Instructional support and non-credit (FTE)	82	133	75
Supervisory and support (FTE)	772	774	839
Administration (FTE)	131	142	133
Total employees (FTE)	1620	1727	1730
Total employees (Headcount)	3166	3250	3060
Student / faculty ratio (FLE / FTE faculty)	17.7	17.3	16.8

* For purposes of comparison, some historical data has been changed due to definitional changes in how teaching and non-teaching faculty are counted, which resulted from the implementation of the ERP.

Progress Report on Achievement of
Strategic Directions and Supporting
Objectives, 2011/12 – 2013/14



Academic Programming and Delivery

Goal 1: Develop and adapt academic programs and delivery mechanisms as appropriate to a comprehensive undergraduate university.

Objectives:

1.1 Develop an implementation plan for academic programs to ensure university development and resource effectiveness.

MacEwan University's proposal for a psychiatric nursing degree reached the next stage in the review process, having been referred by the Ministry to the Campus Alberta Quality Council. A site visit has been scheduled for fall 2012. The proposed degree will build on the university's highly successful Psychiatric Nursing diploma in Edmonton and Ponoka.

In response to student demand, the Bachelor of Commerce initiated new majors in Human Resources and Marketing during 2011/12. The Bachelor of Commerce is currently oversubscribed due to significant enrolment pressure from four areas: students seeking block transfer into year three from diploma programs; transfer students from other universities; international students; and a high retention rate of domestic students within the program. In partnership with eCampusAlberta, the university is completing the development of this degree for online access delivery.

The next degree program currently under development is a Bachelor of Social Work, which builds on the university's existing Social Work diploma. This degree is designed to accommodate access for diploma graduates in Edmonton and the north. Research conducted this year demonstrates high demand for a full-time degree-completion option.

Curriculum development during 2011/12 included an emphasis on interdisciplinary programs, pathway programming from diplomas to degrees and post degree diplomas, and development of majors and minors to expand program choices for students.

1.2 Develop mechanisms and strategies to assess and address Albertans' changing domestic and international learning requirements.

During the reporting year, in response to increased student interest and demand, the university entered into a number of Memoranda of Understanding and exchange agreements designed to provide more opportunities for students to participate in study abroad programs. A policy on External Course Taking was developed in response to increased student interest in accessing courses from other institutions while at MacEwan University, and the university is working to increase its already significant offering of online courses and programs to respond to Alberta's changing domestic learning environment. In addition, the university continues to adapt its curricula to better align with student learning needs and employer requirements, and to address regulatory changes. For example, MacEwan University participates (with Alberta Health Services, the University of Alberta and NorQuest College), in the Interdisciplinary Health Education Partnership, which focuses on increased use of simulation technology to provide interdisciplinary health education.

Scholarship, Research and Artistic Creation

Goal 2: Expand the capacity for, and profile of, research and scholarly activity and artistic creation at MacEwan University.

Objectives:

2.1 Raise the profile of research, scholarly and artistic creation at MacEwan University.

To provide a framework for the expansion of research activity at MacEwan University, the university's Research Council developed a Research Strategic Plan which was approved by Academic Governance Council. A research webpage was developed, and faculty also gained access to COS Pivot 1 (a software tool that supports research collaborations and provides information about research funding). Two internal grant programs were implemented to support faculty research, and internal resources were allocated to provide seed funding for a student research initiative.

2.2 Increase university research capacity.

The university revised several key research policies to better align with tri-agency frameworks and policies, including policies regarding Responsible Conduct of Research and Scholarly Activity, Ethical Review of Research with Human Participants, and Animal Research Ethics. In addition, a policy on Visiting Scholars was developed and approved.

During 2011/12, faculty at MacEwan University became eligible to apply to the Alberta Centre for Child, Family and Community Research Grants. The university's Research Services and Faculty Commons departments offered several seminars and workshops during the year on research-related topics including research ethics, funding sources and resources.

Organizational Development

Goal 3: Develop and implement an organizational development plan to position the human resource needs of the university for the future.

The university created and recruited for a new associate vice-president position for Human Resources, which will provide leadership in the collaborative development of a comprehensive human resource plan for the institution.

Objectives:

3.1 Recommend organizational design and development strategies that address a comprehensive professional and skills development program, recruitment/retention strategies, succession planning, and workforce planning.

The Human Resources department developed a resourcing strategy which will more effectively meet the business needs of the university. A variety of health and safety initiatives were implemented, including ergonomic assessments, education sessions, asbestos removal, removal of unused and waste chemicals, and submission of Material Safety Data Sheets (MSDS) for controlled products on campus.

3.2 Review current practices of performance management at the university and make recommendations for change.

3.3 Design organizational feedback systems that inform planning and evaluation related to human resources.

An “E-performance” system was implemented. This includes workshop sessions and one-on-one training to enhance performance management practice.

Supportive Services and Processes

Goal 4: Develop and enhance student and institutional services that contribute to students’ overall experience at MacEwan University and ensure effective and sustainable operation of the university.

Objectives:

4.1 Implement a comprehensive Enterprise Resource Planning (ERP) solution that will enable improved functionality and reporting in support of student, financial and human resources systems. Ensure that post-implementation review of successes, lessons learned and training is undertaken.

In September 2011, the final modules of the PeopleSoft Campus Solutions system went into production, ending the implementation stage of the university’s ERP project. A series of stabilization activities commenced in October 2011 to ensure that the technical and functional components of the implementation were working effectively. In January 2012 the university approved a post-implementation Stabilization Project to review system functionality, refine the system configuration to support more effective business process, and improve reporting and access to data. Work on this project continued through June and will conclude in late 2012.

The Stabilization Project’s objectives were to:

- Bring the PeopleSoft ERP applications and underlying software current to an appropriate level from a fix/patch/release perspective.
- Review the application security model from the perspective of meeting business requirements while maintaining appropriate controls, and separation of duties.
- Address the following requirements within the context of the Stabilization Project time frame or identify the requirement as a post-stabilization initiative:
 - development of new functionality, queries and reports
 - enhancement of existing functionality, queries and reports
 - identification, review and documentation of selected business processes related to PeopleSoft
 - development and delivery of training in support of above requirements
 - development of short- and long-term strategies to meet ongoing reporting, business process and training needs
- Define and implement a model for ongoing sustainment of the ERP including governance and the management of break/fix items, security change requests, enhancement requests, etc.

4.2 Enhance financial management and administrative processes and structures to improve decision support and enhance operational efficiency and effectiveness, while recognizing the impact of these structures on human resources.

A business process management position was established and will soon be open for recruitment. This position will provide ongoing support for process-improvement initiatives. New process developments during 2011/12 included implementation of capital account review/reconciliation, student account non-payments and cancellations, accommodation of students under contract, and conversion of Foundation results from the Restricted Method to the Deferral method for monthly financial statements. New documentation and reference materials were developed for budget and forecast processes, and new month-end, quarterly and year-end closing processes were implemented to improve the quality and integrity of financial data.

4.3 Develop frameworks and mechanisms for reflective self-study, peer review and benchmarking of services.

The university adopted a new policy and process for academic program reviews which strongly emphasizes both faculty self-study and external peer review. Through this process, self-studies, including external peer reviews, were completed for the Bachelor of Arts and Bachelor of Child and Youth Care programs and submitted to the Campus Alberta Quality Council. A major self-study to address the Quality Council's requirements for re-accreditation of the university as a degree-granting institution was also completed, with a site visit scheduled for fall 2012.

Several evaluations of service and support areas were also undertaken, including an external benchmarking component wherever appropriate and practical. A thorough review of university policy and practices in regard to service evaluations will be undertaken in the fall of 2012, with emphasis on external peer review and benchmarking in balance with self-study and internal assessment. Various service areas, including Facilities and Financial Services, have also undertaken their own quality initiatives, including ISO certification for Facilities, internal quality audits and reviews of business processes.

A peer review process has also been adopted for online course development. All new or redeveloped online courses are first piloted and peer reviewed, and MacEwan University offerings through eCampusAlberta are subject to external peer review through the Essential Quality Standards process.

The university has also increased its emphasis on benchmarking its overall performance against other Canadian universities, through regular participation in and utilization of the results from Canada-wide surveys such as the Canadian University Survey Consortium, National Survey on Student Engagement and *Globe and Mail's* Canadian University Report.

4.4 Develop and implement program-specific and institution-wide initiatives to support student learning and academic success that recognize the centrality of the faculty-student relationship and the diversity of our students.

The university implemented a wide range of student success projects and initiatives during 2011/12, including the following:

- developed a socio-cultural competency model that will assist international and domestic students as well as faculty members to attune to individual differences arising from culture-of-origin
- adapted and streamlined all administrative processes relating to supports for students with disabilities

- developed and offered an academic integrity workshop for domestic and international students
- launched a Learning and Living Cluster for residence students in Nursing. This is an opportunity for students from a specific program to live in proximity to one another to facilitate study and group work
- launched Student Life 101, an online magazine for students and parents on adopting and maintaining a healthy lifestyle and personal wellness while at university and beyond
- hosted speaker panels that address career paths in a variety of industries and types of work, including self-employment and artistic career paths

4.5 Develop and implement systems, operations, processes and procedures in support of sustainability and environmental principles.

A number of significant initiatives were undertaken with respect to environmental sustainability, including:

- adoption of sustainable lighting, building mechanical and electrical standards and specification
- development of an Office of Sustainability website
- initiated a study on the feasibility and effectiveness of alternative and renewable energy sources

The university was proud to receive LEED Silver Certification from the Canada Green Building Council for the Robbins Health Learning Centre.

To ensure long-term progress in this regard, a Campus Sustainability Plan was developed and adopted. Its three key pillars are: education for sustainable development; sustainable operations; and administration, planning and engagement. The plan includes more than 78 action items, and a number of actions under each pillar were completed during the reporting year.

Single Sustainable Campus

Goal 5: Develop a single, sustainable campus on the City Centre Campus site by 2020.

Objectives:

5.1 Obtain necessary approvals and funding from key provincial ministries to implement the single sustainable campus model in a phased approach.

During the reporting year, the university's Board of Governors directed administration to proceed with the planning and design of the Centre for Arts and Culture. Bing Thom and Associates and Manasc Isaac architects were selected to design the new Centre. Administration continues to work with the City on the potential sale of the Centre for the Arts and Communications and is seeking buyers for South Campus through the services of a commercial realtor.

5.2 Develop a learning space plan, with strong faculty input and participation, to inform mid-range facilities planning.

The Learning Space Management Planning Committee, which includes teaching faculty from each of the four faculty/schools, developed and adopted a series of documents to inform how learning spaces (classrooms, laboratories, studios, etc.) will be planned, allocated and assigned in the future. These documents will serve to inform mid- and long-range planning for future learning buildings. The committee reviewed the university's scheduling principles, developed a white paper titled *The Future of Learning Space*, and reviewed submissions from each faculty/school that provided overviews on the impact of their specific curricula on learning space requirements. The committee

completed its task by documenting Learning Space Design Principles and Guidelines to be used for future learning space design and development.

5.3 Develop a phased plan for long-term campus development.

The schematic design for the new Centre for Arts and Culture was completed, and a campus transportation and parking plan was nearing completion by the end of the reporting year. Plans for the university's new Centre for Arts and Culture were presented to the Edmonton Design Committee as part of the pre-consultation stage. The university also worked with City Sustainable Development to establish a new Urban Institutional Development zone that will replace the City Centre Campus DC2 Zoning, and facilitate long-term campus development.

6.2 Plan and initiate the Building to 50 Campaign.

Background preparations for the Building to 50 Years Campaign started in the fall of 2011. The campaign goal over ten years is to raise \$50 million for new facilities, \$25 million for student scholarships, bursaries and awards, and \$15 million for enhancing the student experience through academic projects. The first three-year phase of the campaign focuses on raising \$20 million for the new Centre for Arts and Culture. As of June 30, MacEwan University completed property valuations for sponsorship assets and philanthropic gifts. Centre for Arts and Culture building donor and sponsor solicitations started in June. Since the inception of this campaign, more than \$9.4 million has been received and pledged, mostly supporting the student scholarship goal.

Community Investment

Goal 6: To enhance community investment in MacEwan University, with a particular focus on supporting student awards, facilities development and academic initiatives.

Objectives:

6.1 Complete the Front and Centre Campaign by 2011.

The Front and Centre Campaign closed on June 30, 2011. \$40,503,000 was raised (101% of target).

Performance Measures

MacEwan University's *Strategic Plan and Budget Strategies for 2011/12 – 2013/14* identified a number of performance measures. The table below provides three years of performance data on each measure, up to the 2011/12 reporting year. It must be noted that most university surveys, such as the Student Satisfaction and Graduate Surveys, are conducted bi-annually, and that the three data years are not necessarily the last three calendar years.

Measure	Performance History				Comments
	Year 1	Year 2	Year 3	Target	
STUDENT FOCUS					
Student Satisfaction with Overall Quality of Educational Experience	99% (2009/10 Baccalaureate Survey)	96% (2010/11 Satisfaction Surveys)	97% (2011/12 Baccalaureate Survey)	95% fully/ somewhat satisfied	Student surveys show that MacEwan University continues to exceed its goal of 95% overall student satisfaction.
Graduate Employment Rate (total employment)	97% (2006/07 Graduate Survey)	95% (2008/09 Graduate Survey)	95% (2010/11 Graduate Survey)	95%	Graduate Surveys show that MacEwan University has met or exceeded its graduate employment target since 2006/07.
Tuition fees relative to comparable Alberta institutions (degree-granting)	2009/10 \$4,498 (second lowest of 7)	2010/11 \$4,522 (second lowest of 7)	2011/12 \$4,590 (Lowest of 7)		MacEwan University's tuition fees are affordable compared with other public degree-granting institutions in Alberta.
Dollar value of scholarships/bursaries awarded/FLE	2009/10 \$1.929M \$173/FLE	2010/11 \$2.356 M \$201/FLE	2011/12 \$2.780M \$242/FLE	Annual Increase	Total awards increased by 18%, while \$ value of awards per FLE grew by 20%.
PROGRAM & SERVICE QUALITY					
Access/Enrolment	2009/10 11,157 FLE (105% of plan)	2010/11 11,721 FLE (104% of plan)	2011/12 11,468 FLE (99% of plan)	100% of planned FLE	MacEwan University's 2011/12 enrolment was 99.4% of its target (-68 FLE).
Student Satisfaction with Quality of Instruction	99% (2009/10 Baccalaureate Survey)	95% (2010/11 Satisfaction Surveys)	94% (2011/12 Baccalaureate Survey)	95% fully/ somewhat satisfied	Satisfaction with the quality of instruction has averaged 96% over the last three years. (Note: Baccalaureate Survey results reflect only five degree programs).
RESOURCE ACQUISITION & UTILIZATION					
Achievement of fundraising targets	\$35.7 M (Yr. 4)	\$40.5 M (Yr. 5)	\$9.432 M (Yr. 1)	\$90 M (10 years)	2011/12 was the first year of the Building to 50 campaign. Areas of focus are the new Centre for Arts and Culture, scholarships and bursaries, and projects that enhance teaching and learning.
Per cent expenditure on administration*	2009/10 10.2%	2010/11 9.3%	2011/12 9.2%	<11.0%	MacEwan University continues to maintain administrative expenditures well below its targeted level of 11%.

* using Ministry KPI/FIRS definition+



Management's Discussion and
Analysis: Achievement of Strategic
Directions and Supporting
Objectives, 2011/12 – 2013/14

Academic Programming and Delivery

Continued progress in the implementation of degree programming was achieved during 2011/12, with launch of two new degrees within the university's Centre for the Arts and Communications (Bachelor of Communication Studies and Bachelor of Music in Jazz and Contemporary Popular Music), implementation of two new majors (human resources and marketing) in the Bachelor of Commerce program, and continued development of programs for delivery through eCampusAlberta. MacEwan University is now the largest provider of online programming within eCampusAlberta. The university also continued to develop submissions for degrees in psychiatric nursing and social work. Strong student demand for MacEwan University's degree programs was reflected by the fact that the university achieved 100 per cent of its enrolment target for baccalaureate programs in 2011/12, by application/intake ratios of between 3 and 8:1 for degree entry, and by growth of nearly 7 per cent in enrolment in degree programs, which now account for over 50 per cent of the university's total credit enrolment. Development of non-degree programming also continued, with the implementation of the diploma in Arts and Cultural Management in Fall 2011.

In keeping with the goals of Campus Alberta objective, MacEwan University continued to expand block transfer opportunities for students from Alberta colleges to access MacEwan University programs. A partnership agreement with Grande Prairie Regional College (GPRC) will enable block transfer of GPRC students into the university's Bachelor of Arts, Bachelor of Science and Bachelor of Commerce programs. Work also continued on the development of pathways from diploma to degree and post-diploma programming.

The success of degree programs and transfer arrangements is reflected in the fact that MacEwan University was the top receiving institution in Alberta in Fall 2011, according to the Alberta Council on Admissions and Transfer. However, the demand for access to the university's degree programs (in commerce and science in particular), the success of our block transfer arrangements, and the need to accommodate demand from international students, are creating significant issues of enrolment management relative to funding levels and space availability. Enrolment caps have had to be instituted for the Bachelor of Science in Nursing and Bachelor of Commerce degrees, and similar action will likely be required for the Bachelor of Science degree in the near future. The university needs to balance the needs of first year students wishing a degree completion opportunity at MacEwan University and the growing demand of diploma transfer students also seeking degree completion. The approach to pathway curriculum is now becoming significantly limited.

Scholarship, Research and Artistic Creation

The university made considerable progress toward its long-range goal of expanding its capacity for research, scholarly activity and artistic creation, particularly in regard to establishing policy frameworks and other infrastructure to support research initiatives. Through the provision of seminars and workshops and the establishment of internal grant programs for faculty and student research, the university continued to foster research activity in the three key streams of discipline-based research, the scholarship of teaching and learning, and community-engaged scholarship, all in balance with the university's primary focus on excellence in undergraduate teaching and learning.

Organizational Development

Several key steps were taken to initiate a more focused approach to organizational development and human resource planning, including the creation of a key leadership position in this area and the implementation of a new system to enhance performance management.

Supportive Services and Processes

Key accomplishments in regard to university goals and objectives in this area included the following:

- A post-implementation stabilization project to enhance the functionality, reporting capability and business process impact of the university's PeopleSoft ERP system. This project was designed to address a number of significant challenges that had arisen during the process of implementing the PeopleSoft financial, human resource and student systems.
- A number of improvements in financial management, including changes in process and better documentation, to address recommendations of the Auditor General of Alberta.
- Continued refinement of processes for both academic program review and evaluation of service and support departments.
- Completion of a major self-study to address the Campus Alberta Quality Council's requirements regarding re-accreditation of the university's degree-granting status.
- Continued external benchmarking through participation in the Canadian University Survey Consortium and Canadian University Report (*Globe and Mail*) surveys. The university was gratified by the results reported from both surveys during 2011/12, which demonstrated that its programs, services and student outcomes are fully comparable and in some cases superior to those of many other Canadian universities.

- Pursuit of a wide range of initiatives designed to enhance student success.
- Adoption of a Campus Sustainability Plan to guide future initiatives in support of sustainability and environmental principles.

Single Sustainable Campus

The university took a major step toward reaching its goal of a single sustainable campus during 2011/12: the decision to proceed with detailed planning and design for the next major phase of this development – the new Centre for Arts and Culture. Planning also proceeded for the disposition of the South Campus and the existing Centre for the Arts and Communications as necessary steps toward the long-term goal of campus consolidation. While no buyer for the South Campus was found during the reporting year, work on a number of options in this regard continues.

Community Investment

Building on the successful completion of the Front and Centre campaign, which raised over \$40 million, the university launched its Building to 50 Years Campaign, with a goal of raising \$90 million over 10 years with three major goals: \$50 million to support a new Centre for Arts and Culture; \$25 million to increase student scholarships; bursaries and awards; and \$15 million to enhance the student experience through special academic projects. Over \$9 million was received and pledged since the inception of this campaign, which bodes very well for its ultimate success.

Performance Measures

MacEwan University met or exceeded targets in most of the institution-wide performance measures identified in its Strategic Plan and Budget Strategies for 2011/12. Enrolment fell just short of the planned level (143 FLE or 1.2%), which cannot be considered a significant variance. Similarly, student satisfaction with instructional quality was 1 per cent below the target of 95 per cent, but the three-year average on this measure remained above target at 96 per cent.

Summary

From a variety of perspectives (including program development, enrolment growth, expansion of research activity, capital planning and enhancement of service and support operations), the 2011/12 academic year was highly successful for MacEwan University. At the same time, limits on program and overall operational funding continue to pose significant longer-term challenges. Addressing these challenges will be a major focus of university planning over the next few years.

A photograph of a modern building with a stone facade and a glass entrance, with a blue text box overlaid on the top left. The building features several tall, narrow stone pillars and a large glass entrance area. The sky is a mix of blue and purple, suggesting dusk or dawn. The foreground shows a paved walkway and some greenery.

Management's Discussion and Analysis:
Consolidated Financial Statements for
the year ended June 30, 2012

This discussion and analysis of the consolidated financial statements for the year ended June 30, 2012 should be reviewed in conjunction with the audited consolidated financial statements and accompanying notes. The financial statements represent the consolidated financial results of operations of Grant MacEwan University and the Grant MacEwan University Foundation.

Assets Highlights

Total assets decreased \$2.8 million (0.6%) from \$444.0 million at June 30, 2011 to \$441.2 million at June 30, 2012.

Cash and cash equivalents decreased \$38.8 million, which is offset substantially by an increase in short-term investments of \$36.8 million as a result of the transfer of funds to short-term investment to better manage the cash balance and to obtain an increase in investment earnings. The university continues to hold cash, cash equivalents and short-term investments in anticipation of cash flows required for the proposed construction activities to develop a single sustainable campus on the City Centre site.

Capital assets and collections decreased from \$286.2 million at June 30, 2011 to \$285.1 million at June 30, 2012, a net decrease of \$1.1 million. During the year, the university had \$14.5 million capital assets purchases consisting of land near the City Centre Campus, building and site improvements, enterprise resource planning (ERP) systems, and capital equipment required to support the university. Amortization of capital assets during the year was \$15.3 million.

Liabilities Highlights

Total liabilities decreased \$6.0 million from \$246.3 million to \$240.3 million.

Accounts payable and accrued liabilities increased \$7.3 million (31.0%) from \$23.7 million at June 30, 2011 to \$31.0 million at June 30, 2012 as a result of increase in amounts owing for major projects in progress at June 30, 2012 (expansion of the Christenson Family Centre for Sport and Wellness and the planning for the single sustainable campus), increased vacation liability to staff and faculty, and the timing of payroll related payments including retroactive pay as a result of settlement of the collective agreement with the MacEwan Staff Association and out of scope employees.

Deferred contributions decreased \$7.4 million (33.8%) due to expenditure of one-time conditional funding received to support the expansion of degree programs; scholarship disbursements and the net decrease in investment earnings on endowment funds; and approved transfer of Access to the Future funds and other funds to endowments.

Unamortized deferred capital contributions represent the unamortized grants and donations received to fund capital acquisitions. During the year, \$1.9 million of capital assets were purchased with grants and donations funding, offset by \$6.7 million amortization of current and prior years' externally funded capital assets. The net change is a \$4.8 million (3.3%) decrease in unamortized deferred capital contributions.

Net Assets Highlights

The net assets for the university increased \$3.2 million (1.6%) from \$197.7 million at June 30, 2011 to \$200.9 million at June 30, 2012.

Endowments net assets increased by \$4.5 million (11.2%). See Note 10 of the consolidated financial statements for more information.

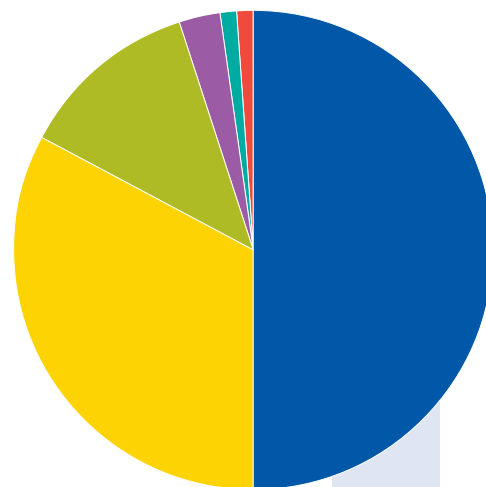
Investment in capital assets and collections increased \$5.3 million, and includes \$12.7 million cost of capital asset purchases during the year offset by amortization of internally funded capital assets. See Note 12 of the consolidated financial statements for additional information.

The net decrease of \$5.6 million in internally restricted net assets is a result of \$12.8 million spent on capital activities and \$2.4 million spent on operating activities, offset by \$9.7 million additional appropriation by the Board of Governors to support capital renewal and campus development. See Note 13 to the consolidated financial statements for additional information.

Revenue Highlights

REVENUE

2012: \$222.1 million (2011: \$222.6 million)



	2012	2011
Government of Alberta grants	50%	49%
Federal/other government grants	0%	0%
Student tuition and fees	33%	33%
Sales of services and products	12%	12%
Amortization of deferred capital contributions	3%	3%
Contract programs	1%	1%
Donations and other grants	0%	0%
Investment income	1%	2%

The total revenue decreased from \$222.6 million in 2011 to \$222.1 million in 2012, with the percentage split being consistent from 2011 to 2012. Information on the major revenue categories are noted below.

Government of Alberta Grants

Government of Alberta grants represent approximately 50 per cent of the university's revenues, the majority of which comes from the Province of Alberta as Campus Alberta Grant.

During the year the university received \$1.4 million for the Bachelor of Science degree (BSc.) and \$0.7 million as a supplemental grant for the nursing program.

Student tuition and fees

Tuition fees charged by the university are set in accordance with provincial tuition fee regulations which set a cap on increases in tuition and mandatory instruction fees based on the Alberta consumer price index. Other optional fees or fees for materials and supplies are established at a level to recover the costs of services, materials and supplies.

Tuition revenues were down slightly from 2011 due to some decline in enrolment in Open Studies, English as a Second Language and University and College Preparation. Other areas such as international student enrolment and higher enrolment in the Bachelor of Commerce and Bachelor of Science programs partially offset some of the decreases noted above.

Sales of services and products

Sales directly to students in the Bookstore, food outlets, and instruction materials represent almost 50 per cent of the revenue in this category. This category is therefore very much enrolment driven. The slight decrease from prior year is due to a decline in enrolment, program cycles (timing of the publication of version updates), and the university no longer selling textbooks to University of Lethbridge students at the Alberta College campus.

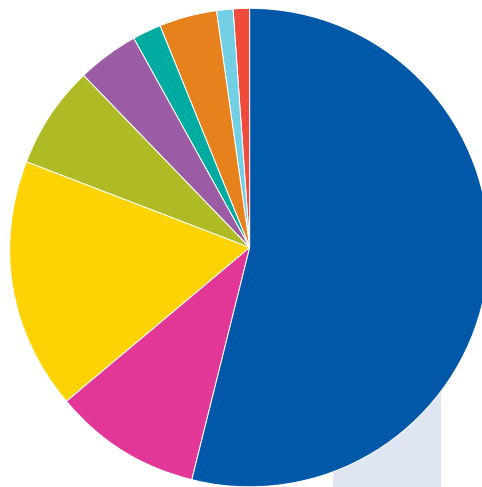
The next significant revenue contributor in this category is residence rental income, which experienced a slight increase from the prior year.

Parking experienced a significant increase over prior year due to approved rate increases at all locations.

Expense Highlights

EXPENSES

2012: \$222.4 million (2011: \$208.0 million)



	2012	2011
Salaries	54%	55%
Employee benefits	10%	9%
Materials, supplies and services	17%	17%
Amortization of capital assets	7%	7%
Cost of goods sold	4%	5%
Utilities	2%	2%
Maintenance and repairs	4%	3%
Scholarships and bursaries	1%	1%
Interest on long-term debt	1%	1%

Total expenses increased \$14.4 million (6.9%) from prior year, with the percentage split being consistent from 2011 to 2012. Information on the major expense categories are noted below.

Salaries and employee benefits

Salaries increased \$6.6 million (5.9%), and employee benefits increased \$1.7 million (8.7%) due to increased salary rates, the number of faculty required for the increased enrolment in degree programs, and staffing costs required to enhance the functionality and stabilization of the enterprise resource planning system.

New positions approved as part of the Strategic Plan moving forward reflect the University's commitment to the student experience including additional staff for athletics, career services, the registrar, a new welcome center, and research.

Materials, supplies and services

Materials, supplies and services increased from \$35.8 million in 2011 to \$37.4 million in 2012, an increase of \$1.5 million (4.3%). The majority of this increase was due to staff development costs and for professional services to support legal services, financial services and enterprise resource planning system enhancement and stabilization.

Amortization of capital assets

Amortization of capital assets increased due to a full year's amortization of the enterprise resource planning system, the University Service Centre and other building improvements capitalized in 2011.

Maintenance and repairs

Increase in maintenance and repairs expense is a result of planned building and roof improvements using Infrastructure Maintenance Program funding from the Province of Alberta.

Scholarships and bursaries

Over the past few years the university has been increasing the amount of endowment funds available to support student scholarships, resulting in an increase in scholarships provided to students.

Excess/(Deficiency) of Revenue Over Expense

The Board of Governors approved a balanced budget for 2012 based on \$222.3 million in revenue and expenses. Actual total revenue and total expense were very close to budget, resulting in a small deficit of \$0.3 million (0.12% of budget revenue).



Consolidated Financial Statements
for the year ended June 30, 2012

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Management's Responsibility for the Consolidated Financial Statements

The accompanying financial statements of Grant MacEwan University are the responsibility of management and have been approved by the Board of Governors. The consolidated financial statements have been prepared by management in conformity with generally accepted accounting principles described in Note 2.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, guidelines and procedures, and a formal authorization structure. This system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Board of Governors carries out its fiduciary responsibility for financial management of the University through its Audit and Finance Committees. The Audit Committee meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit Committee, with and without the presence of management.

The Auditor General of the Province of Alberta, the University's external auditor, appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements.

On behalf of management,

Original signed by David W. Atkinson

David W. Atkinson, PhD
President

Original signed by Brent Quinton

Brent Quinton, CA, MBA
VP, Finance and Administration & CFO



Independent Auditor's Report

To the Board of Governors of Grant MacEwan University

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of Grant MacEwan University, which comprise the consolidated statement of financial position as at June 30, 2012, and the consolidated statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grant MacEwan University as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher, FCA

Auditor General
October 25, 2012
Edmonton, Alberta

Consolidated Statement of Financial Position

As at June 30, 2012 (thousands of dollars)

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 3)	\$ 20,336	\$ 59,123
Short-term investments (Note 4)	62,292	25,471
Accounts receivable	4,648	5,595
Inventories and prepaid expenses	5,107	5,103
	<u>92,383</u>	<u>95,292</u>
Long-term investments (Note 4)	63,702	62,510
Capital assets and collections (Note 5)	285,113	286,174
	<u>\$ 441,198</u>	<u>\$ 443,976</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 31,062	\$ 23,715
Current portion of employee future benefit liabilities (Note 8)	15	-
Deferred revenue	5,650	5,354
Deferred contributions (Note 6)	14,518	21,938
Current portion of long term liabilities (Note 9)	1,673	1,581
	<u>52,918</u>	<u>52,588</u>
Employee future benefit liabilities (Note 8)	678	514
Deferred contributions, capital (Note 6)	216	213
Unamortized deferred capital contributions (Note 7)	142,132	146,953
Long term liabilities (Note 9)	44,310	45,983
	<u>240,254</u>	<u>246,251</u>
Net Assets:		
Endowments (Note 10)	44,366	39,887
Investment in capital assets and collections (Note 12)	96,997	91,656
Internally restricted (Note 13)	58,092	63,679
Unrestricted	1,489	2,503
	<u>200,944</u>	<u>197,725</u>
	<u>\$ 441,198</u>	<u>\$ 443,976</u>

Contractual obligations and contingent liabilities (Note 17 and Note 18)

Approved by the Board of Governors:

Original signed by John Day

Chair, Board of Governors

Original signed by David W. Atkinson

President

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Operations

For the Year Ended June 30, 2012 (thousands of dollars)

	Budget 2012 (Note 16)	2012	2011
REVENUE			
Government of Alberta grants	\$ 108,199	\$ 110,869	\$ 109,004
Federal and other government grants	95	191	107
Student tuition and fees	73,057	72,305	72,800
Sales of services and products	26,002	26,310	26,445
Amortization of deferred capital contributions (Note 7)	6,000	6,696	6,321
Contract programs	3,980	1,924	2,547
Donations and other grants	1,666	1,013	1,483
Investment income (Note 11)	3,303	2,826	3,904
	<u>222,302</u>	<u>222,134</u>	<u>222,611</u>
EXPENSE			
Salaries	124,412	120,226	113,581
Employee benefits	18,845	20,883	19,217
Materials, supplies and services	35,127	37,368	35,841
Amortization of capital assets	15,568	15,338	13,591
Cost of goods sold	9,595	9,277	9,582
Utilities	5,034	4,765	5,125
Maintenance and repairs	8,732	9,075	5,958
Scholarships and bursaries	2,219	2,796	2,319
Interest on long term debt	2,770	2,666	2,748
	<u>222,302</u>	<u>222,394</u>	<u>207,962</u>
Excess/(Deficiency) of revenue over expense	\$ -	\$ (260)	\$ 14,649

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets

For the Year Ended June 30, 2012 (thousands of dollars)

	Endowments (Note 10)	Investment in Capital Assets and Collections (Note 12)	Internally Restricted Net Assets (Note 13)	Unrestricted Net Assets (deficit)
NET ASSETS, JUNE 30, 2010	\$ 30,791	\$ 58,490	\$ 80,588	\$ 1,474
Excess of revenue over expense	-	-	-	14,649
Investment income (Note 11)	392	-	-	-
Endowment contributions	8,693	-	-	-
Net transfers	11	-	-	(11)
Net change in investment in capital assets (Note 12)	-	30,518	-	(30,518)
Contributions of assets not subject to amortization (Note 12)	-	2,648	-	-
Net expenditures of internally restricted net assets	-	-	(16,909)	16,909
NET ASSETS, JUNE 30, 2011	\$ 39,887	\$ 91,656	\$ 63,679	\$ 2,503
Excess/(Deficiency) of revenue over expense	-	-	-	(260)
Investment income (Note 11)	(401)	-	-	-
Endowment contributions	3,880	-	-	-
Net transfers	1,000	-	-	(1,000)
Net change in investment in capital assets (Note 12)	-	5,341	-	(5,341)
Contributions of assets not subject to amortization (Note 12)	-	-	-	-
Net expenditures of internally restricted net assets	-	-	(5,587)	5,587
NET ASSETS, JUNE 30, 2012	\$ 44,366	\$ 96,997	\$ 58,092	\$ 1,489

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For the Year Ended June 30, 2012 (thousands of dollars)

	2012	2011
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES:		
Excess/(Deficiency) of revenue over expense	\$ (260)	\$ 14,649
Add (deduct) non-cash items:		
Allowance for doubtful accounts	(20)	(84)
Amortization of capital assets	15,338	13,591
(Gain)/Loss on disposal of capital assets	197	79
Amortization of deferred capital contributions	(6,696)	(6,321)
Gift in Kind	(22)	(247)
Change in employee future benefit liabilities	179	127
Change in unrealized (gain) loss on investments	2,325	(4,493)
	<u>11,041</u>	<u>17,301</u>
Net change in non-cash working capital (*)	(35,634)	2,371
	<u>(24,593)</u>	<u>19,672</u>
CASH USED IN INVESTING ACTIVITIES:		
Purchases of capital assets and collections, net of proceeds from disposals	(14,458)	(44,470)
Purchase of long term investments, net of sales	(3,913)	(8,316)
	<u>(18,371)</u>	<u>(52,786)</u>
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES:		
Endowment contributions	3,880	8,693
Capital contributions	1,878	7,057
Long term liabilities - repayments	(1,581)	(1,519)
	<u>4,177</u>	<u>14,231</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,787)	(18,883)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,123	78,006
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 20,336</u>	<u>\$ 59,123</u>
(*)NET CHANGE IN NON-CASH WORKING CAPITAL:		
(Increase) decrease in accounts receivable	\$ 966	\$ (1,163)
(Increase) decrease in short-term investments	(36,821)	(408)
(Increase) decrease in inventories and prepaid expenses	(2)	(22)
Increase (decrease) in accounts payable and accrued liabilities	7,347	3,338
Increase (decrease) in deferred revenue	296	56
Increase (decrease) in deferred contributions	(7,420)	570
	<u>\$ (35,634)</u>	<u>\$ 2,371</u>

The accompanying notes are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

NOTE 1 **AUTHORITY AND PURPOSE**

The Board of Governors of Grant MacEwan University is a corporation which manages and operates Grant MacEwan University (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, Enterprise and Advanced Education, with the exception of the President, who is an ex officio member. Under the Post-Secondary Learning Act, Campus Alberta Sector Regulation, the University is a Baccalaureate and Applied Studies Institution offering baccalaureate degrees, certificates, diplomas, and applied degrees as well as a full range of continuing education programs and activities. The University is a registered charity, and under Section 149 of the Income Tax Act (Canada), is exempt from payment of income tax.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

(a) **General - Generally accepted accounting principles (GAAP) and use of estimates**

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. University management uses judgment to determine such estimates. Employee future benefit liabilities and amortization of capital assets 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) **Consolidated Financial Statements**

These consolidated financial statements include the accounts of the Grant MacEwan University Foundation, which operates under part 9 of the Companies Act of Alberta for the support and advancement of the University. The Foundation is a registered charity and is exempt from payment of income tax.

(c) **Capital Assets and Collections**

Capital asset acquisitions are recorded at cost. Donated assets are recorded at fair value, when a fair value can be reasonably determined. Collections are not amortized and include the portion of library assets with permanent value and works of art held for education and public exhibition purposes.

Capital assets, once placed into service are amortized on a straight-line basis over the following estimated useful lives:

Buildings and site improvements	10 to 40 years
Furniture, equipment and vehicles	3 to 25 years
Library materials	10 years
Computers and telecommunications equipment	3 to 5 years
Equipment under capital lease	period of the lease

(d) **Asset Retirement Obligations**

The fair value of a liability for an asset retirement obligation is recognized in the period incurred, if a reasonable estimate of fair value based on the present value of estimated future cash flows can be made. The associated asset retirement costs are capitalized as part of the net book value of the asset and amortized over its estimated useful life.

(e) **Revenue Recognition**

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

- Tuition fees when the instruction is delivered.
- Revenues received for services and products when the services or products are substantially provided and collection is reasonably assured.
- Unrestricted contributions when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income when earned; this includes interest, dividends, realized and unrealized gains and losses.
- Donations of materials - are recorded at fair value when a fair value can be reasonably determined and when materials would otherwise have been purchased.
- Pledges, when collected.
- Restricted contributions - based on the deferral method.

Deferral method

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

Contributions to acquire capital assets with limited lives are first recorded as deferred capital contributions when received and when expended they are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

Endowment contributions are recognized as direct increases in endowment net assets. Investment earnings, under agreements with benefactors or the Post-Secondary Learning Act allocated to endowment principal, are also recognized as direct increases in endowment net assets. Endowment investment earnings that are allocated for spending are deferred and recognized as revenue when the conditions of the endowment are met.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

(f) Inventories

Inventories held for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis. Inventories held for consumption are valued at cost.

(g) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at daily exchange rates. Gains or losses from these transactions are included in investment income.

(h) 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.

Supplementary Retirement plans

The University maintains a supplementary pension plan for its senior executives. The pension expense for the defined benefit supplementary retirement plan is actuarially determined using the projected benefit method prorated on service. Actuarial gains or losses on the accrued benefit obligation are amortized over the expected average remaining service life.

(i) Financial Instruments

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

<u>Financial Statement Components</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held-for-trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Accrued vacation pay	Other liabilities	Amortized cost
Long-term liabilities	Other liabilities	Amortized cost

Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in the Statement of Operations. Financial instruments classified as loans and receivables or other financial liabilities are measured at amortized cost with gains and losses recognized in the Statement of Operations when the asset or liability is derecognized.

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

Financial instruments of the University are exposed to market risk, liquidity risk, credit risk, interest rate risk, and commodity price risk.

Market Risk

The University is subject to market risk, foreign currency and interest rate risk with respect to its investment portfolio. To manage these risks, the University has established a target mix of investment types designed to achieve the optimal returns within reasonable risk tolerance.

Liquidity Risk

The University maintains a comprehensive cash management process to ensure funds are available to meet current and forecasted financial requirements as cost effectively as possible.

Credit Risk

The credit risk from accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed by restricting enrolment activities for students with delinquent balances and maintaining standard collection 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. The risk is managed by maintaining an appropriate mix of maturity dates for the University's fixed income securities.

Commodity Price Risk

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

All derivative financial instruments of the University are classified as held for trading. The University does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. Forward contracts are marked to market at the end of each reporting period with any changes in the market value recorded in the statement of operations when the changes occur. As permitted for not-for-profit organizations, the University has elected to not apply the standards on derivatives embedded in non-financial contracts, and the University has elected to continue to follow Canadian Institute of Chartered Accountants (CICA) 3861: Disclosure and Presentation.

(j) **Capital Disclosures**

The University defines its capital as the amounts included in deferred contributions (Note 6), endowment net assets (Note 10) and unrestricted net assets. A significant portion of the University's capital is externally restricted and the University's unrestricted capital is funded primarily by Alberta Enterprise and Advanced Education, other government funding agencies, donations and the University's entrepreneurial activities. The University has investment policies (Note 4), spending policies and cash management procedures to ensure the University can meet its capital obligations.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

Under the Post-Secondary Learning Act, the University must receive ministerial or Lieutenant Governor in Council approval for a deficit budget, mortgage and debenture borrowing and the sale of any land, other than donated land, that is held by and being used for the purposes of the University.

(k) Contributed Services

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

(l) Future Accounting Changes

The Canadian Public Sector Accounting Board (PSAB) has issued a framework of financial reporting for government not-for-public-organizations. The framework will be effective for fiscal years beginning on or after January 1, 2012. Effective July 1, 2012, the University will adopt the Canadian Public Sector Accounting (PSA) standards without the public sector PS 4200 series. Adopting these new standards will impact the University's financial statements. As a result, administration continues to identify the major difference between current and Canadian PSA accounting and reporting standards. Administration is developing a transition plan and continues to work through the remaining differences. The quantitative impact of the transition cannot be fully and reasonably determined at this time.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents with a maximum maturity of 90 days at date of purchase are as follows:

	2012	2011
Cash	\$ 20,336	\$ 59,123

NOTE 4 INVESTMENTS

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

	2012	2011
	Market Value	Market Value
Short term GIC	\$ 25,892	\$ 25,471
Pooled Funds		
Common stocks and equivalents	32,182	31,133
Fixed income securities	24,717	26,136
Cash and equivalents	6,012	2,328
Cash holdings	36,400	2,129
Cash surrender value of planned gifts (life insurance policies)	791	766
Other	-	18
	<u>\$ 125,994</u>	<u>\$ 87,981</u>
Short-term investments	\$ 62,292	\$ 25,471
Long-term and other investments	63,702	62,510
	<u>\$ 125,994</u>	<u>\$ 87,981</u>

As at June 30, 2012, the average annualized effective yields and the terms to maturity are as follows:

- Pooled Funds - Cash and equivalents: 1.25% (2011 - 1.01%); term to maturity: less than one year.
- Pooled Funds - Fixed income securities: 3.57% (2011 - 3.82%); term to maturity: range from more than one year to less than 10 years.

The University has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The University's Investment Committee, a committee of the Board of Governors, has been delegated authority for oversight of the University's investments. The Investment Committee meets regularly to monitor investments, to review investment manager performance, ensure compliance with the University's investment policies and to evaluate the continued appropriateness of the University's investment policies.

In accordance with the asset allocation of MacEwan's new investment policy, approved by the Board of Governors, \$36,400 was reinvested on July 5, 2012.

The University's long-term and other investment holdings are managed by RBC Dominion Securities using a specified range of asset mix in pooled funds to achieve an acceptable return and risk appropriate for a publicly funded post-secondary educational institution. The investment holdings managed by RBC Dominion Securities are currently separated into two funds, Unrestricted Operating and Restricted Endowments. As at June 30, 2012, the market value of the two funds were: Unrestricted Operating with investment holdings of \$20,621 (2011 - \$20,597); and Restricted Endowment with investment holdings of \$42,290 (2011 - \$39,000). The balance of the investment portfolio \$791 (2011 - \$2,913) is the cash surrender value of planned gifts.

NOTE 5 CAPITAL ASSETS AND COLLECTIONS

	2012			2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 43,750	\$ -	\$ 43,750	\$ 38,999	\$ -	\$ 38,999
Buildings and site improvements	295,811	(91,386)	204,425	292,145	(83,849)	208,296
Furniture, equipment and vehicles	24,141	(10,955)	13,186	22,819	(9,948)	12,871
Library materials	15,987	(9,733)	6,254	15,160	(8,501)	6,659
Computers and telecommunications equipment	31,794	(16,811)	14,983	26,023	(12,201)	13,822
Equipment under capital lease	594	(412)	182	594	(338)	256
Art collection	122	-	121	122	-	122
Work in process	2,212	-	2,212	5,149	-	5,149
	<u>\$ 414,411</u>	<u>\$(129,297)</u>	<u>\$ 285,113</u>	<u>\$ 401,011</u>	<u>\$(114,837)</u>	<u>\$ 286,174</u>

Work in process is not amortized as the assets are not yet available for use.

Acquisitions during the year include in-kind contributions (such as furniture, equipment and library materials) in the amount of \$2 (2011 - \$10).

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

The primary focus of MacEwan University's capital plan for the next decade will be the development of new facilities on its City Centre Campus, which will enable the consolidation of University's operations into a single downtown location. The first phase of this project will involve the construction of a new Centre for the Arts and Culture (CFAC), which will replace the current facility in west Edmonton. The University's programs and services at its South (Millwoods) Campus will also be consolidated into the City Centre Campus as part of this project, which is intended to ensure that all MacEwan students have access to the same level of services and range of courses and learning opportunities.

NOTE 6 DEFERRED CONTRIBUTIONS

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

	2012		2011	
	Capital	Program Delivery and Other	Capital	Program Delivery and Other
Balance, beginning of the year	\$ 213	\$ 21,938	\$ 1,357	\$ 21,368
Grants and donations received	1	6,719	608	12,504
Recognized as revenue	-	(7,723)	(69)	(6,424)
Transferred from/(to):				
• investment income (Note 11)	2	(2,216)	25	3,571
• endowment (Note 10)	-	(2,323)	-	(5,226)
• unamortized deferred capital contributions (Note 7)	-	(1,875)	(1,708)	(3,845)
• Capital and program delivery	-	-	-	-
Funds returned to grantor	-	(2)	-	(10)
Balance, end of the year	<u>\$ 216</u>	<u>\$ 14,518</u>	<u>\$ 213</u>	<u>\$ 21,938</u>

NOTE 7 UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

Unamortized Deferred Capital Contributions (UDCC) represent the unamortized grants and donations received to fund capital acquisitions. The amortization of UDCC is recorded as revenue in the statement of operations. The changes in the UDCC balance are as follows:

	2012	2011
Balance at beginning of year	\$ 146,953	\$ 147,721
Additions from deferred contributions (Note 6)	1,875	5,553
Less amount amortized to revenue	(6,696)	(6,321)
Balance at end of year	<u>\$ 142,132</u>	<u>\$ 146,953</u>

NOTE 8 **EMPLOYEE FUTURE BENEFIT LIABILITIES**

Employee future benefit liabilities are comprised of the following:

	2012	2011
Supplemental Executive Retirement Plan (SERP)	\$ 693	\$ 514
Less current portion	<u>15</u>	<u>-</u>
	<u>\$ 678</u>	<u>\$ 514</u>

(a) **Defined benefit plan accounted for on a defined benefit basis**

Supplemental Executive Retirement Plan (SERP)

The University provides non-contributory defined benefit supplemental retirement benefits to executives. An actuarial valuation of these benefits was carried out at June 30, 2012.

The expense and financial position of the supplemental executive retirement plan is as follows:

	2012	2011
EXPENSES		
Current service cost	\$ 138	\$ 93
Interest cost	38	29
Amortization of net actuarial (gains) losses	<u>4</u>	<u>4</u>
Total Expense	<u>\$ 180</u>	<u>\$ 126</u>
FINANCIAL POSITION		
Accrued benefit obligation:		
Balance, beginning of year	\$ 543	\$ 425
Current service cost	138	93
Interest cost	38	29
Actuarial (gain) loss	<u>1</u>	<u>(4)</u>
Balance, end of year	720	543
Unamortized net actuarial loss	<u>(27)</u>	<u>(29)</u>
Accrued benefit liability	<u>\$ 693</u>	<u>\$ 514</u>

The University plans to use its working capital to finance these future obligations.

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

	2012	2011
Discount rate	5.60%	5.60%
Rate of compensation increase	4.00%	4.00%
Inflation rate	2.50%	2.50%
Estimated average remaining service life	7	8

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

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

Local Authorities Pension Plan (LAPP)

The LAPP is a multi-employer contributory defined benefit pension plan for participating staff members and is accounted for on a defined contribution basis. At December 31, 2011, the LAPP reported a plan deficiency of \$4,639,390 (2010 - \$4,635,250). An actuarial valuation of the LAPP was carried out as at December 31, 2010 and the results were then extrapolated to December 31, 2011. The pension expense recorded in these financial statements is \$10,206 (2011: \$8,811).

NOTE 9 LONG TERM LIABILITIES

	Collateral	Maturity Date	Interest Rate %	Amount Outstanding	
				2012	2011
Debentures payable to Alberta Capital Finance Authority:					
Parkade	(1)	April 2025	6.25	\$ 4,472	\$ 4,692
Student residence	(1)	June 2030	5.85	34,682	35,747
West parkade	(1)	Sept. 2030	4.39	5,002	5,175
Robbins Health Learning Centre parkade	(1)	Sept. 2032	4.89	1,614	1,659
				45,770	47,273
Obligations under capital leases				213	291
				45,983	47,564
Less current portion				1,673	1,581
				<u>\$ 44,310</u>	<u>\$ 45,983</u>

Collateral: (1) cash flows from facility

The principal portion of long-term debt repayments required over the next five years is as follows: 2013 - \$1,673; 2014 - \$1,770; 2015 - \$1,815; 2016 - \$1,886; 2017 - \$1,991 and thereafter - \$36,848. Interest expense on long term liabilities is \$2,666 (2011 - \$2,748).

NOTE 10 ENDOWMENTS

Endowments consist of externally restricted donations received by the University and internal allocations by the University and the endowments are to be held for a period of not less than 10 years.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as University practice stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting 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 and generally to regulate the distribution of income earned by the endowment.
- encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the University and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation then the University has the option to defer the spending allocation, fund the spending allocation from the University's operating funds or fund the spending allocation through encroachment of endowment capital.

	2012	2011
Balance beginning of year	\$ 39,887	\$ 30,791
Endowment contribution	1,557	8,693
Transfer to/from Deferred contributions (Note 10)	2,323	-
Internal transfer and University support	1,000	11
Investment gain / (loss)	(401)	392
	<u>\$ 44,366</u>	<u>\$ 39,887</u>
Cumulative contributions	\$ 45,136	\$ 40,243
Cumulative encroachment	(770)	(356)
	<u>\$ 44,366</u>	<u>\$ 39,887</u>

During the 2012 year, there was an endowment investment loss of \$1,646 net of fees of \$109 (2011 – Gain \$3,886). A portion of the loss brought the balance of encroachment up to \$770 from \$356. The remaining portion of the investment loss was offset by prior year's deferred investment income. The interest earned on Access to the Future Fund contributions of \$13 was transferred to endowments.

At June 30, 2012, \$770 was cumulatively encroached upon the principal value of some endowments. In 2011/2012, University used deferred investment earnings to distribute endowment spending.

The total endowments market value is \$45,670 as of June 30, 2012. Accumulated contributions and encroachments in the amount of \$44,366 are presented in the Endowments and \$1,304 unused earnings is included in Deferred Contributions. Endowment balance is made up of cash holdings of \$3,053, investments of \$42,290 in the long term portfolio and \$327 held in University's operating bank.

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

NOTE 11 INVESTMENT INCOME

	2012	2011
Income on investments held for endowments	\$ (1,537)	\$ 4,004
Income on other investments	<u>1,748</u>	<u>3,888</u>
	211	7,892
Transfer from/(to):		
• deferred contributions	2,216	(3,571)
• deferred capital contributions	(2)	(25)
• endowments	<u>401</u>	<u>(392)</u>
Total investment income	<u>\$ 2,826</u>	<u>\$ 3,904</u>

NOTE 12 INVESTMENT IN CAPITAL ASSETS AND COLLECTIONS

Net assets invested in capital assets and collections represent the net book value of capital assets and collections less unamortized deferred capital contributions and any related debt.

	2012	2011
Capital assets and collections at net book value (Note 5)	\$ 285,113	\$ 286,174
Less amounts financed by:		
Unamortized deferred capital contributions (Note 7)	(142,132)	(146,953)
Long-term liabilities related to capital expenditures	<u>(45,984)</u>	<u>(47,565)</u>
Investment in capital assets and collections, end of year	<u>\$ 96,997</u>	<u>\$ 91,656</u>

The changes during the year are as follows:

	2012	2011
Investment in capital assets and collections, beginning of year	\$ 91,656	\$ 58,490
Acquisition of capital assets and collections	12,666	37,204
Contributions for assets previously funded internally	-	(897)
Long-term liabilities - repayment	1,581	1,518
Net book value of asset disposals	(183)	(76)
Amortization of investment in capital assets	<u>(8,723)</u>	<u>(7,231)</u>
Net change in investment in capital assets	5,341	30,518
Contribution of assets not subject to amortization	<u>-</u>	<u>2,648</u>
Increase for the year	<u>5,341</u>	<u>33,166</u>
Investment in capital assets and collections, end of year	<u>\$ 96,997</u>	<u>\$ 91,656</u>

NOTE 13 **INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets represents the amount of unrestricted net assets that have been set aside 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 are summarized as follows:

	Balance at beginning of year	Disbursements during the year	Appropriations from (returned to) unrestricted net assets	Balance at end of year
Appropriations for capital activities:				
University Service Centre	\$ 500	\$ (500)	\$ -	\$ -
ERP renewal/tech. enhancement	3,000	(852)	-	2,148
Capital renewal & replacement	6,162	(5,019)	4,000	5,143
Music degree - renovations	2,500	(1,034)	(373)	1,093
Infrastructure maintenance	5,000	(833)	-	4,167
Campus and Program Development	24,625	(4,580)	22,928	42,973
	<u>41,787</u>	<u>(12,818)</u>	<u>26,555</u>	<u>55,524</u>
Appropriations for operating activities:				
Program revenue stabilization	17,172	-	(17,172)	-
Student tuition reinvestment	1,000	(1,000)	-	-
Student Activity Support	-	-	1,000	1,000
Scholarships & bursaries	1,733	(241)	(1,088)	404
Sustainability	500	-	-	500
Special projects	445	(129)	(316)	-
Student technology reserve	1,042	(1,069)	691	664
	<u>21,892</u>	<u>(2,439)</u>	<u>(16,885)</u>	<u>2,568</u>
	<u>\$ 63,679</u>	<u>\$ (15,257)</u>	<u>\$ 9,670</u>	<u>\$ 58,092</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

NOTE 14 SALARY & EMPLOYEE BENEFITS

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

	2012			2011	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
GOVERNANCE					
Chairman of the Board	\$ -	\$ 6	\$ -	\$ 6	\$ 6
Board Members	-	30	-	30	30
EXECUTIVE					
President (4) (5)	301	11	55	367	636
Provost and Executive Vice President, Academic (4)	253	12	47	312	296
Vice President, Finance and Administration & CFO (4)	236	11	36	283	280
Vice President, Advancement (4)	212	11	32	255	249
Vice President, Student Services (4)	199	11	26	236	233

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits includes overtime, lump sum payments, honoraria, vacation payouts, and car allowances.
- (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, health care, dental coverage, out-of-country medical benefits, group life insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits also includes the employer's share of the cost of additional benefits including Supplemental Executive Retirement Plan, sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, and club memberships.
- (4) The University provides a car allowance, the value of which is included in other cash benefits.
- (5) There is a new incumbent in the position as of July 1, 2011. Prior year includes the accrued obligation of \$366 sabbatical leave for the previous incumbent.

Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the current year. Other costs include amortization of actuarial gains and losses and interest accruing on the actuarial liability.

Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2012 (thousands of dollars)

The SERP current service cost and accrued obligation for each of the executives in the above table are outlined in the following table:

	Accrued Obligation July 1, 2011	Service Cost	Interest Cost	Actuarial Loss (Gain)	Accrued Obligation June 30, 2012
President	\$ -	\$ 35	\$ 2	\$ (1)	\$ 36
Provost and Executive Vice President, Academic	114	24	8	1	147
Vice Presidents:					
Finance and Administration & CFO	80	17	5	2	104
Student Services	46	10	3	6	65
Advancement	38	14	3	1	56

The significant actuarial assumptions used to measure the accrued benefit obligation are disclosed in Note 8.

NOTE 15 RELATED PARTY TRANSACTIONS

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

	2012	2011
Grants from GOA		
Enterprise and Advanced Education:		
Operating	\$ 108,716	\$ 111,534
Capital	2	2,336
Access to the Future Fund	2	3,002
Total Enterprise and Advanced Education	<u>108,720</u>	<u>116,872</u>
Other GOA departments and agencies:		
Ministry of Education	316	-
Ministry of Culture and Community Services	-	50
Ministry of Health	214	-
Alberta Foundation for the Arts	23	24
Total other GOA departments and agencies	<u>553</u>	<u>74</u>
Total contributions received	109,273	116,946
Less: deferred contributions	(4,093)	(8,203)
	<u>\$ 105,180</u>	<u>\$ 108,743</u>
Accounts receivable		
Enterprise and Advanced Education	66	118
Other GOA departments and agencies	83	240
	<u>\$ 149</u>	<u>\$ 358</u>
Accounts payable		
Enterprise and Advanced Education	183	180
Other GOA departments and agencies	233	260
	<u>\$ 416</u>	<u>\$ 440</u>

Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2012 (thousands of dollars)

The University has long-term obligations with Alberta Capital Finance Authority as described in Note 9 Long-Term Debt.

NOTE 16 BUDGET

The University's 2011-2012 budget was approved by the Board of Governors and was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2011-2012 Business Plan.

NOTE 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.

	2012	2011
Service contracts	\$ 8,879	\$ 13,497
Capital projects	6,731	183
Information systems and technology	5,433	302
Long-term leases	3,514	2,734
	<u>\$ 24,557</u>	<u>\$ 16,716</u>

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

	2012				
	Service Contracts	Information Systems and Technology	Long-Term Leases	Capital	Total
2013	\$ 2,941	\$ 1,194	\$ 1,562	\$ 5,172	\$ 10,869
2014	2,375	1,097	1,034	560	5,066
2015	2,375	1,074	700	560	4,709
2016	1,188	1,034	218	439	2,879
2017	-	1,034	-	-	1,034
Thereafter	-	-	-	-	-
	<u>\$ 8,879</u>	<u>\$ 5,433</u>	<u>\$ 3,514</u>	<u>\$ 6,731</u>	<u>\$ 24,557</u>

NOTE 18 CONTINGENT LIABILITIES

The University is a defendant in a number of legal proceedings. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Management has concluded that none of the claims meet the criteria for being recorded under GAAP.

NOTE 19 **COMPARATIVE AMOUNTS**

Certain 2011 figures have been reclassified to conform to the presentation adopted in 2012 consolidated financial statements.

NOTE 20 **APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Governors on October 25, 2012.

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