

ANNUAL REPORT

2015/16





MacEwan University
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MacEwan.ca

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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 *Fiscal Planning and Transparency Act* and the *Post-secondary Learning Act*.

The Auditor General of Alberta, the institution's external auditor appointed under the *Auditor General Act*, performs an annual independent audit of the consolidated financial statements which are prepared in accordance with Canadian public sector accounting standards.



ACCOUNTABILITY STATEMENT

MacEwan University's Annual Report for the year ended June 30, 2016 was prepared under the Board's direction in accordance with the *Fiscal Planning and Transparency Act* and ministerial guidelines established pursuant to the *Post-secondary Learning Act*. All material economic, environmental or fiscal implications of which we are aware have been considered in the preparation of this report.

A handwritten signature in black ink, appearing to read 'Enzo Barichello'.

Enzo Barichello, QC
Acting Board Chair

Approved by the Board of Governors
on December 15, 2016

A handwritten signature in black ink, appearing to read 'David W. Atkinson'.

David W. Atkinson, PhD
President

December 15, 2016

PUBLIC INTEREST DISCLOSURE

MacEwan University is committed to the highest standards of legal, fiscal, ethical and accountable conduct. The University provides a positive, supportive environment where employees can seek advice and make a disclosure of wrongdoing without fear of reprisal. With its stated commitments and values in mind, the University has developed a Public Interest Disclosure Framework. The Framework has been developed in compliance with the *Public Interest Disclosure (Whistleblower Protection) Act* (Alberta), and includes the University's Safe Disclosure Policy. As per the requirements of the Act, the University is required to report annually on any disclosures that occurred during the reporting year.

The following is a report on the disclosures that were received under the *Public Interest Disclosure (Whistleblower Protection) Act* for the fiscal year July 1, 2015 – June 30, 2016:

| | | |
|---------------------------------|-------------------------------|---------------------------------|
| Disclosures Received | Disclosures Acted On | Disclosures Not Acted On |
| 1 | 1 | 0 |
| Investigations Commenced | Findings of Wrongdoing | Disclosures Closed |
| 1 | 0 | 1 |

This information is also posted on MacEwan University's website under the Office of General Counsel, Safe Disclosure:

<http://www.macewan.ca/wcm/ExecutiveandGovernance/OfficeofGeneralCounsel/index.htm>.

ABOUT MACEWAN UNIVERSITY

BOARD OF GOVERNORS

Acting Chair

Enzo Barichello, QC

President

Dr. David W. Atkinson

Students' Association of MacEwan University member

Danika McConnell

MacEwan Staff Association member

Andy Rhoads

MacEwan University Faculty Association member

Aimee Skye, PhD

Public members

Sharon Budnarchuk

Meghan DeRoo McConnan, CPA, CA

Myrna Fyfe

Carolyn Graham, FCPA, FCA

Darrell Halliwell, BES MArch Architect
AAA NWTAA

Dr. Stewart Hamilton

Elizabeth Hurley, ICD.D

MACEWAN UNIVERSITY PILLARS

Students First

Focused on learner-centred teaching, student growth, opportunity and achievement.

Quality Education

Excellence is achieved here by combining a first-class education with an extraordinary student experience.

Personal Learning Experiences

We are a welcoming, intimate and inspiring learning environment where the individual student—the whole person—thrives.

Student-Engaged Research

We support and foster research and innovation that engages students, faculty and the community across all our programs.

An Engaged University

A “connected” culture where students, faculty, staff and the community are linked – and are collectively, collaboratively engaged in realizing their full potential.

Sustainability

We are committed to creative approaches to sustainability in education and campus operations – activating solutions for positive environmental, social and economic impact.

At the Heart of the City

A vibrant and vital urban experience. We are a hub of creative, scholarly and cultural activity in the core of the city – building, sharing in, and contributing to its growth and prosperity.

The MacEwan University Spirit

Our youthful energy comes from a pervasive excitement about the future – about how all of us can contribute to helping the university grow and succeed.

POSITIONING STATEMENT

MacEwan University inspires its students with a powerful combination of academic excellence and personal learning experiences. We provide a transformative education in a creative, collaborative and supportive learning environment.

We are an engaged university at the heart of the city where creativity and innovation thrive, and a unique student experience opens up diverse pathways for achievement and growth.

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 Deputy Premier and Minister of Advanced Education and Technology, August 18, 2010.



PRESIDENT'S REPORT

Change remains a key element at MacEwan University. In the midst of this change, MacEwan remains committed to its undergraduate mandate and to providing an exceptional learning experience for its students. While the university's City Centre campus physically grows, the institution continues to provide student access to faculty, small class sizes, and responsive student support programs.

The university's financial circumstances were positive this past year, but we remain challenged to implement many of the priorities established in our integrated strategic plan. Recognizing the preeminence of the university's academic mission, significant progress has been made in designing and developing a number of new degrees. The university is focused on providing a seamless academic experience by offering four-year degree programs integrated with two-year diploma programs. This linkage of degrees, diplomas and certificates is a cornerstone of MacEwan's comprehensiveness as an undergraduate university.

I am pleased to report that applications continue to be strong, and the university continues to take more transfer-in students among Alberta institutions and has been a leading contributor to eCampus Alberta. MacEwan's reputation has grown rapidly and the University is now seen as a first choice institution even as we are concerned about its ability to respond to increased demand. MacEwan's School of Continuing Education, now in its third year of operation, has made substantial strides in offering professional and short-term programs and courses.

Two important policy documents, one focusing on Internationalization and the other on Indigenous Education, were developed and approved by Academic Governance Council (AGC) and the Board of Governors (the Board). While the university has long had an active international program, it lacked a comprehensive strategy that accounted for both international student recruitment and study abroad opportunities for domestic students. Similarly, the university has developed a number of programs that focus on indigenous education, and has had for some time an active Aboriginal Education Centre. It has never, however, articulated the kind of plan necessary in the post Truth and Reconciliation period.

In 2015-2016, AGC continued to implement the recommendations of the AGC Review Report (2014). In particular, it determined that for AGC Committees Academic Staff should constitute at least 60 percent of all sub-committees and must be the Chairs of AGC committees. As well, AGC reviewed its bylaws in the summer and fall of 2015. The Board similarly reviewed and updated its bylaws in September 2015. AGC and the Board approved the new policy classification system, policy oversight changes, and policy authority delegations from the Board to AGC, as reflected in the University's policies and procedures. Several reports and initiatives were approved or supported by AGC, including the Indigenous Initiatives Principles, Community Engagement final report and framework, MacEwan University's Strategic Internationalization Plan, Student Mental Health statement, Student Success statement, and Students with Disabilities report and framework.

I am pleased to advise that there were several important developments focusing on student wellbeing. The Office of the Student Ombudsperson was established as a joint effort of the university and the Students' Association of MacEwan University (SAMU), recognizing that providing students with good advice and assistance is crucial to their success at the university. The student ombudsperson serves current MacEwan University students in an impartial and objective manner by providing them with confidential assistance in their dealings with the university.

The university is actively working on building a culture of consent by highlighting the importance of addressing issues of sexual harassment and sexual violence. It has implemented new policies and procedures that outline the rights and responsibilities of all students, faculty, and staff, and has made a concerted effort to develop educational programs intended to increase awareness on campus.

Student mental health remains a key priority for the university. With growing numbers of students suffering from a spectrum of mental health concerns, the University has been hard pressed to keep up with demand for mental health support services. In 2014/15, three years of funding was provided by the Government of Alberta. This has been helpful, but it is important that there be continued government funding that is equitable for all post-secondary institutions as this is an issue that is reaching alarming levels.

Over the year, very significant progress was made on construction of the new Centre for Arts and Culture. The building is on budget and on schedule for the beginning of classes in the fall semester, 2017, and planning is underway to expedite the move of the current Faculty of Fine Arts and Culture Campus to the City Centre Campus during the summer, 2017. A major development was the reintroduction of the pedway between the Robbins Health Learning Centre and the new building, which had been previously removed as a cost-cutting measure. This ensures that the entire City Centre Campus remains connected.

Considerable progress was also made on the Students' Association of MacEwan University (SAMU) building. The Board approved the business plan for the building, which will be located along 109th street between 104th and 105th avenues. The building, while owned by the university, will be ultimately be financed through a student levy previously approved in a SAMU referendum. The Board further approved a design for the building. The design is intended not only to provide functional space for student activities, but also to ensure a visually striking building on what is one of the

busiest street corners in Edmonton. With both the new CFAC building and the planned SAMU building, the university distinguishes itself as a central place in the major development along 104th avenue.

MacEwan University continues to grow and flourish in an increasingly vibrant urban core. This in turn is a reflection of institutional optimism about the future, and I am proud of how the university continues to respond to the needs of Edmonton and Alberta.



David W. Atkinson, PhD
President



Operational Overview



Over this reporting period, MacEwan University saw very positive results in achieving progress towards the outcomes identified in the 2015/16 – 2017/18 Comprehensive Institutional Plan and the university is close to the halfway mark in implementing strategies of its five year Integrated Strategic Plan. Despite this success, a number of factors influenced progress or required further consideration as the university strived to meet outcomes, strategies and academic priorities. These factors are highlighted below along with some of the University's noteworthy accomplishments.

FINANCIAL STABILITY

Stable provincial funding through the 2015/16 Campus Alberta Grant allowed the university to remain in a relatively positive financial position and enabled the institution to proceed with a number of institutional priorities. However, the government's requested freeze on non-instructional fees had impacts on programming and services, including sports and wellness and athletics.

The university continues to strive for a balance between resourcing of academic priorities, the growing demand for student services such as mental health supports and increasing administrative expectations such as growing federal and provincial legislative compliance and other accountability and reporting requirements. The number of full-time faculty in comparison with sessional faculty remains a concern and may have implications for such things as curriculum development, long-term planning, student access to faculty outside the classroom

and participation in academic governance. Efforts continue to find cost efficiencies and build flexibility into institution plans to accommodate shifting budgets and resourcing needs.

A CHANGING PROVINCIAL LEGISLATIVE FRAMEWORK

Over the reporting year, the university responded to a number of key consultations regarding the implementation of new provincial legislation. This included the *Public Sector Compensation Transparency Act* and essential services legislation to bring Alberta into compliance with the recent Supreme Court of Canada decision that the right to strike is constitutionally protected. The essential services consultation also discussed proposed legislative changes to the current labour relations model for faculty and graduate students to bring the *Post-secondary Learning Act* into compliance.

ENROLMENT DEMAND AND GROWTH PRESSURES

As is the provincial trend for Alberta's post-secondary system, the number of applications for the university programs continue to grow. Degree programs are increasingly sought after. Demand for diploma and certificate programs in response to labour market needs remain stable. Discussions have continued with the provincial government over the university's proposed new models of laddering and integration strategies of degree and diploma programs and, as a result, a number of program proposals are pending with Advanced



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Education. These delays are a particular concern for the university as many of these new programs are intended to be delivered in the Centre for Arts and Culture, scheduled to open in September 2017.

UNDERGRADUATE DEGREE FRAMEWORK

The university is making good progress on implementing its academic goals. Ministerial approval was received for the Bachelor of Social Work. As anticipated, applications for the first intake exceeded quotas reflecting high demand for the program. The first intake will occur in September 2016.

There has been significant progress on degree development by a number of faculties. The Board of Governors approved letters of intent for Bachelor degrees in: Fine Arts; Design; Health Promotion; Early Childhood Education; and Justice Studies. Further letters of intent have been approved for majors within current degrees: a Legal Studies major within the Bachelor of Commerce; a Recording and Production major within the Bachelor of Music in Jazz and Contemporary Popular Music; and Applied Statistics within the Bachelor of Science. The university is actively developing full proposals for each of these new degrees and majors; the most fully developed is the Bachelor of Design which has completed all internal approvals by the end of June 2016 and will move into system coordination, the first stage of the external review process.

INTEGRATED KNOWLEDGE MODEL

The university worked diligently to build its research capacity and advance its integrated knowledge model. In this reporting period, efforts were focused on providing a strong underpinning for faculty and students engaging in scholarly collaboration and research. As the province reflected in its most recent Campus Alberta Planning Resource 2015, Alberta post-secondary institutions are the largest group of publicly funded research performers. Good progress has been made in supporting faculty, staff and students in a diverse range of research and scholarly activity.

INTERNATIONAL EDUCATION

The university is enjoying steady increase in international students and is on target to meeting its long-term goal of 8 percent of enrolment of international students. In efforts to more strategically position the University on the international front, a MacEwan Committee on Internationalization was established to develop a plan for international activities at the university. The institution reviewed international student tuition against other universities and our costs. It is expected that international tuition fee review will align strategically with the internationalization plan.



ONGOING GOVERNANCE TRANSFORMATION OF THE UNIVERSITY

The university continues to make progress on cultivating its academic governance model. The reporting period saw a number of new procedures and policies implemented, clearer lines of authority and support for faculty in understanding their role in academic governance. A Dean's Council was established to recognize and acknowledge the central role of Deans in academic decision making.

Progress has been made in discussions with Advanced Education that include looking at existing mechanisms and legislative structures to allow for implementation of components of the university's business case for governance change. Government has committed to reviewing the six sector model and confirming mandates of public post-secondary institutions. It is hoped that the government review will lead to a renewed and transparent governance structure for the institution as an undergraduate university, with clarified accountabilities, and will advance the university's goal for governance change.

SERVING INDIGENOUS POPULATIONS

In June of 2015, the Truth and Reconciliation Commission (TRC) released the Truth and Reconciliation Recommendations and calls to action. There is a need to focus efforts on implementing strategies to support the recommendations and to

consider how to accommodate in post-secondary education the significant growth of Indigenous youth population in Alberta.

The university acknowledges that it has some deficiencies that need to be addressed in order to effectively implement strategies to support the TRC recommendations. However, progress has been made in this regard. During the reporting period, the President tasked the Academic Planning and Priorities Committee to create a foundational document to guide the implementation of Indigenous initiatives. This resulted in endorsement by the AGC and the Board of a number of principles and initiatives, including the establishment of an Indigenous Advisory Council. The pace at which the University is able to implement these initiatives will depend on the ability to allocate resources and careful consideration of the right leadership mechanism. In keeping with the recommendations of the TRC, the university will only implement policies and programs after consideration of the needs and desires of the Indigenous community, as identified by the Advisory Council, once established.

SUPPORTING THE COMMUNITY - DISASTER RELIEF

The university reached out both provincially and nationally to support disaster relief efforts. In the fall of 2015, in answer to the Syrian refugee crisis, the university organized to sponsor two families through the MacEwan Community Refugee Project. The university continues to wait for the arrival of the first family.



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In response to the Fort McMurray wildfire crisis May 2016, the University opened its residence and enacted components of its Emergency Operations Centre to address the needs of approximately 700 Fort McMurray evacuees, including almost 200 children. As part of the transition plan for the province, the university acted as the consolidated site for Edmonton area post-secondary institutions to relocate evacuees to more permanent residences and out of temporary accommodation.

URBAN CAMPUS DEVELOPMENT AND CONSOLIDATION

The university has made considerable progress in securing a prominent place in downtown Edmonton and centralizing operations on a single campus. The new Centre for Arts and Culture (CFAC), the opening of the MacEwan LRT station and the institution's partnership in the new City of Edmonton Downtown Community Rink will realize significant benefits for students and student athletes, and further enhance the university's role as a prominent player in the development of downtown Edmonton.

The CFAC building gives students and faculty a state of the art teaching and learning space, replacing the west end campus which has reached the end of its life as an academic building. Significant effort was undertaken to develop and implement a comprehensive Communications and Change Management Plan to ensure a successful transition will occur for students, faculty and staff for the planned occupancy in summer of 2017.

Significant collaborations occurred between the university administration and the Students' Association to begin planning for their new building. The proposed building will be entirely funded by students, and is costed at \$31.3 million and will be strategically located as a central hub in the heart of the expanding City Centre Campus to facilitate student access and use.

GENDER IDENTITY AND EXPRESSION

In addition to the focus the university placed on sexual harassment and sexual violence issues, and building on the work of the provincial and federal governments to ensure that all people are treated with equal dignity and respect, MacEwan recognized the role it plays in increasing the understanding of the university community about how best to support gender identity and sexual orientation equality. The university hosted a panel discussion on gender identity and gender expression with key experts in this area and has formed a Gender Identity and Expression Working Group that will be bringing forward further initiatives to ensure the university has appropriate support mechanisms in place for all students, faculty and staff.

SCHOOL OF CONTINUING EDUCATION

The School of Continuing Education was established in 2014 to provide educational experiences and credentials that complement diploma and degree programming and pedagogy and offer greater



flexibility and access to learners. To promote efficiency and collaboration, the school has organized its programming areas into three organizational units: Academic and Language Preparation (English as a Second Language instruction, academic upgrading and preparation for academic study); Professional and Continuing Studies (noncredit certificate programs, general-interest courses and professional development courses); and the Conservatory of Music (music instruction and performance).

The School operates through a mixed funding model that includes Ministry supported programs (ESL and high school course equivalents) as well as market-based cost recovery programming. As examples of the latter, the School has established a number of international study tours and non-credit executive development programs following consultation and approval with representatives from the Ministries of Education and Advanced Education.

Current programming in Continuing Education focuses on the alignment of ESL and preparatory courses in support of undergraduate study, using existing Ministry-approved programming; provides coursework in specific topic areas such as global logistics and behavioral interventions leading to an institutionally approved certificate and/or professional designation; and, addresses the demand for professional development programs from students and partner institutions in a number of different countries. A new non-credit certificate in Social Innovation is in development in partnership with Mt. Royal University, thus strengthening Campus Alberta ties.

ORGANIZATIONAL AND OPERATIONAL DEVELOPMENTS

A Code of Conduct for the university was approved by the Board which articulates the expectations the institution has for all those who work at the university, and which defines how the university faculty and staff work together in the best interests of the institution. There was broad consultation across the university. The new code of conduct is posted on the university's website.

Internal Audit Services concluded a preliminary review of the university's scholarships and awards programs. A number of recommendations were made in the audit report and university administration has undertaken a comprehensive review of the institution's scholarships and awards program.

A number of organizational changes were undertaken over the reporting period:

- The university embraces the importance of an integrated knowledge model and recognized the need for focused efforts in this area. A vice-provost position was created to support these efforts and Dr. Cynthia Zutter was appointed to that role January 1, 2016.
- The groundwork to create two new Faculties from the current Faculty of Health and Community Studies was completed in the reporting year. Effective July 1, 2016 MacEwan will have both a Faculty of Nursing and a Faculty of Health and Community Studies. Creating two distinct faculties will bring a sense



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of academic balance, and enhance academic identity and degree development. Recruitment for two new Deans was completed.

- The university, in partnership with SAMU appointed its first Student Ombudsperson. The Student Ombudsperson serves current students in an impartial and objective manner by providing them with confidential assistance in their dealings with the University. As a joint appointment with SAMU, Cathryn Heslep began her role as Student Ombudsperson in May of 2016.
- MacEwan Residence, Health Services, the Child Care Centre and Retail and Campus Services have been amalgamated under Campus Services to recognize the connections between campus services such as child care, medical services, and the collaborative culture of housing, student life and guest accommodation.

INFORMATION TECHNOLOGY

In late March, work on a series of ERP (PeopleSoft) projects that formed a program known as ERP 3.0 was completed by Information Technology and business and academic areas of the university. The ERP 3.0 program, which consisted of 23 diverse projects, was delivered on time and on budget over a 24-month period - a significant accomplishment for the university.

Projects delivered included a new mobile application (a unique-in-Canada feature that enables students to manage their course registration, grades and other functions from their smart phones); the introduction of electronic transcripts; implementation of a system to support applications to multiple programs; and numerous other projects to support improved service or enhance internal business processes.

An information technology system was implemented to support the School of Continuing Education. The Continuing Education project has delivered innovative solutions for course selection, registration, payment, and dynamic web content. New online processes were also built to support credential programs in the School of Continuing Education and in the Centre for Professional Nursing Education.

CORE PROGRAMS

| Ministry Approved Programs* | 2013/14 | 2014/15 | 2015/16 |
|------------------------------------|----------------|----------------|----------------|
| Baccalaureate degrees | 31 | 32 | 32 |
| Applied degrees | 2 | 2 | 2 |
| Degree transfer programs | 4 | 4 | 4 |
| Career diplomas | 35 | 34 | 32 |
| Post-diploma certificates | 8 | 7 | 6 |
| Career certificates | 11 | 10 | 9 |
| Other credit programs/projects | 5 | 5 | 5 |
| Non-credit courses offered | 1,054 | 1,001 | 1,104 |

ENROLMENT, FACILITY AND STAFFING INFORMATION

| Enrolments and Applications | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|----------------|----------------|
| Credit full-load equivalents (FLE) | 11,958 | 12,287 | 12,581 |
| Credit student headcount | 19,250 | 19,606 | 19,292 |
| Non-credit student headcount | 10,058 | 9,328 | 13,359 |
| International student full-load equivalent (FLE) | 712 | 833 | 928 |
| International student headcount | 1,125 | 1,305 | 1,375 |
| Program applications (total)* | 24,284 | 24,226 | 23,199 |
| Unique applicants | 20,832 | 21,612 | 20,861 |
| Facilities | | | |
| Total supported space (m ²) | 158,579 | 158,579 | 158,579 |
| Student capacity (FLE) | 11,553 | 11,553 | 11,553 |
| % of capacity utilized | 92.50% | 95.80% | 98.31% |
| Staffing* | | | |
| Academic/Instructional (FTE) | 528 | 532 | 516 |
| Non-Academic Support (FTE) | 649 | 636 | 620 |
| Administrative/Managerial (FTE) | 214 | 223 | 221 |
| Total Employees (FTE) | 1,391 | 1,391 | 1,357 |
| Total Employees (Headcount) | 2,152 | 2,146 | 2,064 |
| Student/Faculty ratio (FLE/FTE Fac.) | 22.6 | 23.1 | 24.4 |

*historical data has been changed to reflect revised reporting processes



Progress Report on Achievement of Strategic
Directions and Supporting Outcome Measures
2015/16

A UNIQUE ACADEMIC ENVIRONMENT

A. ACADEMIC PROGRAMS AND LEARNING ENVIRONMENT

Strategic Directions

Undergraduate degrees will form the framework for the university's comprehensive range of credential and program offerings.

Diploma and certificate programs will be offered at the undergraduate university level to facilitate bridging to or from degree programs.

MacEwan University will provide a broad range of program offerings, including credit programs, through its School of Continuing Education to ensure maximum program flexibility for students.

Outcome Measures

An increased percentage of students formally registered in degree programs.

The percentage of students studying for degrees continues to increase and enrolment in diploma programs remains strong. From 2014/15 to 2015/16 the percentage of student in degree programs rose from 56.7% to 57.8%.

An increased percentage of students who choose to complete degree programs rather than opting for a pre-degree diploma credential.

As the year progressed, we realized it was premature to include this as a desired outcome as the data is generally not available and the full development of the degree strategy is not in place. Many of our laddering and integration strategies remain in progress at this time and conclusions for this goal are not available.

Sustainable enrolment in programs housed within the School of Continuing Education.

New programs are now available and a strong strategic approach to program offerings across the areas of study has been implemented.

Availability of all primary information sources and key services on mobile devices.

Significant progress has been made to enable access to a variety of resources and services on mobile devices. The library has introduced a new responsive website that scales to mobile device presentation and offers access to a variety of research tools and services. The MyStudentSystem app has proven to be a very popular and highly functional solution for students and includes a notification framework to provide key information, such as grades, for ready viewing. Finally, the university has introduced an emergency notification solution that pushes email and text notifications to mobile and other devices as part of an overall strategy for emergency communications and management.

B. INTERNATIONAL EDUCATION

Strategic Direction

MacEwan University will expand and enhance its international education activities to bring the world to its campus and send its students and faculty to the world.

Outcome Measures

A more integrated approach to international recruitment with greater participation from across the program spectrum.

Significant changes were made to our recruitment practice, focusing on quality of student applicants more than numbers. We continue to pursue an overall goal of 8% of our student population coming from abroad but are taking a very measured and cautious approach in an environment where there is considerable risk at not doing due diligence.

More flexible admissions processes with improved communication among academic program areas and international student support services.

Changes to admissions policies have aligned our ability to attract good students more closely with the university's target markets. As the university strives to diversify the programming choices of international students, academic program areas are communicating their needs

and expectations for international students and relying on MacEwan International to incorporate these into the recruitment process.

Improved academic credentials of students offered both full and conditional admissions to MacEwan University degrees and diplomas.

Ongoing, and increasingly effective.

Improved retention rates of international students, particularly after first year of study at MacEwan University.

The number of international students staying at the university from the first to second year has been increasing steadily over several years, including an increase of more than 1% in the current reporting year.

C. AN INTEGRATED KNOWLEDGE MODEL

Strategic Direction

MacEwan University will develop and foster an integrated knowledge model in which research and creative activity support and reflect the primacy of the university's undergraduate teaching and learning role.

Outcome Measures

Enhanced participation of faculty in development activities and successful disbursement of all available funds to initiatives qualifying for support.

Faculty participation in development activities remains strong, as the Centre for the Advancement of Faculty Excellence and the Office of Research Services continue to enhance their offerings and outreach. The processes governing faculty applications for research and development funds, teaching technology, and other forms of internal support have been streamlined. Updated research ethics procedures have made research support more effective while retaining a high level of rigor.

Development of a model of faculty evaluation that reflects the university's focus on the integration of teaching, research, creative activity and service, and supports student engagement in research and knowledge creation.

Collective bargaining from our last round clarified this considerably, with a new article on evaluation of teaching, the development of new language for performance evaluation, and full implementation of a new evaluation model in 2015/16. The new model recognizes the centrality of teaching at the university while acknowledging the diversity of research activity of faculty members. The inclusion of language on promotion recognizes the full scope of activities of faculty and provides an integrated assessment of these activities in considering advancement within the professorial ranks.

An increase in the number of faculty working in academic collaboration with international colleagues and/or on international faculty exchanges.

This is also in progress. Some Faculties are ahead of others and we are working to encourage colleagues in all areas of expertise to collaborate internationally.

A review process for faculty performance for annual review, continuing appointment, and rank and title that is genuinely formative for faculty and that creates the right environment of accountability, responsibility and transparency with respect to the contributions faculty make to the university's academic mission.

The framework for faculty performance review was established in the last round of collective bargaining with initial implementation in the fall of 2015. All aspects of this goal are fully implemented.

D. STRATEGIC ENROLMENT MANAGEMENT

Strategic Direction

MacEwan University will develop and implement a strategic and integrated approach to enrolment planning and management to enhance student access, engagement and success.

Outcome Measures

Implementation of an "enrolment dashboard" that summarizes key elements of enrolment data and analysis to inform enrolment management decisions.

The background work required to create an enrolment dash-board was completed in the current year, including data validation, stakeholder consultation, initial design and user testing. The completed dashboard will go live in fall of 2016.

Development of evaluation and assessment tools to facilitate student feedback on orientation and other activities focused on student engagement.

Student feedback continues to be used to evaluate orientation activities and inform changes designed to increase student involvement. In 2015/16 this included a change in the timing of the New Student Orientation event to the first Tuesday after the September long weekend and implementation of First Year Student experience initiatives and website development.

Effective management of prospective students from first contact through to registration with technology and staffing support.

Recent focus has been on improving business process and recruitment planning through the use of data. The university's Business Intelligence solution has application data for every geographic region and every high school that has a past relationship with MacEwan, thus allowing for the development of appropriate advertising and social media campaigns. New processes for monthly updates from the Office of the University Registrar provide frontline recruiters with the most up-to-date and accurate information regarding our programs, the admission requirements and any changes or updates at the university.

Following a review of the November Open House event, MacEwan refocused its marketing efforts with a greater emphasis on online and social media advertising as well as closer alignment with the university's recruitment team. Open House 2015 was the university's most successful event to date with attendance of nearly 9,000 prospective students and guests, a dramatic increase over the previous attendance record of 5,300. For the first time ever, on-the-spot application evaluations were conducted with 22 conditional admissions offered.

Development of effective retention/ student success initiatives, including regular assessment of their impact.

The Student Services Committee created a working group to develop a working plan for a student success statement that was approved at AGC. Development included definitions and a high level plan for future initiatives.

Increased levels of student satisfaction with the university's support services and with their academic, personal, social and emotional development.

The current reporting year saw a great deal of progress in sexual violence policy and procedure development as well as in student mental health support, in part supported by first time participation in the National Colleges Health Assessment. A significant initiative of evaluating and improving student financial aid was initiated in 2015/16 and will have increased focus in 2016/17.

E. ACADEMIC GOVERNANCE

Strategic Direction

MacEwan University will cultivate an academic governance model that strengthens collegial decision-making and provides clear lines of academic authority.

Outcome Measures

Academic Governance Council members and the university community demonstrate clear understanding of the university's academic governance model.

With the most recent academic governance activities, many aspects of governance were clarified at the University, in particular, the role of Academic Governance Council and its members. A significant achievement in the clarification on the governance model was the creation of the Policy Advisory Group which coordinates the approval of all policies at the university and clarifies the process for both sides of the bicameral system. In 2016/17 more work needs to be done to communicate with the general university community on the essential nature of bicameral governance.

Student, faculty and staff participation in university governance is consistently strong and effective.

There was an 85 to 90 per cent participation rate at AGC and committee levels in 2015/16 resulting in very few standing vacancies of any category. In particular, the Students' Association of MacEwan University did an excellent job of finding students to participate in academic governance this year.

AGC and its committees had many working groups to populate and run. There was a great response for these working groups including a mix of faculty members, students, staff, and administrators. Most of these working groups concluded their work and submitted final reports to either AGC or their committee for decision during the 2015-2016 academic year.

With very few exceptions, quorum was met on a regular basis for AGC, its committees and councils, with these bodies producing a substantial number of reports and initiatives and submitting work in a timely manner for input, approval and implementation.

Rules, responsibilities and clear lines of authority are articulated in university governance documents.

Revisions to policies for Program Approvals and Changes, and Course Approvals and Changes, as well as accompanying procedures and flow charts were reviewed and implemented by AGC. These documents outline the rules, responsibilities and clear lines of authority while respecting the restrictions on sub-delegation in Part 2 of the *Post-secondary Learning Act* (PSLA). Similarly, a document on Academic Schedule Regulations was created to define the rules, responsibilities and clear lines of authority for the creation and approval of the University's academic schedule.

The PSLA business case submitted to the Ministry on June 26, 2015 highlighted key areas of potential AGC responsibilities which were not specified, in particular the decision making authority which would traditionally be given to a senior academic governance body under Part 1 of the PSLA. A number of university documents

were developed but await clarification relative to the business case before being fully implemented, among these the revision of the AGC Bylaws. The Board of Governors approved its revised Bylaws in September 2015. The faculty councils for the Faculty of Arts and Science, the Faculty of Fine Arts and Communications, and the School of Business Council all reviewed and revised their Bylaws as per their review schedules. Some of the revisions clarify the rules and responsibilities of the Councils and their members, but the need for further revisions in response to potential implementation of the business case is anticipated.

Members of the university community demonstrate a good understanding of how to bring ideas, concerns and solutions forward within the university's governance structure.

A significant number of initiatives, reports and policy items have come to AGC from its committees. For example, the new Student Services Committee submitted the Student Mental Health Statement, Student Success Statement, and Student Disability and Accessibility Working Group Final Report to AGC for final approval in June 2016. A working group of Academic Planning and Priorities Committee (APPC) submitted recommendations regarding the Truth and Reconciliation Commission's report. The Community Engagement Working Group also submitted its final report and framework, and the University's residency requirements were reviewed by APPC. The MacEwan Committee on Internationalization worked with MacEwan International to create a report on internationalization which AGC approved in May 2016 and will be shared for information with the Board of Governors in September 2016. These developments demonstrate how the shared governance structure is largely understood and operates at the university.

STRONG COMMUNITY ENGAGEMENT

F. A PARTNER IN COMMUNITY DEVELOPMENT

Strategic Direction

MacEwan University will be a vibrant presence and contributor to the vitality of Edmonton and other communities it serves.

Outcome Measures

Development and approval of a charter describing our commitment to our role in urban development as created by our discussions with community and business leaders.

Work continues on this goal. The university has a significant number of ongoing partnerships with community partners and business leaders. This spans across the spectrum of university business, from program and fund development to campus and facility planning. Development of a formal charter was put on hold in anticipation of a broader and more comprehensive program of community engagement. This plan will include the role of the university in urban development and will integrate with the community engagement framework approved by AGC. This expected outcome has been articulated in the university's 2016/17-2018/19 Comprehensive Institutional Plan.

Creation of a strategy for collaboration among Edmonton post-secondary institutions and the City of Edmonton.

Amazing progress on this in many areas. The monthly meetings of the Provosts have yielded a great collaborative spirit among the institutions and with the city government as well. A specific outcome has been the investigation of data sharing possibilities among the institutions.

A clear determination of whether MacEwan University has a role to play in achieving the higher education goals of Aboriginal people and, if so, what that role is.

The Truth and Reconciliation (TRC) Report was released in June, 2015. The report contains calls-to-action that have wide-sweeping implications for the university as a whole, service areas, and many academic foci and programs, including anthropology, business, child welfare, health, history, justice, media, museums, nursing, policing, sports, and sociology. The university has formally accepted responsibility to engage with Indigenous peoples and to further the educational recommendations of the TRC. A number of guiding principles and strategies have been endorsed by the Academic Governance Council and the Board of Governors. The university will take time over the next year to engage with internal and the external community on how Indigenous initiatives at MacEwan University can be accomplished.

Consolidation of the programs and operations of the Centre for the Arts and Communications on City Centre Campus.

As construction of the new CFAC building progresses, significant effort continues to plan for and implement transition plans to bring the students, faculty and activities of the current CFAC building to the new building downtown. A comprehensive change and communications management program was launched in 2015/16 to prepare the students, staff, and faculty in the Faculty of Fine Arts and Communications for the move to the new CFAC facility. This program will continue up to the building opening in 2017.

A comprehensive furniture and fixture review, and acquisition strategy, is underway to ensure the new building will meet functionality requirements. Planning and negotiations for prospective tenants in the service and retail spaces continues as well as planning for a conference centre on the second floor of the new building. A "Year of Celebration" program was approved that will celebrate the opening of the new building and honor the rich history of the 156 Street Campus. The program would lead up to and coincide with the Fall 2017 opening of the building.

A review of existing spaces on City Centre Campus is also underway to ensure all programs and activities can be accommodated

upon consolidation. The library capacity and discussions about consolidated space for the School of Business is a significant example of this.

A Campus Master Plan will be in place that reflects the university's academic and community engagement goals.

The Campus Master Plan is still in its early phases of development as it was determined that additional resources are required for full development of the Plan. Existing plans that will be amalgamated to the Campus Master Plan have been updated, and Space Management is undertaking a full review/study of space needs by major area of the University.

Development of 104 Avenue and 105 Avenue Corridor Concept Plans that reflect an integrated urban campus bound by a major, revitalized streetscape development, incorporating pedestrian and public transit with academic, institutional, commercial and student life.

The Corridor Concept Plan is still in its early phases of development with plan requirements currently being reassessed. As a part of upholding student life and access to campus, a surface parking lot was developed to maintain access for students and staff as the new CFAC building is being constructed. Additional resources are required for the full development of the Corridor Concept Plan.

G. SUSTAINABILITY

Strategic Direction

MacEwan University will be a leader in sustainable operations and education for sustainability.

Outcome Measures

Creation of a Centre for Sustainability Studies with significant participation by MacEwan University faculty, staff and students in its ongoing work.

This initiative has been set aside at this time. The purpose of the Centre has largely been achieved by the integration, through the Office of Sustainability and its working groups, of various academic initiatives (teaching and research) that are progressing well without the need for more formal administrative structure.

The idea of a Centre may re-emerge in the future but at present would not add value to the current activity and success as measured by The Association of the Advancement of Higher Education Sustainability Tracking, Assessment & Rating System (STARS).

INSTITUTIONAL EXCELLENCE

H. EMPLOYEE ENGAGEMENT

Strategic Direction

MacEwan University will be a preferred employer for both new and existing employees.

Outcome Measures

Complete assessment and improvement projects to streamline the recruitment, hiring and onboarding processes.

Human Resources has created recruitment support tools and implemented training for managers on an ongoing basis. Guidelines have been established for international hiring and the associated records management. An improved applicant experience was the result of important changes made to the careers website. The PeopleSoft Sessionals project was also implemented in February 2016, improving the accuracy of sessional instructor information and pay processes from hiring and onboarding through to the record of employment issued at the end of the contract.

Satisfaction by new university employees with the onboarding process.

Human Resources has developed intranet content for managers and employees in the way of onboarding guides and an online employee orientation for new employees. The new content will be available by the fall of 2016.

Baseline utilization rates for the performance excellence strategy and components contained in that strategy are reported within a two-year period from rollout.

An assessment of the Job Evaluation System and its corresponding processes was conducted by Human Resources. Training was conducted

for HR Advisors and revised titling guidelines have been drafted. A compensation strategy for MacEwan University was approved by the Board of Governors in December 2015 that established performance as a component of fair and competitive compensation for its employees.

Increased employee participation in training and development opportunities provided by the university.

Procurement and Contract Services delivered timely and effective training and support to internal stakeholders related to integrated core business for pay and expense processes. Security Services trained security officers in the Dynamics of Sexual Assault and how to respond to such reports, and will continue to develop work instructions to ensure an effective response to reported incidents.

Human Resources added a number of courses to the employee development online training library, including Violence on Campus Awareness, Ergonomic Awareness, WHMIS, General Biosafety Training, and Biosafety Containment Level II Training.

I. ACCOUNTABILITY AND RISK

Strategic Direction

MacEwan University will promote a culture of integrity, accountability and transparency that supports its academic mission, encourages opportunity and manages risk.

Outcome Measures

Development and implementation of an enterprise risk management program, including a risk landscape that is appropriate and useful for the university.

An Enterprise Risk Management Framework and associated tools are in place to facilitate tracking risks, conducting risk workshops and detailing risk assessments. Executive Council maintains an active risk register for the University, which is forwarded to the Audit Committee of the Board of Governors quarterly, and to the Board of Governors annually. An Enterprise Risk and Compliance Committee was formed and the committee's planning and activities are reported to the Audit Committee of the Board of Governors on a yearly basis as part of the Annual Enterprise Risk Management Report.

Implementation of a university-wide crisis communication solution.

With the sponsorship of Risk and Assurance Services and the Office of the Vice-President and Chief Information Officer, a notification system has been implemented, which uses email and text messaging to deliver critical information to staff and students in an emerging incident. The system provides reliable, instant communication as a supplement to existing channels at the university.

Development of a university-wide integrated policy development framework, including the establishment of processes and implementation of a policy advisory group.

The University's Policy Document Framework was implemented, and processes for the management, development, approval and review of all University policy documents (as overseen and monitored by the Policy Advisory Group and the Office of General Counsel) are in place.

In addition to the above strategic directions relating to the university's working environment and culture, the planning process identified strategies in two other key support areas relating to institutional excellence: information and technology management and external relations.

J. INFORMATION AND TECHNOLOGY MANAGEMENT

Outcome Measures

Business processes and systems are in place to meet needs of continuing education.

This project is complete. New applications have been developed and deployed for the School of Continuing Education to support course and credential catalogues, online registration, payment, and internal reporting and content management processes. The applications are fully integrated with the university ERP system.

Constituent Relationship Management (CRM) system is successfully implemented and integrated with existing systems with minimal customization.

Budget for a CRM implementation was approved in June 2016. A design and implementation project is planned to commence in January 2017.

The number of high-quality online courses to support credit and non-credit instruction is increased.

Twenty-four new online courses are currently in development for Arts and Science, Business, and Health and Community Studies, with the majority to be ready for the winter 2017 term, thus adding to the 23 created in the first year of a three-year development program. In addition, the School of Business has strategically initiated online course development that could allow for completion of the Management major and the Accounting major if the School of Business decides to offer an online degree. When the entire development program is complete in 2016/17, approximately 75 new online courses will have been added to the university's course catalogue.

A sustainable model of course maintenance was developed where the eLearning Office supports the development of department-owned courses and resources. The eLearning Office supports faculty to make minor updates before each offering to help keep courses current and extend the time between major maintenance.

Information holdings are organized and information management processes are structured so that the university can undertake change with agility. Increased ability to aggregate information vertically for accountability, and horizontally for program/service support.

A number of significant IT projects were completed in 2015/16 including new business applications to support the School of Continuing Education, the completion of an assessment project for the upgrade of the university's financial system, and the completion of the ERP 3.0 program which was a series of twenty-three projects to enhance the PeopleSoft application. Highlights in ERP 3.0 included a new mobile application for student system users, the introduction of apply to multiple programs functionality, new government reporting functionality, new student finance board integration, and the implementation of electronic transcripts.

High-risk areas are regularly monitored and managed, and control measurements are reported and evaluated.

A review of IT was completed in 2015/16 with a number of recommendations designed to further enhance the IT controls environment at the university. Several policies and standards were developed as part of the ITM Control Framework which provided a foundation for risk management, IT security, and control measurements.

K. EXTERNAL RELATIONS

Outcome Measures

Generation of \$35 million in new funding by 2020.

To date, almost \$7 million has been raised or pledged with close to an additional \$6 million anticipated (pledged or verbally committed) towards supporting the Centre for Arts and Culture and other strategic priorities. Challenges in meeting this goal have been encountered due in part to the limited capacity of the department, a small prospective donor base and the turbulent Alberta economy. Over the last year, the Alumni and Development office focused on growing its operations through building internal expertise and enhancing accountability processes.

Implementation of a yearly marketing plan to guarantee consistent messaging across the institution.

An advertising and marketing plan developed in 2014/15 continued to be executed in 2015/16. The Connected, Engaged, Inspired campaign was used extensively in student recruitment programs, external advertising, and in digital and social media campaigns. A new plan is in development to be approved and deployed in 2016/17.

Increased opportunities provided to alumni to engage in university affairs.

The Fund Development Department was reorganized to represent a more traditional organizational structure of Alumni and Development. In July 2015, the position of Director, Alumni and Community Relations

was filled with the mandate to review existing operations and create recommendations supported by a strategic plan with the goal of increasing opportunities for alumni engagement at the university. After a full review of departmental activities, budgets, and data management practices, consultation with internal and external stakeholders the strategic plan is in its final stages and will provide direction on meaningful engagement opportunities for alumni going forward.

Market research will indicate an increased awareness of MacEwan's brand and university status.

An annual survey, using an external service provider, was completed to measure the awareness of the MacEwan University brand in Alberta and western Canadian markets. The survey, for the first time, also asked about how MacEwan University is perceived at this point in the institution's development as a university by the public, and more specifically by those considering higher education.

Application and enrolment targets are realized.

Overall applications to the university continue to exceed expectations with interest in programs remaining very strong. The number of applications in Fall 2015 exceeded the previous year's applications by more than 300 or 1.2%. Information on enrolment targets, including a breakdown by credential type is provided in the following tables and accompanying discussion.

ENROLMENT DISCUSSION

Enrolment at the university remains very strong with reported Learner and Enrolment Reporting System numbers exceeding target by more than 280 or about 2%. The table below shows that this growth is primarily driven by the increase in degree students which is entirely consistent with the university's Integrated Strategic Plan and the expressed outcomes of the most recent Comprehensive Institutional Plan. At the same time, enrolment in diploma and certificate programming has stayed virtually the same as last year, also consistent with the university's desire to create a unique undergraduate learning experience for students, with multiple pathways to achieve learning goals. These two complementary trends indicate that the university's enrolment strategy of growing degree offerings while retaining certificate and diploma options continues to be successfully met.

As shown in Table 2, MacEwan has also exceeded its international enrolment target for the current year and is approaching the goal of 8% as set out in the Integrated Strategic Plan.

Table 1. Enrolment Plan

By Credential Type (FLE)

| Credential Type | 2013/14 Actual* | 2014/15 Actual* | 2015/16 Planned | 2015/16 Actual* |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Degree | 6,517.1 | 6,981.9 | 6,865.0 | 7,269.3 |
| Diploma | 3,383.3 | 3,027.1 | 3,310.0 | 2,979.1 |
| Certificate | 334.2 | 317.0 | 318.0 | 334.3 |
| Non Credential** | 1,723.6 | 1,960.5 | 1,807.0 | 1,998.0 |
| University Total | 11,957.9 | 12,286.6 | 12,300.0 | 12,580.7 |

* Actual enrolment per the Learner and Enrolment Reporting System

**Includes University Transfer, Nursing Credentialing, ESL, Open Studies and Preparation for University and College

Table 2. International Enrolment

| | 2015/16 Planned | 2015/16 Actual* |
|-------------------------|----------------------------|----------------------------|
| % International | 7.0% | 7.4% |
| FLE International | 861.0 | 928.2 |
| University Total | 12,300.0 | 12,580.7 |

Note: A detailed table outlining the university's enrolment plans by ministry-defined program band and credential level can be found in Appendix A.

PERFORMANCE MEASURES

MacEwan University's Strategic Plan and Budget Strategies for 2015/16 – 2017/18 identified a number of performance measures. The table below provides three years of performance data on each measure up to the 2015/16 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 | | | Target | Comments |
|---|---|--|---|-------------------------------|---|
| | Year 1 | Year 2 | Year 3 | | |
| STUDENT FOCUS | | | | | |
| Student satisfaction with overall quality (% satisfied) | 96% (2012/13 Satisfaction Survey) | 93% (2013/14 Baccalaureate Survey) | 97% (2014/15 Satisfaction Survey) | Maintain current level | Satisfaction rates continue to be very high |
| Graduate Employment Rate (overall) | 95% (2010/11 Graduate Survey) | 94% (2012/13 Graduate Survey) | 93% (2014/15 Graduate Survey) | Maintain current rate | Surveys show that MacEwan graduates continue to have high rates of employment |
| International Student Enrolment | 2013/14 712 FLE (5.95% of total) | 2014/15 833 FLE (6.8% of total) | 2015/16 928 FLE (7.4% of total) | 7.0% of total FLE | MacEwan's growth of international students significantly exceeded expectations |
| Total \$ value of scholarships awarded/ FLE | 2013/14 \$2.63M \$220/FLE | 2014/15 \$2.85M \$232/FLE | 2015/16 \$3.45 M \$274 /FLE | Increase | Both overall and per FLE target met |
| PROGRAM AND SERVICE QUALITY | | | | | |
| Enrolment (achievement of enrolment target) | 2013/14 11,957 FLE (99.6% of plan) | 2014/15 12,287 FLE (101% of plan) | 2015/16 12,581 FLE (102% of plan) | 12,300 FLE | MacEwan exceeded its 2015/16 enrolment target, by 282 FLE |
| Student satisfaction with quality of teaching | 95% (2012/13 Satisfaction Survey) | 94% (2013/14 Baccalaureate Survey) | 95% (2014/15 Satisfaction Survey) | Maintain current level | Satisfaction rates continue to be very high |
| RESOURCE ACQUISITION AND UTILIZATION | | | | | |
| Achievement of external fundraising targets | 2013/14 \$2.521 Million | 2014/15 \$3.847 Million | 2015/16 \$2.006 Million | \$3.0 Million | A number of factors, especially the economic downturn, created obstacles to fundraising |
| % expenditure on administration* | 2013/14 11.3% | 2014/15 10.9% | 2015/16 11.0% | <11.0% | Expenditure target met |

* using Ministry KPI/FIRS definition

CAPITAL PLAN

CENTRE FOR ARTS AND CULTURE

The university's top capital priority is the Centre for Arts and Culture, is under construction and is progressing on time and on budget. As of June 30th, the project was running at 60% completion and with a target opening of August 2017. The Centre for Arts and Culture will offer 40,000 square metres of academic and support space and will move the university closer to campus consolidation as the west end campus relocates downtown. The size and scale of the new Centre for Arts and Culture is now evident as its shell and striking black and green envelope are complete. The new centre appears certain to make a bold physical impact on MacEwan's City Centre Campus and add an enriching academic experience for future students.

SAMU BUILDING PROJECT

The Students' Association of MacEwan University (SAMU) has a vision for a building that will create interactive, on-campus space to improve the student experience and satisfaction. The vision includes a purpose-built, sustainable, energy efficient and environmentally friendly facility that will effectively serve the needs of the students today and be adaptable to meet students changing needs for years to come.

The proposed new 5,000 m² building located west of the Christenson Family Centre for Sports and Wellness will be owned by MacEwan University and leased to SAMU. The building will provide students with a place to study, socialize and get involved, and provide space for the thousands of students who live in residence. Through the development and use of this new facility, SAMU aims to gain further visibility in downtown Edmonton and the surrounding community in keeping with MacEwan University's consolidated campus strategy. During the year the business case was prepared and submitted to the Government of Alberta to receive the required approval for debt financing. The building is tentatively scheduled to be completed in the summer of 2019.

CITY CENTRE LIBRARY EXPANSION PROJECT

MacEwan's 2015 "University Library Space Needs Analysis Project Final Report" identified the University Library as a hub of activity in need for expansion to improve the scale and quality of

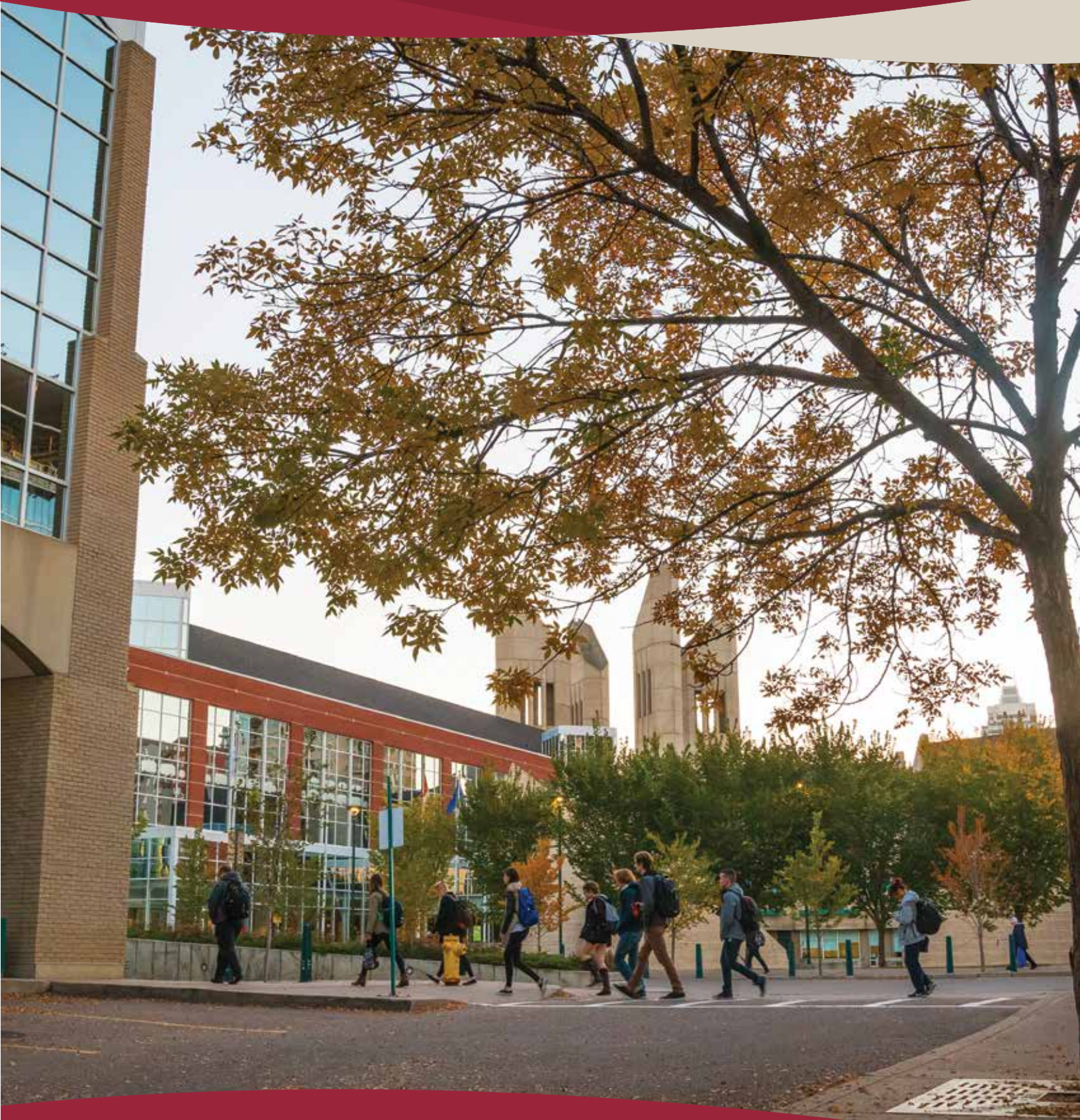
facilities to support research and innovation at the university. Now in the concept stage, the Library Expansion project proposes the addition of 2,200 m² of contiguous area in Buildings 6 and 7 on the 2nd and 3rd floors. The additional area will be developed into a Community Research Partnership Centre, with maker and gaming space, an archival research centre, stack collection space, and vital student study and case rooms with technological enhancements.

CITY CENTRE CAMPUS – COMPLETION OF SHELLED IN SPACE

For project cost control, the new Centre for Arts and Culture contains a number of spaces that were constructed as shelled-in space and will be completed at a later date, when funding is available. These spaces include future classrooms, labs, a music ensemble studio, along with the entire fifth floor. The area of these spaces is 6,500 m². Development of this space will help to ensure that MacEwan has the academic capacity to deliver programs for the foreseeable future.

BARREL VAULT ROOF REPLACEMENT

The existing barrel vault metal roofs on City Centre Campus are failing and resulting in heat loss, leakage and ice damming. Heat loss and leakage has formed massive icicles, some estimated to weigh more than 150 kilograms. Collapsing icicles have fallen and pierced adjacent roofs, resulting in roof leaks and flooding. Repairs have been completed to provide interim improvements, but a permanent solution is required. The key objectives of the barrel vault replacement project are to increase roof thermal value from R8 to R25 and provide a new metal roof with a 30-year life expectancy. The cost of the project has been reduced from a previously reported \$3.5 million to \$2.7 million as the most urgent roof sections were completed with infrastructure maintenance funds. The Barrel Vault Roof project has been submitted to Alberta Infrastructure as part of the annual submission for capital infrastructure replacement funding, and will proceed if funding is approved.



Financial and Budget Information
2015/16

DISCUSSION AND ANALYSIS

This information should be reviewed in conjunction with the June 30, 2016 MacEwan University audited consolidated financial statements and accompanying notes.

The audited consolidated financial statements are reviewed and approved by the Board of Governors of MacEwan University on the recommendation of the Audit Committee of the Board of Governors.

The consolidated financial statements represent the consolidated financial results of operations of MacEwan University, the Grant MacEwan University Foundation, and the MacEwan Downtown Corporation, and are prepared in accordance with Canadian public sector accounting standards.

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

A. CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES

A. ADOPTION OF NET DEBT MODEL

As disclosed in Note 3(a) to the consolidated financial statements, the university changed its accounting policy to adopt the net debt model. Net financial assets or net debt is measured as the difference between the university's financial assets and liabilities as presented on the consolidated statement of financial position.

See the consolidated statement of change in net financial assets for more information.

B. ENDOWMENT CONTRIBUTIONS AND CAPITALIZED INVESTMENT INCOME

As disclosed in Note 3(b) to the consolidated financial statements, the university changed its accounting policy to recognize endowment contributions and capitalized investment income, if any, in the consolidated statement of operations.

The annual surplus for the year comprises of the annual operating surplus and the endowment contributions. See the consolidated statement of operations for additional information.

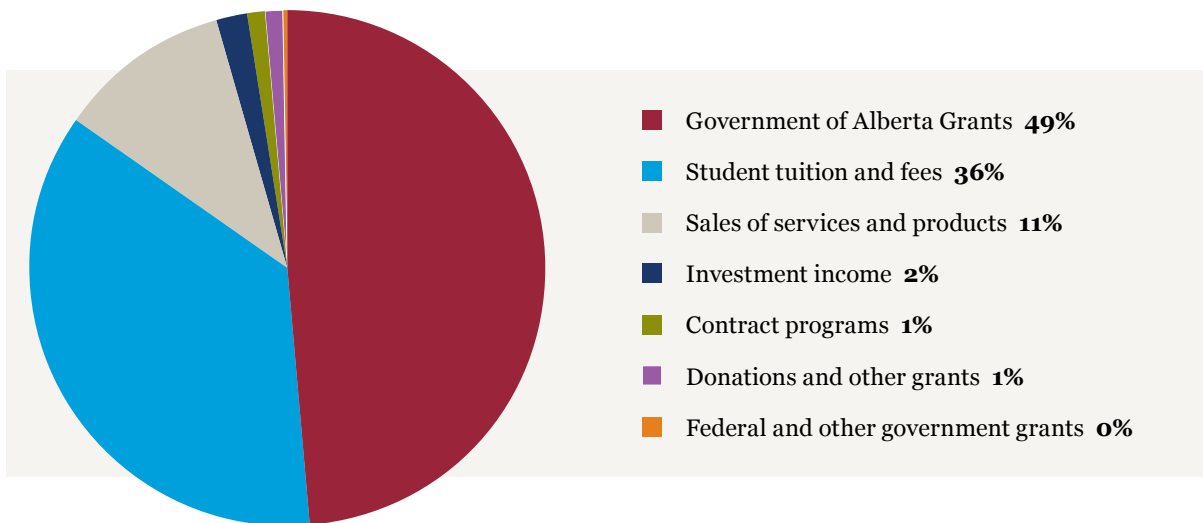
This change in accounting policy has been applied retroactively with restatement of comparatives.

B. OPERATIONAL HIGHLIGHTS

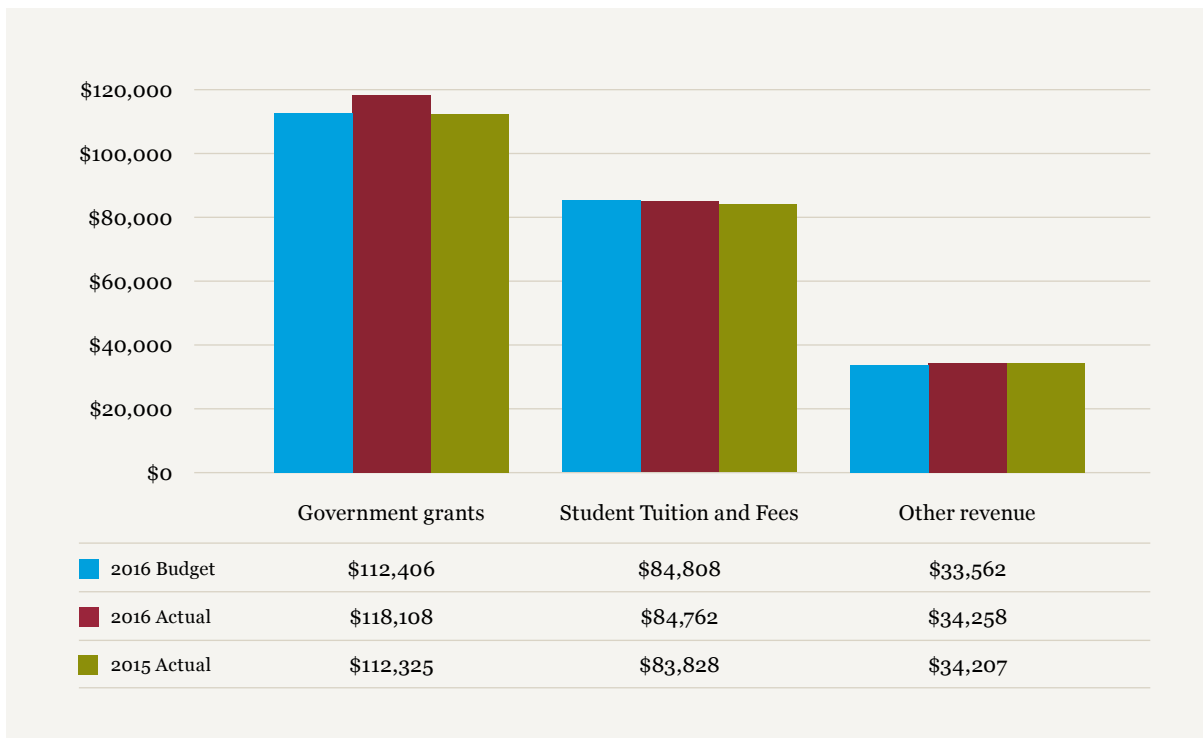
The university's annual surplus for the year was \$19,060 (2015: \$11,304) as a result of an annual operating surplus of \$18,608 (2015: \$9,057) and endowment contributions of \$452 (2015: \$2,247). The actual annual operating surplus of \$18,608 is a result of \$6,352 positive variance in operating revenues and a \$12,256 positive variance in operating expenses.

A. OPERATING REVENUE

Government of Alberta grants and student tuition and other fees make up 85% of the \$237.1 million revenue for the university, with the 2015/16 breakdown by revenue source as follows:



The following shows the comparison of 2016 approved budget, 2016 actual, and 2015 actual revenue:



The 2016 budget was prepared based on the Alberta Budget which was presented on March 26, 2015. This budget proposed a 1.4% reduction in the Campus Alberta Grant from 2014/15 amount (approximately \$1.4 million), and an increase in infrastructure maintenance program grant funding from \$1.33 million to \$2.5 million. This budget was also prepared based on student tuition and fees increasing 2.2% from 2014/15 levels and enrolment remaining constant.

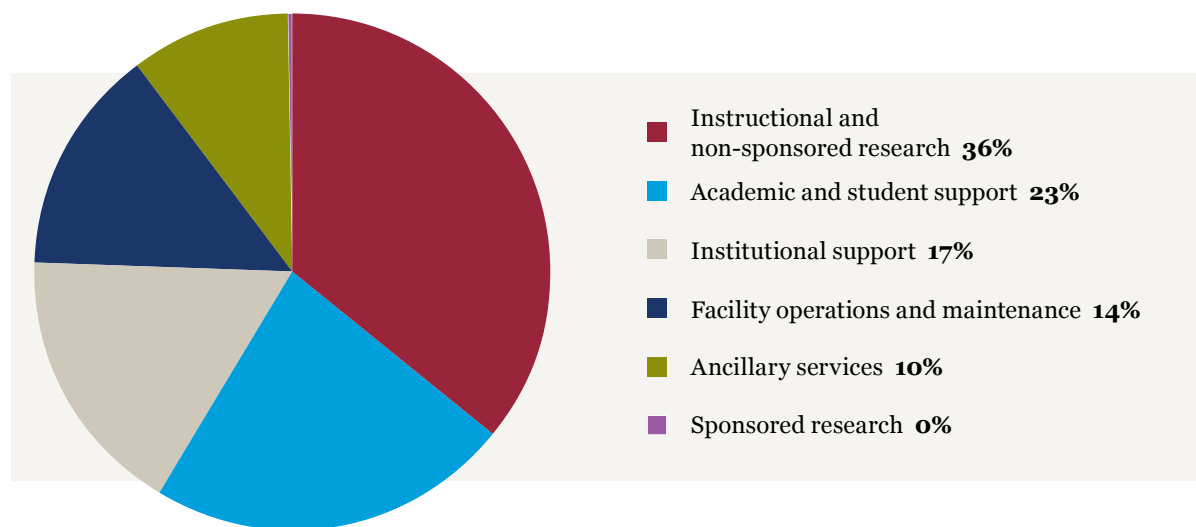
As a result of the May 5, 2015 provincial election, a new provincial budget and mandate was implemented, with the Campus Alberta Grant increasing 2% from 2014/15 amount with a further increase of \$1.3 million to offset and student tuition fees which were to remain at 2014/15 levels. This resulted in the 2015/16 grant from the Government of Alberta being higher than the approved budget and higher than 2014/15 amounts.

Despite the requirement to maintain the 2014/15 tuition fees, actual student tuition and other fees for 2015/16 achieved the approved budget, with a slight increase from 2014/15. This is mainly due to continued enrolment growth from international students.

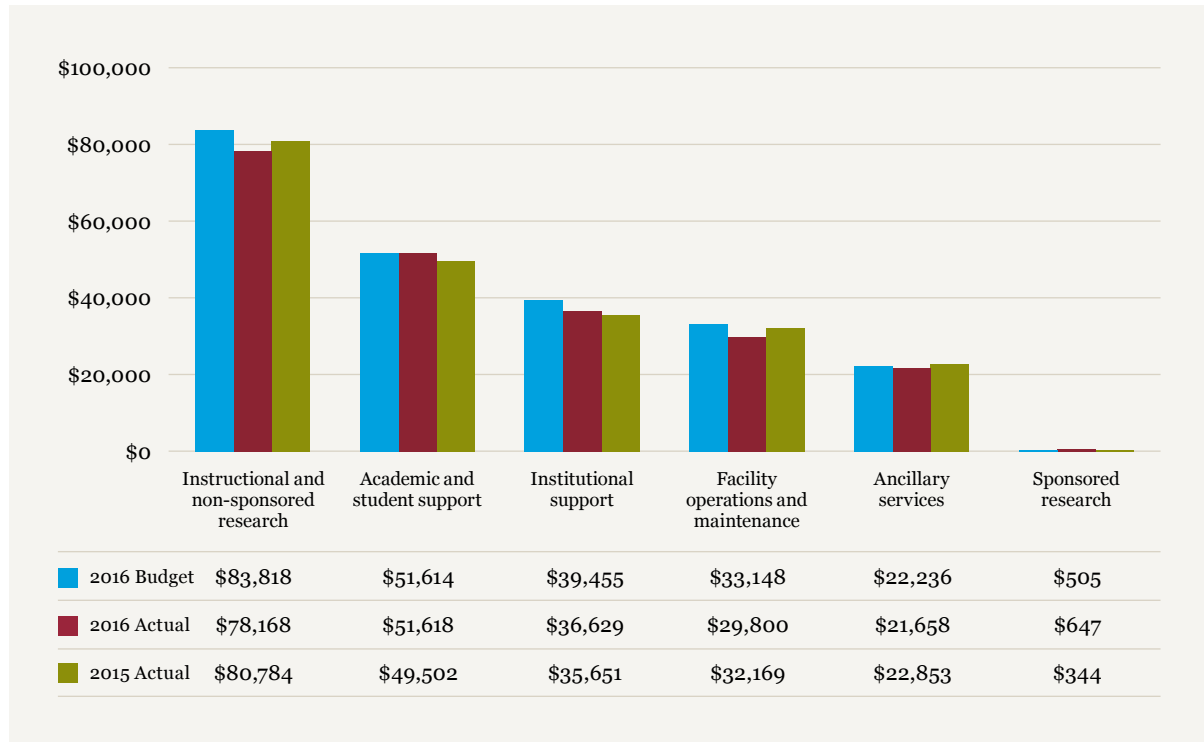
B. EXPENSE HIGHLIGHTS

i. Expense by function

Under public sector accounting standards, the consolidated statement of operations presents expenses by the functions as defined in Note 2(i) to the consolidated financial statements, with the following breakdown of the 2015/16 expenses:

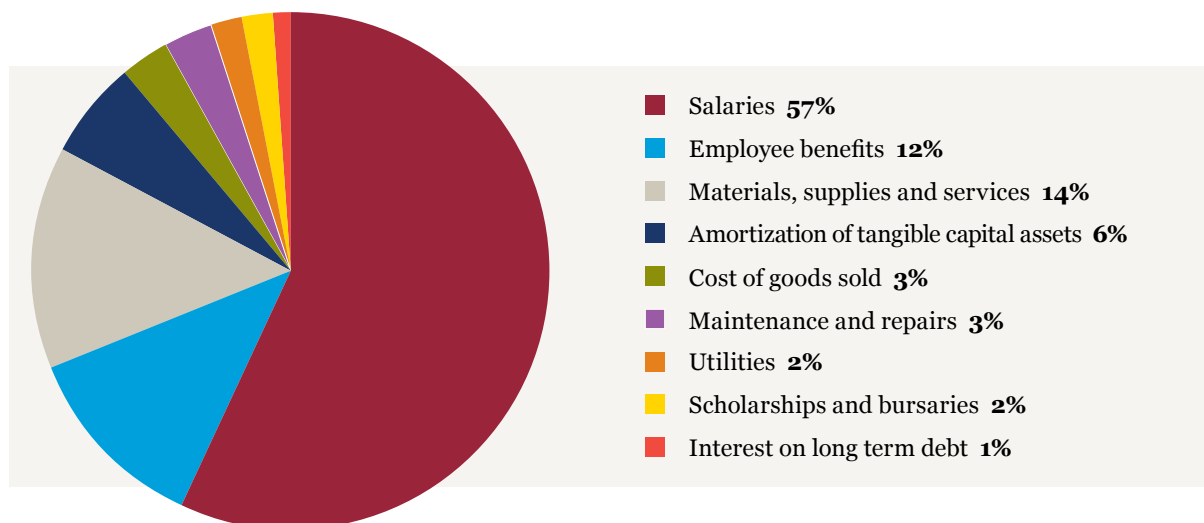


The following shows the comparison of 2016 approved budget, 2016 actual, and 2015 actual expenses by function.

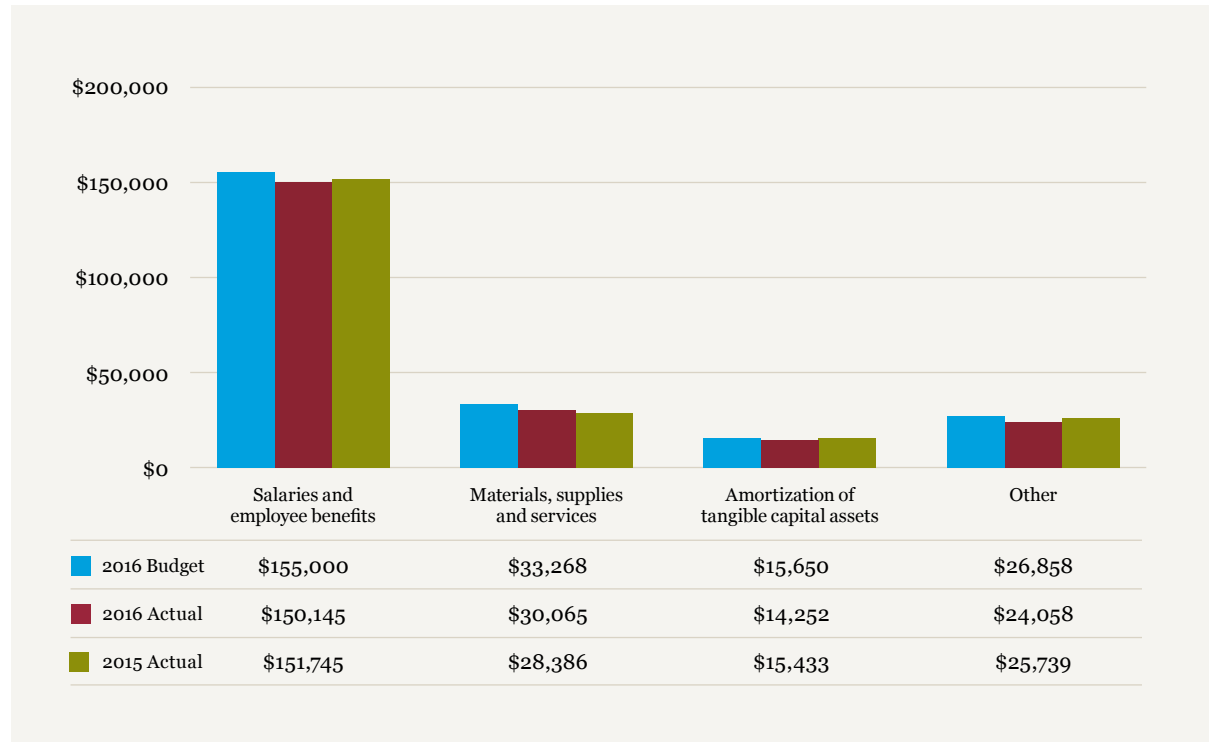


ii. Expense by object

Note 16 to the consolidated financial statements presents the expenses by objects, with the following major categories of the \$218.5 million expenses for the university: salaries and employee benefits (69%); materials, supplies and services representing (14%); and amortization of tangible capital assets (6%).



The following shows the comparison of 2016 approved budget, 2016 actual, and 2015 actual expenses:



The university had a number of unfilled positions for all or part of 2015/16 which resulted in salaries having a positive variance from the approved budget as well as a net decrease from 2014/15.

In addition, the budget included contingency for unplanned expenditures. This contingency was not required during the year.

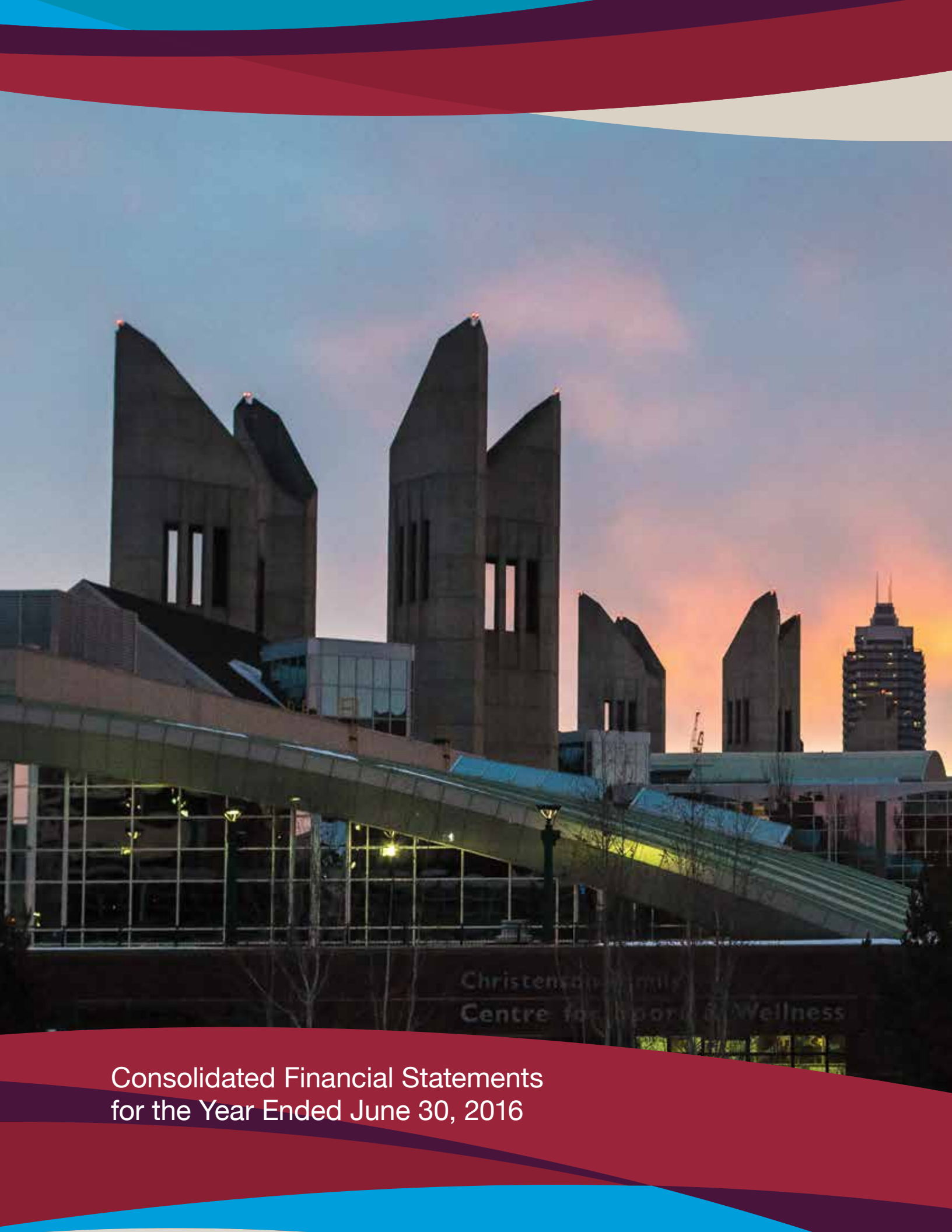
C. ACQUISITION OF TANGIBLE CAPITAL ASSETS

During the year the university continued the construction of the Centre for Arts and Culture at the City Centre Campus with \$85,058 (2015: \$27,012) being spent on this project. Funding for this project includes \$10,000 (2015: \$24,645) grant from the Government of Alberta, \$45,000 (2015: nil) construction financing from Alberta Capital Finance Authority, and \$32,926 (2015: \$2,182) from internally restricted surplus designated for this purpose. This project is scheduled to be completed early in 2017/18.

D. NET FINANCIAL ASSETS

The university's consolidated statement of financial position presents a net financial assets balance of \$15,757 at June 30, 2016 (2015: \$67,031). The decrease is a result of the university's financial commitment to the Centre for Arts and Culture.

The net financial asset balance includes endowment net financial assets of \$49,087 (see Note 13 to the consolidated financial statements, 2015: \$48,635). If the endowment net financial assets were excluded, the university would have a net debt of \$33,330 (2015: net financial assets of \$18,396).



Consolidated Financial Statements
for the Year Ended June 30, 2016

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of 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 Canadian public sector accounting standards.

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, internal audit and the external auditor to discuss the results of audit examinations and financial reporting matters. The internal and external auditors have full access to the Audit Committee, with and without the presence of management.

The Auditor General 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,



David W. Atkinson, PhD
President



Brent Quinton, CPA, CA, MBA
Vice President, Finance and Administration

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 MacEwan University, which comprise the consolidated statement of financial position as at June 30, 2016, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 MacEwan University as at June 30, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General
September 29, 2016
Edmonton, Alberta

Consolidated Statement of Financial Position

As at June 30, 2016 (thousands of dollars)

| | 2016 | 2015 |
|---|-------------------|----------------------|
| FINANCIAL ASSETS | | (Note 3, Schedule 1) |
| Cash and cash equivalents (Note 4) | \$ 69,433 | \$ 55,870 |
| Portfolio investments - non-endowment (Note 5) | 55,175 | 62,510 |
| Portfolio investments - restricted for endowment (Note 5) | 59,893 | 61,512 |
| Accounts receivable | 6,054 | 4,178 |
| Inventories for resale | 2,106 | 1,918 |
| Assets held for sale (Note 7) | 12,448 | 12,448 |
| | 205,109 | 198,436 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 43,538 | 41,455 |
| Investment liabilities (Note 5) | 11,200 | - |
| Employee future benefit liabilities (Note 8) | 6,457 | 5,221 |
| Debt (Note 9) | 83,883 | 40,807 |
| Deferred revenue (Note 10) | 44,274 | 43,921 |
| | 189,352 | 131,404 |
| Net financial assets | 15,757 | 67,032 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 11) | 368,034 | 293,020 |
| Prepaid expenses | 5,479 | 5,469 |
| | 373,513 | 298,489 |
| Net assets before spent deferred capital contributions | 389,270 | 365,521 |
| Spent deferred capital contributions (Note 12) | 148,705 | 144,439 |
| Net assets | \$ 240,565 | \$ 221,082 |
| Net assets is comprised of: | | |
| Accumulated surplus (Note 13) | \$ 231,010 | \$ 211,950 |
| Accumulated remeasurement gains | 9,555 | 9,132 |
| | \$ 240,565 | \$ 221,082 |

Financial Risk Management (Note 6), Contingent Liabilities (Note 14), Contractual Obligations (Note 15)

Approved by the Board of Governors (Note 20):



Acting Chair, Board of Governors



Chair, Audit Committee

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

Consolidated Statement of Operations

Year ended June 30, 2016 (thousands of dollars)

| | Budget | 2016 | 2015 |
|---|-------------------|-------------------|-------------------------|
| | (Note 19) | | (Note 3, Schedule 2) |
| REVENUE | | | |
| Government of Alberta grants (Note 18) | \$ 112,135 | \$ 117,598 | \$ 111,891 |
| Federal and other government grants | 271 | 510 | 434 |
| Student tuition and fees | 84,808 | 84,762 | 83,828 |
| Sales of services and products | 26,354 | 26,810 | 26,369 |
| Contract programs | 910 | 1,479 | 1,268 |
| Donations and other grants | 1,448 | 1,485 | 1,755 |
| Investment income | 4,850 | 4,484 | 4,815 |
| | <u>230,776</u> | <u>237,128</u> | <u>230,360</u> |
| EXPENSES (Note 16) | | | |
| Instructional and non-sponsored research | 83,818 | 78,168 | 80,784 |
| Academic and student support | 51,614 | 51,618 | 49,502 |
| Institutional support | 39,455 | 36,629 | 35,651 |
| Facility operations and maintenance | 33,148 | 29,800 | 32,169 |
| Ancillary services | 22,236 | 21,658 | 22,853 |
| Sponsored research | 505 | 647 | 344 |
| | <u>230,776</u> | <u>218,520</u> | <u>221,303</u> |
| Annual operating surplus | - | 18,608 | 9,057 |
| Endowment contributions | - | 452 | 2,247 |
| Annual surplus | - | 19,060 | 11,304 |
| Accumulated operating surplus, beginning of year | 211,950 | 211,950 | 200,646 |
| Accumulated operating surplus, end of year (Note 13) | <u>\$ 211,950</u> | <u>\$ 231,010</u> | <u>\$ 211,950</u> |

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

Consolidated Statement of Change in Net Financial Assets

Year ended June 30, 2016 (thousands of dollars)

| | Budget | 2016 | 2015 |
|--|---------------|------------------|-------------|
| | (Note 19) | | (Note 3) |
| Annual surplus | | \$ 19,060 | \$ 11,304 |
| Acquisition of tangible capital assets | | (89,406) | (40,397) |
| Amortization of tangible capital assets | | 14,252 | 15,433 |
| Net book value of assets disposed | | 140 | 1,232 |
| Transfer to assets held for sale | | - | 12,448 |
| Change in prepaid expenses | | (10) | (1,006) |
| Change in spent deferred capital contributions | | 4,266 | 12,561 |
| Change in remeasurement gains and losses | | 423 | 2,151 |
| | | (51,275) | 13,726 |
| Increase (decrease) in net financial assets | | | |
| Net financial assets, beginning of year | | 67,032 | 53,306 |
| Net financial assets, end of year | | \$ 15,757 | \$ 67,032 |

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

Consolidated Statement of Remeasurement Gains and Losses

Year ended June 30, 2016 (thousands of dollars)

| | 2016 | 2015 |
|--|-----------------|-----------------|
| Accumulated remeasurement gains, beginning of year | \$ 9,132 | \$ 6,981 |
| Unrealized gains recognized as revenue during year due to portfolio investments - non-endowments | (3) | (87) |
| Unrealized gains attributable to: | | |
| Portfolio investments - non-endowments | 20 | 2,238 |
| Foreign exchange | 406 | - |
| Accumulated remeasurement gains, end of year | \$ 9,555 | \$ 9,132 |

Consolidated Statement of Cash Flows

Year ended June 30, 2016 (thousands of dollars)

| | 2016 | 2015 |
|---|------------------|----------------------|
| OPERATING TRANSACTIONS | | (Note 3, Schedule 3) |
| Annual surplus | \$ 19,060 | \$ 11,304 |
| Add (deduct) non-cash items: | | |
| Amortization of tangible capital assets | 14,252 | 15,433 |
| Spent deferred capital contributions recognized as revenue | (6,296) | (6,496) |
| Loss on disposal of tangible capital assets | 105 | 733 |
| Change in employee future benefit liabilities | 1,236 | 791 |
| Loss on disposal of unrestricted portfolio investment | 28 | 6 |
| Write-down of portfolio investment for other than temporary decline in value | - | 99 |
| Decrease (increase) in: | | |
| Accounts receivable | (1,876) | (644) |
| Inventories for resale | (188) | 498 |
| Prepaid expenses | (10) | (1,006) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities relating to operating transactions | (3,767) | 977 |
| Deferred revenue | (571) | 2,600 |
| Cash provided by operating transactions | 21,973 | 24,295 |
| CAPITAL TRANSACTIONS | | |
| Acquisition of tangible capital assets | (89,406) | (40,397) |
| Proceeds on disposal of tangible capital assets | 34 | 472 |
| Increase in accounts payable and accrued liabilities relating to capital transactions | 5,850 | 8,145 |
| Cash applied to capital transactions | (83,522) | (31,780) |
| INVESTING TRANSACTIONS | | |
| Purchase of portfolio investments, net of increase in investment liabilities | (19,082) | (18,529) |
| Proceeds on sale of portfolio investments | 39,809 | 42,877 |
| Endowment investment earnings | 612 | 1,454 |
| Cash provided by investing transactions | 21,339 | 25,802 |
| FINANCING TRANSACTIONS | | |
| Capital contributions | 10,697 | 24,961 |
| Debt repayment | (1,924) | (1,819) |
| Debt - new financing | 45,000 | - |
| Cash provided by financing transactions | 53,773 | 23,142 |
| Increase in cash and cash equivalents | 13,563 | 41,459 |
| Cash and cash equivalents, beginning of year | 55,870 | 14,411 |
| Cash and cash equivalents, end of year | \$ 69,433 | \$ 55,870 |

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

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

NOTE 1 AUTHORITY AND PURPOSE

The Board of Governors of Grant MacEwan University is a corporation which manages and operates 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 of Advanced Education, with the exception of the President, who is an ex officio member. Under the *Post-secondary Learning Act*, Campus Alberta Sector Regulation, the university is a 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 the payment of income tax. This exemption does not extend to the wholly-owned subsidiary, MacEwan Downtown Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

a) General – Public Sector Accounting Standards (PSAS) and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated 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, amortization of tangible capital assets and the revenue recognition for expended capital are the most significant items based on estimates. In management’s opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b) Valuation of Financial Assets and Liabilities

The university’s financial assets and liabilities are generally measured as follows:

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

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

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

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

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

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

c) Revenue Recognition

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

i. Government Grants, Non-government Grants and Donations

Government transfers are referred to as government grants.

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

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

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

ii. Grants and Donations Related to Land

Grants and donations for the purchase of land are recognized as deferred revenue when received, and recognized as revenue when the land is purchased.

The university recognizes in kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When the university cannot determine the fair value, it records such in-kind contributions at nominal value.

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

iii. Endowments

Endowments are included in financial assets and accumulated surplus in the consolidated statement of financial position. Endowment contributions are recognized as revenue in the consolidated statement of operations in the year in which they are received. Donors have placed restrictions on their contributions.

All unrealized gains and losses attributable to endowments are recognized as an increase or decrease in deferred revenue. Realized investment earnings, gains and losses on endowment assets are recognized as deferred revenue when the terms for use by the endowment create a liability, and subsequently recognized in the consolidated statement of operations when the terms of use are met, as stipulated by the donors.

iv. Investment Income

Investment earning from restricted grants and donations, including endowments, are recognized as deferred revenue when the terms for use create a liability, and is recognized as investment income when the terms of the grant or donation are met. Investment income also includes dividends, interest income and realized gains or losses on the sale of unrestricted (non-endowment) portfolio investments.

Unrealized gains and losses on unrestricted portfolio investments are recognized in the consolidated statement of accumulated remeasurement gains and losses until the related investments are sold. Once realized, these gains or losses are recognized as investment income in the consolidated statement of operations.

d) Inventories

Inventories for resale are valued at the lower of cost and expected net realizable value and are determined using the moving average basis.

e) Tangible Capital Assets

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

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

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the university's rate for incremental borrowing or the interest rate implicit in the lease. Note 9 provides a schedule of repayments and amount of interest on the leases.

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

| | |
|--------------------------------|----------------|
| Building | 10 to 40 years |
| Land improvements | 10 to 25 years |
| Equipment | 3 to 25 years |
| Computer hardware and software | 3 to 7 years |
| Other | 10 years |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

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

Tangible capital assets permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Carrying value includes amounts for improvements to prepare the tangible capital asset for sale or servicing. Tangible capital assets which meet the criteria for financial assets are reclassified as assets held for sale on the consolidated statement of financial position.

f) Asset Retirement Obligations

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

g) Employee Future Benefits

i. 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.

ii. Supplementary Retirement Plans

The university maintains a supplemental pension plan for its senior executives based on the plan rules. The pension expense for this defined benefit supplemental 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. Actuarial valuations are obtained at least every three years, and the value of the supplemental retirement plan and the associated changes during the year are extrapolated when the most recent actuarial valuation was prepared one or two fiscal years earlier.

iii. Accumulating Non-vesting Sick Leave Liability

Sick leave benefits accumulate with employee service and are provided by the university to all employee groups as defined by employment agreements to cover illness related to absences that are outside of short-term and long-term disability coverage. The maximum accumulated sick leave is 168 to 315 hours depending on the employee group. The liability for the accumulated non-vested sick pay

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

benefit is actuarially determined using two models: Excess Utilization Model and Disability Model. The cost of the accumulating non-vesting sick leave benefits are expensed as the benefits are earned. Actuarial valuations are obtained at least every three years, and the value of the sick leave benefit and the associated changes during the year are extrapolated when the most recent actuarial valuation was prepared one or two fiscal years earlier

iv. Benefit Liability for Employees on Short-term and Long-term Disability

The university is responsible for paying the employee and employer Local Authority Pension Plan (LAPP) contributions and other benefit premiums while an employee is on short and long term disability. The liability is actuarially calculated at the present value of the forecasted combined premiums for each claimant. The cost of this benefit is expensed in the year the employee becomes disabled. Actuarial valuations are obtained at least every three years, and the value of the benefit liability for employees on short-term and long-term disability and the associated changes during the year are extrapolated when the most recent actuarial valuation was prepared one or two fiscal years earlier.

v. Administrative Leave

The university provides support to employees transitioning from academic administrator positions to faculty positions by offering an administrative leave between appointments. Employees must serve a minimum of three years of continuous service as an academic administrator to be considered for administrative leave. The administrative leave is up to 12 months for five years of continuous service, and up to six months for three years of continuous service, and the employee must return to regular faculty responsibility for a minimum period of time equal to the administrative leave period. This administrative leave does not vest or accumulate to the employee.

On approval to receive an administrative leave, a liability is recorded for the following:

- Salary and benefits during the administrative leave; and
- The difference between the salary and benefits earned during the faculty appointment and the salary and benefits for the faculty position.

The cost of this benefit is expensed in the year the employee is approved to receive the administrative leave.

vi. Other

The cost of other employee future benefits are expensed in the year the benefit is approved.

h) Basis of Consolidation

These consolidated financial statements use the line-by-line method to record the accounts of the Grant MacEwan University Foundation, which operates under Part 9 of the *Companies Act* (Alberta) for the support and advancement of the university. The Foundation is a registered charity and is exempt from payment of income tax.

MacEwan Downtown Corporation, a wholly owned subsidiary of the university, had no operations during the year and as at June 30, 2016 has no assets, liabilities or net assets.

i) Expense by Function

The university uses the following categories of expense functions on its consolidated statement of operations:

i. Instruction and Non-Sponsored Research

Includes expenses related to all programming and training within the university, whether for credit or non-credit. This category also includes any non-sponsored research and scholarly activity undertaken by faculty and within departments.

ii. Academic and Student Support

Includes expenses relating to activities directly supporting the academic functions of the university, including expenses of the library and academic Dean's departments.

This category also includes centralized functions that support individual students or groups of students such as student service administration, student recruitment, records and admissions (registrar), counseling or career services, social development and recreation, financial aid administration, intercollegiate athletics, centralized scholarship awards, and any other centralized student support group.

iii. Institutional Support

Includes expenses for executive management, corporate marketing and communications, alumni relations and development, corporate insurance premiums, centralized core computing, network, and data communication, corporate finance, human resources, and any other centralized institution-wide administrative services.

iv. Facility Operations and Maintenance

Includes utilities costs and the centralized management and expenses for the maintenance and renovations of grounds, facilities, operations, and of physical plant for all University activities. Also includes amortization of building and equipment, except those expenses attributable to Ancillary Services.

v. Ancillary Services

This includes expenses for operations outside of the normal functions of instruction and research. Examples include bookstores, food services, residences and housing, parking services, and print services. Also includes amortization directly attributable to Ancillary Services.

vi. Sponsored Research

Includes expenses for all research activities specifically funded by contracts with and grants from external organizations and undertaken within the university to produce research outcomes.

j) Endowments

Endowments consist of externally restricted donations received by the university and internal allocations by the university's Board of Governors, the principal of which is required to be maintained intact for a period of not less than 10 years.

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

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 policy, 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, 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.

k) Funds and Reserves (Internally Restricted Accumulated Surplus)

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

l) Future Accounting Changes

In March 2015, the Public Sector Accounting Board issued PS 2200 Related party disclosures and PS 3420 Inter-entity transactions. In June 2015, the Public Sector Accounting Board issued PS 3210 Assets, PS 3320 Contingent assets, PS 3380 Contractual rights, and PS 3430 Restructuring transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017, with the exception of PS 3430, which is effective for fiscal years starting on or after April 1, 2018.

- PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 - Assets provides guidance for applying the definition of assets set out in PS 1000, Financial statement concepts, and establishes general disclosure standards for assets.
- PS 3320 - Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 - Contractual rights defines and establishes disclosure standards on contractual rights.
- PS 3430 - Restructuring transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

Management is currently assessing the impact of these new standards on the consolidated financial statements. The university discloses transactions and balances related to the Government of Alberta in Note 18.

NOTE 3 CHANGES IN ACCOUNTING POLICIES AND COMPARATIVE FIGURES**a) Adoption of the Net Debt Model**

The net debt model with reclassification of comparatives has been adopted for the presentation of June 30, 2016 consolidated financial statements. Net financial asset or net debt is measured as the difference between the university's financial assets and liabilities.

The effect of this change results in changing the presentation of the consolidated statement of financial position and adding the consolidated statement of change in net financial assets.

b) Endowment Contributions and Capitalized Investment Income

Effective July 1, 2015 endowment contributions, matching contributions, and associated investment income allocated for the preservation of endowment capital purchasing power are recognized in the consolidated statement of operations in the period in which they are received. In prior years, such transactions were recognized as direct increases to endowment net assets in the year they were received. This change in accounting policy is applied retroactively with restatement of comparatives.

The effects of these changes are summarized in Schedules 1, 2 and 3.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term investments with a maturity less than three months from the date of acquisition.

The university has \$5,743 (2015: \$2,635) cash and cash equivalents restricted for endowments.

NOTE 5 PORTFOLIO INVESTMENTS

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Portfolio investments - non-endowment | \$ 55,175 | \$ 62,510 |
| Portfolio investments - restricted for endowments | 59,893 | 61,512 |
| | \$ 115,068 | \$ 124,022 |

The above and investment liabilities include \$9,000 (non-endowment) and \$2,200 (restricted for endowments) with a trade-date of June 29, 2016 and a settlement-date of July 5, 2016.

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

The composition and fair value on portfolio investments are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|-------------------|---------------|-------------------|
| 2016 | | | | |
| Investments at fair value | | | | |
| Pooled Funds | | | | |
| Common stocks and equivalents | \$ - | \$ 92,173 | \$ - | \$ 92,173 |
| Fixed income securities | 1,480 | 20,380 | - | 21,860 |
| Cash surrender value of planned gifts (life insurance policies) | - | - | 936 | 936 |
| Natural gas commodity investment | 99 | - | - | 99 |
| | <u>\$ 1,579</u> | <u>\$ 112,553</u> | <u>\$ 936</u> | <u>\$ 115,068</u> |
| 2015 | | | | |
| Investments at fair value | | | | |
| Short-term GIC | \$ 12,736 | \$ - | \$ - | \$ 12,736 |
| Pooled Funds | | | | |
| Common stocks and equivalents | - | 90,181 | - | 90,181 |
| Fixed income securities | 16,241 | 3,850 | - | 20,091 |
| Cash surrender value of planned gifts (life insurance policies) | - | - | 907 | 907 |
| Natural gas commodity investment | 107 | - | - | 107 |
| | <u>\$ 29,084</u> | <u>\$ 94,031</u> | <u>\$ 907</u> | <u>\$ 124,022</u> |

The fair value measurements are those derived from:

- Level 1 – Quoted prices in active markets for identical assets;
- Level 2 – Fair value measurements are derived from inputs other than quoted prices included with level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – Fair value measurements are derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

As at June 30, 2016 the fixed income securities, excluding the \$11,200 investment liability, have an average effective yield of 2.01% (2015: 2.36%), with the average term to maturity of less than seven years.

The following table reconciles the changes in fair value of level 3 investments:

| | 2016 | 2015 |
|----------------------------|---------------|---------------|
| Balance, beginning of year | \$ 907 | \$ 865 |
| Unrealized gains | 29 | 42 |
| Balance, end of year | <u>\$ 936</u> | <u>\$ 907</u> |

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, to ensure compliance with the university's investment policies, and to evaluate the continued appropriateness of the university's investment policies.

The university engages an external investment manager. The investment holdings are currently separated into three funds: unrestricted short-term operating fund, unrestricted long-term operating fund, and restricted endowments fund

NOTE 6 FINANCIAL RISK MANAGEMENT

The university is exposed to the following risks:

a) Market Price Risk

The university is exposed to market price risk – the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer, or general market factors affecting all securities. To manage this risk, the university has established an investment policy with a target asset mix that is diversified by asset class with individual issuer limits. The objective of the university's unrestricted long-term operating fund is to achieve a long-term capital growth equal to the indices' growth rates for the various components of the portfolio. For restricted investments for endowments, the investment policy is designed to achieve a long-term rate of return that in real terms equals or exceeds total endowment expenditures with an acceptable level of risk.

At June 30, 2016, the impact of a change in the rate of return on the investment portfolio is as follows:

- 1.00% change in short-term GIC's would have a \$0 increase or decrease (2015: 1.47% change would have a \$187 increase or decrease);
- 2.01% change in fixed income securities would have a \$214 increase or decrease (2015: 2.24% change would have a \$450 increase or decrease);
- 11.89% change in common stocks and equivalents would have a \$10,959 increase or decrease (2015: 9.76% change would have an \$8,802 increase or decrease).

b) Foreign Currency Risk

The university is exposed to foreign exchange risk on investments that are denominated in foreign currencies. The university does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. The university's exposure to foreign exchange risk is very low due to minimal business activities conducted in a foreign currency.

c) Liquidity Risk

The university maintains a portfolio of short-term investments with rolling maturity dates to manage short-term cash requirements. In addition, the university maintains a short-term line of credit that is designed to ensure funds are available to meet current and forecasted financial requirements in the most cost effective manner.

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

d) Credit Risk

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

The credit risk on investments held are as follows:

| | 2016 | 2015 |
|---------------|----------------|-------------|
| Credit rating | | |
| AAA | 14.52% | 18.76% |
| AA | 59.45% | 24.39% |
| A | 23.19% | 56.22% |
| BBB | 2.84% | 0.63% |
| | 100.00% | 100.00% |

e) Interest Rate Risk

Interest rate risk is the risk to the university's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. This risk is managed by investment policies that limit the term to maturity of certain fixed income securities that the university holds. Interest risk on the university's debt is managed through fixed rate agreements with Alberta Capital Finance Authority (Note 9).

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

| 2016 | Less than 1 year | 1 to 5 years | Greater than 5 years | Average effective market yield |
|--|---------------------|--------------|-------------------------|-----------------------------------|
| Cash and cash equivalent | 100% | 0% | 0% | 0.76% |
| Portfolio investments, short term | 100% | 0% | 0% | 0.00% |
| Portfolio investments, fixed income | 5% | 44% | 51% | 2.01% |
| 2015 | Less than 1 year | 1 to 5 years | Greater than 5 years | Average effective market yield |
| Cash and cash equivalent | 100% | 0% | 0% | 0.96% |
| Portfolio investments, short term | 100% | 0% | 0% | 1.47% |
| Portfolio investments, fixed income | 75% | 25% | 0% | 2.36% |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 7 ASSETS HELD FOR SALE

The university has property which will be sold for \$20,000 in 2016/17, and has been recorded as assets held for sale on the consolidated statement of financial position. The purchaser has paid a \$4,250 (2015: \$2,000) deposit which is recorded as deferred revenue, with an additional deposit of \$1,000 received on August 31, 2016. Net proceeds on disposal has been designated to support the Centre for Arts and Culture project. The following is recorded on the consolidated statement of financial position as at June 30, 2016:

| | |
|--|-----------|
| Financial Assets | |
| Assets held for sale | \$ 12,448 |
| Liabilities | |
| Deferred revenue | |
| Unspent deferred capital contributions | \$ 6,747 |
| Net Assets | |
| Accumulated surplus | |
| Internally restricted accumulated surplus | |
| Campus development - Centre for Arts and Culture | \$ 5,701 |

NOTE 8 EMPLOYEE FUTURE BENEFIT LIABILITIES

Employee future benefit liabilities are comprised of the following:

| | 2016 | 2015 |
|---|-----------------|-----------------|
| Benefit liability for employees on short and long term disability | \$ 3,081 | \$ 2,250 |
| Supplemental Retirement Plan (SRP) | 1,574 | 1,276 |
| Accumulating non-vesting sick leave liability | 1,163 | 1,108 |
| Administrative leave | 639 | 356 |
| Other | - | 231 |
| | \$ 6,457 | \$ 5,221 |

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

a) Defined Benefit Accounted for on a Defined Benefit Basis**i) Benefit Liability for Employees on Short-term and Long-term Disability**

In accordance with the university policy and collective agreements, employees eligible for participation in the Local Authority Pension Plan (LAPP) who are receiving benefits under the short term or long term disability plan must continue to participate in LAPP. The university is responsible for remitting both the employee and employer contributions in accordance with LAPP regulations.

An actuarial valuation was carried out as at June 30, 2016. As at June 30, 2016 the university had 38 (2015: 46) employees on short or long term leave.

ii) Supplemental Retirement Plans (SRP)

The university provides non-contributory defined benefit supplemental retirement benefits to executives. An actuarial valuation of these benefits was carried out as at June 30, 2016.

iii) Accumulating Non-vested Sick Leave Liability

The university provides accumulating non-vested sick leave to employees. An actuarial valuation of these benefits was carried out as at June 30, 2016. Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

iv) Administrative Leave

The university provides support to employees transitioning from academic administrator positions to faculty positions by offering an administrative leave between appointments. On approval to receive an administrative leave, a liability is recorded for the salary and benefits during the administrative leave and the difference between the salary and benefits earned during the faculty appointment and the salary and benefits for the faculty position. The cost of this benefit is expensed in the year the employee is approved to receive the administrative leave

v) Other

The university may approve other leave with pay to employees. On approval to receive a leave with pay, a liability is recorded for the salary and benefits during the leave. The cost of this benefit is expensed in the year the employee is approved to receive the leave with pay.

Notes to the Consolidated Financial Statements
 June 30, 2016 (thousands of dollars)

The expense and financial position of these defined benefit plans are as follows:

| | Benefit liability for employees on short and long term disability | Supplemental Retirement Plan | Accumulated non-vesting sick leave benefit | Administrative leave | Other |
|---|--|---------------------------------|--|-------------------------|--------|
| 2016 | | | | | |
| Expenses | | | | | |
| Current service cost | \$ 1,127 | \$ 200 | \$ 298 | \$ 505 | \$ - |
| Interest cost | 95 | 56 | 25 | - | - |
| Amortization of actuarial losses (gains) | 81 | 90 | (34) | - | - |
| Total Expense | \$ 1,303 | \$ 346 | \$ 289 | \$ 505 | \$ - |
| Financial Position | | | | | |
| Accrued benefit obligation: | | | | | |
| Balance, beginning of year | \$ 2,820 | \$ 1,985 | \$ 782 | \$ 356 | \$ 231 |
| Current service cost | 1,127 | 200 | 298 | 505 | - |
| Benefit payment | (472) | (48) | (234) | (222) | (231) |
| Interest cost | 95 | 56 | 25 | - | - |
| Actuarial (gain) loss | 351 | 111 | (530) | - | - |
| Balance, end of year | 3,921 | 2,304 | 341 | 639 | - |
| Unamortized net actuarial gain (loss) | (840) | (730) | 822 | - | - |
| Accrued benefit liability | \$ 3,081 | \$ 1,574 | \$ 1,163 | \$ 639 | \$ - |
| 2015 | | | | | |
| Expenses | | | | | |
| Current service cost | \$ 862 | \$ 169 | \$ 337 | \$ 90 | \$ 280 |
| Interest cost | 85 | 48 | 33 | - | - |
| Amortization of actuarial losses (gains) | 49 | 38 | (10) | - | - |
| Total Expense | \$ 996 | \$ 255 | \$ 360 | \$ 90 | \$ 280 |
| Financial Position | | | | | |
| Accrued benefit obligation: | | | | | |
| Balance, beginning of year | \$ 2,174 | \$ 1,451 | \$ 886 | \$ 668 | \$ - |
| Current service cost | 862 | 169 | 337 | 90 | 280 |
| Benefit payment | (463) | (46) | (230) | (402) | (49) |
| Interest cost | 85 | 48 | 33 | - | - |
| Actuarial (gain) loss | 162 | 363 | (244) | - | - |
| Balance, end of year | 2,820 | 1,985 | 782 | 356 | 231 |
| Unamortized net actuarial gain (loss) | (570) | (709) | 326 | - | - |
| Accrued benefit liability | \$ 2,250 | \$ 1,276 | \$ 1,108 | \$ 356 | \$ 231 |

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

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

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

| | 2016 | | | 2015 | | |
|--|---|------------------------------|--|---|------------------------------|--|
| | Benefit liability for employees on short and long term disability | Supplemental Retirement Plan | Accumulated non-vesting sick leave benefit | Benefit liability for employees on short and long term disability | Supplemental Retirement Plan | Accumulated non-vesting sick leave benefit |
| Accrued benefit obligation | | | | | | |
| Discount rate | 2.35% | 2.35% | 2.35% | 2.57% | 2.57% | 2.57% |
| Long term average compensation increase | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Benefit cost | | | | | | |
| Discount rate | 2.35% | 2.35% | 2.35% | 2.57% | 2.57% | 2.57% |
| Long term average compensation increase | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Alberta Inflation rate | 2.00% | 2.00% | 2.00% | 1.50% | 1.50% | 1.50% |
| Estimated average remaining service life | 6 | 8.2 | 10.9 | 5 | 7.8 | 10.4 |

As there are no assets set aside to fund these liabilities, the 2016 discount rate used for the accrued benefit obligation and benefit cost is the borrowing rate calculated by Alberta Capital Finance Authority as of June 15, 2016 (2015: June 15, 2015).

b) Defined Benefit Plan Accounted for on a Defined Contribution Basis

Multi-Employer Pension Plans

The Local Authority Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for all employees of the university and is accounted for on a defined contribution basis. At December 31, 2015, the LAPP reported an actuarial deficit of \$923,416 (2014: \$2,454,636 deficit). An actuarial valuation of the LAPP was carried out as at December 31, 2014 and the results were then extrapolated to December 31, 2015. The pension expense recorded in these financial statements is \$13,210 (2015: \$12,802). Other than the requirement to make additional contributions, the university does not bear any risk related to the LAPP deficit.

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 9 DEBT

Debt is measured at amortized cost and is comprised of the following:

| | Maturity Date | Interest rate | Amount outstanding | |
|--|----------------|---------------|--------------------|-----------|
| | | | 2016 | 2015 |
| Debentures payable to Alberta Capital Finance Authority: | | | | |
| 1. Parkade | April 2025 | 6.25% | \$ 3,449 | \$ 3,729 |
| 2. Student residence | June 2030 | 5.85% | 29,747 | 31,089 |
| 3. West parkade | September 2030 | 4.39% | 4,233 | 4,437 |
| 4. Robbins Health Learning Centre parkade | September 2032 | 4.89% | 1,410 | 1,465 |
| 5. Centre for Arts and Culture construction financing | December 2017 | 0.65% | 45,000 | - |
| | | | 83,839 | 40,720 |
| Obligations under capital leases | | | 44 | 87 |
| | | | \$ 83,883 | \$ 40,807 |

Collateral:

- 1, 3 and 4 above – cash flows from parking;
- 2 – cash flows from the residence facilities;
- 5 – mortgage on property with a recorded net book value of \$302,866 at June 30, 2016 as follows:
 - o Land \$ 23,404
 - o Buildings (including work-in-progress) \$297,462

| | Principal | Interest | Total |
|------------|------------------|------------------|-------------------|
| 2017 | \$ 2,026 | \$ 2,587 | \$ 4,613 |
| 2018 | 47,114 | 2,315 | 49,429 |
| 2019 | 2,228 | 1,949 | 4,177 |
| 2020 | 2,357 | 1,820 | 4,177 |
| 2021 | 2,494 | 1,683 | 4,177 |
| Thereafter | 27,664 | 7,881 | 35,545 |
| | \$ 83,883 | \$ 18,235 | \$ 102,118 |

Interest on debt is \$2,298 (2015: \$2,393), of which \$2,285 (2015: \$2,393) is included in the consolidated statement of operations and \$13 (2015: nil) is included in tangible capital assets on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

The university will receive the following additional construction financing from Alberta Capital Finance Authority for the Centre for Arts and Culture:

- \$6,000 – September 15, 2016
- \$24,000 – December 15, 2016

The total construction financing of \$75,000 is due to be repaid on December 15, 2017 from debt financing for parking and retail operations in the centre, internal funds, and proceeds from the September 2017 sale of tangible capital assets (Note 11(b)).

On September 15, 2016 the university received \$5,248 debt financing for surface parking lots.

NOTE 10 DEFERRED REVENUE

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

| | 2016 | | | |
|--|--------------------------------|--|--|------------------|
| | Restricted | | | Total |
| | Unspent deferred revenue | Unspent deferred capital contributions | Student tuition and fees, sales of services and products, and contract programs | |
| Balance, beginning of year as restated | \$ 22,763 | \$ 6,997 | \$ 14,161 | \$ 43,921 |
| Grants, donations and other revenue received | 5,400 | 10,697 | 114,516 | 130,613 |
| Restricted investment income - realized | 1,394 | 6 | - | 1,400 |
| Restricted investment income - unrealized gains | 136 | - | - | 136 |
| Unearned capital acquisition transfers | (253) | (10,309) | - | (10,562) |
| Recognized as revenue | (8,184) | - | (113,050) | (121,234) |
| Balance, end of year | <u>\$ 21,256</u> | <u>\$ 7,391</u> | <u>\$ 15,627</u> | <u>\$ 44,274</u> |
| | 2015 | | | |
| | Restricted | | | Total |
| | Unspent deferred revenue | Unspent deferred capital contributions | Student tuition and fees, sales of services and products, and contract programs | |
| Balance, beginning of year, as restated | \$ 21,045 | \$ - | \$ 10,154 | \$ 31,199 |
| Adjustments | (190) | 60 | - | (130) |
| Grants, donations and other revenue received | 4,857 | 24,961 | 115,472 | 145,290 |
| Restricted investment income - realized | 3,438 | 67 | - | 3,505 |
| Restricted investment income - unrealized gains | 1,445 | - | - | 1,445 |
| Unearned capital acquisition transfers | (994) | (24,838) | - | (25,832) |
| Recognized as revenue | (6,787) | - | (111,465) | (118,252) |
| Spent deferred capital contribution balance on assets held for sale (Note 7) | - | 6,747 | - | 6,747 |
| Returned to granting agency | (16) | - | - | (16) |
| Transfer to endowment | (35) | - | - | (35) |
| Balance, end of year | <u>\$ 22,763</u> | <u>\$ 6,997</u> | <u>\$ 14,161</u> | <u>\$ 43,921</u> |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 11 TANGIBLE CAPITAL ASSETS

a) Tangible capital assets changes during the year:

| | 2016 | | | | | | | Total |
|---|------------------|-------------------|-------------------|--------------------------|--------------------------------|----------------------|-------------------|-------|
| | Land | Buildings | Land Improvements | Equipment ⁽²⁾ | Computer hardware and software | Other ⁽³⁾ | | |
| Cost⁽¹⁾ | | | | | | | | |
| Beginning of year | \$ 51,813 | \$ 319,887 | \$ 5,782 | \$ 25,988 | \$ 36,233 | \$ 17,253 | \$ 456,956 | |
| Acquisitions | 104 | 85,343 | 760 | 720 | 1,534 | 945 | 89,406 | |
| Disposals, including write-downs | - | - | - | (517) | (444) | (483) | (1,444) | |
| | 51,917 | 405,230 | 6,542 | 26,191 | 37,323 | 17,715 | 544,918 | |
| Accumulated Amortization | | | | | | | | |
| Beginning of year | - | (108,624) | (537) | (14,793) | (28,666) | (11,316) | (163,936) | |
| Amortization expense | - | (7,457) | (620) | (1,738) | (3,163) | (1,274) | (14,252) | |
| Effects on disposals, including write-downs | - | - | - | 377 | 444 | 483 | 1,304 | |
| | - | (116,081) | (1,157) | (16,154) | (31,385) | (12,107) | (176,884) | |
| Net book value at June 30, 2016 | \$ 51,917 | \$ 289,149 | \$ 5,385 | \$ 10,037 | \$ 5,938 | \$ 5,608 | \$ 368,034 | |
| | | | | | | | | |
| | 2015 | | | | | | | |
| | Land | Buildings | Land Improvements | Equipment ⁽²⁾ | Computer hardware and software | Other ⁽³⁾ | Total | |
| Cost⁽¹⁾ | | | | | | | | |
| Beginning of year | \$ 51,581 | \$ 307,444 | \$ 1,757 | \$ 25,818 | \$ 35,331 | \$ 16,523 | \$ 438,454 | |
| Adjustment | - | (11) | 11 | - | - | - | - | |
| Acquisitions | 645 | 29,683 | 5,049 | 1,101 | 2,940 | 979 | 40,397 | |
| Less transfer to assets held for sale | (413) | (17,229) | - | (525) | (46) | - | (18,213) | |
| Disposals, including write-downs | - | - | (1,035) | (406) | (1,992) | (249) | (3,682) | |
| | 51,813 | 319,887 | 5,782 | 25,988 | 36,233 | 17,253 | 456,956 | |
| Accumulated Amortization | | | | | | | | |
| Beginning of year | - | (106,482) | (435) | (13,555) | (25,964) | (10,282) | (156,718) | |
| Amortization expense | - | (7,541) | (361) | (1,909) | (4,339) | (1,283) | (15,433) | |
| Accumulated amortization on tangible capital assets transferred to assets held for sale | - | 5,399 | - | 321 | 45 | - | 5,765 | |
| Effects on disposals, including write-downs | - | - | 259 | 350 | 1,592 | 249 | 2,450 | |
| | - | (108,624) | (537) | (14,793) | (28,666) | (11,316) | (163,936) | |
| Net book value at June 30, 2015 | \$ 51,813 | \$ 211,263 | \$ 5,245 | \$ 11,195 | \$ 7,567 | \$ 5,937 | \$ 293,020 | |

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

- (1) Cost includes work-in-progress at June 30, 2016 totaling \$117,367 (2015: \$32,852) comprised of buildings \$116,930 (2015: \$31,925), land improvements \$0 (2015: \$174), equipment \$98 (2015: \$13), and computer hardware and software \$339 (2015: \$740).
- (2) Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment.
- (3) Other tangible capital assets include library materials, leasehold improvements and works of art used to support the educational purposes of certain academic programs.

Additions to tangible capital assets includes capitalized interest of \$13 (2015: Nil).

b) Tangible capital assets to be sold in September 2017

Under the terms of the conditional agreement for the sale of a property, the purchaser has paid a \$5,000 deposit which is recorded as deferred revenue, with the balance of the purchase price owing due upon the transfer of title which is scheduled for September 2017. Net proceeds on disposal has been designated to support the Centre for Arts and Culture project. The following is recorded on the consolidated statement of financial position as at June 30, 2016:

Non-Financial Assets

Tangible capital assets

| | |
|--------------------------|-------------|
| Cost | \$ 22,191 |
| Accumulated amortization | \$ (16,995) |
| Net book value | \$ 5,196 |

Spent deferred capital contribution \$ 3,335

Net Assets

| | |
|---------------------------------------|----------|
| Accumulated surplus | |
| Investment in tangible capital assets | \$ 1,861 |

NOTE 12 SPENT DEFERRED CAPITAL CONTRIBUTIONS

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

| | 2016 | 2015 |
|--|-------------------|-------------|
| Balance, beginning of year | \$144,439 | \$ 131,878 |
| Transfers from unspent deferred capital contributions | 10,309 | 24,838 |
| Transfers from unspent deferred revenue | 253 | 994 |
| Spent deferred capital contribution recognized as revenue | (6,296) | (6,524) |
| Balance of spent deferred capital contributions on assets held for sale (Note 7) | - | (6,747) |
| | \$ 148,705 | \$ 144,439 |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 13 ACCUMULATED SURPLUS

| | Accumulated surplus (deficit) from operations | Investment in tangible capital assets | Internally restricted | Endowments | Total |
|---|---|---|--------------------------|------------------|-------------------|
| Accumulated surplus, June 30, 2015, as restated | \$ 10,974 | \$ 107,774 | \$ 44,567 | \$ 48,635 | \$ 211,950 |
| Annual operating surplus | 18,608 | - | - | - | 18,608 |
| Endowment contributions | - | - | - | 452 | 452 |
| Amortization of internally funded tangible capital assets | 7,956 | (7,956) | - | - | - |
| Net book value of assets disposals | 140 | (140) | - | - | - |
| Debt - new financing | 45,000 | (45,000) | - | - | - |
| Debt repayment | (1,924) | 1,924 | - | - | - |
| Internally funded acquisition of tangible capital assets | (45,285) | 78,845 | (33,560) | - | - |
| Operating expenses funded from internally restricted surplus | 2,129 | - | (2,129) | - | - |
| Net Board appropriation to internally restricted surplus | (37,598) | - | 37,598 | - | - |
| Accumulated surplus, June 30, 2016 | \$ - | \$ 135,447 | \$ 46,476 | \$ 49,087 | \$ 231,010 |
| Accumulated surplus, June 30, 2014, as restated | \$ 12,902 | \$ 107,234 | \$ 34,122 | \$ 46,388 | \$ 200,646 |
| Annual operating surplus | 9,057 | - | - | - | 9,057 |
| Endowment contributions | - | - | - | 2,247 | 2,247 |
| Amortization of internally funded tangible capital assets | 8,937 | (8,937) | - | - | - |
| Net book value of assets disposals | 1,206 | (1,206) | - | - | - |
| Investment in tangible capital asset transferred to assets held for sale (Note 7) | 5,701 | (5,701) | - | - | - |
| Debt repayment | (1,819) | 1,819 | - | - | - |
| Internally funded acquisition of tangible capital assets | (9,527) | 14,565 | (5,038) | - | - |
| Operating expenses funded from internally restricted surplus | 1,489 | - | (1,489) | - | - |
| Net Board appropriation to internally restricted surplus | (16,972) | - | 16,972 | - | - |
| Accumulated surplus, June 30, 2015, as restated | \$ 10,974 | \$ 107,774 | \$ 44,567 | \$ 48,635 | \$ 211,950 |

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

Investment in tangible capital assets represents the amount of the university's accumulated surplus that has been invested in the university's tangible capital assets.

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

| | Balance, beginning of year | Disbursements | | Appropriations from accumulated surplus from operations | Balance, end of year |
|---|----------------------------------|----------------------|--------------------|---|-------------------------|
| | | Operating expense | Capitalized | | |
| Campus development - Centre for Arts and Culture | \$ 38,712 | \$ (85) | \$ (32,926) | \$ 20,000 | \$ 25,701 |
| Campus development | 1,809 | (203) | - | 16,302 | 17,908 |
| School of Continuing Education | 1,303 | (568) | - | - | 735 |
| Student technology reserve | 660 | (733) | (489) | 1,296 | 734 |
| ERP renewal and technology enhancement | 1,043 | (346) | (145) | - | 552 |
| Sustainability | 363 | (24) | - | - | 339 |
| Music degree - renovations | 262 | - | - | - | 262 |
| Student activity support | 399 | (169) | - | - | 230 |
| Scholarships and bursaries | 16 | (1) | - | - | 15 |
| | <u>\$ 44,567</u> | <u>\$ (2,129)</u> | <u>\$ (33,560)</u> | <u>\$ 37,598</u> | <u>\$ 46,476</u> |

Endowment is represented by the following financial assets and liabilities:

| | 2016 | 2015 |
|--|------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 5,743 | \$ 2,635 |
| Portfolio investments - endowment | 59,893 | 61,512 |
| Accounts receivable (accrued investment earnings) | 18 | 244 |
| Total financial assets | 65,654 | 64,391 |
| Less: | | |
| Investment liabilities | (2,200) | - |
| Deferred revenue - investment earnings available for distribution | (14,367) | (15,756) |
| | <u>\$ 49,087</u> | <u>\$ 48,635</u> |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 14 CONTINGENT LIABILITIES

As at June 30, 2016 the university was a defendant in a legal proceeding. While the ultimate outcome and liability of this proceeding cannot be reasonably estimated at this time, the university believes that any settlement will not have a material adverse effect on the consolidated financial position or results of operations of the university. Management has concluded that the claim does not meet the criteria for being recorded as a liability under Canadian public sector accounting standards.

The university has identified potential asset retirement obligations related to the existence of asbestos in a number of its facilities. Although not a current health hazard, upon renovation or demolition of these facilities, the university may be required to take appropriate remediation procedures to remove the asbestos. As the university has no legal obligation to remove the asbestos in these facilities as long as the asbestos is contained and does not pose a public health risk, the fair value of the obligation cannot be reasonably estimated due to the indeterminate timing and scope of the removal. The asset retirement obligations for these assets will be recorded in the period in which there is certainty that the capital project will proceed and there is sufficient information to estimate fair value of the obligation.

NOTE 15 CONTRACTUAL OBLIGATIONS

The university has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met. The estimated aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

| | Service contracts | Information systems and technology | Capital projects | Long-term operating leases | Total |
|-------------------|----------------------|--|------------------|-------------------------------|-------------------|
| 2017 | \$ 5,826 | \$ 1,388 | \$ 52,161 | \$ 252 | \$ 59,627 |
| 2018 | 4,818 | 1,328 | 28,278 | 231 | 34,655 |
| 2019 | 2,793 | 1,328 | 324 | 9 | 4,454 |
| 2020 | 1,704 | 1,328 | - | - | 3,032 |
| 2021 | 1,041 | 1,328 | - | - | 2,369 |
| Thereafter | - | - | - | - | - |
| | \$ 16,182 | \$ 6,700 | \$ 80,763 | \$ 492 | \$ 104,137 |

In 2013 the university started to negotiate an agreement with the City of Edmonton for the use of the Edmonton community rink which is part of the downtown arena project. The university is being asked to commit \$3,500 to the project in exchange for benefits to the university which will be included in the license and lease agreements. Subsequent to June 30, 2016 the university and the City of Edmonton continued to finalize the agreements relating to the licensing and leasing of space in the community rink. The \$3,500 contribution from the university will be recorded as a prepaid expense when paid, and expensed over the term of the license and lease agreements.

Notes to the Consolidated Financial Statements
 June 30, 2016 (thousands of dollars)

NOTE 16 EXPENSE BY OBJECT

The following is a summary of expense by object:

| | Budget | 2016 | 2015 |
|----------------------------------|-------------------|--------------------------|-------------------|
| Salaries | \$ 131,053 | \$ 124,343 | \$ 126,275 |
| Materials, supplies and services | 33,268 | 30,065 | 28,386 |
| Employee benefits | 23,947 | 25,802 | 25,470 |
| Amortization of capital assets | 15,650 | 14,252 | 15,433 |
| Cost of goods sold | 7,644 | 7,159 | 8,160 |
| Maintenance and repairs | 8,071 | 6,196 | 7,117 |
| Utilities | 5,305 | 4,967 | 5,223 |
| Scholarships and bursaries | 3,394 | 3,451 | 2,846 |
| Interest on long term debt | 2,444 | 2,285 | 2,393 |
| | <u>\$ 230,776</u> | <u>\$ 218,520</u> | <u>\$ 221,303</u> |

NOTE 17 SALARY AND EMPLOYEE BENEFITS

| | 2016 | | | Total |
|--|----------------------------|------------------------------------|--|-------|
| | Base salary ⁽¹⁾ | Other cash benefits ⁽²⁾ | Other non-cash benefits ⁽³⁾ | |
| Governance⁽⁴⁾ | | | | |
| Chair | \$ - | \$ - | \$ - | \$ - |
| Board Members | - | 10 | - | 10 |
| Executive | | | | |
| President ⁽⁵⁾ | 321 | 13 | 380 | 714 |
| Provost and Vice President, Academic | 269 | 11 | 70 | 350 |
| Vice President, Finance and Administration | 254 | 33 | 77 | 364 |
| Vice President, General Counsel & Compliance Officer | 254 | 11 | 74 | 339 |
| Vice President Integrated Information and Communication Systems & Chief Information Officer ⁽⁶⁾ | 215 | 23 | 48 | 286 |
| | | | | |
| | 2015 | | | |
| | Base salary ⁽¹⁾ | Other cash benefits ⁽²⁾ | Other non-cash benefits ⁽³⁾ | Total |
| Governance⁽⁴⁾ | | | | |
| Chair | \$ - | \$ - | \$ - | \$ - |
| Board Members | - | 9 | - | 9 |
| Executive | | | | |
| President | 314 | 11 | 85 | 410 |
| Provost and Vice-President, Academic | 256 | 13 | 64 | 333 |
| Vice-President, Finance and Administration | 248 | 13 | 68 | 329 |
| Vice-President, Student Services ⁽⁷⁾ | 193 | 11 | 332 | 536 |
| Vice-President, General Counsel & Compliance Officer | 248 | 13 | 61 | 322 |
| Vice-President Integrated Information and Communication Systems & Chief Information Officer ⁽⁶⁾ | 102 | 2 | 34 | 138 |

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include earnings such as vacation payouts, honoraria, car allowances and other lump sum payments.
- (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, supplemental retirement plans, approved administrative leaves, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, club memberships and tuition.
- (4) Academic staff, student and non-academic staff members appointed to the Board of Governors receive an honoraria of \$3 per year, prorated for their term on the Board during the year.
- (5) The President's term will conclude on June 30, 2017. During 2016, to assist with the President's transition to a full-time MacEwan University faculty member effective July 1, 2018, the Board approved a one-year administrative leave. The university recognized the estimated cost of this administrative leave, expected to be paid in 2018, as an expense during 2016 when the leave was approved and this expense is included as other non-cash benefits.
- (6) Effective December 28, 2014 the Board of Governors of Grant MacEwan University approved the change in the role and title for the university Chief Information Officer. This position is now designated Vice President Integrated Information and Communication Systems & Chief Information Officer.
- (7) The position of Vice President Student Services was eliminated effective April 30, 2015. The incumbent was approved to receive a one year leave with pay which has been included in other non-cash benefits.

The administrative leave and other employee future benefit liabilities for the President and the Vice President, Student Services are outlined below:

| | Balance, June 30, 2015 | Expensed in 2016 | Payments in 2016 | Balance, June 30, 2016 |
|---|---------------------------|---------------------|---------------------|---------------------------|
| Employee future benefit liabilities - Administrative leave | | | | |
| President | \$ - | \$ 285 | \$ - | \$ 285 |
| Employee future benefit liabilities - Other | | | | |
| Vice President, Student Services | \$ 231 | \$ - | \$ (231) | \$ - |

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

Under the terms of the Supplemental Retirement Plan (SRP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the 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 SRP 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 prorated 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. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses and interest accruing on the actuarial liability.

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

| | Accrued Benefit Obligation, June 30, 2015 | Service Cost | Interest Cost | Actuarial Loss (Gain) | Accrued Benefit Obligation, June 30, 2016 |
|--|---|--------------|---------------|--------------------------|---|
| President | \$ 268 | \$ 55 | \$ 8 | \$ 7 | \$ 338 |
| Provost and Vice President, Academic | 101 | 36 | 4 | 10 | 151 |
| Vice President, Finance and Administration | 338 | 36 | 10 | (18) | 366 |
| Vice President, General Counsel & Compliance Officer | 91 | 35 | 3 | (29) | 100 |
| Vice President Integrated Information and Communication Systems & Chief Information Officer | 11 | 15 | 1 | 4 | 31 |

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

Notes to the Consolidated Financial Statements
June 30, 2016 (thousands of dollars)

NOTE 18 RELATED PARTY TRANSACTIONS

a) Government of Alberta Transactions and Balances

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

| | 2016 | 2015 |
|--|-------------------|-------------------|
| Grants from Government of Alberta | | |
| Advanced Education: | | |
| Operating | \$ 111,307 | \$ 105,419 |
| Capital | 10,000 | 20,000 |
| Indigenous Careers Awards | 252 | - |
| Access to the Future Fund | - | 4,645 |
| Total Advanced Education | <u>121,559</u> | <u>130,064</u> |
| Other Government of Alberta departments and agencies | 53 | 519 |
| Total grants received | <u>121,612</u> | <u>130,583</u> |
| Restricted expended capital recognized as revenue | 5,933 | 6,165 |
| Change in deferred revenue | <u>(9,947)</u> | <u>(24,857)</u> |
| | <u>\$ 117,598</u> | <u>\$ 111,891</u> |
| Accounts receivable | | |
| Advanced Education: | | |
| Alberta post-secondary institutions | \$ 869 | \$ 21 |
| Other Government of Alberta departments and agencies | 9 | - |
| | <u>552</u> | <u>49</u> |
| | <u>\$ 1,430</u> | <u>\$ 70</u> |
| Accounts payable | | |
| Advanced Education: | | |
| Alberta post-secondary institutions | \$ 40 | \$ 59 |
| Other Government of Alberta departments and agencies | 5 | - |
| | <u>1,130</u> | <u>1,122</u> |
| | <u>\$ 1,175</u> | <u>\$ 1,181</u> |

The university has liabilities with Alberta Capital Finance Authority as described in Note 9.

b) Other Business Transactions

In addition to the above, the university may conduct business transactions with related parties, including Ministries of the Province of Alberta, other Alberta post-secondary institutions, and parties related to certain members of the university's Board of Governors or executives. The revenues and expenses incurred for these have been included in the consolidated statement of operations. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value.

Notes to the Consolidated Financial Statements

June 30, 2016 (thousands of dollars)

NOTE 19 BUDGET FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the university's 2015/16 to 2017/18 Comprehensive Institutional Plan as approved by the Board of Governors.

The 2015/16 approved operating budget presented in the 2015/16 to 2017/18 Comprehensive Institutional Plan also included \$13,919 gain on disposal of the south campus. As described in Note 7 to the consolidated financial statements, this property is now expected to be sold in 2016/17, and accordingly the gain on disposal of the south campus is not included in the budget figures.

A budget was not prepared or approved for the consolidated statement of change in net financial assets and therefore is not presented.

NOTE 20 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Governors of Grant MacEwan University.

NOTE 21 COMPARATIVE FIGURES

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

Schedule 1 – Adjustments Due to Change in Accounting Policy and Other Reclassifications
 Consolidated Statement of Financial Position (thousands of dollars)

| | 2015 as previously presented | Change in accounting policy | | |
|--|------------------------------|-----------------------------|------------------|-------------------------|
| | | Inventories for resale | Prepaid expenses | Tangible capital assets |
| Assets | | | | |
| Cash and cash equivalents | \$ 55,870 | \$ - | \$ - | \$ - |
| Portfolio investments | 124,022 | - | - | - |
| Portfolio investments - non-endowment | | - | - | - |
| Portfolio investments - endowment | | - | - | - |
| Accounts Receivable | 4,178 | - | - | - |
| Inventories and prepaid expenses | 7,387 | (1,918) | (5,469) | - |
| Inventories for resale | | 1,918 | - | - |
| Assets held for sale | 12,448 | - | - | - |
| Tangible capital assets | 293,020 | - | - | (293,020) |
| | <u>\$ 496,925</u> | | | |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 41,455 | - | - | - |
| Employee future benefit liabilities | 5,221 | - | - | - |
| Debt | 40,807 | - | - | - |
| Deferred revenue | 188,360 | | | |
| | <u>275,843</u> | | | |
| Net financial assets | | | | |
| Non-Financial Assets | | | | |
| Tangible capital assets | | - | - | 293,020 |
| Prepaid expenses | | - | 5,469 | - |
| Total non-financial assets | | | | |
| Net assets before spent deferred capital contributions | | | | |
| Spent deferred capital contributions | | - | - | - |
| Net assets | | | | |
| Net Assets | | | | |
| Endowments | 48,635 | - | - | - |
| Accumulated surplus | | | | |
| Accumulated operating surplus | 163,315 | - | - | - |
| Accumulated surplus | | - | - | - |
| Accumulated remeasurement gains and losses | 9,132 | - | - | - |
| Total net assets | <u>221,082</u> | | | |
| Total liabilities and net assets | <u>\$ 496,925</u> | | | |

| Change in accounting policy | | | Other reclassification | | As restated |
|-------------------------------------|----------------------|-------------------------------|---------------------------------------|-----------------------------------|-------------------|
| Spend deferred capital contribution | Endowment net assets | Accumulated operating surplus | Portfolio investments - non-endowment | Portfolio investments - endowment | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 55,870 |
| - | - | - | (62,510) | (61,512) | - |
| - | - | - | 62,510 | - | 62,510 |
| - | - | - | - | 61,512 | 61,512 |
| - | - | - | - | - | 4,178 |
| - | - | - | - | - | - |
| - | - | - | - | - | 1,918 |
| - | - | - | - | - | 12,448 |
| - | - | - | - | - | - |
| | | | | | <u>198,436</u> |
| - | - | - | - | - | 41,455 |
| - | - | - | - | - | 5,221 |
| - | - | - | - | - | 40,807 |
| (144,439) | | | | | <u>43,921</u> |
| | | | | | <u>131,404</u> |
| | | | | | <u>67,032</u> |
| - | - | - | - | - | 293,020 |
| - | - | - | - | - | 5,469 |
| | | | | | <u>298,489</u> |
| | | | | | 365,521 |
| 144,439 | - | - | - | - | <u>144,439</u> |
| | | | | | <u>\$ 221,082</u> |
| - | (48,635) | - | - | - | - |
| - | - | (163,315) | - | - | - |
| - | 48,635 | 163,315 | - | - | 211,950 |
| - | - | - | - | - | 9,132 |
| | | | | | <u>\$ 221,082</u> |

Schedule 2 – Adjustments Due to Change in Accounting Policy and Other Reclassifications
Consolidated Statement of Operations (thousands of dollars)

| | 2015 as previously presented | Change in accounting policy | | | Reclassification | As restated |
|---|------------------------------------|-----------------------------|----------------------------|-------------------------------------|-------------------|-------------------|
| | | Endowment net assets | Endowment contributions | Accumulated operating surplus | Student awards | |
| Revenue | | | | | | |
| Government of Alberta grants | \$ 111,891 | \$ - | \$ - | \$ - | \$ - | \$ 111,891 |
| Federal and other government grants | 434 | - | - | - | - | 434 |
| Student tuition and fees | 83,828 | - | - | - | - | 83,828 |
| Sales of services and products | 26,369 | - | - | - | - | 26,369 |
| Contract programs | 1,268 | - | - | - | - | 1,268 |
| Donations and other grants | 1,755 | - | - | - | - | 1,755 |
| Investment income | 4,815 | - | - | - | - | 4,815 |
| | <u>230,360</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>230,360</u> |
| Expenses | | | | | | |
| Instructional and non- sponsored research | 80,784 | - | - | - | - | 80,784 |
| Academic and student support | 47,918 | - | - | - | 1,584 | 49,502 |
| Institutional support | 37,235 | - | - | - | (1,584) | 35,651 |
| Facility operations and maintenance | 32,169 | - | - | - | - | 32,169 |
| Ancillary services | 22,853 | - | - | - | - | 22,853 |
| Sponsored research | 344 | - | - | - | - | 344 |
| | <u>221,303</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>221,303</u> |
| Operating surplus | 9,057 | | | | | |
| Annual operating surplus | | | | | | 9,057 |
| Endowment contributions | | | 2,247 | | | <u>2,247</u> |
| Annual surplus | | | | | | 11,304 |
| Accumulated operating surplus, beginning of year | 154,258 | | | (154,258) | | - |
| Accumulated operating surplus, end of year | <u>\$ 163,315</u> | | | | | |
| Accumulated surplus, beginning of year | | 46,388 | | 154,258 | | <u>200,646</u> |
| Accumulated surplus, end of year | | | | | | <u>\$ 211,950</u> |

Schedule 3 – Adjustments Due to Change in Accounting Policy and Other Reclassifications
Consolidated Statement of Cash Flows (thousands of dollars)

| | Change in accounting policy | | | | |
|---|-----------------------------|------------------------|------------------|-------------------------|------------------|
| | As previously presented | Inventories for resale | Prepaid expenses | Endowment contributions | As restated |
| Operating transactions | | | | | |
| Annual surplus | \$ 9,057 | \$ - | \$ - | \$ 2,247 | \$ 11,304 |
| Add (deduct) non-cash items: | | | | | |
| Amortization of tangible capital assets | 15,433 | - | - | - | 15,433 |
| Expended capital contributions recognized as revenue | (6,496) | - | - | - | (6,496) |
| Loss on disposal of tangible capital assets | 733 | - | - | - | 733 |
| Change in employee future benefit liabilities | 791 | - | - | - | 791 |
| Loss on disposal of unrestricted portfolio investment | 6 | - | - | - | 6 |
| Write-down of portfolio investment for other than temporary decline in value | 99 | - | - | - | 99 |
| Decrease (increase) in: | | | | | |
| Accounts receivable | (644) | - | - | - | (644) |
| Inventories and prepaid expenses | (508) | (498) | 1,006 | - | - |
| Inventories | | 498 | - | - | 498 |
| Prepaid expenses | | - | (1,006) | - | (1,006) |
| Increase (decrease) in: | | | | | |
| Accounts payable and accrued liabilities relating to operating transactions | 977 | - | - | - | 977 |
| Deferred revenue | 2,635 | - | - | (35) | 2,600 |
| Cash provided by operating transactions | 22,083 | - | - | 2,212 | 24,295 |
| Capital transactions | | | | | |
| Acquisition of tangible capital assets | (40,397) | - | - | - | (40,397) |
| Proceeds on disposal of tangible capital assets | 472 | - | - | - | 472 |
| Increase in accounts payable and accrued liabilities relating to capital transactions | 8,145 | - | - | - | 8,145 |
| Cash applied to capital transactions | (31,780) | - | - | - | (31,780) |
| Investing transactions | | | | | |
| Purchase of portfolio investments | (18,529) | - | - | - | (18,529) |
| Disposal of portfolio investments | 42,877 | - | - | - | 42,877 |
| Endowment investment earnings | 1,454 | - | - | - | 1,454 |
| Cash provided by (applied to) investing transactions | 25,802 | - | - | - | 25,802 |
| Financing transactions | | | | | |
| Endowment contributions | 2,212 | - | - | (2,212) | - |
| Capital contributions | 24,961 | - | - | - | 24,961 |
| Debt repayment | (1,819) | - | - | - | (1,819) |
| Cash provided by (applied to) financing transactions | 25,354 | - | - | (2,212) | 23,142 |
| Change in cash and cash equivalents | 41,459 | - | - | - | 41,459 |
| Cash and cash equivalents, beginning of year | 14,411 | - | - | - | 14,411 |
| Cash and cash equivalents, end of year | \$ 55,870 | \$ - | \$ - | \$ - | \$ 55,870 |

Appendix A

| Credential Type | 2015/16 Planned | Actual |
|-------------------------|----------------------------|------------------|
| Certificate | 318 | 334.27 |
| Degree | 6,865 | 7,269.30 |
| Diploma | 3,310 | 2,979.08 |
| Non-Credential | 1,807 | 1,998.01 |
| University Total | 12,300 | 12,580.67 |

| Program Band | 2015/16 Planned | Actual |
|---|----------------------------|------------------|
| Business | 2,756 | 2,858.17 |
| Education | 82 | 74.04 |
| Health Sciences | 2,066 | 2,094.16 |
| Languages, Social Sciences, Arts & Humanities | 5,370 | 5,596.58 |
| Legal & Security | 480 | 470.96 |
| Physical, Natural & Applied Sciences | 748 | 847.31 |
| Preparatory & Basic Upgrading | 703 | 567.94 |
| Recreation | 95 | 71.42 |
| Trades & Technologists | 0 | 0.10 |
| University Total | 12,300 | 12,580.67 |

| Program Band & Credential | 2015/16 Planned | Actual |
|--------------------------------------|----------------------------|-----------------|
| Business | | |
| Certificate | 29 | 29.15 |
| Degree | 1,785 | 1,929.07 |
| Diploma | 942 | 899.95 |
| Business Total | 2,756 | 2,858.17 |
| Education | | |
| Certificate | 82 | 74.04 |
| Education Total | 82 | 74.04 |
| Health Sciences | | |
| Certificate | 151 | 171.91 |
| Degree | 1,286 | 1,285.28 |

| | | |
|--|---------------|------------------|
| Diploma | 604 | 590.48 |
| Non-Credential | 8 | 46.48 |
| Health Sciences Total | 2,066 | 2,094.16 |
| Languages, Social Sciences, Arts & Humanities | | |
| Certificate | 0 | 0.00 |
| Degree | 3,292 | 3,412.46 |
| Diploma | 1,285 | 1,049.24 |
| Non-Credential | 793 | 1,134.88 |
| Languages, Social Sciences, Arts & Humanities Total | 5,370 | 5,596.58 |
| Legal & Security | | |
| Certificate | 53 | 55.41 |
| Diploma | 427 | 415.55 |
| Legal & Security Total | 480 | 470.96 |
| Physical, Natural & Applied Sciences | | |
| Certificate | 1 | 3.76 |
| Degree | 559 | 642.50 |
| Diploma | 10 | 7.90 |
| Non-Credential | 178 | 193.15 |
| Physical, Natural & Applied Sciences Total | 748 | 847.31 |
| Preparatory & Basic Upgrading | | |
| Non-Credential | 703 | 567.94 |
| Preparatory & Basic Upgrading Total | 703 | 567.94 |
| Recreation | | |
| Certificate | 2 | 0.00 |
| Diploma | 42 | 15.86 |
| Non-Credential | 51 | 55.56 |
| Recreation Total | 95 | 71.42 |
| Trades & Technologists | | |
| Diploma | 0 | 0.100 |
| Trades & Technologists Total | 0 | 0.100 |
| University Total | 12,300 | 12,580.67 |

| Program Band & Program Name | Planned | 2015/16 Actual |
|--|----------------|---------------------------|
| Business | | |
| Accounting and Strategic Measurement | 280 | 265.30 |
| Accounting Technology Certificate | 0 | 0.40 |
| Asia Pacific Management | 48 | 33.31 |
| Bachelor of Applied Business Administration - Accounting | 41 | 38.70 |
| Bachelor of Applied Human Service Administration | 32 | 40.10 |
| Bachelor of Commerce | 1712 | 1,850.27 |
| Business Management | 398 | 379.90 |
| Business Management Certificate | 0 | 0.00 |
| Human Resources Management Certificate | 0 | 0.00 |
| Human Resources Management Diploma | 179 | 166.40 |
| Office Assistant | 29 | 28.75 |
| Travel | 62 | 55.05 |
| Business Total | 2,756 | 2,858.17 |
| Education | | |
| Special Needs Educational Assistant | 82 | 74.04 |
| Education Total | 82 | 74.04 |
| Health Sciences | | |
| Acupuncture | 81 | 84.70 |
| Bachelor of Arts | 240 | 240.74 |
| Bachelor of Psychiatric Nursing | 8 | 9.63 |
| Bachelor of Science | 108 | 123.10 |
| Bachelor of Science in Nursing | 881 | 911.82 |
| Disability Management Certificate | 11 | 14.30 |
| Disability Studies: Leadership and Community | 10 | 17.23 |
| Hearing Aid Practitioner | 114 | 100.80 |
| Holistic Health Practitioner | 0 | 0.00 |
| Massage Therapy | 90 | 87.80 |
| Nurse Credentialling | 82 | 46.48 |
| Occupational Health Nursing | 27 | 27.50 |
| Office Assistant | 61 | 61.02 |
| Perioperative Nursing for Registered Nurses | 37 | 46.64 |
| Post-Basic Certificate | 11 | 12.33 |
| Post-Basic Nursing Practice | 6 | 10.13 |
| Psychiatric Nursing | 183 | 182.87 |
| Therapist Assistant | 126 | 117.08 |
| Health Sciences Total | 2,066 | 2,094.16 |

Languages, Social Sciences, Arts & Humanities

| | | |
|--|--------------|-----------------|
| Arts and Cultural Management Certificate | 0 | 0.00 |
| Arts and Cultural Management Diploma | 70 | 79.55 |
| Bachelor of Applied Communications in Professional Writing | 0 | 1.10 |
| Bachelor of Arts | 1,757 | 1,728.37 |
| Bachelor of Child and Youth Care | 171 | 186.94 |
| Bachelor of Communication Studies | 345 | 352.50 |
| Bachelor of Music in Jazz and Contemporary Popular Music | 126 | 120.31 |
| Bachelor of Science | 885 | 1,023.23 |
| Child and Youth Care | 57 | 0.00 |
| Design Foundations | 0 | 0.00 |
| Design Studies | 155 | 126.80 |
| Early Learning and Child Care | 121 | 112.84 |
| Fine Art | 53 | 51.99 |
| General Studies | 412 | 222.81 |
| Library and Information Technology | 67 | 64.10 |
| Music | 89 | 80.74 |
| Open Studies | 736 | 1,134.88 |
| Professional Writing | 0 | 0.00 |
| Public Relations | 52 | 48.05 |
| Social Work | 170 | 172.94 |
| Theatre Arts | 50 | 42.49 |
| Theatre Production | 47 | 46.95 |
| Languages, Social Sciences, Arts & Humanities Total | 5,370 | 5,596.58 |

Legal & Security

| | | |
|---------------------------------------|------------|---------------|
| Correctional Services | 108 | 110.12 |
| Emergency Communications and Response | 23 | 28.80 |
| Legal Assistant | 97 | 94.17 |
| Office Assistant | 27 | 26.61 |
| Police and Investigations | 222 | 211.26 |
| Legal & Security Total | 480 | 847.31 |

Physical, Natural & Applied Sciences

| | | |
|---|------------|---------------|
| Bachelor of Science | 559 | 642.50 |
| Music | 9 | 7.90 |
| Post-Basic Nursing Practice | 2 | 3.76 |
| UT: Bachelor of Science in Engineering | 178 | 193.15 |
| Physical, Natural & Applied Sciences Total | 748 | 847.31 |

Preparatory & Basic Upgrading

| | | |
|--|------------|---------------|
| English as a Second Language | 207 | 173.38 |
| Preparation for University and College | 496 | 394.56 |
| Preparatory & Basic Upgrading Total | 703 | 567.94 |

Recreation

| | | |
|------------------------------------|-----------|--------------|
| Business Management | 2 | 15.86 |
| Post-Diploma Certificate | 42 | 0.00 |
| UT: Bachelor of Physical Education | 51 | 55.56 |
| Recreation Total | 95 | 71.42 |

Trades & Technologists

| | | |
|---|----------|-------------|
| Business Management | 0 | 0.10 |
| Trades & Technologists Total | 0 | 0.10 |

University Total

| | |
|---------------|------------------|
| 12,300 | 12,580.67 |
|---------------|------------------|



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