



Grant MacEwan University
Annual Report 2009/10

On the cover (from left to right):

- Saeed Jafaei, B.Comm. student
- Daryl Lynn Nepoose, B.Ed. transfer student
- Nicholas Starko, BA Honours graduate
- Hiroka Akaike, B.Comm. student (international business)

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Management's Responsibility for Reporting



Accountability Statement

The Grant MacEwan University's Annual Report for the year ended June 30, 2010, was prepared under the Board's direction in accordance with the *Government Accountability Act* and ministerial guidelines established pursuant to the *Government Accountability Act*. All material economic, environmental, or fiscal implications of which we are aware have been considered in the preparation of this report.




John Day
Board Chair

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

The Annual Report has been developed under the oversight of the institution audit committee, as well as approved by the Board of Governors and is prepared in accordance with the *Government Accountability Act* and the *Post-secondary Learning Act*.

The Auditor General of the Province of Alberta, the institution's external auditor appointed under the Auditor General Act, performs an annual independent audit of the consolidated financial statements in accordance with generally accepted accounting principles.



Paul J. Byrne, PhD
President and CEO



President's Message

2009/2010 was a year of change, progress and achievement at Grant MacEwan University. The university experienced significant growth in program development, research activity, and enrolment this year and has a number of initiatives underway to accommodate this growth.

In 2009/10, MacEwan laid the groundwork to launch four new programs in fall 2011 in the areas of music, communications, arts and cultural management, and accounting. We also added more than 30 new courses to the eCampusAlberta catalogue, including part-time offerings in the Bachelor of Commerce and Bachelor of Arts programs.

With the addition of new programs, the university will need to make space for more students in the coming years. MacEwan has embarked on a major space reconfiguration project to accommodate such growth.

Our facilities plan is based on a Single Sustainable Campus strategy, which will consolidate all campuses to City Centre. Phase I of the plan is the new University Service Centre, which will open in the spring of 2011. The new centre will house up to 240 staff representing a number of administrative service areas; this will free up space in support of learning and teaching at both the City Centre and Alberta College campuses.

The 2009/10 year also saw MacEwan preparing for the replacement of its financial, student records and human resources information systems.



Implementation of the PeopleSoft Enterprise Resource Planning (ERP) system will streamline work processes, enhance our technological capabilities, and significantly improve organizational planning, business intelligence and resource management as we move forward.

As part of an ongoing effort to provide even more flexibility for our students, MacEwan signed transfer agreements with numerous Canadian institutions including the University of Alberta, the Alberta College of Art + Design, Mount Royal University, and Emily Carr University of Art + Design. Discussions also commenced towards the establishment of agreements with Olds College and Grande Prairie Regional College.

This past year, we also had the opportunity to celebrate several notable achievements.

MacEwan School of Business students finished at the top of a number of prestigious competitions in 2009/10 including: the Manitoba International Marketing Competition; the Alberta Deans of Business Case Competition; International Association of Business Communicators (IABC) Gold Quill Awards; and the Certified Management Accountants (CMA) Board Governance Competition.

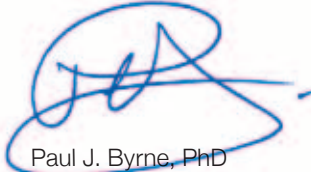
We were also pleased to report that, to date, more than 40 MacEwan degree graduates have been accepted into 22 graduate schools around the world. Former MacEwan students are pursuing graduate studies in cities such as New York,

San Francisco, Grenoble, Edinburgh and Oxford.

The university made great strides in supporting student success through the Front and Centre fundraising campaign. Despite the recent economic upheaval, we met our \$40-million fundraising target shortly after the end of the 2009/10 fiscal year – nearly a year ahead of schedule. From these new funds, we have been able to give 1,600 new awards, totalling \$1.8 million to our students.

MacEwan was also pleased to highlight its strong showing in its first appearance in the *Globe and Mail Canadian University Report*. In January 2010, the *Globe and Mail* surveyed MacEwan students who gave the university an “A” for overall student satisfaction. They also praised the university’s overall quality of education, quality of teaching, student/faculty interaction and small class sizes.

As we look ahead to celebrating our 40th year of providing students with a quality post-secondary education, we continue to plan for added growth. And we remain committed to providing the student-centred, accessible, and teaching-focused education environment for which we are known.



Paul J. Byrne, PhD
President and CEO

About MacEwan

BOARD OF GOVERNORS

Chair

John Day, Q.C.

President and Chief Executive Officer

Dr. Paul Byrne

Student member

Jamie Fraleigh

Non-academic staff member

Shawn McAuley

Academic staff member

Dr. Chaldeans Mensah

Public members

William (Willie) Grieve

Dr. William (Bill) Johnston

Harold Kingston, FCA

Oryssia Lennie

Gerry Martins, CGA

John B. Mitchell

Gaye Sydenham

EXECUTIVE

President and Chief Executive Officer

Dr. Paul Byrne

Provost and Executive Vice-President, Academic

Dr. Janet Paterson-Weir

Vice-President, Fund Development

Dale Bayley

Vice-President, Student Services

Cathryn Heslep

Vice-President, University Services

Brent Quinton

Mission Statement

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

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

Mandate

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

Grant MacEwan University focuses on four primary types of programming:

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

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

Grant MacEwan University emphasizes a learner-centred approach to the provision of its programs and services. The University fosters student

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

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

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

Approved by the Grant MacEwan University Board of Governors, May 20, 2010 by Board motion 03-05-20-2009/10 Name Changed by Order-in-Council #481/1009, A. R. 254/2009 September 24, 2009 Approved by Board of Governors' Motion #01-10-8-2009/10

Operational Overview



Major Accomplishments

Bachelor of Science degree launched

In September 2009, the Bachelor of Science program was launched, offering studies in: biological sciences, chemistry, computer science, earth and planetary sciences, mathematical sciences, mathematics, physical sciences, physics, psychology and statistics.

During the 2009/10 academic year, 760 FLE (full-load equivalent) students were enrolled in years one through three of the program, with a planned enrolment of over 1,000 FLEs by 2014.

MacEwan also received funding to build five new science laboratory spaces for students in the biological and physical sciences – featuring a number of specialized service areas, such as an aquatics facility, a tissue culture laboratory, a microscopy suite, and a nuclear magnetic resonance facility.

Implementation of the MacEwan Science degree created interest throughout the Campus Alberta community and, in 2009/10, MacEwan began working on transfer agreements with both Olds College and Grande Prairie Regional College.

Arts, performance and cultural management programs

In February 2010, MacEwan announced the addition of a new baccalaureate degree to its roster. Starting in fall 2011, the Centre for the Arts and Communications (CFAC) will open its doors to students enrolled in the Bachelor of Music in Jazz and Contemporary Popular Music.

The Music degree is just one of three new programs that will be offered by CFAC in fall 2011.

During the 2009/10 year, MacEwan also laid the groundwork for implementation of the Bachelor of Communications and Arts and Cultural Management diploma programs. The Bachelor of Communications replaces the curriculum strengths of the Journalism diploma and the Bachelor of Applied Communications in Professional Writing; while the Arts and Cultural Management diploma program builds on the strength of the one-year certificate.

The new programs, which continue to attract a growing interest at a national level, will enhance Edmonton's already-strong arts, performance and cultural community.



New accounting major

In March 2010, MacEwan announced that it would be offering a fourth major – accounting – in the Bachelor of Commerce baccalaureate program. Currently offering three majors in management, international business, and supply chain management, the Commerce program will implement the accounting major in September 2011.

The accounting major was developed in response to industry, professional association, and student requests for additional accounting spaces in the Edmonton region and for additional majors within the Bachelor of Commerce program. The major is aligned with any of the three professional accounting designations: Chartered Accountant, Certified General Accountant, and Certified Management Accountant. Courses within the major will provide students with a balance of theory, strategic thinking, management and accounting skills.

Workplace Learning Office

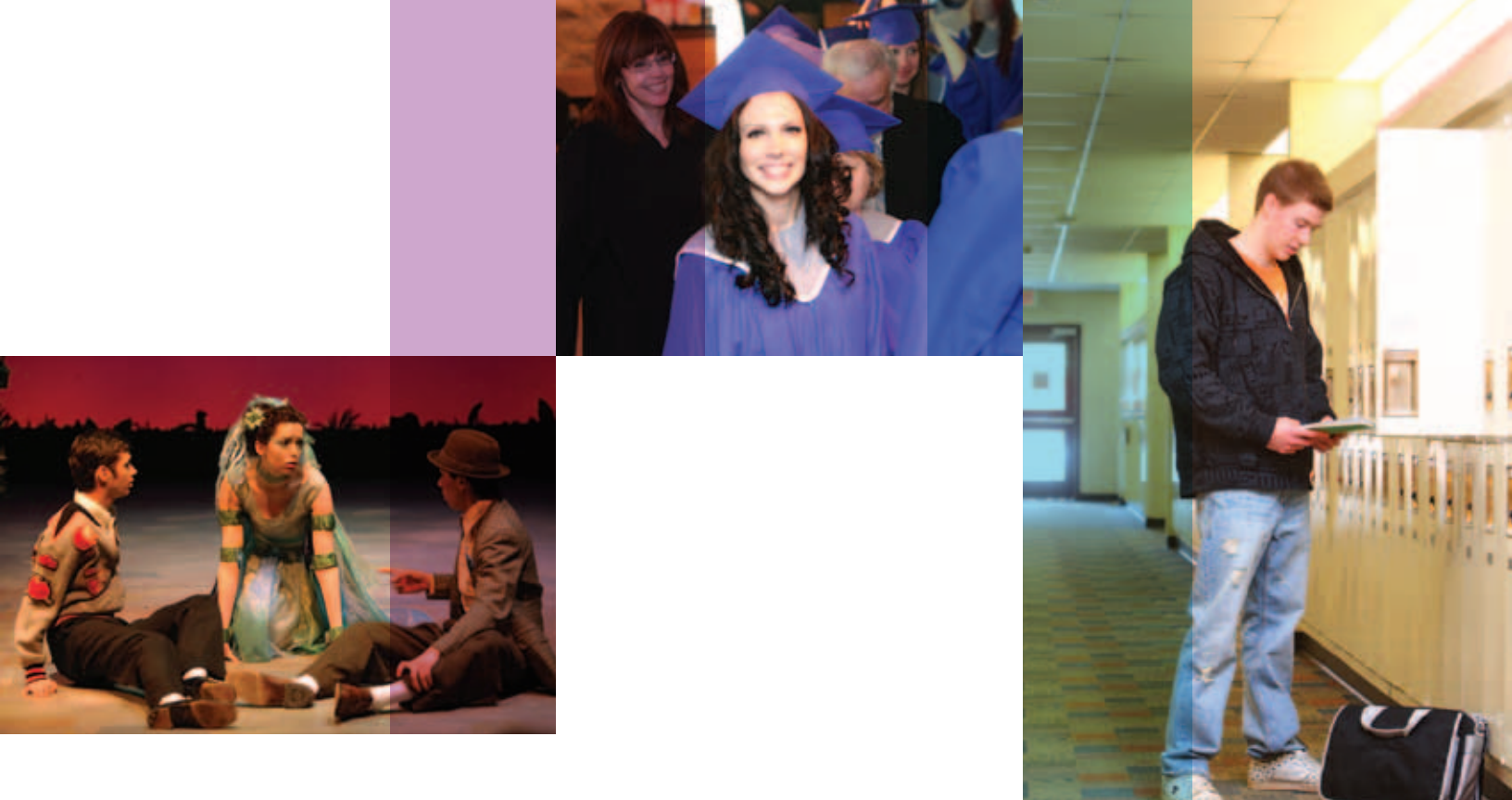
A Workplace Learning Office and resource centre was established to support curriculum initiatives and promote scholarship in a variety of learning contexts including co-ops, clinical placements, practica and field placements.

MacEwan hired a half-time workplace learning coordinator to support faculty and programs offering a diverse range of practica, clinical and co-op placements, and directed field studies. Responsibilities of this position include resource material development, research on issues, policy matters and best practices, monitoring co-op accreditation standards, writing discussion papers, proposals and reports under the direction of a Workplace Learning Committee.

The Workplace Learning Coordinator works in close collaboration with — and chairs — the Workplace Learning Committee.

Undergraduate research strategy

In 2009/10, the MacEwan Student Research Committee (MSRC) was expanded to further MacEwan's undergraduate student research strategy. A subcommittee of the MacEwan Research Council, the MSRC seeks to support research projects that are initiated by MacEwan students as part of classroom requirements, honours theses, self-study, or independent projects.



While MacEwan students have been involved in academic research for a number of years, and have been eligible for matched funds from the Alberta Association of Colleges and Technical Institutes (AACTI) and MacEwan, the university lacked a formal undergraduate student research strategy.

The committee considered multiple options to supplement the resources that are currently available to MacEwan students, including financial support for: conference travel and attendance; student-initiated, faculty-mentored research projects; student research showcases; and more. The new strategy seeks to define the role of students in research at MacEwan and bring it into focus, both within the MacEwan community and beyond.

Institute for Innovation in Management Education

In 2009/10, the School of Business established the Institute for Innovation in Management Education (IIME), a research and development body focused on management education and management development.

While the specific mandate of the IIME is still in development, a number of initiatives have been considered, including: (1) creating linkages between business and academia, (2) supporting research in the area of management education and development, (3) studying best practices in management education, (4) hosting educational innovation sessions to generate debate and contribute to ongoing teaching and research quality, and (5) assisting students who are conducting management-focused research as part of their educational experience.

Library initiatives

The Library undertook a number of significant initiatives in 2009/10, many of them benefitting MacEwan's distance student population and directly supporting the university's goal of expanding the use of distributed technologies to deliver course and program content and facilitate student learning.



In 2009/10 the MacEwan Library:

- launched an instant-messaging Library chat reference service, which extends real-time virtual reference assistance to distance and distributed learners.
- converted over 300 of the Library's most heavily used videos and DVDs to streamed format, thereby creating online accessibility for distance and distributed learners.
- enhanced access to digital resources, adding almost 15,000 e-books and 18 new databases to the collection.

Availability of digital resources for distance learners reduces learner requests for collection materials. This is an important consideration, since the university experienced a 35 per cent growth in eCampusAlberta registrations this past year, while adding 31 new courses to the eCampus inventory.

Sustainability Office opens

In 2009/10, a sustainability officer was hired to develop a framework for a Campus Sustainability Plan and to establish the Office of Sustainability.

The office mandate — to manage human and ecological systems in accordance with MacEwan's global responsibility to conserve and restore the environment while advancing social equity — was set shortly after the creation of the Sustainability Office.

Working alongside the Sustainability Advisory Committee, faculty, staff, and students, the Sustainability Office is responsible for providing guidance, fostering awareness, monitoring progress, and promoting partnerships relating to campus-wide sustainability priorities and initiatives.

Fundraising goal

Since 2006, the MacEwan Community Relations and Fund Development team has been raising funds to achieve a number of concrete objectives — create new student awards, support academic projects, leverage provincial grant monies, and boost the MacEwan endowment.

In just four short years, MacEwan raised over \$35 million and achieved their \$40-million goal shortly after the close of the 2009/10 fiscal year — nearly a year earlier than anticipated.

Students have already started benefitting from the money raised. More than 1,600 new awards were added to the MacEwan awards pool, an additional \$1.8 million in new awards was distributed between 2006 and 2010, and some of the funds raised have gone towards supporting curriculum enhancements and a distinguished speaker series.

Core Programs

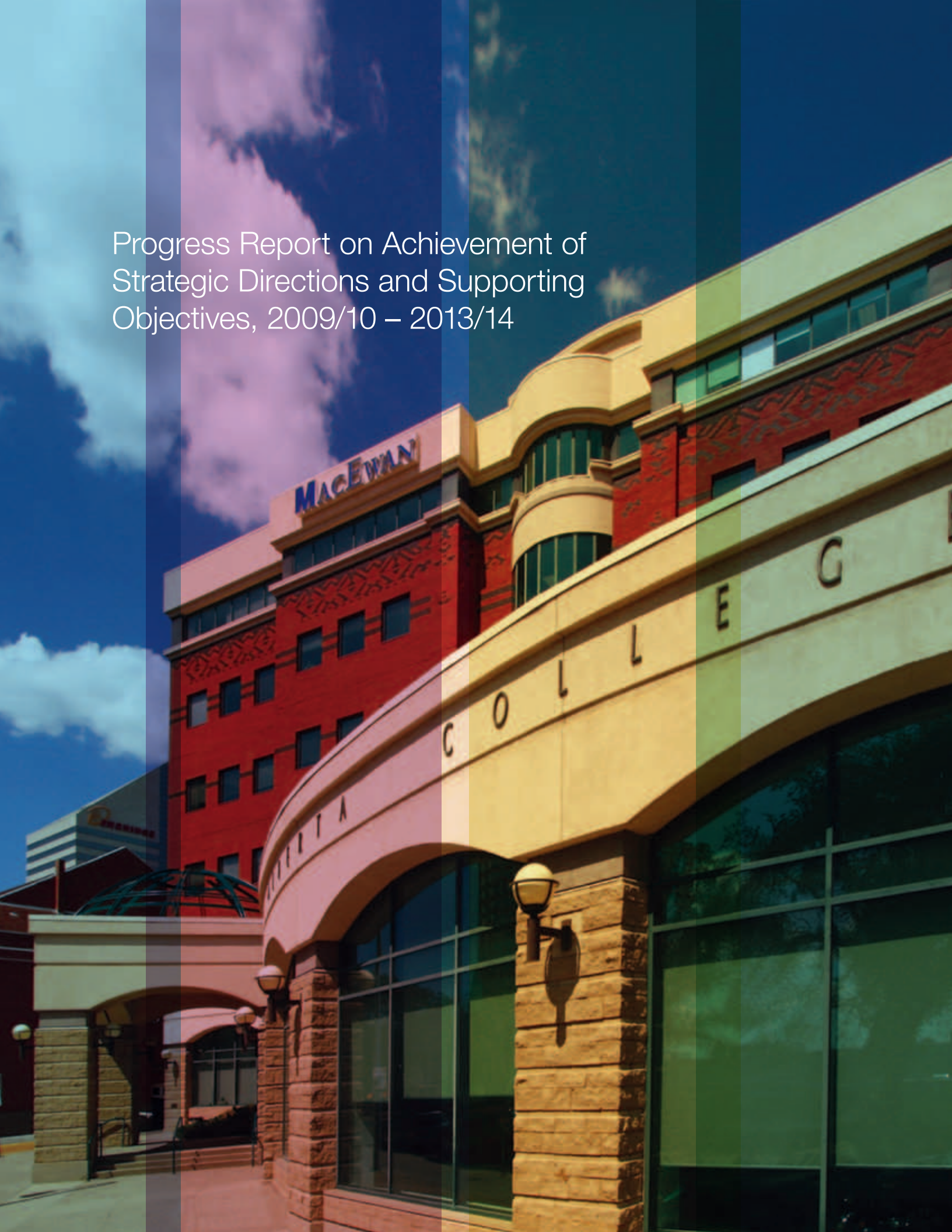
| Programs | 2007 / 2008 | 2008 / 2009 | 2009 / 2010 |
|----------------------------------|--------------------|--------------------|--------------------|
| Baccalaureate degrees | 4 | 4 | 5 |
| Applied degrees | 4 | 4 | 3 |
| Degree transfer programs | 8 | 7 | 5 |
| Career diplomas | 38 | 37 | 37 |
| Post-diploma certificates | 3 | 3 | 4 |
| Career certificates | 10 | 10* | 10 |
| Other credit programs / projects | 5 | 4 | 4 |
| Non-credit courses offered | 1,708 | 1,703 | 1,395 |

Enrolment, Facility and Staffing Information

| Enrolments and Applications | 2007 / 2008 | 2008 / 2009 | 2009 / 2010 |
|--|--------------------|--------------------|--------------------|
| Credit full-load equivalents (FLE) | 10,201 | 10,212 | 11,221 |
| Credit student headcount | 17,878 | 18,235 | 18,739 |
| Non-credit student headcount | 16,898 | 16,733 | 16,279 |
| International student headcount | 730 | 759 | 855 |
| Program applications (total) | 16,417 | 16,539 | 18,441 |
| Program applications (per quota place) | 2.9 | 2.5 | 3.5 |
| Facilities | 2007 / 2008 | 2008 / 2009 | 2009 / 2010 |
| Total supported space (m ²) | n/a | 151,540 | 151,540 |
| Student capacity (FLE) | 11,733 | 11,903 | 11,832 |
| % of capacity utilized | 81.4% | 80.5% | 90.0% |
| Staffing | 2007 / 2008 | 2008 / 2009 | 2009 / 2010 |
| Credit faculty / instructional (FTE) | 644 | 670 | 714 |
| Non-credit instructional (FTE) | 69 | 66 | 64 |
| Non-academic staff (FTE) | 698 | 755 | 772 |
| Administration (FTE) | 101 | 121 | 131 |
| Total staff (FTE) | 1,512 | 1,612 | 1,681 |
| Total staff (headcount) | 3,351 | 3,812* | 3,166 |
| Student / faculty ratio (FLE / FTE fac.) | 15.8 | 15.2 | 15.7 |

* this figure has been updated since the release of the 2008/09 Grant MacEwan University Annual Report

Progress Report on Achievement of
Strategic Directions and Supporting
Objectives, 2009/10 – 2013/14



Strategic Direction: Develop and implement high quality programs to enhance Albertans' access to baccalaureate and applied degree, diploma, certificate and post-diploma programs

Objectives:

Develop and implement baccalaureate programs in accordance with funding commitments and the University's program plan.

- The Bachelor of Science program with six majors was launched September 2009, with capital funding to build Science labs and one year of operational funding. With enrolment of 760 FLE in 2009/10 (in years one to three), the planned enrolment of over 1,000 students is achievable by 2014 within the framework of the six majors offered. However, in the absence of ongoing operating funding — which has not been committed to date — the University will face significant challenges in sustaining this key program.
- Grant MacEwan University and Olds College developed plans for MacEwan to offer the first year of the MacEwan Bachelor of Science at Olds College. This initiative will enhance access to Science degree programming in central Alberta.
- Implementation of the Bachelor of Science in Nursing program continued with the addition of the third-year curriculum in 2009/10. The fourth year will be implemented in 2010/11 and the first degree graduating class is expected in June 2011 with 117 graduates. However, due to the announced funding freeze, MacEwan will be required to implement a reduction strategy in Nursing to reduce enrolment to the level of funded enrolment.
- Planning for a Bachelor of Communication Studies, with two majors, continued during 2009/10, with a planned implementation date of September 2011. With the implementation of this

degree program, the existing Journalism diploma and Bachelor of Applied Professional Writing programs will no longer be offered.

- The university announced that the Bachelor of Music in Jazz and Contemporary Popular Music will be launched in September 2011. This degree will address the fact that half of the university's Music diploma graduates currently leave Alberta to seek degree completion options elsewhere.
- The Bachelor of Commerce with an Accounting major received Ministerial approval and will be implemented in September 2011.
- Planning continued for implementation of a diploma program in Arts and Cultural Management, to be offered on a self-funded basis. This program will include a one-year certificate exit option.

Develop an integrated curriculum architecture to support access, transfer and alternate delivery models.

- A memorandum of understanding (MOU) was developed with the University of Alberta wherein a minor in Arts and Cultural Management may be offered through courses at MacEwan.
- Planning was undertaken with Grande Prairie Regional College for transfer agreements relating to MacEwan's Bachelor of Arts, Bachelor of Science and Bachelor of Commerce programs.
- An articulation agreement was developed with Thompson Rivers University to allow students completing MacEwan diplomas in Acupuncture, Hearing Aid Practitioner, and Massage to articulate to a Bachelor of Health Sciences degree from Thompson Rivers.
- Courses for the Bachelor of Commerce and the Bachelor of Arts degrees were offered part-time and through eCampusAlberta.
- The Centre for the Arts and Communications signed transfer agreements with: Emily Carr University of Art + Design for block transfer from the Fine Art program; the Alberta College of Art + Design for students from the Design Studies photography major; and Mount Royal University for block transfer from the Journalism diploma program.

Expand use of distributed technologies to deliver course/program content and to facilitate student learning.

- Online course development occurred in all four schools and faculties — adding 31 new courses to the eCampusAlberta catalogue during 2009/2010.
- An e-learning website was launched to target online students within the university as well as those utilizing services as part of the eCampusAlberta consortium.
- A three-year strategic plan was approved for online development and maintenance that focuses on credential completion and other priorities as set by the faculties/schools.
- Instructional Media and Design fully implemented a project management approach to online design, development and maintenance.
- A project was initiated to evaluate the use of synchronous conferencing applications for online learning in support of online course delivery and as a supplement to the learning management system.
- An instant messaging Library chat reference service was launched, which extends real-time virtual reference assistance to distance and distributed learners.
- Over 300 of the most heavily used audiovisual materials in the Library collection were converted to streamed format — thereby creating online accessibility for distance and distributed learners.
- The Library enhanced access to digital resources, adding almost 15,000 e-books and 18 new databases to the collection.
- The Centre for Arts and Communications increased laptop integration efforts. Students are now required to purchase a laptop for use in Journalism, Arts and Cultural Management, Photography, Theatre Production and Music.
- The Faculty of Arts and Science increased the number of courses available online in order to increase student access to courses and aid students needing more flexible scheduling options.

Foster a culture, supported by policy and practice, that enables the University to meet quality assurance and re-accreditation requirements.

- A comprehensive self-study process was initiated to support faculty in baccalaureate programs to prepare for program evaluations. Program self-study teams are supported by a steering committee as well as three service teams: a Data Analysis team, a Financial Analysis team, and a Final Report Writing team.
- A Workplace Learning Office and resource centre was established to support curriculum initiatives and promote scholarship in a variety of learning contexts, including co-ops, clinical placements, practica and field placements.
- In support of the MacEwan Curriculum Committee's (MCC) quality assurance mandate, a variety of handbooks and assessment tools were developed to support committee members' work. A presentation and paper on *The Importance of Peer Review* was provided to MCC members to promote understanding of the role and value of peer review.
- An online system for syllabus management was launched, which improves peer review and approval processes and access to syllabus records.
- A *Faculty Evaluation for Non-Instructional Faculty* policy was developed and approved to expand evaluation of faculty to include librarians and counsellors.
- Working in collaboration with eCampusAlberta, all courses residing within the eCampusAlberta catalogue have been reviewed, or are in the process of being reviewed, by the consortium.
- Utilizing eCampusAlberta Essential Quality Standards, a set of internal MacEwan quality standards was created and approved in 2009. This set of internal standards will be utilized for all online offerings at MacEwan.
- MacEwan participated in an orientation visit with CCAC (Canadian Council on Animal Care) to prepare for an application process to achieve a Certificate of Good Animal Practice.

Strategic Direction: Expand the scholarly activity environment to guide curriculum development, strengthen program disciplines and inform pedagogy.

Objectives:

Implement institutes of scholarly activity, scholarly exchanges and participation in the scholarship of teaching projects.

- The School of Business established two research institutes: the Institute for Innovation in Management Education (IIME) and the Institute of Asia Pacific Studies (IAPS). IIME is intended to create linkages between business and academia; conduct research projects in the area of management education and development; generate debate and share experiences to reinforce teaching and research quality; and assist students who are interested in doing research in management as part of their educational experience. IAPS specializes in emerging Asian business and promoting MacEwan and the School of Business's mission through research, educational and cross-cultural exchanges between the Asia-Pacific region and Canada.
- MacEwan International Council approved several memorandums of understanding (MOUs) to increase the number of study abroad opportunities available to students — particularly in the area of student exchanges.
- A key strategy of the University's Research Council was to support faculty research papers at provincial, national and international conferences via an adjudication process and funding program.
- The Faculty Commons provided professional development and resources in support of faculty engaging in the scholarship of teaching and learning.

- The Centre for the Arts and Communications (CFAC) supported 10 faculty members to present work at national and international conferences, concerts and exhibits. CFAC sponsored the Hart Hanson (Corus Entertainment Distinguished Lecture), which was part of the *Future of Story* Conference. Arts and Cultural Management presented a two-lecture series with distinguished scholars and writers in the field.
- The School of Business hosted *Managing by Values*, an international academic and professional conference in spring 2010 with keynote speaker, Dr. Simon Dolan from Spain. Participants from across Canada, the United States, Indonesia, France and Spain attended.

Develop an Undergraduate Student Research strategy.

- A subcommittee of the Research Council was created to foster a student research strategy. Several Research Assistant positions were created over the year to assist faculty members with research projects.
- The Faculty of Arts and Science supported students to attend academic conferences and assist in poster presentations. Academic student conferences were organized by the Department of Humanities, the Department of Anthropology, Economics and Political Science, and the Department of English.
- Students have been supported to attend various conferences such as the Western Region and National conferences of the Canadian Nursing Students Association (CNSA).
- The School of Business provided opportunities for business students to participate in regional and international business case competitions.

Raise the profile of scholarly activity and increase research activity among faculty and students.

- The Research Council continued to solicit and adjudicate research applications for internal funding. Annual publication of faculty and staff research and research showcases are expanding each year.

- Attendance has been very healthy at a growing venue of invited speakers, both internal and external. This is considered a key method of recalibrating understandings and perceptions about the role, place and purpose of research and scholarly activity.
- A new Research Librarian position was established to support faculty and upper-level undergraduate students with information retrieval and dissemination activities related to their research.

Strategic Direction: Enhance student and institutional services that contribute to students' overall experience at MacEwan and ensure effective and sustainable operation of the University.

Objectives:

Implement systems to benchmark University performance against appropriate comparators.

- MacEwan participated in several cross-institutional surveys during 2009/10 which provided valuable benchmarking information relating to student experience, engagement and satisfaction with university programs and services. These included the Canadian University Survey Consortium (CUSC) survey of first-year degree students, the National Survey on Student Engagement (NSSE) and the *Globe and Mail's Canadian University Report* survey. Groups of comparator institutions were identified to facilitate analysis and utilization of the CUSC and NSSE results, in particular.
- Benchmark data from a group of comparable Canadian universities was collected and analyzed in the areas of degree enrolments and graduate numbers, faculty qualifications, library resources and student satisfaction. Benchmark data is also compiled on an annual basis from all Alberta post-secondary institutions.
- A pilot project was conducted by the Library to measure and benchmark the information literacy skills of a sample of incoming MacEwan students. The Standardized Test for Information Literacy Skills was administered to 341 students from nine programs and test results were benchmarked against 96 post-secondary institutions across North America.

Develop and implement program-specific and institution-wide initiatives to support student success.

- The university's Student Success Committee continued to pursue initiatives to enhance student success, including a New Student Orientation program, supports for Aboriginal learners, and implementation of best practices in academic advising. A series of discussion sessions were held during the winter term to provide opportunities for faculty and staff to discuss issues relating to student success, including identifying students at risk and intervention and support strategies for at-risk students.
- The Student Resource Centre (SRC) developed two online workshops in support of student success initiatives, allowing students to access the workshops "just in time" and as online, hybrid or part-time students.
- The SRC recruited a Career Services Coordinator to provide career support to both career and baccalaureate students and alumni throughout the career development process.
- Working with Information and Technology Services (ITS) and Fund Development, the SRC developed an online, searchable database of MacEwan scholarships, bursaries and awards, that included an online application process accessed through the myMacEwan.ca student portal. This online database resulted in a 41.5 per cent increase in bursary applications (1,621 bursary applications in 2009/10 vs. 1,145 bursary applications in 2008/09).
- The Services for Students (S4S) plan to realign space on City Centre Campus in development of student-focused neighbourhoods that serve prospective and current students received approval for a two-phased implementation starting July 1, 2010. This plan will provide students with a central location to conduct student business — from inquiring about admission, to paying fees, to inquiring about financial aid, to seeing an advisor.

Implement a comprehensive ERP solution for the University that will enable improved functionality and reporting in support of student systems, financial systems, human resources systems, procurement, third-party application integration and self-directed transactions in a portal context.

- IBM workshops, training, and work on phased deliverables for replacing the current Enterprise Resource Planning (ERP) System began in July 2009. Three modules are being implemented in five distinct phases: Finance, Human Resources and Campus Solutions. A full implementation of the PeopleSoft Portal and the Oracle EPM data warehouse solution began in 2009/10. Oracle's Universal Content Management (UCM) system was deployed for document management support to ERP.
- Financial Services prepared to switch most of its functions to PeopleSoft on July 5, 2010, and the Asset Management and Budget and Planning functionality will go live in January 2011.
- Enhance financial management and administrative processes and structures to improve decision support and enhance operational efficiency and effectiveness.
- Preparation for implementation of PeopleSoft Finance (Wave 1) is the first step in streamlining financial management and administrative structures and processes. Improved operations are expected for the following functions:
 - E-Procurement and purchasing, expenses, project management and project costing, general ledger, accounts payable and trade receivables.
 - Interfaces will be built that automate general ledger entries and accounts payable vouchers from other systems such as the Bookstore, Library, Sports and Wellness, and Residence as well as interfaces with the legacy Datatel Student and HR modules.
- All departments will use the project costing module in PeopleSoft for any proposal where it can be tracked to ensure one source of truth during the planning stages.

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

- A Sustainability Officer was hired in 2009/10 to develop a framework for a Campus Sustainability Plan. In addition, this officer undertook to establishing the Office of Sustainability mandate, worked with the Sustainability Advisory Committee to set priorities, and fostered and promoted sustainability programs, including conference presentations, articles, communications and event planning.

Strategic Direction: Consolidate University operations onto the City Centre Campus by 2020 to provide high-quality facilities for programs and services.

Objectives:

Develop plans and secure funding to complete the City Centre Campus, including a new Centre for the Arts, new academic space and consolidation of other campuses to City Centre.

- A comprehensive plan to consolidate all campus operations onto the City Centre site was developed, approved by the Board and submitted to the ministers of Advanced Education & Technology and Alberta Infrastructure for review and approval. The plan accommodates growth to 13,000 FLEs by 2020 and provides capacity options to accommodate 17,000 FLEs. The plan includes expansion in three major sequences (phases) in addition to the implementation of an immediate 5,500 square metres of administrative and support space on top of the existing west parkade.

Develop a faculty-informed instructional space strategic plan that informs the mid-range facilities plan.

- A Learning Space Management Committee was established, including faculty from each of the faculties and schools. The Committee has conducted a literature review, gathered data from each faculty and school and will develop a learning space plan based on guiding principles and future needs.

To support the strategic directions outlined above, MacEwan will seek to increase community investment in the institution as follows:

**New Centre for the Arts and Communications
(\$15 million)**

- Active fundraising for this initiative was postponed pending government approval and funding for this facility.
- Preliminary research and valuation of naming rights at City Centre Campus was undertaken.

**Front and Centre Campaign (\$40-million goal,
2006-2011)**

- By June 30, 2010, this campaign had raised \$35.7 million (89 per cent of the \$40-million target). The campaign goal was reached just three months later, well ahead of schedule.

**Student scholarships, bursaries and
awards (\$20 million)**

- Created 1,620 new student awards aligned with strategic directions and priorities as identified by Academic Affairs and Student Services.
- Distributed \$1.8 million in new scholarships, bursaries and awards between July 1, 2006 and June 30, 2010.
- Increased the net proceeds of MacEwan's Mad Hatter's Gala and Pro-Am events, creating endowed scholarship funds with principal amounts totalling \$3.99 million and \$315,000 respectively, as of June 30, 2010.
- Launched Student Success Bursary project to build an \$8-million endowment; achieved 41 per cent of this goal as of June 30, 2010.

Academic Projects (\$5 million)

- Secured nearly \$1 million in corporate gifts to support the Bachelor of Commerce curriculum enhancement project and a distinguished lecture series in the School of Communications.

Leveraging Access to the Future Fund (\$15 million)

- Successfully leveraged \$12 million in Access to the Future Fund grants received since July 1, 2006.
- Increased MacEwan's pooled endowment fund from \$13.5 million to \$31.4 million in four years (2006/07 to 2009/10).

Performance Measures

MacEwan's *Strategic Plan and Budget Strategies for 2009/10 – 2013/14* identified a number of performance measures. The table below provides three years of performance data on each measure, up to the 2009/10 reporting year. It must be noted that most university surveys, such as the Student Satisfaction and Graduate Surveys, are conducted bi-annually, and that the three data years are not necessarily the last three calendar years.

| Measure | Performance History | | | | Comments |
|---|---|---|---|---|--|
| | Year 1 | Year 2 | Year 3 | Target | |
| STUDENT FOCUS | | | | | |
| Student Satisfaction with Overall Quality of Educational Experience | 99% (2007/08 Satisfaction Surveys) | 97% (2008/09 Satisfaction Surveys) | 99% (2009/10 Satisfaction Surveys) | 95% fully/ somewhat satisfied | Student surveys show that MacEwan continues to exceed its goal of 95% overall student satisfaction. |
| Graduate Employment Rate (total employment) | 93% (2004/05 Graduate Survey) | 97% (2006/07 Graduate Survey) | 95% (2008/09 Graduate Survey) | 95% | Graduate Surveys shows that MacEwan has met or exceeded its graduate employment target since 2004/05. |
| Tuition fees relative to comparable Alberta institutions | 2007/08 \$3,705 (2nd lowest of 7) | 2008/09 \$4,272 (2nd lowest of 7) | | Target not yet established | MacEwan's tuition fees are affordable compared with other public degree-granting institutions in Alberta. |
| \$ value of scholarships/bursaries awarded/FLE | 2007/08 \$1.899 M \$186/FLE | 2008/09 \$1.822 M \$178/FLE | 2009/10 \$1.929 M \$173/FLE | Target not yet established | Total awards increased by 6%, but due to 9% growth in enrolment, \$ value of awards per FLE declined marginally. |
| PROGRAM & SERVICE QUALITY | | | | | |
| Access/Enrolment | 2007/08 10,201 FLE (96% of plan) | 2008/09 10,212 FLE (100% of plan) | 2009/10 11,157 FLE (105% of plan) | 100% of planned FLE | MacEwan's 2009/10 enrolment exceeded its target of 10,641 FLE by 5% (516 FLE). |
| Student Satisfaction with Quality of Instruction | 98% (2007/08 Satisfaction Surveys) | 96% (2008/09 Satisfaction Surveys) | 99% (2009/10 Satisfaction Surveys) | 95% fully/ somewhat satisfied | Recent satisfaction surveys show that MacEwan continues to meet or exceed its goal of 95% satisfaction with the quality of instruction. |
| RESOURCE ACQUISITION & UTILIZATION | | | | | |
| Achievement of fundraising targets | \$15 M (Yr. 2) | \$25.9 M (Yr. 3) | \$35.7 M (Yr. 4) | \$40 M target within 5 yrs. | Four years into a 5-year campaign, 89% of target has been reached. |
| % expenditure on administration* | 2007/08 9.7%** | 2008/09 10.6% | 2009/10 10.2% | <11.0% | MacEwan continues to maintain administrative expenditures below its targeted level of 11%, and to pursue efficiencies to optimize its proportionate administrative expenditures. |

* using Ministry KPI/FIRS definition

** this figure has been updated since the release of the 2008/09 Grant MacEwan University Annual Report

Management's Discussion and Analysis:
Achievement of Strategic Directions and
Supporting Objectives, 2009/10 – 2013/14



Academic Programming and Delivery

Degree Programming

Significant progress was achieved in the implementation of degree programming during 2009/10, with the launch of the Bachelor of Science degree and implementation of the third year of the Bachelor of Science in Nursing. In addition, planning proceeded for the launch of two degree programs (Bachelor of Music in Jazz and Contemporary Popular Music and Bachelor of Communication Studies) and an Accounting major in the Bachelor of Commerce in the fall of 2011. Implementation of these degrees will complete the first major phase of degree program development at MacEwan.

MacEwan is, however, very concerned with the impact of provincial budget decisions for 2010/11 and beyond. The university received some capital and one year of operating funding for the first year of the Science degree program; however, the university is receiving no additional operational funding for the Bachelor of Science, and is currently utilizing reserves to support program implementation.

Similarly, a freeze on funding for the Nursing program required the university to reduce enrolment in this degree by 468 FLE students in order to operate within funding constraints, although additional one-time funding announced recently will provide some relief in this regard. In both cases, however, adequate levels of provincial funding will be required in the long term to maintain the viability of these programs.

Curriculum Architecture

As part of a Campus Alberta objective, steps were taken to expand transfer arrangements for students from across Alberta to access MacEwan programs, and for MacEwan students to pursue further studies at other institutions.

Memorandums of Understanding (MOUs) have been signed with Grande Prairie Regional College and Olds College for degree access and completion. Development of an integrated curriculum architecture is a long-term process which will remain a priority goal for the university for years to come. This process involves a significant change of identity for MacEwan, from a major “transfer-out” institution to a “transfer-in” destination. Care will need to be taken to balance demands from transfer students with the need to ensure capacity for MacEwan students to progress and complete their programs.

Distributed Technologies

MacEwan also continued to expand its online course offerings through eCampusAlberta, representing a 31 per cent increase in enrolment, as well as enhancing services and support to online students. The library expanded its holdings in formats accessible to distance and distributed learners as well as exam invigilation services for all eCampus consortium students. The university has a three-year strategic plan in place to develop and maintain online offerings, with a focus on enabling completion of full credentials through distributed technologies.

Quality Assurance and Re-Accreditation

Development of an institutional culture of peer review and rigorous quality assurance is a long-term process that is directly linked to MacEwan’s transition from college to university. Numerous activities and organizational structures intended to support and facilitate this process were undertaken and implemented during 2009/10, across many areas of the university.

Key to this process of cultural change is the recognition that quality assurance involves the entire institution, and that institutional credibility and reputation are dependent on external perspectives. Development of systems to generate the information necessary to provide evidence of quality will be critical to the success of this process over the next several years. Having been one of the first institutions to fall under the Campus Alberta Quality Council (CAQC) accreditation process, MacEwan is now the first university to fall under the Council’s re-accreditation process.

Scholarship, Research and Artistic Creation

As with quality assurance, the development of an institutional framework with an enhanced emphasis on research, scholarly activity and artistic creation is a long term process. However, considerable progress was made in this regard in 2009/10, with the establishment of two new research institutes, increased levels of external research funding (SSHRC, NSERC, International Learning), and the development of a student research strategy specifically designed for senior and honours degree students.

Significant expansion in the number of research publications and presentations by MacEwan faculty is contributing to greater academic rigour within the university and enhanced external credibility. However, it must be noted that, as more students enter senior years of degree programs, greater levels of internal and external research funding will be required.

Supportive Services and Processes

Benchmarking

MacEwan's participation in three external surveys of degree program students provided a strong initial base of data against which to benchmark the university's performance against more than 20 comparable universities across Canada. The results of these benchmarking exercises were very encouraging. Comparative analyses of this kind will continue to provide a longitudinal base of benchmark data at the institutional level. A similar focus on external benchmarking is taking place at the program and service department level, through self-study activities and program and service evaluations.

Student Success

A wide range of initiatives to promote student retention and student success were undertaken during 2009/10 — many under the auspices of, or with the involvement of, the university's Student Success Committee. Activities ranged from program-specific initiatives to university-wide projects, from improvements to orientation and advising, and to realignment of student spaces to enhance services. Implementation of the PeopleSoft Campus Solutions module in 2010/11 will significantly improve the university's capacity to generate and analyze student retention data, which will in turn enable more detailed assessments and evaluations of the impact of student success initiatives.

MacEwan continues to be challenged by the uncertainty of financial support for students on low incomes or returning to post-secondary to enhance their skills through Alberta Works funding, as well as the increasing number of students with disabilities pursuing a post-secondary education, who require Disability Related Educational Supports funding. As both funding sources are under the auspices of Alberta Employment and Immigration, it is important that the Ministry be aware of the impacts to students in the post-secondary system.

Enterprise Resource Planning (ERP)

Planning for the replacement of the university's financial, student and human resources information system with the PeopleSoft ERP system was a major focus of university administrative activity during 2009/10, with staff from across the institution involved. The implementation process is requiring significant revision of university business processes, and is also providing many opportunities for staff development and increased professionalization (as transactional processes are automated).

Enhanced Financial Processes and Structures

Implementation of the first phase of a new financial system (PeopleSoft), which took place just days after the end of the reporting year, was a critical step in the process of enhancing the university's financial processes and structures. While the full impact of the new system will only be realized once all major PeopleSoft modules are implemented, the benefits of this change are already evident, including the development of greater capabilities and structures for process and project management.

Sustainability

Through the establishment of a full-time Sustainability Office, MacEwan demonstrated its commitment to pursuing initiatives to enhance the university's environmental sustainability. Future priorities for the office have been established and a number of initiatives are under development. Education and building awareness of sustainability issues will be a priority to ensure that this direction can be maintained during difficult economic times.

Single Sustainable Campus

The submission of a comprehensive plan for the "Single Sustainable Campus" to the Ministers of Advanced Education and Technology and Alberta Infrastructure marked a major milestone in the planning process for this multi-phase capital project. The first phase — the new University Service Centre — is scheduled to open in April 2011. In moving several of the university administrative and service offices to this new open office floor on top of the parkade, badly needed classroom and student facilities will be added from vacated areas. Planning for this project will continue to be the university's current focus in terms of facilities development, but it is recognized that a long-term vision is required in view of the uncertain funding environment.

Instructional Space Planning

A university-wide Learning Space Management Committee undertook a multi-faceted study of future needs for learning space that reflect trends and anticipated changes in instructional methods and learning modalities. The final report of this committee, expected in the spring of 2011, will serve to guide instructional space planning for the Single Sustainable Campus project. Significant involvement of teaching faculty on this committee was considered essential to ensure that its findings and recommendations reflected the varied perspectives of different faculties and schools in regards to learning space characteristics and utilization.

Community Investment

Achievement of the \$40-million goal of the Front and Centre campaign nearly a year ahead of schedule reflected the significant expansion of MacEwan's fund development activities and capacity. Between 2006/07 and 2009/10, the university's pooled endowment fund grew by 133 per cent, from \$13.5 million to \$31.4 million. Future fund development initiatives will focus on increasing student scholarships, bursaries and awards, supporting selected academic projects and — once approval for the project is received — fundraising for the new Centre for the Arts and Communications planned as the second phase of the Single Sustainable Campus project. Benchmarked data has demonstrated MacEwan needs to plan more aggressively to increase availability of student bursaries and scholarships as a retention initiative.

Performance Measures

MacEwan met or exceeded its targets on all of the institution-wide performance measures identified in its *Strategic Plan and Budget Strategies for 2009/10*. During the planning cycle for development of the new *Comprehensive Institutional Plan for 2011/12 to 2013/14*, careful consideration will be given to the identification and/or revision of performance measures and targets that enable the university to assess its performance in meaningful and appropriate ways.

Summary

From a variety of perspectives — including program development, enrolment growth, expansion of research activity, capital planning and enhancement of service and support operations — the 2009/10 academic year was highly successful for Grant MacEwan University. At the same time, confirmation of reductions and limits on program and overall operational funding for future years raised significant longer-term challenges for the university. Addressing these challenges will be a major focus of university planning over the next few years until funding is restored for current unfunded programs.

Management's Discussion and
Analysis: Consolidated Financial
Statements, 2009/10



Discussion and Analysis

The following discussion and analysis of the consolidated financial statements for the year ended June 30, 2010 should be reviewed in conjunction with the audited consolidated financial statements and accompanying notes. The financial statements represent the consolidated financial position and results of operations of Grant MacEwan University and the MacEwan Foundation.

Consolidated Statement of Financial Position

The university's assets totalled \$428.9 million for the year ended June 30, 2010 compared to \$407.7 million for the prior year.

Assets Highlights

The long-term investments held by the university had a market value of \$49.2 million at June 30, 2010 compared to \$41.9 million at June 30, 2009. This increase includes a \$3.5-million unrealized gain and \$3.8 million in additional long-term investments.

The university's capital assets and collections were \$268.7 million at June 30, 2010 compared to \$255.2 million at June 30, 2009. This increase of \$13.5 million includes renovation or construction of Bachelor of Science labs, the University Services Centre and the PeopleSoft ERP implementation.

Liabilities Highlights

Although a significant amount of the deferred contributions were transferred to unamortized deferred capital contributions, as a result of the numerous capital projects, the net change to liabilities from June 30, 2009 to June 30, 2010 was only \$1.1 million.

Net Assets Highlights

Total net assets have increased by \$22.4 million as a result of the following:

- Increase in Endowments including \$4.1 million in external contributions and a \$2.0-million unrealized gain.
- Increase in investment in capital assets and collections including MacEwan's costs for the University Services Centre and the PeopleSoft ERP implementation.
- Net increase in Internally Restricted Net Assets including an additional \$16.0 million appropriated for the Single Sustainable Campus project, less disbursements made during the year for the University Services Centre and the PeopleSoft ERP implementation.

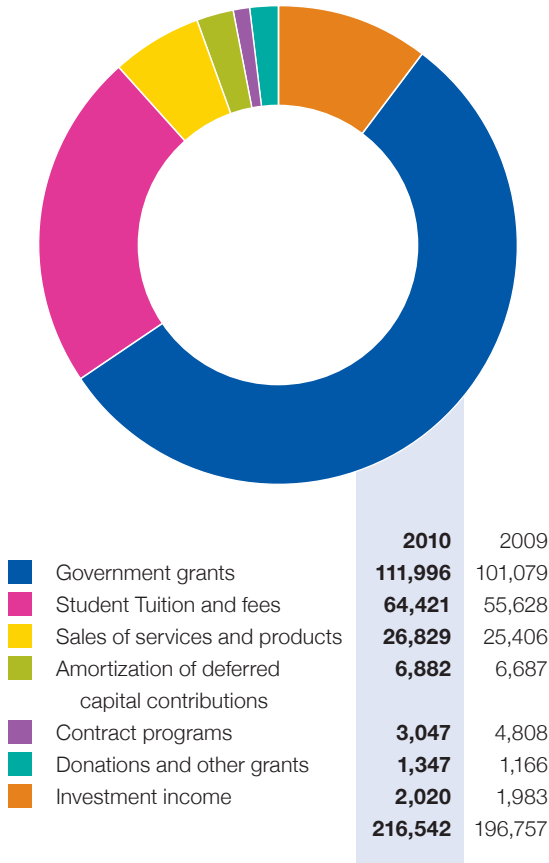
Consolidated Statement of Revenue and Expense

Revenue highlights

- Government grants increased by \$10.9 million as a result of an increase in Advanced Education base operating and infrastructure funding and higher one-time operating grants, primarily related to degrees.
- Student tuition and fees increased by \$8.8 million due to enrolment growth from Canadian and international students, including increased enrolment for the new degree programs in Science and Nursing. As well, MacEwan implemented an approved annual tuition increase.
- Sales of services and products increased by \$1.4 million due to student Residence rental income, student athletic fees and Bookstore sales generated by student growth.
- Contract program revenue decreased by \$1.8 million due to conclusion of the Community Enrichment and Yellowhead Tribal Council contracts, reduction of workshops for foreign nurses and lower volume of training for Alberta Health Services.

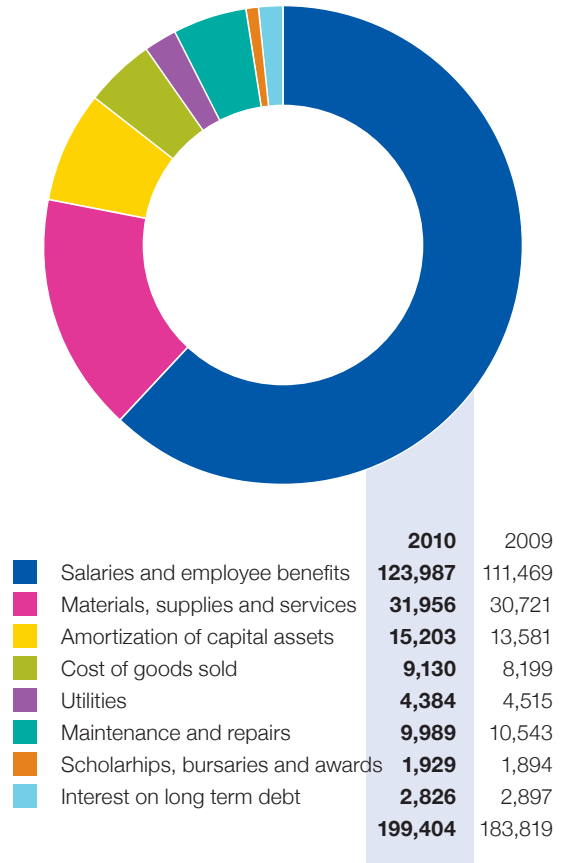
REVENUE

(thousands of dollars)



EXPENSES

(thousands of dollars)



Expense highlights

- Salaries and employee benefits expenses increased by \$12.5 million as a result of staffing to support new initiatives and new degree programs.
- Materials, supplies and services increased by \$1.2 million due to contracted services for MacEwan capital projects.
- Amortization of capital assets increased by \$1.6 million due to additions related to capital renovations and the ERP project.

Planning for the Future

Implementation of MacEwan's new degree programming involves significant activity related to new faculty recruitment, policy development, and curriculum revisions and reporting. Over the next five years MacEwan plans to develop and implement additional degree programs.

Limitation in the resources available to the Ministry of Advanced Education and Technology, due to the global economic crisis, has resulted in fiscal challenges to MacEwan. MacEwan continues to work on strategies to maintain the high quality of education provided to students while faced with this financial constraint.

To support the increased programming and growth, MacEwan's long-term strategy is to consolidate onto one central campus to provide high-quality facilities for the aforementioned programs and services. Infrastructure will continue to be a critical component aimed at ensuring that the university has the physical capacity to accommodate the planned student enrolments.

Ongoing investment in Business Intelligence, operational processes and technology is increasingly a high priority. The university has approached the final year of a three-year implementation to create a more effective and efficient management information system which will encompass Finance, Human Resources and Student Services. In addition, operational investment in technology, infrastructure and staffing is required to maintain the current environment at a reliable and sustainable level.



Consolidated Financial Statements
For the Year Ended June 30, 2010

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

On behalf of management,

Original signed by Paul J. Byrne

Paul J. Byrne, PhD
President and CEO

Original signed by Brent Quinton

Brent Quinton, CA, MBA
Vice President, University Services



Auditor's Report

To the Board of Governors of Grant MacEwan University

I have audited the consolidated statements of financial position of Grant MacEwan University as at June 30, 2010 and 2009 and the consolidated statements of revenue and expense, changes in net assets and cash flow for the years then ended. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Grant MacEwan University as at June 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Meswar N. Saher CA
Auditor General

Edmonton, Alberta
September 30, 2010

Consolidated Statement of Financial Position

As at June 30 (thousands of dollars)

| | 2010 | 2009 Restated (Note 3) |
|--|-------------------|---------------------------|
| ASSETS | | |
| Current: | | |
| Cash and cash equivalents | \$ 76,734 | \$ 102,994 |
| Short term investments (Note 4) | 25,063 | - |
| Accounts receivable | 5,245 | 4,283 |
| Inventories and prepaid expenses | 3,915 | 3,283 |
| | <u>110,957</u> | <u>110,560</u> |
| Long term Investments (Note 4) | 49,244 | 41,917 |
| Capital assets and collections (Note 5) | 268,671 | 255,177 |
| | <u>\$ 428,872</u> | <u>\$ 407,654</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 19,083 | \$ 19,812 |
| Deferred revenue | 5,297 | 4,402 |
| Deferred contributions (Note 6) | 21,368 | 26,190 |
| Current portion of long term liabilities (Note 9) | 2,385 | 2,093 |
| | <u>48,133</u> | <u>52,497</u> |
| Employee future benefit liabilities (Note 8) | 387 | 275 |
| Deferred contributions, capital (Note 6) | 1,357 | 3,865 |
| Unamortized deferred capital contributions (Note 7) | 153,164 | 146,071 |
| Long term liabilities (Note 9) | 48,762 | 50,260 |
| | <u>251,803</u> | <u>252,968</u> |
| Net Assets: | | |
| Endowments (Note 10) | 30,791 | 25,446 |
| Investment in capital assets and collections (Note 12) | 64,360 | 56,753 |
| Internally restricted (Note 13) | 80,588 | 72,054 |
| Unrestricted | 1,330 | 433 |
| | <u>177,069</u> | <u>154,686</u> |
| | <u>\$ 428,872</u> | <u>\$ 407,654</u> |

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

Signed on behalf of the Board of Governors:

Original signed by John Day

Original signed by Paul J. Byrne

Chair, Board of Governors

President

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Revenue and Expense

For the Year Ended June 30 (thousands of dollars)

| | Budget 2010 (Note 16) | 2010 | 2009 Restated (Note 3) |
|---|--------------------------|----------------|---------------------------|
| REVENUE | | | |
| Government of Alberta grants | \$ 114,773 | \$ 111,953 | \$ 101,023 |
| Federal and other government grants | 110 | 43 | 56 |
| Student tuition and fees | 63,061 | 64,421 | 55,628 |
| Sales of services and products | 26,040 | 26,829 | 25,406 |
| Amortization of deferred capital contributions (Note 7) | 6,200 | 6,882 | 6,687 |
| Contract programs | 3,193 | 3,047 | 4,808 |
| Donations and other grants | 1,819 | 1,347 | 1,166 |
| Investment income (Note 11) | 3,303 | 2,020 | 1,983 |
| | <u>218,499</u> | <u>216,542</u> | <u>196,757</u> |
| EXPENSE | | | |
| Salaries | 119,497 | 106,738 | 96,115 |
| Employee benefits | 18,326 | 17,249 | 15,354 |
| Materials, supplies and services | 39,409 | 31,956 | 30,721 |
| Amortization of capital assets | 13,111 | 15,203 | 13,581 |
| Cost of goods sold | 9,166 | 9,130 | 8,199 |
| Utilities | 4,777 | 4,384 | 4,515 |
| Maintenance and repairs | 9,168 | 9,989 | 10,543 |
| Scholarships, bursaries and awards | 2,189 | 1,929 | 1,894 |
| Interest on long term debt | 2,856 | 2,826 | 2,897 |
| | <u>218,499</u> | <u>199,404</u> | <u>183,819</u> |
| Excess of revenue over expense | \$ - | \$ 17,138 | \$ 12,938 |

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets

For the Year Ended June 30 (thousands of dollars)

| | Endowments | Investment in Capital Assets and Collections | Internally Restricted Net Assets | Unrestricted Net Assets (deficit) |
|--|------------|---|--|---|
| NET ASSETS, JUNE 30, 2008 | \$ 21,886 | \$ 51,782 | \$ 61,753 | \$ 2,680 |
| Excess of revenue over expense | - | - | - | 12,938 |
| Investment loss (Note 11) | (675) | - | - | - |
| Endowment contributions | 4,014 | - | - | - |
| Net transfers | (141) | - | - | 141 |
| Net change in investment in capital assets (Note 12) | - | 4,971 | - | (4,663) |
| Net expenditures and transfer of internally restricted net assets | 362 | - | 10,301 | (10,663) |
| NET ASSETS, JUNE 30, 2009 | \$ 25,446 | \$ 56,753 | \$ 72,054 | \$ 433 |
| Excess of revenue over expense | - | - | - | 17,138 |
| Investment income (Note 11) | 1,113 | - | - | - |
| Endowment contributions | 4,132 | - | - | - |
| Net transfers | 100 | - | - | (100) |
| Net change in investment in capital assets (Note 12) | - | 7,607 | - | (7,607) |
| Net expenditures and transfer of internally restricted net assets | - | - | 8,534 | (8,534) |
| NET ASSETS, JUNE 30, 2010 | \$ 30,791 | \$ 64,360 | \$ 80,588 | \$ 1,330 |

The accompanying notes are part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For the Year Ended June 30 (thousands of dollars)

| | 2010 | 2009 |
|---|--------------------|-------------------|
| | | Restated (Note 3) |
| CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES: | | |
| Excess of revenue over expense | \$ 17,138 | \$ 12,938 |
| Add (deduct) non cash items: | | |
| Allowance for doubtful accounts | (38) | (156) |
| Amortization of capital assets | 15,203 | 13,581 |
| (Gain)/Loss on disposal of capital assets | 374 | 159 |
| Amortization of deferred capital contributions | (6,882) | (6,687) |
| Gift in Kind | (209) | (49) |
| Change in employee future benefit liabilities | 112 | 94 |
| Change in unrealized (gain) loss on investments | (2,396) | 1,347 |
| | <u>23,302</u> | <u>21,227</u> |
| Net change in non cash working capital (*) | <u>(31,187)</u> | <u>6,316</u> |
| | <u>(7,885)</u> | <u>27,543</u> |
| CASH USED IN INVESTING ACTIVITIES: | | |
| Purchases of capital assets and collections, net of proceeds from disposals | (28,023) | (18,011) |
| Purchase of long term investments, net of sales | (3,708) | (4,793) |
| | <u>(31,731)</u> | <u>(22,804)</u> |
| CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES: | | |
| Endowment contributions | 4,132 | 4,014 |
| Contributions, restricted for capital | 11,467 | 10,470 |
| Long term liabilities - repayments | (2,243) | (1,784) |
| | <u>13,356</u> | <u>12,700</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (26,260) | 17,439 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 102,994 | 85,555 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 76,734</u> | <u>\$ 102,994</u> |
| (*)NET CHANGE IN NON CASH WORKING CAPITAL: | | |
| (Increase) decrease in accounts receivable | \$ (924) | \$ (233) |
| (Increase) decrease in short term investments | (25,063) | - |
| (Increase) decrease in inventories and prepaid expenses | (543) | (1,075) |
| Increase (decrease) in accounts payable and accrued liabilities | (730) | 399 |
| Increase (decrease) in deferred revenue | 895 | 172 |
| Increase (decrease) in deferred contributions | (4,822) | 7,053 |
| | <u>\$ (31,187)</u> | <u>\$ 6,316</u> |

The accompanying notes are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

Note 1 **AUTHORITY AND PURPOSE**

On September 24, 2009, as a result of being granted university status by the Government of Alberta, Grant MacEwan Community College was renamed Grant MacEwan University.

The Board of Governors of Grant MacEwan University is a corporation which manages and operates Grant MacEwan University (the "University") under the *Post Secondary Learning Act* (Alberta). All members of the board of governors are appointed by either the Lieutenant Governor in Council or the Minister of Advanced Education and Technology, with the exception of the President, who is an ex officio member. Under the *Post Secondary Learning Act*, Campus Alberta Section Regulation, the University is a Baccalaureate and Applied Studies Institution offering baccalaureate degrees, certificates, diplomas, and applied degrees as well as a full range of continuing education programs and activities. The University is a registered charity, and under Section 149 of the *Income Tax Act* (Canada), is exempt from payment of income tax.

Note 2 **SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

(a) **General - GAAP and use of estimates**

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

(b) **Consolidated Financial Statements**

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

(c) **Capital Assets and Collections**

Capital asset acquisitions are recorded at cost, except donated assets, which are recorded at fair market value, when a fair value can be reasonably determined. Land and art collections are recorded at cost.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

Capital assets are amortized on a straight-line basis over the following average useful lives:

| | |
|---|---------------------|
| Buildings and site improvements | 10 to 40 years |
| Furniture, equipment and vehicles | 10 to 25 years |
| Library materials | 10 years |
| Computers and telecommunications equipment | 3 to 5 years |
| Equipment under capital lease | period of the lease |
| Land and art collections are not amortized. | |

(d) Revenue Recognition

The financial statements record the following items as revenue:

- Tuition fees when the instruction is delivered.
- Revenues received for services and products when the services or products are provided.
- Unrestricted contributions when received.
- Unrestricted investment income when earned.
- Endowment contributions when received, as direct increases in net assets.
- Restricted non capital contributions are recorded as deferred contributions when received and recognized as revenue when the conditions of the restriction are met.
- Restricted non-capital investment income is recorded as deferred contributions when earned and recognized as revenue when the conditions of the restriction are met.
- Restricted capital contributions (including investment income on the contributions) are recorded as deferred capital contributions when received, transferred to unamortized deferred capital contributions when expended, and amortized to revenue over the useful life of the related assets.

Investment income includes interest income and realized and unrealized investments gains and losses.

(e) Employee Future Benefits

Pension

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

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

Supplementary Retirement plans

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

(f) **Financial Instruments**

Financial Instruments consists of cash, investments, accounts receivable, accounts payable, accrued liabilities and other liabilities. The University has classified cash and cash equivalents and all of its investments as held for trading. Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in the Statement of Revenue and Expense. Accounts receivable, accounts payable and long-term obligations are measured at amortized cost using the effective interest rate method.

As permitted for Not-for-Profit Organizations, the University has elected to not apply the standards on derivatives embedded in non-financial contracts. The University has elected to continue to follow CICA Handbook Section 3861: *Financial Instrument - Disclosure and Presentation*. The University does not use hedge accounting, therefore, it is not impacted by the requirement of CICA Handbook Section 3865: *Hedges*.

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

Financial instruments of the University are exposed to various business risks including credit risk, interest rate risk, foreign exchange risk and market risks.

Credit risk is inherent in the University's accounts receivable and are subject to normal business expenses as there is the potential for students or vendors to fail to meet or to default on their contractual obligations. Interest rate risk arises from the fluctuations in interest rates and the degree of volatility of these rates. Foreign exchange risk is the risk of rising costs related to purchase transactions mainly in US currency and amounts collected for receivables which are due in US currency. Market risk is the risk to the University's earnings that arises from the fluctuation and the degree of volatility in the market value of its long term investments. Each of these risks is mitigated by the University through its collection procedures, investment policy and guidelines, and internal policies and procedures.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents is comprised of cash on deposit, including deposits in the Consolidated Cash Investment Trust Fund (CCITF) which is managed with the objective of providing competitive interest income to the depositors while maintaining maximum security and liquidity of depositors' capital.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

The cash value holding in CCITF at June 30, 2010 is \$50,758 (2009 - \$15,600). The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at June 30, 2010, securities held by the Fund have an average effective market yield of .80% per annum.

(h) **Capital Disclosures**

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

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

Note 3 **PRIOR PERIOD ADJUSTMENT**

During the year, the University identified the following errors in the June 30, 2009 Consolidated Financial Statements:

- Grant revenues received from Advanced Education and Technology for start up of the Bachelor of Commerce program (\$1,970) and the Bachelor of Science in Nursing Program (\$968) were recognized as revenue rather than deferred revenue.
- Expenses related to construction of the Robbins Health Learning Centre qualified for matching funding of \$500 from Access to the Future Fund.
- The timing of recognition of contributions in Unamortized Deferred Capital Contributions (UDCC) related to assets at South Campus did not match the recognition of related expenses. Disposal of assets in prior years left an unrecognized balance in UDCC of \$572.
- Endowment investment losses of \$675 were included in the investment income on the consolidated statement of revenue and expense. The University has determined these investment losses should flow direct to endowments to reflect Board directives.
- The University determined that when Student Technology Fees are assessed they are to be recognized as revenue instead of recorded as deferred revenue.

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

| | 2009 | | |
|--|---------------------------|------------------------|-------------|
| | As Previously Recorded | Adjustment recorded | As restated |
| Increase (decrease) in: | | | |
| STATEMENT OF FINANCIAL POSITION | | | |
| Deferred revenue | \$ 5,943 | \$ (1,541) | \$ 4,402 |
| Deferred contributions (Note 6) | 23,252 | 2,938 | 26,190 |
| Deferred contributions, capital (Note 6) | 4,365 | (500) | 3,865 |
| Unamortized deferred capital contributions (Note 7) | 146,158 | (87) | 146,071 |
| Net Assets: Investment in capital assets and collections (Note 12) | 56,665 | 88 | 56,753 |
| Net Assets: Internally restricted | 70,513 | 1,541 | 72,054 |
| Net Assets: Unrestricted | 2,872 | (2,439) | 433 |
| STATEMENT OF REVENUE AND EXPENSE | | | |
| Government of Alberta grants | 103,961 | (2,938) | 101,023 |
| Student Tuition and Fees | 55,568 | 60 | 55,628 |
| Amortization of deferred capital contributions | 6,672 | 15 | 6,687 |
| Investment Income | 1,308 | 675 | 1,983 |

Note 4

INVESTMENTS

| | 2010 | | 2009 | |
|---|------------------|------------------|------------------|------------------|
| | Market Value | Cost | Market Value | Cost |
| Short term GIC | \$ 25,063 | \$ 25,001 | \$ - | \$ - |
| Pooled Funds | | | | |
| Common stocks and equivalents | 23,558 | 24,365 | 16,024 | 19,878 |
| Fixed income securities | 19,954 | 19,672 | 16,539 | 16,710 |
| Cash and equivalents | 2,713 | 2,712 | 243 | 243 |
| Cash holdings | 2,260 | 2,260 | 7,891 | 7,891 |
| Cash surrender value of planned gifts (life insurance policies) | 741 | 741 | 729 | 729 |
| Other | 18 | 18 | 491 | 491 |
| | <u>\$ 74,307</u> | <u>\$ 74,769</u> | <u>\$ 41,917</u> | <u>\$ 45,942</u> |
| Short term investments | 25,063 | 25,001 | - | - |
| Long term and other investments | 49,244 | 49,768 | 41,917 | 45,942 |
| | <u>\$ 74,307</u> | <u>\$ 74,769</u> | <u>\$ 41,917</u> | <u>\$ 45,942</u> |

As at June 30, 2010, the average annualized effective yields and the terms to maturity are as follows:

- Pooled Funds - Cash and equivalents: 1.08% (2009 - 0.46%); term to maturity: less than one year.
- Pooled Funds - Fixed income securities: 3.99% (2009 - 3.91%); term to maturity: range from more than one year to less than 20 years.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

The University's investment holdings are managed by RBC Dominion Securities using a specified range of asset mix in pooled funds to achieve an acceptable return and risk appropriate for a publicly funded post secondary educational institution. The investment holdings managed by RBC Dominion Securities are currently separated into two funds, Unrestricted Operating and Restricted Endowments. As at June 30, 2010, the market value of the two funds were: Unrestricted Operating with investment holdings of \$18,516 (2009 - \$17,289); and Restricted Endowment with investment holdings of \$27,709 (2009 - \$15,517). The balance of the investment portfolio \$3,019 (2009 - \$9,111) is held in cash as identified above.

The asset allocation mix for the Unrestricted Operating fund as of June 30, 2010 was 38.57% for Equities (policy range 25-55%); and 61.43% for Cash and Fixed income (policy range 50-75%).

The asset allocation mix for the Restricted Endowment fund as of June 30, 2010 was 59.25% for Equities (policy range 40-80%); and 40.75% for Cash and Fixed Income (policy range 25-55%).

| | 2010 | | | 2009 | | |
|---|-------------------|-----------------------------|-------------------|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Land | \$ 23,618 | \$ - | \$ 23,618 | \$ 23,607 | \$ - | \$ 23,607 |
| Buildings and site improvements | 268,352 | (77,141) | 191,211 | 264,769 | (70,218) | 194,551 |
| Furniture, equipment and vehicles | 30,894 | (14,065) | 16,829 | 28,366 | (12,513) | 15,853 |
| Library materials | 14,290 | (7,779) | 6,511 | 13,023 | (6,939) | 6,084 |
| Computers and telecommunications equipment | 24,881 | (14,141) | 10,740 | 24,079 | (12,800) | 11,279 |
| Equipment under capital lease | 4,208 | (1,842) | 2,366 | 3,171 | (929) | 2,242 |
| Art collection | 291 | - | 291 | 291 | - | 291 |
| Work in process | 17,105 | - | 17,105 | 1,270 | - | 1,270 |
| | <u>\$ 383,639</u> | <u>\$(114,968)</u> | <u>\$ 268,671</u> | <u>\$ 358,576</u> | <u>\$(103,399)</u> | <u>\$ 255,177</u> |

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

Acquisitions during the year include in-kind contributions (such as furniture, equipment and library materials) in the amount of \$12 (2009 - \$48).

Note 6 **DEFERRED CONTRIBUTIONS**

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

| | 2010 | | 2009 | |
|--|-----------------|----------------------------|-----------------|----------------------------|
| | Capital | Program Delivery and Other | Capital | Program Delivery and Other |
| Balance, beginning of the year | \$ 3,865 | \$ 26,190 | \$ 1,523 | \$ 19,137 |
| Grants and donations received | 4,678 | 31,068 | 11,057 | 28,079 |
| Recognized as revenue | - | (27,067) | - | (21,300) |
| Transferred | | | | |
| • from investment income (Note 11) | 13 | 29 | 16 | 29 |
| • to endowment | - | (2,076) | - | (579) |
| • to Unamortized deferred capital contributions (Note 7) | (7,024) | (6,951) | (7,907) | - |
| • from (to) Capital and Program Delivery | (175) | 175 | (824) | 824 |
| Balance, end of the year | <u>\$ 1,357</u> | <u>\$ 21,368</u> | <u>\$ 3,865</u> | <u>\$ 26,190</u> |

Note 7 **UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (UDCC)**

UDCC represents the unamortized grants and donations received to fund capital acquisitions. The amortization of UDCC is recorded as revenue in the statement of revenue and expense. The change in the UDCC balance is as follows:

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Balance at beginning of year | \$ 146,071 | \$ 144,630 |
| Transferred from deferred contributions (Note 6) | 13,975 | 8,128 |
| Less amount amortized to revenue | (6,882) | (6,687) |
| Balance at end of year | <u>\$ 153,164</u> | <u>\$ 146,071</u> |

Note 8 **EMPLOYEE FUTURE BENEFIT LIABILITIES**

Employee future benefit liabilities are comprised of the following:

| | 2010 | 2009 |
|---|---------------|---------------|
| Supplemental Executive Retirement Plan (SERP) | \$ 425 | \$ 278 |
| Less current portion | - | - |
| Long term portion | <u>\$ 425</u> | <u>\$ 278</u> |

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

Multi Employer Pension Plan

The Local Authorities Pension Plan (LAPP) is a multi-employer contributory defined benefit pension plan for participating staff and is accounted for on a defined contribution basis. At December 31, 2009, the LAPP reported an actuarial deficiency of \$3,998,614 (2008 - \$4,413,971). An actuarial valuation was carried out on December 31, 2009 and December 31, 2008. The pension expense recorded in these financial statements is \$7,715 (2009: \$6,015) to the Local Authorities' Pension Plan on behalf of employees.

Supplementary Retirement Plan

The University provides non-contributory defined supplementary retirement benefits to current executives. An actuarial valuation of these benefits was carried out at June 30, 2010. This valuation showed an aggregate liability of \$425 (2009 - \$278).

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

| | 2010 | 2009 |
|--------------------------------------|----------------------------------|----------------------------------|
| | Supplementary retirement plan | Supplementary retirement plan |
| Expenses | | |
| Current service cost | \$ 91 | \$ 77 |
| Interest cost | 21 | 15 |
| Amortization of net actuarial losses | - | 1 |
| Total Expense | <u>\$ 112</u> | <u>\$ 93</u> |
| Financial Position | | |
| Accrued benefit obligation: | | |
| Balance, beginning of year | \$ 278 | \$ 197 |
| Current service cost | 92 | 77 |
| Interest cost | 21 | 15 |
| Actuarial (gain) loss | 34 | (11) |
| Balance, end of year | <u>425</u> | <u>278</u> |
| Unamortized net actuarial loss | <u>(38)</u> | <u>(3)</u> |
| Accrued benefit liability | <u>\$ 387</u> | <u>\$ 275</u> |

The significant actuarial assumptions used are as follows:

| | 2010 | 2009 |
|--|-------|-------|
| Discount rate | 5.60% | 5.60% |
| Rate of compensation increase | 4.00% | 4.00% |
| Inflation rate | 2.50% | 2.50% |
| Estimated average remaining service life | 9 | 10 |

Note 9 **LONG TERM DEBT**

| | Collateral | Maturity Date | Interest Rate % | Amount Outstanding | |
|--|----------------------|---------------|-----------------|--------------------|------------------|
| | | | | 2010 | 2009 |
| Parkade debenture | Parkade revenue | April 2025 | 6.25 | \$ 4,898 | \$ 5,093 |
| Student residence debenture | Student res. revenue | June 2030 | 5.85 | 36,754 | 37,704 |
| West parkade debenture | Parkade revenue | Sept. 2030 | 4.39 | 5,340 | 5,498 |
| Robbins Health Learning Centre parkade debenture | Parkade revenue | Sept. 2032 | 4.89 | <u>1,702</u> | <u>1,742</u> |
| Total Alberta Capital Finance Authority | | | | 48,694 | 50,037 |
| Obligations under capital leases | | | | <u>2,453</u> | <u>2,316</u> |
| | | | | 51,147 | 52,353 |
| Less current portion | | | | <u>2,385</u> | <u>2,093</u> |
| | | | | <u>\$ 48,762</u> | <u>\$ 50,260</u> |

The principal portion of long term debt repayments required over the next five years are as follows:

| | |
|------------------|------------------|
| 2011 | \$ 2,385 |
| 2012 | 2,295 |
| 2013 | 2,077 |
| 2014 | 1,848 |
| 2015 | 1,816 |
| Subsequent years | <u>40,726</u> |
| | <u>\$ 51,147</u> |

Note 10 **ENDOWMENTS**

Endowments consist of permanent funds bestowed to the University for specific purposes as identified by external donors or internal allocations by the University. Under a court order obtained in 2005, the University has the authority to alter the terms and conditions of endowments under certain circumstances and to encroach upon the principal. Where a particular transferred trust is insufficient to meet its original purpose or where the effects of inflation render the bursary, scholarship or other amount intended to be awarded or expended under such trust immaterial or ineffective for the purposes intended, or where for any other reason the University deems it prudent to regulate the distribution of income earned by a transferred trust, the University may, in its discretion (after consultation with the donor, if possible and practical):

- Suspend or withhold or alter the timing of awards or expenditures;
- Change or vary the purposes for which the transferred trust is to be utilized;
- Permanently or temporarily reduce or increase the amount to be rewarded or expended under such trust;
- Amend the terms of the trust to permit encroachment on the capital of such trust but only to the extent required to cure such insufficiency; or
- Any combination of the foregoing.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

At June 30, 2010, \$700 was encroached upon the principal. To address the spending and the losses resulting from the economic downturn, the University had:

- Determined that no amount was made available for spending from endowments in fiscal 2010;
- Worked with the donors to match contributions and applied these contributions to the endowment spending;
- Initiated a review and update of policies.

| | 2010 | 2009 |
|--|------------------|------------------|
| Balance beginning of year | \$ 25,446 | \$ 21,886 |
| Principal contribution | 2,292 | 2,367 |
| Transfer from endowments | - | (141) |
| Access to the Future Contribution | 1,840 | 1,647 |
| Internal transfer and University support | 100 | 362 |
| Investment gain / (loss) | 1,113 | (675) |
| | <u>\$ 30,791</u> | <u>\$ 25,446</u> |
| | 2010 | 2009 |

Endowments consist of funds held to provide scholarships and support University programs:

| | | |
|-------------------------|------------------|------------------|
| Externally restricted | \$ 28,378 | \$ 24,238 |
| Internally restricted | 3,113 | 3,013 |
| | <u>31,491</u> | <u>27,251</u> |
| Cumulative encroachment | (700) | (1,805) |
| | <u>\$ 30,791</u> | <u>\$ 25,446</u> |

During the 2010 year, endowment investment income of \$1,104 net of fees of \$57 (2009 - loss \$625) was required to cover the beginning balance of encroachment \$1,805 (2009 - \$989), which brought the cumulative encroachment down to \$700. The interest earned on access to the future fund of \$9 was transferred to endowments.

Note 11 INVESTMENT INCOME

| | 2010 | 2009 |
|---|-----------------|-----------------|
| Gain/(Loss) on investment held for endowment | \$ 1,161 | \$ (675) |
| Gain on other investments | 2,014 | 2,048 |
| Total investment income for the year | <u>3,175</u> | <u>1,373</u> |
| Transfer from/(to): | | |
| • deferred contributions | (29) | (29) |
| • deferred capital contributions | (13) | (16) |
| • endowments | <u>(1,113)</u> | <u>655</u> |
| Total investment income recognized as revenue | <u>\$ 2,020</u> | <u>\$ 1,983</u> |

Note 12 **INVESTMENT IN CAPITAL ASSETS AND COLLECTIONS**

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

| | 2010 | 2009 |
|---|------------------|------------------|
| Capital assets and collections at net book value (Note 5) | \$ 268,671 | \$ 255,177 |
| Less amounts financed by: | | |
| Unamortized deferred capital contributions (Note 7) | (153,164) | (146,071) |
| Long term liabilities related to capital expenditures | (51,147) | (52,353) |
| Investment in capital assets and collections, end of year | <u>\$ 64,360</u> | <u>\$ 56,753</u> |

| | 2010 | 2009 |
|---|------------------|------------------|
| The changes during the year are as follows: | | |
| Investment in capital assets and collections, beginning of year | \$ 56,753 | \$ 51,782 |
| Acquisition of capital assets and collections | 15,115 | 11,679 |
| Long term liabilities - repayment | 2,243 | 1,784 |
| Long term liabilities - new financing | (1,037) | (1,397) |
| Net book value of asset disposals | (352) | (193) |
| Amortization of investment in capital assets | (8,362) | (6,902) |
| Increase (decrease) for the year | <u>7,607</u> | <u>4,971</u> |
| Investment in capital assets and collections, end of year | <u>\$ 64,360</u> | <u>\$ 56,753</u> |

Note 13 **INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets represents the amount of unrestricted net assets that have been set aside for specific purposes. The Board has committed unrestricted net assets as follows:

| | Balance at beginning of year | Disbursements during the year | Appropriations from (returned to) unrestricted net assets | Balance at end of year |
|---------------------------------|------------------------------------|----------------------------------|--|---------------------------|
| University Services Centre | \$ 23,500 | \$ (5,581) | \$ - | \$ 17,919 |
| ERP Renewal/Tech. Enhancement | 17,000 | (8,917) | 3,000 | 11,083 |
| Program & operating contingency | 14,131 | - | 3,041 | 17,172 |
| Capital renewal & replacement | 6,010 | (3,058) | 5,000 | 7,952 |
| Infrastructure maintenance | 5,000 | - | - | 5,000 |
| Residence contingency | 1,000 | - | (1,000) | - |
| Student tuition reinvestment | 1,000 | - | - | 1,000 |
| Scholarships & bursaries | 1,907 | - | - | 1,907 |
| Sustainability | 500 | - | - | 500 |
| Special projects | 465 | - | - | 465 |
| Single Sustainable Campus | - | - | 16,000 | 16,000 |
| Student technology reserve | 1,541 | - | 49 | 1,590 |
| | <u>\$ 72,054</u> | <u>\$ (17,556)</u> | <u>\$ 26,090</u> | <u>\$ 80,588</u> |

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

Note 14 SALARY & BENEFITS DISCLOSURE

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

(b)

| | 2010 | | | 2009 | |
|---|--------------------|-------------------------------|--------------------------------------|-------|-------|
| | Base Salary (1) | Other Cash Benefits (2) | Other Non-cash Benefits (3) | Total | Total |
| Chairman of the Board | \$ - | \$ 7 | \$ - | \$ 7 | \$ 7 |
| Board Members | - | 30 | - | 30 | 30 |
| President (4) | 277 | 7 | 149 | 433 | 338 |
| Provost and Executive Vice President, Academic (5) | 231 | 11 | 48 | 290 | 278 |
| Vice President, University Services (5) | 218 | 23 | 42 | 283 | 267 |
| Vice President, Fund Development and Community Relations (5) | 196 | 11 | 33 | 240 | 219 |
| Vice President, Student Services (5) | 184 | 11 | 31 | 226 | 208 |
| Executive Director, Human Resources | 154 | 1 | 24 | 179 | 173 |
| Executive Director, Strategic Planning | 154 | 1 | 25 | 180 | 165 |

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits includes overtime, lump sum payments, honoraria, vacation payouts, and car allowances.
- (3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits figure also includes the employer's share of the cost of additional benefits including Supplemental Executive Retirement Plan, sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, and club memberships.
- (4) The University provides an automobile, the value of which is not included in other non-cash benefit figures. Other non-cash benefits figure includes the taxable benefit for the purchase of the University's leased vehicle and the President's approved sabbatical leave to be taken in the 2010-2011 fiscal year.
- (5) Vice Presidents receive a car allowance, the value of which is included in other cash benefits.

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

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

The accrued benefit obligation for each executive under the SERP is outlined in the following table:

| | Accrued Obligation June 30, 2009 | Current Service Cost | Interest Cost | Actuarial Loss | Accrued Obligation June 30, 2010 |
|--|--|-------------------------|------------------|-------------------|--|
| EXECUTIVE | | | | | |
| President | \$ 144 | \$ 31 | \$ 10 | \$ 16 | \$ 201 |
| Provost and Executive Vice President, Academic | 58 | 21 | 4 | 3 | 86 |
| Vice Presidents: | | | | | |
| University Services | 42 | 15 | 3 | 1 | 61 |
| Student Services | 20 | 9 | 2 | 6 | 37 |
| Fund Development and Community Relations | 9 | 12 | 1 | 2 | 24 |
| Executive Directors | | | | | |
| Human Resources | 4 | 2 | 1 | - | 7 |
| Strategic Planning | 1 | 2 | - | 6 | 9 |
| | <u>\$ 278</u> | <u>\$ 92</u> | <u>\$ 21</u> | <u>\$ 34</u> | <u>\$ 425</u> |

The significant actuarial assumptions used are as follows:

| | 2010 | 2009 |
|--|-------|-------|
| Discount rate | 5.60% | 5.60% |
| Rate of compensation increase | 4.00% | 4.00% |
| Inflation rate | 2.50% | 2.50% |
| Estimated average remaining service life | 9 | 10 |

Note 15 **RELATED PARTY TRANSACTIONS**

The University is a Provincial Corporation. All of the members of the Board of Governors are appointed either by the *Post Secondary Learning Act* or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

The University received the following grants directly from the Province of Alberta or indirectly through related entities:

| | 2010 | | | Total |
|---|------------------------|--------------------------------|-------------------|-------------------|
| | Deferred contributions | Deferred capital contributions | Grant Revenue | |
| Alberta Advanced Education and Technology | | | | |
| Regular Operating | \$ - | \$ - | \$ 86,691 | \$ 86,691 |
| Enrolment Planning | 18,814 | - | - | 18,814 |
| Conditional | 4,150 | - | - | 4,150 |
| Access to the Future Fund | 1,161 | - | - | 1,161 |
| Infrastructure Maintenance Program | 3,480 | - | - | 3,480 |
| Fire Alarm System Replacement | - | 13 | - | 13 |
| Campus Environmental Remediation and Lighting Upgrade Project | - | 3,305 | - | 3,305 |
| Expansion to Accommodate Science Degree Programs | - | 1,000 | - | 1,000 |
| Other provincial departments and agencies | 102 | - | - | 102 |
| | <u>27,707</u> | <u>4,318</u> | <u>86,691</u> | <u>118,716</u> |
| Deferred contributions recognized as grant revenue | <u>(18,361)</u> | <u>-</u> | <u>18,361</u> | <u>-</u> |
| | <u>\$ 9,346</u> | <u>\$ 4,318</u> | <u>\$ 105,052</u> | <u>\$ 118,716</u> |
| | | | | |
| | 2009 | | | |
| | Deferred contributions | Deferred capital contributions | Grant Revenue | Total |
| Alberta Advanced Education and Technology | | | | |
| Regular Operating | \$ - | \$ - | \$ 81,321 | \$ 81,321 |
| Enrolment Planning | 18,885 | 6,169 | - | 25,054 |
| Conditional | 2,310 | - | - | 2,310 |
| Access to the Future Fund | 1,364 | - | - | 1,364 |
| Infrastructure Maintenance Program | 2,966 | 514 | - | 3,480 |
| Fire Alarm System Replacement | - | 3,516 | - | 3,516 |
| Other provincial departments and agencies | 166 | 141 | - | 307 |
| | <u>25,691</u> | <u>10,340</u> | <u>81,321</u> | <u>117,352</u> |
| Deferred contributions recognized as grant revenue | <u>(19,702)</u> | <u>-</u> | <u>19,702</u> | <u>-</u> |
| | <u>\$ 5,989</u> | <u>\$ 10,340</u> | <u>\$ 101,023</u> | <u>\$ 117,352</u> |

The University has accounts receivable from the Province of Alberta of \$222 (2009 - \$443) and accounts payable to the Province of Alberta of \$287 (2009 - \$296).

The Province of Alberta has provided \$1,840 (2009 - \$1,642) in matching grants for externally restricted endowment contributions during the year, which is included in endowment net assets.

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

The University provided courses to provincial government departments and participated in offering certain courses with other post-secondary institutions. The revenues and expenses incurred for these courses have been included in the consolidated statement of revenue and expense but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at these fair value amounts.

Note 16 **BUDGET**

The University's 2009-2010 budget was approved by the Board of Governors as was presented to the Minister of Advanced Education and Technology as part of the University's submission of its 2009-2010 Business Plan.

Note 17 **CONTRACTUAL OBLIGATIONS**

The University is committed to several operating lease and service contracts. The minimum operating lease and service contract payments required for the next five years are as follows:

| | |
|------|-----------|
| 2011 | \$ 16,564 |
| 2012 | 2,846 |
| 2013 | 1,700 |
| 2014 | 761 |
| 2015 | 105 |

Note 18 **CONTINGENT LIABILITIES**

The University is a defendant in a number of legal proceedings. Claims against the University in these proceedings have not been reflected in these financial statements. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material effect on the financial position or the results of operations of the University.

Note 19 **FUNDS HELD ON BEHALF OF OTHERS**

The University holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

| | 2010 | 2009 |
|--|----------|----------|
| Yellowhead Region Educational Consortium | \$ - | \$ 1,051 |
| Yellowhead Region Educational Society | - | 100 |
| Pembina Educational Consortium | - | 503 |
| Grant MacEwan University Faculty Association | 1,277 | 1,253 |
| Other | (6) | 12 |
| | \$ 1,271 | \$ 2,919 |

Notes to the Consolidated Financial Statements

For the Year Ended June 30 (thousands of dollars)

Note 20 **COMPARATIVE AMOUNTS**

Certain 2009 figures have been reclassified to conform to the presentation adopted in 2010 consolidated financial statements.

Note 21 **APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Board of Governors on October 14, 2010.

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Centre for the Arts and Communications

10045 – 156 Street

City Centre Campus

10700 – 104 Avenue

South Campus

7319 – 29 Avenue

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