

2007–08 Annual Report to Alberta Advanced Education and Technology



For the year ended March 31, 2008

University of
Lethbridge





The University of Lethbridge 2007-08 Annual Report to Alberta Advanced Education and Technology

4401 University Drive
Lethbridge, Alberta, Canada T1K 3M4
Tel 403.320.5700
Fax 403.329.5129
Internet <http://www.ulethbridge.ca>

Accountability Statement

The University of Lethbridge Annual Report for the year ended March 31, 2008 was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Accountability Act. All material economic, environmental, or fiscal implications of which we are aware have been considered in preparing this report.

Mr. Robert Turner, Chair, Board of Governors

Date:

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1.0 Summary

- ▶ This report covers the period April 1, 2007 to March 31, 2008.
- ▶ The University of Lethbridge made some significant progress on the seven **goals** in its 2008-12 Business Plan:
 - (1) **Accessibility**—Enrolment grew by 0.4% over the previous year, to 8069 students. International student enrolment was at 5.7%, a decline of 0.5% over the previous year. The number of students from Calgary rose by 10%.
 - (2) **Academic Excellence**—In the 2007 Maclean's Magazine Annual Ranking of Canadian Universities, the U of L jumped from 14th the previous year to sixth place among Primarily Undergraduate institutions and had seven top ten placements. The U of L scored an A- for overall quality of education and satisfaction with university experience, an A+ for sense of personal safety/security, and an A for class sizes in the 2007 Globe and Mail University Report Card.
 - (3) **Research Excellence**—The value of research grants rose 23% over the previous year. Over the past five years, research grants have risen by 71%.
 - (4) **Community and Public Relations**—The U of L continued to offer educational, recreational, and fine arts programs to the community. University Advancement continued to build relationships with the local government, the community, and the alumni, and continued to note a revitalized alumni presence at events and fundraisers and on the Board of Governors. The 1st Choice Savings Centre for Sport and Wellness attracted 4400 unique community users in 2007.
 - (5) **Student Services**—The Registrar's Office and Student Services initiated or completed several projects to review and enhance institutional support for a positive student experience from point of inquiry to convocation. The U of L's co-operative programs direct hundreds of students to job placements that provide work experience. Information Technology maintains a high-speed network of state-of-the-art computing equipment for use by all students.
 - (6) **Facilities and Equipment Renewal**—Turcotte Hall and the Park Way Service Complex opened and the Alberta Water and Environmental Science Building and Markin Hall began construction. Other significant capital projects in progress include: campus daycare; Dr. Foster James Penny Building renovation; numerous lab renovations; University Hall structure and building envelope project; and University Hall life safety systems upgrade project.
 - (7) **Operate Responsively and Responsibly**—The U of L persisted in its commitment to cost containment, quality improvement, and fiscal responsibility, maintaining the four-year rolling budget model that allows the institution to respond effectively to budget scenarios. The Legacy of Leadership campaign concluded after raising an impressive \$35 million against an original goal of \$20 million.

- ▶ The U of L also made progress in relation to its seven **performance measures**:
 - (1) **Enrolment** rose by 0.4% to 8,069 students.
 - (2) **Graduate satisfaction**, in its most recent measure (2007), was 93%.
 - (3) **Graduate participation** in the workforce was 91%, and the **graduate employment** rate was 97%, according to the most recent data (2006).
 - (4) A measure of administration efficiency, **administration expenditures as a percentage of total expenditures less ancillary expenditures** was 9.3%.
 - (5) **Research intensity** (value of sponsored research divided by the value of provincial operating grants) was 20.4% in 2004-06 (the most recent measure), a 0.3% increase over the previous figure.
 - (6) A measure of how well the U of L attracts research money from industry and the community, **research impact** was 11.1%.
 - (7) For **research council grants**, average CIHR funding rose by 97.2% (due to an increase in the value of these awards), while NSERC funding increased by 8.1% and SSHRC funding rose by 16.9%.
- ▶ In the realm of **University administration**, the U of L welcomed a new Vice President (Academic), Associate Vice President (Academic), Dean of Graduate Studies, Associate Dean of Health Sciences, and Associate Dean of Management.
- ▶ The U of L's **research programs** continued to be strong. Sponsored research grants totaled \$15.1 million, an increase of 24% over the previous year. Research continues to be funded primarily (82%) by federal and provincial agencies.
- ▶ In the realm of **campus technology**, the U of L implemented a Library instant messaging option and visual search option, began five pilot projects under the Lois Hole Campus Alberta Digital Library, and continued its partnership in the high-performance computing consortium WestGrid.
- ▶ University **revenue** rose 2% to \$151.5 million. **Grant revenue** rose 10% due to a \$9 million increase in provincial government grants. **Sponsored research revenue** rose 23.6% to \$15.1 million. **Tuition and related fees revenue** increased by about 2.9% due to greater enrolment and fee increases.
- ▶ University **expenses** rose 9% to \$144.7 million. Salaries expense rose by 10%, benefits expense by 6%, and equipment costs rose by \$0.94 million due to migrating the phone system to VOIP.
- ▶ The excess of **revenue over expense** was \$6.8 million, \$9 million less than the previous year, mostly due to a \$1.2 million investment loss compared to \$6.3 million investment income the previous year. Realized investment earnings, as measured on a cash basis, were 7.93% in 2008 (2007: 5.38%).
- ▶ The three largest sources of **revenue** are: grants; student fees; and sales and services. The three biggest classes of **expenses** are: salaries and benefits; supplies and services; and amortization.
- ▶ The U of L recognized \$0.7 million in **total donations** in the operating statement and \$1.6 million for endowments.
- ▶ **Current liabilities** totaled \$32 million, and **net assets** increased by \$23.3 million.
- ▶ **Endowment balances** rose 31% over the previous year.

2.0 Goals and Performance Measures

The 2008-12 Business Plan presented the U of L's goals and performance measures that would help guide and track institutional success. During the past year, the University of Lethbridge has continued striving to achieve the goals and make progress on the performance measures.

This section discusses the U of L's progress related to its goals and performance measures during 2007-08.

2.1 PROGRESS RELATED TO GOALS

The italic text in the boxes in this section is quoted from the Business Plan, and describes each goal.

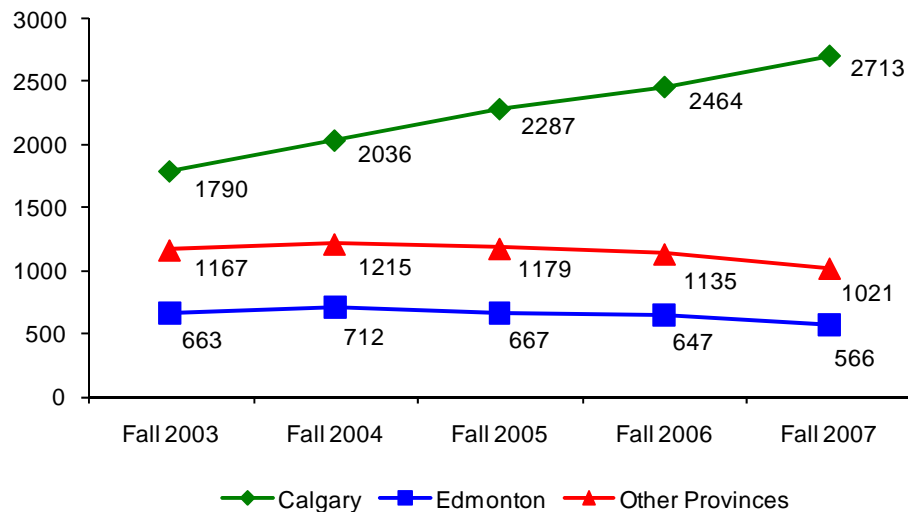
Goal 1: Accessibility

The University of Lethbridge will continue to provide access to quality academic programs for as many qualified students from the secondary school system and college transfer programs as we can accommodate.

- *Strategy 1A: Continue to support appropriately funded, selective growth of the institution*
- *Strategy 1B: Improve our commitment to support First Nations education*
- *Strategy 1C: Enhance the process of internationalization on campus*

The U of L continued its commitment to accessibility in 2007-08. Enrolment grew to 8,069. From 2003 on, the U of L has been increasingly the institution of choice for students from Calgary, with the number of Calgary students rising by 10%, while the number of students from Edmonton and elsewhere in Canada has declined slightly (Figure 1).

Figure 1: Fall Enrolment by Students from Calgary, Edmonton, and Other Provinces, 2003 to 2007



A new initiative, a “jump start week”, provided new students with the chance to learn more about the U of L and how to succeed at university. In collaboration with the Students’ Union, ROSS organized a Rookie Camp in which first year students were invited to a weekend retreat to get to know other students and establish relationships that will help them succeed in their University experience.

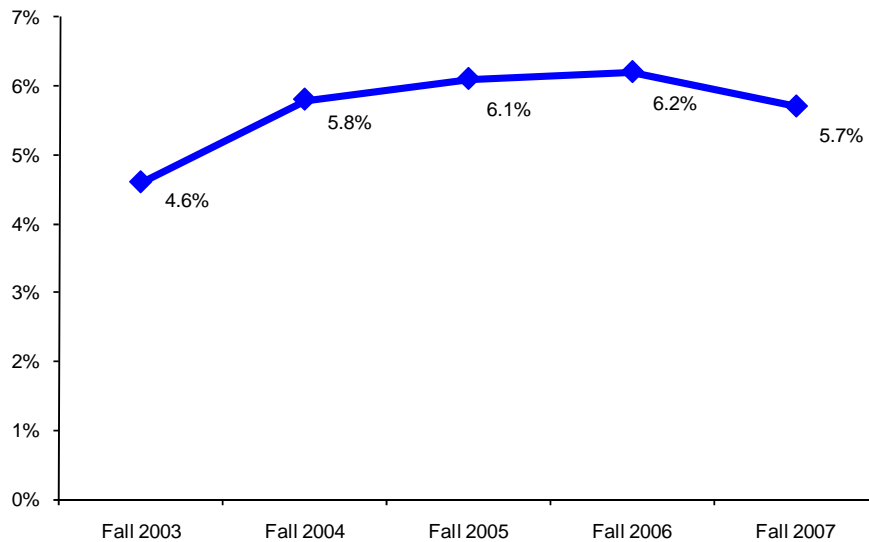
By maintaining and expanding collaborative arrangements with colleges in Alberta, Canada, and around the globe, the institution has also remained accessible to students who begin their education at other institutions. Currently, the U of L has over 100 articulation agreements with more than 60 different institutions.

The Honourable Tony Clement, federal Minister of Health, announced \$1 million over three years under the Aboriginal Health Human Resources Initiative to help increase the number of Aboriginal nurses working in Canada’s health care system, particularly in First Nations communities. The Support Program for Aboriginal Nursing Students will create an academic support network that will incorporate existing nursing education with science education that is respectful of Blackfoot traditions.

A new FNMI alumni group was formed, to allow the U of L to stay connected to its FNMI alumni.

International student enrolment rose in Fall 2005 to the highest levels ever seen by the institution (see Figure 2) and has stayed close this level. The U of L is recruiting in selected international markets to maintain and increase the number of students from overseas.

Figure 2: Percentage of International Students, 2003 to 2007



Goal 2: Academic Excellence

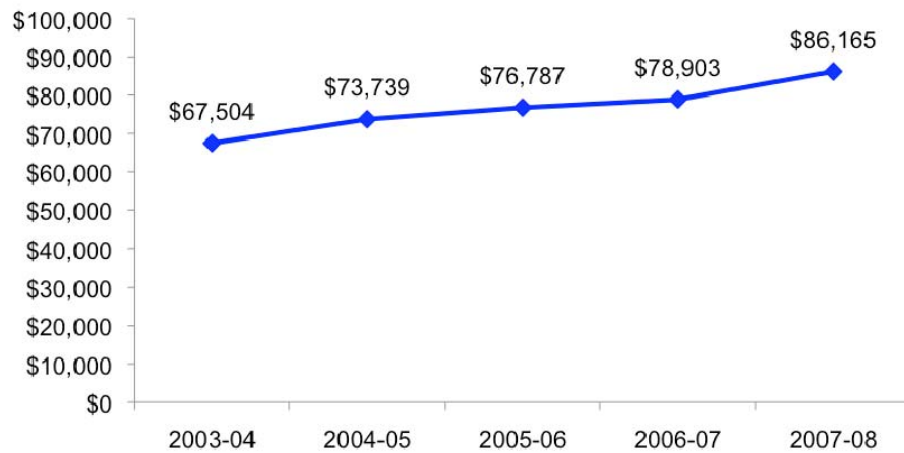
The University of Lethbridge will retain and enhance its national reputation as an outstanding primarily undergraduate university. We will continue to be a student-centered institution, committed to offering the best possible programs and services.

- *Strategy 2A: Continue to maintain academic programs of exceptional quality that meet the needs of students and the community*
- *Strategy 2B: Create diverse opportunities that prepare students for success in their personal lives and careers*

The U of L continued its tradition of academic excellence, maintaining its commitment to a liberal education that best prepares students for the global marketplace.

The institution persisted in recruiting excellent faculty to deliver its programs, increasing academic staff FTEs by 7.5% over the previous year. One way to attract and retain high-quality faculty is to offer competitive salaries. In 2007-08, median academic salaries increased by 2.8% over 2005-06 (see Figure 3).

Figure 3: Median Academic Salary, 2003-04 to 2007-08



In the Maclean's magazine 2007 rankings of Canadian universities, the University of Lethbridge jumped from 14th to sixth place among primarily undergraduate institutions. The University had seven top 10 placements, ranging from a second place finish in the number and amount of medical science grants, to the third place overall in library acquisitions, to a seventh place finish overall in the reputational category.

In the 2007 Globe and Mail Report Card, the U of L scored an A- for overall quality of education received and satisfaction with university experience overall, an A+ for sense of personal safety/security, and an A for class sizes.

Goal 3: Research Excellence

The University of Lethbridge is committed to excellence in research for students and faculty. We will develop a more balanced funding approach, and will increase research support in the social sciences and humanities.

- *Strategy 3A: Continue to build a strong research program, with nationally and internationally recognized researchers and scholars*
- *Strategy 3B: Continue to provide research opportunities for undergraduate and graduate students*

We take great pride in being ranked at the top of the primarily undergraduate institutions in the Medical/Science grants category. The U of L pursued research funding through NSERC, SSHRC, CIHR, AHFMR, and other agencies. This pursuit was successful, with sponsored research grants increasing 23% over 2006-07 (they have risen 71% over the past five years).

Highlights of research funding include: \$950,000 from the Alberta Heritage Foundation for Medical Research for Dr. Robert Sutherland's work; \$120,000 from the Canadian Institutes of Health Research for Dr. Olga Kovalchuk; \$161,699 for the U of L's Southern Alberta Centre for Successful Aging; and two SSHRC Aboriginal Research Grants totaling \$437,000. For more information, see "3.4 Research" (page 17).

Goal 4: Community and Public Relations

The University of Lethbridge will continue to build and enhance a strong University presence in the local and provincial community.

- *Strategy 4A: Continue to build strong ties with the community*

Building and enhancing a strong university presence in the local and provincial community has always been an important part of the University of Lethbridge philosophy, and during the 2007-08 fiscal year, the U of L maintained and grew its strong ties to the local and provincial communities. The institution continued to offer educational, recreational and fine arts programs, and speaker events to the community.

The Discovery Lecture Series, a major public lecture series designed to present renowned speakers of interest to the University and the general public, presented two lectures in 2007-08 that attracted about 500 people. The speakers were Jay Ingram and Kirsty Duncan.

The Department of University Advancement persisted in its efforts to build relationships with the local government, the community, and the alumni. To keep community and political sectors informed, the U of L has made regular presentations to several organizations. The University continues to note a revitalized alumni presence at events and fundraising activities and on the Board of Governors.

The 1st Choice Savings Centre for Sport and Wellness continues to attract large community involvement in its programs and facilities. In 2007-08 there were about 4400 unique community users (approximately 43% of facility users) who used the facility.

The Library is participating in the Lois Hole Campus Alberta Digital Library, making digital resources licensed through this initiative available to students, faculty, and the public and also digitizing heritage material of interest to Albertans.

Goal 5: Improve Student Services

The University of Lethbridge will identify the needs of students and employers when developing student services, and respond to student and community concerns and requirements whenever possible.

- *Strategy 5A: Provide students, faculty, and staff with exceptional access to information technology and resources*
- *Strategy 5B: Identify and update services required by students*
- *Strategy 5C: Extend access to services for students, faculty, staff, and the community, using emerging technologies where appropriate*

With record numbers of students accessing services, the pressure to provide automated services and information retrieval rose, and the U of L has responded through continuing efforts to improve student services.

The U of L reviews and enhances institutional support for a positive student experience from point of inquiry to convocation. In the last year, the Registrar's Office and Student Services (ROSS): rolled out an e-communications management strategy; implemented a program of personal contact with all newly-admitted students in the lead up to the semester; and redesigned the communications flow to ensure information is provided to students at exactly the right point in the cycle. On Labour Day, the campus was open for "Check In Day" so all students can buy books, pay fees, get ID Cards and more, and residence students can check-in to housing.

The U of L's co-operative programs, which combine work experience with academic studies, continue to be successful. The Faculty of Management and the Faculty of Arts and Science Co-operative Education offices match employers who want quality employees with students seeking job opportunities relevant to their education. Each year, staff members in the two offices direct hundreds of students to local, regional, and national job placements. Students have also self-directed their co-op terms and worked internationally in countries like the United States, England, and Israel.

Along with the co-op programs, Career and Employment Services offers job search assistance and career advising to students. Students have access to online jobs and a vibrant on-campus recruitment program, where employers interview students at the U of L. This is complemented by an annual Career Fair, which continues to set records for numbers of employers registered.

The U of L continued to provide students with exceptional access to information technology and resources. The University's aim is to graduate students adept at using communications technologies. Information Technology facilitates this aim by maintaining a high-speed network of state-of-the-art computing equipment for use by every student. Students can do more on the Web than ever before, including registration and accessing transcripts. Web tools developed for Academic Advising allowed this unit to handle student wait lists in a fraction of the time required previously.

Goal 6: Facilities and Equipment Renewal

Expand and upgrade academic, research, and support facilities to sustain enrolment growth. Address essential infrastructure and building renewal needs, based on available opportunities and resources.

- *Strategy 6A: Address the increased demand for postsecondary education by ensuring that the proper facilities, equipment, and infrastructure are available when required*

The U of L opened the major addition to Turcotte Hall in October 2007. This addition replaced four portable classrooms with a four-storey structure that includes two new lecture theatres and additional office space for the Faculty of Education.

The Park Way Service Complex opened August 2007. This complex provides a new home for Printing Services, Materials Management, Grounds Maintenance, and Building Maintenance.

The Alberta Water and Environmental Science Building began construction May 2007. This two-storey research facility includes labs and offices for researchers and their assistants, equipment rooms, and an aquatic research facility.

Markin Hall began construction in January 2008. This four-storey building will be home to the faculties of Management and Health Sciences. The lower two floors hold student and teaching spaces with academic offices above connected through a multi-level atrium.

The Sports Fields and Stadium project is under construction in conjunction with the City of Lethbridge. This facility provides fields and seating for sporting events including soccer, rugby, football, track, and intramurals.

The U of L has a number of other significant capital projects in progress:

- Campus Daycare.
- Dr. Foster James Penny Building renovation.
- Numerous lab renovations.
- University Hall structure and building envelope project.
- University Hall life safety systems upgrade project.

Goal 7: Operate Responsively and Responsibly

The University of Lethbridge will operate in a manner that is fiscally responsible, forward thinking, and responsive to the needs of students, faculty, government, society, and the economy.

- *Strategy 7A: Increase tuition fees to the Alberta average*
- *Strategy 7B: Pursue funding from external sources*

The U of L's budgeting process is based on a four-year rolling budget model, in which budgets are estimated for four years into the future. In conjunction with the instructional tuition allocation model, which allocates instructional fees to the faculties based on credit hours taught, the budgeting process has been very successful and allows the University to be in a position to respond to various budget scenarios. The U of L is dedicated to cost containment, continuous quality improvement, and fiscal responsibility.

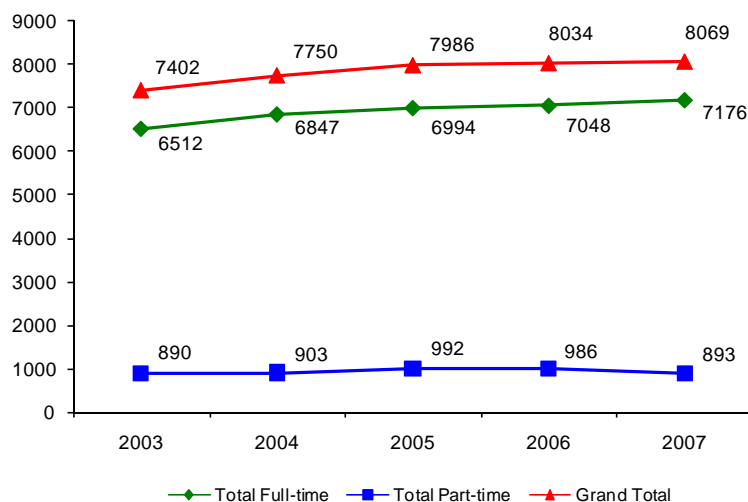
The University marked the conclusion of the Legacy of Leadership campaign on Dec. 31, 2007, and on Feb. 7, 2008, thanked the people who made it possible. With more than \$35 million raised, the campaign far exceeded its initial goal to raise \$20 million.

2.2 PROGRESS RELATED TO PERFORMANCE MEASURES

Enrolment

Enrolment at the U of L continues to increase, with 8,069 students in the Fall 2007 semester, an increase of 0.4% over the previous year.

Figure 4: Fall Enrolment, 2003 to 2007



Graduate Satisfaction

In conjunction with other Alberta universities and university colleges, we conduct surveys of graduates, which include rating how satisfied graduates are with the education they received at the University of Lethbridge.

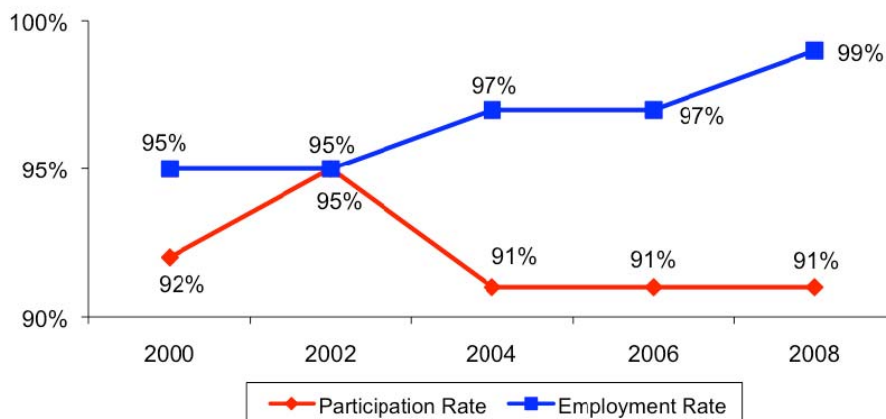
Table 1: Student Satisfaction with Overall Quality of Educational Experience, 2000 to 2007

	2000	2002	2004	2006	2007
Students Satisfied	86%	89%	96%	94%	93%

Graduate Participation and Employment Rates

This performance measure tracks how well U of L graduates fare in the workforce. The participation rate is the proportion of graduates who are active in the workforce. The employment rate shows the proportion of these active participants that are currently employed.

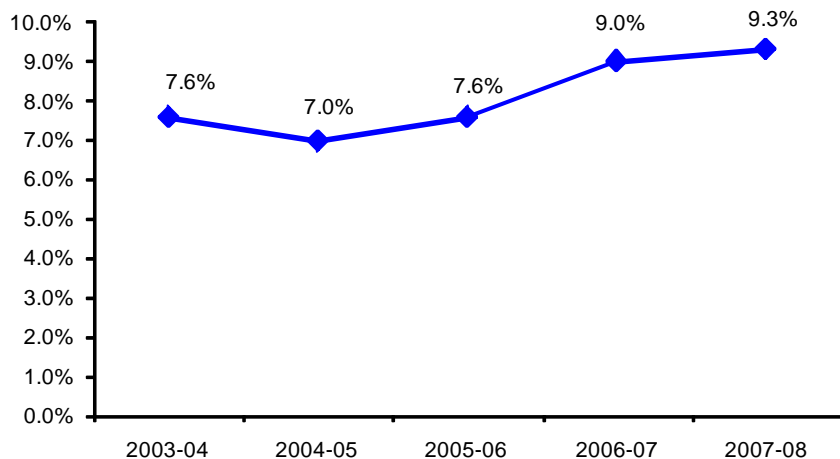
Figure 5: Graduate Participation and Employment Rates, 2000 to 2006



Administration Expenditures

Administration expenditures as a percentage of total expenditures less ancillary expenditures measure the efficiency of U of L administration. The University strives to keep its administrative expenses relative to other operating expenditures to a minimum, and from 2002 to 2005 reduced its administrative costs overall. The administrative ratio of 9.3% in 2007-08 is still below the average administrative ratio of approximately 11-12% at other similar-sized institutions.

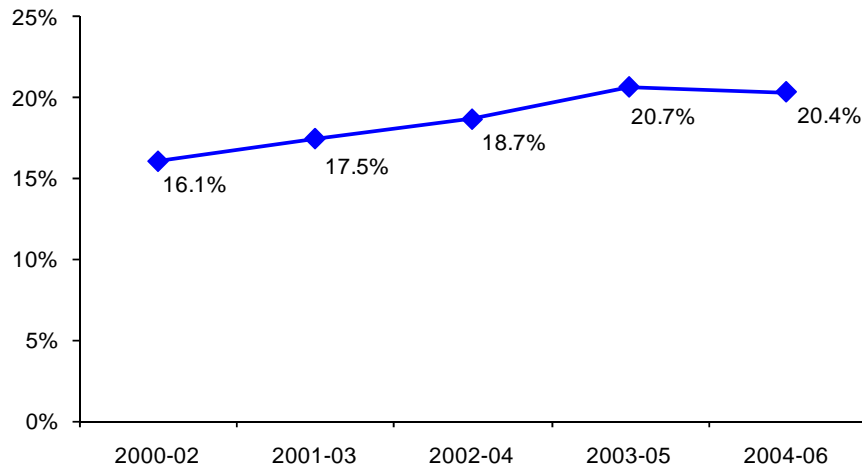
Figure 6: Administration Expenditures as a Percentage of Total Expenditures less Ancillary Expenditures, 2003-04 to 2007-08



Research Intensity

Research intensity data are produced by calculating the value of sponsored research divided by the value of provincial operating grants. This is a measure of research grants from external agencies as compared to government operating funding.

Figure 7: Research Intensity, 2000-02 to 2004-06 (Three-Year Moving Average)

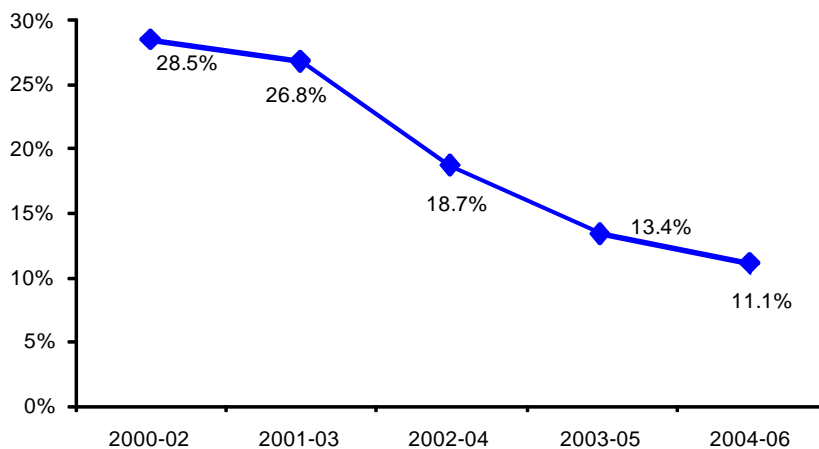


Research Impact

This measure shows how well the U of L attracts research money from community and industry sources. Research impact is calculated by dividing the value of community and industry sponsored research by the value of total sponsored research.

The decline in research impact from 2001-03 to 2003-05 is due to a significantly smaller portion of money being received from non-government foundations, although the total sponsored research dollars has actually increased.

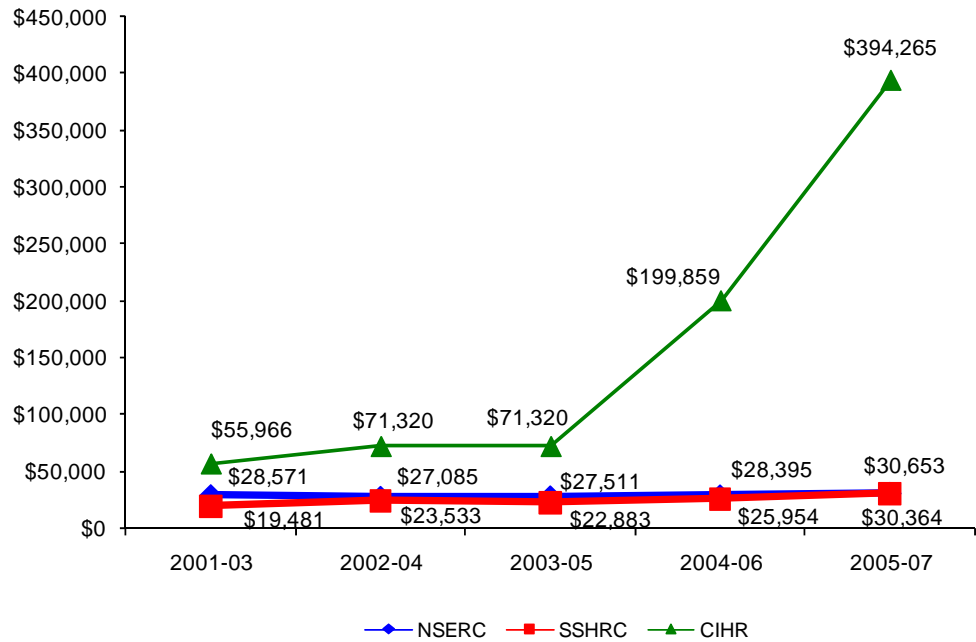
Figure 8: Research Impact, 2000-02 to 2004-06 (Three-Year Moving Average)



Research Council Grants

This measure tracks the grant monies that the U of L receives from the Natural Sciences and Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC), and Canadian Institute of Health Research (CIHR). Figure 9 shows the average value of awards per faculty member from these funding agencies for five three-year periods (new grants only, not including ongoing grant monies).

Figure 9: NSERC, SSHRC, and CIHR Grants per Faculty Member, 2001-03 to 2005-07 (Three-Year Moving Average)



Over the last year, the average value of NSERC grants has risen by 8.1%, SSHRC grants by 16.9%, and CIHR grants by 97.2%.

3.0 The Year in Review

3.1 ADMINISTRATION

The 11th Chancellor

The U of L Senate elected Richard Davidson as the U of L's 11th chancellor in February 2007, and he was officially installed on May 31, 2007 at Ceremony I of spring convocation. The University has benefited from Davidson's work as a U of L senator from 1983 to 1991 and as a member of a President's Advisory Committee struck by President Emeritus Dr. Howard Tennant. As Chancellor, Davidson will now Chair the Senate he once served on, and will represent the University at ceremonial occasions, preside over all degree-conferring ceremonies, represent the public interest in the University, and serve as an ex-officio member of the Board of Governors.

Vice President (Academic)

Dr. Andrew Hakin began his new position as Vice President (Academic) and Provost on July 1, 2007.

On May 4, 2007 the University community came together again to honour outgoing Vice-President (Academic), Dr. Séamus O'Shea for his commitment and dedication to the U of L and our students. His legacy of accomplishments, including the key role he played in establishing the Prentice Institute for Global Population and Economy, have contributed to our building of a university of the first class.

Associate Vice President (Academic)

The Board of Governors appointed Associate Dean (Education) Dr. Kris Magnusson as Associate Vice-President (Academic) for a three-year term, beginning July 1, 2007.

Dean of Graduate Studies

Dr. Jo-Anne Fiske (Women's Studies) was appointed Dean of the School of Graduate Studies.

Associate Dean of Health Sciences

Dr. Ruth Grant-Kalischuk was appointed to a three-year term beginning July 1, 2007 as Associate Dean, Nursing in the School of Health Sciences.

Associate Dean of Management

Dr. Linda Van Esch was named Associate Dean, Undergraduate Programs, in the Faculty of Management.

Prentice Institute Director

Sociology Department Chair Dr. Trevor Harrison was appointed as the Prentice Institute's interim director, effective Nov. 1, 2007, to Oct. 31, 2009. He is responsible for launching the multidisciplinary institute, which will focus on the long-term challenges of the demographic, economic and social issues related to changes in world population patterns.

3.2 ACHIEVEMENT

Student Achievement

- Three U of L students received the \$5,000 Roloff Beny Photographic Awards in Fine Arts, which are awarded to B.F.A. students to support travel related to their research/creative work in photo arts. Art major Lynol Lui travelled to London, England, to pursue his photographic work. Christopher Myhr (New Media) plans to return to Tokyo, Japan, where he has previously worked. And Jaime Vedres (New Media) used his award to travel to Toronto and work as an understudy with two established photographers.
- Several students, alumni and a faculty member were winners at the recent Chinook Zone One-Act Play Festival. Three of the five plays in the festival were written by Mark Mason (B.F.A. /B.Ed. '04) who won the Best Original Play Award for *Mint Condition*. Drama major Tyson Trachsel was named best actor for his role in *Wild Abandon*, which won best play. It was directed by Angela Valiant with light and sound by Rachel Northcott, both of whom are drama majors. Dr. Shelley Scott (Theatre and Dramatic Arts) tied with another performer for the best actress award.
- A new sculpture was unveiled September 12, 2007 in Galt Gardens. U of L student-artist Andy Davies was commissioned to design and build the sculpture, which consists of three, 20-foot tall poles with metal flags that move freely with the wind. The piece, "How Can I Miss You If You Never Go Away", makes a tongue-in-cheek reference to Lethbridge winds.
- Three students—Ben Ireland, Andrea Millen, and Lesley Rutledge—received an Alberta Ingenuity Fund Student Scholarship, consisting of a \$22,000 stipend and a \$1,500 research allowance for up to five years.
- Two students—Lana Miller and Craig Wheaton—won an Alberta Ingenuity Student Scholarship, consisting of an annual stipend of up to \$22,000 and a \$1,500 yearly research allowance.
- Cindy Deschenes received a Canada Post Aboriginal Education Incentive Award. The \$1,000 award will be applied to Deschenes' program of study at the University of Lethbridge, where she is completing her final year towards a degree in addictions counselling. Deschenes was one of seven Aboriginal Education Incentive Award recipients in western Canada.

Faculty and Staff Achievement

- Dr. Rolf Boon's (Music) composition *Reflection* was selected by the Canadian National Conservatory of Music for its publication *Making Tracks-Small Town Canada*. The Conservatory also selected Dr. Boon's (Music) *Rain* for publication in its *Northern Lights – An Exploration of Canadian Piano Music* series.
- Adam Mason (Music) was a guest conductor at one of the premier percussion/concert band festivals in the United States, the Bands of America National Percussion Festival in Indianapolis, IN.
- Dr. Shelley Scott's (Theatre and Dramatic Arts) book *The Violent Woman as a New Theatrical Character Type: Cases from Canadian Drama* was released.
- Dr. Carol Williams (Women's Studies/History) was selected as a James H. Bradley Fellow at the Montana Historical Society's research centre in Helena, Montana.
- The Library Web Team responsible for the University Library's internal web site SourceWeb received the Canadian Library Association (CLA)/Information Today Award for Innovative Technology. This award recognizes a member or members of the CLA for the "innovative use and application of technology in a Canadian library setting." The Team consisted of Web Team Coordinator Rae Hazelwood, Technical Specialists Jake Cameron and Allan Gergel, and Library Operations Specialists Lorraine Chandler and Joanne Overn.

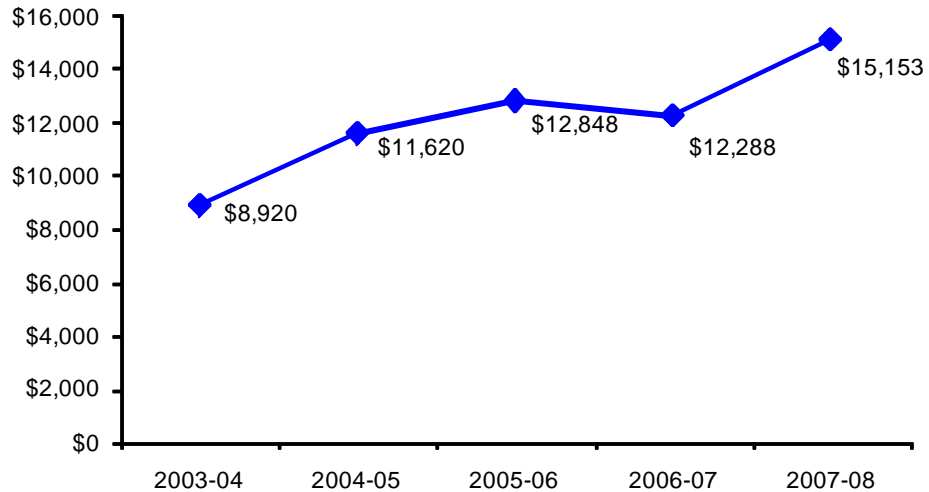
- Professor Lisa Doolittle (Theatre & Dramatic Arts) was one of those chosen to receive a Confederation of Alberta Faculty Associations (CAFA) Distinguished Academic Award for 2007. Professor Emily Luce, also of the University of Lethbridge, was the recipient of the 2007 CAFA Distinguished Academic Early Career Award.
- Nicholas Hanson's (Theatre and Dramatic Arts) new play *The Transplant* received honourable mention at the 2007 Herman Voaden National Playwriting Competition.
- The Canada-U.S. Fulbright Program awarded Dr. Chris Kukucha (Political Science) a 2007 Fulbright Scholarship.
- Dagmar Dahle (Art) was awarded the prestigious Canada Council for the Arts studio in Paris. Centrally located in La Cité Internationale des Arts, the studio is part of the council's International Residencies Program in Visual Arts.
- Dana Inkster (New Media) wrote and directed National Film Board of Canada documentary *24 Days in Brooks*, which premiered at the Calgary Film Festival on Sept. 30.
- Dr. A. Will Smith (New Media) had three of his motion capture works presented at *dança em foco*, an adjudicated international show in Rio de Janeiro, Brazil, in August 2007.
- Dr. Hans-Joachim Wieden (Chemistry and Biochemistry) received an Alberta Ingenuity New Faculty Award. The award recognizes new faculty members who have shown balanced excellence in research and mentoring young researchers.
- The Certified Management Accountants Society of Alberta appointed Dr. Murray Lindsay, Dean of the Faculty of Management, the Fellow of the Society of Management Accountants of Canada (FCMA) designation at the CMA Convocation Ceremony on November 17, 2007.
- The Killam Selection Committee chose 10 researchers as new Killam Research Fellows for 2008, including the U of L's Dr. Stewart Rood (Biological Sciences). Killam Research Fellowships, with a value of \$70,000 a year, allow Canada's best scientists and scholars to devote two years to full-time research.
- Dr. Olga Kovalchuk (Biological Sciences) collaborated with colleagues to have a paper published in the *Proceedings of the National Academy of Sciences* that subsequently was featured in the science journal *Nature*. Kovalchuk and her colleagues at Health Canada and universities in Canada, the Netherlands, and the United States studied mice exposed to air near two integrated steel mills and a major highway, alongside control mice breathing high-efficiency air particulate (HEPA) filtered ambient air.

3.3 RESEARCH

Overview of Research Funding

The University of Lethbridge has a mandate to do research in the areas in which it offers instruction, and to do applied research in areas of special relevance to the region. A strong commitment to research and involving undergraduate students in research are two of the institution's hallmarks.

Figure 10: Value of Research Grants Received, 2003-04 to 2007-08 (thousands of \$)



Sponsored research grants totaled \$15.2 million, an increase of \$2.8 million or 23% over the previous year (Figure 10). Over the past five years, research grants have risen by 71%. This trend is largely due to federal and provincial research funding including: the Canadian Foundation for Innovation; Western Economic Diversification; Canadian Stroke Network; Canadian Institute for Health Research; Canada Research Chairs program; Canadian Space Agency; Alberta Gaming Research Institute; Alberta Ingenuity Fund; and Alberta Science Research Institute. Research continues to be funded primarily by federal and provincial agencies (Figure 11), which together account for 86% of research funding at the U of L. The U of L's commitment to research is also reflected by the increasing ratio of research funding relative to operating grants (Figure 12).

Figure 11: Source of Research Revenue, 2007-08

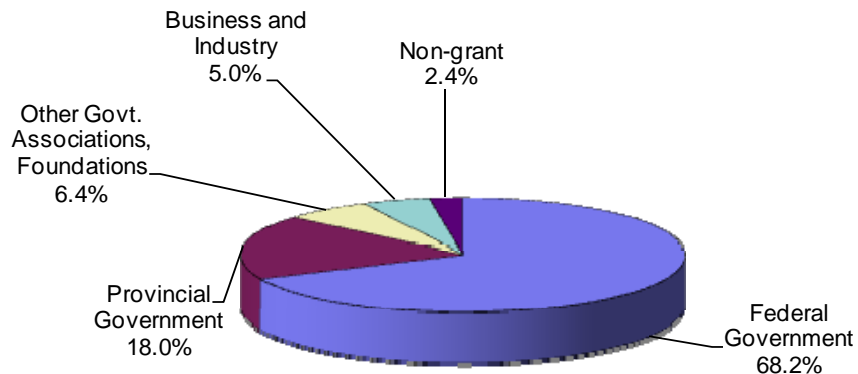
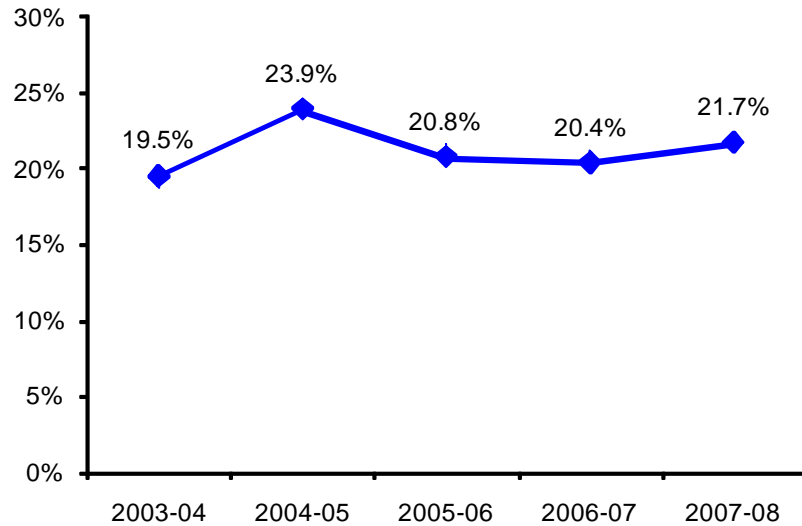


Figure 12: Research Grants as a Percentage of Operating Grants, 2003-04 to 2007-08



NSERC Funding

For 2007-08 the U of L received 18 new NSERC Discovery Grants worth \$563,540:

- Theresa Burg, Biological Sciences/\$23,100 per year for five years.
- Bill Cade, Biological Sciences/\$25,980 per year for five years.
- Olga Kovalchuk, Biological Sciences/\$30,000 per year for five years.
- Elizabeth Schultz, Biological Sciences—\$42,000 per year for five years.
- Paul Hayes, Chemistry & Biochemistry—\$23,350 per year for three years.
- Paul Hazendonk, Chemistry & Biochemistry—\$37,000 per year for five years.
- Stacey Wetmore, Chemistry & Biochemistry—\$44,430 per year for five years.
- Karl Staenz, Geography—\$18,000 per year for five years.
- Howard Cheng, Math & Computer Science—\$15,000 per year for five years.
- Hua Li, Math & Computer Science—\$17,000 per year for five years.
- Robert Sutherland, Neuroscience—\$67,667 per year for five years.
- Ian Wishaw, Neuroscience—\$86,547 per year for five years.
- Saurya Das, Physics—\$28,686 per year five years.
- David Siminovitch, Physics—\$20,000 per year for five years.
- Philippe Teillet, Physics—\$22,000 per year for five years.
- Louise Barrett, Psychology—\$20,745 per year for five years.
- Peter Henzi, Psychology—\$17,290.
- John Vokey, Psychology—\$24,745 per year for five years.

In addition, the U of L received 48 continuing Discovery Grants worth \$1,392,492, bringing the total amount of 2007-08 Discovery Grant funding to \$1,956,032.

The U of L was awarded five new NSERC Research Tools and Instruments Grants worth \$109,208 (total NSERC Research Tools and Instruments Grants received were \$249,818):

- Theresa Burg, Biological Sciences—\$82,763.
- Alice Hontela, Biological Sciences—\$37,700.
- Igor Kovalchuk, Biological Sciences—\$50,910.

- Elizabeth Schultz, Biological Sciences—\$25,612.
- Paul Hayes, Chemistry & Biochemistry—\$52,833.

SSHRC Funding

With five new grants valued at \$151,225 and four continuing grants valued at \$127,523, the U of L received \$278,748 in SSHRC Standard Research Grant funding for 2007-08:

- Nola Aitken, Education—\$36,453.
- Henning Bjornlund, Economics—\$144,054.
- Erika Hasebe-Ludt, Education—\$91,320.
- Michelle Helstein, Kinesiology and Physical Education—\$46,200.
- Judith Kulig, Health Sciences—\$114,439.

(Note: the totals for the five grants above are over three years.)

U of L faculty received two SSHRC Aboriginal Research Grants. Dr. Nicole Rosen (Modern Languages) received \$210,000 over three years for a project titled *Word Building in Michif*. Dr. Cynthia Chambers (Education) and Helen Balanoff (Northwest Territories Literacy Council) received \$227,000 over three years for the *Ulukhaktok Literacies Project*.

AHFMR Funding

Dr. Robert Sutherland, Canadian Centre for Behavioural Neuroscience, received more than \$950,000 in renewed funding from the Alberta Heritage Foundation for Medical Research (AHFMR). Sutherland is conducting research that is leading to a better understanding of how changes in the brain, especially in the hippocampus, lead to memory disorders associated with stroke, traumatic brain injury, epilepsy, age-related diseases, and prenatal alcohol exposure.

CIHR Funding

Dr. Olga Kovalchuk (Biological Sciences) received \$120,000 from the Canadian Institutes of Health Research (CIHR) to study new ways to improve radiation treatment for cancer. More than half of all cancer patients receive radiation therapy at some point. The total dose delivered to the tumour is limited by the tolerance of the surrounding normal tissue, primarily skin. Radiation-induced effects in skin can include secondary malignancies in unirradiated cells, which is also known as the bystander effect. Kovalchuk will seek to uncover the exact mechanism of bystander effect to develop ways to avoid it.

Other Research Funding

On June 8, the CFI announced an investment of \$39 million for new cutting-edge research infrastructure at 42 universities and colleges across the country. The Southern Alberta Centre for Successful Aging: Meeting the Needs of a Changing Population project at the U of L received \$161,699. The successful applicants were Dr. Lesley Brown, Dr. Jennifer Copeland, and Dr. Jon Doan from the Department of Kinesiology and Physical Education.

Board of Governors Research Chairs

Dr. Olga Kovalchuk (Biological Sciences), Dr. Igor Kovalchuk (Biological Sciences) and Dr. Sergio Pellis (Neuroscience, Canadian Centre for Behavioural Neuroscience) were appointed as the University's newest Board of Governors Research Chairs. The Board of Governors Research Chair positions were established in 2001 to recognize and promote excellence in research, teaching, scholarship and performance.

Dr. Olga Kovalchuk's research focuses on the effects of long-term exposure to radiation and how that exposure changes cellular and molecular structures in animals and people. Dr. Igor Kovalchuk's research interests include genome stability and genome evolution during plant adaptation to stress. Dr. Sergio Pellis is one of the world's experts on play behaviour.

3.4 TECHNOLOGY

Library Instant Messaging

The Library's Information Services (Reference) Desk (ISD) implemented an instant messaging option for Library users. With this service users can now approach the ISD with questions in person, over the phone, online, or through the instant messaging service on their cell phones, computers, or personal digital assistants. Instant messaging is a real-time virtual means of sending messages, with MSN Messenger, Google Talk, Yahoo! Messenger and AOL Instant Messenger the more popular services.

Visual Searching

The Library subscribes to 45 databases that offer a new "visual search" option. The visual search feature groups articles by subject into a visual map of search results. The search results that approach the topic from a similar perspective are clustered together in a circle. Researchers can choose the cluster that best describes what they are looking for and go to the articles within the cluster.

Digitization

As part of the province-wide Lois Hole Campus Alberta Digital Library (LHCADL) program, the Library is undertaking a digitization initiative. This initiative includes an institutional repository for the scholarly output of the U of L and a digital library for materials that are of historic importance to the U of L and surrounding community.

There are five pilot projects: (1) a selection of historic maps from the Galt Archives; (2) materials from the Blackfoot Nation of southern Alberta; (3) back issues of all of the U of L's past newspapers (including the Legend); (4) past issues of the Lethbridge Herald dating back to 1905; and (5) 40 years' worth of Lethbridge Historical Society newsletters.

All of the digitized materials will eventually be searchable from the Library's home page.

WestGrid

The U of L is a partner in WestGrid, one of Canada's seven major high performance computing (HPC) consortia that are creating a pan-Canadian network of HPC facilities. The National Platforms Fund (NPF), built on \$78 million from the Canada Foundation for Innovation and \$10 million from the Natural Sciences and Engineering Research Council, was announced today in support of this unified HPC strategy. Matching funds from provincial and industry sources will bring total NPF funding to nearly \$180 million.

This groundbreaking investment in national HPC resources will improve University of Lethbridge researchers' ability to address some of the most complex and socially relevant research problems in the world today.

3.5 FACILITIES

In recognition of the University of Lethbridge's commitment to water research, the Government of Alberta announced an additional \$10 million contribution to help complete the **Alberta Water and Environmental Science Building**. More than 100 new graduate students will study at the facility, which will support research on watersheds, water ecology and commercial water use to support sound management decisions about Alberta's water resources today and in future. The announcement brings total provincial funding for the project to \$22.5 million. The 5,300 sq.m. building's laboratories and classrooms will help develop first-class water research programs.

On October 25, 2007, Advanced Education and Technology Minister Doug Horner and Treasury Board President and Minister of Service Alberta Lloyd Snelgrove visited campus to announce \$50 million for **Markin Hall**, the future home of the School of Health Sciences and the Faculty of Management. In addition, they promised another \$18.415 million in maintenance funding for **University Hall**. These funds will ensure the growth of Management and Health Sciences programming in state-of-the-art facilities while maintaining the U of L's signature learning space in University Hall.

The **Park Way Service Complex** opened, which is the new home of Materials Management, Printing Services, Grounds, Building Maintenance, and the Motor Vehicle Pool.

On January 30, 2008 the Alberta government announced a contribution of \$2 million for the construction of a new multi-use **Sports Field and Stadium complex** at the U of L. A joint project between the University of Lethbridge and the City of Lethbridge, the facility will provide a major community recreation facility for amateur, university, community, and regional sports. The funding will support the construction of an artificial turf field, track, grandstand seating, field lighting, public address system, scoreboard, and team change rooms.

3.6 STAFFING

From 2006-07 to 2007-08, the budgeted FTEs of academic staff increased by 7.0%, and the budgeted FTEs of support staff grew by 5.6%.

Table 2: Budgeted FTE Positions, 2003-04 to 2007-08

	03-04	04-05	05-06	06-07	07-08
Academic	418.1	429.2	461.2	482.7	516.4
Support	463.2	518.7	549.9	570.8	602.5

3.7 RANKINGS

Maclean's Survey

In the Maclean's Magazine 2007 university survey, the U of L jumped eight places, from 14th to sixth, to tie with Wilfrid Laurier University. The institution recorded seven top 10 placements, ranging from a second place finish in the number and amount of medical science grants, to the third place overall in library acquisitions, to a seventh place finish overall in the reputational category.

Though the University declined to participate last year and this year in the Maclean's survey process the 2007 results, which were obtained from readily available public sources, reinforce what U of L officials say are the institution's hallmarks: small class sizes, access to professors, and a more personal and accessible learning experience that exceeds student expectations.

Globe and Mail Report Card

The U of L scored numerous A grades in The Globe and Mail's University Report Card. In addition to an A- for overall quality of education received and satisfaction with university experience overall, the University received an A+ for sense of personal safety/security and an A for class sizes.

The report card of 53 universities was produced by the Globe and Mail, the Strategic Counsel, and the Educational Policy Institute. The results are based on the opinions of more than 43,000 undergraduate students.

4.0 Financial Highlights

4.1 FINANCIAL MANAGEMENT

The University’s budget process is based on a four-year rolling budget model in which budgets are estimated for four years into the future. In conjunction with the instructional tuition allocation model—which allocates instructional fees to the faculties based on credit hours taught—the budgeting process has been very successful, allowing the University to respond to various budget scenarios and achieve positive financial results.

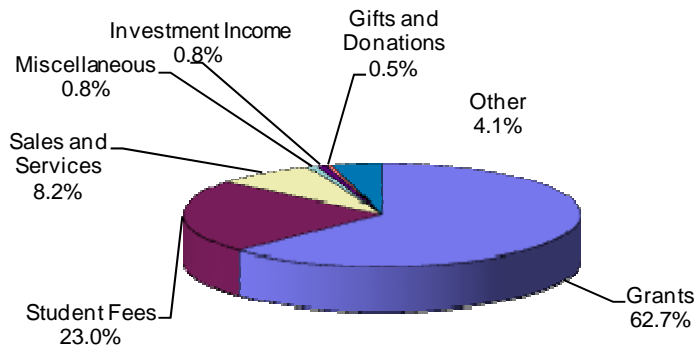
4.2 STATEMENT OF OPERATIONS

Excess of revenue over expense for the year ending March 31, 2008 decreased by \$9 million over the prior year to \$6.8 million. The major contributor to this loss was \$1.2 million investment loss (2007: \$6.3 investment income). In previous years we recorded only the realized income in the financial statements; with the adoption of the financial instruments reporting standards we now record both the realized and unrealized investment gains (losses).

4.3 REVENUE

University revenue totalled \$151.5 million in 2008, an increase of 2% over the previous year.

Figure 13: Revenue by Source, 2007-08



Grant revenue increased by \$7.8 million or 10% over the previous year, due to a \$9 million increase in provincial government grants. Grants represented 63.7% of total revenue (2007: 58.2%). Alberta Advanced Education and Technology grants increased by \$9 million (12%) in 2008, including a 6% increase in base operating grant (\$4.4 million).

Advanced Education and Technology awarded performance funding of \$1.1 million (2007: \$0.9 million) to the University. The U of L received top-level performance awards in the learning and research components, based on progress results for fiscal 2007 as measured by various performance indicators.

The University received the following grants from the Province of Alberta, including Advanced Education and Technology and other provincial ministries, departments, and agencies:

Table 3: Provincial Grants to the U of L, 2007-08 and 2006-07 (thousands of \$)

Provincial Grants	2007-08	2006-07
General operating	\$67,722	\$58,348
Tuition Fee rebate	4,801	4,801
Performance funding envelope	1,109	924
Access (operating)	8,532	9,443
Other unrestricted funding	1,834	1,406
Conditional funding	47,215	19,736
Deferred conditional funding	(44,782)	(17,116)
Total	\$86,431	\$77,542

The \$47.2 million in conditional funding included:

- \$42.3 million from Advanced Education and Technology for: capital needs for the Life Safety systems upgrade (\$15.5 million); the Alberta Water and Environmental Science Building (\$10 million); University Hall structure and building (\$5.4 million); Markin Hall (\$5 million); replacement of service buildings (\$1.5 million); funding from the Access to the Future Fund for facilities for learning and research purposes (\$1.2 million); funding from the Access to the Future Fund for scholarships (\$1.8 million); Infrastructure Maintenance Program funding (\$1.8 million); and other funding (\$0.1 million).
- A \$2 million contribution to the Sports Field and Stadium from Alberta Tourism, Parks, Recreation and Culture.
- \$2.9 million for provincially-sponsored research, and other restricted funds.

In accordance with not-for-profit accounting principles, any conditional funding not spent by the end of the fiscal year is deferred and recognized in revenue in the year(s) in which the related expenditures are incurred.

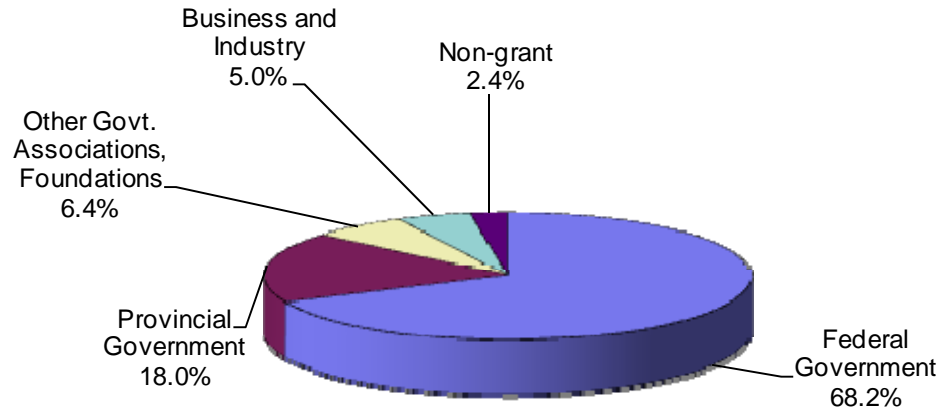
4.4 RESEARCH FUNDING

Sponsored research revenue totaled \$15.1 million, an increase of \$2.9 million or 23.6% over the previous year. Unspent research grant revenue of \$4.9 million was deferred at the end of the year (2007: \$2.5 million deferred).

Research continues to be funded primarily by federal and provincial government agencies. Over the past five years, research grants have nearly doubled from \$8.9 million in fiscal 2004, and have increased more than 610% over the past ten years.

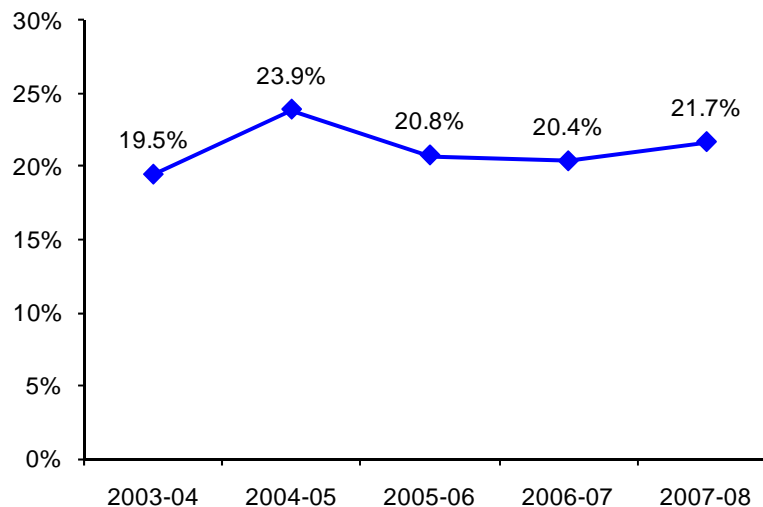
This trend is largely due to four sources: (1) new sources of federal research funding, including the Canadian Foundation for Innovation, Western Economic Diversification, Canadian Stroke Network, Agriculture and Agri-Food Canada, Canada Research Chairs program, and Canadian Space Agency; (2) provincial funding from the Alberta Gaming Research Institute, Alberta Cancer Board, Alberta Ingenuity Fun, and Alberta Science and Research Authority; (3) Ontario Problem Gambling; and (4) Norlien Foundation.

Figure 14: Sources of Research Revenue, 2007-08



The University has a strong commitment to research, reflected by the increasing proportion of research funding relative to operating grants (Figure 15).

Figure 15: Research Grants as a Percentage of Operating Grants, 2003-04 to 2007-08



In 2007, the University also received \$1.5 million (2007: \$1.4 million) from the federal Canada Research Chairs Indirect Costs Program, based on research grants funded by federal government research granting agencies. The Indirect Costs Program was established to recognize the growing indirect costs of conducting publicly funded academic research. The resulting grants will allow the University to secure additional support for the indirect costs of research so that it can continue to meet the teaching and community services mandates of the institution.

4.5 TUITION REVENUE

Tuition and related fees revenue increased by approximately 2.9% (\$1 million) due to three factors: (1) a 0.4% increase in enrolment in Fall 2007; (2) 3.3% increases in undergraduate and graduate fees; and (3) a \$0.47 million increase from Athletics and Recreation Services fees due to the 1st Choice Savings Centre for Sport and Wellness being fully operational.

4.6 SALES AND SERVICES

Sales and services revenue decreased by 3.8% (\$0.5 million) over the previous year. Ancillary Services contribute the majority of sales and services revenue, which increased to \$7.5 million in 2008 (2007: \$7 million).

Other major sources of sales and services revenue are: parking fees (\$1 million); Faculty of Management non-credit programs (\$1 million); and Sport and Recreation Services programs and services (\$1.4 million).

4.7 INVESTMENT REVENUE

On April 1, 2007 the U of L adopted new accounting standards that required the institution to record investments at fair market value. Investment revenue recognized during the year was a net loss of \$1.2 million. Realized investment earnings, as measured on a cash basis, were 7.93% in 2008 (2007: 5.38%).

4.8 GIFTS AND DONATIONS

The U of L recognized \$0.7 million in total donations in the operating statement and \$1.6 million for endowments.

There is an additional \$4.2 million in pledges as of March 31, 2008, for capital projects and scholarships that have not been recorded in the financial statements.

4.9 OTHER REVENUE

Other income of \$6.3 million (2007: \$6.3 million) represents amounts brought into income, for accounting purposes, from amortizing capital assets purchased in prior years using externally restricted contributions.

4.10 EXPENSE

University expenses totaled \$144.7 million in 2008, an increase of \$11.8 million or 9% over the previous year.

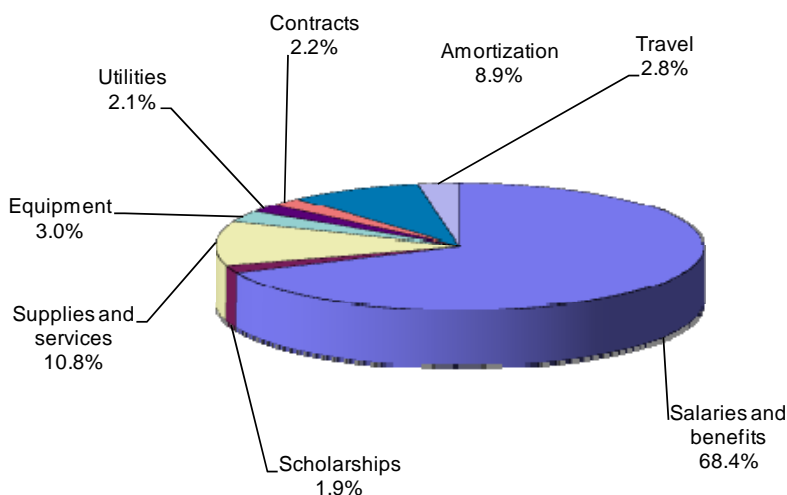
Salaries expense increased by 10% over the previous year. In addition to salary increases resulting from merit and negotiated cost-of-living adjustments, approximately 42 new faculty and staff positions were added in 2008. Benefits expense increased by 6%, mainly due to increased pension premium rates. Salaries and benefits continue to be the major component of the cost of operating the University. Despite the pressures to remain competitive in labour markets and the increasing cost of benefits, the University's salaries and benefits expense ratio has been fairly consistent over the past five years at approximately 67% of total expense.

The amount of scholarships, fellowships and bursaries awarded in 2008 was \$2.7 million (2007: \$2.2 million). This was made up of \$2.6 million in scholarships and bursaries (2007: \$2.1 million) and \$0.1 million in fellowships (2007: \$0.1 million). The University increased scholarships funded from operating sources by \$0.4 million in 2008.

Equipment costs increased by \$0.94 million in 2008 due to migrating the phone system to a voice over IP system.

Amounts recorded in other expense categories were comparable to previous year's results.

Figure 16: Expense by Type, 2007-08



4.11 STATEMENT OF FINANCIAL POSITION

Assets

Total assets increased by \$71.8 million during the 2008 fiscal year. Cash and short-term investments decreased by \$8.9 million and additional receivables by \$8.5 million, while long-term investments increased by \$47 million and capital assets \$24 million.

Cash flow requirements for construction projects have necessitated maintaining a higher balance in cash and short-term investments over the past five fiscal years.

Total receivables increased by \$8.5 million, mainly due to government grants and \$2.1 million from the City of Lethbridge for the Sports Field and Stadium complex.

Regarding the increase in long-term investments, the University adopted new financial instruments reporting standards that required the institution to record investments at fair market value, rather than on the cost basis. This change resulted in a \$15 million increase in investments on April 1, 2007. The fair market value of the investments as of March 31, 2008 is \$116 million.

Table 4: Composition of Investment Portfolio, 2007-08 (thousands of \$)

Funding Source	
Externally restricted fund balances:	
Endowments	\$32,174
Sponsored research	6,838
Special purpose	4,615
Scholarships, bursaries & trust	1,395
Capital & infrastructure	47,398
Internally restricted net assets	13,335
Unrestricted net assets and operating cash flow	10,950
	\$116,705

In accordance with the Board of Governors Finance Committee's Investment Management Policy, three external investment managers manage investments. Through an external consultant, the Finance Committee monitors investment performance and compliance to the Investment Management Policy.

Capital assets of \$34 million were added during the year, including five major capital projects: (1) Alberta Water and Environmental Science building, \$11 million spent during 2008; (2) expansion of Turcotte Hall, \$5 million; (3) Markin Hall, \$3.3 million; (4) Park Way Service complex, \$1.5 million; and (5) capital lease for the Dr. Foster James Penny land and building, \$1.2 million. Library acquisitions totaled \$1.8 million and computer, scientific, and other equipment \$4 million. Amortization expense totaled \$10 million.

Art works donated in 2008 totaled \$0.13 million. Used for both educational and public exhibition purposes, the University's art collection contains about 14,000 objects, with a book value of \$34 million.

4.12 LIABILITIES AND NET ASSETS

Current liabilities totaled \$32 million in 2008 (2007: \$30 million). Accounts payable and accrued liabilities decreased over the prior year by \$1.1 million, mainly due to a decrease in construction holdbacks. Deferred contributions of \$14 million at March 31, 2008 (2007: \$11 million) primarily consisted of restricted balances in the research fund (\$5 million), trust funds for scholarships and bursaries and other specific purposes (\$6 million), and the Infrastructure Maintenance Program (\$2.7 million). These contributions will be recognized in revenue as the spending restrictions are met.

Long-term liabilities increased by \$26.2 million, due mainly to an increase of \$24 million in deferred capital contributions. The deferred capital contributions balance represents externally restricted amounts received from grants and donations for capital projects and infrastructure renewal, including: Life Safety Systems (\$18 million); Alberta Water and Environmental Science Building (\$12 million); Markin Hall (\$6 million); University Hall structure (\$5 million); and the Sports Field and Stadium complex (\$3 million).

Liabilities include an asset retirement obligation of \$1.4 million that represents the estimated fair value of the legal obligation associated with the removal of asbestos from University Hall and a capital lease for \$0.4 million.

Net assets increased by a total of \$23.3 million during the year as a result of an increase in investment (equity) in capital assets of \$3.9 million, endowment principal additions (primarily donations and capitalized investment income) of \$7.6 million, a decrease in internally restricted net assets of \$4.4 million and an increase in unrestricted net assets (operating reserves) of \$16.2 million.

Internally restricted net assets totaled \$13.3 million as of March 31, 2008. These represent operating surpluses from prior years that have been set aside by the Board of Governors to provide for capital and maintenance needs and to cover contingencies and one-time expenditures aimed at increasing efficiency and/or reducing costs. The internally restricted net assets balance at March 31, 2008 includes an allocation of \$8.5 million for capital projects in progress at the year end, including \$3.6 million for the Sports Field and Stadium complex, \$.9 million for renovations of the Students' Union Building level 0, and \$.8 million for renovations to the Dr. Foster James Penny Building.

Unrestricted net assets of \$34.9 million (2007: \$18.7 million) represent accumulated operating surpluses and are used primarily to fund capital asset additions required to maintain the education and services available to our students and the local community. The change in accounting policy for recording financial instruments resulted in an increase in 2008 to the opening balance in Unrestricted Net Assets of \$9,785.

Endowment balances (Table 5) are steadily increasing, with a balance of \$32.2 million at March 31, 2008, an increase of 31% over the prior year and 280% over the past ten years. The majority of this increase is due to restating endowments to market value rather than recording at cost as in previous years. This growth has also been achieved from a combination of gifts, capitalized investment earnings and contributions from University sources. The majority of the University's endowments fund student scholarships and visiting speakers.

Table 5: Growth of Endowment Principal, 1999 to 2008 (thousands of \$)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Opening Balance*	\$29,797	\$13,663	\$11,975	\$11,227	\$10,762	\$10,224	\$9,585	\$9,064	\$8,475	\$8,017
Endowment gifts	1,613	8,825	1,292	409	123	125	249	125	141	131
Capitalized investment earnings	(265)	1,996	306	249	202	323	290	308	251	185
University contributions	1,029	53	90	90	140	90	100	88	197	150
Closing Balance	\$32,174	\$24,537	\$13,663	\$11,975	\$11,227	\$10,762	\$10,224	\$9,585	\$9,064	\$8,475

* Beginning of year balance for 2008 was restated to include \$5.260 million adjustment for financial instruments.

By law, the endowment principal must be maintained intact in perpetuity. The investment income generated from endowments must be used in accordance with the purposes specified by the donors or the Board of Governors. University policy protects the real value of the endowments by limiting the amount of income expended and reinvesting unexpended income.

While capitalized investment earnings on endowment principal and University contributions have helped endowment balances to grow, the U of L continues to seek donations for new and existing scholarships to help students fund the rising cost of their education.

Appendix One: About the University of Lethbridge

MANDATE

The University of Lethbridge is a Board-governed institution functioning under the *Universities Act* as a member of the system of Alberta universities. It offers instructional programs at the Bachelor's level in the humanities, the social sciences, the natural sciences, and mathematics, within its Faculty of Arts and Science. It also awards University certificates, diplomas, and undergraduate degrees in Education, Fine Arts, Health Sciences, Management, and Nursing. As well, it offers a Master of Education (M.Ed.), Master of Arts (M.A.), Master of Science (M.Sc.) and a special case Doctor of Philosophy (Ph.D.). It stimulates and supports basic research and scholarly activity in all disciplines in which it gives instruction, and conducts certain lines of applied research of special relevance to the region or to the province.

The University offers collaborative programs with various community colleges, including post-diploma degrees in Agricultural Studies, Environmental Science, Fine Arts, Management, and Nursing. It encourages, through its Management, Education and Arts and Science Faculties, active development of educational opportunities in Native American Studies for Native American students through off-campus and on-campus programs.

The University of Lethbridge provides non-credit continuing education programs throughout the region. It also supports artists' workshops and in general makes available its cultural programs and facilities as well as its athletic facilities to the wider community in which it is located.

VISION

The University of Lethbridge strives to build the most vital and engaging learning environment in Canada, through superior teaching, research, and creative achievement.

MISSION

The University of Lethbridge exists to develop individuals who are creative and inventive discoverers, leaders and independent learners, well prepared to contribute significantly to their local, national, and global communities. We, the University of Lethbridge, care about what our students, staff, and faculty need to achieve this goal. Thus, we provide excellent programs with a liberal education focus, outstanding and inspirational teaching, intellectual horizons that extend far beyond the boundaries of our community, quality services, an inclusive and diverse campus within a climate of respect, high quality facilities and resources, and a commitment to responsible action.

The University also has a social responsibility to protect free inquiry and scholarship, and to push the frontiers of current knowledge through innovative research. Taking this responsibility seriously, we cultivate a community that fosters intellectual exchange, creativity, originality, and discovery.

STRATEGIC PRIORITIES

With the Strategic Plan as the framework, the University of Lethbridge commits to continuing action in the areas in which we presently excel, as outlined in our Mission statement, and in those key areas where enhancement is required. The following Strategic Priorities represent these key areas, in which the University of Lethbridge will apply a special effort so that the institution can more successfully align itself with its Mission, Vision, and Fundamental Principles.

Students

- Improve student financial support through scholarships, bursaries, work opportunities, and other initiatives.
- Expand opportunities for graduate studies.
- Foster a sense of healthy culture and community for students.

Diversity

- Improve support and participation of First Nations in the University community.
- Ensure gender inclusivity by promoting and implementing equity within the University community.
- Increase the international focus of the University of Lethbridge, through the recruitment and exchange of students and faculty.

Teaching and Research

- Provide support for faculty in the enhancement of effective teaching skills and strategies.
- Pursue additional funding to support scholarly activity across a wide range of disciplines.
- Develop centres of research excellence across the faculties and schools.

Facilities

- Increase state-of-the-art academic space on campus.
- Increase student residence space.
- Provide access to additional recreation and leisure space.
- Expand research space in all disciplines.

Outreach

- Work with our alumni to help advance the mission and vision of the University of Lethbridge.
- Raise the profile of the University of Lethbridge in the provincial, national, and international arenas.
- Improve relationships and increase involvement with individuals and organizations for the good of the University of Lethbridge and the community.

Appendix Two: Audited Financial Statements

STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying financial statements are the responsibility of management. The financial statements have been prepared in accordance with generally accepted accounting principles.

Management of the University, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a comprehensive system of internal accounting controls. Management believes that this system of internal accounting controls provides reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded. Management exercises its judgement in determining that a reasonable balance is maintained between the costs of such controls and the benefits to be derived there from. The financial statements necessarily include some amounts that are based on management's best estimates and judgements. The internal accounting control process includes management's communication to employees of policies which govern ethical business conduct.

The Board of Governors carries out its responsibility for the financial statements principally through its Finance Committee and the Audit Committee. The Finance Committee reviews monthly operating statements and the annual financial statements. The Audit Committee meets periodically with management and representatives of the Auditor General's office to review internal accounting controls, audit results and accounting principles and practices. The financial statements have been approved by the Board of Governors following the recommendation of the Audit Committee.

Carrie Takeyasu, MBA, CMA
Executive Director
Financial Services

Nancy R. Walker, MBA, CA
Vice President
(Finance and Administration)



Auditor's Report

To the Board of Governors of the University of Lethbridge

I have audited the statement of financial position of the University of Lethbridge as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the management of the University. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit 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, the financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original Signed by Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 18, 2007

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31
(thousands of dollars)

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and short-term investments (Note 4)	\$ 26,035	\$ 34,978
Accounts receivable	16,675	8,245
Inventories	518	447
Prepaid expenses	1,025	787
	<u>44,253</u>	<u>44,457</u>
DEPOSITS ON CAPITAL ASSETS	1,104	-
INVESTMENTS (Note 3, 5, 6)	116,705	70,180
PLEDGES RECEIVABLE - Long-term portion (Note 7)	3,178	3,358
CAPITAL ASSETS AND COLLECTIONS (Note 8)	231,320	206,855
	<u>\$ 396,560</u>	<u>\$ 324,850</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,724	\$ 9,946
Employee benefit liabilities (Note 9, 10)	4,499	4,107
Deferred revenue	4,373	4,441
Deferred contributions, research and other (Note 11)	13,824	11,001
Current portion of long-term obligations (Note 12)	818	430
	<u>32,238</u>	<u>29,925</u>
LONG-TERM LIABILITIES		
Long-term obligations (Note 12)	4,571	4,309
Employee benefit liabilities (Note 9)	7,018	6,343
Deferred contributions, research capital (Note 11)	1,761	573
Deferred contributions, capital (Note 11)	44,662	20,626
	<u>58,012</u>	<u>31,851</u>
UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 13)	<u>119,515</u>	<u>99,616</u>
NET ASSETS		
Investment in capital assets and collections	106,416	102,499
Endowments (Note 14)	32,174	24,537
Internally restricted (Note 15)	13,335	17,758
Unrestricted	34,870	18,664
	<u>186,795</u>	<u>163,458</u>
Commitments and Contingencies (Note 21)		
	<u>\$ 396,560</u>	<u>\$ 324,850</u>

The accompanying notes are part of these financial statements.

STATEMENT OF OPERATIONS

AS AT MARCH 31
(thousands of dollars)

	<u>Original Budget</u>	<u>2008</u>	<u>2007</u>
REVENUE			
Grants	\$ 93,438	\$ 96,482	\$ 86,517
Tuition and related fees	35,155	35,427	34,442
Sales of services and products	13,279	12,655	13,152
Miscellaneous	964	1,211	1,358
Investment income (loss) (Note 16)	12,662	(1,212)	6,265
Gifts and donations	460	701	728
Amortization of unamortized deferred capital contributions (Note 13)	7,000	6,284	6,271
	<u>162,958</u>	<u>151,548</u>	<u>148,733</u>
EXPENSE			
Salaries	93,187	85,448	77,452
Employee benefits	15,108	13,560	12,813
Scholarships, fellowships and bursaries	1,896	2,707	2,252
Supplies and services	7,429	8,202	8,424
Repairs and maintenance	1,646	1,159	1,478
Cost of goods sold	3,213	3,122	3,113
Equipment	3,631	4,270	3,327
Travel	3,167	4,046	3,540
External contracted services	2,400	3,196	3,194
Utilities	3,119	3,063	2,645
Professional fees	549	1,651	1,369
Interest on long term obligations	1,050	570	497
Insurance	984	458	432
Property taxes	254	196	111
Loss (gain) on disposal of capital assets	-	254	(49)
Amortization of capital assets	12,142	12,832	12,305
	<u>149,775</u>	<u>144,734</u>	<u>132,903</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 13,183</u>	<u>\$ 6,814</u>	<u>\$ 15,830</u>

The accompanying notes are part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)

	2008					2007
	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	TOTAL	TOTAL
BALANCE, beginning of year	\$ 102,499	\$ 24,537	\$ 17,758	\$ 18,664	\$ 163,458	\$ 136,756
Adoption of new financial instruments accounting standards (Note 3)		5,260		9,785	15,045	-
As restated	102,499	29,797	17,758	28,449	178,503	136,756
Excess of revenue over expense	-	-	-	6,814	6,814	15,830
Non-amortizable collection and acquisition donations	130	-	-	-	130	51
Endowment contributions	-	1,614	-	-	1,614	8,825
Investment gain (loss) on endowments	-	(266)	-	-	(266)	1,996
Transfers (Note 14)	-	1,029	-	(1,029)	-	-
Capital asset additions	10,433	-	(7,260)	(3,173)	-	-
Net book value of capital asset disposals	(269)	-	-	269	-	-
Amortization	(6,548)	-	-	6,548	-	-
Repayment of long term debt	171	-	-	(171)	-	-
Allocation to internally restricted net assets	-	-	7,606	(7,606)	-	-
Expenditure of internally restricted net assets	-	-	(4,769)	4,769	-	-
BALANCE, end of year	\$ 106,416	\$ 32,174	\$ 13,335	\$ 34,870	\$ 186,795	\$ 163,458

The accompanying notes are part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31
(thousands of dollars)

	<u>2008</u>	<u>2007</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 6,814	\$ 15,830
Non-cash transactions		
Amortization of unamortized deferred capital contributions	(6,284)	(6,271)
Amortization of capital assets	12,832	12,305
Loss (gain) on disposal of capital assets	254	(49)
Increase in long term employee benefit liabilities	674	175
	<u>14,290</u>	<u>21,990</u>
Increase (decrease) in non-cash working capital (Note 18)	(5,068)	2,580
	<u>9,222</u>	<u>24,570</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of investments (net)	(31,482)	(16,076)
Capital asset additions		
Internally funded	(10,957)	(17,651)
Externally funded	(26,479)	(15,869)
Deposit on capital assets	(1,104)	-
Collection additions	(4)	(38)
Proceeds on disposal of capital assets	15	185
	<u>(70,011)</u>	<u>(49,449)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Capital contributions	51,412	22,857
Endowment contributions	1,614	8,825
Capitalized investment earnings (loss)	(266)	477
Increase (decrease) in capital construction holdbacks	(1,744)	1,564
Capital lease	524	-
Increase in asset retirement obligation	552	1,085
Decrease (increase) in long-term receivable	180	(3,358)
Long-term obligations repayment	(426)	(122)
	<u>51,846</u>	<u>31,328</u>
INCREASE (DECREASE) IN CASH	(8,943)	6,449
CASH AND SHORT-TERM INVESTMENTS, beginning of year	34,978	28,529
CASH AND SHORT-TERM INVESTMENTS, end of year	\$ <u>26,035</u>	\$ <u>34,978</u>

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

(in thousands of dollars)

Note 1 Authority and Purpose

University of Lethbridge operates under the *Post-Secondary Learning Act* of the Province of Alberta to provide post-secondary and graduate education and to engage in research and public service. The University is a registered charity, and under section 149 of the *Income Tax Act of Canada*, is exempt from the payment of income tax.

Note 2 Significant Accounting Policies

a) General – GAAP and use of estimates

These financial statements have been 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. Such estimates have been made using judgments determined by the University's administration. Employee benefit liabilities, amortization of capital assets, amortization of unamortized capital contributions and asset retirement obligations are the most significant items based on estimates. In administration'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) Revenue Recognition

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

- Unrestricted contributions - when received, or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Investment income – earned interest and dividends, realized and unrealized gains and losses.
- Revenues received for services and products - when the services or products are provided.
- Tuition fees - when the instruction is delivered.
- Restricted contributions - based on the deferral method.
- Pledges that can be reasonably estimated and where ultimate collection is reasonably assured are recorded as an asset, with the corresponding amount being recorded as gifts and donations revenue, deferred contributions, deferred capital contributions or endowment as applicable. Pledges are disclosed in Note 7.

Restricted contributions – deferral method

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

Contributions restricted to the acquisition of capital assets with limited life are recorded as deferred capital contributions when received, and when expended, are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

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

Contributions restricted to the acquisition of land and permanent collections are recorded as deferred contributions when received, and when expended, are recognized as direct increases in investment in capital assets and collections.

c) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at cost.

d) Investments

Investments are initially recorded at their acquisition cost and are subsequently re-measured to fair value at each reporting date. Valuations of publicly traded securities are based on quoted market bid prices at the close of business on the statement of financial position date. For securities where market quotes are not available, estimation techniques are used to determine fair value. Estimation techniques used include discounted cash flows, internal models that utilize observable market data or comparisons with other securities that are substantially the same. Changes in market values from one period to the next are included in the investment income (loss) for the period (Note 16).

e) Capital Assets and Collections

Capital assets purchased are recorded at cost. In-kind contributions are recorded at fair market value when a fair value can be reasonably determined.

Capital assets, once placed into service, are amortized on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are as follows:

Land improvements	10-25 years	Computer equipment	3-5 years
Buildings – Exterior	40 years	Electrical equipment	20 years
Buildings – Interior	20 years	Software	3-5 years
Leasehold improvements	15 years	Vehicles	6 years
Furnishings and equipment	5-10 years	Learning resources	10 years

Permanent collections are not amortized and consist of works of art.

f) Pension and Other Employee Future Benefit Plans

The University participates in the Universities Academic Pension Plan and the Public Service Pension Plan. These pension plans are multi-employer defined benefit plans that provide pensions for the University's participating employees based on years of service and earnings. Defined contribution plan accounting is applied to these pension plans as the University has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates that are expected to provide for benefits.

The actuarial determination of the accrued benefit obligations for other employee future benefits uses either the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors) or the accumulated benefit method where future salary levels or cost escalations do not affect the amount of employee future benefits.

Actuarial gains (losses) arise from experience different from that assumed or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service of the active employees covered by the non-pension employee future benefit plans ranges from one to seven years.

g) Contributed Services

Volunteers and University staff contribute services each year to assist the University in achieving its mandate. The financial statements do not record the value of these services.

h) Asset Retirement Obligation

The discounted present value of a liability for an asset retirement obligation is recognized in the period incurred if a reasonable estimate of fair value can be made.

Upon initial recognition of an asset retirement obligation, the same amount is recognized as an increase in the carrying amount of the related asset. The asset retirement cost is allocated to expense over its estimated useful life or as the cost of retiring the asset is incurred, if applicable.

i) Financial Instruments

On April 1, 2007, the University adopted retrospectively without restatement the provisions of CICA handbook section 3855 “Financial Instruments, Recognition and Measurement” and section 3861 “Financial Instruments – Disclosure and Presentation”.

This new standard requires the University to revalue certain financial assets and liabilities, including derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent report date.

The new standard also requires the University to classify financial assets and liabilities according to their characteristics. Classification choices for financial assets include:

- a) held for trading (HFT) – measured at fair value with changes in fair value recorded immediately in the statement of operations;
- b) held to maturity (HTM) – recorded at amortized cost with gains and losses recognized in the statement of operations when the asset is derecognized;
- c) available for sale (AFS) – measured at fair value with changes in fair value recorded separately in net assets until asset is derecognized; and
- d) loans and receivables – recorded at amortized cost with gains and losses recognized in statement of operations when the asset is derecognized.

Classification choices for financial liabilities include:

- a) held for trading (HFT) – measured at fair value with changes in fair value recorded immediately in the statement of operations;
- b) other liabilities – recorded at amortized cost with gains and losses recognized in statement of operations when the liability is derecognized.

In accordance with the new standard, the University’s financial assets and liabilities are classified and measured as follows:

F/S Components	Classification	Measurement
Cash and cash equivalents	HFT	Fair Value
Investments	HFT	Fair Value
Accounts receivable	Loans and Receivables	Amortized cost
Other long-term assets	Loans and Receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost
Long-term liabilities	Other liabilities	Amortized cost

Other balance sheet accounts such as inventories, prepaid expenses, capital assets and collections, deferred revenue, deferred contributions - research and other, deferred capital contributions, unamortized deferred capital contributions, and all the components of net assets have not been classified as they are not within the scope of the new accounting standards.

The University’s financial instruments are recognized on their trade date and fair values have been recorded for all assets in transit. Transaction costs related to all financial instruments are expensed as incurred.

The University does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. As permitted for Not-for-Profit Organizations under the standard, the University has elected to not apply the standards on non-financial contracts or derivatives embedded in non-financial contracts, leases and insurance contracts.

Note 3 Accounting Policy Developments

a) Effects of measurement from adopting Section 3855

The new standards were applied retrospectively without restatement of prior periods. The transitional impact of the new standards on relevant items in the University's opening Statement of Financial Position on April 1, 2007 is an increase in Investments of \$15,045, an increase in Endowment Net Assets of \$5,260 and an increase in Unrestricted Net Assets of \$9,785.

Investments have been recorded at fair market value. These financial instruments were revalued based on known market prices at April 1, 2007.

b) Effects of disclosure from adopting Section 3861

Financial statements are exposed to risk through the normal course of operations. These risks are managed through the University's collection procedures, investment guidelines and other internal policies, guidelines and procedures. These risks include:

Market Risk

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

Liquidity Risks

The University maintains a short-term line of credit with the Bank of Montreal that is designed to ensure sufficient available funds to meet current and forecasted financial requirements as cost effectively as possible. As at March 31, 2008 the University had committed borrowing facilities of \$5 million, none of which had been drawn.

Credit Risk

The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies and corporate sponsors. Credit risk from tuition is managed through restricting enrollment activities for students with delinquent balances and maintaining standard collection procedures.

Interest Rate Risk

Interest rate risk is the risk to the University's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates.

Commodity Price Risk

The University is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the institution's facilities. To mitigate these risks, the University has entered into a five year fixed price electricity contract that commenced January 1, 2006.

c) Future changes in accounting policies

The CICA issued four new accounting standards:

Section 1535, Capital Disclosures -establishes disclosure requirements about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate objectives, policies and processes for managing capital.

Section 3862, Financial Instruments-Disclosures and Section 3863, Financial Instruments-Presentation - replace section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new sections will place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The mandatory effective date is for annual and interim periods in fiscal years beginning on or after October 1, 2007. The University will begin application of these sections effective April 1, 2008.

Section 3031, Inventories – establishes measurement, cost and disclosure requirements about for an entities inventory. The purpose will be to provide more extensive guidelines on allocating overheads and other costs to inventory, streamlining with international standards, and enhance disclosures in the financial statements. The University will begin application of this section effective April 1, 2008, as applicable.

Note 4 Cash and Short-term Investments

Cash and short-term investments are invested in high quality Canadian money market instruments. The carrying value of cash and short-term investments approximate fair value.

	2008 Cost	Effective Yield	2007 Cost	Effective Yield
Cash and cash equivalents	\$ 26,035	6.03%	\$ 17,278	3.95%
Treasury bills	-	-	16,032	4.20%
Bonds	-	-	1,668	4.30%
	<u>\$ 26,035</u>		<u>\$ 34,978</u>	

Short-term investments are held on average for less than one year and bonds are held on average less than two years.

Bond investments must have a rating of BBB-plus or better and the short-term portfolio must be rated at least R-1, mid (or equivalent) as per the Dominion Bond Rating Service.

Note 5 Investments

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the short-term. The primary objective of this portfolio is a rate of return that, in real terms, exceeds the endowment spending allocation at an acceptable risk level.

	2008		2007		
	Annual Market Yield	Market Value	Annual Market Yield	Book Value	Market Value
Cash and cash equivalents	3.74%	\$ 22,463	3.98%	\$ 12,053	\$ 12,050
Bonds	4.32%	31,839	4.40%	21,965	22,556
Canadian equity	-0.20%	36,999	13.80%	14,079	24,709
Foreign equity	-12.70%	25,269	19.90%	21,358	25,184
Other investments		135		725	725
		<u>\$ 116,705</u>		<u>\$ 70,180</u>	<u>\$ 85,224</u>

Bond investments must have a rating of BBB-plus or better and the short-term portfolio must be rated at least R-1, mid (or equivalent) as per the Dominion Bond Rating Service.

Cash and cash equivalents are held for less than one year and government and corporate bonds currently hold terms to maturity ranging from less than 1 year to more than 39 years.

Note 6 Interest in Joint Venture

The University has a one-third joint venture interest in Campus Alberta Applied Psychology: Counselling Initiative. Three Alberta universities formed the joint venture to develop and deliver a Collaborative Alberta Graduate Counselling Program. On January 1, 2008 the terms of this relationship were substantively modified and a new decentralized administrative and operational structure was established. The joint venture was terminated and the equity was distributed on January 1, 2008.

The University's equity in the accumulated earnings of the joint venture at March 31, 2007 of \$597 is included in Other Investments (Note 5).

At March 31, 2008 the University's share of the joint venture's assets and liabilities are:

	2008	2007
Current assets	\$ -	\$ 647
Capital assets	-	2
	<u>\$ -</u>	<u>\$ 649</u>
Current liabilities	\$ -	\$ 50
Unamortized deferred capital contributions	-	1
Investment in capital assets	-	1
	<u>-</u>	<u>52</u>
Joint venture interest		
Opening balance	597	316
Net Distribution	(708)	(101)
Excess of revenue over expense	111	382
	<u>-</u>	<u>597</u>
	<u>\$ -</u>	<u>\$ 649</u>

Note 7 Pledges Receivable

	2008	2007
1st Choice Savings and Credit Union Ltd.	\$ 2,100	\$ 2,250
University of Lethbridge students	2,317	2,500
	<u>4,417</u>	<u>4,750</u>
Discount to present value	(889)	(992)
Current portion included in accounts receivable	(350)	(400)
	<u>\$ 3,178</u>	<u>\$ 3,358</u>

The 1st Choice Savings and Credit Union Ltd. is the naming sponsor for the 1st Choice Savings Centre for Sport and Wellness and is contributing a total of \$2,250 over a 15-year period. University of Lethbridge students are contributing \$2,500 towards the construction of the 1st Choice Savings Centre for Sport and Wellness, to be collected over a period of approximately 11 years. These contributions have been discounted to their present value using market interest rates. The revenue from these contributions will be recognized in the financial statements as the building is amortized. The discount on the contributions will be recognized in future years as interest income.

In addition to the pledges above, there is \$4,186 (2007 - \$4,340) for capital projects and scholarships that have not been recorded in the financial statements.

Note 8 Capital Assets and Collections

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings and land improvements	\$ 254,360	\$ 79,747	\$ 174,613	\$ 224,351	\$ 73,359	\$ 150,992
Equipment and furnishings	57,230	43,561	13,669	54,880	41,362	13,518
Library materials	28,573	20,071	8,502	27,008	18,794	8,214
Capital assets subject to amortization	340,163	143,379	196,784	306,239	133,515	172,724
Land	913		913	638		638
	341,076	\$ 143,379	197,697	306,877	\$ 133,515	173,362
Permanent collections	33,623		33,623	33,493		33,493
Capital assets and collections	\$ 374,699		\$ 231,320	\$ 340,370		\$ 206,855

Included in buildings and land improvements is \$17,743 (2007 - \$9,310) recorded as construction in progress, which is not amortized as the assets are not yet available for use.

Assets under capital leases are included in buildings and land improvements in the amount of \$996 and land in the amount of \$275.

Acquisitions during the year included in-kind contributions (such as learning resources and equipment) in the amount of \$376 (2007 - \$725).

Note 9 Employee Benefit Liabilities

	2008	2007
Vacation and overtime pay	\$ 3,439	\$ 3,128
Maternity and parental leaves	129	111
Other payroll liabilities	152	134
Early retirement benefit plans	250	343
Senior administrative leaves	5,576	5,064
Supplementary benefit plan	1,490	1,199
Long-term disability benefits	481	471
	11,517	10,450
Less current portion	(4,499)	(4,107)
	\$ 7,018	\$ 6,343

Note 10 Pension and Other Employee Future Benefit Plans

The University has a number of defined benefit plans that provide pension, other retirement and post-employment benefits to most of its employees. These include the Early Retirement Plan, the Senior Administrative Leave Plan, Long-Term Disability Plans and pension plans. In addition, the University provides a supplementary benefit plan to some employees, which is accounted for as a defined contribution plan.

The Early Retirement Plan pays a fixed amount annually based on the salary and benefits in effect for each member at the date of retirement. This plan is closed to new members and no future service benefits are being accrued.

The Senior Administrative Leave Plan provides for certain senior administrators to accrue an entitlement to a leave of absence, for the purpose of professional development, at the end of their service in an administrative position. Upon leaving the post, the member's salary and benefits in effect at the end of the service are paid for the duration of the leave and are indexed at a rate determined by the University.

The Long-Term Disability Plans provide pension and non-pension benefits after employment, but before retirement. The University pays for the non-insured portion of the disability benefits.

The Supplementary Benefit Plan provides a termination benefit to certain employees over and above the benefits provided by the Universities Academic Pension Plan. The University contributes annually to the Supplementary Benefit Plan based on the employee's salary. Each employee's account is also adjusted annually by the realized rate of return on the University's long-term investments.

Total cash payments for employee future benefits for 2008, consisting of cash payments directly to beneficiaries for unfunded benefit plans and cash contributed to its multi-employer defined benefit plans, were \$7,279 (2007 - \$6,794).

a) Benefit Plans

The University measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the employee future benefit plans was performed as of March 31, 2008.

The benefit plan obligations are as follows:

	2008				2007			
	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan
Accrued benefit obligation:								
Balance, beginning of year	\$ 1,199	\$ 343	\$ 5,064	\$ 676	\$ 921	\$ 560	\$ 4,839	\$ 588
Current service cost	272	-	827	63	238	-	793	61
Past service cost	-	-	-	-	20	-	-	-
Interest cost	54	13	253	31	48	16	189	21
Benefits paid	(35)	(108)	(518)	(117)	(28)	(229)	(489)	(97)
Actuarial loss (gain)	-	2	(50)	7	-	(4)	(268)	103
Balance, end of year	1,490	250	5,576	660	1,199	343	5,064	676
Plan assets	-	-	-	-	-	-	-	-
Funded status - plan deficit	1,490	250	5,576	660	1,199	343	5,064	676
Unamortized net actuarial gain (loss)	-	-	-	(179)	-	-	-	(205)
Accrued benefit liability	\$ 1,490	\$ 250	\$ 5,576	\$ 481	\$ 1,199	\$ 343	\$ 5,064	\$ 471

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations are as follows:

	2008				2007			
	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan
Discount rate	n/a	5.25%	5.25%	5.25%	n/a	4.50%	4.50%	4.50%
Rate of compensation increase	n/a	n/a	6.00%	5.00%	n/a	n/a	6.00%	5.00%
Assumed benefit cost trend rates:								
Pension contributions	n/a	n/a	n/a	5.00%	n/a	n/a	n/a	5.00%
Benefits	n/a	n/a	4.50%	4.50%	n/a	4.50%	4.50%	4.50%
Average remaining service period of active employees	7 years	2 year	5 years	4 years	7 years	1 years	5 years	4 years

b) Pension plans

At December 31, 2007, the UAPP reported an actuarial deficiency of \$535,843 (2006 - \$409,128) consisting of a pre-1992 deficiency of \$501,300 and a post-1991 deficiency of \$34,543. An actuarial valuation of the UAPP was carried out as at December 31, 2006, and was then extrapolated to December 31, 2007. The unfunded liability for service prior to January 1, 1992, is financed by additional contributions of 1.25% (2006 - 1.25%) of salaries by the Province of Alberta. Employees and employers equally share the balance of the contributions of 2.28% (2006 - 2.28%) of salaries required to eliminate the unfunded liability by December 31, 2043. The actuarial evaluation shows that the present value at December 31, 2006, of the Province of Alberta's obligation for the future additional contributions was \$213,900. The unfunded liability for service after December 31, 1991, is financed by special payments of 2.64% (2006 - 2.64%) of salaries shared equally between employees and employers until December 31, 2017. The special payments will decrease to 1.38% of pensionable earnings on January 1, 2018, and continue until December 31, 2019. At March 31, 2008, the University's share of total payroll, upon which contributions are based, was 8.8%.

Changes are being contemplated for the UAPP which may substantially alter the underlying assumptions used to estimate the plan's actuarial deficiency or surplus. The outcome of

these changes is unknown at this time; however they could have a material effect on the University's future financial statements.

Under GAPP, the UAPP and the University are required to report pension related matters in accordance with the recommendations of different CICA handbook sections. The UAPP actuarial funding deficiency of \$535,843 is reported under CICA 4100: Pension Plans. The University has used the best information available to estimate the unfunded deficiency under defined benefit pension accounting recommendations in CICA 3461: Employee Future Benefits. The estimated unfunded deficiency calculated using the CICA 3461 methodology is approximately \$975 million for the entire UAPP, as extrapolated to March 31, 2008. The University estimated its share of this deficiency by prorating the total employers' share by the University's percentage of the total payroll costs of the plan. The University's estimated share of the unfunded UAPP deficiency under CICA 3461, given significant measurement uncertainty in the methodology and assumptions used, is approximately \$32 million.

Note 11 Deferred Contributions

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

	2008			2007
	Capital	Research and Other	Total	Total
Balance, beginning of year	\$ 20,625	\$ 11,574	\$ 32,199	\$ 21,354
Grants and donations received	46,329	19,688	66,017	38,073
Investment income on deferred capital funds	962	-	962	24
Recognized as revenue (loss)	40	(11,600)	(11,560)	(10,910)
Transfer to endowments	-	(1,184)	(1,184)	(1,519)
Non-amortizable collection additions	(4)	-	(4)	(38)
Transferred to unamortized deferred capital contributions (Note 13)	(23,290)	(2,893)	(26,183)	(14,784)
Balance, end of year	44,662	15,585	60,247	32,200
Less amounts included in current liabilities	-	(13,824)	(13,824)	(11,001)
	\$ 44,662	\$ 1,761	\$ 46,423	\$ 21,199

Note 12 Long-Term Obligations

	Rate of Interest	Original Advance	Amount Outstanding	
			2008	2007
Alberta Capital Finance Authority debenture for student residences, due April 15, 2023	6%	\$ 4,000	\$ 3,524	\$ 3,654
Asset retirement obligation			1,382	1,085
Capital lease			483	-
			5,389	4,739
Current portion			(818)	(430)
			\$ 4,571	\$ 4,309

Debenture principal and interest repayments are as follows:

	Principal	Interest	Total
2009	\$ 137	\$ 212	\$ 349
2010	146	203	349
2011	154	195	349
2012	164	185	349
2013	173	176	349
2014 to maturity	2,750	1,086	3,836
	<u>\$ 3,524</u>	<u>\$ 2,057</u>	<u>\$ 5,581</u>

The debenture is secured by cash flows generated from the Residence Park, Aperture Park and University Hall residences. Interest on the debenture of \$212 was charged to expense in fiscal 2008 (2007 - \$220).

The asset retirement obligation represents the estimated present value of the legal obligation associated with the removal of asbestos from University Hall.

Reconciliation of the asset retirement obligation:

March 31, 2007 beginning balance	\$ 1,085
Liabilities settled during the period	(290)
Accretion expense	35
Increase to estimated cash flows	552
March 31, 2008 ending balance	<u>\$ 1,382</u>

Estimating the liability requires judgment by University administration related to the amount of work required to remove the asbestos, the cost of the work and inflationary increases over the term of the obligation. Costs are expected to be incurred over the next four fiscal years, with an undiscounted value of approximately \$1.5 million. The credit-adjusted risk-free rate used for discounting the liability was 3.2%.

The asset retirement obligation will reduce as the asbestos is removed from the building and amortized through the statement of operations. Further costs of removing asbestos cannot be reasonably estimated at this time, but will be recorded in the period in which there is sufficient information to estimate fair value.

Note 13 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the unamortized grants and donations received to fund capital acquisitions. The amortization of unamortized deferred capital contributions is recorded as revenue in the statement of operations. The changes in the unamortized deferred capital contributions balance are as follows:

	2008	2007
Balance, beginning of year	\$ 99,616	\$ 91,103
Additions from deferred contributions (Note 11)	26,183	14,784
Amortization to revenue	(6,284)	(6,271)
Balance, end of the year	<u>\$ 119,515</u>	<u>\$ 99,616</u>

Note 14 Endowments

Endowments consist of:

- Internal allocations by the Board of Governors (internally restricted).
- Restricted donations to the University - the principal must be maintained intact in perpetuity (externally restricted).

The investment income earned on internally restricted endowments is used to fund scholarship endowments as directed by Board of Governors resolutions. The purpose of the internally restricted endowments cannot be changed without approval of the Board of Governors.

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

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

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

If, in any year, the investment income earned on endowments is insufficient to fund the spending allocation, the spending allocation is funded from the cumulative capitalized income. However, for individual endowment funds without sufficient cumulative capitalized income, endowment principal is used in that year. This amount is expected to be recovered by future investment income.

	2008			2007		
	Externally restricted	Internally restricted	Total	Externally restricted	Internally restricted	Total
Cumulative contributions	20,025	2,672	22,697	18,810	1,342	20,152
Cumulative capitalized earnings	9,026	451	9,477	4,031	354	4,385
	<u>\$ 29,051</u>	<u>\$ 3,123</u>	<u>\$ 32,174</u>	<u>\$ 22,841</u>	<u>\$ 1,696</u>	<u>\$ 24,537</u>

As a result of an accounting policy change, the University has capitalized unrealized gains of \$5,260.

During the 2008 year, the investment loss on externally restricted endowments of \$266 was charged to endowment funds and \$313 was transferred from endowments to Unrestricted Net Assets to fund approved net endowment spending. During the 2007 year, the University capitalized \$1,842 of income related to externally restricted endowments.

The Board of Governors approved the permanent endowment of the Graduate Studies Fellowship and John Gill Memorial and transferred \$1,342(2007- \$0) from unrestricted net assets to externally restricted endowments.

Note 15 Internally Restricted Net Assets

Internally restricted net assets represent amounts set aside by the Board of Governors for specific needs such as one-time expenditures for increasing efficiency, reducing costs, construction or providing for contingencies.

	2008	2007
OPERATING		
Staff training and development	\$ -	\$ 27
Academic development	49	238
Campus planning studies	55	160
Utilities contingency - rate increases	55	55
Program development	88	295
	<u>247</u>	<u>775</u>
CAPITAL		
Capital replacement - Ancillary Services	3,207	3,165
Housing Services - residences	447	698
Buildings, plant, capital equipment ⁽¹⁾	8,513	12,347
Site and utilities	73	72
Utility conservation	157	275
Self insurance	208	232
Parking	447	97
Service vehicles and equipment	36	97
	<u>13,088</u>	<u>16,983</u>
	<u>\$ 13,335</u>	<u>\$ 17,758</u>

⁽¹⁾ The Board of Governors set aside \$8,483 for funding of capital projects in 2008 (2007 - \$10,700).

Note 16 Investment Income

	2008	2007
Income on investments held for endowments		
Externally restricted	\$ (266)	\$ 862
Internally restricted	97	84
	<u>(169)</u>	<u>946</u>
Income (loss) from other investments	(18)	5,884
Total investment income (loss)	<u>(187)</u>	<u>6,830</u>
Amounts allocated to deferred contributions	(1,291)	(88)
Income capitalized to endowment principal	266	(477)
Total investment income recognized as revenue	<u>\$ (1,212)</u>	<u>\$ 6,265</u>
Realized investment income	\$ 8,950	\$ 6,830
Unrealized loss	(9,136)	-
Total investment income	<u>(186)</u>	<u>6,830</u>
Amounts allocated to deferred contributions	(1,291)	(88)
Income capitalized to endowment principal	675	(477)
Total investment income recognized as revenue	<u>\$ (802)</u>	<u>\$ 6,265</u>

The accounting policy change made during 2008 for Financial Instruments resulted in a change in the values attributed to investment earnings. Realized earnings of \$8,950 have been offset by unrealized losses of \$9,136, netting to a total investment loss of \$186 in 2008.

Note 17 Salaries and Employee Benefits

A Treasury Board Directive under the Financial Administration Act of the Province of Alberta requires the disclosure of certain salary and employee benefit information.

	2008				Restated 2007 ⁽⁷⁾
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chairman of Board ⁽⁴⁾	\$ -	\$ -		\$ -	\$ -
Board Members ⁽⁴⁾				-	-
President	315	30	89	434	408
Executive/Vice Presidents					
Vice President (Academic) ⁽⁵⁾	227	12	71	310	319
Vice President (Finance & Administration)	236	-	46	282	249
Vice President (Research)	194	-	34	228	211
Vice President (University Advancement)	155	-	39	194	168
Administrative leave benefit ⁽⁸⁾					
President				81	63
Vice President (Academic)				101	71
Vice President (Finance & Administration)				64	24
Vice President (Research)				67	39
Vice President (University Advancement) ⁽⁹⁾				-	-

⁽¹⁾ Salary includes pensionable base pays.

⁽²⁾ Housing allowance.

⁽³⁾ Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, extended health benefits, group life insurance, long-term disability plans, professional memberships, supplementary benefit plan (as per note 6 below) and professional supplement allowance.

⁽⁴⁾ The Chairman and members of the Board of Governors receive no remuneration for participation on the Board.

⁽⁵⁾ Two individuals held the position in the current year.

⁽⁶⁾ Under the terms of the supplementary benefit plan (SBP), certain senior executive officers will receive supplemental retirement payments. The costs 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 a payment at termination of employment with the University. The SBP is a defined contribution plan. The University contributes annually to the SBP based on the employee's salary and this benefit earns interest at the annual realized rate of return on the University's long-term investments. The interest accrued on benefit obligations is equal to the realized earnings rate on the University's long-term investments of 4.18% in 2008 (2007 – 4.71%).

SUPPLEMENTARY BENEFIT PROGRAM

	2008			2007
	Current Service Cost	Interest Accrued	Total	Total
Chairman of Board	\$ -	\$ -	\$ -	\$ -
President	48	9	57	53
Executive/Vice Presidents				
Vice President (Academic)	11	2	13	25
Vice President (Finance & Administration)	12	2	14	11
Vice President (Research)	7	1	8	7
Vice President (University Advancement)	3	-	3	2

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

	Accrued obligation	Changes in	Accrued obligation
	March 31, 2007	accrued obligation	March 31, 2008
Chairman of Board	\$ -	\$ -	\$ -
President	184	57	241
Executive/Vice Presidents			
Vice President (Academic)	144	(133)	11
Vice President (Finance & Administration)	48	14	62
Vice President (Research)	28	9	37
Vice President (University Advancement)	3	4	7

⁽⁷⁾ The 2007 comparatives have been restated due to an error in summarizing other non-cash benefit information for note disclosure purposes and caused balances to be overstated.

⁽⁸⁾ Administrative leaves are accrued for certain executive officers at a rate of one month for every five months served. If the leave is granted, all salaries and benefits excluding any housing allowances are paid on a monthly basis over the duration of the leave. Cash payments in lieu of administrative leave are not permitted, nor is it possible under Board policy to work for another institution or organization while on leave. Normally, administrative leave is taken immediately after leaving office. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on service, a discount rate based on market interest rates and management's best estimates of salary and benefit increases to the assumed retirement or termination date. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. The amounts shown include current and prior service costs.

⁽⁹⁾ The position does not accrue administrative leave.

Note 18 Change in Non-Cash Working Capital

	2008	2007
Accounts receivable	\$ (8,430)	\$ (2,350)
Inventories	(71)	(15)
Prepaid expenses	(238)	(122)
Accounts payable and accrued liabilities	(1,222)	855
Employee benefit liabilities	392	(549)
Deferred revenue	(68)	434
Deferred contributions	2,823	4,327
Increase (decrease) in non-cash working capital	\$ (6,814)	\$ 2,580

Note 19 Related Party Transactions

The University of Lethbridge is a Provincial Corporation as all members of the Board of Governors are appointed either by statute or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Transactions between the University and the Province of Alberta are disclosed as follows:

	2008	Restated 2007
Advanced Education and Technology	\$ 127,276	\$ 92,456
Alberta Tourism, Parks, Recreation and Culture	2,000	-
Alberta Heritage Foundation for Medical Research	531	590
Alberta Education	420	555
Alberta Gaming	305	410
Alberta Cancer Board	290	320
Other	391	327
Total contributions received	131,213	94,658
Less: Deferred contributions	(44,782)	(17,116)
Revenue from provincial government	\$ 86,431	\$ 77,542

Restricted grants are recognized as revenue in the period in which the related expenses are incurred.

The University of Lethbridge has accounts receivable from the Province of Alberta of \$4,765 (2007 - \$2,839).

In 2007 and 2008 the University participated in offering certain courses with other public colleges, universities and institutes. The revenues and expenses incurred for these courses have been included in the statement of operations but have not been separately disclosed.

The University owns 90% of the common shares in Alberta Terrestrial Imaging Corp. (ATIC), a company formed in June 2005 to provide satellite imagery to Canadian academic markets. The University has one-third of the voting control of ATIC and accounts for its investment in the company using the equity method. At March 31, 2008 the University had a loan receivable from ATIC of \$968 (2007 - \$533) resulting from paying certain operating expenses on ATIC's behalf. These amounts are included in the University's statement of financial position as accounts receivable.

Note 20 Scholarships and Bursaries

In addition to the amount recognized, scholarships and bursaries totaling \$2,437 (2007 - \$2,122) were awarded to 1,756 (2007 - 1,577) University of Lethbridge students through the Alberta Scholarship Program. These amounts are not included in the financial statements.

Note 21 Commitments and Contingencies

- a) The University, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Administration has concluded that none of the claims meet the criteria for being recorded under GAAP.
- b) The University is one of fifty-six members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2007 CURIE had a surplus of \$16,825 (2006 - \$16,507). This surplus is an accumulation of four different underwriting periods. The University participates in three of these underwriting periods, which have an accumulated surplus of \$13,737 as of December 31, 2007 (2006 - \$13,517). The University held a 1.04% share in CURIE at December 31, 2007 and this is not recorded in the financial statements.
- c) The University leases teaching facilities in Edmonton and Calgary. In fiscal 2008 basic rent on the property in Edmonton totaled \$146 (2007 - \$90), and occupancy costs were \$181 (2007 - \$130). A renewable five-year lease on this property began July 1, 2007. The new

lease includes a 46% increase in the amount of space rented due to expansion requirements. Under the new lease, annual basic rent will start at \$122 and increase by 3% each year thereafter, and occupancy costs will start at \$180 and increase at a rate of 5% per year. The lease in Calgary is negotiated each year. In fiscal 2008 the lease costs on facilities in Calgary totalled \$110 (2007 - \$101). Lease costs are expected to increase to \$165 in fiscal 2009 due to rising rental costs and additional space requirements.

- d) In order to manage its exposure to the volatility in the electrical industry, the University has entered into two contracts to fix its electrical cost at an average of \$.055 per KWh, one of which expires on December 31, 2010 and the other on May 31, 2016. The total cost of electrical power for the year ending March 31, 2009 is expected to be \$1,597. The cost of electricity included in these statements for fiscal 2008 is \$1,890 (2007 - \$1,569).
- e) As at March 31, 2008, the University had contractual commitments payable in subsequent years that total \$13,479 (2007 - \$12,064) related to various capital projects. The most significant of these commitments are for the Alberta Water and Environmental Science building (\$7,647), the Stadium and Sports Field Complex (\$2,998), and the Markin Hall for Health Sciences and Management (\$1,878). These commitments are not recorded in the financial statements.
- f) Under agreements and/or contracts with a number of employee groups, the University provides Professional Supplement funds for activities related to teaching, research, professional development or general University-related duties. At March 31, 2008 approximately \$1,433 (2007 - \$1,211) of such allowances is committed for expenses not yet incurred.
- g) The University of Lethbridge has entered into a 10 year lease commencing February 26, 2003 of public land for the purpose of conducting research. The terms of the agreement obligate the University to reclaim all disturbed land surfaces to their original state within two growing seasons. The full impact and associated costs cannot be reasonably estimated at this time.

Note 22 Deferred Maintenance

Deferred maintenance on University facilities is estimated at \$118,846 based on a facility condition audit completed by the University in 2007. Advanced Education and Technology provided \$25,915 in capital grants to address deferred maintenance projects and the unexpended revenue to date is \$23,174. A liability for deferred maintenance is not included in these financial statements.

Note 23 Comparative Figures

Certain 2007 figures have been reclassified to conform to 2008 financial statement presentation.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Board of Governors following the recommendation of the Audit Committee.