

University of
Lethbridge



2002 – 2003 Annual Report to Alberta Learning



For the period April 1, 2002 to March 31, 2003



The University of Lethbridge 2002 – 2003 Annual Report to Alberta Learning

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Accountability Statement

The University of Lethbridge Annual Report for the year ended March 31, 2003 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.

A handwritten signature in black ink, appearing to read 'T. Royer', written over a horizontal line.

Terrance E. Royer, Chair, Board of Governors

Date: January 30, 2004

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1. Summary

- ▶ There were four major **opportunities** for The University of Lethbridge in 2002-03:
 - (1) Expanding the institution's position as one of the leading smaller research institutions in Canada.
 - (2) Maintaining and growing the U of L's leadership in the effective use of technology to support learning.
 - (3) Establishing provincial and national leadership in involving First Nations people in the University community.
 - (4) Capitalizing on the opportunities offered by enrolment growth, which include: new or expanded programs; improved attraction and retention of faculty and students; infusion of new talent and ideas; increased reputation and profile; an increase in research, scholarship and creativity; an enhancement of graduate studies; and a growth in the University's contributions to the community.

- ▶ The U of L faced six major **challenges** in 2002-03:
 - (1) Pressure on resources from enrolment growth.
 - (2) Increasing competition for students among post-secondary institutions in Canada.
 - (3) A significant drain on resources from the indirect costs of research.
 - (4) The ongoing challenge to excel in faculty attraction and retention.
 - (5) An urgent and ongoing need for teaching, laboratory, and general campus space.
 - (6) Maintaining the high level of student satisfaction with technology on campus, given the cost and effort required to stay at the forefront of technology.

- ▶ The University of Lethbridge made some significant progress on each of the six **goals** in its 2002-2006 Business Plan:
 - (1) **Accessibility**—enrolment grew, collaborations with institutions in Alberta, Canada and around the world expanded, and international student enrolment rose.
 - (2) **Academic Excellence**—the commitment to liberal education was continued, excellent faculty were recruited (attracted in part by competitive salaries), and faculties and schools continued their systematic review of the quality of their programs.
 - (3) **Research Excellence**—the value of research grants to the U of L increased by 10%.
 - (4) **Community and Public Relations**—the U of L continued to offer educational, recreational, and fine arts programs to the community, to reimagine its web site as a key communications tool, and to build relationships with government, community, and alumni.
 - (5) **Student Services**—students had exceptional access to information technology and resources, co-operative education programs provided exceptional work experience opportunities, and the U of L continued to include questions related to student services in its surveys of graduates so that efforts to improve these services will be guided appropriately.
 - (6) **Facilities and Equipment Renewal**—the Global Television Multimedia Centre opened, construction began on new student residences, and various capital projects to address essential infrastructure and building renewal needs were initiated or completed.

(7) **Operate Responsively and Responsibly**—the successful three-year rolling budget model allowed the U of L to respond effectively to budget scenarios, University Advancement persisted in meeting its fundraising objectives, and a national survey of the public accountability of Canadian universities ranked the U of L in tenth place across Canada.

▶ The U of L also made notable progress in relation to its eight **performance measures**:

- (1) **Enrolment** rose 3.5% over fall 2001.
- (2) **Graduate satisfaction** with U of L education was 89%, an increase of 3% over the 2000 results.
- (3) **Graduate participation** in the workforce (97%) and **graduate employment** (95%) both remained high.
- (4) A measure of administration efficiency, **administration expenditures as a percentage of total expenditures less ancillary expenditures** was 7.9%, which is the lowest for the past five years.
- (5) For the **citation index**, the number of times U of L research studies were referenced in publications rose 19% over the previous reporting period, and the average number of times a U of L publication was cited (citation impact) increased by 7%.
- (6) **Research intensity** (value of sponsored research divided by the value of provincial operating grants) rose from 10.7% in 1998-2001 to 14.5% in 1999-2002.
- (7) A measure of how well the U of L attracts research money from industry and the community, **research impact** increased by 3.4%.
- (8) For **research council grants**, average NSERC funding increased 9.3% over the previous reporting period, SSHRC funding rose 12.6%, and CIHR funding grew by 7.4%

▶ There were two major expansions and revisions to **academic programs**: (1) a doubling in the number of seats in the Bachelor of Fine Arts (Multimedia) program due to overwhelming demand; and (2) in collaboration with Lethbridge Community College, significant changes to a nursing education program, which is renamed as the NES-A-BN program (NES-A = Nursing Education in Southwestern Alberta).

▶ The U of L's **research programs** continued to grow strong. Significant grants included: \$1.7M from Fluxnet-Canada; \$1.25 M from the National Institute of Mental Health; \$520,000 from the Alberta Science and Research Investments Program; \$285,000 from the Alberta Gaming Research Institute; and a \$200,000 Ingenuity Establishment Grant. And to assist researchers with patent development, copyright protection and other technology development and commercialization activities, the U of L established a technology transfer office that will be administered by the Office of Research Services.

▶ Faculty won or were shortlisted for several major **awards** in 2002-03. Researchers in Geography and Education won Best Educational Production at the 28th Alberta Motion Picture Industry Association awards for the *Global Change* series. Political Scientist Geoffrey Hale's book *The Politics of Taxation in Canada* was shortlisted for the Donner Prize. Native American Studies professor Leroy Little Bear won a National Aboriginal Achievement Award for Education. And Michael Campbell, assistant professor in the Department of Art, won first place in the national Nature as Capital video competition.

- ▶ In **governance and administration** there were four new faces. Shirley DeBow, a community volunteer and former social worker and educator, was elected the 10th Chancellor of The University of Lethbridge. Dr. John Usher became the new Dean of the Faculty of Management, joining the U of L from Memorial University in Newfoundland. Lynn Basford, a nurse, administrator and educator from the UK, was appointed as the new Dean of the School of Health Sciences. And from South Africa, Dr. Marinus Swanepoel joined The University of Lethbridge as the institution's new Librarian.
- ▶ Campus **technology** saw two important developments: (1) the Canadian Foundation for Innovation gave the U of L about \$800,000 for purchasing advanced computer equipment to support its involvement in research computing grid WestGrid; and (2) the opening of a multi-user Nuclear Magnetic Resonance facility.
- ▶ There were four significant changes in the 2002-03 **financial statements**:
 - (1) A \$5M increase in grant revenue.
 - (2) Retirement of the \$9.9M debt on the Library Information Network Centre.
 - (3) Completion of the reconstruction of the former library space in University Hall.
 - (4) A \$3M increase in tuition and related fees due to an enrolment increase and a new student administration fee.
- ▶ The **economic impact** of the U of L in 2002-03 is more than double that of 1992-93. The institution generates 1,700 jobs and injects \$134M into the local economy.
- ▶ The three largest sources of **revenue** are: (1) grants (52%); (2) tuition and related fees (26%); and (3) sales of products and services (9%).
The three biggest classes of **expenses** are: (1) salaries and benefits (62%); (2) supplies and services (15%); and (3) amortization (11%).
- ▶ The **scholarships and bursaries** awarded in 2002-03 amounted to \$2.4M, an increase over the \$2.2M awarded in 2001-02.
- ▶ **Endowment balances** increased 5% over the prior year.
- ▶ In the 2002 **Maclean's Magazine** ranking of Canadian universities, The University of Lethbridge scored nine top-ten placements, and maintained or increased its position in over half of the categories. Overall, the U of L dropped five places in the rankings due mainly to two factors. First, changes in the Alberta mathematics curriculum caused a decline in the average grade of entering high school students. And second, enrolment growth leading to challenges in maintaining quality and student satisfaction.
- ▶ The U of L scored 17 top ten category placements, and placed 17th out of 29 universities in the Globe and Mail's first **University Report Card**.
- ▶ The University of Lethbridge ranked 10th in a national survey of the **public accountability** of Canadian universities.

2. President's Message

Welcome to The University of Lethbridge 2002-03 Annual Report to Alberta Learning. From the soils of southern Alberta to the vast reaches of space, the scope of teaching and research at The University of Lethbridge knows no bounds. Our outstanding faculty, staff, and graduate and undergraduate students continue to bring new light to hospitals, classrooms, laboratories, and the deepest corners of the human mind.

The drive to create, inquire, and discover has allowed us to advance beyond the scope of a community institution into an international nucleus of teaching and research excellence.

The U of L was proud to become a founding partner in the Water Institute for Semi-Arid Ecosystems (WISE), a not-for-profit research institute promoting sustainable water management the world over. Initiatives like this represent our strong commitment to community-minded research and the development of national and international centres of excellence on our campus.

Throughout its history, The University of Lethbridge has been a pioneer in First Nations education. In 2003 we have taken the lead once again, developing Canada's first Bachelor of Management in First Nations Governance and the only Bachelor of Education program in Alberta focused on preparing teachers for First Nations populations.

Groundbreaking programs like these are part of a long tradition of innovation and interactive learning at the U of L. Our applied and evolving programs have enabled our graduates to affect positive change in communities across the country and around the world.

It is with great pride that we present the achievement of our faculty, staff, and students over 2002-2003. We look forward to another year of service and scholarship at The University of Lethbridge.

3. Opportunities and Challenges

Opportunities

Leadership in Research

The University of Lethbridge is committed to being a leader in research. Successes in research funding give the U of L the opportunity to expand its research program significantly.

Research funding continues to grow. In 2002, U of L researchers were awarded more than six million dollars in funding, which is the highest in the institution's history.

Guided by its Strategic Research Plan, and driven by its success in research funding, the U of L will expand its research in areas of special expertise and of relevance to the province or region.

To capitalize on expertise across disciplinary boundaries, the U of L will strive to develop centres of research excellence that span a wide range of disciplines. One recent example of this is the University's founding role in the Water Institute for Semi-Arid Ecosystems.

The University of Lethbridge has the opportunity to reinforce its position as one of the leading smaller research institutions in Canada.

Leadership in Technology

The University of Lethbridge continues to be a leader in the effective use of technology to support learning. The U of L may be the best-networked institution in Canada, providing high bandwidth Internet access for all students, faculty, and staff. State-of-the-art classrooms are the norm, as is the use of appropriate technologies across the institution's programs.

The U of L will persist in technology leadership, which brings tremendous opportunities to expand the institution's tradition of excellence.

Leadership in First Nations Participation

With its ongoing positive relationships with and proximity to First Nations communities, The University of Lethbridge has the opportunity to be a leader in encouraging and supporting the participation of First Nations people in the University community.

Enrolment Growth

Fall 2002 enrolment at The University of Lethbridge has increased 3.5% over Fall 2001. This growth in enrolment provides several opportunities:

NEW OR EXPANDED PROGRAMS

With increasing student enrolment, the U of L will have the opportunity to consider expanding programs and developing new programs or faculties.

ATTRACTION AND RETENTION

Potential students and faculty may view a growing university as a more dynamic and desirable environment in which to study and work.

NEW TALENT AND IDEAS

A growing student and faculty body infuses new talent and ideas into the U of L.

INCREASED REPUTATION AND PROFILE

As the U of L grows, attracts more high-quality students, instructors and researchers, and increases its reputation, it will gain a higher profile.

RESEARCH, SCHOLARSHIP, AND CREATIVITY

With more high-quality faculty there will likely be an increase in research, scholarship, and creative activity. Moreover, an expanded U of L may be more able to build further national and international research initiatives.

ENHANCEMENT OF GRADUATE STUDIES

A growth in student population will likely result in more graduate students, urgently needed in Alberta and across Canada.

COMMUNITY

As the U of L grows, so will its financial and cultural contribution to the community.

Challenges

The University of Lethbridge continues to face challenges related to enrolment, competition, research growth, attraction and retention, space, and technology.

Enrolment Growth

Over the past five years, enrolment has increased by about 30% (see “Enrolment”, page 14). Enrolment growth presents four key challenges:

- (1) Attracting faculty to the University when teaching assignments may be higher than other institutions.
- (2) Finding adequate instructional and residence space.
- (3) Ensuring library resources are adequate.
- (4) Establishing administrative structures to support additional students.

Unfunded Students

Since 1994, our resources have been stretched by a growing number of unfunded students. These unfunded students pay a maximum of 30% towards their education, with no corresponding increase in grant revenue in the U of L’s base operating budget.

Increased Competition

There is increasing competition for students among post-secondary institutions in Canada, making it more of a challenge to maintain our market share. However, students value smaller classes, a sense of community, more access to faculty, national and international opportunities, state-of-the-art teaching space and laboratories, and access to cutting-edge computer technology, all of which the U of L offers.

Research Facilities and Indirect Costs

The U of L’s continuing success in research funding and programs (see “Research Growth and Achievement”, page 15) leads to an ongoing challenge to: (1) provide the office and laboratory space necessary to conduct new and expanded research programs; and (2) fund the indirect costs of such research.

It is estimated that indirect research costs to the institution are 40 cents for each dollar spent on research. For a small institution, this is a significant drain on resources.

Faculty Attraction & Retention

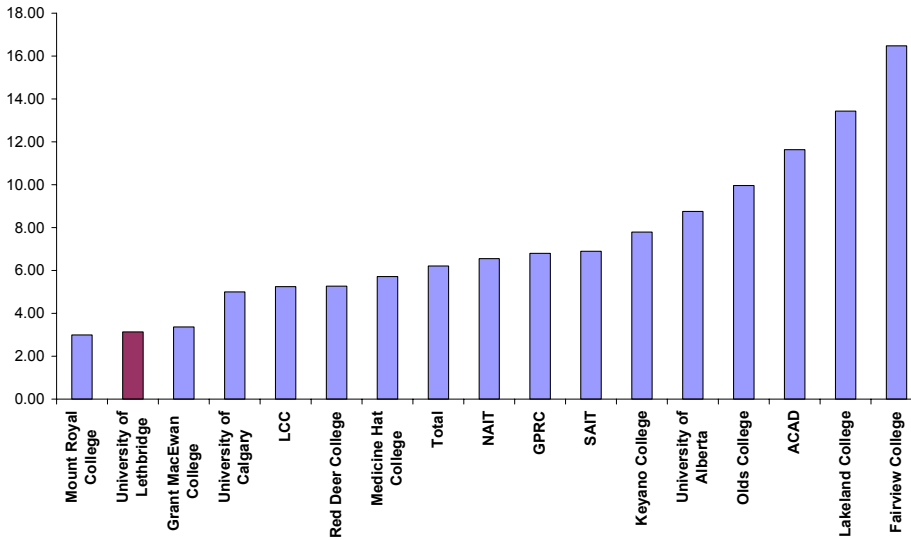
Attracting and retaining faculty members is a challenge at the U of L. The specific challenges that the institution faces are threefold:

- (1) Hiring new faculty to meet emerging needs.
- (2) Retaining faculty who are still relatively early in their careers.
- (3) Retaining mid and late-career faculty with strong academic records, who are urgently needed to guide the development of junior faculty.

Space

The University has the lowest amount of teaching space per student among public postsecondary institutions in the province, and the least assignable space per students among Alberta universities (see Figure 1).

Figure 1: Classroom and Laboratory Space Per FLE in Alberta Postsecondary Institutions, 1997-98



There is also an urgent and growing need for general campus space, such as recreational space, fitness center space, and student housing.

Applicable Technology

The U of L is very progressive in providing technology to its students. A recent student survey showed that 85% of our students think access to computer technology on campus is exceptional. Our challenge will be to maintain this level of satisfaction, and to keep the U of L at the forefront of applicable technology. This can be costly, in terms of both effort and cost.

4. Goals and Performance Measures

The 2002-2006 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 2002-03.

Progress Related to Goals

The text in italics in this section is quoted from the 2002-2006 Business Plan, and describes each goal.

GOAL: ACCESSIBILITY

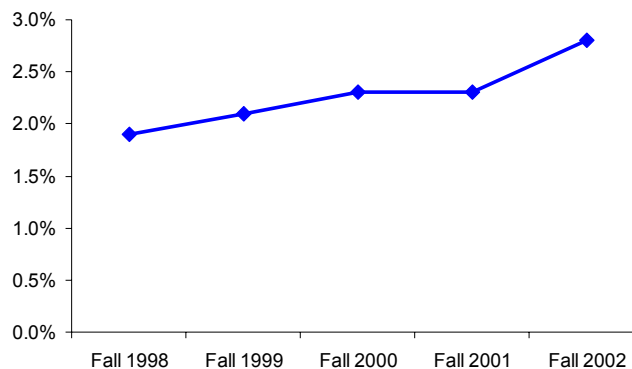
The University of Lethbridge is committed to providing access to quality academic programs for as many qualified students from the secondary school system and college transfer programs as we can accommodate.

The U of L continued its commitment to accessibility in 2002-2003. Enrolment grew by 3.5% over the previous year. Since 1996, the U of L has increasingly been the institution of choice for students from Calgary, Edmonton, and elsewhere in Canada.

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 another institution.

International student enrolment rose in fall 2002, and the U of L is actively recruiting in selected international markets to increase the number of students from overseas.

Figure 2: Percentage of International Students, Fall 1998 to Fall 2002



GOAL: ACADEMIC EXCELLENCE

The University of Lethbridge is known nationally as an outstanding primarily undergraduate university. We will continue to be a student-centered institution, committed to offering the best possible programs and services.

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 3% over the previous year. One way to attract and retain high-quality faculty is to offer competitive salaries. In 2002-03, median academic salaries increased by 5.3% over 2001-02, while the 90th percentile academic salary rose by 3.3%.

The faculties and schools systematically review the quality of their programs and majors to ensure academic excellence.

In the 2002 Maclean's Magazine Annual Ranking of Canadian Universities, for more than half of the categories the U of L placed in the top-ten and maintained or increased its position. Overall, The University of Lethbridge placed 13th out of 21 institutions. See "Maclean's Survey" (page 24) for more details.

GOAL: RESEARCH EXCELLENCE

The University of Lethbridge is committed to excellence in research for students and faculty. We take great pride in being ranked at the top of the primarily undergraduate institutions in the Medical/Science grants category. We will develop a more balanced funding approach, and will increase research support in the social sciences and humanities.

The U of L pursued research funding through NSERC, SSHRC, CIHR, AHFMR, and other agencies. This pursuit was successful, with the value of research grants received at the U of L increasing 10% over 2001-02.

Annual SSHRC funding at the U of L now exceeds \$202,000, an increase of 9% over 2001-02, and more than double the amount received in 1999-00.

For further details, see “Research Growth and Achievement”, page 15.

GOAL: COMMUNITY AND PUBLIC RELATIONS

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. We will continue to build a strong presence in southern Alberta, and the province as a whole.

During the 2002-03 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.

With the web site being a key channel for public relations, the U of L continued a reimagining of the institution’s home page.

The Department of University Advancement persisted in its efforts to build relationships with the local government, the community, and the alumni.

GOAL: 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.

The U of L continued to provide students with exceptional access to information technology and resources in 2002-03. All residence students have high-speed Internet access. Each of the 850 individual study spaces and 78 study spaces in LINC is wired with fibre optic cable for access to information technology.

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 as diverse as the United States, England, and Israel.

The University ranked third among primarily undergraduate universities on percentage of budget devoted to student services in the 2002 Maclean’s magazine Annual Survey of Canadian Universities.

In its ongoing efforts to improve student services, the U of L continued to conduct surveys of graduates that include rating student satisfaction with student services.

GOAL: 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.

During 2002-03, The University of Lethbridge opened the Global Television Multimedia Centre, which will support students in the Bachelor of Fine Arts (Multimedia) program.

In February 2003, construction began on new student residences. When construction of these residences wraps up in September 2003, The University of Lethbridge will be able to offer on-campus accommodation to 96 additional students, which will respond to the increasing demand for on-campus housing. The student residence development will also include the Paterson Centre, a student gathering place, convenience store, and laundry facility.

These facilities will help sustain growth of the institution. Highlights of the capital projects completed in 2002-03 to address essential infrastructure and building renewal needs include:

- Replacement of the main gym floor.
- Various, ongoing improvements and repairs to classrooms and laboratories.
- Campus signage upgrade.
- Energy efficient lighting conversion across campus.
- Ongoing repairs to the University Hall building envelope.

GOAL: 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.

The U of L's budgeting process is based on a three year rolling budget model, in which budgets are estimated for three 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 and continuous quality improvement, and is fiscally responsible. University Advancement is working to meet the fundraising objectives set out in its strategic plan.

The University of Lethbridge was ranked tenth in a national survey by the School of Business and Economics at Wilfred Laurier University that is designed to measure the public accountability of Canadian universities.

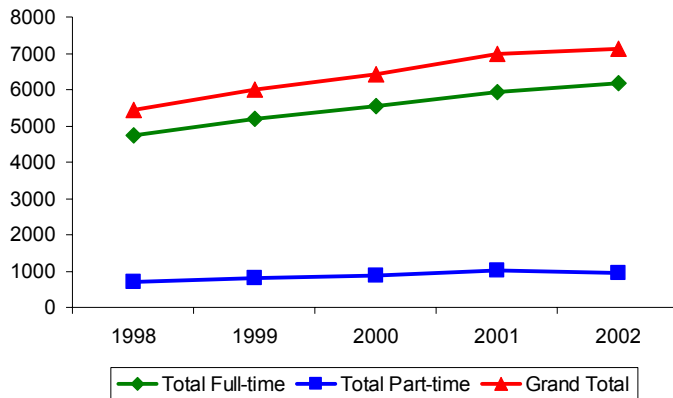
Progress Related to Performance Measures

In its 2002-2006 Business Plan, the U of L presented eight performance measures. This section provides current data for these performance measures, where it is available.

ENROLMENT

Enrolment at the U of L continues to increase, with 7,139 students (Full Time Equivalent 6,435) in the Fall 2002 semester, an increase of 3.5% over the previous year.

Figure 3: Fall Enrolment, 1998-2002



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.

Satisfaction levels remained at a high of 89% for the 2002 survey.

Table 1: Student Satisfaction with Overall Quality of Educational Experience, 2000 and 2002

	2000	2002
Students Satisfied	86%	89%

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.

For U of L graduates, both the participation and employment rates have remained very high for 2000 and 2002.

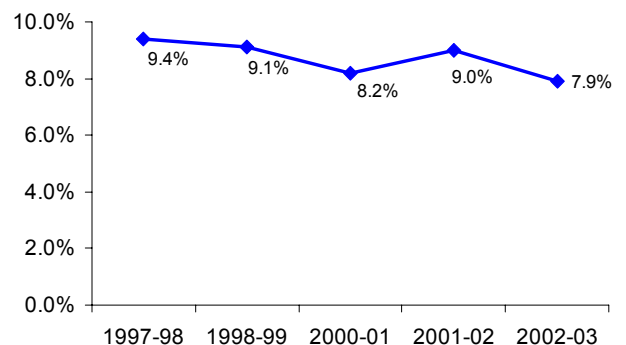
Table 2: Graduate Participation and Employment Rates, 2000-02

	2000	2002
Participation Rate	96%	97%
Employment Rate	95%	95%

ADMINISTRATION EXPENDITURES

Administration expenditures as a percentage of total expenditures less ancillary expenditures measures the efficiency of U of L administration.

Figure 4: Administration Expenditures as a Percentage of Total Expenditures Less Ancillary Expenditures, 1997-98 to 2002-03



The figure for 02-03 (7.9%) is the lowest in five years.

CITATION INDEX

The citation index shows the number of times U of L research studies are referenced in publications. For this performance measure, current data was unavailable. The table below shows the most recent data.

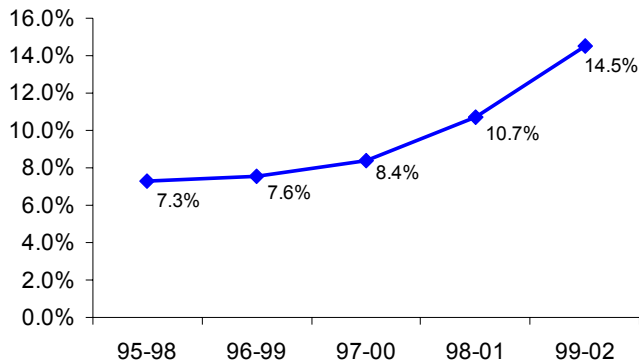
Table 3: Citation Index, 1993-97 to 1994-98

	93-97	94-98	95-99	96-00
No. Citations Received	1003	1231	1455	1727
Citation Impact ¹	2.61	3.10	3.41	3.65

RESEARCH INTENSITY

Research intensity data are produced by calculating the value of sponsored research divided by the value of provincial operating grants. The graph below shows a three-year moving average from 1995-98 to 1999-02.

Figure 5: Research Intensity, 1995-98 to 1999-01



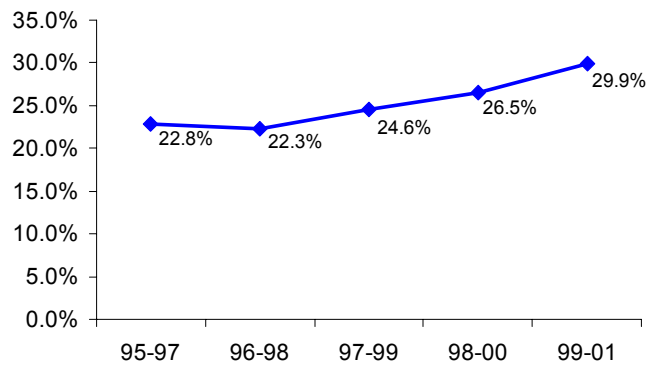
RESEARCH IMPACT

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 graph below shows the three-year moving average from 1995-97 to 1999-01. The U of L research impact has risen by 7% since 95-97.

Figure 6: Research Impact, 1995-97 to 1999-01



¹ Citation impact is the average number of times a U of L publication was cited.

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). The charts below show recent data. This data is for new grants only, and does not include ongoing grant monies.

Figure 7: Value of NSERC and SSHRC Grants, 98-00 to 01-03 (moving average, in thousands of \$)

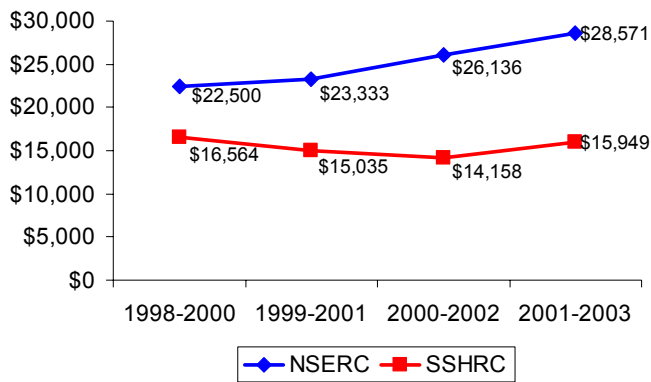
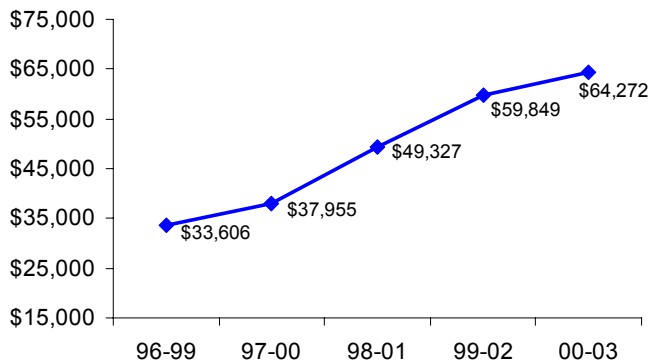


Figure 8: Value of CIHR Grants, 96-99 to 00-03 (moving average, in thousands of \$)



5. The Year in Review

Student Enrolment and Achievement

Enrolment

The University continues to have record student enrolments, with 7,139 students (Full Time Equivalent 6,435) in the Fall 2002 semester, an increase of 3.5% over the previous year. In spite of this, the University endeavours to maintain small class sizes, and placed first among 29 Canadian universities for class size in the October 2002 Globe and Mail University Report Card.

Scholarships

2002 STUDENT SCHOLARSHIPS & AWARDS

AHFMR Summer Studentships: Tracy Burton, Kevin Calder, Andrea Kolodziej, Asha Madhavji, Andrea Neve, Dionne Piecharka, Cory Rosenfelt.

NSERC Undergraduate Student Research Awards: Graeme Bishop, Beverly Burton, Morgan Day, Simone Franz, Jasmine Garrett, Scott Greer, Robert Gruninger, Mark Klassen, Craig Lampard, Joe Raiche, Christine Reinhart, Reg Sawilla, Marc Slingerland, Margaret Tahic, Peter Tran, Kyle Yamagishi, Jonathan Yip.

Chinook Research Summer Awards: Paula Burke, Leah Christensen, Sheldon Chow, Kimberlee Cuthbert, Carma Harding, Quilin Li, Ron Mawson, Deana Nahachewsky, Miranda Selinger, Ye Wang.

NSERC Post-Graduate "A": Michael Closson, Stuart Crawford, Russell Goodman, Mark Klassen, Alexandra Pope, Nicole Rabe, Reginald Sawilla, Michelle Thibault, Jonathan Yip.

NSERC Post-Graduate "B": Robbin Gibb, Andrea Kalischuk.

JULIE PAYETTE SCHOLARSHIP

In May 2002, Robbin Gibb (Psychology and Neuroscience, Ph.D. program) and Russell Goodman (Physics/Biochemistry) were approved to receive prestigious Julie Payette Scholarships, valued at \$25,000 per year for two years.

The students were ranked highly among numerous applicants from across the country. This is the third time the University has received a Julie Payette Scholarship, and the first time two U of L students have been accepted.

STEINHAUER SCHOLARSHIP

U of L Master of Arts student Laura Cappello was awarded a Ralph G. Steinhauer Scholarship, valued at approximately \$15,000.

The Steinhauer Scholarships recognize significant academic achievements by students in Alberta studying at the graduate and doctorate levels.

International Business Competition

A group of University of Lethbridge Management students won five awards at a prestigious national business school competition, including a coveted spirit award.

The students participated in the 25th annual Queens Intercollegiate Business Competition, held January 2003 at Queens University.

The event attracted more than 500 students, who represented teams from 29 universities, in Canada and internationally, including participants from the US, Germany, Sweden and Hong Kong.

The U of L entered four teams, and all made it through a pre-qualification round to the finals, placing first in the Management Information Systems and Ethics categories, second in the Business Policy event, and fourth in Debating.

The group unanimously received the Spirit Award from the competition's organizing group at Queens University.

Academic Program Development and Growth

BFA Multimedia Program

The extraordinary success of the degree program in multimedia at the University of Lethbridge resulted in a doubling in the number of seats available to students for fall 2002.

The Bachelor of Fine Arts (Multimedia) is so successful because of its diversity, depth, and unique emphasis on the fine arts and technology. Students explore drama, art, and music and combine these experiences using advanced digital and interactive media.

NESA – BN Program

Representatives from Lethbridge Community College and The University of Lethbridge officially launched a new name and major changes to an already-successful nursing education program in December 2002.

The program will be called the *NESA² – BN program*. It features a major curriculum revision, and several new educational components.

Students in the program benefit from small class sizes (10 – 15 students maximum), a high level of one-on-one access to their professors, and preparation for employment that allows graduates to work locally, nationally and internationally.

New nursing students will be admitted directly to the University for the first time, with 50% of the incoming class choosing the BN degree option and 50% choosing the diploma exit option offered at LCC. All nursing students will have a common first two years, which is offered at the College. Students also receive an estimated 1671 hours of clinical practice experience.

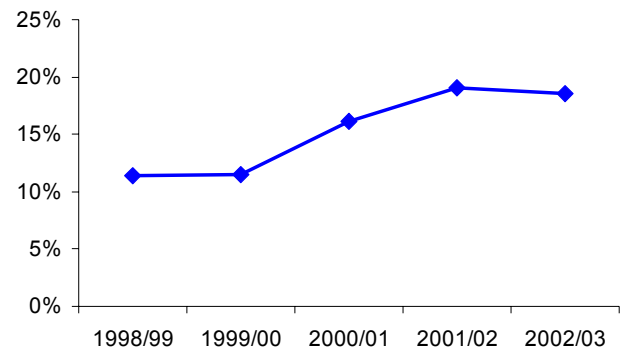
Research Growth and Achievement

Overview

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.

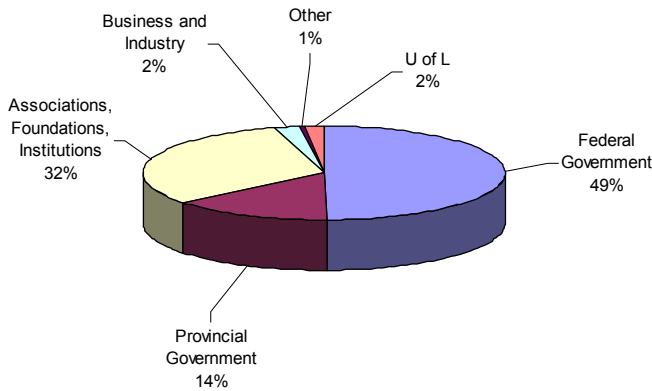
A strong commitment to research, and involving undergraduate students in research, is one of the institution's hallmarks. The University of Lethbridge is ranked "Number 2" for average size and number of research grants awarded to undergraduate medical/science (NSERC and MRC) research institutions in the Maclean's magazine Annual Survey of Canadian Universities. The University also ranked second for national awards per full-time faculty.

Figure 9: Research Grants as a Percentage of Operating Grants, 98/99 to 02/03



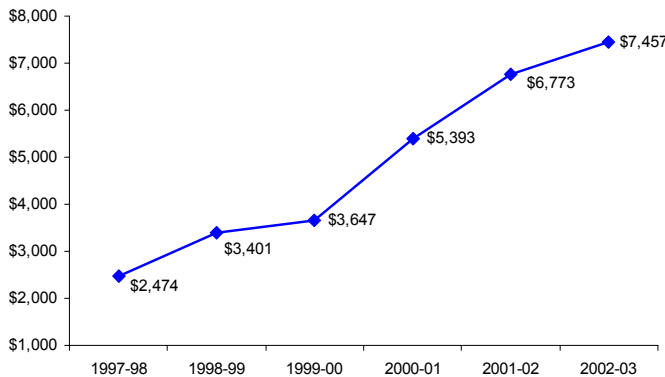
² Nursing Education in Southwestern Alberta.

Figure 10: Source of Research Grants, 2002-03



In 2002-03, the value of research grants received by The University of Lethbridge rose by 10% over 2001-02.

Figure 11: Value of Research Grants Received, 1997-98 to 2002-03 (in thousands of \$)



NSERC Funding

In 2002, The University of Lethbridge received approximately 20% more research funding from NSERC. Fifty-six researchers shared more than \$1.4 million in new and continuing grants in the fifth consecutive year of double-digit growth in research funding at the institution.

Over the past five years, the U of L’s research funding from NSERC alone has increased by more than 30%, in both the amount of money and the number of research projects the institution attracts.

Climate Research Funding

Dr. Larry Flanagan of the Biological Sciences Department is the principal investigator for two five-year research projects that will involve total grant support of more than \$1.7 million.

A federal research network called Fluxnet-Canada, which studies the influence of climate and disturbance on carbon cycling in forest and peatland ecosystems across Canada, funds the projects.

Flanagan’s first project is a five-year examination of ecosystem carbon dioxide and water flux studies in peatland in northern Alberta, and has a total budget of more than \$800,000. Dr. Derek Peddle of the U of L Geography Department is a co-principal investigator on this project.

National Institutes of Health Grant

A U of L researcher who studies how the brain processes memory received a \$1.25 million grant from the National Institute of Mental Health in September 2002. This is the institution’s first award from the prestigious American funding agency.

Dr. Robert Sutherland, the Director and one of the principal investigators at the Canadian Centre for Behavioural Neuroscience, will receive about \$250,000 for each of the next five years to continue his research into disordered memory, including the causes associated with it, such as Alzheimer’s disease and stroke.

The grant is only the third in Western Canada from the National Institute of Mental Health in the last five years. The National Institutes of Health and its many divisions are the world’s largest health research funding agency.

Alberta Science and Research Investments Program Funding

In 2002, researchers at the University of Lethbridge shared more than \$520,000 in funding from the Alberta Science and Research Investments Program (ASRIP).

Dr. David Naylor (Physics) received approximately \$80,000 toward the development of an advanced infrared physics laboratory.

Dr. Bryan Kolb and researchers at the Canadian Centre for Behavioural Neuroscience received more than \$270,000 for new and upgraded equipment.

Dr. Olga Kovalchuk's \$170,000 award will assist with a tri-university project to examine the cellular process of E.coli bacteria.

Alberta Gaming Research Institute Grants

Projects involving U of L researchers received four of the eight grants awarded by the Alberta Gaming Research Institute (AGRI) in 2002, for a total of \$285,000.

The largest of the AGRI grants was \$148,000 for a two-year continuation of a project called *Prevention of Pathological Gambling*, which was started in 2001 by Dr. Robert Williams and Dr. Virginia McGowan. Williams is collaborating with U of L Sociology Professor Dr. Rob Wood and Dr. Shawn Currie from the University of Calgary on the new two-year project.

The other grants were awarded to Rob Wood and Williams for *Using Online Survey Techniques to Profile the Internet Gambler* (\$43,000); Bill Ramp of Sociology, Robert Williams, Jim Cosgrave of Trent University and Thomas Klassen of York University for *Gambling, Identity and Community: Evaluating the Place of Chance in the Formation of Moral Cultures* (\$38,000); and Gary Nixon of Health Sciences and Gordon Leigh of the John

Howard Society for *Developing a Gambling Awareness and Prevention Program: Impacting Gambling Behaviour in Prison Populations* (\$56,000).

Alberta Ingenuity Funding for Plant Genetics Research

Dr. Igor Kovalchuk, a member of the U of L's Biological Sciences Department, is among ten Ingenuity Establishment Grant recipients province-wide who received a total of \$2.2 million to help them set up labs. He received approximately \$200,000 in funding in 2002.

Ingenuity Establishment Grants support lab start-up costs for independent researchers who have been newly recruited to universities or colleges in Alberta.

Igor Kovalchuk is establishing a new Molecular Biology area of study at the U of L to study the genetic effects of various environmental factors on DNA damage and repair in plants.

Brain Mapping and Post-Stroke Recovery Research Profiled Nationally

University of Lethbridge Neuroscience researchers Jeffery Kleim and Bryan Kolb were profiled in a 2002 issue of the Canadian Stroke Network Newsletter, a national publication of the Canadian Stroke Network (CSN).

Supported by the CSN, Dr. Kleim is using brain mapping to understand the brain's capacity to recover and reorganize itself after damage from an injury. This work could lead to better post-stroke therapy for the 50,000 Canadians annually who suffer strokes.

Dr. Kolb is a co-leader of CSN projects that concentrate on stroke rehabilitation and recovery with Dr. Nancy Mayo (McGill University) and other researchers.

Research Enhancement Awards

To recognize the quality of research, scholarship, and creative work taking place at the institution, the U of L initiated a new program of awards to recognize individual researchers. The Research Enhancement Awards, made following a peer review process, result in temporary reassignments to provide researchers with the opportunity to focus a greater effort on their original work.

In June 2002, 20 Research Enhancement Awards were announced for the 2001-02 academic year and 11 awards for the 2002-03 academic year.

Individual faculties offered additional awards, which were announced separately by the respective deans.

Technology Transfer Office

Alberta researchers and graduate students got a boost in January 2003 with the establishment of a technology transfer program at The University of Lethbridge, thanks to a federal-provincial contribution of \$702,000. The University of Lethbridge is providing an additional \$98,000, bringing the project total to \$800,000.

The technology transfer program will complement the growing level of scientific research at the University and will create significant opportunities in technology development and commercialization

Technology transfer is helping academic institutions contribute economically to the community by creating new jobs and businesses. It is also generating additional revenues for the University that are essential for the researchers to continue their work.

Administered by the Office of Research Services, the Technology Transfer Office will increase the U of L's ability to more tangibly assist its researchers with patent development, copyright protection, and other activities.

Faculty Achievement

Alberta Motion Picture Industry Association Award

Co-produced by U of L Geography and Education researchers and a Lethbridge-based video production company, the *Global Change* video series won the Best Educational Production award at the 28th Annual Alberta Motion Picture Industry Association (AMPIA) awards dinner in April 2002. The AMPIA awards celebrate significant achievements in Alberta's television and film production industries.

An educational video series that explains climate change and its affects on the environment, *Global Change* was produced by a partnership that included Jim Byrne, Rick Mrazek and Dawna Cerney of The University of Lethbridge, and George Gallant of Gallant Productions Inc. The series aired on *ACCESS: The Education Station* in March 2002 and is available through Alberta Learning Technologies Branch.

Distinguished Research Medal

In May 2002, internationally renowned physicist Dr. David Naylor received the Ingrid Speaker Medal for Distinguished Research, Scholarship, or Performance. Established in 1995, the medal recognizes the importance of research, scholarship, and performance at The University of Lethbridge.

In addition to teaching numerous physics and astronomy courses over the last 20 years, Dr. Naylor has published nearly 60 papers, and in the last five years alone has co-authored more than 20. He was instrumental in establishing the University Observatory, and has brought significant research funding to the U of L. Dr. Naylor has an exemplary record of involving students in his research.

Distinguished Teaching Medal

Established to recognize the central importance of teaching to the U of L, the 2002 Distinguished Teaching Medal was awarded to Dr Chris Armstrong-Esther, Assistant Dean, and Professor in the School of Health Sciences.

Dr. Armstrong-Esther has a reputation as an outstanding teacher for his dynamic, thought-provoking, and organized lectures. He is a master of the lecture format, well known for his sense of humor and ability to explain complex concepts clearly.

Donner Prize

University of Lethbridge Political Scientist Geoffrey Hale was one of the seven finalists for the 2001/2002 Donner Prize, the award for best book on Canadian public policy, as announced in April 2002.

The shortlisted books were chosen from 69 submissions and cover a broad spectrum of policy issues. Hale was the only Albertan among the finalists.

His book, *The Politics of Taxation in Canada*, explains the factors that have shaped the evolution of Canada's tax system since the 1960s and the issues that are likely to challenge governments in coming years.

National Aboriginal Achievement Award

Leroy Little Bear, a professor in Native American Studies, was awarded a prestigious National Aboriginal Achievement Award for Education. These awards were designed to encourage and celebrate excellence in the Aboriginal community.

Little Bear's award, the first for a University of Lethbridge graduate and faculty member, was announced January 2003 by the National Aboriginal Achievement Foundation.

Little Bear, a graduate of the University of Lethbridge and researcher and faculty member at the institution since 1975, is

a member of the Small Robes Band of the Blood Indian Tribe of the Blackfoot Confederacy. He was born and raised on the Blood Indian Reserve (now known as the Kainai First Nation).

In addition to his academic duties, Little Bear has worked as a consultant to other First Nations communities and as a member of several government commissions.

Nature as Capital National Award

In early 2003, Michael Campbell, artist and assistant professor in the Department of Art, won first place in the national *Nature as Capital* video competition. The competition was sponsored by the Edmonton Business Council for the Visual Arts, Art and Design in Public Places Program.

Flyover, Michael's video, was one of 41 entries from across Canada. In addition to a monetary prize, the winning entries were screened in downtown Edmonton locations and at The Works Art and Design Festival in June and July.

Administration and Planning

The 10th Chancellor of The University of Lethbridge

Shirley DeBow, a Lethbridge-based community volunteer, former social worker and educator, was elected the 10th Chancellor of The University of Lethbridge in February 2003. She follows James Horsman, a Medicine Hat-based lawyer who held the position of Chancellor since February 1999.

Ms. DeBow is well known for her commitments to the U of L, which include serving on the Senate and the Faculty of Fine Arts Advisory Committee, and assisting in selecting honorary degree recipients.

In addition to her University involvement, Ms. DeBow is currently the Program Coordinator for the Southern Alberta Council on Public Affairs, and was recently appointed to the Culture Advisory Committee of Alberta Sport, Recreation, and Wildlife.

New Dean of Management

In July 2002, Dr. John Usher joined The University of Lethbridge as the new Dean of the Faculty of Management.

Previously the Associate Dean for Graduate Programs and Research in the Faculty of Business Administration at Memorial University of Newfoundland, Dr. Usher brings a wealth of research, teaching and administrative experience. Dr. Usher has demonstrated a commitment to innovation and developing partnerships and unique programs, which compliments the Faculty's vision.

New Dean of Health Sciences

In March 2003, the Board of Governors appointed Lynn Basford as the new Dean of the School of Health Sciences.

Lynn Basford brings more than 30 years experience as a nurse, administrator, and educator in public healthcare settings and at two large educational institutions, the University of Derby and the University of Sheffield in the United Kingdom. She is the co-author or editor of six books, including a third-edition printing of a standard text for undergraduate nursing students.

With a wealth of knowledge and experience, she comes well prepared to build on the fine work and substantial accomplishments in Health Sciences.

New Librarian

Dr. Marinus Swanepoel was appointed as the new Librarian in March 2003. A part of the Library profession since 1978, Dr. Swanepoel was the Director of Library Services at Technikon Pretoria in South Africa for 16 years. He holds multiple degrees in Library Science, including a PhD in Library Science from Rand Afrikaans University.

Dr. Swanepoel will bring an added international component, and has significant experience in implementing and managing the latest library information technology systems.

Strategic Plan

At its February meeting, the Board of Governors approved the U of L's *Strategic Plan 2003-2008*. The plan includes the U of L's Mission, Vision, Fundamental Principles, and Strategic Priorities.

Technology and Facilities

Computer Network

The University of Lethbridge continued to maintain its state-of-the-art network that delivers broadband access to every classroom, office, and laboratory on campus. Computer laboratories provide 450 networked computer stations for instructional use. Students have 24-hour access to more than 150 email stations found in many locations on campus.

WestGrid

The U of L continued its participation in a \$30 million research grid called WestGrid. Innovative by international standards, the “grid” of computational resources will include among the world’s most powerful processing and storage supercomputers, and advanced facilities for collaborative research over distance. WestGrid allows researchers to push the frontiers of grid computing and e-science, a new form of research that involves shared resources.

In April 2002, The University of Lethbridge received approximately \$800,000 for advanced computing equipment from the Canada Foundation for Innovation to support the University’s commitment to WestGrid.

The WestGrid project is an unprecedented collaboration for western Canadian universities that will support research at major institutions in Alberta and B.C.

Global Television Multimedia Centre

In April 2002, University of Lethbridge and Global Television officials opened the Global Television Multimedia Centre.

Located in the University Centre for the Arts, the state-of-the-art computer facility supports students in the Bachelor of Fine Arts (Multimedia) program.

The facility was made possible by a donation from Winnipeg-based CanWest Global Television Communications Corp. through the CanWest Global Foundation.

NMR Research Facility

In May 2002, The University of Lethbridge officially opened its multi-user, Nuclear Magnetic Resonance (NMR) facility.

The equipment, space in the building, and related software cost more than \$1.5 million and will allow a diverse group of U of L faculty members to conduct leading-edge research in chemistry, biochemistry, biophysics, and physics. The Alberta Science Research Authority and Western Economic Diversification provided funding for the facility.

NMR research involves exposing a variety of solid or liquid samples to a powerful magnetic field that causes the molecular spins within the sample to change and align in a specific way. The measurements are used to learn more about the structures of a variety of compounds, including those found in plants, plastics, and proteins. The applications are significant for both medical and industrial research.

This equipment allows the U of L to better attract excellent researchers and graduate and postdoctoral students. The U of L is the only university of its size in Canada with this type of NMR equipment.

Regional Health and Wellness Centre

The University of Lethbridge began the planning process for a proposed Regional Health and Wellness Centre by inviting representatives of more than 40 community groups to an information session in November 2001.

The multi-purpose facility will incorporate a number of features to serve a variety of community user needs, and recreation and athletics programming supported by the U of L. A combination of University, private, and public funds will be required to complete the facility.

Student Residences

The University of Lethbridge will be able to offer more than 90 students brand-new accommodations on campus in September 2003. The Board of Governors approved a plan in March 2003 to construct six town home units that will house up to 96 students south of the Aperture Park residence complex.

Site grading began in mid-February 2003. The first phase of the project involves constructing six units, an entrance road, the amenities building, and sewer and electrical services to accommodate further site expansion.

The new construction responds to an increasing demand for on-campus housing, and provides better gathering space for resident students.

Staffing

From 2001-02 to 2002-03, the budgeted FTEs of academic staff increased by 2.9%, while the budgeted FTEs of support staff grew by 6.1% percent.

Table 4: Budgeted FTE Positions, 99-00 to 02-03

	99-00	00-01	01-02	02-03
Academic	352.1	361.8	380.8	391.9
Support	385.6	399.5	415.1	440.6

Financial Highlights

The most significant changes in the 2002-03 fiscal year financial statements include the following:

- Grant revenue increased by approximately \$5 million due to additional general operating and Access grants.
- The University retired the \$9.9 million debt on the Library and Information Network Centre in July 2002 by self-financing the outstanding obligation using internally restricted and unrestricted net assets.
- Reconstruction of the former library space in University Hall was completed during the fiscal year at a total cost of \$4.3 million.
- Tuition and related fees revenue increased by approximately \$3 million for two reasons: (1) the increase in enrolment over the previous year; and (2) a new student administration fee effective April 1, 2002 which was approved by Alberta Learning.

Actual tuition fees per student were not increased in fiscal 2002 or during the previous two years. At the end of fiscal 2002 the University's tuition revenue was below the 30% cap (based on annual net operating expenditures) for purposes of the provincial Tuition Fee Policy. The Board approved an increase of 7.5% for undergraduate fees and 6.6% for graduate fees, effective April 1, 2003.

Tuition Fee Policy Compliance

Table 5 below provides a calculation of the ratio of institution tuition fee revenue to net operating expenditures, and demonstrates institution performance with respect to the 30 percent tuition fee ceiling. The information was prepared in accordance with Section 3 of the Tuition Fee Regulation. It has been submitted to Alberta Learning and has been verified by Ministry staff.

Table 5: Tuition Fee Policy Compliance Information, 2002-03

Total Tuition Fee Revenue (from programs under the Tuition Fee Policy):	\$23,756,304
Net Operating Expenditures:	\$82,888,685
Tuition Fee Revenue as a percentage of Net Operating Expenditures:	28.7%

Provincial Grants

The U of L received the following grants from the Government of Alberta, in thousands of \$:

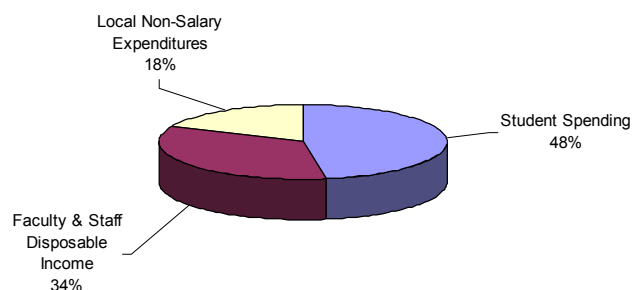
Table 6: Provincial Grants, 2001-02 to 2002-03

	2001-02	2002-03
Operating grants	\$39,096	\$42,291
Performance Funding Envelope	405	-
One-Time Energy Rebate	153	-
Unfunded Enrolment Growth	272	141
Access funding (operating)	4,805	7,000
Conditional grants	7,008	3,071
	\$51,739	\$52,503

Economic Impact

A study of the economic impact of The University of Lethbridge showed the institution was responsible for generating 1,700 jobs and injecting \$134 million into the local economy in 2001-02. The total economic impact is more than double the total impact in 1992/93 (\$62.4 million).

Figure 12: Economic Impact, 2002-03



Budgeting

The budgeting process is based on a three-year rolling budget model, in which budgets are estimated for three 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.

Revenue and Expense

Figure 13: Revenue by Source, 2002-03

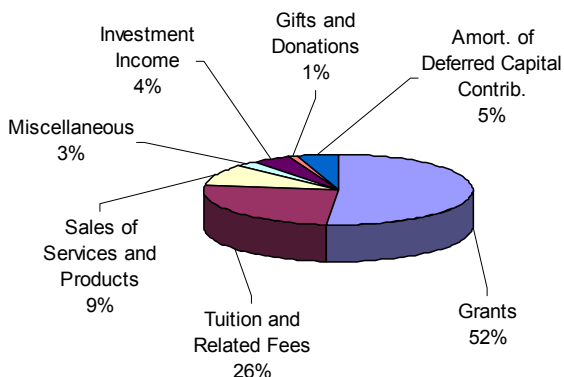
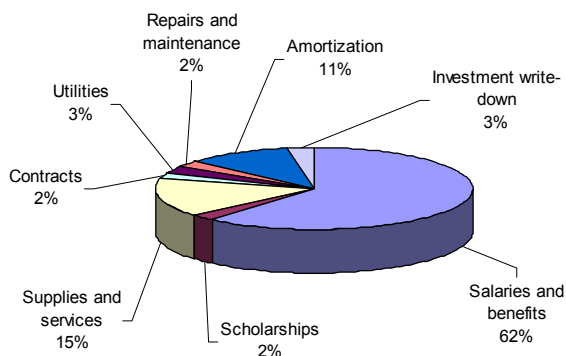


Figure 14: Expense by Type, 2002-03



Scholarships and Bursaries

The Board of Governors continues to have a strong commitment to students in the form of scholarships. The amount of scholarships and bursaries awarded in 2002-03 was \$2.4 million, compared to \$2.2 million in 2001-02.

The University ranked third among primarily undergraduate universities on percentage of budget devoted to student services in the November 2002 Maclean's magazine Annual Survey of Canadian Universities.

Endowment Balances

Endowment balances continued to increase, with a balance of \$10.8 million at March 31, 2003, an increase of 5% over the prior year and a 64% increase over the past ten-year period.

Endowments consist of restricted donations, the principal of which is required to be maintained intact. The investment income generated from endowments must be used in accordance with the purposes specified by the donors or the Board of Governors.

The University has established policy to protect the real value of the endowments by limiting the amount of income expended and reinvesting unexpended income.

Rankings

Maclean's Survey

The University of Lethbridge recorded nine top-ten placements and maintained or increased its position in more than half of the categories in the 2002 Maclean's Magazine Annual Ranking of Canadian Universities.

The University placed 13th out of 21 participating educational institutions, a decrease of five places over 2001.

The shift in position was influenced by several factors, including changes in the Alberta high school mathematics curriculum, and the University's growth over the past few years. Choosing to grow creates the challenge of managing many factors, such as class sizes, to maintain quality and student satisfaction.

In spite of this challenge, the University has kept class sizes constant; in fact they have declined slightly since 1995. More than 70% of first and second year classes have fewer than 50 students per class, and more than 80% of third and fourth year classes have fewer than 50 students per class.

Perhaps the most significant factor leading to the decline in ranking was the average high school grade of entering students and the percentage of entering students with averages of 75 and over. The changes in Alberta's mathematics curriculum resulted in a decline in students' math grades, and that in turn reduced both factors. The admission averages are heavily weighted in the Maclean's rankings and are sensitive to small changes.

The University did increase its standing in several areas. The increases in a number of areas are especially significant when the enrolment growth rate is factored in. These increases include library holdings per student, and the number of students winning national awards.

The categories defined by Maclean's measure 21 institutional benchmarks. These categories range from overall ranking and reputation to students' average entering grades and the percentage of the institution's budget devoted to student services.

Globe and Mail Report Card

The University of Lethbridge placed 17th out of 29 universities in the first *University Report Card*, published in the October 23, 2002 edition of the *Globe and Mail*.

The survey results were tabulated based on student responses to a 100-question, on-line survey completed by a minimum of 250 students per institution. More than 20,000 students participated across Canada.

In the main ranking and several sub-sections of the main rankings, the U of L placed in the top ten in 17 instances, including fifth place in Quality of Technology (a main ranking point), a third-place ranking for the Library, and a first-place finish in the "small class size" category (a subsection of Quality of Education, where the University scored an 11 overall).

Accountability Survey

The University of Lethbridge maintained its top-ten placement in a national survey designed to measure the public accountability of Canadian universities.

Scoring a 60.4 on a 100-point scale, the U of L placed 10th in a list that included number-one ranked Queens University, McMaster (2), Moncton (3), Guelph (4) the Universities of Calgary (5) and Alberta (6), the University of Victoria (7), and Lakehead (8) and York (9) Universities.

Researchers with the School of Business and Economics at Wilfred Laurier University in Waterloo, Ontario have been conducting Canada's only annual survey of public accountability by universities since 1988. The 2002 survey, based on data collected in 2001, involved 42 universities from coast to coast. Universities are awarded points based on the depth, clarity, and quality of the information provided in 25 categories.

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.

Cindy Armstrong-Esther, MBA, CA
Director
Financial Services

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

The official version of this Statement of Management Responsibility and accompanying financial statements are in printed form.



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, 2003 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 University's management. 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, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2003 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 23, 2003

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)

	2003	2002
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 3,835	4,033
Accounts receivable	3,565	4,610
Inventories	515	676
Prepaid expenses	495	418
	<u>8,410</u>	<u>9,737</u>
DEPOSIT ON CAPITAL ASSET	41	-
INVESTMENTS (Notes 3, 4)	48,819	56,675
CAPITAL ASSETS (Note 5)	138,598	137,336
COLLECTION (Note 6)	32,905	32,424
	<u>\$ 228,773</u>	<u>236,172</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 4,865	5,008
Accrued payroll liabilities	3,389	3,018
Deferred revenue	572	682
Deferred tuition fees	2,634	2,311
Deferred contributions (Note 7)	5,988	6,248
Current portion of long term liabilities	1,302	1,796
	<u>18,750</u>	<u>19,063</u>
LONG TERM LIABILITIES		
Accounts payable - construction projects	528	151
Long term debt (Note 8)	-	9,746
Unfunded staff benefits (Note 9)	4,008	4,096
Deferred capital contributions (Note 10)	5,108	6,577
	<u>9,644</u>	<u>20,570</u>
UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 11)	92,175	93,346
NET ASSETS		
Investment in capital assets and collection	79,328	66,504
Endowments (Note 12)	10,762	10,224
Internally restricted net assets (Note 13)	5,260	9,953
Unrestricted net assets	12,854	16,512
	<u>108,204</u>	<u>103,193</u>
Commitments and Contingencies (Note 21)	\$ 228,773	236,172
	<u>\$ 228,773</u>	<u>236,172</u>

The accompanying notes are part of these financial statements.

Statement of Operations

For the year ended March 31 (thousands of dollars)

	2003	2002
REVENUE		
Grants	\$ 56,931	51,677
Tuition and related fees	27,143	24,198
Sales of services and products	9,331	9,394
Miscellaneous	2,068	2,197
Investment income (Note 14)	2,609	2,747
Gifts and donations	369	504
Amortization of deferred capital contributions (Note 11)	6,094	5,086
	<u>104,545</u>	<u>95,803</u>
EXPENSE		
Salaries	52,435	47,318
Employee benefits	9,032	8,359
Scholarships, fellowships and bursaries	2,357	2,150
Supplies and services	7,206	6,560
Cost of goods sold	2,862	2,908
Travel	2,655	2,506
Utilities	2,771	2,472
External contracted services	2,407	1,703
Repairs and maintenance	2,453	1,998
Professional fees	577	638
Interest on long term liabilities	1,419	724
Insurance	220	180
Property taxes	161	155
Loss on disposal of capital assets	199	61
Unrealized loss on write-down of investments (Note 3)	2,755	-
Amortization of capital assets	10,922	9,526
	<u>100,431</u>	<u>87,258</u>
EXCESS OF REVENUE OVER EXPENSE	\$ 4,114	8,545

Statement of Changes in Net Assets

For the year ended March 31 (thousands of dollars)

	2003					2002
	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	TOTAL	TOTAL
BALANCE, beginning of year	\$ 66,504	10,224	9,953	16,512	103,193	93,228
Excess of revenue over expense	-	-	-	4,114	4,114	8,545
Direct increases (decreases) to net assets:						
Non-amortizable collection donations (Note 6)	479	-	-	-	479	856
Non-amortizable collection acquisitions (Note 6)	-	-	-	-	-	25
Endowment contributions	-	144	-	-	144	272
Capitalized investment earnings	-	274	-	-	274	267
Transfers:						
Internally funded:						
Capital asset additions	7,491	-	-	(7,491)	-	-
Non-amortizable collection acquisitions (Note 6)	2	-	-	(2)	-	-
Net book value of capital asset disposals	(145)	-	-	145	-	-
Amortization	(4,913)	-	-	4,913	-	-
Capitalized investment earnings	-	30	-	(30)	-	-
Repayment of long term debt	9,910	-	-	(9,910)	-	-
Endowments	-	90	-	(90)	-	-
Allocation to (from) internally restricted net assets (Note 13)						
Repayment of long term debt	-	-	(5,590)	5,590	-	-
Board appropriations	-	-	897	(897)	-	-
BALANCE, end of year	\$ 79,328	10,762	5,260	12,854	108,204	103,193

Statement of Cash Flows

For the year ended March 31 (thousands of dollars)

	2003	2002
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 4,114	8,545
Non-cash transactions		
Amortization of deferred capital contributions	(6,094)	(5,086)
Amortization of capital assets	10,922	9,526
Loss on disposal of capital assets	199	61
Unrealized loss on write-down of investments	2,755	-
Decrease in unfunded staff benefits	(418)	(481)
	<u>11,478</u>	<u>12,565</u>
Increase (decrease) in non-cash operating working capital (Note 17)	1,310	(3,493)
	<u>12,788</u>	<u>9,072</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Deposit on capital asset	(41)	550
Sale (purchase) of investments (net)	5,101	(4,258)
Capital asset additions		
Internally funded	(7,491)	(5,959)
Externally funded	(4,923)	(13,243)
Financed	-	(2,900)
Collection additions	(2)	(25)
Proceeds on disposal of capital assets	31	41
	<u>(7,325)</u>	<u>(25,794)</u>
Increase (decrease) in construction accounts payable	377	(5,513)
	<u>(6,948)</u>	<u>(31,307)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Capital contributions received	3,454	13,012
Endowment contributions received	144	272
Capitalized investment earnings	274	267
Long term debt proceeds	-	2,900
Long term debt repayments	(9,910)	(255)
	<u>(6,038)</u>	<u>16,196</u>
DECREASE IN CASH	(198)	(6,039)
CASH, beginning of year	4,033	10,072
CASH, end of year	\$ 3,835	4,033

Notes to the Financial Statements

For the year ended March 31 (thousands of dollars)

Note 1 Authority and Purpose

The University of Lethbridge (the "University") operates under the authority of the Universities Act, Chapter U-3, Revised Statutes of Alberta 2000, as amended. The University is dedicated to quality undergraduate and graduate studies in the tradition of liberal education, research and public service. The University is a registered charity and is exempt from payment of income tax.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results.

(b) Revenue Recognition

Operating grants are recognized when receivable. Revenues received for the provision by the University of goods and services are recognized in the period in which the goods are provided or the services rendered.

Deferred Contributions - Externally restricted non-capital and non-endowment contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred.

Deferred Capital Contributions and Unamortized Deferred Capital Contributions - Contributions externally restricted for the acquisition of capital assets having limited lives are deferred and recorded as deferred capital contributions in the period in which they are received. Deferred capital contributions are transferred to unamortized deferred capital contributions when expended and are amortized to revenue over the useful lives of the related assets.

Endowments - Endowment contributions are recognized as direct increases in net assets in the period in which they are received.

(c) Inventories

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

(d) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premiums or discounts is calculated on a straight-line basis from acquisition date to maturity. Capital gains or losses are recognized in the year of disposal or when there is other than a temporary decline in the value of the investment.

(e) Capital Assets

Capital assets purchased by the University are recorded at cost. Donated assets are recorded at fair values when a fair value is reasonably determinable. Where a fair value is not reasonably determinable the assets are recorded at nominal value.

Capital assets, except construction projects which are amortized upon completion, 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
Buildings - Exterior	40 years
Buildings - Interior	20 years
Leasehold improvements	15 years
Furnishings and equipment	5-10 years
Computer equipment	3-5 years
Electrical equipment	20 years
Software	3-5 years
Vehicles	6 years
Learning resources	10 years

(f) Collection

Collection assets purchased by the University are recorded at cost. Donated collection assets are recorded at fair values. The collection consists of works of art which are held for educational and public exhibition purposes.

(g) Pension Plan

The University participates in the Universities Academic Pension Plan and the Public Service Pension Plan. These pension plans are multi-employer defined benefit pension plans that provide pensions for the University's participating employees, based on years of service and earnings.

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 payable under the Universities Academic Pension Plan and the Public Service Pension Plan. The University's portion of the pension plans' deficit or surplus is not recorded by the University.

(h) Pledges Receivable

Pledges receivable are not recorded as assets in these financial statements.

(i) Contributed Services

Volunteers, as well as members of the staff of the University, contribute an indeterminable number of hours per year to assist the institution in carrying out its mission of post secondary and graduate education, research and public service. Such contributed services are not recognized in the financial statements.

(j) Financial Instruments

The carrying values of financial assets and financial liabilities approximate fair value unless otherwise disclosed.

(k) Credit, Interest Rate and Market Risk

The University's accounts receivable are due from a diverse group of customers and are subject to normal credit risks. The interest rate risk is the risk to the University's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The market risk is the risk to the University's earnings that arises from the fluctuations and degree of volatility in the market value of its long term investments.

Note 3 Investments

	2003				2002			
	Carrying Value	Market Value	Realized Return	Market Return	Carrying Value	Market Value	Realized Return	Market Return
Cash and short term deposits	\$ 6,491	\$ 6,491	0.76%	0.90%	\$ 7,107	\$ 7,109	2.69%	3.60%
Bonds and debentures	18,861	19,425	6.41%	10.40%	22,338	22,108	5.63%	5.20%
Stocks	23,248	23,366	6.25%	-23.56%	27,053	33,585	4.28%	9.30%
Other investments	219	219			177	177		
	<u>\$ 48,819</u>	<u>\$ 49,501</u>			<u>\$ 56,675</u>	<u>\$ 62,979</u>		

Realized return includes interest and dividend income and gains and losses incurred on disposal of investments. Market return includes both realized return and unrealized gains and losses on investments due to market fluctuations.

The carrying value of stocks was written down by \$2,755 at March 31, 2003 to recognize declines in market value that are considered to be other than temporary.

Foreign exchange gains of \$45 were realized during the year (2002: \$123). As of March 31 net unrealized exchange losses totalled \$608 (2002: \$1,207 unrealized gains).

Bonds and debentures consists of the following:

	2003			2002		
	Carrying Value	Market Value	Effective Yield	Carrying Value	Market Value	Effective Yield
Short term (three years or less to maturity)	\$ 151	\$ 154	3.30%	\$ -	\$ -	-
Medium term (four to ten years to maturity)	13,221	13,660	5.61%	18,531	18,360	5.68%
Long term (greater than ten years to maturity)	5,489	5,611	5.86%	3,807	3,748	6.01%
	<u>\$ 18,861</u>	<u>\$ 19,425</u>	5.66%	<u>\$ 22,338</u>	<u>\$ 22,108</u>	5.73%

The Board of Governors, through its Finance Committee, monitors the performance of the investment manager as well as compliance to the Investment Management Policy which includes benchmarks for performance and standards for quality, type and diversification of investments. The prime directive of the Committee is to protect the University's assets, provide a stream of income and maintain reasonable costs relating to managing the investments. An external consultant is appointed by the Committee to measure and report, on a quarterly basis, the investment portfolio's performance and the investment manager's compliance to the Policy.

Investments are managed by an investment manager. The investment portfolio consists of a balanced fund. The balanced fund policy mix standard is as follows:

Permissible assets	Policy Standard	Allowable Ranges
Short term/cash	5%	0% - 40%
Bonds	35%	25% - 70%
Canadian equities	20%	10% - 40%
U.S. equities	25%	10% - 50%
Global equities	15%	0% - 30%
	<u>100%</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. Short term investments are held on average for less than three months and bonds are held on average less than five years. Bonds in the portfolio have maturity dates between three and twenty-six years, with an average maturity date of seven years.

Note 4 Interest in Joint Venture

The University has a one-third joint venture interest in the Campus Alberta: Graduate Program in Counselling. Three Alberta universities formed the joint venture to develop and deliver a Collaborative Alberta Graduate Counselling Program.

The University's equity in the accumulated earnings of the joint venture at March 31, 2003 is \$123 (2002 - \$80) and is included in Other Investments (Note 3).

At March 31, 2003 the University's share of the joint venture's assets and liabilities are:

	2003	2002
Current assets (1)	\$ 282	\$ 209
Capital assets	10	8
	<u>\$ 292</u>	<u>\$ 217</u>
Current liabilities	\$ 159	\$ 129
Deferred capital contributions	10	8
Joint venture interest	123	80
	<u>\$ 292</u>	<u>\$ 217</u>

(1) included in current assets is a receivable of \$137 (2002 - \$159) from Athabasca University, a related party, for operating funds that are being administered on behalf of the joint venture.

The University's share of joint venture earnings for the year ending March 31, 2003 is \$32 which is one-third of the net of total revenues of \$872 less total expenses of \$776.

At March 31, 2003 Athabasca University has a joint venture net liability of \$287 (2002 - \$398), comprising \$410 (2002 - \$478) operating funds belonging to the Joint Venture less \$123 (2002 - \$80) of the University's equity in accumulated earnings.

Note 5 Capital Assets

	2003		2002	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 638	-	638	638
Buildings and land improvements	166,469	50,176	116,293	116,692
Construction projects	1,011	-	1,011	366
Furnishings and equipment	44,263	29,696	14,567	13,863
Learning resources	20,600	14,511	6,089	5,777
	<u>\$ 232,981</u>	<u>94,383</u>	<u>138,598</u>	<u>137,336</u>

Construction projects include the new residences as well as planning costs for the Cultural/Wellness Centre and the Centre for Leadership and Change.

Capital asset additions during the year included \$73 in donations in kind for learning resources (2002: \$10), and \$330 in donations in kind for furnishings and equipment (2002 - \$0).

Note 6 Collection

	2003	2002
Balance, beginning of year	\$ 32,424	\$ 31,543
Donations	479	856
Acquisitions	2	25
Balance, end of year	<u>\$ 32,905</u>	<u>\$ 32,424</u>

The art collection contains approximately 14,000 objects.

Note 7 Deferred Contributions

Deferred contributions represent contributions received for restricted purposes that remain unspent at March 31. Changes in the deferred contributions balance are as follows:

	2003	2002
Balance, beginning of year	\$ 6,248	\$ 10,978
Contributions received	8,409	7,899
Transfer to:		
Non-amortizable collection	-	(25)
Revenue	(6,766)	(6,414)
Deferred Capital Contributions (Note 10)	(1,903)	(6,190)
Balance, end of year	<u>\$ 5,988</u>	<u>\$ 6,248</u>

Balance consists of:

	2003	2002
Operating (restricted grants)	\$ -	\$ 234
Sponsored Research	3,554	3,697
Special Purpose	526	512
Scholarships, Bursaries and Other Trust Funds	1,908	1,805
	<u>\$ 5,988</u>	<u>\$ 6,248</u>

Note 8 Long Term Debt

	Rate of Interest	Original Advance	Amount Outstanding	
			2003	2002
Bank of Montreal Loan for Library Information Network Centre, due July 1, 2026	6.82%	10,000	\$ -	\$ 9,910
Less current portion			-	-
			<u>\$ -</u>	<u>\$ 9,476</u>

The Bank of Montreal long-term debt agreement was terminated during the year. In February 2003 the Board of Governors approved a motion to borrow \$4 million for a student housing project (see Note 21). The loan was taken out in April 2003 and is payable at 6% over 20 years. Payments will be \$349 per year.

Note 9 Unfunded Staff Benefits

	2003	2002
Early retirement benefits	\$ 1,658	2,299
Senior administrative leaves	3,042	2,975
Supplementary benefit plan	509	354
Long-term disability benefits	101	100
	5,310	5,728
Less: current portion	(1,302)	(1,632)
	<u>\$ 4,008</u>	<u>4,096</u>

Early retirement benefits, senior administrative leaves and long-term disability benefits are carried at their net present value. The discount rate used is the blended realized rate of return earned on externally managed investments. The current rate for the year was 5.5%. The net present value of any remaining early retirement benefits is paid to the retiree's beneficiary in the case of death. Therefore, no actuarial assumptions are used to determine the value of the benefits.

Senior administrative leaves are accrued based on years of service to the University as a senior administrator. These leaves are normally taken at the end of the administrative service. The supplementary benefit plan is a defined contribution plan. Long-term disability benefits are calculated according to the terms of the negotiated contracts held with the various employee groups.

Payments in the next five years for unfunded staff benefits are approximately as follows:

2004	\$ 1,302
2005	546
2006	493
2007	357
2008	192

Note 10 Deferred Capital Contributions

Deferred capital contributions represent capital funds received from external sources for specific purposes that remain unspent at March 31. Changes in the deferred capital contributions balance are as follows:

	2003	2002
Balance, beginning of year	\$ 6,577	\$ 6,833
Contributions received	1,551	6,797
Transfers from (to):		
Deferred Contributions (Note 7)	1,903	6,190
Unamortized Deferred Capital Contributions (Note 11)	(4,923)	(13,243)
Balance, end of year	<u>\$ 5,108</u>	<u>\$ 6,577</u>

The deferred contributions balance includes grants received for infrastructure renewal and donations toward the Cultural/Wellness Centre and the Centre for Leadership and Change.

Note 11 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the externally funded portion of capital assets which will be recognized as revenue in future periods. Changes in unamortized deferred capital contributions are as follows:

	2003	2002
Balance, beginning of year	\$ 93,346	\$ 85,189
Transfer from (to)		
Deferred Capital Contributions (Note 10)	4,923	13,243
Revenue		
Amortization of deferred capital contributions	(6,009)	(5,069)
Capital asset disposals (net)	(85)	(17)
Balance, end of year	<u>\$ 92,175</u>	<u>\$ 93,346</u>

Note 12 Endowments

	2003			2002		
	Externally Restricted	Internally Restricted	Total	Externally Restricted	Internally Restricted	Total
Contributions	\$ 8,085	\$ 1,072	\$ 9,157	\$ 7,941	\$ 982	\$ 8,923
Capitalized investment income	1,514	91	1,605	1,240	61	1,301
	<u>\$ 9,599</u>	<u>\$ 1,163</u>	<u>\$ 10,762</u>	<u>\$ 9,181</u>	<u>\$ 1,043</u>	<u>\$ 10,224</u>

Endowments consist of restricted donations to the University, the principal of which is required to be maintained intact in perpetuity, and internal allocations by the Board of Governors. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors, as well as University policy, stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and reinvesting unexpended income.

Note 13 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 or providing for contingencies.

	2003	2002
OPERATING:		
Staff training and development	\$ 175	\$ 362
Academic development	20	218
Campus planning studies	160	73
International affairs	6	8
Utilities contingency - rate increases	50	420
Enrollment management	-	15
Program development	146	472
	<u>557</u>	<u>1,568</u>
CAPITAL:		
Capital replacement - Ancillary Services	2,168	4,269
Housing Services - residences	895	1,632
Capital equipment	725	1,844
Buildings and plant	193	105
Site and utilities	37	183
Utility conservation	170	110
Self insurance	178	133
Parking services	273	75
Service vehicles and equipment	64	34
	<u>4,703</u>	<u>8,385</u>
	<u>\$ 5,260</u>	<u>\$ 9,953</u>

During the year \$5,590 was withdrawn from internally restricted net assets to self-finance the long-term debt for the Library and Information Network Centre. The University will replenish \$4,011 of this amount to internally restricted net assets over the next nine years through allocations from the yearly operating budget as follows:

2004	\$ 375
2005	375
2006	375
2007	374
2008	370
2009	355
2010	357
2011	855
2012	575

Note 14 Investment Income

	2003	2002
Total investment income for the year	\$ 2,944	\$ 3,029
Transfers to:		
Endowments - externally restricted	(274)	(267)
Deferred contributions	(61)	(15)
Total investment income recognized as revenue	<u>\$ 2,609</u>	<u>\$ 2,747</u>

Note 15 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.

	2003			2002	
	Salary (1)	Benefits and Allowances (2)	Total	Total	
Board of Governors (3)	\$ -	\$ -	\$ -	\$ -	
President (4)	200	70	270	247	
Executives					
Vice-President (Academic) (4)	188	50	238	221	
Vice-President (Finance & Administration)	151	30	181	161	
Dean of Management (5)	205	33	238	213	
Dean of Graduate Studies	148	24	172	159	
Accrual of senior administrative leaves (6)					
President		58	58	52	
Vice-President (Academic)		77	77	71	
Vice-President (Finance & Administration)		43	43	36	
Dean of Management (7)		33	33	54	
Dean of Graduate Studies		65	65	58	

- (1) Salary includes regular base pay, administrative stipends and any other direct remuneration.
- (2) Benefits and allowances include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, vision care plan, supplementary benefit plan and professional supplement allowance.
- (3) Members of the Board of Governors receive no remuneration for participation on the Board.
- (4) Benefits and allowances figure includes housing allowance.
- (5) Two individuals held the position in the current year.
- (6) Leaves are accrued for senior administrators at a rate of one month for every five months served. During the leave, all salaries and benefits excluding any housing allowances are paid. 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 accrual is calculated based on the cumulative number of months of leave earned by each individual to March 31 at his/her current salary and benefits rates. The nominal value was projected to the date the leave is expected to be taken, and discounted back to the present using a current market interest rate of 5.5%.

- (7) Accrual is for new Dean who started July 1, 2002 (nine months' service).

Note 16 Pension Costs

The pension expense recorded in these financial statements is equivalent to the University's annual contributions payable of \$2,850 for the year ended March 31, 2003 (2002 - \$2,544). The University participates in the Universities Academic Pension Plan and the Public Service Pension Plan. These pension plans are multi-employer defined benefit pension plans that provide pensions for the University's participating employees, based on years of service and earnings.

At December 31, 2002, the Universities Academic Pension Plan reported an actuarial deficiency of \$327,372 (2001 - \$151,996). An actuarial valuation of the Universities Academic Pension Plan was done December 31, 2000 and was then extrapolated to December 31, 2002. The extrapolation did not include the impact of increases in the maximum pensionable salary amount proposed in the 2003 Federal Budget. The next actuarial valuation of the Universities Academic Pension Plan is required to be completed by the end of December 2003.

At December 31, 2002, the Public Service Pension Plan reported an actuarial deficiency of \$175,528 (2001 - surplus of \$320,487). An actuarial valuation of the Plan was carried out as at December 31, 2000 which was then extrapolated for the December 31, 2002 financial statements. The next actuarial valuation will be carried out as at December 31, 2002 and any differences between the valuation and extrapolation results will be reported as gains or losses in the December 31, 2003 financial statements of the Plan.

Note 17 Change in Non-Cash Operating Working Capital

	2003	2002
Accounts receivable	\$ 1,045	\$ (703)
Inventories	161	(186)
Prepaid expenses	(77)	14
Accounts payable	(143)	1,222
Accrued payroll liabilities	371	519
Deferred revenue	(110)	(339)
Deferred tuition fees	323	710
Deferred contributions	(260)	(4,730)
Increase (decrease) in non-cash operating working capital	<u>\$ 1,310</u>	<u>\$ (3,493)</u>

Note 18 Budget

The University is required to submit a budget, approved by the Board of Governors of the University, to the Minister of Alberta Learning for his approval. The 2002/03 budget was approved by the Board on March 21, 2002.

Unrestricted Funds Budget

	2003						2002			
	General Operating		Ancillary Services		Access & Other		Total		Original Budget	Total Actual
	Original Budget	Total Actual	Original Budget	Total Actual	Original Budget	Total Actual	Original Budget	Total Actual		
REVENUE										
Grants	\$ 40,718	\$ 42,572	\$ -	\$ 15	\$ 6,702	\$ 7,016	\$ 47,420	\$ 49,603	\$ 37,874	\$ 45,393
Tuition and related fees	20,992	23,582	820	876	2,941	2,685	24,753	27,143	19,926	24,198
Sales of services and products	2,916	1,218	8,235	8,087	-	26	11,151	9,331	8,963	9,394
Miscellaneous	1,833	1,747	49	41	88	162	1,970	1,950	580	2,037
Investment income	1,500	2,048	182	64	-	183	1,682	2,295	1,539	2,498
Gifts and donations	-	34	-	132	-	48	-	214	-	258
Amortization of deferred capital contributions	4,898	6,094	-	-	-	-	4,898	6,094	6,628	5,086
	<u>72,857</u>	<u>77,295</u>	<u>9,286</u>	<u>9,215</u>	<u>9,731</u>	<u>10,120</u>	<u>91,874</u>	<u>96,630</u>	<u>75,510</u>	<u>88,864</u>
EXPENSE										
Salaries and benefits	49,262	50,701	3,446	3,204	6,635	4,381	59,343	58,286	48,073	53,033
Scholarships, fellowships and bursaries	488	889	-	60	50	334	538	1,283	643	1,159
Supplies and services	4,455	3,728	997	1,561	2,401	587	7,853	5,876	4,601	5,687
Cost of goods sold	185	178	2,593	2,684	-	-	2,778	2,862	2,674	2,908
Travel	868	1,341	307	423	134	354	1,309	2,118	1,032	1,960
Utilities	2,801	2,199	364	418	-	153	3,165	2,770	2,052	2,472
External contracted services	777	1,444	616	443	-	131	1,393	2,018	1,594	1,499
Repairs and maintenance	2,356	1,036	-	62	-	11	2,356	1,109	-	927
Professional fees	332	405	2	88	-	29	334	522	299	546
Interest on long term liabilities	528	1,419	18	-	-	-	546	1,419	254	224
Insurance	167	153	9	14	-	52	176	219	437	164
Property taxes	-	3	153	148	-	7	153	158	150	153
Loss on disposal of capital assets	-	193	-	6	-	-	-	199	-	61
Unrealized loss on write-down of investments	-	2,755	-	-	-	-	-	2,755	-	-
Amortization of capital assets	9,255	10,705	164	217	267	-	9,686	10,922	9,073	9,526
Provisions	1,383	-	270	-	244	-	1,897	-	3,970	-
	<u>72,857</u>	<u>77,149</u>	<u>8,939</u>	<u>9,328</u>	<u>9,731</u>	<u>6,039</u>	<u>91,527</u>	<u>92,516</u>	<u>74,852</u>	<u>80,319</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ -	\$ 146	\$ 347	\$ (113)	\$ -	\$ 4,081	\$ 347	\$ 4,114	\$ 658	\$ 8,545

The supplies and services budget includes provisions for contingencies which are subject to reallocation throughout the year. These contingency budgets are used primarily for salaries and benefits. Actual expenses are recorded in the appropriate expense categories.



Note 18 Budget (continued)

Restricted Funds Budget

	2003		2002	
	Original Budget	Total Actual	Original Budget	Total Actual
REVENUE				
Grants	\$ 2,063	\$ 7,328	\$ 3,137	\$ 6,284
Tuition and related fees	-	-	-	-
Sales of services and products	-	-	-	-
Miscellaneous	1,827	118	784	160
Investment income	800	314	832	249
Gifts and donations	869	155	644	246
Amortization of deferred capital contributions	-	-	-	-
	<u>5,559</u>	<u>7,915</u>	<u>5,397</u>	<u>6,939</u>
EXPENSE				
Salaries and benefits	2,568	3,181	2,494	2,644
Scholarships, fellowships and bursaries	531	1,074	752	991
Supplies and services	1,231	1,330	911	873
Cost of goods sold	-	-	-	-
Travel	656	537	742	546
Utilities	3	1	3	-
External contracted services	531	389	457	204
Repairs and maintenance	-	1,344	-	1,071
Professional fees	37	55	37	92
Interest on long term liabilities	-	-	-	500
Insurance	2	1	1	16
Property taxes	-	3	-	2
Loss on disposal of capital assets	-	-	-	-
Unrealized loss on write-down of investments	-	-	-	-
Amortization of capital assets	-	-	-	-
Provisions	-	-	-	-
	<u>5,559</u>	<u>7,915</u>	<u>5,397</u>	<u>6,939</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2003		2002	
	Original Budget	Total Actual	Original Budget	Total Actual
	\$ 49,483	\$ 56,931	\$ 41,011	\$ 51,677
	24,753	27,143	19,926	24,198
	11,151	9,331	8,963	9,394
	3,797	2,068	1,364	2,197
	2,482	2,609	2,371	2,747
	869	369	644	504
	4,898	6,094	6,628	5,086
	<u>97,433</u>	<u>104,545</u>	<u>80,907</u>	<u>95,803</u>
	61,911	61,467	50,567	55,677
	1,069	2,357	1,395	2,150
	9,084	7,206	5,512	6,560
	2,778	2,862	2,674	2,908
	1,965	2,655	1,774	2,506
	3,168	2,771	2,055	2,472
	1,924	2,407	2,051	1,703
	2,356	2,453	-	1,998
	371	577	336	638
	546	1,419	254	724
	178	220	438	180
	153	161	150	155
	-	199	-	61
	-	2,755	-	-
	9,686	10,922	9,073	9,526
	1,897	-	3,970	-
	<u>97,086</u>	<u>100,431</u>	<u>80,249</u>	<u>87,258</u>
	\$ 347	\$ 4,114	\$ 658	\$ 8,545

Note 19 Related Party Transactions

a) University of Lethbridge Foundation

On January 27, 1999 the Trustees approved the wind-up of the Foundation in anticipation of the repeal of the Advanced Education Foundations Act. The Trustees have requested Alberta Learning to make provisions in legislation that any residual assets of the Foundation and any bequests, testamentary gifts or similar benefits to the University of Lethbridge Foundation become the property of the Board of Governors of The University of Lethbridge. Consequently, there was no activity in the Foundation during the year and no assets were held by the Foundation as at March 31, 2003.

b) Province of Alberta

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 Alberta Learning. Transactions between the University and the Province are disclosed as follows:

	2003			2002
	Unrestricted	Restricted	Total	Total
Operating grants	\$ 41,638	\$ -	\$ 41,638	\$ 37,859
Access Fund	7,000	-	7,000	6,205
Faculty and Staff Retention	493	-	493	1,525
Unfunded Enrolment Growth	141	-	141	272
Campus Alberta Graduate Program	127	-	127	117
International Education	26	10	36	4
Other	7	-	7	153
Infrastructure Renewal Envelope	-	2,338	2,338	4,227
Research Investment Program	-	477	477	112
Curriculum Redevelopment	-	216	216	105
Alberta Initiative for School Improvement	-	30	30	-
Strategic Research Initiative	-	-	-	950
Research Excellence Envelope	-	-	-	210
Total Contributions Received	49,432	3,071	52,503	51,739
Less: Deferred Contributions	-	(411)	(411)	(382)
Deferred Capital Contributions	-	(950)	(950)	(3,396)
Transferred to Statement of Operations	\$ 49,432	\$ 1,710	\$ 51,142	\$ 47,961

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

The total contributions received for unrestricted grants includes \$871 in accounts receivable.

In 2003 and 2002 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 has an arrangement with Athabasca University and University of Calgary to offer a graduate program in Counselling. These transactions were entered into on the same business terms as with non-related parties and are recorded at their fair value amounts. The University's share of revenue and expenses have been recorded using the equity method of accounting (Note 4).

Note 20 Pledges Receivable

As of March 31, 2003 the estimated realizable value of pledges receivable is \$530 in support of the following projects:

Library and Information Network Centre	\$	151
Centre for Leadership and Change		319
Multimedia Centre		60

The pledges are expected to be received over the next three years and have not been recorded in the financial statements.

Note 21 Commitments and Contingencies

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 predicted at this time, it is the opinion of management and the University's legal counsel that adequate provision for these proceedings has been made in the University's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the University, however, should any additional loss result from the resolution of these proceedings, such amounts would be charged against earnings in the year incurred.

The University is one of the members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. At December 31, 2002 CURIE had a surplus of \$4,072 (2001 - \$7,226) of which the University's pro rata share is approximately .97% (2001 - .96%) on an ongoing basis.

The University has a ten-year lease on teaching facilities used in Edmonton. The lease expires October 2007 with an option to terminate upon six months' notice plus six months' basic rent and occupancy costs. Basic rent is \$6.50 per square foot. Occupancy costs are based on a proportionate share of total building costs. In fiscal 2003 and 2002 basic rent totalled \$88. In 2003 occupancy costs were \$89 (2002 - \$85).

In order to manage its exposure to the volatility in the electrical industry, the University entered into a five-year contract effective January 1, 2001 to fix its electrical cost at an average cost of \$0.115 per KWh. The total cost for the year ending March 31, 2004 is expected to be \$2,300. The cost of electricity included in these statements for fiscal 2003 is \$1,964.

Flooding in June 2002 damaged a recently constructed University building. The cost of repairs to date in the amount of \$172 has been recognized as expense in these financial statements. Further repairs, the amount of which has not been estimated, are expected to be undertaken in 2004. The University is seeking recovery of the costs for the repairs. It is not possible at this time to determine whether any amount will be recovered. Any amounts estimated to be recovered will be recorded when the estimated recovery is likely.

At March 31, 2003 a construction project was in progress to construct a 96-bed student residence. Total contract costs are \$5,033. \$4,000 of the project cost will be financed from long-term debt. The project will be completed during fiscal 2004.

Note 22 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 financial statement presentation.

Note 23 Approval of Financial Statements

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