



## 2004 – 2005 Annual Report to Alberta Advanced Education



For the period April 1, 2004 to March 31, 2005

University of  
**Lethbridge**





# The University of Lethbridge 2004 – 2005 Annual Report to Alberta Advanced Education

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## Accountability Statement

The University of Lethbridge Annual Report for the year ended March 31, 2005 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.

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Terrance E. Royer, Chair, Board of Governors

Date:

# Table of Contents

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<b>1.0</b>	<b>Summary .....</b>	<b>1</b>
<b>2.0</b>	<b>Opportunities and Challenges .....</b>	<b>4</b>
2.1	Opportunities .....	4
	<i>Leadership in Research .....</i>	<i>4</i>
	<i>Leadership in Technology .....</i>	<i>4</i>
	<i>Leadership in First Nations Participation .....</i>	<i>4</i>
	<i>Enrolment Growth .....</i>	<i>4</i>
2.2	Challenges .....	5
	<i>Enrolment Growth .....</i>	<i>5</i>
	<i>Unfunded Students .....</i>	<i>5</i>
	<i>Increased Competition .....</i>	<i>6</i>
	<i>Research Facilities and Indirect Costs .....</i>	<i>6</i>
	<i>Faculty Attraction &amp; Retention .....</i>	<i>6</i>
	<i>Space .....</i>	<i>7</i>
	<i>Applicable Technology .....</i>	<i>7</i>
<b>3.0</b>	<b>Goals and Performance Measures .....</b>	<b>8</b>
3.1	Progress Related to Goals .....	8
	<i>Goal: Accessibility .....</i>	<i>8</i>
	<i>Goal: Academic Excellence .....</i>	<i>9</i>
	<i>Goal: Research Excellence .....</i>	<i>10</i>
	<i>Goal: Community and Public Relations .....</i>	<i>10</i>
	<i>Goal: Student Services .....</i>	<i>11</i>
	<i>Goal: Facilities and Equipment Renewal .....</i>	<i>11</i>
	<i>Goal: Operate Responsively and Responsibly .....</i>	<i>12</i>
3.2	Progress Related to Performance Measures .....	12
	<i>Enrolment .....</i>	<i>12</i>
	<i>Graduate Satisfaction .....</i>	<i>13</i>
	<i>Graduate Participation and Employment Rates .....</i>	<i>13</i>
	<i>Administration Expenditures .....</i>	<i>13</i>
	<i>Citation Index .....</i>	<i>14</i>
	<i>Research Intensity .....</i>	<i>14</i>
	<i>Research Impact .....</i>	<i>15</i>
	<i>Research Council Grants .....</i>	<i>15</i>
<b>4.0</b>	<b>The Year in Review .....</b>	<b>16</b>
4.1	Achievement .....	16
	<i>Alberta Book Award .....</i>	<i>16</i>
	<i>ASTech Award .....</i>	<i>16</i>
	<i>Computing Research Association's Outstanding Undergraduate Award .....</i>	<i>16</i>
	<i>Distinguished Teaching Award .....</i>	<i>17</i>
	<i>Doctoral Thesis Prize .....</i>	<i>17</i>
	<i>Inter-Collegiate Business Competition .....</i>	<i>17</i>
	<i>Ingrid Speaker Medal .....</i>	<i>17</i>
	<i>Joe Rood Memorial Scholarship in Physical Science .....</i>	<i>18</i>
	<i>Lerner-Scott Prize .....</i>	<i>18</i>
	<i>Lieutenant Governor of Alberta Arts Award .....</i>	<i>18</i>
	<i>Prairie Baseball Academy Professor of the Year .....</i>	<i>18</i>
	<i>Women of Distinction Awards .....</i>	<i>18</i>
4.2	Academic Programs .....	19
	<i>Health Sciences Courses on the Piikani Nation .....</i>	<i>19</i>
	<i>Ph.D. Graduates .....</i>	<i>19</i>
4.3	Research .....	20
	<i>Overview of Research Funding .....</i>	<i>20</i>
	<i>CFI Funding: New Opportunities Fund .....</i>	<i>21</i>
	<i>Change Foundation of Ontario Funding .....</i>	<i>22</i>

	<i>Canadian Institutes of Health Research Funding</i> .....	22
	<i>CURA Grant</i> .....	22
	<i>NSERC Research Capacity Development Grant</i> .....	22
	<i>United Nations Water for Life Program</i> .....	23
4.4	Technology and Facilities.....	24
	<i>Videoconferencing</i> .....	24
	<i>Web-Based Registration</i> .....	24
	<i>WestGrid</i> .....	25
	<i>Regional Health and Wellness Centre</i> .....	25
	<i>Service Building</i> .....	25
4.5	Staffing.....	26
4.6	Financial Highlights.....	26
	<i>Financial Management</i> .....	26
	<i>Overview</i> .....	26
	<i>Revenue</i> .....	26
	<i>Expense</i> .....	28
	<i>Assets</i> .....	29
	<i>Liabilities and Net Assets</i> .....	30
	<i>Economic Impact</i> .....	31
4.7	Rankings.....	32
	<i>Maclean's Survey</i> .....	32
	<i>Globe and Mail Report Card</i> .....	32
	<b>Appendix One: About The University of Lethbridge</b> .....	<b>33</b>
	Mandate.....	33
	Vision.....	33
	Mission.....	33
	Strategic Priorities.....	34
	<i>Students</i> .....	34
	<i>Diversity</i> .....	34
	<i>Teaching and Research</i> .....	34
	<i>Facilities</i> .....	34
	<i>Outreach</i> .....	34
	<b>Appendix Two: Audited Financial Statements</b> .....	<b>35</b>

## List of Figures

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Figure 1: Unfunded Student FLEs, 1998-2004.....	5
Figure 2: Classroom and Laboratory Space Per FLE in Alberta Post-secondary Institutions, 1997-98.....	7
Figure 3: Enrolment by Students from Calgary, Edmonton, and Other Provinces.....	8
Figure 4: Percentage of International Students, 1999 – 2003.....	9
Figure 5: Fall Enrolment, 1999-2004.....	12
Figure 6: Administration Expenditures as a Percentage of Total Expenditures Less Ancillary Expenditures, 2000-01 to 2004-05.....	13
Figure 7: Research Intensity, 1993-95 to 2001-03 (Three-Year Moving Average).....	14
Figure 8: Research Impact, 1996-98 to 2001-03 (Three-Year Moving Average).....	15
Figure 9: Value of NSERC, SSHRC, and CIHR Grants, 1998-2000 to 2001-03 (Three-Year Moving Average, in Thousands of \$).....	15
Figure 10: Value of Research Grants Received, 1999-2000 to 2004-05 (in Thousands of \$).....	20
Figure 11: Research Grants as a Percentage of Operating Grants, 1999-2000 to 2004-05.....	21
Figure 12: Source of Research Revenue, 2004-05.....	21
Figure 13: Revenue by Source, 2004-05.....	27
Figure 14: Expense by Type, 2004-05.....	28
Figure 15: Economic Impact, 2004-05.....	31

# List of Tables

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Table 1: Student Satisfaction with Overall Quality of Educational Experience, 2000-04 ...	13
Table 2: Graduate Participation and Employment Rates, 2000-04 .....	13
Table 3: Citation Index .....	14
Table 4: Budgeted FTE Positions, 99-00 to 02-03 .....	26
Table 5: Provincial Grants, 2003-04 to 2004-05 (Thousands of \$).....	27
Table 6: Tuition Fee Policy Compliance Information .....	27
Table 7: University of Lethbridge Overall and Top 10 Rankings, 2004.....	32

# 1.0 Summary

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- ▶ There were four major **opportunities** for The University of Lethbridge in 2004-05:
  - (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 2004-05:
  - (1) Pressure on resources from enrolment growth.
  - (2) A rising number of unfunded students, which puts financial pressure on the institution.
  - (3) Increasing competition for students among post-secondary institutions in Canada.
  - (4) A drain on resources from the indirect costs of research.
  - (5) The ongoing challenge to excel in faculty attraction and retention.
  - (6) An urgent and ongoing need for teaching, laboratory, and general campus space.
  - (7) 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 by 4.7% over the previous year. Collaborations with institutions in Alberta, Canada, and around the world expanded. International student enrolment rose by 1.2% over Fall 2003.
  - (2) **Academic Excellence**—Excellent faculty were recruited (attracted in part by competitive salaries), resulting in a 2.7% increase in academic staff FTEs. In the 2003 Maclean's Magazine Annual Ranking of Canadian Universities, the U of L maintained its ranking to place 12<sup>th</sup> out of 21 primarily undergraduate universities. The U of L was the only Alberta post-secondary institution to receive an "A" for *Overall Quality of Education* in the 2004 Globe and Mail University Report Card. The University Review Committee completed the *Academic Quality Assurance Policy and Process*, which was approved by the General Faculties Council and the Board of Governors. The Faculty of Arts and Science began a program review of the M.A./M.Sc. program.

- (3) **Research Excellence**—The value of research grants to the U of L increased by 30%, and the ratio of research funding to operating grants rose by 4.4%.
  - (4) **Community and Public Relations**—The U of L continued to offer educational, recreational, and fine arts programs to the community. University Advancement continued to build relationships with government, community, and alumni. The newly-developed Discovery Lecture Series offered three public lectures that attracted an audience of 1,200 people. Collectively, the major public lecture series offered 18 lectures to a total audience of 2,555. The U of L made presentations to several organizations and individuals, including MLAs, city councils, and the Standing Policy Committee on Education.
  - (5) **Student Services**—Students had exceptional access to information technology and resources. Co-operative education programs provided outstanding work experience opportunities. In the 2004 Maclean's Magazine Annual Ranking of Canadian Universities, the U of L ranked second among primarily undergraduate universities in the percentage of its budget devoted to student services.
  - (6) **Facilities and Equipment Renewal**—The U of L began to construct the multi-purpose Regional Health and Wellness Centre. 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.
- ▶ The U of L also made progress in relation to its eight **performance measures**:
- (1) **Enrolment** rose by 4.7%.
  - (2) **Graduate satisfaction**, in its most recent measure (2004), was 96%.
  - (3) **Graduate participation** in the workforce was 92%, and the **graduate employment** rate was 97%, according to the most recent data (2004).
  - (4) A measure of administration efficiency, **administration expenditures as a percentage of total expenditures less ancillary expenditures** was 7.0%, the lowest in five years and a decrease of 0.6% over the previous year.
  - (5) **Research intensity** (value of sponsored research divided by the value of provincial operating grants) rose by 1.4%.
  - (6) A measure of how well the U of L attracts research money from industry and the community, **research impact** decreased by 1.7%, but has risen by 20% since 1996-98.
  - (7) For **research council grants**, average NSERC funding decreased by 5% over the previous reporting period, average SSHRC funding rose 22%, and average CIHR funding fell by 13%. These figures do not include ongoing grant monies.

- ▶ The U of L's **research programs** continued to grow. Sponsored research grants totaled \$11.6 million in 2004-05, an increase of 30% over 2003-04. Over the past five years, research grants have more than doubled.
- ▶ In the realm of **campus technology**, the U of L persisted in its efforts to remain a leader in videoconferencing in Alberta, implementing several initiatives to develop videoconferencing capacity and best practices. For 2004-05, the Curriculum Re-development Centre received about \$380,000 in grants for videoconferencing-related projects. The web-based registration system was expanded to include the Calgary and Edmonton campuses. WestGrid, an innovative grid of computational resources, became available for use to support research.
- ▶ The excess of **revenue over expense** decreased by \$1.3 million over the previous fiscal year. A write down of capital assets demolished for construction of the Regional Health and Wellness Centre accounted for most of this decrease.
- ▶ The three largest sources of **revenue** are: (1) grants; (2) student fees; and (3) sales and services. The three biggest classes of **expenses** are: (1) salaries and benefits; (2) supplies and services; and (3) amortization.
- ▶ The U of L had an **economic impact** of over \$1.2 billion.



## 2.0 Opportunities and Challenges

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### 2.1 OPPORTUNITIES

#### Leadership in Research

The University of Lethbridge is committed to being a leader in research. 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 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, with high bandwidth Internet access for all students, faculty, and staff, and state-of-the-art classrooms. 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 U of L has the opportunity to be a leader in encouraging and supporting the participation of First Nations people in university education.

#### Enrolment Growth

Growth in U of L enrolment provides several opportunities:

**New or expanded programs**—With increasing student enrolment, the U of L has the opportunity to consider expanding existing programs and developing new ones.

**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.

## 2.2 CHALLENGES

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

### Enrolment Growth

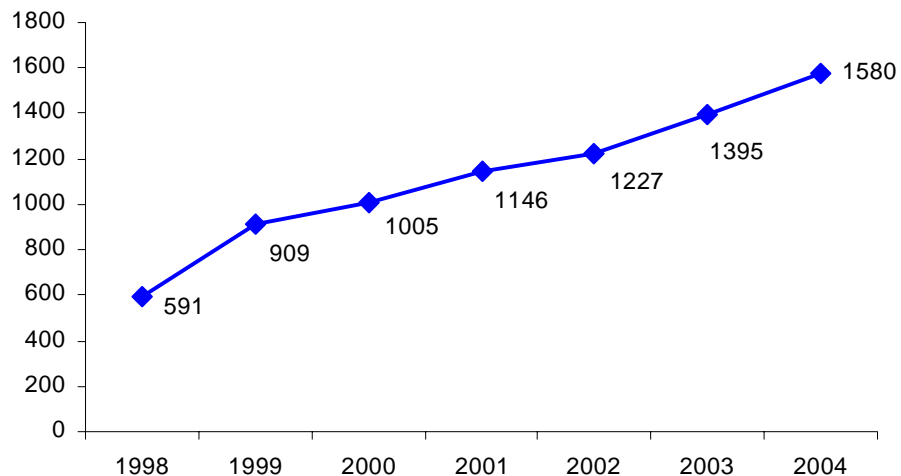
Over the past five years, enrolment has increased by about 21%. Enrolment growth presents four key challenges:

- (1) Attracting faculty when teaching assignments may be higher than other institutions.
- (2) Finding additional instructional and office 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 (Figure 1). 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.

Figure 1: Unfunded Student FLEs, 1998-2004



## 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, the U of L has several features that students value: smaller classes; a sense of community; more access to faculty and undergraduate research opportunities; national and international opportunities; state-of-the-art teaching space and laboratories; and access to cutting-edge computer technology. The U of L offers top quality programs and services, and we believe quality will prevail when it comes to attracting students.

## Research Facilities and Indirect Costs

The U of L's continuing success in research funding and programs 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.

Indirect research costs to the institution are an estimated 40¢ for each dollar spent on research. For a small institution, this is a significant drain on resources. The indirect costs funding from Industry Canada on federal research grants will help significantly in meeting this challenge.

## Faculty Attraction & Retention

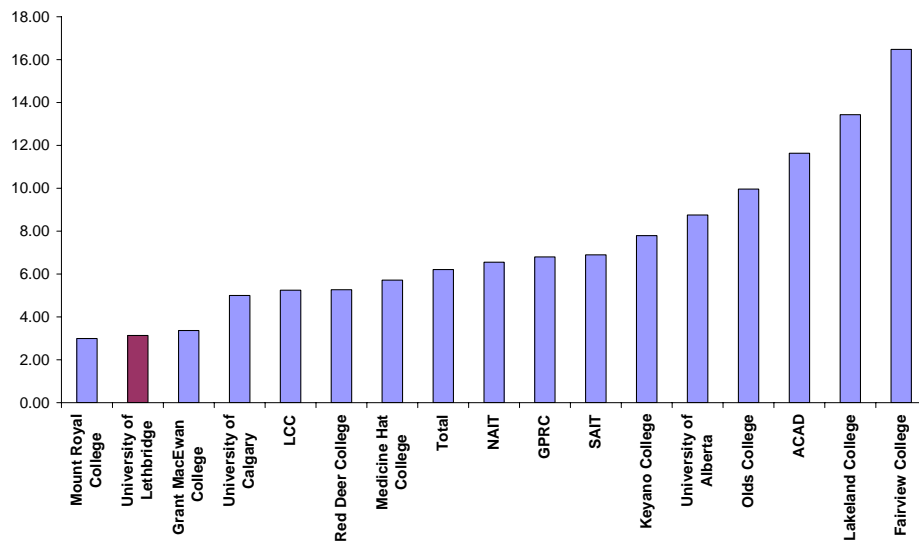
Attracting and retaining faculty members is an ongoing challenge. The specific challenges that the institution faces are threefold:

- (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 U of L faces an acute, ongoing lack of space. The University has the lowest amount of teaching space per student among public post-secondary institutions in the province, and the least assignable space per students among Alberta universities (see Figure 2).

Figure 2: Classroom and Laboratory Space per FLE in Alberta Post-secondary Institutions, 1997-98



## 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 difficult, in terms of both effort and cost.

# 3.0 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 2004-05.

## 3.1 PROGRESS RELATED TO GOALS

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

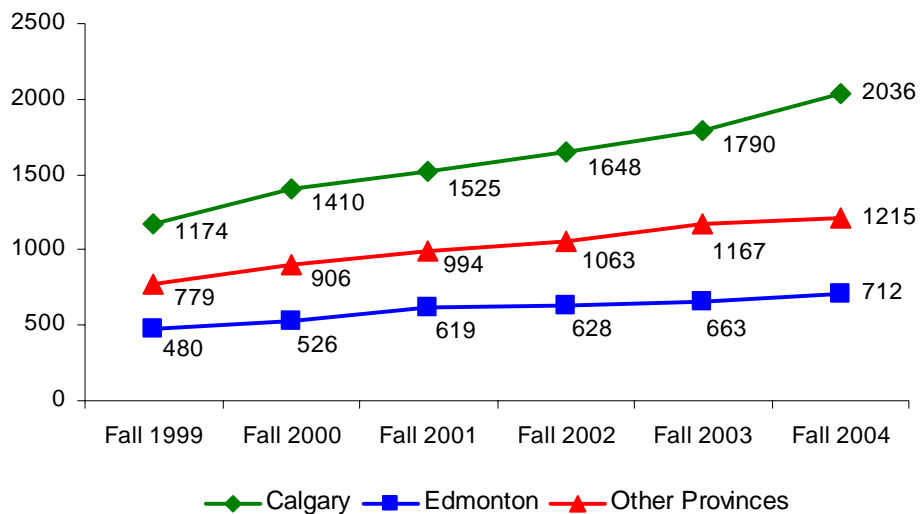
### Goal: Accessibility

*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 2004-05. Enrolment grew to 7,750 students, an increase of 4.7% over the previous year and 21% since 2000.

From 1996 on, the U of L has been increasingly the institution of choice for students from Calgary, Edmonton, and elsewhere in Canada (Figure 3). In particular, the number of U of L students drawn from Calgary rose by about 14% over the previous Fall semester.

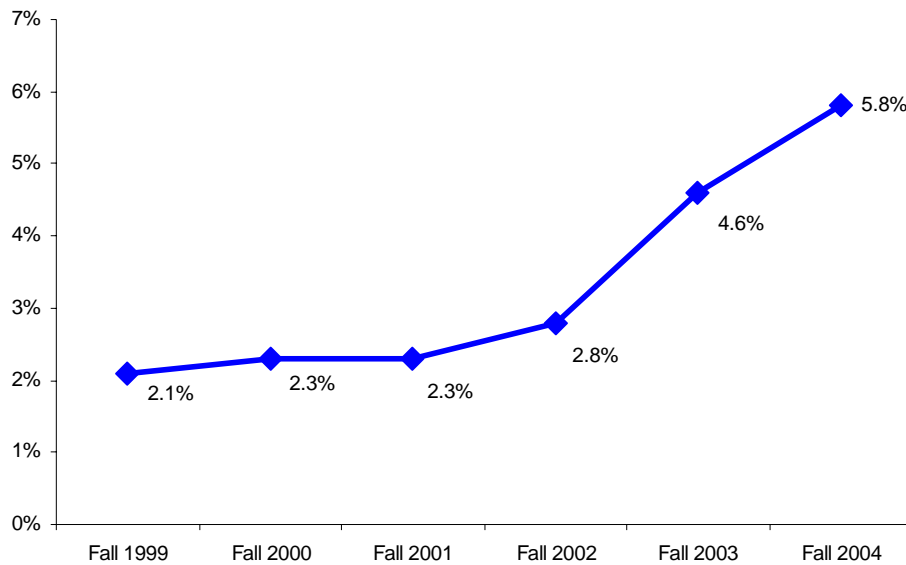
Figure 3: Fall Enrolment by Students from Calgary, Edmonton, and Other Provinces, 1999-2004



By maintaining and expanding collaborative arrangements with colleges in Alberta, Canada, and around the globe, the institution has also remained accessible to students who begin their education at other institutions. Currently, the U of L has about 101 articulation agreements with 60 different institutions.

International student enrolment rose in fall 2004 to the highest levels ever seen by the institution (see Figure 4). The U of L is actively recruiting in selected international markets to maintain and increase the number of students from overseas.

Figure 4: Percentage of International Students, 1999 – 2004



## 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 2.7% over the previous year. One way to attract and retain high-quality faculty is to offer competitive salaries. In 2004-05, median academic salaries increased by 9.2% over 2003-04.

To help ensure academic excellence, the University Review Committee completed the *Academic Quality Assurance Policy and Process*, which the General Faculties Council approved on June 7, 2004 and the Board of Governors approved on December 16, 2004. A review of the M.A./M.Sc. program began in 2005.

In the 2004 Maclean's Magazine Annual Ranking of Canadian Universities, for nearly three-quarters of the categories the U of L maintained or increased its position. In the overall ranking, The University of Lethbridge maintained its ranking to place 12<sup>th</sup> out of 21 institutions. In the 2004 Globe and Mail University Report Card, the U of L received an "A" for *Overall Quality of Education* (see "4.8 Rankings," page 32).

### 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 during 2004-05 increasing 30% over 2003-04. Moreover, the ratio of research funding relative to operating grants rose by 4% in 2004-05. For more details, see "4.3 Research" (page 20).

### 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 2003-04 fiscal year, the U of L maintained and grew its strong ties to the local and provincial communities. The institution continued to offer educational, recreational and fine arts programs, and speaker events to the community.

The U of L developed and implemented the Discovery Lecture Series, a major public lecture series designed to present renowned speakers of interest to the University and the general public. As part of the development of this series, the Committee devises broad, multidisciplinary themes for each lecture season. The Discovery Lecture Series presented three lectures in 2004-05 that attracted about 1,200 people to campus. Overall, the major public lecture series at the U of L offered 18 lectures that had a total audience of about 2,555 during 2004-05.

The Department of University Advancement persisted in its efforts to build relationships with the local government, the community, and the alumni. To keep community and political sectors informed, the U of L has made regular presentations to several organizations:

- Alberta Government's Standing Policy Committee on Education.
- Calgary Caucus.
- Capital Area Caucus.
- Various southern Alberta MLAs and candidates for the Provincial Legislature.
- Lethbridge City Council.
- Edmonton City Council.

The University has noted a revitalized alumni presence at events and fundraising activities and on the Board of Governors,.

The U of L began construction of the Regional Health and Wellness Centre. This Centre will house a variety of fitness and physical activity facilities for the benefit of the U of L and surrounding communities.

### 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 University ranked second among primarily undergraduate universities on percentage of budget devoted to student services in the 2004 Maclean's magazine Annual Survey of Canadian Universities (see "Maclean's Survey," page 32). 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.

The U of L continued to provide students with exceptional access to information technology and resources. All residence students have high-speed Internet access. Each of the study spaces in LINC is wired with fiber 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 like the United States, England, and Israel.

### 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.*

The U of L began construction of the multi-purpose Regional Health and Wellness Centre. Scheduled for completion in late 2006, the Centre will include a 2000-seat triple gymnasium, fitness centre, sports medicine clinic, running track, labs, classrooms, and other facilities. (See "Regional Health and Wellness Centre," page 25.)

The U of L completed or initiated several capital projects in 2004-05 to address essential infrastructure and building renewal needs:

- Canadian Centre for Behavioural Neuroscience expansion for imaging facility.
- Satellite ground station.
- Parking facilities expansion.
- Various classroom and lab upgrades.
- Videoconferencing facilities.



### 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, continuous quality improvement, and fiscal responsibility.

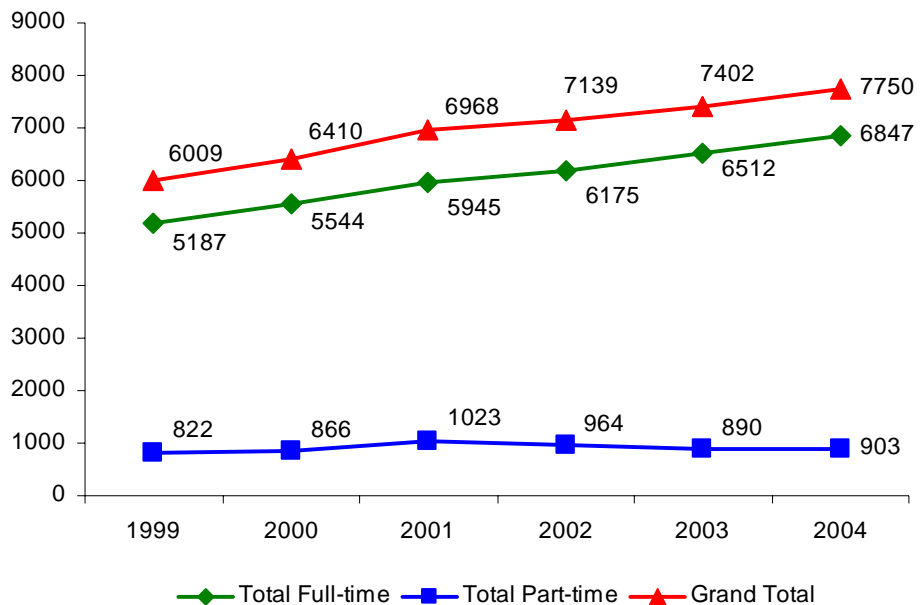
## 3.2 PROGRESS RELATED TO PERFORMANCE MEASURES

In its 2002-2006 Business Plan, the U of L presented eight performance measures. This section provides the most recent data for these performance measures.

### Enrolment

Enrolment at the U of L continues to increase, with 7,750 students in the fall 2004 semester, an increase of 4.7% over the previous year.

Figure 5: Fall Enrolment, 1999-2004



## 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 climbed to 96% for the 2004 graduate survey.

Table 1: Student Satisfaction with Overall Quality of Educational Experience, 2000-04

	2000	2002	2004
Students Satisfied	86%	89%	96%

## 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 participation and employment rates have remained very high from 2000 to 2004.

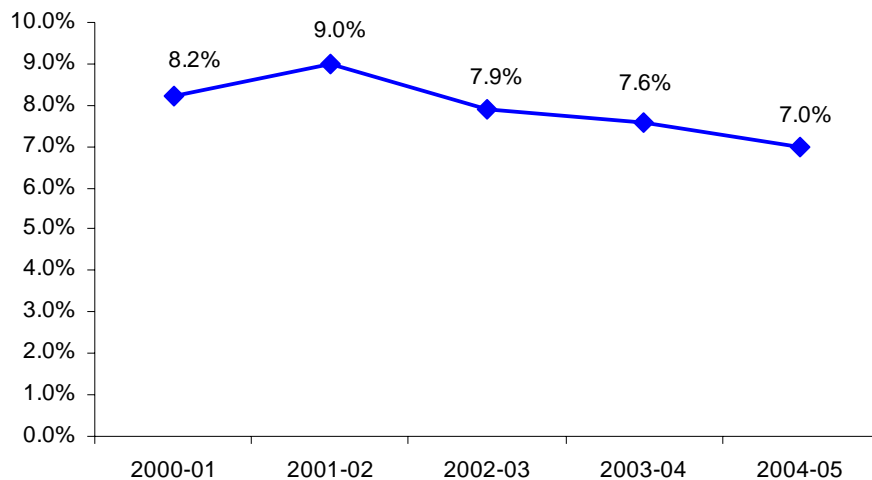
Table 2: Graduate Participation and Employment Rates, 2000-04

	2000	2002	2004
Participation Rate	96%	97%	92%
Employment Rate	95%	95%	97%

## Administration Expenditures

Administration expenditures as a percentage of total expenditures less ancillary expenditures measure the efficiency of U of L administration. The figure for 2004-05 (7.0%) is the lowest in five years.

Figure 6: Administration Expenditures as a Percentage of Total Expenditures less Ancillary Expenditures, 2000-01 to 2004-05



### 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, as the citation index is no longer collected for KPI purposes. The table below shows the most recent data.

Table 3: Citation Index

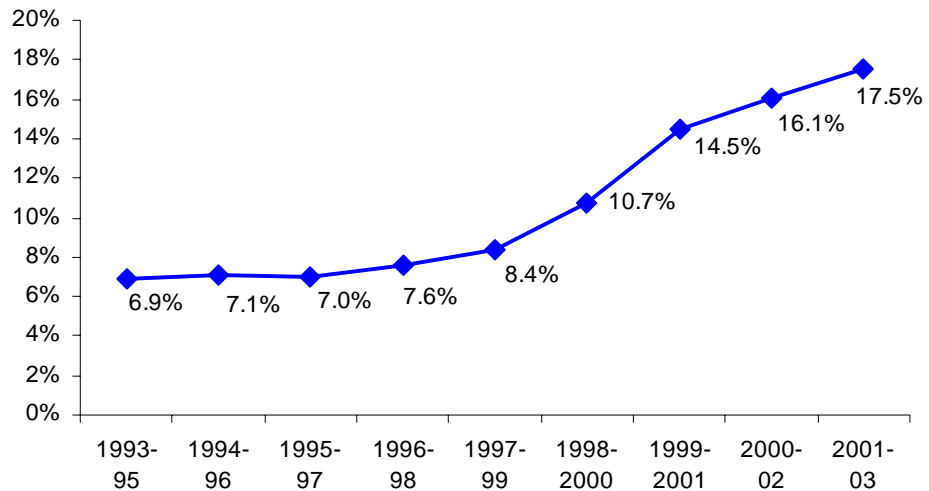
	1993-97	1994-98	1995-99	1996-2000
No. Citations Received	1003	1231	1455	1727
Citation Impact*	2.61	3.10	3.41	3.65

\*Citation impact = the average number of times a U of L publication was cited.

### 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 1993-95 to 2001-03. At 17.5%, research intensity in 2001-03 represents an increase of 1.4% over 2000-02.

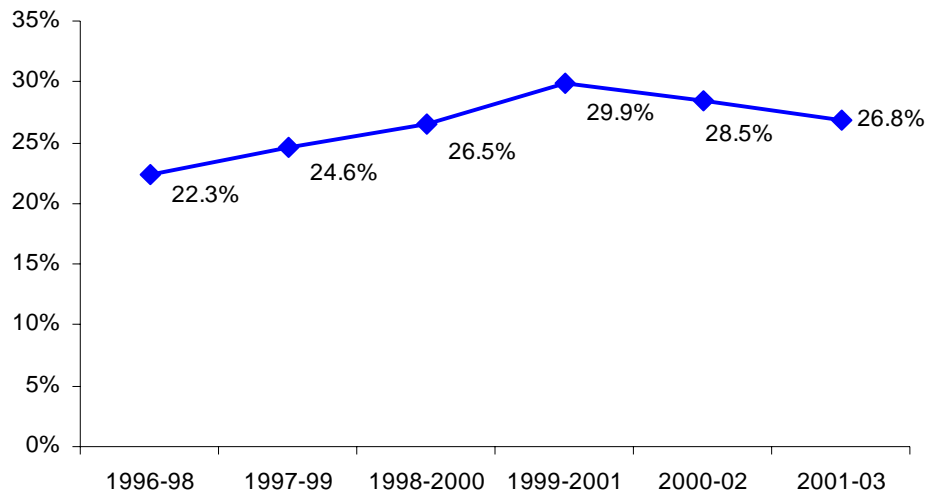
Figure 7: Research Intensity, 1993-95 to 2001-03 (Three-Year Moving Average)



## Research Impact

This measure shows how well the U of L attracts research money from community and industry sources. Research impact is calculated by dividing the value of community and industry sponsored research by the value of total sponsored research. The U of L research impact has risen by 20% since 1996-98.

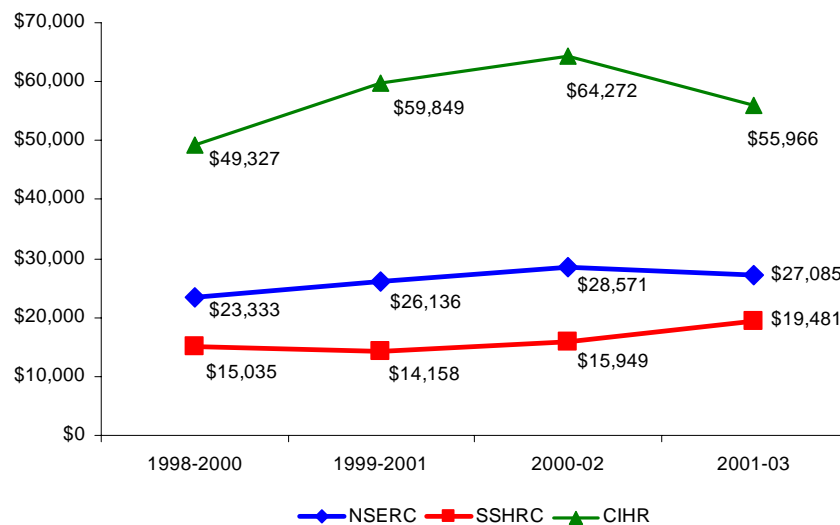
Figure 8: Research Impact, 1996-98 to 2001-03 (Three-Year Moving Average)



## Research Council Grants

This measure tracks the grant monies that the U of L receives from the Natural Sciences and Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC), and Canadian Institute of Health Research (CIHR). Figure 9 below shows recent data; this data is for new grants only, and does not include ongoing grant monies.

Figure 9: Value of NSERC, SSHRC, and CIHR Grants, 1998-2000 to 2001-03 (Three-Year Moving Average, in Thousands of \$)



## 4.0 The Year in Review

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### 4.1 ACHIEVEMENT

#### Alberta Book Award

*The American Empire and the Fourth World* by Dr. Anthony Hall (Globalization Studies) received a 2004 Alberta Book Award, one of 15 handed out to Alberta authors and publishers by the Writers Guild of Alberta and the Book Publishers Association of Alberta. Hall received the Wilfred Eggleston Award for Non-Fiction.

Published by McGill-Queen's University Press, one of Canada's leading scholarly publishers, the book presents comparative accounts of policies toward Aboriginals that have shaped the histories of the United States, Canada, Latin America, South Africa, Australia, New Zealand, and many other countries.

#### ASTech Award

Dr. Bryan Kolb (Psychology and Neuroscience) received an *Outstanding Leadership in Alberta Science* award, presented by the Alberta Science and Technology (ASTech) Leadership Foundation on October 15, 2004. The award recognizes Dr. Kolb's outstanding leadership and innovation in the Alberta science and technology community. Co-nominees for the award were Dr. Norman C. Beaulieu, iCORE Chair and Faculty of Engineering Professor at the University of Alberta, and Dr. R. Chris Bleackley, Professor of Biochemistry, University of Alberta.

Described as a founding father of behavioural neuroscience, Kolb has led Canada's behavioural neuroscience research into the treatment of brain injury, drug addiction, and conditions such as stroke and Alzheimer's disease. He is a co-author, with U of L colleague Dr. Ian Whishaw, of three best-selling standard textbooks on neuroscience, and was instrumental in founding the Canadian Centre for Behavioural Neuroscience at the U of L, which has attracted researchers from across the globe.

#### Computing Research Association's Outstanding Undergraduate Award

Mathematics and computer science student Zachary Friggstad was the only Albertan out of the eight Canadians to receive an honourable mention in a prestigious international computing research award program. Friggstad received an honourable mention in the 2005 *Computing Research Association's Outstanding Undergraduate Award* program. A multiple Chinook Research Summer Award recipient and active participant in student programming seminars and contests, Friggstad worked with Dr. Shelly Wismath and other researchers over two summers.

## Distinguished Teaching Award

The 2004 Distinguished Teaching Award went to Education Professor Dr. David Townsend. Since joining the U of L in 1985, Dr. Townsend has taught undergraduate and graduate Education courses. Past and present students praise his engaging teaching style, knowledge of the subject matter, and experience in the education field.

Dr. Townsend has invested his time and talents into enhancing the quality of instruction across the University. In 1992, he initiated the Teaching in Focus project that provided a forum for faculty members to discuss their teaching practices. In 2000-2001, Townsend and Pamela Adams launched the Partnerships with Professors initiative that paired fifth-year Education students with first-year faculty members who were interested in building upon their teaching strategies. Dr. Townsend continues to participate in studies, projects, and research initiatives with the potential to improve learning environments in Alberta and beyond.

The Distinguished Teaching Award was established in 1987 to recognize the importance of teaching to the philosophy and goals of the University of Lethbridge.

## Doctoral Thesis Prize

Dr. Les Bowd (Management) won third prize in the European Doctoral Programmes Association in Management and Business Administration's (EDAMBA) Annual Competition for Doctoral Theses. The competition was open to graduates from doctoral programs that were completed in 2003 and who were registered at any of the business schools that are EDAMBA members. Bowd teaches trade policy and strategic management at the U of L's Calgary campus.

## Inter-Collegiate Business Competition

Three U of L teams were finalists in the annual Inter-Collegiate Business Competition (ICBC) at Queen's University in January 2005. The business policy team included Trevor Broadhead, Ryan Nix, and Adam Runquist, while the ethics team featured Sean McCracken and Amy Roy. Chelsey Samborski and Jesse Varner formed the management information systems team. The faculty advisor was Dan Kazakoff. The U of L won the *ICBC 2005 Chairperson's Award*, given to the team that best embodies the spirit of ICBC.

## Ingrid Speaker Medal

Economics Professor Dr. Kurt Klein was the 2004 recipient of the Ingrid Speaker Medal for Distinguished Research, Scholarship or Performance. Dr. Klein is a respected agricultural economist whose research continues to inform Canada's government policy and agriculture practices. His research interests have included aspects of farm production, technological change, marketing and agriculture development, environmental issues, and international trade. He has written more than 250 professional papers, in addition to books, book chapters, book reviews, and research and extension reports.

The Ingrid Speaker Medal was established in 1995 to recognize the importance of research, scholarship, and performance at The University of Lethbridge.

### Joe Rood Memorial Scholarship in Physical Science

U of L biological sciences faculty member Dr. Stewart Rood presented physics student Mark Siemens with the first ever *Joe Rood Memorial Scholarship in Physical Science*, donated on behalf of the friends and family of Joe Rood. Dr. Stewart Rood is the late Joe Rood's son. Valued at \$500, the scholarship is awarded to a third-or fourth-year student majoring in physics, chemistry, geography, or other physical sciences. Siemens was granted the scholarship based on his academic achievement, and other factors.

### Lerner-Scott Prize

Dr. Lynn Kennedy (History) was selected by the Organization of American Historians (OAH) to receive the Lerner-Scott Prize for the best doctoral dissertation in U.S. women's history, the second time a U of L faculty member has received this award (Dr. Carol Williams received it in 2000).

Kennedy's dissertation, *Partus Sequitur Ventrem: Narratives of Childbirth and Motherhood in the Antebellum South*, was described by OAH representatives as "... a beautifully written study which explored five genres of childbirth narratives from black and white southerners, illuminating the meanings of motherhood and birth as well as the larger cultural context." Dr. Kennedy plans to turn her dissertation into a book.

### Lieutenant Governor of Alberta Arts Award

Brian Parkinson (Theatre & Dramatic Arts) was nominated for one of two inaugural Lieutenant Governor of Alberta Arts Awards. The awards were presented at the Banff Centre in April 2005.

### Prairie Baseball Academy Professor of the Year

In February 2005, Ilsa Wong (Kinesiology and Physical Education) was named professor of the year for her work with U of L students enrolled at the Prairie Baseball Academy. This annual excellence in teaching award is given to an instructor who gives exemplary service to first- and second-year students. Wong has been recognized for her enthusiasm, knowledge of subject matter, flexibility, and stimulating lectures.

The Prairie Baseball Academy promotes education while providing university- and college-age students with the chance to play competitive baseball against teams in western Canada and the Pacific Northwest.

### Women of Distinction Awards

U of L Chancellor Shirley DeBow and U of L alumna Jill Kotkas received the YWCA Lethbridge and District 2005 Women of Distinction awards. The five Women of Distinction award recipients were honoured at a recognition event at the Lethbridge Lodge Hotel in March 2005.

## 4.2 ACADEMIC PROGRAMS

### Health Sciences Courses on the Piikani Nation

The School of Health Sciences continues to work towards increasing access to health-care professional opportunities for First Nations peoples. In 2005 the School delivered health sciences courses to students in Brocket, on the Piikani (Peigan) Nation. Dr. Steven Thibodeau, adjunct professor, and Joseph Yellow Horn, a Piikani Nation educator, co-taught HLSC 1000: Introduction to Addictions and HLSC 1020: Introduction to the Counselling Interview.

While covering the regular addiction components of the courses, Thibodeau and Yellow Horn incorporated culturally appropriate aspects like the impact of residential school abuse and the emerging problem of fast food addiction.

### Ph.D. Graduates

When Lisa Thomson and Robbin Gibb received their doctoral degrees in Cognitive and Behavioural Neuroscience on June 2, 2004, they were the first Ph.D. graduates from The University of Lethbridge. Over the past three years, Thomson and Gibb have seen the program grow to include 13 doctoral students in the spring 2004 semester.



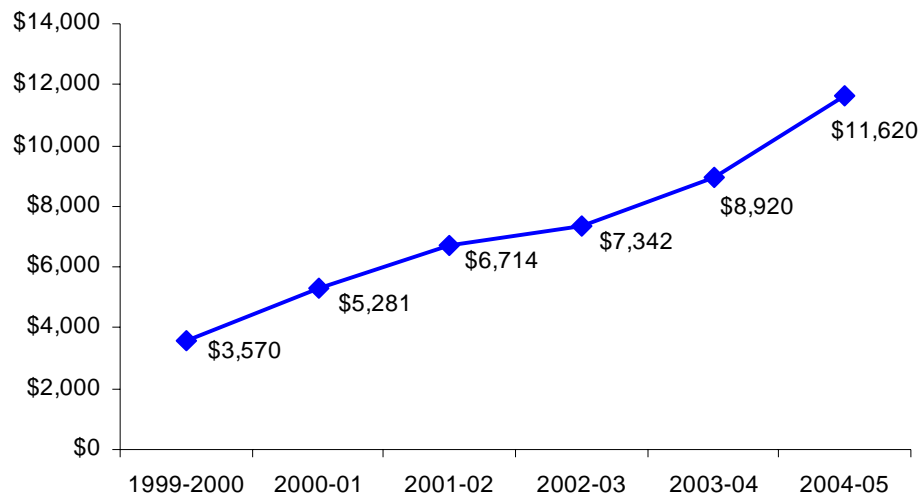
## 4.3 RESEARCH

### Overview of Research Funding

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

Sponsored research grants totaled \$11.6 million, an increase of \$2.7 million or 30% over the previous year (Figure 10). Unspent research grant revenue of \$3 million was deferred to future years at March 31, 2005 (\$2 million at March 31, 2004). Research continues to be funded primarily by federal and provincial government agencies.

Figure 10: Value of Research Grants Received, 1999-2000 to 2004-05 (in Thousands of \$)



Over the past five years, research grants have more than doubled from \$5.1 million in fiscal 2001, and have increased more than fourfold over the past ten years. This is due largely to three main sources of funding:

1. Federal research funding, including the Canadian Foundation for Innovation, Canadian Stroke Network, Canada Research Chairs program, and Canadian Space Agency.
2. Provincial funding from the Alberta Gaming Research Institute, Alberta Innovation and Science, Alberta Ingenuity Fund, and Alberta Science Research Institute.
3. Funding from the U.S. National Institute of Health.

Research continues to be funded primarily by federal and provincial agencies (Figure 11), which together account for 87% of research funding at the U of L.

The U of L's strong commitment to research is also reflected by the increasing ratio of research funding relative to operating grants. This ratio rose by 4.4% in 2004-05 (Figure 12).

Figure 11: Source of Research Revenue, 2004-05

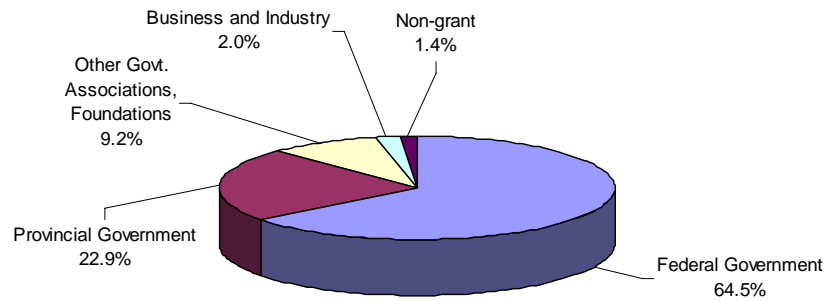
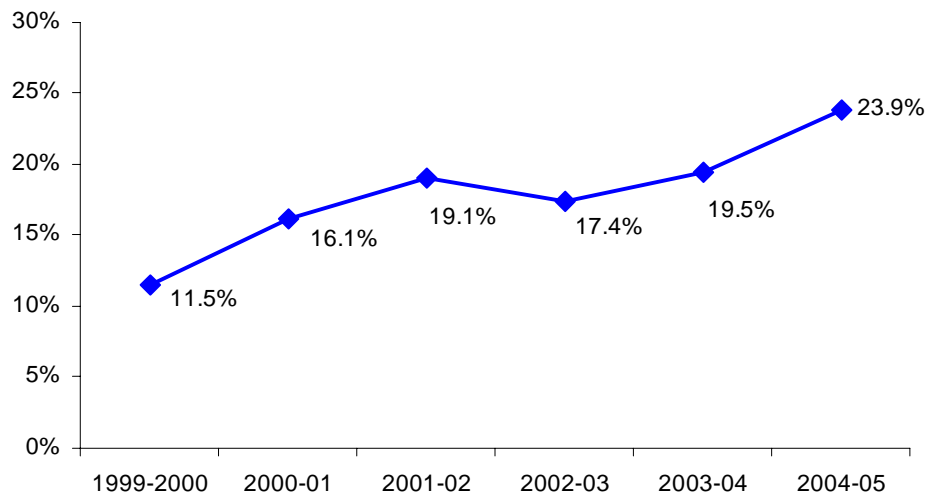


Figure 12: Research Grants as a Percentage of Operating Grants, 1999-2000 to 2004-05



In 2005 the University received \$1 million (2004 – \$0.9 million) from the federal Canada Research Chairs Indirect Costs Program, based on research grants from federal research granting agencies. The Indirect Costs Program was established to address the growing indirect costs of conducting publicly-funded academic research. The grants from this program will allow the University to secure additional support for the indirect costs of conducting research so that the institution can continue to meet its teaching and community services mandates.

### CFI Funding: New Opportunities Fund

In March 2005, the Canada Foundation for Innovation (CFI) announced that Dr. Adriana Predoi-Cross (Department of Physics) will receive \$117,904 from the CFI’s New Opportunities Fund to construct a laser spectrometer to measure atmospheric gases. Predoi-Cross’s research involves studying molecules in the earth’s atmosphere using a high-tech laser spectrometer. The spectrometer can detect various types of gases found in the atmosphere, which is important for studying greenhouse gases, methane, and water

vapour. An example of a practical application for her research is in the oil and gas industry, where it could be used to develop better methods of detecting gas pipeline leaks.

### Change Foundation of Ontario Funding

Dr. Angela Downey (Faculty of Management, Centre for Health Management Research) and several colleagues from the U of L and universities in Ontario received a significant grant to assess the effectiveness of health promotion programs and activities in organizations. The project has received \$80,000 in funding from the Change Foundation of Ontario and the Ministry of Health and Long Term Care of Ontario. The researchers will conduct a broad-based cross-sectional survey of organizations to document the change processes they have implemented.

### Canadian Institutes of Health Research Funding

In March 2005, Prime Minister Paul Martin announced the recipients of grants from the Canadian Institutes of Health Research, the Government of Canada's agency for health research.

Dr. Robert Sutherland (Psychology and Neuroscience) will receive more than \$588,000 over five years to study how some types of stem cell research could assist in recovering from brain injury and diseases. Graduate student Ira Driscoll, currently a PhD candidate in Neuroscience, will receive \$50,000 to work with Sutherland on related research. The research, if successful, will be the first example of regenerating brain circuitry to restore normal cognitive functions.

### CURA Grant

In April 2004 a project called "Ah tah po pinan, Nah to se" (translated from Blackfoot as moving towards the knowledge or light of the sun) received about \$1 million from SSHRC through its Community-University Research Alliances (CURA) program. The project will preserve the history and cultural heritage of the Blackfoot Confederacy in Alberta and Montana.

The project represents the largest multi-partner SSHRC grant in the University's history, and offers enormous potential for students to develop their research skills in areas identified by our First Nations partners as being of crucial interest to their communities.

The CURA program supports the creation of equal research partnerships of local or regional community groups and university-based researchers. These partnerships foster new knowledge, tools and methods to develop the best strategies for intervention, action research, program delivery, and policy development in rapidly changing times.

### NSERC Research Capacity Development Grant

The U of L was one of seven institutions to receive \$1.5 million over five years from the Natural Sciences and Engineering Research Council (NSERC) to undertake several projects to address barriers to productivity.

The funding is made available through the NSERC Research Capacity Development program (RCD). The RCD pilot program is one of the new initiatives NSERC has launched to fill some significant gaps in Canada's innovation system.

This funding provides for teaching relief for U of L researchers who meet the criteria and for increasing the stipends for new PhD students to \$22,000 per year from \$7,000, a measure aimed at attracting new PhD students.

There are many additional programs or areas on campus that will benefit from the barrier-reducing funds:

- The **Canadian Centre for Behavioural Neuroscience** will receive funds to support their new Brain Imaging Centre.
- The **Semi-arid Ecosystem Research Network**, which has a goal to build a western Canadian environmental network focused on terrestrial impacts of climate change.
- The **Centre for Production of Value Added Oils** will receive funds to stimulate university-industry interactions, including a student industry placement and the opportunity for industrial research.
- The **Iunctus Geomatics Research Ground Station**, another university-industry partnership.

For information on the value of NSERC grants, see “Research Council Grants” (page 15).

### United Nations Water for Life Program

The UN General Assembly proclaimed 2005 – 2015 as the international decade for action on “Water for Life,” and on April 8, 2005, The University of Lethbridge was announced as the Canadian location for this initiative.

The U of L is presently a key player in several water research programs (including the Alberta Ingenuity Centre for Water Research and the Water Institute for Semi-arid Ecosystems), and holds collaborative arrangements with researchers at other universities and industrial partners such as Iunctus Geomatics. Dr. Henning Bjornlund’s appointment as the U of L’s Canada Research Chair in Water Resource Economics reflects the University’s ongoing commitment to expanding water research at the local, national and international levels. Dr. Bjornlund joined campus from the University of South Australia, where he has researched many of the same water policy issues that southern Alberta faces.

## 4.4 TECHNOLOGY

### Videoconferencing

Videoconferencing technology can facilitate collaborative and educational opportunities and eliminate the need to travel. Recognized as a leader in videoconferencing in the province, the Curriculum Re-Development Centre (CRDC) provides training and technical support for the U of L's videoconferencing systems, and works to develop videoconferencing capacity at the U of L and throughout Alberta.

In May 2004, the CRDC received a \$25,000 grant to develop an online videoconferencing directory for the province's K-to-12 and post-secondary educational institutions. The CRDC collaborated with Mount Royal College on the VCalberta.ca site, which was launched in October 2004 at <http://vcalberta.ca>. VCalberta has a searchable directory with contact information and technical capabilities for schools across Alberta, tips and articles on videoconferencing, forums, and an online community. VCalberta.ca has become a resource for people working in all aspects of the province's learning system.

The CRDC also received approximately \$65,000 to participate in a research project that is investigating how five Alberta school districts use videoconferencing. Dr. Rick Mrazek (Education) is leading this research project at the U of L. The University and its partners (Athabasca University and the Galileo Educational Network) began the study in September 2004 and expect to finish by the end of August 2005.

In January 2005, the CRDC received a \$50,000 grant to produce four videoconferencing "promising practice" videos. Although the videos are being developed for the K-to-12 system, much of the information will also apply to post-secondary education. The beginning of 2005 also brought an additional \$100,000 grant for a research project to evaluate courses delivered to off-campus locations by videoconferencing.

In February 2005, the CRDC received about \$240,000 in grants from Alberta Education and Alberta Advanced Education to apply its expertise to four projects that promote and support the use of videoconferencing in schools across the province. This funding will provide the infrastructure and staff to enable the U of L to offer first-year courses to the Crowsnest Pass, Claresholm, and Pincher Creek. As part of this project the U of L will use videoconferencing to deliver courses to the Calgary and Edmonton campuses and the Faculty of Education's master of education cohort in Peace River.

The CRDC's leadership in videoconferencing will have long-term benefits that extend beyond the campus. The CRDC will contribute to provincial research that will guide government policy and improve the quality of videoconferencing for the entire learning system.

### Web-Based Registration

A new web-based registration system, first implemented for Master of Education students in March 2003, was expanded in 2004 to include the 800 students at the U of L's Calgary and Edmonton campuses.

The project, which incorporates the latest in web security features, was developed with the Information Technology department, and included student input from system testing. Additional features of the new system will include the ability for students to check their grades and see their entire academic histories, and a feature that allows faculty members to enter grades and view their class lists in real time.

## WestGrid

In March 2004, the WestGrid resources became available for general use by the research community. This innovative “grid” of computational resources will allow researchers to push the frontiers of grid computing and e-science. WestGrid unites three major supercomputing installations at the University of British Columbia, the University of Alberta, and the University of Calgary, with a large storage facility at Simon Fraser University. The University of Lethbridge is a research partner in the project.

WestGrid is one of the world’s most advanced computing environments for research. The new resources are expected to support research in several disciplines that involve large amounts of data, such as medical research, astronomy, subatomic physics, pharmaceutical research, and chemistry.

## 4.5 FACILITIES

### Regional Health and Wellness Centre

Construction of the Regional Health and Wellness Centre began in February 2005. To be attached to the west side of the Physical Education Building, the Regional Health and Wellness Centre will house: a triple gym with seating for 2000 people; a martial arts studio; a fitness centre; a sports medicine clinic; a climbing wall; an indoor running track; a sprint track; and other amenities. In renovated space in the Physical Education building, Kinesiology researchers will get more labs, classrooms, and additional work spaces. The project is expected to be finished in late 2006.

### Service Building

In May 2004, Infrastructure Minister Ty Lund announced that The University of Lethbridge will receive \$5 million in capital funding towards the replacement of service facilities. Beginning under the 2004-07 Capital Plan, the project will see the replacement of five temporary trailer-type facilities, which are aging and require extensive repairs, with a 3,000 sq.m. service building.

The new service building will house materials management, printing, and capital planning services, and many of the physical plant operation units. Energy conservation measures will be incorporated into the new building, which will reduce annual operation costs and lower greenhouse gas emissions.

## 4.6 STAFFING

From 2003-04 to 2004-05, the budgeted FTEs of academic staff increased by 2.7%, while the budgeted FTEs of support staff grew by 12%.

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

	00-01	01-02	02-03	03-04	04-05
<b>Academic</b>	361.8	380.8	391.9	418.1	429.2
<b>Support</b>	399.5	415.1	440.6	463.2	518.7

## 4.7 FINANCIAL HIGHLIGHTS

### Financial Management

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 respond to various budget scenarios and to achieve consistently positive financial results.

### Overview

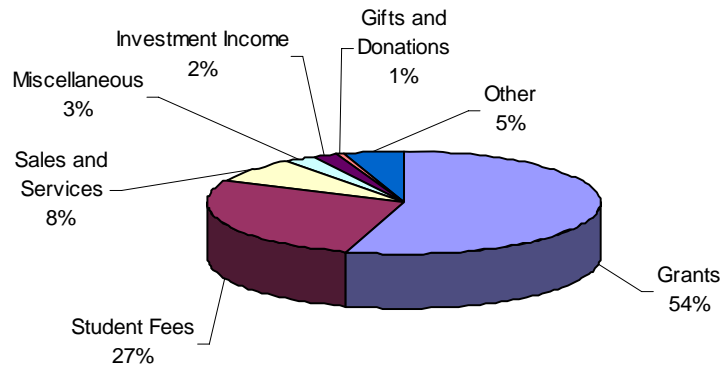
The excess of revenue over expense decreased by \$1.3 million over the previous fiscal year. The majority of the decrease was from a Board of Governors-approved write down of \$1.1 million in capital assets that will be demolished in 2006 for the construction of the Regional Health and Wellness Centre.

### Revenue

University revenue totaled \$122.6 million in fiscal 2005, an increase of \$10.2 million (9%) over the previous year.

Grant revenue increased by \$4.4 million (7%) over the previous year due to increases in provincial government grants and research grants. Advanced Education grants increased by \$2.9 million (5.4%) in 2005 including one-time Access grants of \$2.2 million. Performance funding of \$0.6 million was awarded to the University by Advanced Education during the year (2004 - \$0.5 million). The University received top-level performance awards in the learning and research components, based on progress results for fiscal 2004 as measured by performance indicators.

Figure 13: Revenue by Source, 2004-05



The grants from the Government of Alberta, including Advanced Education and other provincial ministries, departments, and agencies are shown in Table 5.

Table 5: Provincial Grants, 2003-04 to 2004-05 (Thousands of \$)

	2003-04	2004-05
<b>General operating</b>	\$46,668	\$48,095
<b>Performance funding envelope</b>	487	604
<b>Access (operating)</b>	6,388	7,729
<b>Other unrestricted funding</b>	420	437
<b>Conditional funding</b>	3,812	5,051
<b>Deferred conditional funding</b>	(1,344)	(1,778)
	<b>\$56,431</b>	<b>\$60,138</b>

Tuition and related fees revenue increased by approximately 12% (\$3.6 million) due to a 4.7% increase in enrolment in Fall 2004, and increases of 7.2% in undergraduate fees and 5.6% in graduate fees effective May 1, 2004. The fee increases were in compliance with Alberta Advanced Education’s tuition fee policies, which limit the allowable annual tuition increase and cap tuition fees at 30% of net operating expenses. Table 6 shows the ratio of institution tuition fee revenue to net operating expenditures, and demonstrates institution performance with respect to the 30% tuition fee ceiling.

Table 6: Tuition Fee Policy Compliance Information

	2004-05
Tuition Fees Subject to Policy:	\$27,730,588
Net Operating Expenditures:	\$94,016,890
Ratio of Tuition Fees Subject to Policy to Net Operating Expenditures:	29.50%



Sales and services revenue increased by 16% (\$1.3 million) over the previous year. The majority of sales and services revenue is raised by Ancillary Services, which increased to \$6.7 million in 2005 from \$6.2 million in 2004. Other factors contributing to the increase in sales and services revenue included one-time GST and utilities rebates of \$0.4 million and an increase of \$0.2 million in Faculty of Management non-credit program fees.

Investment income increased by \$0.5 million over the previous year. Realized investment earnings as measured on a cash basis were 2.9% in 2005 (2004 – 4.1%). The University uses the cost method of accounting for investments; therefore, market returns are not recorded in income. The market return for 2005 on long-term investments was 7.4% (2004 – 16.1%).

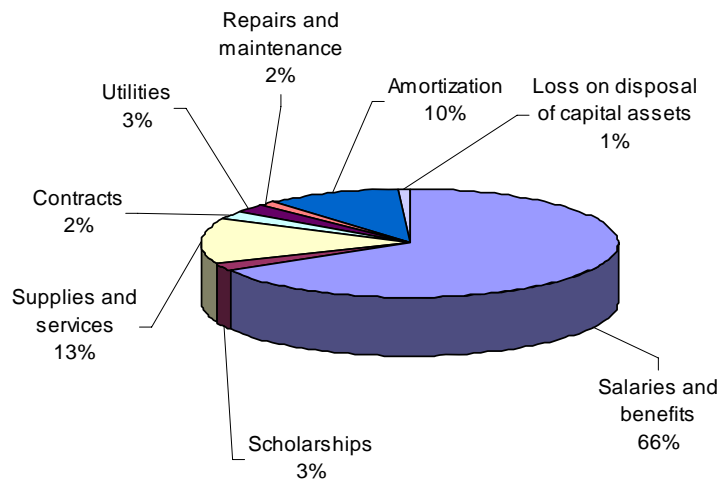
Total donations received during the year were \$2.1 million (2004 - \$1.2 million). Of this total, \$0.4 million (2004 - \$0.1 million) in donations were added directly to endowment principal and \$1 million (2004 - \$0.8 million) was deferred for spending in future years. Contributions included \$0.7 million for the Management and Health Sciences building. There were also pledges totaling \$4.2 million as of March 31, 2005, including \$3.2 million for capital projects and \$0.8 million for scholarships.

Other income of \$6.2 million (\$6.3 million in 2004) represents amounts brought into income for accounting purposes from the amortization of capital assets purchased in prior years using externally restricted contributions.

## Expense

University expenses totaled \$115.9 million in 2005, an increase of \$11.5 million (11%) over the previous year.

Figure 14: Expense by Type, 2004-05



Salaries and benefits increased by 12% over the previous year. In addition to salary increases resulting from merit and negotiated cost-of-living adjustments, approximately 45 new faculty and staff positions were added in 2005.

Salaries and benefits continue to be the major component of the cost of operating the University. However, despite the pressure to stay competitive in labour markets and the increasing cost of benefits, the University's salaries and benefits expense ratio has been fairly consistent over the past five years. In 2005, salaries and benefits made up 66.2% of total expense, compared to 66.0% in fiscal 2001.

In 2005, the U of L awarded \$1.4 million in scholarships and bursaries (2004 - \$1.3 million) and \$1.6 million in fellowships (2004 - \$1.3 million). With increasing graduate and postgraduate student enrolment the University can attract larger amounts of research fellowship funding.

Supplies and services expense increased by \$1.4 million (10%) from the previous year. The increase was due mainly to greater spending on research and rising operational costs (including property and liability insurance premiums), professional services fees, and travel and conference registration expenses.

Repairs and maintenance expenditures totaled \$1.8 million in 2005. Most repairs and maintenance were funded through grants provided by the Infrastructure Maintenance Program (IMP). More IMP funding is needed to address the deferred maintenance on University facilities, which is estimated at \$82 million.

Utilities costs increased by only 1% due to contracts that provide fixed rates for natural gas and electricity.

## Assets

Total assets increased by \$10 million in the 2004-05 fiscal year. This increase was mostly due to four factors: (1) a \$5.6 million increase in cash and short-term investments; (2) additional receivables of \$1.4 million<sup>1</sup>; (3) an increase in long-term investments of \$3.5 million; and (4) a net decrease in capital assets of \$1 million. The University will be drawing down its short-term investments over the next year to cover the construction costs of the Regional Health and Wellness Centre.

The increase in long-term investment balances was from new contributions by the University of \$1 million, \$0.4 million in donated shares, and reinvested portfolio income of \$2 million. Over the past ten years, investments have increased by \$23 million or 84%, mainly due to an increase in endowment principal and to the accumulation of internally restricted and unrestricted reserves from the University's strong fiscal management.

The U of L acquired capital assets of \$12.4 million during the year, including: major renovation projects (\$4.6 million); parking expansion (\$1 million); library acquisitions (\$1.4 million); and computer, scientific and other equipment purchases (\$5.3 million). Amortization expense totaled \$12 million. Net capital asset disposals of \$1.2 million consisted mainly of the write down of assets being decommissioned to make way for the Regional Health and Wellness Centre. Art donations of \$0.2 million in 2005 were added to the collection.

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<sup>1</sup> Due to the large growth in research funding, research grants receivable increased by \$1.2 million, accounting for the majority of the increase in receivables.

## Liabilities and Net Assets

Current liabilities increased by \$5.1 million in 2005, due mainly to increases in accounts payable and deferred revenue and contributions. Deferred contributions of \$13.8 million at March 31, 2005 consisted of: restricted contributions for infrastructure renewal (\$4.8 million); research (\$5.6 million); and trust funds for scholarships, bursaries, and other special purposes (\$3.4 million). These contributions will be recognized in revenue as the spending restrictions are met. The restricted contributions for infrastructure renewal are largely earmarked for renovations to the Physical Education Building.

Long-term liabilities increased by \$0.9 million due to increases in employee benefit liabilities and deferred capital contributions. Employee benefits include obligations for the University's long-term disability, senior administrative leave, supplementary benefit, and early retirement plans.

Deferred capital contributions of \$1.7 million represent externally restricted amounts received for capital projects, including the Regional Health and Wellness Centre (\$0.5 million), the Management and Health Sciences building (\$0.9 million), and other capital projects.

Net assets increased by \$7.6 million as a result of an increase in investment (equity) in capital assets of \$3.4 million, endowment principal additions of \$0.7 million, an increase in internally restricted net assets of \$8.3 million, and a decrease in unrestricted net assets (operating reserves) of \$4.9 million.

Endowment balances are steadily increasing, with a balance of \$11.9 million at March 31, 2005 (an increase of 6.7% over the previous year and a 71% increase over the past ten years). This growth is from a combination of gifts, capitalized investment earnings, and contributions from University sources.

Internally restricted net assets totaled \$13.7 million as of March 31, 2005. These are operating surpluses from prior years that the Board of Governors has set aside to provide for capital and maintenance needs and to cover contingencies and one-time expenditures aimed at increasing efficiency or reducing costs. The increase in internally restricted net assets of \$8.3 million represents funds reserved for capital projects, including \$5.5 million for the Regional Health and Wellness Centre.

Unrestricted net assets of \$14.7 million (2004 - \$19.6 million) represent accumulated operating surpluses, used primarily to fund capital asset additions required to maintain the education and services available to our students and the local community.

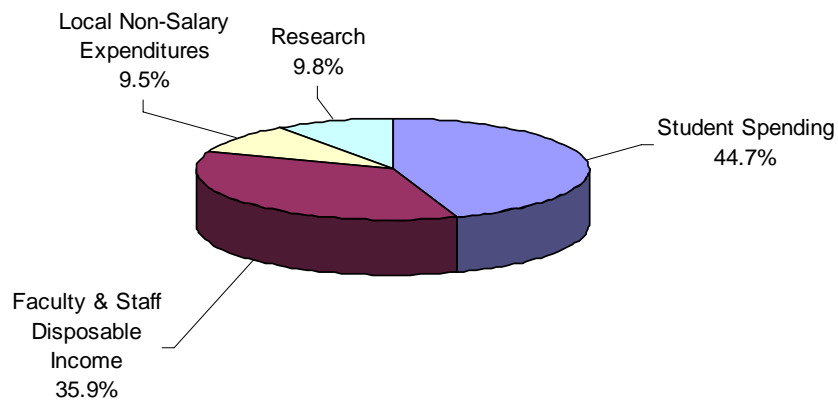
## Economic Impact

An update to the U of L's Economic Impact Survey revealed that the institution is providing a boost to the local and provincial economy of over \$1.2 billion. The estimate includes the direct impact of expenditures made by the University, its employees, students, alumni, visitors, and researchers, and the indirect expenditures stimulated by those direct expenditures. The study is based on the University of Lethbridge's fiscal year 2004-05 and Statistics Canada salary information and other data, and includes alumni, and Calgary and Edmonton campus values.

The Edmonton and Calgary campuses contain about 1,000 students and 6,000 alumni, which results in an economic impact of \$494 million.

The U of L is a major economic force in Lethbridge. In 2004-05, the University generated \$103.3 million in expenditures, which includes University student spending of \$45.6 million for accommodation and services. A "city within a city," the U of L provides a significant economic stimulus to the Lethbridge economy.

Figure 15: Economic Impact, 2004-05



## 4.8 RANKINGS

### Maclean's Survey

The University of Lethbridge increased or maintained its place in nearly three-quarters of the categories Maclean's magazine uses to rank Canadian universities, including a significant jump in all class-size positions, the number of international students on campus, and classes taught by tenured faculty. Overall, the U of L ranked 12<sup>th</sup>, a position it shared last year with Brock University, who dropped to 13<sup>th</sup> place in the 2004 rankings.

Table 7: University of Lethbridge Overall and Top 10 Rankings, 2004

Category:	Rank:
Overall Ranking	12
Medical Science Grants	2
Student Services (Percentage of Budget)	2
National Awards Per Full-time Faculty	4
Library Expenses	6
Out-of-province Students (First year)	7
International Students (First year)	4
Library Holdings Per Student	10
Overall Reputational Survey	8
Proportion Who Graduate	8
Operating Budget (Percent Devoted to Student Services)	9

### Globe and Mail Report Card

The University of Lethbridge scored grades of "A" and "B+" in half the categories in the 2004 Globe and Mail University Report Card, published in the October 13, 2004 edition of the newspaper. The University was placed in the Small category (enrolment less than 12,500 students) with 12 other universities.

The U of L was the only Alberta post-secondary educational institution to receive an A in the *Overall Quality of Education* category, which measured teaching quality, faculty knowledge, teaching methods, and faculty availability to students outside office hours. The U of L shared its "A" ranking in this category with Wilfred Laurier University (ON), Trent University (ON), Nipissing University (ON), and St. Francis Xavier University (NS).

In other categories, the U of L received an "A+" for the quality of its Library, on-campus internet and e-mail services, computer equipment, and personal safety and security.

The survey measured more than 60 different categories and was conducted by the Strategic Council, working in partnership with the Globe and Mail. The results were based on student responses to a 100-question, on-line survey.

# Appendix One: About The University of Lethbridge

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## 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

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## 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, 2005 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, 2005 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 10, 2005

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

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31  
(thousands of dollars)

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and short-term investments	\$ 18,196	\$ 12,553
Accounts receivable	5,420	3,990
Inventories	476	541
Prepaid expenses	593	574
	<u>24,685</u>	<u>17,658</u>
INVESTMENTS (Notes 3, 4)	51,325	47,815
CAPITAL ASSETS (Note 5)	139,581	140,412
COLLECTION (Note 6)	33,194	32,997
	<u>\$ 248,785</u>	<u>\$ 238,882</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,460	\$ 4,164
Employee benefit liabilities (Note 7)	4,411	4,428
Deferred revenue	936	664
Deferred tuition fees	3,512	3,031
Deferred contributions (Note 9)	13,843	10,726
Current portion of long term debt	115	109
	<u>28,277</u>	<u>23,122</u>
<b>LONG TERM LIABILITIES</b>		
Accounts payable - construction projects	158	319
Long term debt (Note 10)	3,776	3,891
Employee benefit liabilities (Note 7)	5,545	4,644
Deferred capital contributions (Note 11)	1,739	1,282
	<u>11,218</u>	<u>10,136</u>
UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 12)	<u>84,437</u>	<u>88,358</u>
<b>NET ASSETS</b>		
Investment in capital assets and collection	84,445	81,050
Endowments (Note 13)	11,975	11,227
Internally restricted net assets (Note 14)	13,713	5,399
Unrestricted net assets	14,720	19,590
	<u>124,853</u>	<u>117,266</u>
Commitments and Contingencies (Note 22)		
	<u>\$ 248,785</u>	<u>\$ 238,882</u>

The accompanying notes are part of these financial statements.

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)

	<u>2005</u>	<u>2004</u>
<b>REVENUE</b>		
Grants	\$ 67,093	\$ 62,659
Tuition and related fees	33,743	30,183
Sales of services and products	9,398	8,095
Miscellaneous	3,195	2,960
Investment income (Note 15)	2,395	1,940
Gifts and donations	663	307
Amortization of deferred capital contributions (Note 12)	6,153	6,262
	<u>122,640</u>	<u>112,406</u>
<b>EXPENSE</b>		
Salaries	65,915	58,968
Employee benefits	10,805	9,694
Scholarships, fellowships and bursaries (Note 21)	2,982	2,586
Supplies and services	7,618	6,645
Cost of goods sold	2,888	2,759
Travel	3,080	2,801
Utilities	3,046	3,022
External contracted services	2,683	2,199
Repairs and maintenance	1,796	2,242
Professional fees	839	600
Interest on long term liabilities	429	687
Insurance	367	298
Property taxes	219	199
Loss on disposal of capital assets	1,094	1
Unrealized loss on write-down of investments	55	85
Amortization of capital assets	12,064	11,557
	<u>115,880</u>	<u>104,343</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	<u>\$ 6,760</u>	<u>\$ 8,063</u>

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)

	2005	2004
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Excess of revenue over expense	\$ 6,760	\$ 8,063
Non-cash transactions		
Amortization of deferred capital contributions	(6,153)	(6,262)
Amortization of capital assets	12,064	11,557
Loss on disposal of capital assets	1,094	1
Unrealized loss on write-down of investments	55	85
Increase in long-term employee benefit liabilities	901	636
	<u>14,721</u>	<u>14,080</u>
Increase in non-cash working capital (Note 17)	3,765	267
	<u>18,486</u>	<u>14,347</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:</b>		
Deposit on capital asset	-	41
Sale (purchase) of investments (net)	(3,565)	919
Capital asset additions		
Internally funded	(10,163)	(6,996)
Externally funded	(2,232)	(2,445)
Financed	-	(4,000)
Proceeds on disposal of capital assets	68	69
	<u>(15,892)</u>	<u>(12,412)</u>
Decrease in construction accounts payable	(161)	(209)
	<u>(16,053)</u>	<u>(12,621)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>		
Capital contributions received	2,689	2,689
Endowment contributions received	409	123
Capitalized investment earnings	221	180
Long term debt proceeds	-	4,000
Long term debt repayments	(109)	-
	<u>3,210</u>	<u>6,992</u>
<b>INCREASE IN CASH</b>	<b>5,643</b>	<b>8,718</b>
<b>CASH AND SHORT-TERM INVESTMENTS, beginning of year</b>	<b>12,553</b>	<b>3,835</b>
<b>CASH AND SHORT-TERM INVESTMENTS, end of year</b>	<b>\$ 18,196</b>	<b>\$ 12,553</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
 FOR THE YEAR ENDED MARCH 31  
 (thousands of dollars)

	2005					2004
	Investment in Capital Assets and Collection	Endowments	Restricted	Unrestricted	TOTAL	TOTAL
BALANCE, beginning of year	\$ 81,050	11,227	5,399	19,590	117,266	108,808
Excess of revenue over expense	-	-	-	6,760	6,760	8,063
Direct increases to net assets:						
Non-amortizable collection donations (Note 6)	197	-	-	-	197	92
Endowment contributions	-	409	-	-	409	123
Capitalized investment earnings	-	221	-	-	221	180
Transfers:						
Internally funded:						
Capital asset additions	10,163	-	-	(10,163)	-	-
Net book value of capital asset disposals	(1,133)	-	-	1,133	-	-
Amortization	(5,941)	-	-	5,941	-	-
Capitalized investment earnings	-	28	-	(28)	-	-
Repayment of long term debt	109	-	-	(109)	-	-
Endowments	-	90	-	(90)	-	-
Allocation to (from) internally restricted net assets (Note 14)	-	-	8,314	(8,314)	-	-
BALANCE, end of year	\$ 84,445	11,975	13,713	14,720	124,853	117,266

## Notes to the Financial Statements (thousands of dollars)

### Note 1 Authority and Purpose

The University of Lethbridge (the "University") operates under the authority of the Post-Secondary Learning Act, Statutes of Alberta 2003, chapter P-19.5. 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 the conditions of the contributions are met.

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

Short-term investments are held at the lower of cost or market.

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

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 and Other Employee Future Benefit Plans

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

The actuarial determination of the accrued benefit obligations for other employee future benefits uses either the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial

factors) or the accumulated benefit method where future salary levels or cost escalations do not affect the amount of employee future benefits.

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

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.

l) Foreign Currency Translation

Monetary assets and liabilities of the University which are denominated in foreign currencies are translated at year-end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.



### Note 3 Investments

	2005				2004			
	Carrying Value	Market Value	Realized Return	Market Return	Carrying Value	Market Value	Realized Return	Market Return
Cash and short term deposits	\$ 4,689	\$ 4,688	3.58%	2.90%	\$ 4,488	\$ 4,490	1.76%	0.28%
Bonds and debentures	18,695	19,855	4.30%	4.77%	18,737	20,212	6.05%	11.04%
Stocks	27,542	34,659	3.94%	10.82%	24,277	29,120	2.27%	24.10%
Other investments	399	399			313	313		
	<u>\$ 51,325</u>	<u>\$ 59,601</u>			<u>\$ 47,815</u>	<u>\$ 54,135</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.

Foreign exchange losses of \$1,337 were realized during the year (2004: \$299). As of March 31 net unrealized exchange losses totaled \$317 (2004: \$1,920).

Bonds and debentures consists of the following:

	2005			2004		
	Carrying Value	Market Value	Effective Yield	Carrying Value	Market Value	Effective Yield
Short term (three years or less to maturity)	\$ 255	\$ 262	3.67%	\$ 1,006	\$ 1,043	1.99%
Medium term (four to ten years to maturity)	12,613	13,282	5.34%	12,464	13,452	5.58%
Long term (greater than ten years to maturity)	5,827	6,311	5.11%	5,267	5,717	5.81%
	<u>\$ 18,695</u>	<u>\$ 19,855</u>	5.40%	<u>\$ 18,737</u>	<u>\$ 20,212</u>	5.45%

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:

<u>Permissible assets</u>	<u>Policy Standard</u>	<u>Allowable Ranges</u>
Short term/cash	5%	0% - 40%
Bonds	35%	25% - 70%
Canadian equities	30%	10% - 40%
U.S. equities	15%	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 one year and bonds are held on average less than four years. Bonds in the portfolio have maturity dates between two and twenty-six years.

#### Note 4 Interest in Joint Venture

The University has a one-third joint venture interest in Campus Alberta Applied Psychology:

Counselling Initiative. Three Alberta universities formed the joint venture to develop and deliver a Collaborative Alberta Graduate Counselling Program.

The University's equity in the accumulated earnings of the joint venture at March 31, 2005 is \$291 (2004 - \$217) and is included in Other Investments (Note 3).

At March 31, 2005 the University's share of the joint venture's assets and liabilities are:

	2005	2004
Current assets <sup>(1)</sup>	\$ 458	\$ 411
Capital assets	4	8
	<u>\$ 462</u>	<u>\$ 419</u>
Current liabilities	\$ 167	\$ 194
Deferred capital contributions	3	7
Investment in capital assets	1	1
Joint venture interest	291	217
	<u>\$ 462</u>	<u>\$ 419</u>

(1) included in current assets is a receivable of \$223 (2004 - \$160) from the University of Lethbridge 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, 2005 is \$132 which is one-third of the net of total revenues of \$1,794 less total expenses of \$1,398.

#### Note 5 Capital Assets

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 638	\$ -	\$ 638	\$ 638
Buildings and land improvements	176,396	60,993	115,403	119,172
Construction projects	2,656	-	2,656	200
Furnishings and equipment	50,966	36,788	14,178	13,977
Learning resources	23,313	16,607	6,706	6,425
	<u>\$ 253,969</u>	<u>\$ 114,388</u>	<u>\$ 139,581</u>	<u>\$ 140,412</u>

Construction projects include planning and construction costs for the Regional Health & Wellness Centre, Management & Health Sciences Building, Alberta Water & Environmental Sciences Building and Service Buildings replacement.

Capital asset additions during the year included \$30 in donations in kind for learning resources (2004 - \$24).

## Note 6 Collection

	2005	2004
Balance, beginning of year	\$ 32,997	\$ 32,905
Donations	197	92
Balance, end of year	<u>\$ 33,194</u>	<u>\$ 32,997</u>

The art collection contains approximately 14,000 objects.

## Note 7 Employee Benefit Liabilities

	2005	2004
Vacation and overtime pay	\$ 3,366	\$ 3,304
Maternity and parental leaves	143	144
Other payroll liabilities	425	198
Early retirement benefit plans	853	1,257
Senior administrative leaves	3,990	3,428
Supplementary benefit plan	762	626
Long-term disability benefits	417	115
	<u>9,956</u>	<u>9,072</u>
Less current portion	(4,411)	(4,428)
	<u>\$ 5,545</u>	<u>\$ 4,644</u>

## Note 8 Pension and Other Employee Future Benefit Plans

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

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

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

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

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

a) Benefit Plans

The University measures its accrued benefit obligations for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the employee future benefit plans was performed as of March 31, 2005.

The benefit plan obligations are as follows:

	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long Term Disability Plan
Accrued benefit obligation:				
Balance, beginning of year	\$ 626	\$ 1,257	\$ 3,428	\$ 115
Current service cost	168	-	682	340
Interest cost	33	24	126	10
Benefits paid	(65)	(428)	(246)	(48)
Actuarial loss (gain)	(67)	(3)	6	45
Balance, end of year	695	850	3,996	462
Plan assets	-	-	-	-
Funded status - plan deficit	695	850	3,996	462
Unamortized net actuarial gain (loss)	67	3	(6)	(45)
Accrued benefit liability	<u>\$ 762</u>	<u>\$ 853</u>	<u>\$ 3,990</u>	<u>\$ 417</u>

Total cash payments for employee future benefits for 2005, consisting of cash payments directly to beneficiaries and cash contributed to its multi-employer defined benefit plans, were \$5,146 (2004 - \$4,894).

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

	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan
Discount rate	n/a	3.50%	3.50%	3.50%
Rate of compensation increase:				
year 1, thereafter	n/a	n/a	7.25%, 6.00%	n/a
Assumed benefit cost trend rates:				
Pension contributions (year 1, thereafter)	n/a	n/a	n/a	6.25%, 5.00%
Benefits	n/a	n/a	4.50%	4.50%
Average remaining service period of active employees	6 years	2 years	7 years	5 years

b) Pension plans

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. The pension expense recorded in these financial statements is equivalent to the University's annual contributions payable of \$4,359 for the year ended March 31, 2005 (2004 - \$3,442) including UAPP contributions of \$3,542 (2004 - \$2,757) and PSPP contributions of \$817 (2004 - \$685).

At December 31, 2004, the Universities Academic Pension Plan reported an actuarial deficiency of \$643,979 (2003 - \$538,352) consisting of a pre-1992 deficiency (\$517,900) and a post-1991 deficiency (\$126,079). An actuarial valuation of the UAPP was carried out as at December 31, 2004. The unfunded liability for service prior to January 1, 1992 is being financed by additional

contributions of 1.25% (2003 - 1.25%) of salaries by the Province of Alberta with employees and employers equally sharing the balance of the contributions of 1.76% (2003 – 1.76%) of salaries required to eliminate the unfunded liability on or before December 31, 2043. On July 1, 2005 this rate will rise to 2.28%. The actuarial valuation shows that the present value at December 31, 2004 of the Province of Alberta's obligation for the future additional contributions was \$183,400. Effective January 1, 2004, the unfunded liability for service after December 31, 1991 is being financed by special payments of 1.26% of salaries shared equally between employees and employers over 15 years from the date of valuation until December 31, 2017. These special payments will rise to 2.64% of salaries on July 1, 2005.

At December 31, 2004, the Public Service Pension Plan reported an actuarial deficiency of \$450,068 (2003 - restated to \$584,213). An actuarial valuation of the Public Service Pension Plan was performed as of December 31, 2002 and was extrapolated to December 31, 2004. An actuarial valuation is being performed as at December 31, 2004 and the actuary has indicated that there will likely be a contribution rate increase effective January 2006.

#### Note 9 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:

	2005	2004
Balance, beginning of year	\$ 10,726	\$ 10,058
Contributions received	14,806	10,971
Transfer to:		
Revenue	(10,234)	(8,253)
Deferred Capital Contributions (Note 11)	(1,455)	(2,050)
Balance, end of year	<u>\$ 13,843</u>	<u>\$ 10,726</u>

The deferred contributions balance consists of:

	2005	2004
Infrastructure Maintenance Program	\$ 4,816	\$ 3,716
Sponsored Research	5,676	4,304
Special Purpose	929	698
Scholarships, Bursaries and Other Trust Funds	2,422	2,008
	<u>\$ 13,843</u>	<u>\$ 10,726</u>

### Note 10 Long Term Debt

	Rate of Interest	Original Advance	Amount Outstanding	
			2005	2004
Alberta Capital Finance Authority debenture for student residences, due April 15, 2023	6%	\$ 4,000	\$ 3,891	\$ 4,000
Current portion			(115)	(109)
			<u>\$ 3,776</u>	<u>\$ 3,891</u>

The debenture is secured by cash flows generated from the new residences and the Aperture Park and University Hall residences.

Interest on the debenture of \$233 was charged to expense in fiscal 2005 (2004 - \$231).

Principal payments on the debenture over the next five fiscal years are as follows: 2006 - \$115; 2007 - \$122; 2008 - \$130; 2009 - \$137; 2010 - \$146.

### Note 11 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:

	2005	2004
Balance, beginning of year	\$ 1,282	\$ 1,038
Contributions received	1,234	682
Transfers from (to):		
Revenue	-	(43)
Deferred Contributions (Note 9)	1,455	2,050
Unamortized Deferred Capital Contributions (Note 12)	(2,232)	(2,445)
Balance, end of year	<u>\$ 1,739</u>	<u>\$ 1,282</u>

The deferred capital contributions balance includes donations and grants received for capital projects including the Regional Health & Wellness Centre, Management & Health Sciences Building, Alberta Water & Environmental Sciences Building and the Service Buildings replacement.

### Note 12 Unamortized Deferred Capital Contributions

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

	2005	2004
Balance, beginning of year	\$ 88,358	\$ 92,175
Transfer from (to)		
Deferred Capital Contributions (Note 11)	2,232	2,445
Revenue		
Amortization of deferred capital contributions	(6,124)	(6,258)
Capital asset disposals (net)	(29)	(4)
Balance, end of year	<u>\$ 84,437</u>	<u>\$ 88,358</u>

### Note 13 Endowments

	2005			2004		
	Externally Restricted	Internally Restricted	Total	Externally Restricted	Internally Restricted	Total
	Contributions	\$ 8,666	\$ 1,252	\$ 9,918	\$ 8,258	\$ 1,162
Capitalized investment income	1,915	142	2,057	1,693	114	1,807
	<u>\$ 10,581</u>	<u>\$ 1,394</u>	<u>\$ 11,975</u>	<u>\$ 9,951</u>	<u>\$ 1,276</u>	<u>\$ 11,227</u>

Endowments consist of restricted donations to the University, the principal of which is required to be maintained intact in perpetuity (externally restricted), and internal allocations by the Board of Governors (internally restricted). The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. The economic value of endowments is protected through allocations of investment income earned to reflect changes in purchasing power of the endowment principal. Investment income earned in excess of this amount is available for spending. Under Section 76(2) of the Post-Secondary Learning Act, the University has the authority to alter the terms and conditions of an endowment to enable income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.

### Note 14 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.

	2005	2004
<b>OPERATING:</b>		
Staff training and development	\$ 42	\$ 84
Academic development	176	43
Campus planning studies	160	160
International affairs	6	6
Utilities contingency - rate increases	50	50
Program development	228	200
	<u>662</u>	<u>543</u>
<b>CAPITAL:</b>		
Capital replacement - Ancillary Services	1,603	1,449
Capital replacement - Sports & Recreation Services	315	285
Housing Services - residences	1,074	1,044
Capital equipment	1,246	983
Buildings and plant <sup>(1)</sup>	8,198	276
Site and utilities	59	48
Utility conservation	264	258
Self insurance	189	184
Parking services	-	225
Service vehicles and equipment	103	104
	<u>13,051</u>	<u>4,856</u>
	<u>\$ 13,713</u>	<u>\$ 5,399</u>

(1) The Board of Governors set aside \$5,525 as contribution towards the construction of a Regional Health and Wellness Centre and the remaining \$2,673 was set aside to fund other capital projects.

### Note 15 Investment Income

	2005	2004
Investment income earned in the year	\$ 2,370	\$ 2,163
Income capitalized to endowment principal	(221)	(180)
Amounts deferred in period	(65)	(233)
	<u>\$ 2,084</u>	<u>\$ 1,750</u>
Amounts previously deferred and recognized in year	311	190
Total investment income recognized as revenue	<u>\$ 2,395</u>	<u>\$ 1,940</u>



## Note 16 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.

	2005				Restated 2004
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
Chairman of Board <sup>(4)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Board Members <sup>(4)</sup>	-	-	-	-	-
President	242	30	69	341	294
Executive/Vice Presidents					
Vice-President (Academic)	219	12	53	284	259
Vice-President (Finance & Administration)	179	-	42	221	200
Dean of Management <sup>(5)</sup>	164	-	27	191	189
Associate Vice-President (Academic) & Dean of Graduate Studies	172	-	30	202	186
Administrative leave benefit <sup>(6)</sup>					
President				56	53
Vice-President (Academic)				51	50
Vice-President (Finance & Administration)				43	40
Dean of Management <sup>(5)</sup>				38	38
Associate Vice-President (Academic) & Dean of Graduate Studies				39	38

(1) Salary includes pensionable base pay.

(2) Housing allowance

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

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

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

(6) Leaves are accrued for senior administrators at a rate of one month for every five months served. If the leave is granted, all salaries and benefits excluding any housing allowances are paid on a monthly basis over the duration of the leave. Cash payments in lieu of administrative leave are not permitted, nor is it possible under Board policy to work for another institution or organization while on leave. Normally, administrative leave is taken immediately after leaving office.

The administrative leave benefit reflects the current service cost of the benefit, stated at the notional value. The 2004 benefit has been restated to conform to this presentation.

### Note 17 Change in Non-Cash Working Capital

	2005	2004
Accounts receivable	\$ (1,430)	\$ (425)
Inventories	65	(26)
Prepaid expenses	(19)	(204)
Accounts payable and accrued liabilities	1,296	28
Employee benefit liabilities	(17)	(263)
Deferred revenue	272	92
Deferred tuition fees	481	397
Deferred contributions	3,117	668
Increase in non-cash working capital	<u>\$ 3,765</u>	<u>\$ 267</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 Advanced Education. The 2004/05 budget was approved by the Board on March 24, 2004.

	2005		2004	
	Original Budget	Total Actual	Original Budget	Total Actual
<b>REVENUE</b>				
Grants	\$ 59,224	\$ 67,093	\$ 54,689	\$ 62,659
Tuition and related fees	31,204	33,743	28,155	30,183
Sales of services and products	10,287	9,398	6,696	8,095
Miscellaneous	1,330	3,195	761	2,960
Investment income	2,590	2,395	2,348	1,940
Gifts and donations	500	663	1,000	307
Amortization of deferred capital contributions	10,305	6,153	6,668	6,262
	<u>115,440</u>	<u>122,640</u>	<u>100,317</u>	<u>112,406</u>
<b>EXPENSE</b>				
Salaries and benefits	75,429	76,720	63,520	68,662
Scholarships, fellowships and bursaries	1,876	2,982	1,263	2,586
Supplies and services	8,109	7,618	6,277	6,645
Cost of goods sold	2,920	2,888	2,831	2,759
Travel	2,194	3,080	1,891	2,801
Utilities	3,834	3,046	3,821	3,022
External contracted services	2,925	2,683	1,939	2,199
Repairs and maintenance	1,433	1,796	2,654	2,242
Professional fees	446	839	327	600
Interest on long term liabilities	710	429	653	687
Insurance	326	367	241	298
Property taxes	226	219	181	199
Loss on disposal of capital assts	-	1,094	-	1
Unrealized loss on investments	-	55	-	85
Amortization of capital assets	11,394	12,064	8,408	11,557
Provisions	2,676	-	5,961	-
	<u>114,498</u>	<u>115,880</u>	<u>99,967</u>	<u>104,343</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	<u>\$ 942</u>	<u>\$ 6,760</u>	<u>\$ 350</u>	<u>\$ 8,063</u>

The original budget includes general departmental provisions which are subject to reallocation by departments throughout the year. These contingency budgets are used primarily for salaries,

benefits and capital purchases. Actual expenses are recorded in the appropriate expense categories and are not charged to the provisions budget.

### Note 19 Related Party Transactions

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

	2005			2004
	Unrestricted	Restricted	Total	Total
Advanced Education:				
Operating grant	\$ 48,095	\$ -	\$ 48,095	\$ 46,668
Access grants	7,729	-	7,729	6,388
Performance funding	604	-	604	487
Other	130	175	305	100
<b>Total Advanced Education</b>	<b>56,558</b>	<b>175</b>	<b>56,733</b>	<b>53,643</b>
Other provincial ministries, departments and agencies:				
Alberta Infrastructure and Transportation	-	2,273	2,273	1,355
Alberta Ingenuity	-	982	982	244
Alberta Heritage Foundation for Medical Research	-	915	915	987
Alberta Innovation and Science	2	429	431	909
Alberta Children's Services	-	128	128	-
Alberta Gaming	305	98	403	543
Other	-	51	51	94
<b>Total other provincial ministries, departments and agencies</b>	<b>307</b>	<b>4,876</b>	<b>5,183</b>	<b>4,132</b>
Total contributions received	56,865	5,051	61,916	57,775
Less: Deferred contributions	-	(1,778)	(1,778)	(1,344)
Revenue from provincial government	<b>\$ 56,865</b>	<b>\$ 3,273</b>	<b>\$ 60,138</b>	<b>\$ 56,431</b>

Restricted grants are recognized as revenue in the period the conditions of the contributions are met.

The University of Lethbridge has accounts receivable from the Province of Alberta of \$809 (2004 - \$1,244) and accounts payable of \$138 (2004 - \$0).

In 2005 and 2004 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, 2005 the estimated realizable value of pledges is \$4,190 in support of the following campaigns:

Management & Health Sciences Building	\$	3,154
Scholarships		801
Other		217
Regional Health & Wellness Centre		18
	\$	<u>4,190</u>

## Note 21 Scholarships and Bursaries

Included in these financial statements are scholarships totaling \$1,055 (2004 - \$1,094) awarded to 1,184 students (2004 - 1,345) from University of Lethbridge scholarship accounts.

Scholarships and bursaries totaling \$2,284 (2004 - \$1,851) were awarded to 1,577 (2004 - 1,222) University of Lethbridge students through the Alberta Scholarship Program. These amounts are not included in the financial statements.

## Note 22 Commitments and Contingencies

- a) The University, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of administration 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 expensed as the related amounts become known to the University.
- b) The University is one of fifty-six members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2004 CURIE had a surplus of \$5,995 (2003 - \$100). This surplus is an accumulation of four different underwriting periods. The University participates in three of these underwriting periods, which have an accumulated surplus of \$3,262 as of December 31, 2004 (2003 - \$2,492 deficit). The University held a 1.0% share in CURIE at December 31, 2004.
- c) The University has a ten-year lease on teaching facilities used in Edmonton, expiring in October 2007 with an option to terminate upon six months' notice plus six months' basic rent and occupancy costs based on a proportionate share of total building costs. In fiscal 2005 and 2004 basic rent totaled \$90. In 2005 occupancy costs were \$100 (2004 - \$97). The University also has a lease agreement with the Southern Alberta Institute of Technology for a two-year period expiring June 2005. At the

year end, this contract was under negotiation. Office and administrative rental charges under this lease are \$16 annually while classrooms are leased at an hourly rate. The cost of office and administration space in 2005 was \$16 (2004 - \$13) and the cost of classroom space totaled \$76 (2004 - \$59).

- d) The University uses contracts in order to manage its exposure to the volatility in the electrical industry. The current contract fixing its electrical cost at an average cost of \$0.115 per KWh expires December 31, 2005. The University has entered into a new five-year contract starting January 1, 2006 to fix the cost at an average price of \$.055 per KWh. The total cost for the year ending March 31, 2006 is expected to be \$1,957. The cost of electricity included in these statements for fiscal 2005 is \$2,148 (2004 - \$2,142).

Subsequent to the year end, the University entered into a contract for green power supply for the Regional Health and Wellness Centre to provide 850,000 KWh of power annually for a ten-year period commencing June 1, 2006. The price will be fixed at \$0.06 per KWh.

- e) On April 22, 2005 the Board of Governors approved a project to construct a Regional Health and Wellness Centre and to renovate and upgrade the existing Physical Education Building at a cost of \$31,000. The proposed project, scheduled for completion in 2007, is to be funded by the City of Lethbridge (\$5,300), fundraising (\$5,000), other external sources (\$345) and University contributions (\$20,355). The University's contribution to the project will be funded from the current and future years' internally restricted and unrestricted net assets as well as grants from Alberta Infrastructure and Transportation related to the Infrastructure Maintenance Program.

As at March 31, 2005, the University had contractual commitments totaling \$2,624 (2004 - \$2,326) related to various capital projects including the Regional Health and Wellness Centre. These commitments are not recorded in the financial statements.

- f) Under agreements and/or contracts with a number of employee groups, the University provides Professional Supplement funds for activities related to teaching, research, professional development or general University-related duties. At March 31, 2005 approximately \$827 (2004 - \$755) of such allowances is committed for expenses not yet incurred.

**Note 23 Deferred Maintenance**

Deferred maintenance on University facilities is estimated at \$82,000 based on a facility condition audit completed by the University in January 2005. An allowance for deferred maintenance is not included in these financial statements.

**Note 24 Comparative Figures**

Certain 2004 figures have been reclassified to conform to 2005 financial statement presentation.

**Note 25 Approval of Financial Statements**

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