



FINANCIAL HIGHLIGHTS 2002/03

The University of Lethbridge has endeavoured to present the audited financial statements in a manner that would lead to better understanding by its readers. The University's financial reporting conforms to the Canadian Institute of Chartered Accountants' standards for Not-For-Profit Organizations.

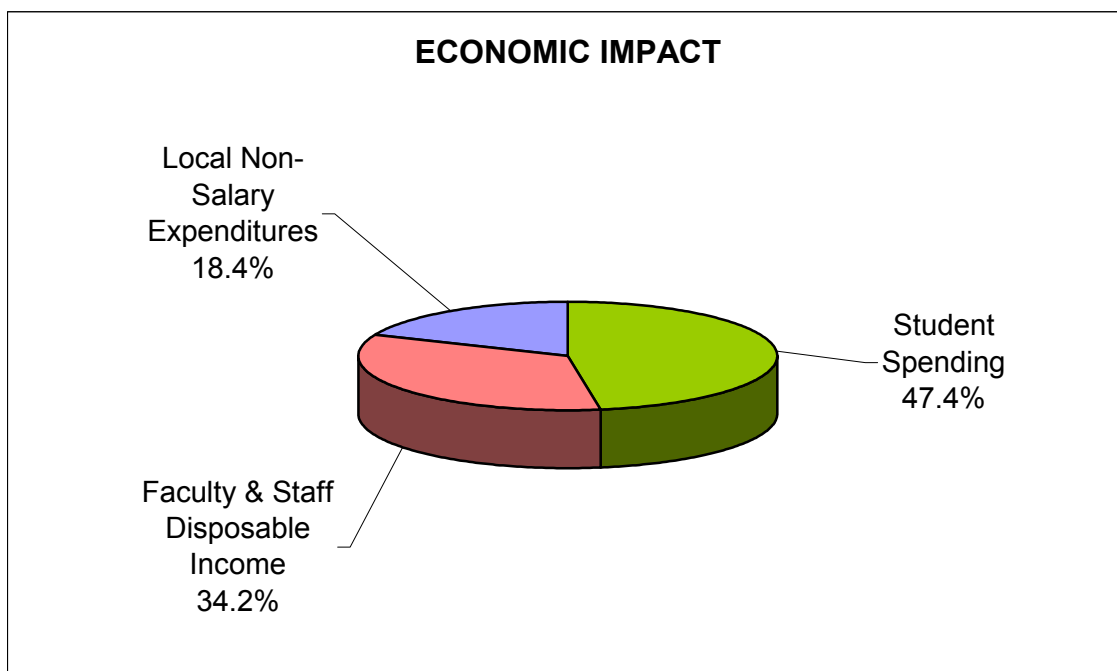
The financial statements are prepared on the defer-and-match method.

The most significant changes in the current fiscal year financial statements include the following:

- Grant revenue increased by approximately \$5 million due to additional general operating and Access grants.
- The University retired the \$9.9 million debt on the Library and Information Network Centre in July 2002 by self-financing the outstanding obligation using internally restricted and unrestricted net assets.
- Reconstruction of the former library space in University Hall was completed during the fiscal year at a total cost of \$4.3 million.
- Tuition and related fees revenue increased by approximately \$3 million due to the increase in enrolment over the previous year as well as a new student administration fee effective April 1, 2002 which was approved by Alberta Learning. Actual tuition fees per student were not increased in fiscal 2002 or during the prior two years. At the end of fiscal 2002 the University's tuition revenue was below the 30% cap (based on annual net operating expenditures) for purposes of the provincial Tuition Fee Policy. An increase of 7.5% for undergraduate fees and 6.6% for graduate fees was approved by the Board effective April 1, 2003.

The following is a summary of some of the major financial issues that took place during the fiscal year ended March 31, 2003:

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

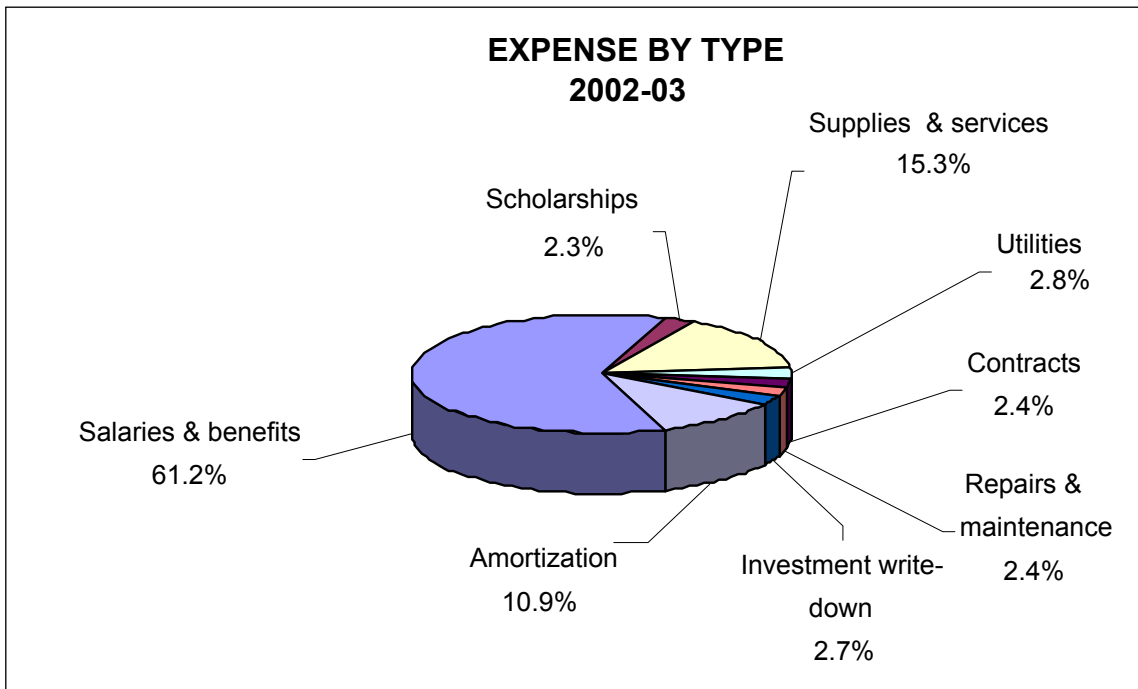
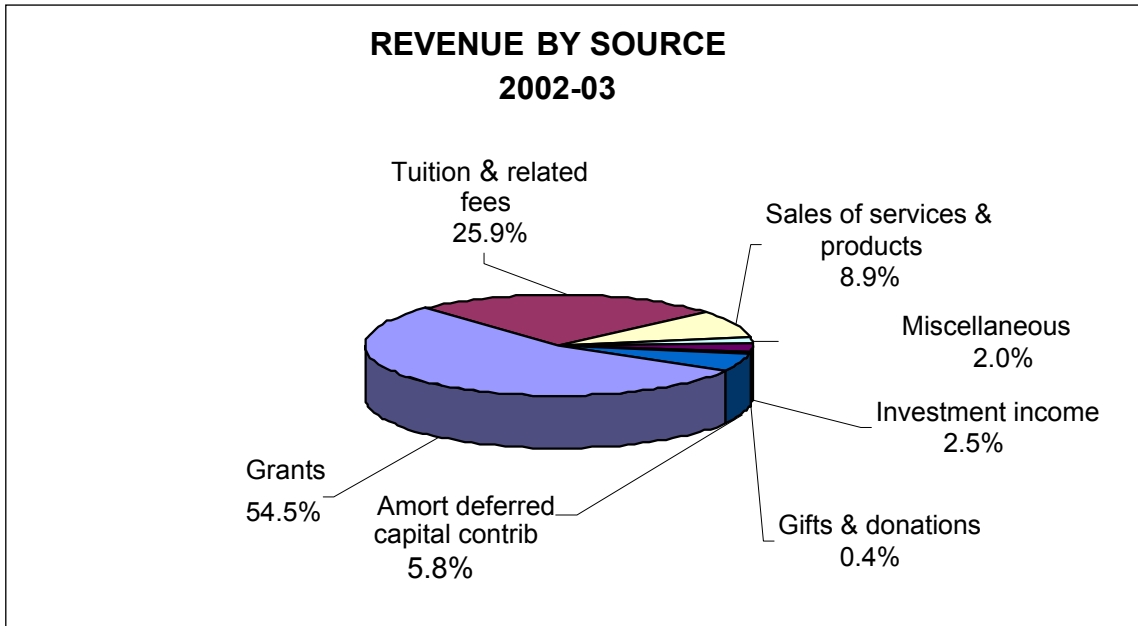


- The University received the following grants from the Province of Alberta (in thousands of dollars):

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

Performance funding was not provided to post-secondary institutions in 2002/03.

- The University continues to have record student enrolments, with 7,139 students (Full Time Equivalent 6,435) in the Fall 2002 semester, an increase of 3.5% over the previous year. The University endeavours to maintain its small class sizes and placed first among 29 Canadian universities for class size in the October 2002 Globe and Mail University Report Card.
- The budgeting process is based on a three year rolling budget model whereby 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 University is very proud of its investment in its collection, which contains approximately 14,000 objects. The collection is used for both educational and public exhibition purposes.
- The equity portion of the University's investment portfolio was negatively affected during 2002/03 by the volatility of the investment environment. While dividend and interest income

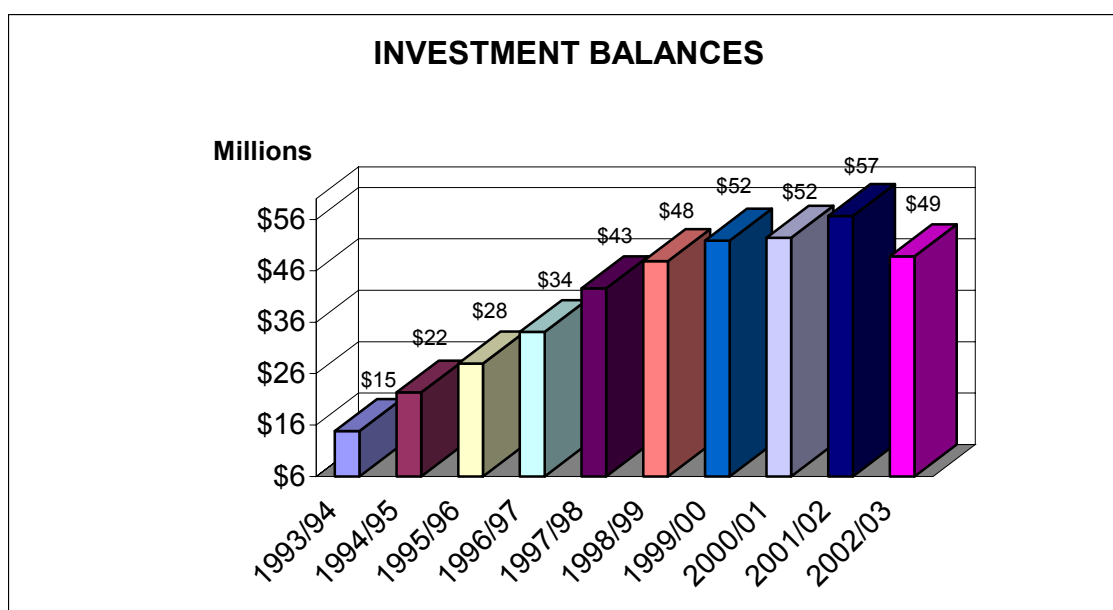
2002/03 Financial Highlights

generated a positive cash flow, the University recognized, for financial statement purposes, unrealized market losses of \$2.8 million on Canadian, US and international equities. These represent declines in market value that are considered to be other than temporary.

The University drew \$8 million from its investment portfolio during the year in order to retire the external debt obligation on the Library and Information Network Centre.

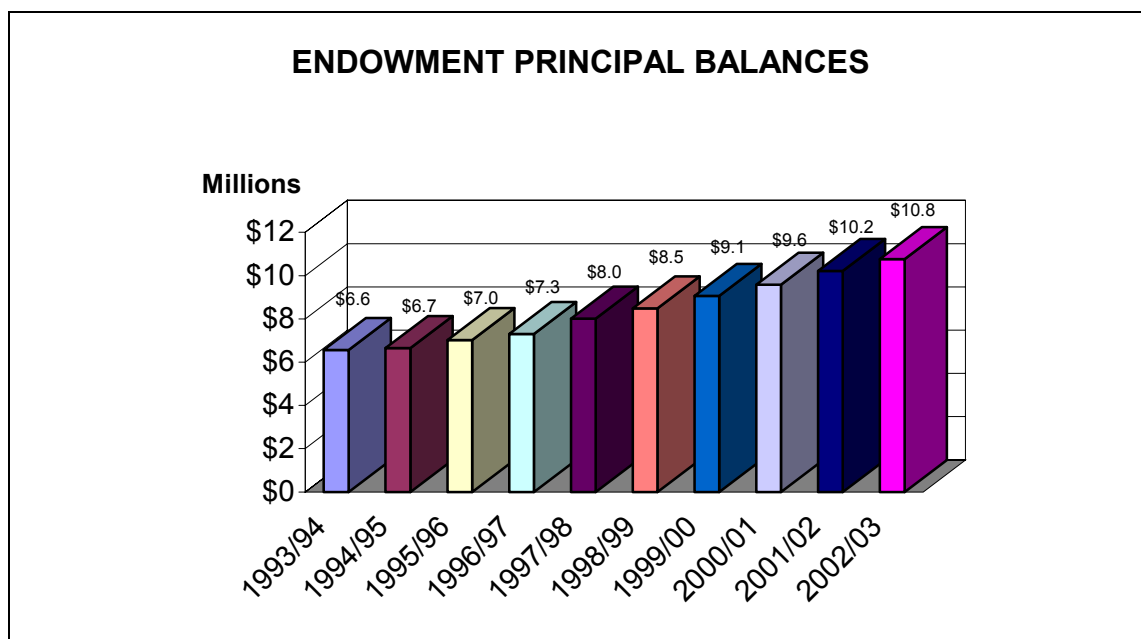
The investment portfolio was made up of the following fund balances at March 31 (thousands of dollars):

	<u>2003</u>	<u>2002</u>
Endowments	\$ 10,762	\$10,224
Operating (restricted grants)	-	234
Sponsored research	3,554	3,698
Scholarships, bursaries and other	1,908	1,805
Special purpose (restricted funds)	526	511
Internally restricted net assets	5,290	9,953
Deferred capital contributions	5,108	6,577
Departmental appropriations	16,865	17,647
Operating cash flow	<u>4,806</u>	<u>6,026</u>
	<u>\$ 48,819</u>	<u>\$ 56,675</u>

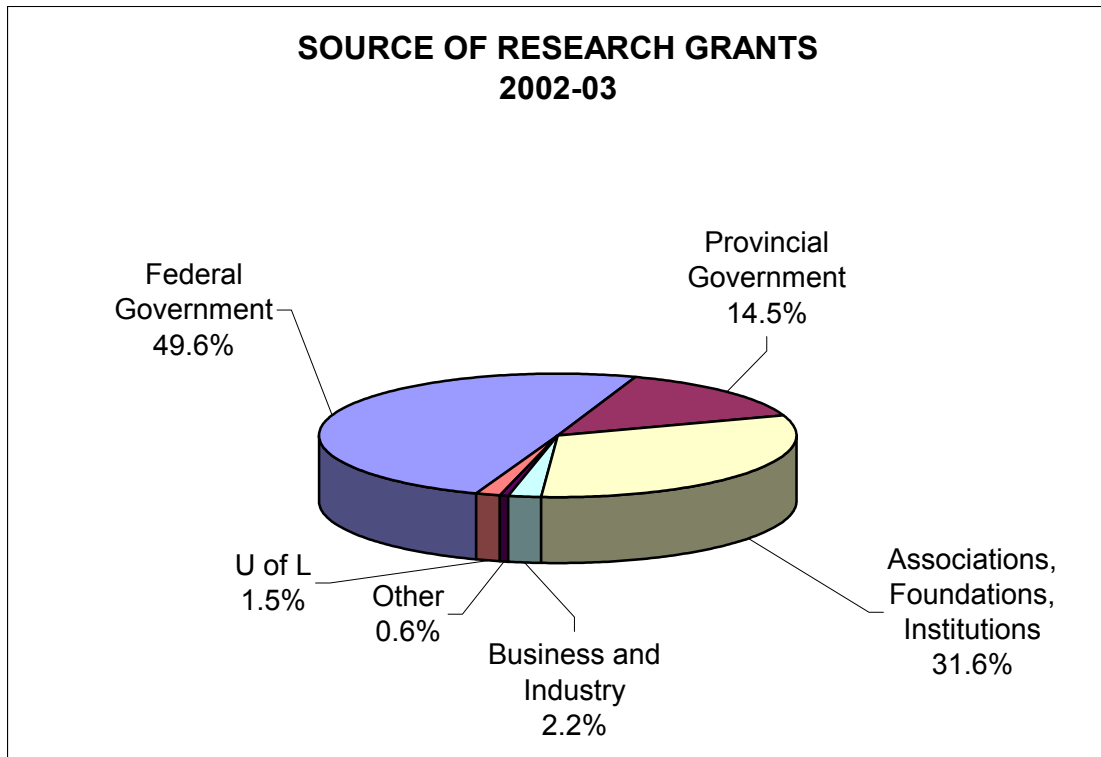
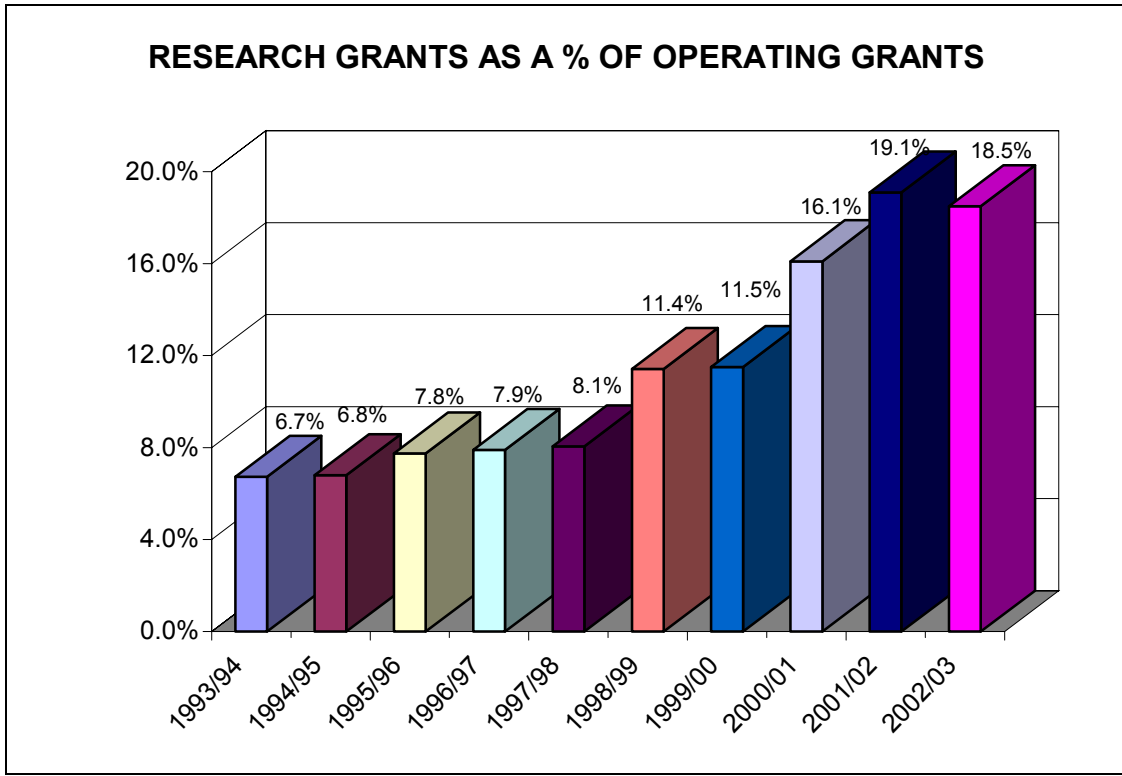


- The Board of Governors continues to have a high commitment to students in the form of scholarships. The amount of scholarships and bursaries awarded in 2002/03 was \$2.4 million (2001/02: \$2.2 million). The University ranked third among primarily undergraduate universities on percentage of budget devoted to student services in the November 2002 Maclean's magazine Annual Survey of Canadian Universities.
- Endowment balances continue to increase, with a balance of \$10.8 million at March 31, 2003, an increase of 5% over the prior year and a 64% increase over the past ten-year

period. Endowments consist of restricted donations, the principal of which is required to be maintained intact. The investment income generated from endowments must be used in accordance with the purposes specified by the donors or the Board of Governors. University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income expended and reinvesting unexpended income.



- The unrestricted net assets of approximately \$13 million at March 31, 2003 will be used primarily for investment in capital assets which will enhance the education available to our students.
- The University continues to have a strong commitment to research and is ranked “Number 2” for average size and number of research grants awarded to undergraduate medical/science (NSERC and MRC) research institutions in the Maclean’s magazine Annual Survey of Canadian Universities. The University also ranked second for national awards per full-time faculty.



2002/03 Financial Highlights

- In the most recent annual study by Wilfrid Laurier University on the public accountability of Canadian universities, the University ranked tenth among 42 universities.

Cindy Armstrong-Esther, MBA, CA
Director, Financial Services