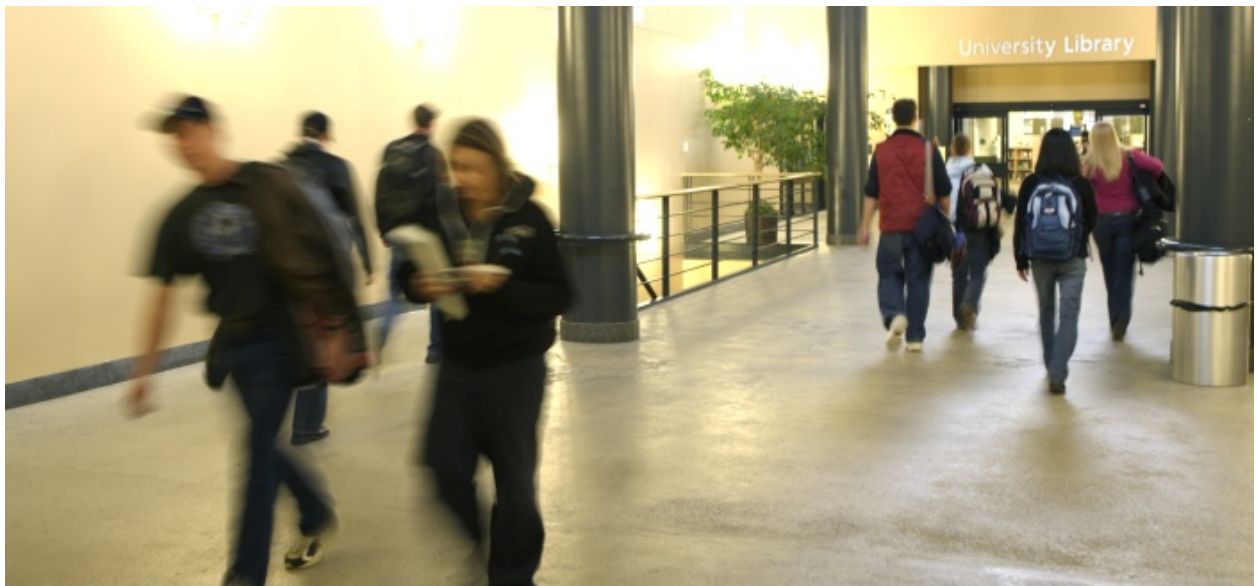




2005–06 Annual Report to Alberta Advanced Education



For the year ended March 31, 2006

University of
Lethbridge





The University of Lethbridge 2005–06 Annual Report to Alberta Advanced Education

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Accountability Statement

The University of Lethbridge Annual Report for the year ended March 31, 2006 was prepared under the Board's direction in accordance with the Government Accountability Act and ministerial guidelines established pursuant to the Accountability Act. All material economic, environmental, or fiscal implications of which we are aware have been considered in preparing this report.

Mr. Robert Turner, Chair, Board of Governors

Date:

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1.0 Summary

- ▶ This report covers the period April 1, 2005 to March 31, 2006.
- ▶ There were four major **opportunities** for the University of Lethbridge in 2005-06:
 - (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 2005-06:
 - (1) Increasing pressure on facilities and 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) Maintaining the high level of student satisfaction with technology on campus, given the cost and effort required to stay at the forefront of technology.
 - (7) An urgent and ongoing need for teaching, laboratory, and general campus space.
- ▶ The University of Lethbridge made some significant progress on the six **goals** in its 2002-2006 Business Plan:
 - (1) **Accessibility**—Enrolment grew by 3% over the previous year, to 7,896 students. International student enrolment rose to 5.9%, the highest level ever seen by the institution.
 - (2) **Academic Excellence**—The M.A./M.Sc. program underwent an academic quality assurance review, during which external reviewers noted that the program's "success is innovative and quite remarkable." A quality review of the B.HSc. (Addictions Counselling) began. In the 2005 Maclean's Magazine Annual Ranking of Canadian Universities, the U of L made 10 top-ten placements, moved up in the reputation category, and ranked 13th out of 21 primarily undergraduate universities. The U of L was the only Alberta post-secondary institution to receive an A-level ranking in *Overall Quality of Education* in the 2005 Globe and Mail University Report Card.
 - (3) **Research Excellence**—The value of research grants received at the U of L rose by 14%, while the ratio of research funding to operating grants declined by 14%.

- (4) **Community and Public Relations**—The U of L continued to offer educational, recreational, and fine arts programs to the community. The major public lecture series offered 30 lectures with a total audience of about 2,900. University Advancement continued to build relationships with the local government, the community, and the alumni, and noted a revitalized alumni presence at events and fundraisers and on the Board of Governors. Construction continued on the Centre for Sport and Wellness, which will house fitness and recreation facilities and programs for the benefit of the U of L and the surrounding communities.
- (5) **Student Services**—In the 2005 Maclean's survey, the U of L ranked second among primarily undergraduate universities for percentage of budget devoted to student services. Information Technology maintains a high-speed network of state-of-the-art computing equipment for use by all students. The U of L's co-operative programs direct hundreds of students to job placements that provide work experience.
- (6) **Facilities and Equipment Renewal**—The University continued construction of the Centre for Sport and Wellness and The Turcotte Hall addition. Several capital projects were initiated to address essential infrastructure and building renewal needs, including: an addition to the Canadian Centre for Behavioural Neuroscience (CCBN); planning and design of the Alberta Water and Environmental Science Building and the Management and Health Sciences Building; Services Building replacement design and tendering; lab renovations; fire protection system installations; various mechanical infrastructure upgrades; and ongoing repairs to the University Hall building envelope.
- (7) **Operate Responsively and Responsibly**—The U of L persisted in its commitment to cost containment, quality improvement, and fiscal responsibility, maintaining the four-year rolling budget model that allows the institution to respond effectively to budget scenarios.
- ▶ The U of L also made progress in relation to its eight **performance measures**:
 - (1) **Enrolment** rose by 3% to 7,986 students.
 - (2) **Graduate satisfaction**, in its most recent measure (2006), was 94%.
 - (3) **Graduate participation** in the workforce was 91%, and the **graduate employment** rate was 97%, according to the most recent data (2006).
 - (4) A measure of administration efficiency, **administration expenditures as a percentage of total expenditures less ancillary expenditures** was 7.6%, a rise of 0.6%.
 - (5) **Research intensity** (value of sponsored research divided by the value of provincial operating grants) was 18.7%, a 1.2% increase.
 - (6) A measure of how well the U of L attracts research money from industry and the community, **research impact** was 18.7%, a drop of 8.1%.
 - (7) For **research council grants**, average CIHR funding remained the same, while NSERC funding increased by 3.2% and SSHRC funding declined slightly by 2.8%.
 - ▶ The U of L's **research programs** continued to expand. Sponsored research grants totaled \$12.7 million, a 14% increase over the previous year.
 - ▶ In the realm of **campus technology**, the U of L agreed to act as a host of the southern Alberta digital library, which will provide general access to digital images and an online index of community newspapers. Web-based registration was made available to all students, and all grades are now submitted and approved using the web. The U of L led a project for the electronic ex-

change of transcripts across Alberta post-secondary institutions. And the institution moved towards the single-source production of key documents like the Calendar.

- ▶ The excess of **revenue over expense** was \$10.1 million, \$3.3 million more than the previous year, mostly due to increased operating grants and investment income. The U of L has designated the excess revenue towards the many capital projects on campus.
- ▶ The three largest sources of **revenue** are: grants; student fees; and sales and services. The three biggest classes of **expenses** are: salaries and benefits; supplies and services; and amortization.
- ▶ The U of L had a province-wide **economic impact** of \$1.4 billion.

2.0 Opportunities and Challenges

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. In particular, the U of L is a provincial leader in videoconferencing, a technology that enables interactive audiovisual meetings with sites worldwide via high speed networks or telephone lines. The Curriculum Redevelopment Centre, in conjunction with Alberta Learning and Mount Royal College, developed [VCalberta.ca](http://www.vcalberta.ca), a videoconference resource web site for grades K-12.¹

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.

¹ VCalberta.ca (<http://www.vcalberta.com/>) is an Alberta resource for videoconferencing. It helps connect to other sites in the Alberta learning system, provides advice on videoconferencing standards in Alberta, and answers questions on how to effectively conduct different kinds of videoconferences. The site has tools, forums, frequently asked questions, a directory, and tips and tricks articles.

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

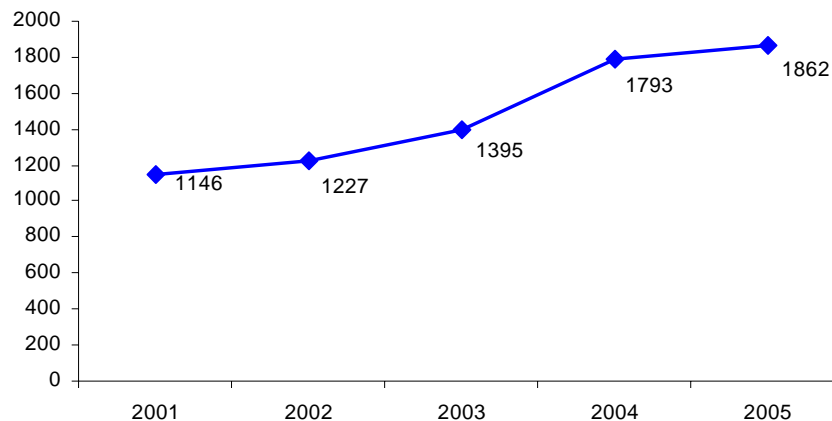
Over the past five years, enrolment has increased by about 15%. Enrolment growth presents four key challenges:

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

Unfunded Students

Our resources continue to be 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, 2001-05



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 helps significantly, but the challenge persists.

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.

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.

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, and the institution’s net assignable space per undergraduate student FLE is declining (see Figure 2 and Figure 3).

Figure 2: Net Assignable Space per Undergraduate FLE (Sq.m. per FLE)

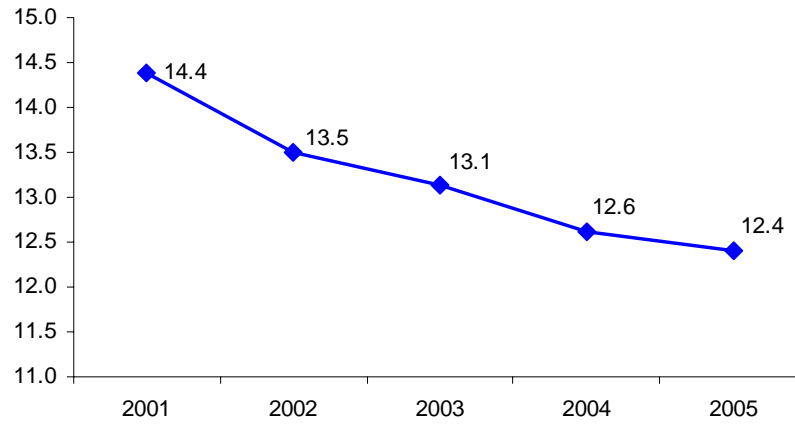
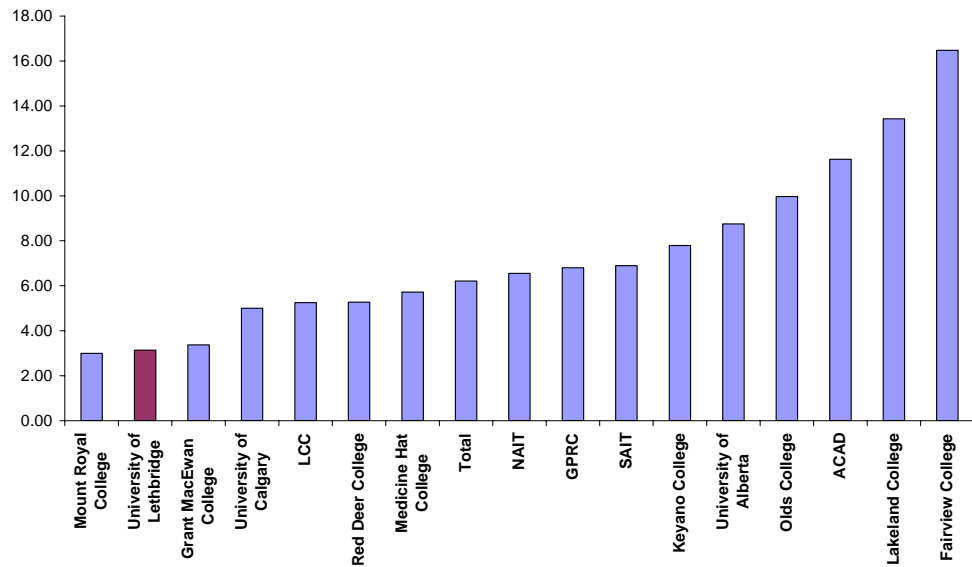


Figure 3: Classroom and Laboratory Space per FLE in Alberta Post-secondary Institutions, 1997-98 (Sq.m. per FLE)



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 2005-06.

3.1 PROGRESS RELATED TO GOALS

The italic text in the boxes in this section is quoted from the 2005-09 Business Plan, and describes each goal.

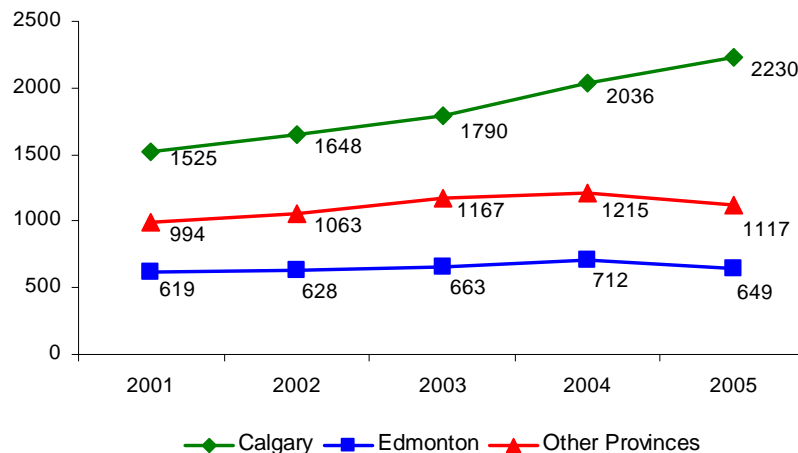
Goal 1: Accessibility

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.

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

The U of L continued its commitment to accessibility in 2005-06. Enrolment grew to 7,986. From 2001 on, the U of L has been increasingly the institution of choice for students from Calgary, Edmonton, and elsewhere in Canada (Figure 4). In particular, the number of U of L students drawn from Calgary rose by 9.5% over the previous Fall semester.

Figure 4: Fall Enrolment by Students from Calgary, Edmonton, and Other Provinces, 2001-05

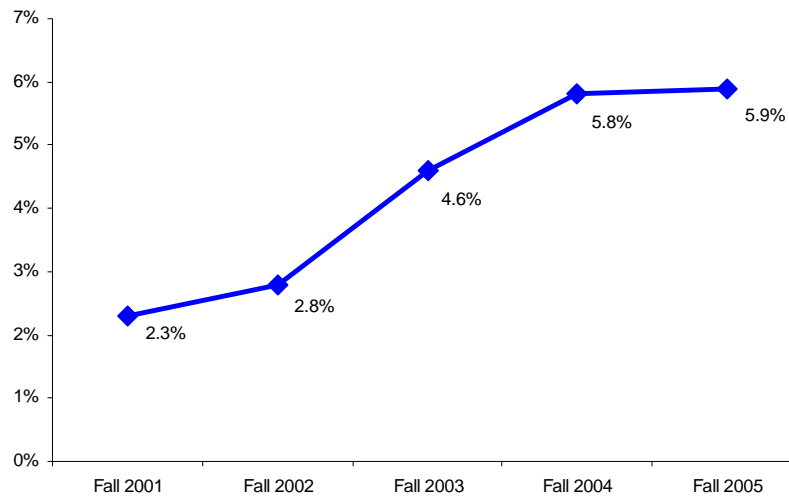


By maintaining and expanding collaborative arrangements with colleges in Alberta, Canada, and around the globe, the institution has also remained accessible to students who begin their education at other institutions. Currently, the U of L has over 100 articulation agreements with more than 60 different institutions.²

The year 2005 saw the Aboriginal Council of Lethbridge bring a new, integrated perspective to supporting Aboriginal post-secondary students in Lethbridge. Funded by a federal urban Aboriginal initiative, the Council is a focal point for Aboriginal agencies and groups in the city, and prefers to deal with post-secondary students as a group (as opposed to as students at separate institutions), an approach that has led to more collaboration among post-secondary institutions regarding Aboriginal students.

International student enrolment rose in Fall 2005 to the highest levels ever seen by the institution (see Figure 5). The U of L is actively recruiting in selected international markets to maintain and increase the number of students from overseas.

Figure 5: Percentage of International Students, 2001-05



² For a report on the U of L's articulation agreements, see http://www.uleth.ca/vpa/downloads/Campus_AB_&_Beyond_2005_v1.0.pdf

Goal 2: Academic Excellence

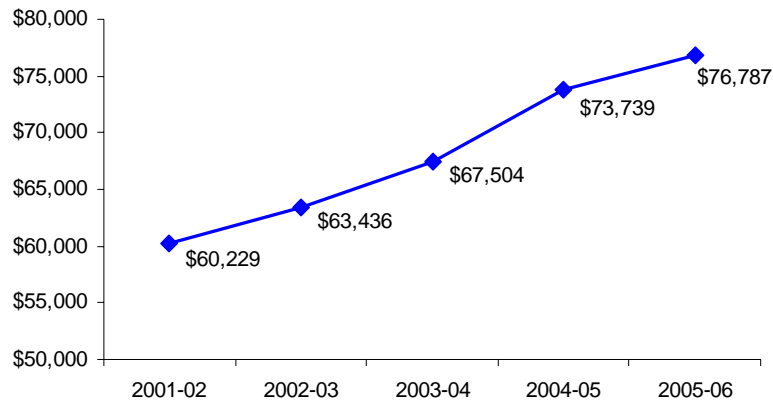
The University of Lethbridge is known nationally as an outstanding primarily undergraduate university. We will continue to be a student-centered institution, committed to offering the best possible programs and services.

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

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

The institution persisted in recruiting excellent faculty to deliver its programs, increasing academic staff FTEs by 7.5% over the previous year. One way to attract and retain high-quality faculty is to offer competitive salaries. In 2005-06, median academic salaries increased by 4% over 2004-05 (see Figure 6).

Figure 6: Median Academic Salary, 2001-02 to 2005-06



Approved by the Board of Governors in December 2004, the *Academic Quality Assurance Policy and Process* guides the quality review of U of L academic programs. For 2005-06, the M.A./M.Sc. program underwent an academic quality assurance review, and a review began of the B.HSc. (Addictions Counselling) program. The external reviewers of the M.A./M.Sc. program praised the quality of program and noted that its “success is innovative and quite remarkable.”³

³ Complete and summary documents from the M.A./M.Sc. program review can be found at: <http://www.uleth.ca/quality/outcomes.cfm>.

In the 2005 Maclean’s Magazine Annual Ranking of Canadian Universities, the U of L increased or maintained its position in one half of the categories and recorded 10 top-ten placements, including a critical first-place finish in the “Medical/Science Grants” category. The University also moved up in the reputation category. In the overall ranking, the University of Lethbridge ranked 13th in a field of 21 universities, down one ranking from last year, a drop influenced significantly by the U of L’s growth. In the 2005 Globe and Mail University Report Card, the U of L was the only Alberta post-secondary educational institution to receive an A-level ranking in the *Overall Quality of Education* category (see “4.7 Rankings,” page 29).

Counselling Services and the Associate Dean of Education developed a course to help students set academic and career goals. Targeted at newly-admitted and first-year students, the course (CDEV 2000) aims to help students commit to a specific discipline or career goal, to assist them in preparing for success in their lives and careers beyond University. Along the same lines, the U of L’s co-operative programs, which combine work experience with academic studies, continue to be successful.

Goal 3: 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.

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

The U of L pursued research funding through NSERC, SSHRC, CIHR, AHFMR, and other agencies. This pursuit was successful, with the value of research grants received at the U of L increasing 14% over 2004-05. The ratio of research funding relative to operating grants, however, fell by 14% in 2005-06. For more details, see “4.2 Research” (page 21).

Goal 4: 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.

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

During the 2005-06 fiscal year, the U of L maintained and grew its strong ties to the local and provincial communities. The institution continued to offer educational, recreational and fine arts programs, and speaker events to the community.

The Discovery Lecture Series, a major public lecture series designed to present renowned speakers of interest to the University and the general public, presented three lectures in 2005-06 that attracted about 740 people to campus. Overall, the

major public lecture series at the U of L offered 30 lectures that had a total audience of about 2,835 during 2005-06.⁴

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

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

Goal 5: Improve Student Services

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

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

With record numbers of students accessing services, the pressure to provide automated services and information retrieval rose, and the U of L has responded through continuing efforts to improve student services. The University ranked second among primarily undergraduate universities on percentage of budget devoted to student services in the 2005 Maclean's magazine Annual Survey of Canadian Universities (see "Maclean's Survey," page 29).

To increase recruitment and retention through improved student services, the U of L is examining ways to make the student experience positive, from initial inquiry to graduation. Registrar's Office and Student Services (ROSS) is working on various initiatives in e-communication management, buddy and mentoring programs, and support of students in their first term. ROSS revised its prospect/applicant communication process to include: releases of admission and registration information to students; information and events related to making the transition to University life; and "Check In Day," where new students are invited to come on campus to buy books, familiarize themselves with their classrooms, get ID cards, update their Library records, and more.

Also related to student retention and services, Counselling Services, working with the Associate Dean of Education, developed a new course to help students set academic and career goals. Targeted at newly-admitted and first-year students, the course (CDEV 2000) aims to ensure students commit to a specific discipline or career goal, thereby increasing the likelihood they will remain at the institution.

To respond to a rising number of students with disabilities, the U of L has dramatically increased support for these students. In Fall 2005, the University opened the Disability Resource Centre, a part of the Counselling Services unit, which includes a learning strategist, a resource assistant, and an administrative support person. Over its first few months of operation the Centre developed new

⁴ See the Lecture Series Report at: http://www.uleth.ca/notice/hostedfiles/Lectures_Report2005-06_v1.pdf.

processes and communications channels, and it will continue to improve processes as faculty and staff become more accustomed to the role of the Centre.

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.

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

Goal 6: Facilities and Equipment Renewal

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

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

The U of L continued construction of the multi-purpose Centre for Sport and Wellness. Scheduled for completion in late 2006, the Centre will include a 2000-seat triple gymnasium, fitness centre, climbing wall, sports medicine clinic, running track, labs, classrooms, and other facilities (see "Centre for Sport and Wellness," page 24 .) Construction began on The Turcotte Hall addition to replace the portable classrooms with a four-storey structure, which will provide additional classroom and office space, including two new lecture theatres.

In addition to those two projects, the U of L completed or initiated several capital projects in 2005-06 to address essential infrastructure and building renewal needs, including:

- Construction of an addition to the CCBN.
- Alberta Water and Environmental Science Building planning and design.
- Management and Health Sciences Building planning and design.
- Services Building Replacement design and tendering.
- Numerous lab renovations.
- Additional fire protection system installations in University Hall.
- Various mechanical infrastructure upgrades.
- Ongoing repairs to the University Hall building envelope.

Goal 7: Operate Responsively and Responsibly

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

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

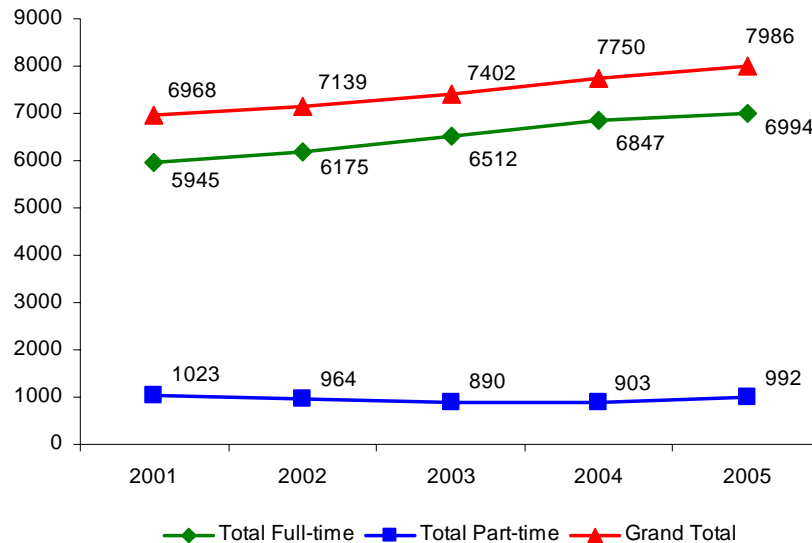
The U of L's budgeting process is based on a four-year rolling budget model, in which budgets are estimated for four years into the future. In conjunction with the instructional tuition allocation model, which allocates instructional fees to the faculties based on credit hours taught, the budgeting process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

3.2 PROGRESS RELATED TO PERFORMANCE MEASURES

Enrolment

Enrolment at the U of L continues to increase, with 7,986 students in the Fall 2005 semester, an increase of 3% over the previous year.

Figure 7: Fall Enrolment, 2001-05



Graduate Satisfaction

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

Table 1: Student Satisfaction with Overall Quality of Educational Experience, 2000-06

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

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.

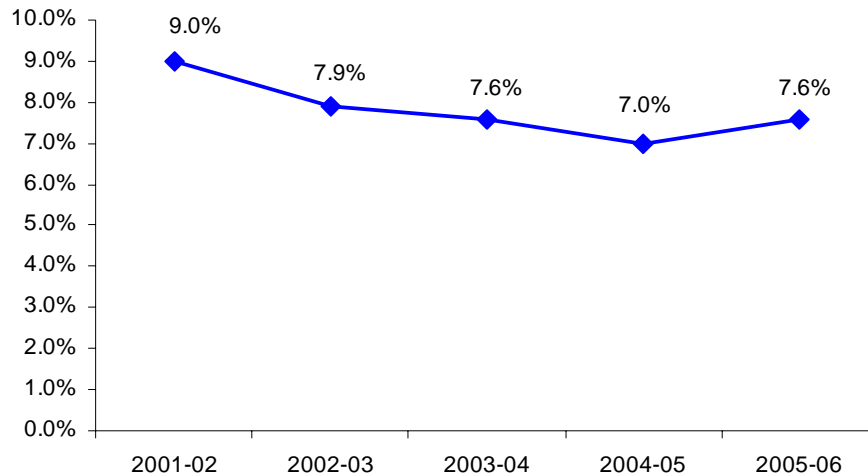
Table 2: Graduate Participation and Employment Rates, 2000-06

	2000	2002	2004	2006
Participation Rate	96%	97%	92%	91%
Employment Rate	95%	95%	97%	97%

Administration Expenditures

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

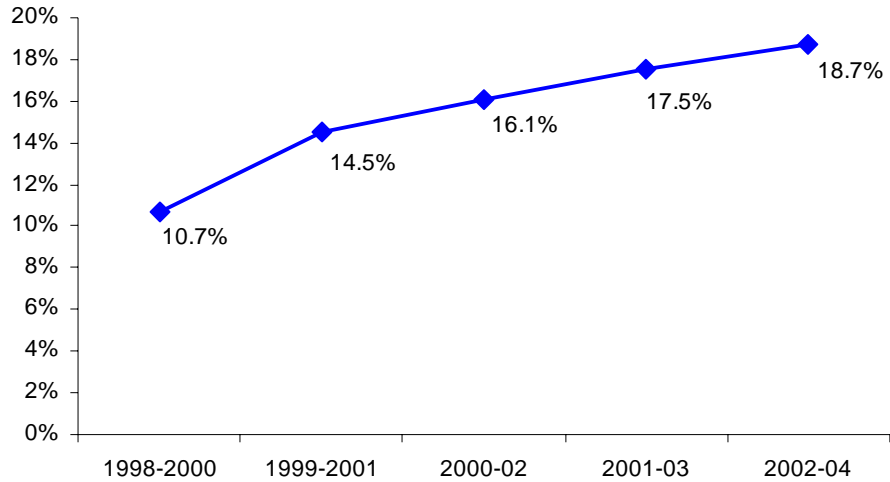
Figure 8: Administration Expenditures as a Percentage of Total Expenditures less Ancillary Expenditures, 2000-01 to 2005-06



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 1998-2000 to 2002-04.

Figure 9: Research Intensity, 1998-2000 to 2002-04 (Three-Year Moving Average)

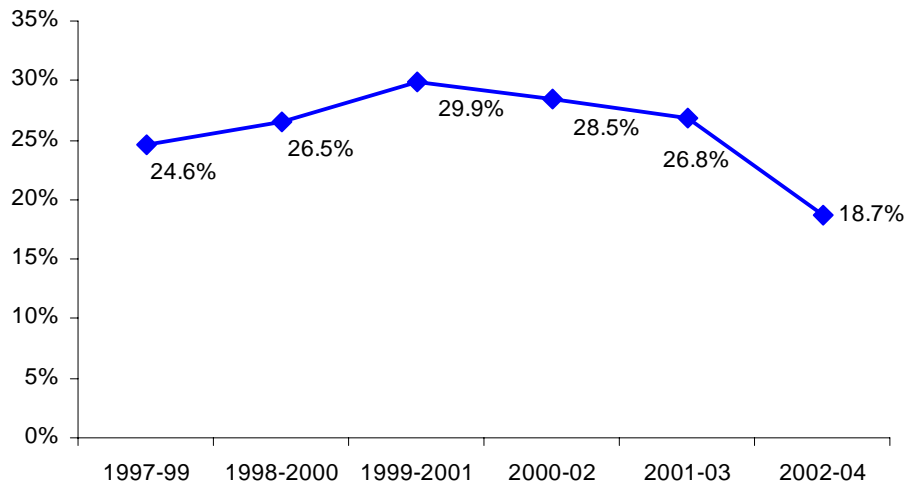


Research Impact

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

The decline in research impact from 2001-03 to 2002-04 is due to a significantly smaller portion of money being received from non-government foundations, although the total sponsored research dollars has actually increased.

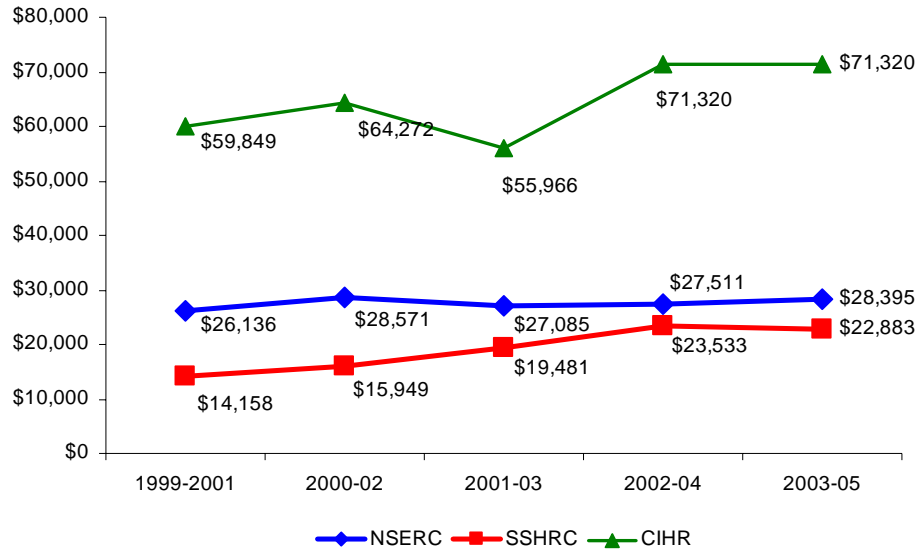
Figure 10: Research Impact, 1997-99 to 2002-04 (Three-Year Moving Average)



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 11 shows the average value of awards per faculty member from these funding agencies for five three-year periods (new grants only, not including ongoing grant monies).

Figure 11: NSERC, SSHRC, and CIHR Grants per Faculty Member, 1999-2001 to 2003-05 (Three-Year Moving Average)



4.0 The Year in Review

4.1 ACHIEVEMENT

Student Achievement

- Tracey Roemmele and Marc Slingerland received **Alberta Ingenuity Fund MSc Studentships**, which consist of an annual stipend of \$20,000 and a \$1,500 research allowance for up to five years.
- The Alberta Heritage Foundation for Medical Research (AHFMR) awarded seven U of L students **AHFMR Summer Studentships**, which are valued at \$5,200 over four months.
- Scott Hess received a **Canadian Stroke Network Summer Studentship**, valued at \$5,000.
- Ten students were awarded **Chinook Research Summer Awards**, which are valued at \$4,000 for three months.
- Neuroscience PhD student Ira Driscoll was awarded the **Gold Medal of the Governor General**, an award given to the graduating student with the highest academic standing at the graduate level.
- Kristin Goosen received an **NSERC Industrial Postgraduate Scholarship**, an award valued at \$15,000 per year for up to two years. There is also a company contribution of a minimum of \$6,000 per year; the current sponsoring company is Iunctus Geomatics Corp.
- Four students received an **NSERC Postgraduate Scholarship (Doctoral)**, a scholarship valued at \$21,000 per year for up to three years.
- Three students were awarded an **NSERC Postgraduate Scholarship (Master's)**, each of which is valued at \$17,300 for one year.
- 21 students received an **NSERC Undergraduate Student Research Award**, valued at \$5,625 for 16 weeks.
- Joanne Luu and Molly Jacob were recognized as **Canada Millennium Scholarship Foundation Excellence Award laureates**. Joanne majors in biological sciences and political science, while Molly majors in drama and human resources. The laureates were chosen for their leadership, innovation, community involvement, and outstanding academic record.
- Student Vule Markovik received a **World Petroleum Council millennium scholarship** for the 2005-06 academic year. The scholarships are awarded to students who excel academically and are enrolled in post-secondary programs related to the petroleum industry.
- Nine students received a **SSHRC Canada Graduate Scholarships (Master's)**. Each one-year award is valued at \$17,500.
- M.A. student Kelly Andres received a **Persons Case Scholarship** from the Province of Alberta. The Persons Case Scholarships are awarded to students whose studies and career goals will contribute to the advancement of women, or to those who are studying in fields where members of their gender are traditionally few in number. Andres is completing her degree in women's studies, and her thesis focuses on women's relationship to technologically-based art.

- Third-year music student Philip Kubara received a \$4,000 **Millennium Excellence Award** from the Canada Millennium Scholarship Foundation.
- BFA student Jason Mosher was the Alberta winner in the **BMO Financial Group's 1st Art! Invitational Student Art Competition 2005**.
- Maria Madacky (BFA '05), who is pursuing her MFA at the University of Alberta, is the recipient of a \$17,500 **Social Sciences and Humanities Research Council award**.
- Jamie Dunsdon, a dramatic arts major, won the **Provincial Adult One Act Festival** hosted by the Lethbridge Playgoers. She won the best play award for her original play, *Ill*, and the best actress award for her performance in the play.
- Bachelor of Fine Arts students Lana Gabor and Katie Love were the first two recipients of the **Roloff Beny Foundation Photographic Award in Fine Arts**.
- The Canadian Institutes of Health Research (CIHR) awarded Health Sciences students Leisa deBoer and Vanessa Fedorchuk a **CIHR Health Professional Student Research Award**, valued at \$4,251 for three months.
- Michael Lowings was awarded the **Health Research Summer Studentship**, which is valued at \$5,200 over four months.
- Mike Bury and Clayton Achen took top honours at the **Grant Thornton LLP Accounting Case Competition for Western Canada Universities**. The third-year accounting majors competed against students from eight western Canadian universities.
- A group of University of Lethbridge Management students brought home eight awards in the first **Jeux du Commerce (JDC West) Commerce Games** events in Vancouver, including an overall 3rd place finish.

Faculty Achievement

- Seamus O'Shea, Vice President (Academic) and Provost of the U of L, was named as the **Chair of Alberta's Informatics Circle of Research Excellence (iCORE)**. Established in 1999 by the Government of Alberta, iCORE's goal is to position Alberta as a research leader in computer science and computer engineering by fostering top research teams.
- Kris Magnusson, a professor of counselling psychology with a specialization in career development, was awarded the **Stu Conger Leadership Award in Career Development and Career Counselling** by the Canadian Career Development Foundation. The award is the highest honour an individual working in the career development field can receive in Canada.
- Peter Heffernan (Faculty of Education) was rewarded twice for his work as a second language educator. He was presented with the **Association Canadienne-Française de l'Alberta Prix Louis Philippe Cormier Award** for outstanding educational leadership in promoting the development of the French language and culture in southern Alberta. He also received the **Robert Roy Award from the Canadian Association of Second Language Teachers**. The award is granted to an outstanding Canadian who has distinguished him or herself in the world of teaching, research or writing, and in advancing second language teaching and learning in Canada.

- Theatre and Dramatic Arts faculty member Lisa Doolittle received a \$15,000 **Canadian Heritage grant** for the 2005-2006 Now Showing Live Arts Series.
- Dr. Goldie Morgentaler (Department of English) received the **Abraham and Eve Trapunski Memorial Prize in Yiddish Literature and Yiddish Translation** for her translation of Chava Rosenfarb's *Survivors: Seven Short Stories*. One of Canada's most prestigious literary awards for translation, the prize was one of 10 given out at the Helen and Stan Vine Canadian Jewish Book Awards, held in Toronto in May 2005.
- Two faculty members from the University of Lethbridge were privileged to receive one of the academic community's most prestigious international awards—a **Fulbright Scholarship**. Dr. Geoffrey Hale (Political Science) and Dr. Derek Peddle (Geography) were among a select group of Canadian scholars chosen in 2005 by the Canada-US Fulbright Program to study in the United States.
- Brian Parkinson, Faculty of Fine Arts drama professor and well-known member of the Alberta theatre community, was nominated for a **Rozsa Award for Excellence in Arts Administration**. Created in honour of the philanthropic efforts of Drs. Ted and Lola Rozsa, this significant award is the only one of its kind in Canada.
- 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. 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."

Distinguished Teaching Award

The 2005 Distinguished Teaching Award went to Robin Bright, an Assistant Professor in Elementary/Language Arts Education, an exemplary faculty member and outstanding teacher, for her energy, passion, sterling academic record, and commitment to great teaching.

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

Ingrid Speaker Medal

A Professor in Mathematics and Computer Science, Hadi Kharaghani was the 2005 recipient of the Ingrid Speaker Medal for Distinguished Research, Scholarship or Performance. Dr. Kharaghani has played a key role in turning his department into arguably the number two department in combinatorics in western Canada.⁵

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

⁵ Sometimes called the science of counting, combinatorics deals with the counting, combination, and permutation of sets of elements and the mathematical relations that characterize these sets.

Senate Volunteer Award

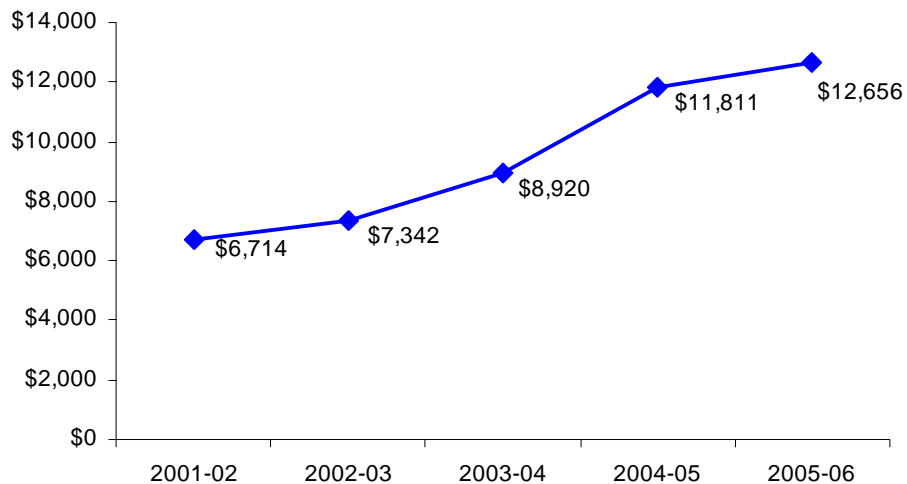
Sharon Tennant received the Senate Volunteer Award for volunteer work on behalf of The University of Lethbridge. Her endeavours to build bridges between the U of L and the community have been invaluable in the efforts to enhance local and provincial support for The University of Lethbridge.

4.2 RESEARCH

Overview of Research Funding

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

Figure 12: Value of Research Grants Received, 2001-02 to 2005-06 (thousands of \$)



Sponsored research grants totaled \$12.7 million, an increase of \$0.2 million or 14% over the previous year (Figure 12). Over the past five years, research grants have nearly doubled from \$6.7 million in fiscal 2002, and have increased more than fourfold (475%) over the past ten years. This trend is largely due to federal and provincial research funding including: the Canadian Foundation for Innovation; Canadian Stroke Network; Canadian Institute for Health Research; Canada Research Chairs program; Canadian Space Agency; Alberta Gaming Research Institute; Alberta Innovation and Science; Alberta Ingenuity Fund; and Alberta Science Research Institute. Funding from the United States National Institute of Health has also been significant. Research continues to be funded primarily by federal and provincial agencies (Figure 13), 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 (Figure 14). This ratio declined by 14% in 2005-06, a result of an increase in operating grants from the Government of Alberta, and not from a reduction in research grants.

Figure 13: Source of Research Revenue, 2005-06

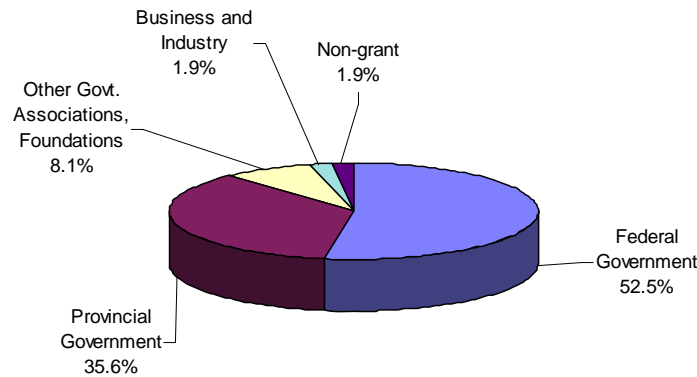
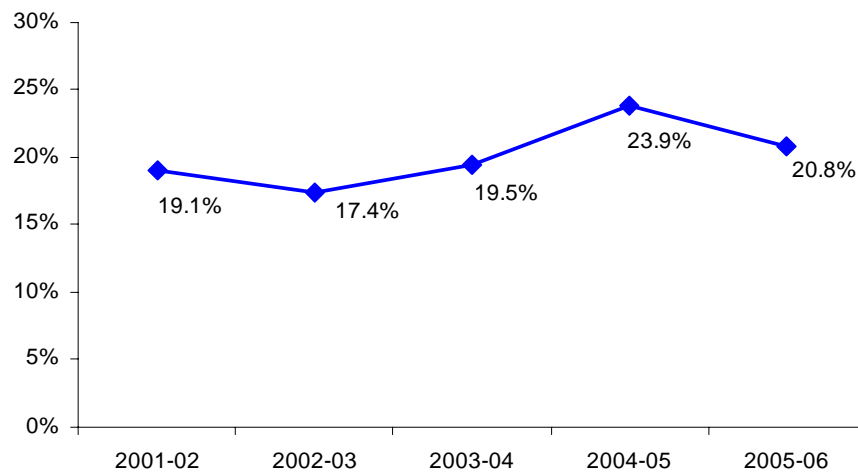


Figure 14: Research Grants as a Percentage of Operating Grants, 2001-02 to 2005-06



In 2006 the University also received \$1.2 million (2005: \$1.1 million) from the federal Canada Research Chairs Indirect Costs Program, based on research grants funded by federal government research granting agencies. The Indirect Costs Program was established to recognize the growing indirect costs of conducting publicly-funded academic research. The resulting grants will allow the U of L to secure additional support for the indirect costs of conducting research so the institution can continue to meet its teaching and community services mandates.

NSERC Funding

In 2005-06, the U of L received 17 new National Science and Engineering Research Council (NSERC) Discovery Grants with a total value of \$520,417, and 43 continuing Discovery Grants worth \$1,146,697. The total amount of 2005-2006 NSERC Discovery Grant funding is \$1,667,114, which is an increase from the 2004-2005 competition total of \$1,609,455.

NSERC also awarded the institution seven Research Tools Grants worth \$449,871, an increase of \$104,925 over 2004-05.

SSHRC Funding

With two new research grants valued at \$55,755 and seven continuing grants worth \$134,811 for 2005-2006, the U of L received \$190,566 in 2005-06 Social Sciences and Humanities Research Council (SSHRC) Standard Research Grant funding.

AHFMR Funding

Dr. Brad Hagen (Health Sciences) is part of the research team headed by Dr. Colleen Maxwell (University of Calgary) and Dr. Laurel Strain (University of Alberta) that was awarded approximately \$1 million over the next three years from the Programs in Health Services Research initiative, administered by the Alberta Heritage Foundation for Medical Research (AHFMR) on behalf of Alberta Health and Wellness. Dr. Hagen will be involved in the multi-year research project, which is studying care for older frail persons.

Dr. Robert Sutherland (Psychology and Neuroscience) received a \$60,000 Major Scientific Equipment grant for a Zeiss Axioimager M1 Motorized Scope.

Canada Research Chair

Dr. Henning Bjornlund, an internationally recognized water resource economist, was appointed as the Canada Research Chair in Water Resource Economics at the University of Lethbridge. Dr. Bjornlund joined the U of L from the University of South Australia (Adelaide) as the University's fifth Canada Research Chair.

4.3 TECHNOLOGY

NextLibrary Digitization Project

The University of Lethbridge agreed to act as a host for the southern Alberta digital library, a major historic digitization project by NextLibrary Inc., providing access to students, scholars and members of the public. The project is expected to create 100,000 pages of digital images and a searchable index on the Internet for up to 50 historic community newspapers published in southern Alberta since the 1880s.

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.

Web-Based Registration

A new web-based registration system, first implemented for Master of Education students in March 2003, was made available to all students in 2005.

The project, which incorporates the latest in web security features, was developed with the Information Technology department, and included student input from system testing. Web grade entry was made available to all faculty members and, as of Fall 2005, all grades are now submitted and approved via the web. Students can now also view their working copy transcripts online.

Electronic Exchange of Transcripts

The University of Lethbridge spearheaded an Electronic Data Interchange (EDI) project for the electronic exchange of transcripts in the province's post-secondary system. The U of L mapped its transcript to the international format for electronic records and then developed a protocol for exchanging transcripts over the Internet.

Partner institutions in this project include SAIT and Athabasca University. The SAIT and U of L EDI has been in production on EDI, while the Athabasca University and U of L EDI continues in pilot mode.

Single-Source Document Production

ROSS' Documents unit is in the final stages of changing how certain key University documents are produced. With the upcoming U of L adoption of FrameMaker (advanced publishing software) changes to text can be made in one place only, with these changes being applied to all instances where that text is used. For instance, a change to legislation will be reflected in the Calendar, General Admissions Guide, and all Program Planning Guides. This is known as "single source" authoring.

4.4 FACILITIES

Centre for Sport and Wellness

Construction of the Centre for Sport and Wellness began in February 2005. To be attached to the west side of the Physical Education Building, the Centre for Sport and Wellness 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 should be finished in late 2006.

Satellite Receiving Station

Construction of the Alberta Imaging Centre's satellite receiving station completed in April 2005. The facility is located on the north-west corner of the property, and consists of a large satellite dish covered by a dome to shield it from the weather.

The Centre is a partnership between the U of L and Iunctus Geomatics Corp., and will bring world-class SPOT satellite imaging⁶ to Lethbridge for commercial and academic uses. This is the first location in North America for this type of technology.

⁶ The SPOT (Satellite Pour l'Observation de la Terre) satellite Earth Observation System was designed by the Centre National d'Etudes Spatiales in France. The three SPOT satellites in orbit allow the observation of almost the entire planet in one day. The satellites capture panchromatic (all wavelengths of visible light) and multispectral (frequencies beyond visible light) imagery, and can be programmed to target specific areas. SPOT imagery has a range of applications, such as agriculture, environmental science and management, cartography, and engineering.

4.5 STAFFING

From 2004-05 to 2005-06, the budgeted FTEs of academic staff increased by 7.5%, while the budgeted FTEs of support staff grew by 6.0%.

Table 3: Budgeted FTE Positions, 2001-02 to 2005-06

	01-02	02-03	03-04	04-05	05-06
Academic	380.8	391.9	418.1	429.2	461.2
Support	415.1	440.6	463.2	518.7	549.9

4.6 FINANCIAL HIGHLIGHTS

Financial Management

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

Overview

Excess of revenue over expense for the year ending March 31, 2006 was \$10.1 million, an increase of \$3.3 million over the previous year. The strong performance was largely due to additional operating grants and investment income that exceeded the amounts originally budgeted. The U of L has designated the excess revenue towards the many capital projects on campus.

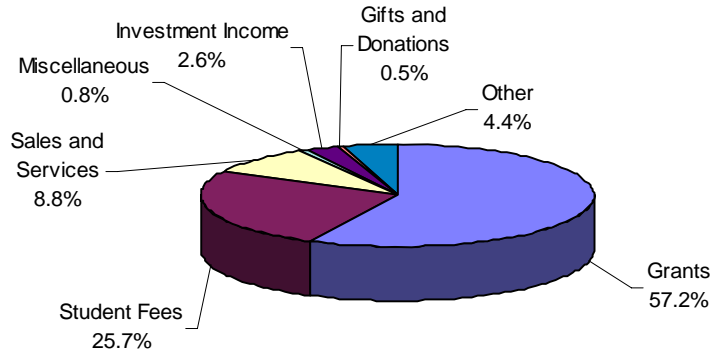
Revenue

University revenue totaled \$136.3 million in fiscal 2006, an increase of 11% over the previous year. Grant revenue increased by \$10.8 million (16%) over the previous year, due mainly to a \$9 million increase in provincial government grants. Research grant revenue recognized for accounting purposes increased by \$1.3 million over the 2004-05 fiscal year.

Alberta Advanced Education grants increased by \$8.4 million (15%) in 2006, including: a 6% increase in the base operating grant (\$3.1 million); the Alberta Centennial Tuition Rebate of \$2.4 million; one-time Access grants of \$2.3 million;⁷ and performance funding of \$0.8 million (2005: \$0.6 million). The University received top-level performance awards in the learning and research components, based on various performance indicators.

⁷ Awarded primarily for exceeding enrolment targets and for general enrolment growth between fiscal years 1999 and 2004.

Figure 15: Revenue by Source, 2005-06



The grants from the Government of Alberta, including Advanced Education and other provincial ministries, departments, and agencies are shown in Table 4.

Table 4: Provincial Grants, 2004-05 to 2005-06 (Thousands of \$)

	2005-06	2004-05
General operating	\$53,928	\$48,095
Centennial tuition rebate	2,426	-
Performance funding envelope	803	604
Access (operating)	7,861	7,729
Other unrestricted funding	464	437
Conditional funding	16,673	5,051
Deferred conditional funding	(7,023)	(1,778)
	\$75,132	\$60,138

Tuition and related fees revenue increased by approximately 4% (\$1.3 million) due to a 3% increase in enrolment in Fall 2005 and increases in ancillary fees effective May 1, 2005. There was no increase in tuition fees for Canadian (domestic) students, as the Government of Alberta paid for the Board-approved 7% increase in fees through the Alberta Centennial Tuition Rebate which totaled \$2.4 million. Advanced Education will also cover the Board-approved increase in domestic student fees scheduled for 2006-07.

Advanced Education is reviewing the provincial tuition fee policy and will announce changes effective for the 2007-08 academic year and beyond.

Table 5 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 5: Tuition Fee Policy Compliance Information

	2005-06
Tuition Fees Subject to Policy:	\$28,730,907
Net Operating Expenditures:	\$101,885,985
Ratio of Tuition Fees Subject to Policy to Net Operating Expenditures:	28.2%

Sales and services revenue increased by 3% (\$0.3 million) over the previous year. Mostly raised by Ancillary Services, sales and services revenue increased to \$6.9 million (2005: \$6.7 million). Other major sources of sales and services revenue are parking fees (\$0.9 million), Faculty of Management non-credit programs

(\$1.3 million), and Sport and Recreation Services programs and services (\$1.4 million).

Investment income recognized during the year increased by 35% or \$0.9 million over the previous year. Realized investment earnings as measured on a cash basis were 6.3% (2005: 2.9%). The University used the cost method of accounting for investments; therefore, market returns are not recorded in income. The market return for 2006 on long-term investments was 10.4% (2005: 7.4%).

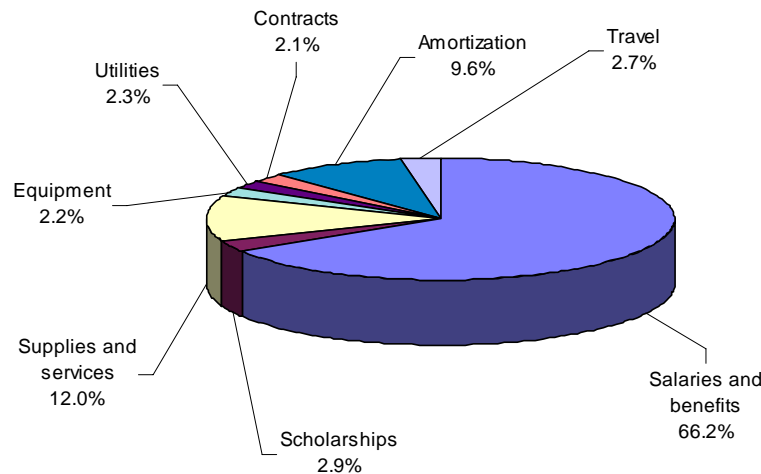
Total donations received during the year were \$3.2 million (2005: \$2.1 million). Of this total, \$1.3 million (2005: \$0.4 million) in donations were added directly to endowment principal and \$1.2 million (2005: \$1.0 million) was deferred for spending in future years. In addition to donations received, there were pledges totaling \$7.4 million as of March 31, 2006, including \$5.9 million for capital projects and \$1.2 million for scholarships.

Other income of \$6 million (2005: \$6.2 million) 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 \$126.2 million in 2006, an increase of \$10.1 million (9%) over the previous year.

Figure 16: Expense by Type, 2005-06



Salaries and benefits expense increased by 9% over the previous year. In addition to salary increases resulting from merit and negotiated cost-of-living adjustments, approximately 43 new faculty and staff positions were added in 2006. Salaries and benefits continue to be the major component of the cost of operating the University. Despite the pressure to remain competitive in labour markets and the increasing cost of benefits, however, the University's salaries and benefits expense ratio has been fairly consistent over the past five years at approximately 66% of the total expense.

The amount of scholarships, fellowships, and bursaries awarded in 2006 was \$3.7 million (2005: \$3.0 million). This consisted of \$2.0 million in scholarships and bursaries (2005: \$1.4 million) and \$1.7 million in fellowships (2005: \$1.6 million). The University increased scholarships funded from operating sources by

\$0.3 million in 2006. Scholarships donated by third parties or generated from investment income on endowments increased by \$0.4 million.

Equipment expense increased by \$1.8 million in fiscal 2006 due to a change in the capitalization threshold whereby \$5,000 and over are now capitalized and amortized over their useful lives. Prior to 2006 items \$1,000 and over were capitalized.

Assets

Total assets increased by \$26.5 million during the 2006 fiscal year. Cash and short-term investments were up \$10.3 million, long-term investments \$2.8 million, and capital assets \$13 million. Cash flow requirements for construction projects have necessitated maintaining a higher balance in cash and short-term investments over the past two fiscal years.

The change in long-term investments during the year included re-investing income of \$3 million, donations of securities totaling \$0.3 million, and write-down of \$0.5 million (in accordance with generally accepted accounting principles in the carrying value of particular investments).

Over the past ten years, investments have increased by \$20 million or 59%, due mainly to the accumulation of internally restricted and unrestricted reserves resulting from the University's strong fiscal management, and to an increase in endowment principal.

Capital assets of \$25.7 million were added during the year, including major capital projects.⁸ Library acquisitions totaled \$2.3 million and scientific equipment \$2.9 million. Amortization expense totaled \$12 million. Art works donated in 2006 totaled \$0.2 million.

Liabilities and Net Assets

Current liabilities totaled \$24.5 million in 2006 and in 2005. Accounts payable and accrued liabilities increased over the prior year by \$1.9 million, mainly due to construction projects in progress at the year end. Deferred contributions of \$8.2 million at March 31, 2006 (2005: \$9.9 million) consisted primarily of: restricted balances in the research fund (\$3.4 million); trust funds for scholarships, bursaries, and other specific purposes (\$3.8 million); and the Infrastructure Maintenance Program (\$0.9 million). These contributions will be recognized in revenue as the spending restrictions are met.

Long-term liabilities increased by \$8 million, due mainly to an increase in deferred capital contributions, which totaled \$12.6 million at March 31, 2006 (2005: \$4.8 million).

The deferred capital contributions balance represents externally restricted amounts received from grants and donations for capital projects and infrastructure renewal including: Life Safety Systems (\$5 million); the Alberta Water and Environmental Science Building (\$4.3 million); the Management and Health Sciences Building (\$1.1 million); and the Turcotte Hall addition (\$0.9 million).

Net assets increased by \$11.9 million during the year as a result of: an increase in investment (equity) in capital assets of \$6.4 million; endowment principal additions of \$1.7 million;⁹ an increase in internally restricted net assets of \$2.8

⁸ Centre for Sport and Wellness: \$14 million spent during 2006; expansion of the Canadian Centre for Behavioural Neuroscience Building: \$1.8 million.

⁹ Primarily donations and capitalized investment income.

million; and a increase in unrestricted net assets (operating reserves) of \$1 million.

Endowment balances are steadily increasing, with a balance of \$13.7 million at March 31, 2006 (an increase of 14% over the prior year and 87% over the past ten years). This growth has been achieved from a combination of gifts, capitalized investment earnings, and contributions from University sources.

Internally restricted net assets totaled \$16.5 million as of March 31, 2006. These represent operating surpluses from previous years set aside by the Board of Governors with two objectives: (1) to provide for capital and maintenance needs; and (2) to cover contingencies and one-time expenditures aimed at increasing efficiency and/or reducing costs. The internally restricted net assets balance includes an allocation of \$10 million for capital projects in progress at the year end, encompassing: \$3.4 million for the Centre for Sport and Wellness; \$3.2 million for the Turcotte Hall addition; and \$2.8 million for the Sports Stadium.

Unrestricted net assets of \$15.7 million (2005: \$14.7 million) represent accumulated operating surpluses and are used primarily to fund capital asset additions required to maintain the education and services available to our students and the local community.

Economic Impact

A Provincial Economy Impact study reveals that the U of L is providing a boost to the local and provincial economy of \$1.4 billion. A major economic force in Lethbridge, in 2005-06 the University generated \$130.4 million in expenditures in the city, which includes student spending of \$60.1 million for accommodations and services. The Edmonton and Calgary campuses contain about 1,000 students and 6,000 alumni, which results in an economic impact to those cities of \$614 million.

The economic impact estimate includes the direct impact of expenditures made by the University, its employees, students, alumni, visitors, and researchers, and the indirect expenditures those direct expenditures stimulate.

Table 6: U of L Economic Impact, 2005-06

Student Spending	46.1%
Faculty & Staff Disposable Income	33.4%
Local Non-Salary Expenditures	10.6%
Research	9.9%

4.7 RANKINGS

Maclean's Survey

The University of Lethbridge moved ahead in a number of key categories in the 2005 Maclean's Magazine Annual Ranking of Canadian Universities, including reputation and medical/science grants.

Overall, the U of L increased or maintained its position in one half of the categories and recorded 10 top-ten placements, including a critical first-place finish in the "Medical/Science Grants" category.

The University also moved up in the reputation category, a survey-based measure of the institution ranked by high school principals, guidance counsellors, university officials, and business leaders across the country.

Overall, the institution ranked 13th in a field of 21 universities, down one ranking from last year. The decrease in ranking was influenced significantly by the U of L's growth. The class size category is heavily weighted by the Maclean's rankings, and the institution decreased slightly in this category as a result of the increase in the student population. Last year, the U of L increased its enrolment by more than 4% (300 students). Since 2002, the U of L has added almost 900 students to its student population. However, the average lecture size remains at less than 33 students per section.

Globe and Mail Report Card

The University of Lethbridge scored grades ranging from "A+" to "B+" in approximately half the categories in the 2005 Globe and Mail University Report Card.

The U of L was placed in the Small category (enrolment less than 12,500 students) with nine other universities, and for the second year in a row the University was the only Alberta post-secondary educational institution to receive an A-level ranking in the *Overall Quality of Education* category. This category measured teaching quality, faculty knowledge, teaching methods, and faculty availability to students outside office hours.

In the specific categories, the U of L scored "A+" on campus safety and security and on-campus internet and e-mail services, and "A" on (among other categories) class sizes, the library and faculty members knowledge and availability to students.

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 tabulated based on student responses to an on-line survey. More than 26,000 students nationally and over 300 at the U of L completed the questionnaire.

Appendix One: About the University of Lethbridge

MANDATE

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

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

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

VISION

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

MISSION

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

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

STRATEGIC PRIORITIES

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

Students

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

Diversity

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

Teaching and Research

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

Facilities

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

Outreach

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

Appendix Two: Audited Financial Statements

STATEMENT OF MANAGEMENT RESPONSIBILITY

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

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

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



Auditor's Report

To the Board of Governors of the University of Lethbridge

I have audited the statement of financial position of The University of Lethbridge as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the management of the University. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2006 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 12, 2006

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	\$ 28,528	\$ 18,196
Accounts receivable	5,895	5,420
Inventories	432	476
Prepaid expenses	665	593
	<u>35,520</u>	<u>24,685</u>
INVESTMENTS (Notes 3, 4)	54,102	51,325
CAPITAL ASSETS AND COLLECTIONS (Note 5)	185,726	172,775
	<u>\$ 275,348</u>	<u>\$ 248,785</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,528	\$ 5,618
Employee benefit liabilities (Note 6)	4,656	4,411
Deferred revenue	4,007	4,448
Deferred contributions, research and other (Note 8)	8,192	9,879
Current portion of long term debt	122	115
	<u>24,505</u>	<u>24,471</u>
LONG TERM LIABILITIES		
Long term debt (Note 9)	3,654	3,776
Employee benefit liabilities (Note 6)	6,168	5,545
Deferred contributions, research and other (Note 8)	577	869
Deferred contributions, capital (Note 8)	12,585	4,834
	<u>22,984</u>	<u>15,024</u>
UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	<u>91,103</u>	<u>84,437</u>
NET ASSETS		
Investment in capital assets and collection	90,846	84,445
Endowments (Note 11)	13,663	11,975
Internally restricted (Note 12)	16,541	13,713
Unrestricted	15,706	14,720
	<u>136,756</u>	<u>124,853</u>
Commitments and Contingencies (Note 20)		
	<u>\$ 275,348</u>	<u>\$ 248,785</u>

The accompanying notes are part of these financial statements.

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

	<u>2006</u>	<u>2005</u>
REVENUE		
Grants	\$ 77,961	\$ 67,119
Tuition and related fees	35,060	33,743
Sales of services and products	11,964	11,629
Investment income (Note 13)	3,486	2,589
Gifts and donations	713	637
Amortization of unamortized deferred capital contributions (Note 10)	6,034	6,153
Miscellaneous	1,075	963
	<u>136,293</u>	<u>122,833</u>
EXPENSE		
Salaries	72,262	65,915
Employee benefits	11,278	10,805
Scholarships, fellowships and bursaries (Note 19)	3,676	2,982
Supplies and services	7,478	6,680
Cost of goods sold	3,004	2,888
Equipment	2,742	938
Travel	3,447	3,080
Utilities	2,934	3,046
External contracted services	2,593	2,683
Repairs and maintenance	1,671	1,796
Professional fees	911	1,032
Interest on long term liabilities	414	429
Insurance	408	367
Property taxes	234	219
Loss on disposal of capital assets	564	1,094
Unrealized loss on write-down of investments	492	55
Amortization of capital assets	12,087	12,064
	<u>126,195</u>	<u>116,073</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 10,098</u>	<u>\$ 6,760</u>

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)

	2006					2005
	Investment in Capital Assets and Collection	Endowments	Internally Restricted	Unrestricted	TOTAL	TOTAL
BALANCE, beginning of year	\$84,445	\$11,975	\$13,713	\$14,720	\$124,853	\$117,266
Excess of revenue over expense	-	-	-	10,098	10,098	6,760
Direct increases to net assets:						
Non-amortizable collection donations	239	-	-	-	239	197
Endowment contributions	-	1,292	-	-	1,292	409
Capitalized investment earnings	-	274	-	-	274	221
Transfers:						
Internally funded:						
Capital asset additions	12,723	-	(8,570)	(4,153)	-	-
Non-amortizable collection acquisitions	8	-	-	(8)	-	-
Net book value of capital asset disposals	(599)	-	-	599	-	-
Amortization	(6,085)	-	-	6,085	-	-
Capitalized investment earnings	-	32	-	(32)	-	-
Repayment of long term debt	115	-	-	(115)	-	-
Endowments	-	90	-	(90)	-	-
Allocation to internally restricted net assets	-	-	11,398	(11,398)	-	-
BALANCE, end of year	\$90,846	\$13,663	\$16,541	\$15,706	\$136,756	\$124,853

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

	<u>2006</u>	<u>2005</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 10,098	\$ 6,760
Non-cash transactions		
Amortization of unamortized deferred capital contributions	(6,034)	(6,153)
Amortization of capital assets	12,087	12,064
Loss on disposal of capital assets	564	1,094
Unrealized loss on write-down of investments	492	55
Increase in long-term employee benefit liabilities	623	901
	<u>17,830</u>	<u>14,721</u>
Decrease in non-cash working capital (Note 15)	(2,511)	(235)
	<u>15,319</u>	<u>14,486</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of investments (net)	(3,269)	(3,565)
Capital asset additions		
Internally funded	(12,723)	(10,163)
Externally funded	(12,700)	(2,232)
Collection additions	(8)	-
Proceeds on disposal of capital assets	67	68
	<u>(28,633)</u>	<u>(15,892)</u>
Increase (decrease) in construction accounts payable	2,035	(126)
	<u>(26,598)</u>	<u>(16,018)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Capital contributions received	20,160	6,653
Endowment contributions received	1,292	409
Capitalized investment earnings	274	221
Long term debt repayments	(115)	(108)
	<u>21,611</u>	<u>7,175</u>
INCREASE IN CASH	10,332	5,643
CASH AND SHORT-TERM INVESTMENTS, beginning of year	18,196	12,553
CASH AND SHORT-TERM INVESTMENTS, end of year	\$ <u>28,528</u>	\$ <u>18,196</u>

Notes to the Financial Statements

(in thousands of dollars)

Note 1 Authority and Purpose

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

Note 2 Significant Accounting Policies

a) General – GAAP and use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, known as GAAP. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Such estimates have been made using judgments determined by the University's administration. In administration's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these financial statements and, together with the following notes, should be considered an integral part of the financial statements.

b) Revenue Recognition

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

- Unrestricted contributions - when received, or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income - when earned; this includes interest, dividends, realized gains and losses.
- Revenues received for services and products - when the services or products are provided.
- Tuition fees - when the instruction is delivered.
- Restricted contributions - based on the deferral method.

Restricted contributions – deferral method

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

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

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

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

c) Inventories

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

d) Investments

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 and Collections

Capital assets purchased are recorded at cost. In-kind contributions are recorded at fair market value when a fair value can be reasonably determined. Permanent collections are not amortized and consist of works of art.

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

Land improvements—10-25 years

Computer equipment—3-5 years

Buildings, Exterior—40 years

Electrical equipment—20 years

Buildings, Interior—20 years

Software—3-5 years

Leasehold improvements—15 years

Vehicles—6 years

Furnishings and equipment—5-10 years

Learning resources—10 years

f) Pension and Other Employee Future Benefit Plans

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

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

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

g) Pledges Receivable

Pledges receivable are not recorded as assets in these financial statements. Pledges are disclosed in Note 18.

h) Contributed Services

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

i) Fair Value of Financial Instruments

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

j) 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.

k) Foreign Currency Translation

Financial assets and liabilities recorded in foreign currencies are translated to Canadian dollars at the year-end exchange rate. Revenues and expenses are translated at average weekly exchange rates. Gains or losses from these translations are included in operations.

Note 3 Investments and Cash

Cash and cash equivalents and short-term investments are invested in highly secure Canadian money market instruments.

The mid-term investments are invested in high quality Canadian denominated bonds and debentures.

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

The carrying values of investments are as follows:

	2006	2005
Cash, short-term notes and treasury bills	\$ 30,196	\$ 22,885
Bonds	20,365	18,695
Stocks	31,630	27,542
Other investments	439	399
	<u>82,630</u>	<u>69,521</u>
Less amounts reported as:		
Cash	16,121	6,078
Short-term investments	12,407	12,118
Total	<u>\$ 54,102</u>	<u>\$ 51,325</u>

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 thirty years, with an average maturity date of nine years.

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

As at March 31, 2006, the average effective yields and the terms to maturity are as follows:

- Short term notes and treasury bills: 2.35% (2005 – 3.58%); term to maturity: less than one year.
- Government and corporate bonds: 5.03% (2005 – 5.11%); term to maturity: range from less than one year to more than 30 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, 2006 is \$316 (2005 - \$291) and is included in Other Investments (Note 3).

At March 31, 2006 the University's share of the joint venture's assets and liabilities are:

	2006	2005
Current assets [†]	\$ 581	\$ 458
Capital assets	3	4
	<u>\$ 584</u>	<u>\$ 462</u>
Current liabilities	\$ 265	\$ 167
Unamortized deferred capital contributions	1	3
Investment in capital assets	2	1
Joint venture interest	316	291
	<u>\$ 584</u>	<u>\$ 462</u>

[†] Included in current assets is a receivable of \$398 (2005 - \$223) 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, 2006 is \$105 which is one-third of the net of total revenues of \$2,025 less total expenses of \$1,710.

Note 5 Capital Assets and Collections

2006			2005		
Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
\$ 197,562	\$ 66,864	\$ 130,698	\$ 179,052	\$ 60,993	\$ 118,059
52,366	39,202	13,164	50,966	36,788	14,178
25,405	17,621	7,784	23,313	16,607	6,706
275,333	123,687	151,646	253,331	114,388	138,943
638		638	638		638
275,971	\$ 123,687	152,284	253,969	\$ 114,388	139,581
33,442		33,442	33,194		33,194
<u>\$ 309,413</u>		<u>\$ 185,726</u>	<u>\$ 287,163</u>		<u>\$ 172,775</u>

Included in buildings and land improvements is \$19,645 (2005 - \$2,656) recorded as construction in progress, which is not amortized as the assets are not yet available for use.

Acquisitions during the year included in-kind contributions (such as learning resources and equipment) in the amount of \$268 (2005 - \$186).

At April 1, 2005 the University increased its threshold for capitalization of assets from one thousand to five thousand dollars. This change is being applied to the current and future periods. The effect on the current period's statement of operations was an increase in equipment expense of \$1,763.

Note 6 Employee Benefit Liabilities

	2006	2005
Vacation and overtime pay	\$ 3,668	\$ 3,366
Maternity and parental leaves	209	143
Other payroll liabilities	151	425
Early retirement benefit plans	560	853
Senior administrative leaves	4,839	3,990
Supplementary benefit plan	921	762
Long-term disability benefits	476	417
	10,824	9,956
Less current portion	(4,656)	(4,411)
	<u>\$ 6,168</u>	<u>\$ 5,545</u>

Note 7 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, normally at the end of their service in an administrative position. During the administrative leave, the member's salary and benefits in effect prior to taking the leave or 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, 2006.

The benefit plan obligations are as follows:

	2006				2005			
	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long Term Disability Plan	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long Term Disability Plan
Accrued benefit obligation:								
Balance, beginning of year	\$ 695	\$ 850	\$ 3,996	\$ 462	\$ 626	\$ 1,257	\$ 3,428	\$ 115
Current service cost	206	-	843	116	168	-	682	340
Past service cost	15	-	-	-	-	-	-	-
Interest cost	45	24	166	19	33	24	126	10
Benefits paid	(40)	(316)	(188)	(85)	(65)	(428)	(246)	(48)
Actuarial loss (gain)	-	2	22	76	(67)	(3)	6	45
Balance, end of year	921	560	4,839	588	695	850	3,996	462
Plan assets	-	-	-	-	-	-	-	-
Funded status - plan deficit	921	560	4,839	588	695	850	3,996	462
Unamortized net actuarial gain (loss)	-	-	-	(112)	67	3	(6)	(45)
Accrued benefit liability	\$ 921	\$ 560	\$ 4,839	\$ 476	\$ 762	\$ 853	\$ 3,990	\$ 417

Total cash payments for employee future benefits for 2006, consisting of cash payments directly to beneficiaries for unfunded benefit plans and cash contributed to its multi-employer defined benefit plans, were \$5,826 (2005 - \$5,146).

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

	2006				2005			
	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan	Supplementary Benefit Plan	Early Retirement Plan	Senior Administrative Leave	Long-Term Disability Plan
Discount rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Rate of compensation increase	n/a	n/a	6.00%	5.00%	n/a	n/a	7.25%	6.25%
Assumed benefit cost trend rates:								
Pension contributions	n/a	n/a	n/a	5.00%	n/a	n/a	n/a	6.25%
Benefits	n/a	4.50%	4.50%	4.50%	n/a	n/a	4.50%	4.50%
Average remaining service period of active employees	7 years	2 years	6 years	5 years	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 of \$5,197 for the year ended March 31, 2006 (2005 - \$4,359) including UAPP contributions of \$4,327 (2005 - \$3,542) and PSPP contributions of \$870 (2005 - \$817).

At December 31, 2005, the Universities Academic Pension Plan reported an actuarial deficiency of \$537,415 (2004 - \$643,979) consisting of a pre-1992 deficiency (\$460,286) and a post-1991 deficiency (\$77,129). An actuarial valuation of the UAPP was carried out as at December 31, 2004 and the liability was extrapolated to December 31, 2005. The UAPP undertakes an actuarial valuation of the Plan every two years. The unfunded liability for service prior to January 1, 1992 is being financed by additional contributions of 1.25% (2004 - 1.25%) of salaries by the Province of Alberta. Employees and employers equally share the balance of the contributions of 2.28% (2004 - 1.76%) of salaries required to eliminate the unfunded liability on or before December 31, 2043. 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 July 1, 2005, the unfunded liability for service after December 31, 1991 is being financed by special payments of 2.64% (2004: 1.26%) of salaries shared equally between employees and employers over 15 years from the date of valuation until December 31, 2017. The special payments will decrease to 1.38% for the period January 1, 2018 to December 31, 2019.

At December 31, 2005, the Public Service Pension Plan reported an actuarial deficiency of \$187,704 (2004 - \$450,068). An actuarial valuation of the Public Service Pension Plan was performed as of December 31, 2002 and was extrapolated to December 31, 2005. An actuarial valuation is being performed as at December 31, 2005. The actuarial deficiency of \$435 million as determined by the actuarial funding valuation as at December 31, 2002 is being funded by a special payment of 2.76% of pensionable earnings shared equally between employees and employers until December 31, 2017.

Note 8 Deferred Contributions

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

	2006			2005
	Capital	Research and Other	Total	Total
Balance, beginning of the year	\$ 4,834	\$ 10,748	\$ 15,582	\$ 12,008
Grants and donations received	15,874	14,981	30,855	16,039
Recognized as revenue	-	(12,383)	(12,383)	(10,233)
Transferred to unamortized deferred capital contributions	(8,123)	(4,577)	(12,700)	(2,232)
Balance, end of the year	12,585	8,769	21,354	15,582
Less amounts included in current liabilities	-	(8,192)	(8,192)	(9,879)
	\$ 12,585	\$ 577	\$ 13,162	\$ 5,703

Note 9 Long Term Debt

	Rate of Interest	Original Advance	Amount Outstanding	
			2006	2005
Alberta Capital Finance Authority debenture for student residences, due April 15, 2023	6%	4,000	\$ 3,776	\$ 3,891
Current portion			(122)	(115)
			<u>\$ 3,654</u>	<u>\$ 3,776</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 \$227 was charged to expense in fiscal 2006 (2005 - \$233).

Principal payments on the debenture over the next five fiscal years are as follows:
2007 - \$122; 2008 - \$130; 2009 - \$137; 2010 - \$146; 2011 - \$154.

Note 10 Unamortized Deferred Capital Contributions

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

	2006	2005
Balance, beginning of year	\$ 84,437	\$ 88,358
Additions from deferred contributions (Note 8)	12,700	2,232
Amortization to revenue	(6,034)	(6,153)
Balance, end of the year	<u>\$ 91,103</u>	<u>\$ 84,437</u>

Note 11 Endowments

Endowments consist of:

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

The investment income earned on internally restricted endowments is used to fund the University of Lethbridge Scholarship Endowment and the International Entrance Award as directed by Board of Governors resolutions. The purpose of the internally restricted endowments cannot be changed without approval of the Board of Governors.

Investment income earned on endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Benefactors as well as University policy stipulate that the economic value of the endowments must be protected through allocations of investment income earned to reflect changes in purchasing power of the endowment principal. Under 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.

	2006			2005		
	Externally restricted	Internally restricted	Total	Externally restricted	Internally restricted	Total
Cumulative contributions	\$ 9,958	\$ 1,342	\$ 11,300	\$ 8,666	\$ 1,252	\$ 9,918
Cumulative capitalized earnings	2,189	174	2,363	1,915	142	2,057
	<u>\$ 12,147</u>	<u>\$ 1,516</u>	<u>\$ 13,663</u>	<u>\$ 10,581</u>	<u>\$ 1,394</u>	<u>\$ 11,975</u>

During the year the University capitalized \$274 (2005 - \$221) of investment income related to externally restricted endowments. A portion of this amount was added to externally restricted endowments through the authority provided to the University under the Post-Secondary Learning Act. The University intends that this portion be maintained in perpetuity.

Note 12 Internally Restricted Net Assets

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

	2006	2005
OPERATING		
Staff training and development	\$ 31	\$ 42
Academic development	242	182
Campus planning studies	160	160
Utilities contingency - rate increases	55	50
Program development	235	228
	<u>723</u>	<u>662</u>
CAPITAL		
Capital replacement - Ancillary Services	2,176	1,603
Capital replacement - Sports & Recreation Services	245	315
Housing Services - residences	895	1,074
Capital equipment	1,508	1,246
Buildings and plant *	10,353	8,198
Site and utilities	71	59
Utility conservation	270	264
Self insurance	195	189
Service vehicles and equipment	105	103
	<u>15,818</u>	<u>13,051</u>
	<u>\$ 16,541</u>	<u>\$ 13,713</u>

*The Board of Governors set aside \$10,000 for funding of capital projects in 2006 (2005: \$8,200).

Note 13 Investment Income

	2006	2005
Income on investments held for endowments		
Externally restricted	\$ 715	\$ 314
Internally restricted	76	30
	\$ 791	\$ 344
Income on other investments	3,204	2,220
Total investment income	\$ 3,995	\$ 2,564
Amounts allocated (to) from deferred contributions	(235)	246
Income capitalized to endowment principal	(274)	(221)
Total investment income recognized as revenue	\$ 3,486	\$ 2,589

Note 14 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.

	2006				2005
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	Total	Total
Chairman of Board ⁽⁴⁾	\$ -	\$ -		\$ -	\$ -
Board Members ⁽⁴⁾	-	-		-	-
President	271	30	81	382	341
Executive/Vice Presidents					
Vice-President (Academic)	235	12	54	301	284
Vice-President (Finance & Administration)	193	-	45	238	221
Dean of Management ⁽⁵⁾	229	-	44	273	191
Dean of Graduate Studies	185	-	34	219	202
Administrative leave benefit ⁽⁶⁾					
President				63	56
Vice-President (Academic)				55	51
Vice-President (Finance & Administration)				46	43
Dean of Management ⁽⁵⁾				47	38
Dean of Graduate Studies				43	39

(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 current year. Both held the position for a two-month period during the transition.

(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.

Note 15 Change in Non-Cash Working Capital

	2006	2005
Accounts receivable	\$ (475)	\$ (1,430)
Inventories	44	65
Prepaid expenses	(71)	(19)
Accounts payable and accrued liabilities	(126)	1,261
Employee benefit liabilities	245	(17)
Deferred revenue	(441)	753
Deferred contributions	(1,687)	(848)
Decrease in non-cash working capital	<u>\$ (2,511)</u>	<u>\$ (235)</u>

Note 16 Budget

A Treasury Board Directive under the Financial Administration Act requires universities to disclose their annual approved budgets in their financial statements.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue:			
Grants	\$ 77,961	\$ 68,687	\$ 9,274
Credit course tuition and related fees	35,060	35,820	(760)
Sales of services and products	13,039	14,449	(1,410)
Donations and investment income	4,199	4,201	(2)
	<u>130,259</u>	<u>123,157</u>	<u>7,102</u>
Amortization of deferred capital contributions	6,034	8,305	(2,271)
	<u>136,293</u>	<u>131,462</u>	<u>4,831</u>
Expense:			
Salaries and benefits	87,216	85,985	(1,231)
Materials, supplies, services and other expenses	26,892	30,921	4,029
Amortization of capital assets	12,087	12,385	298
	<u>126,195</u>	<u>129,291</u>	<u>3,096</u>
Excess of revenue over expense	<u>\$ 10,098</u>	<u>\$ 2,171</u>	<u>\$ 7,927</u>

Note 17 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:

	2006			2005
	Unrestricted	Restricted	Total	Total
Advanced Education:				
Operating grants	\$ 53,928	\$ -	\$ 53,928	\$ 48,095
Access grants	7,861	-	7,861	7,729
Centennial Tuition Fee Rebate grant	2,426	-	2,426	-
Performance funding	803	-	803	604
Other	69	9,123	9,192	305
Total Advanced Education	65,087	9,123	74,210	56,733
Other provincial ministries, departments and agencies:				
Alberta Infrastructure	-	3,134	3,134	2,273
Alberta Innovation and Science	-	2,239	2,239	431
Alberta Ingenuity	-	1,117	1,117	982
Alberta Heritage Foundation for Medical Research	-	608	608	915
Alberta Gaming	305	28	333	403
Alberta Children's Services	-	142	142	128
Education	90	-	90	-
Other	-	282	282	51
Total other provincial ministries, departments and agencies	395	7,550	7,945	5,183
Total contributions received	65,482	16,673	82,155	61,916
Less: Deferred contributions	-	(7,023)	(7,023)	(1,778)
Revenue from Province of Alberta	\$ 65,482	\$ 9,650	\$ 75,132	\$ 60,138

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

The University of Lethbridge has accounts receivable from the Province of Alberta of \$1,714 (2005 - \$809) and accounts payable of \$0 (2005 - \$138).

In 2006 and 2005 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 has been recorded using the equity method of accounting (Note 4).

In 2006 the University acquired a 90% interest in the Alberta Terrestrial Imaging Corporation (ATIC), a not-for-profit organization that was created to provide satellite images to be used in research related to greenhouse gases. Transactions between ATIC and the University are recorded at their fair value. The University's share of revenue and expenses are recorded using the equity method of accounting. The University has accounts receivable from the Alberta Terrestrial Imaging Corporation of \$208 (2005: \$0).

Note 18 Pledges Receivable

As of March 31, 2006 the estimated realizable value of pledges is \$7,370 in support of the following campaigns:

Management & Health Sciences Building	\$	3,341
Regional Health & Wellness Centre		2,514
Scholarships		1,246
Other		269
	\$	<u>7,370</u>

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

Note 19 Scholarships and Bursaries

Included in these financial statements are scholarships totaling \$1,566 (2005 - \$1,055) that were awarded to 1,293 students (2005 - 1,184) from University of Lethbridge scholarship accounts.

Scholarships and bursaries totaling \$2,176 (2005 - \$2,284) were awarded to 1,560 (2005 - 1,577) University of Lethbridge students through the Alberta Scholarship Program. These amounts are not included in the financial statements.

Note 20 Commitments and Contingencies

- a) The University, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome of these proceedings cannot be reasonably estimated at this time, the University believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the University. Administration has concluded that none of the claims meet the criteria for being recorded under GAAP.
- b) The University is one of fifty-six members of CURIE, the Canadian Universities Reciprocal Insurance Exchange, a self-insurance reciprocal established to share the insurable property, liability and errors and omissions risks of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through members' premiums. As at December 31, 2005 CURIE had a surplus of \$11,175 (2004 - \$5,995). 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 \$8,372 as of December 31, 2005 (2004 - \$3,262). The University held a 1.0% share in CURIE at December 31, 2005.
- c) The University has contractual commitments for facilities leased for teaching purposes in Calgary and Edmonton. The lease for facilities in Calgary is negotiated yearly while the Edmonton lease expires on June 30, 2012. Lease costs totaled \$290 in fiscal 2006 (2005: \$282).
- d) In order to manage its exposure to the volatility in the electrical industry, the University has entered into two contracts to fix its electrical cost at an average of \$.055 per KWh, one of which expires on December 31, 2010 and the other on May 31, 2016. The total cost of electrical power for the year ending March 31, 2007 is expected to be \$1,551. The cost of electricity included in these statements for fiscal 2006 is \$1,846 (2005 - \$2,148).
- e) As at March 31, 2006, the University had contractual commitments payable in subsequent years that total \$18,179 (2005 - \$2,624) related to various capital projects. The most significant of these commitments are for the Regional Health and Wellness Centre (\$11,711), expansion of the Canadian Centre for Behavioural Neurosci-

ence (\$1,620) and the Alberta Water and Environmental Science Building (\$1,958). 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, 2006 approximately \$881 (2005 - \$827) of such allowances is committed for expenses not yet incurred.

Note 21 Deferred Maintenance

Deferred maintenance on University facilities is estimated at \$87,000 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 22 Comparative Figures

Certain 2005 figures have been reclassified to conform to 2006 financial statement presentation.

Note 23 Approval of Financial Statements

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