



Dr. Fred Gilbert, President, Lakehead University

MISSION

Lakehead University is committed to excellence and innovation in undergraduate and graduate teaching, service, research, and other scholarly activity. As part of this commitment, Lakehead University is dedicated to a student-centred learning environment. Lakehead University values its people and the diversity of their ideas, contributions, and achievements. Lakehead is dedicated to working with Aboriginal peoples in furthering their educational aspirations. Building on its past accomplishments and recognizing its role in Northwestern Ontario, Lakehead University reaches out regionally, nationally, and internationally.

Lakehead University is committed to educating students who are recognized for leadership and independent critical thinking and who are aware of social and environmental responsibilities.

Lakehead University values its people and the diversity of their ideas, contributions, and achievements.

PRESIDENT'S MESSAGE

This year marked a turning point in Lakehead University's history. As we celebrated our 40th Anniversary in 2005, we forged ahead on several important initiatives to secure a vigorous, sustainable future.

One of our most exciting initiatives has been the establishment of a campus in Orillia that has extended our reach into the growing student market in Southern Ontario. Another was the issuing of a \$100M debenture that enabled Lakehead to refinance its debt, continue to implement energy conservation measures, and create an internally restricted investment fund. Our commitment to become one of the top 25 research-intensive universities in the next 5 to 10 years has been demonstrated by the increasing success of our graduate students, faculty, and staff, particularly in securing research grants.

Lakehead University is committed to excellence and innovation, and we are united in our desire to have Lakehead recognized as one of Canada's finest institutions of higher learning. For the fourth time and for the third year in a row Lakehead University has been the number one "Value Added" university in Canada according to Maclean's magazine;

indeed we have been among the country's top three Value Added universities for the past eight years. This important outcome measurement unfortunately is not part of the ranking criteria used by Maclean's.

The year had many jubilant moments, especially when both the Thunderwolves men's and women's cross-country ski teams placed first at the 2006 Ski Nationals in Thunder Bay, and when the Thunderwolves men's hockey team won the 2006 Queen's Cup and came close to beating the University of Alberta in the final game of the Canadian Interuniversity Sports (CIS) National Championship. Like so many others at Lakehead, our athletes succeed because of their ability to work as a team, and to draw on the energy and support of the community around them.

I encourage you to learn more about Lakehead University and find out how you can take an active part in helping this remarkable institution accomplish its strategic goals.

Frederick F. Gilbert, PhD
President and Vice-Chancellor
Lakehead University



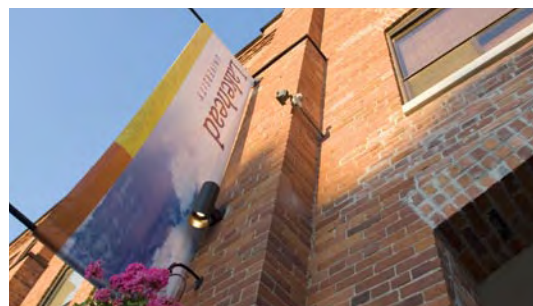
Dr. Sally-Ann Burnett, Director of Operations, Orillia Campus



Cedar Point Dock



Mayor Ron Stevens and the Mayor's University Task Force



Rama Mnjikaning First Nation community members Marsha Snache and Mike Martell



Dream Catcher, Beausoleil First Nation, Christian Island

THE ADVENTURE BEGINS

LAKEHEAD UNIVERSITY OPENS A NEW CAMPUS IN ORILLIA IN SEPTEMBER 2006

Lakehead University was shaped by the dreams and aspirations of the people living in Northwestern Ontario. This year, Lakehead responded to a community that has been yearning for a university and, in so doing, has positioned itself for growth and sustainability well into the future.

In November 2004, Lakehead was approached by the Mayor of Orillia, Ron Stevens, on behalf of the Mayor's University Task Force, to see if the University would consider setting up a campus in Orillia.

In its report to the Rae Review of Postsecondary Education, Lakehead University had recommended that it build a campus in Southern Ontario, in keeping with its mission and strategic plan. Greater access to students in Southern Ontario was essential if the University was to sustain its comprehensive programming and achieve economies of scale. At issue was the geographic profile of Lakehead's student body and the changing demographics of Ontario.

Traditionally, about 50% of Lakehead students have come from Northwestern Ontario, 40% have come from Southern Ontario, and 10% from other provinces in Canada and other countries around the world.

Since the total population of Northern Ontario has been declining and is expected to continue to decline, it made sense for Lakehead University to establish a second campus within easy driving distance of the Greater Toronto Area (GTA). Thus, students would have three options to access Lakehead programs: at its Southern Ontario campus, at its Thunder Bay campus, or at a distance through its Office of Continuing Education and Distributed Learning.

RESPONSIVE TO COMMUNITY NEEDS

Orillia had dreamed of establishing a campus since the early 1960s because of the positive effects a university would have on the City's economic, social, and cultural development. Until late 2004, it had not succeeded. But by January 2005, Orillia had signed an agreement in principle with Lakehead University to develop a campus in the City. By the fall of 2005, Lakehead University's Board of Governors had approved a business plan that would see students begin their studies in Orillia in September 2006.

While Lakehead's administrative staff and faculty began to plan programs and facilities, they also met with members of the local Aboriginal communities to see how Lakehead

could serve the educational needs of First Nations and Métis peoples in that region of Southern Ontario.

Representatives from the Rama Mnjikaning First Nation near Orillia were enthusiastic. So was Jon de Veth, Education Advisor of the Ogemawahj

"It is an understatement to say that we are excited at the prospect of having a university in our midst."

Jon de Veth, Education Advisor, Ogemawahj Tribal Council

Tribal Council, a body representing six First Nations groups in the region from as far west as Moose Deer Point and Beausoleil on Georgian Bay to Alderville near Peterborough, Ontario. He believes that having a Lakehead

campus in Orillia will increase the number of highly qualified teachers who have an understanding of, and appreciation for, Native languages and culture. "It is an understatement to say that we are excited at the prospect of having a university in our midst," he says.

That optimism is shared by just about everyone in town, including the local business community which donated a \$5,000 door prize (a year's free tuition) at the first Lakehead University Orillia Campus Open House held in December 2005.



Laura Siddall, Orillia resident and winner of \$5,000 tuition prize



Heritage Place, site of Lakehead University – Orillia Campus



Orillia Opera House



Lighthouse on Christian Island

“It’s amazing how excited people are about the new Lakehead campus,” says Laura Siddall, the lucky winner of the tuition prize. “Parents are realizing their children don’t necessarily have to go away to get a degree, and some of the older folks are even thinking of taking courses themselves.” Siddall, a 43-year-old college graduate and the mother of two young teenagers, had always dreamed of becoming a teacher, but had put her plans on hold while she and her husband raised a family. Now that her children are older, there is nothing stopping her from earning a double degree in Arts and Science, and Education, and going on to become a teacher!

REAL CLASSROOMS, REAL PROFESSORS, REAL OPPORTUNITY

The prospect of building a new campus unleashed a raft of new ideas from Lakehead faculty and staff in Thunder Bay. “Who wouldn’t jump at the opportunity of creating a new curriculum and, in the process, creating new academic opportunities?” says Dr. Laurie Hayes, Lakehead University’s Vice-President (Academic) and Provost.

Under Dr. Hayes’ direction, Lakehead developed an unique multidisciplinary undergraduate program – an Honours Bachelor of Arts and Sciences degree – that would give

students a solid foundation in both the arts and sciences, including strong skills in critical thinking, writing, and analysis.

The degree is ideal for students interested in postgraduate programs such as medicine and other health professions, and law. For students interested in a career in teaching, they could opt for the same Arts and Science degree with a Concurrent Education component that would qualify them to teach elementary school at the primary/junior level upon graduation.

“Employers, professional schools, and graduate schools are all telling us the same thing. They want to see graduates who have an ability to integrate ideas from a variety of perspectives,” says Dr. Lesley Lovett-Doust, Dean of the Faculty of Science and Environmental Studies. This degree, integrating arts and sciences, accompanied by multidisciplinary courses in inquiry will help students develop the flexibility and intellectual rigor to succeed in any field.

The Orillia campus can accommodate up to 500 students by its third year of operation, and will offer smart classrooms, science and computer laboratories, library facilities, offices, and meeting areas. It is currently located downtown in a renovated historic building that includes City Hall, but several different sites are under consideration for the permanent campus.

Anderson Charters, one of the founding members of the citizens’ group, has written editorials for the local paper promoting the vision of a university. He saw early on that Lakehead University and Orillia would be a good match. “Once we understood clearly Lakehead’s position – and its imperative to move beyond its home base – we knew that we would be successful and that everyone would benefit,” he says.

EXPANDING OUR HORIZONS

“The opening of the Orillia campus will be one of the most significant actions that Lakehead University has ever taken,” says Dr. Fred Gilbert, President of Lakehead University. “It allows the University to build capacity, to market itself more directly in the Greater Toronto Area, and to demonstrate, in that marketplace, the quality of education that Lakehead University provides.”

As the new campus prepares for its first year of operation, Admissions and Recruitment staff are already increasing recruitment efforts in Southern Ontario; these efforts are being helped by institutional awareness-building efforts directed to audiences in the GTA and smaller communities in Ontario.

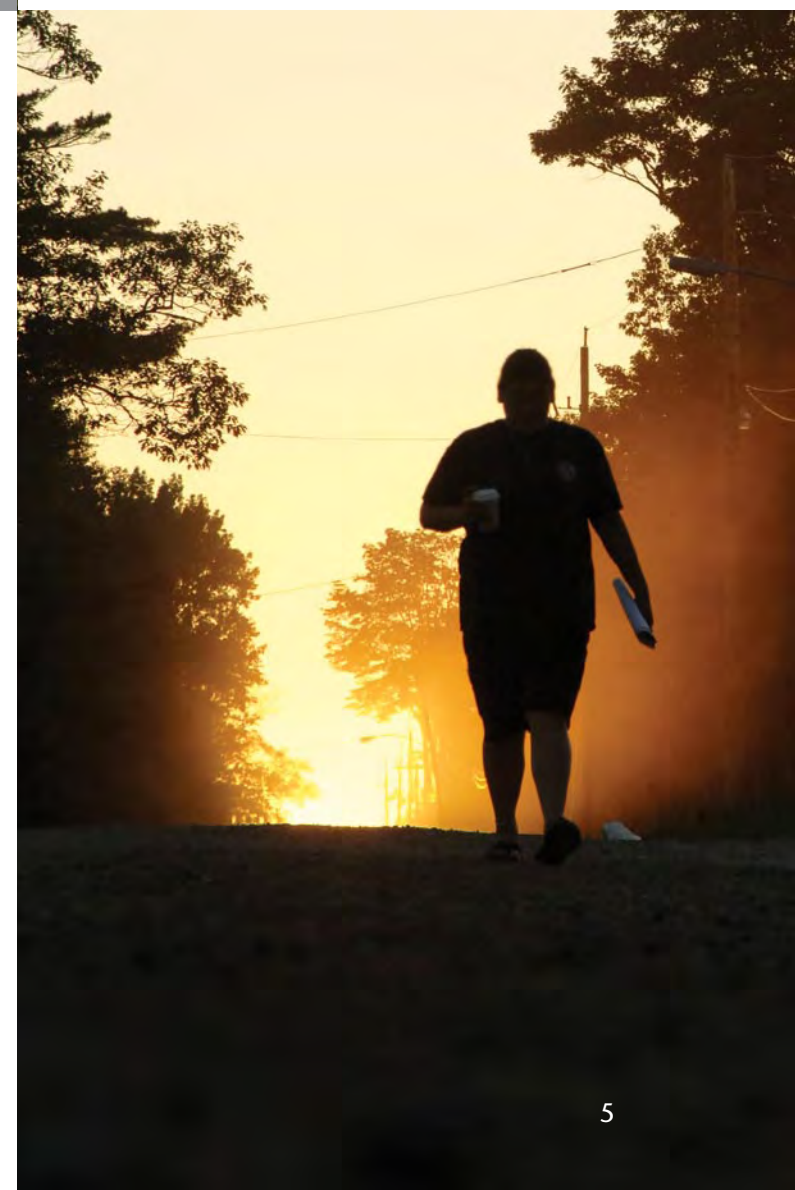
“For the next stage, our most important task is to choose the right programs to add to the Bachelor of Arts and Science and Concurrent Education degrees – programs that are attractive to

students,” says Dr. Sally-Ann Burnett, Director of Operations for the Orillia Campus. “We need to assess the demand for new programs, and we need to engage with the community so that we understand the community’s real needs.”

Lakehead is a comprehensive university renowned for offering quality academic programs in a student-centred environment. It is already at the forefront of Ontario universities in providing distributed learning opportunities. Having a campus in Southern Ontario will only serve to build that capacity.

The commitment in 2005-2006 to establish the Orillia campus underscores the fact that Lakehead is an innovative, efficient, and responsive university, successfully meeting the needs of its stakeholders.

“Lakehead University, as an innovator and risk taker, is rapidly taking control of its own destiny,” says Gilbert. “What has been a little recognized educational ‘diamond in the rough’ in a little understood region of the province of Ontario, will be sharing its true value as a finely cut gem with a much wider audience within one of the fastest growing areas of Canada.”





Ontario Premier Dalton McGuinty



Dr. Walter Epp



Northern Ontario School of Medicine Charter Class



Maude Barlow



Thunderwolves Men's Hockey Team



Steve Paikin



Katie Patroch



Stephen Hart

2005-2006 YEAR IN REVIEW

NUMBER ONE IN VALUE ADDED

For the fourth time, Maclean's magazine ranks Lakehead as the number one university in Canada for "Value Added" education. "Value Added" measures the entering average of students and achievement through the retention rate, the proportion who graduate, and the number of students receiving national awards.

STUDENT ACHIEVEMENT

Two Business Administration teams of senior undergraduate students compete in the finals of the Inter-Collegiate Business Competition at Queen's University. Eric Shanks and Mike Bone tie for first place in the Ethics category, while Mark Anttila and Chad Gemmell place second in the Finance division. Lakehead places third overall out of 28 universities.

Three Electrical Engineering undergraduate students – Andrew Roberts, Alex Nequest, and Marc Kennedy – win first place in the IEEE-TELUS Innovation Award for their project entitled, "Stabilization of an Inverted Pendulum on a Mobile Robot," in November 2005. In January 2006, they are presented with the 2005 IEEE Life Member Award for the best student paper in Western Canada.

Lakehead's Civil Engineering Steel Bridge team places second overall at the American Institute of Steel Construction/ American Society of Civil Engineers Mid-West Regional Student Steel Bridge Competition in March 2006. The team competes at the national competition where it places fifth overall against 45 other university teams and takes home first place in the Aesthetics category.

Graham Shrive earns first-place standing in Engineering Communications at the Canadian Engineering Competition

for a presentation entitled, "MicroCHP Applications of Modern Stirling Engines."

A Master of Environmental Studies student, Jennifer Smith, receives the Student Research Award at the Parks and Protected Areas Research Forum of Manitoba for her presentation entitled, "Wild Wolves? Understanding Human-Wolf Interactions in the Broken Group Islands of Pacific Rim National Park Reserve."

Lakehead's Shad Valley Team wins the best Business Plan award at the 2005 RBC Shad Cup competition.

CHARTER CLASS WELCOMED

The Northern Ontario School of Medicine's Charter Class of 56 students begin their studies at Lakehead and Laurentian Universities. Opening ceremonies dignitaries include Ontario Premier Dalton McGuinty, Aboriginal leaders Elijah Harper and Louis Waswa, the Hon. James Bartleman, Lieutenant Governor of Ontario, and His Excellency John Ralston Saul, consort of former Governor General of Canada Adrienne Clarkson.

EXCELLENCE IN TEACHING, RESEARCH, AND SERVICE

Dr. Walter Epp, Associate Professor of Education, receives Lakehead's 2005 Distinguished Instructor Award. The Distinguished Researcher Awards go to Dr. Thomas Dunk, Professor of Sociology, and Dr. Philip Fralick, Professor of Geology. The Award to Staff for Outstanding Performance and/or Contributions is presented to Ainsley Bharath, Chief Technician in the Department of Chemistry.

Contribution to Teaching Awards are given to: Dr. Mehdi Zahaf, Faculty of Business Administration; Marie-Noëlle Rinne,

Department of Languages; Mike Zettek, Faculty of Education; Dr. Seth Agbo, Faculty of Education; Dr. Batia Stolar, Department of English; and Dr. Sabah Mohammed, Department of Computer Science.

Contribution to Research Awards are given to Dr. Han Chen, Faculty of Forestry and the Forest Environment, Dr. Mary Lou Kelley, Department of Social Work and Director, Centre for Education and Research on Aging and Health, and Dr. Sharon Dale Stone, Department of Sociology.

40TH ANNIVERSARY CELEBRATIONS

Lakehead celebrates its 40th Anniversary on June 30, and more than 1,000 guests take part in a weekend of festivities in September. The Board of Governors hosts a special dinner in The Hangar for 600 people, featuring guest artist Paul Shaffer, Music Director for the Late Show with David Letterman. Shaffer honors his father Bernard, an inaugural member of the Lakehead University Board of Governors, with a concert and a donation to the Advanced Technology & Academic Centre (ATAC) capital campaign to name the Bernard Shaffer Boardroom in his memory.

Other highlights include the recognition of 40 Northern Lights, extraordinary

men and women who have made a difference to the growth and development of Lakehead University, as well as 40 Research Stars, faculty members whose consistent and significant research excellence at Lakehead has been recognized locally, nationally, and internationally.

OUTSTANDING ACHIEVEMENT IN SPORTS

The Thunderwolves Nordic skiing teams claim the national champion title for the second consecutive year in both the men's and women's divisions, while the men's hockey team wins the 2006 Queen's Cup and ends the season by placing second at the Canadian Inter-university Sports (CIS) Championships. Stephen Hart, a skier, and Katie Patroch, a wrestler, are named male and female Athletes of the Year. Hart placed first in the senior men's 10 km classic event during the 2006 Ski Nationals in Thunder Bay, while Patroch finished the year in second place at the Ontario University Athletics (OUA) Championship and third place at the CIS Championships.

LAKEHEAD UNIVERSITY SPEAKER SERIES

Lakehead welcomes Maude Barlow, activist and author, whose public lecture is entitled, "Too Close for Comfort – Canada's Future in Fortress North

America," and Steve Paikin, broadcaster, author, and journalist, whose public lecture on John Robarts, Premier of Ontario from 1961 to 1971, is entitled "Profiles in Leadership – A Challenge to Canadians."

CONVOCATION

Over 2,000 students graduate in 2005-2006, with 800 graduands and their families and friends taking part in Convocation. Two honorary degrees are awarded – one to Paul Weiler, an author and law professor at Harvard Law School, and one to Dr. Jerry Franklin, an author, researcher, and conservationist at the University of Washington. The Alumni Honour Award is presented to Tracy Buckler, President and CEO of St. Joseph's Care Group, Thunder Bay, and the Young Alumni Award is presented to Herpreet Lamba, Division Director for Investors Group Financial Services, Thunder Bay.

EXCEEDING EXPECTATIONS

Lakehead celebrates the resounding success of the Northern Ontario School of Medicine Bursary Fund campaign which raised \$13 million between 2003 and April 2006. The campaign was a collaborative effort between Lakehead University, Laurentian University, and the Northern Ontario School of Medicine.



Dr. Ellie Prepas with graduate students and staff in the Lakehead University Nutrient Ecology Lab



Drs. Doug West and Connie Nelson



Lakehead continues to make progress in its goal to rank among the top 25 research-intensive universities in Canada in the next 5 to 10 years.

External research funding almost doubles over the last few years and there are more researchers involved in international research projects.

STRATEGIC DIRECTIONS

RESEARCH ACTIVITY AND RESEARCH INTERNATIONALIZATION

Lakehead continues to make progress in its goal to rank among the top 25 research-intensive universities in Canada in the next 5 to 10 years.

External research funding almost doubles over the last few years and there are more researchers involved in international research projects.

Dr. Aicheng Chen, a Professor of Chemistry and a Canada Research Chair in Material and Environmental Chemistry, receives the Japan Society for the Promotion of Science Fellowship to conduct research in the field of photocatalysis at Hokkaido University in Japan. Dr. Carl Young, an Assistant Professor of History, is awarded a Junior Fellowship to conduct research in Korea at the Academy of Korean Studies.

Dr. Chris Southcott, a Professor of Sociology who is working with Yukon College as the lead institution, receives \$1.75M from the Social Sciences and Humanities Research Council of Canada (SSHRC) to fund his work as Principal Investigator with the Social Economy Research Network for Northern Canada. This Network will conduct research that is relevant and useful to communities currently facing substantial social and economic challenges.

Dr. Ellie Prepas, a Canada Research Chair in Sustainable Water Management and the Boreal Forest, receives a total of \$4.33M from NSERC and government and industry partners to continue the FORWARD project, which will provide data, maps, and models to be integrated directly into management planning in boreal forest watersheds.

Dr. Connie Nelson, Professor of Social Work, and Dr. Doug West, Associate Professor of Political Science, are awarded \$985,000 from The J.W. McConnell Family Foundation to establish the Food Security Research and Service Exchange Network. This new initiative to study the issues of food security, which include local food production, local buying, safety, and security of the food supply, will build on Lakehead's past experience in community service learning and partnerships.

Two Lakehead historians, Dr. Ronald Harpelle and Dr. Bruce Muirhead, receive funding and special access to examine the historical role of the International Development Research Centre, Canada's international development agency.



Advanced Technology & Academic Centre

\$100M DEBENTURE

With an A1 rating from Moody's Investors Service, Lakehead University successfully issues a 40-year \$100M debenture. This gives Lakehead the flexibility to proceed with a number of initiatives to further secure its future. Funds are used to refinance existing debt at a lower rate of interest, finance Phase II of the Energy Conservation Project, and create an internally restricted investment fund for Lakehead University.

WISE USE OF ENERGY

Lakehead completes Phase 1 of its Energy Conservation Project which contributes to a 25% reduction in natural gas consumption. Greenhouse gas emissions are reduced by approximately 4,600 tonnes annually.

NEW FACULTY OF GRADUATE STUDIES

The new Faculty of Graduate Studies, established in October 2005, is developing criteria for membership, written and consistent regulations for both Master's and PhD programs, and a strategic plan reflecting the University's strategic goals.

HIGH-PERFORMANCE COMPUTING CAPACITY

Lakehead joins the Shared Hierarchical Academic Research Computing Network (SHARCNET), a consortium of

colleges and universities in a "cluster of clusters" of high-performance computers linked by advanced fibre optics. This collaboration further increases Lakehead's and SHARCNET's high-performance computing capability and gives University researchers access to resources and opportunities for faculty fellowships, student funding, peer mentors, research collaborations, rapid parallel computing opportunities, and collaborations with software developers.

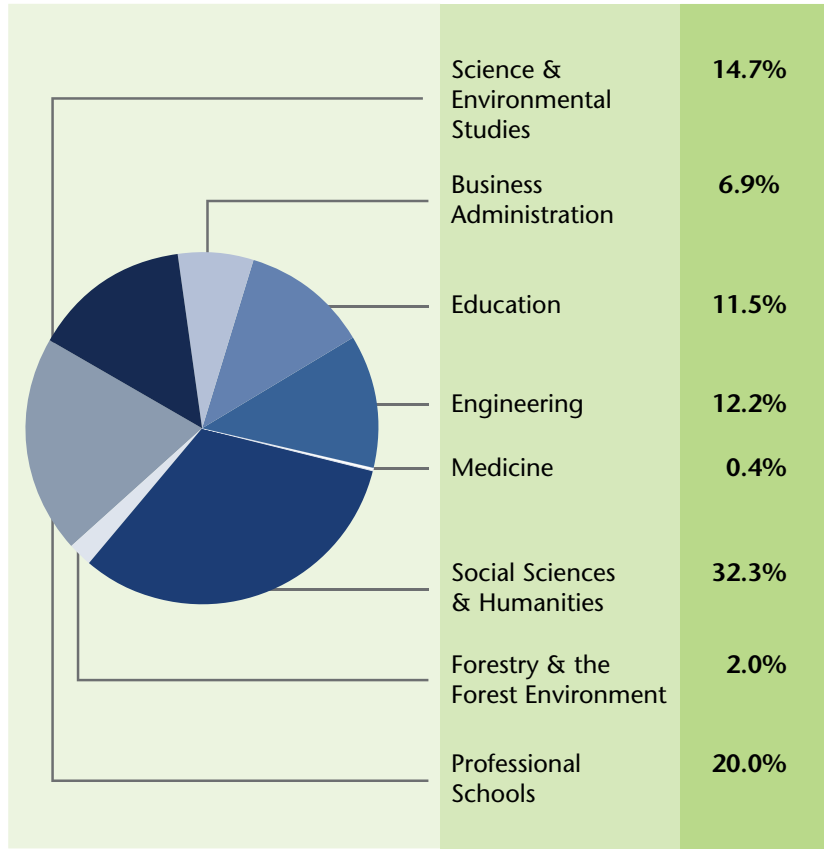
CANADA'S NATIONAL HIGHSPEED RESEARCH NETWORK

CANARIE sets up a point of presence for CANet 4 on campus, complementing the ORION research network and creating a new level of network stability for research and Internet data communications at Lakehead University.

CLINICAL PLACEMENT PROJECTS

Funding from the Canadian Association of Schools of Nursing is received for two projects – one related to the costing of nursing clinical placements for Canadian nursing schools and another to develop an inventory of strategies to deliver nursing and interprofessional clinical placements for Canadian schools. Both projects involve collaborative research teams with representatives from Lakehead University, Confederation College, and the Northern Ontario School of Medicine.

FULL-TIME UNDERGRADUATE
ENROLMENT 2005-2006 by Faculty



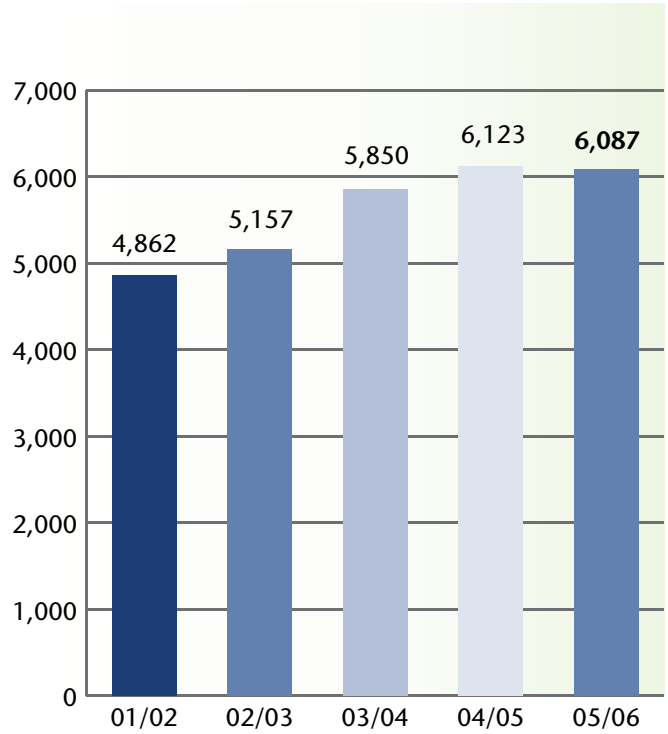
ENROLMENT 2005-2006

Full-time undergraduate	5,702
Part-time undergraduate	1,301
Full-time graduate	385
Part-time graduate	170
Total	7,558

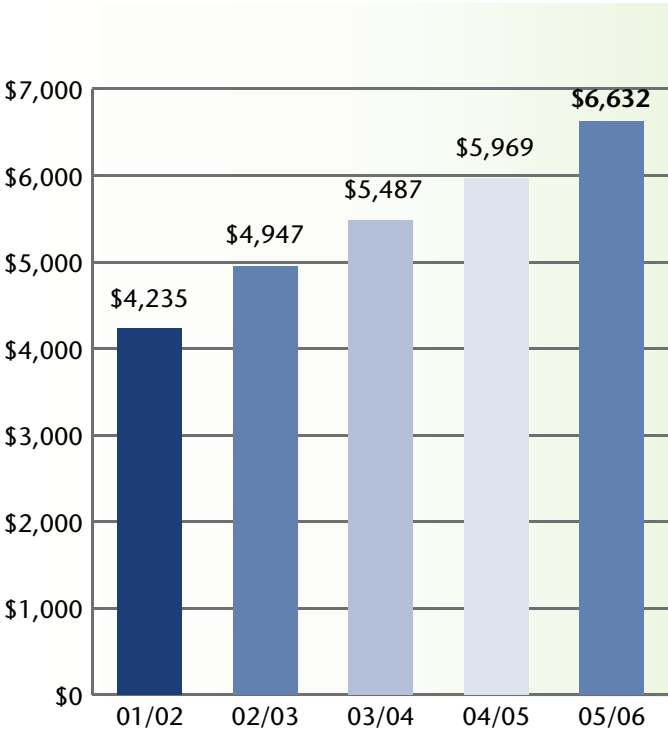
DEGREES, DIPLOMAS &
CERTIFICATES AWARDED
2005 Calendar Year

Certificates	60
Diplomas	106
Bachelors	1,855
Masters	138
Doctorates	5
Total	2,164

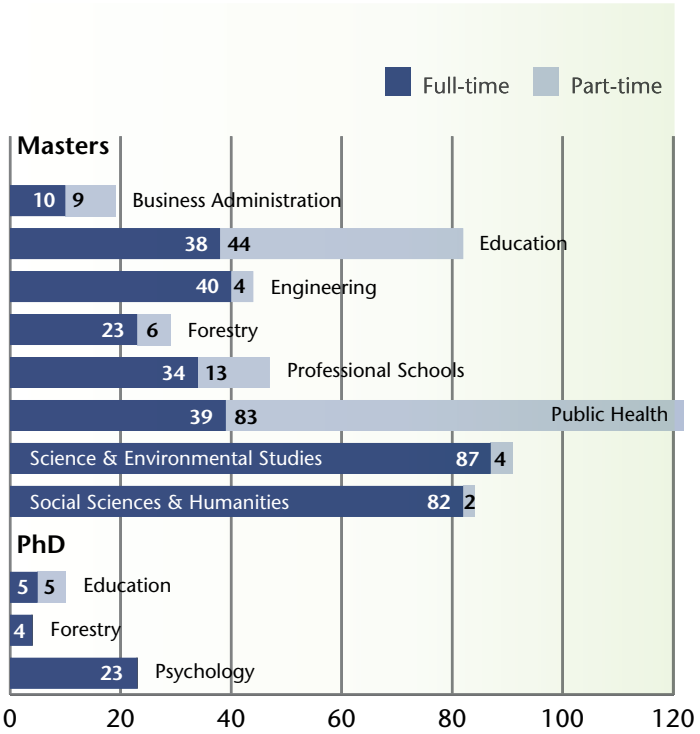
FULL-TIME STUDENT ENROLMENT
Graduate and Undergraduate



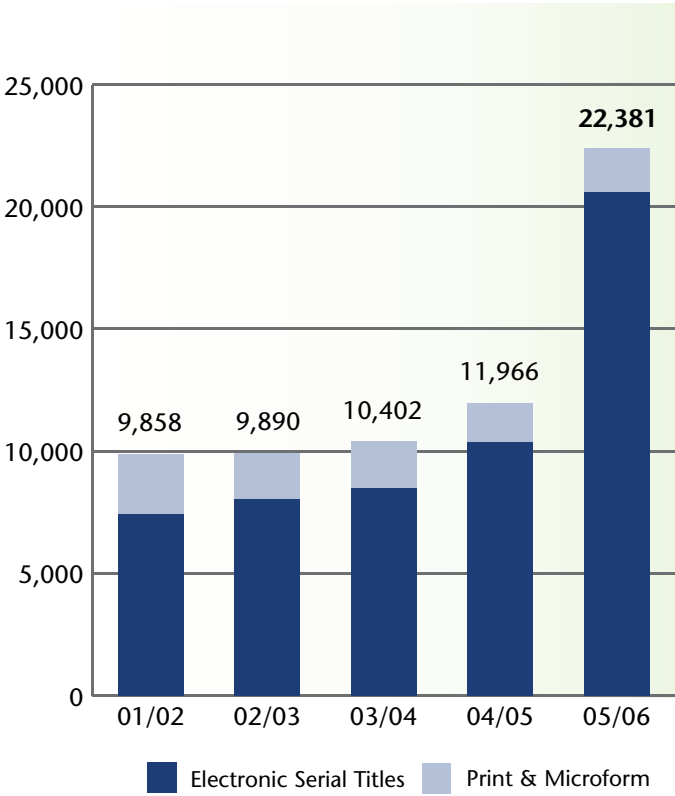
SCHOLARSHIPS, BURSARIES, & AWARDS
in thousands of dollars



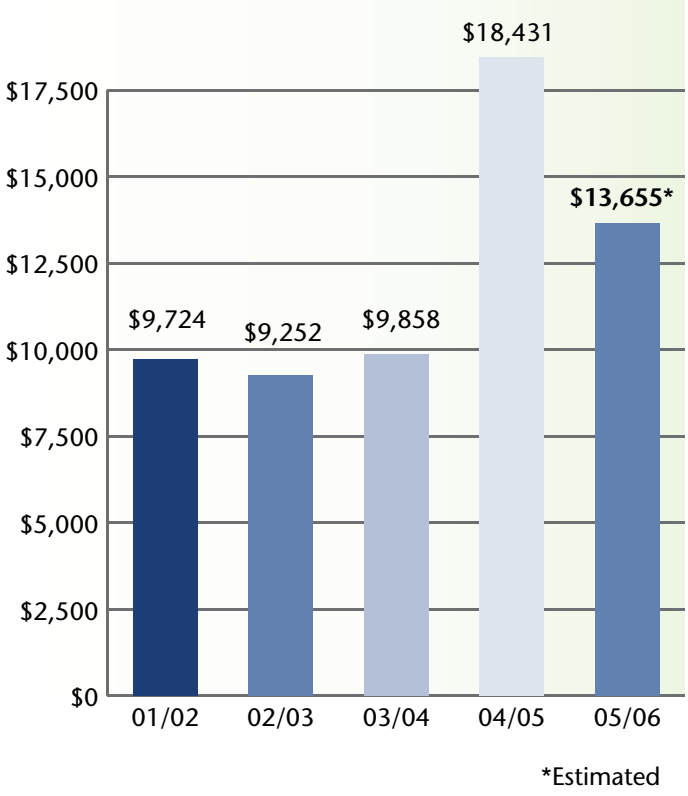
GRADUATE ENROLMENT 2005-2006



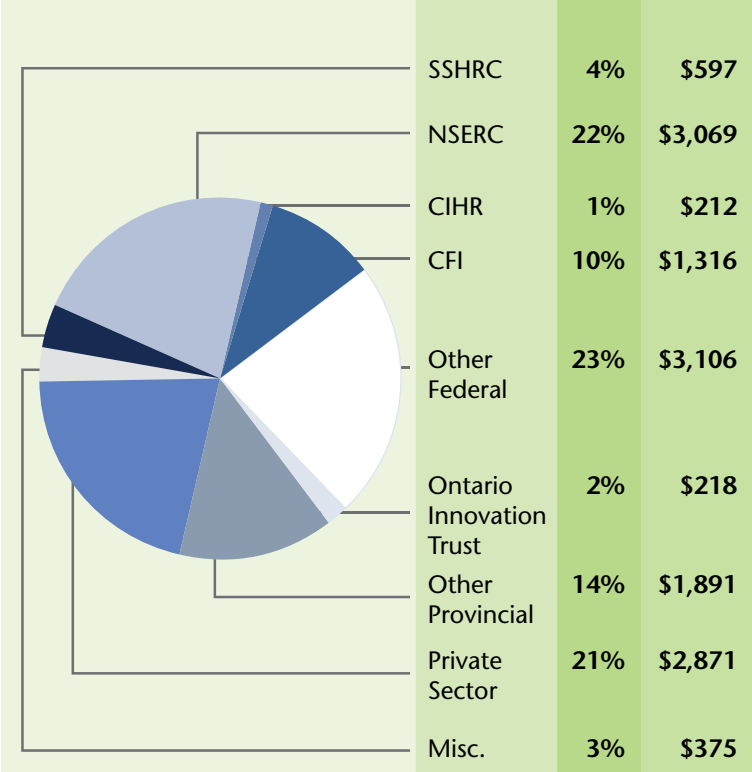
ACCESS TO LIBRARY SERIAL TITLES



RESEARCH GRANTS & CONTRACTS
in thousands of dollars



SOURCES OF RESEARCH FUNDING
2005-2006 in thousands of dollars



CHANCELLOR
Dr. Lorne Everett

**BOARD OF GOVERNORS
2005-2006**
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Jackie Dojack

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Cheryl Balacko
Bill Bartley
Robert Baxter
Dr. Ken Brown
Don Campbell
Harvey Cardwell
Kevin Cleghorn
Dr. Qing-Lai Dang
George Davies
Russell Dudley
Kirk Dudtschak
Ann Dumyn
Ron Dysievick
Charles Fox
Dr. Frederick Gilbert
Angie Gollat
Carl Goodwin
David Heald
Vince Isber
John K. Lagadin
Rebecca Maki
Ron Marostica
Dr. Moira McPherson
Patricia Meredith
Jeff Moore
Seppo Paivalainen
Heather-Lea Peacock
Eamonn Percy
Tim Pile
Douglas Robson
Robert Tuchenhausen
Dennis Wallace

ADMINISTRATION
President and Vice-Chancellor
Dr. Frederick Gilbert

Vice-President (Academic) and Provost
Dr. Laurie Hayes

Vice-Provost (Student Affairs)
Dr. Jane Birkholz

**Associate Vice-Provost
(Aboriginal Initiatives)**
Dr. Lauri Gilchrist

Vice-President (Administration and Finance)
Michael Pawlowski

Vice-President (Research)
Dr. Rui Wang

Associate Vice-President (Research)
Dr. Umed Panu

Director of Operations, Orillia Campus
Dr. Sally-Ann Burnett

Dean of Business Administration
Dr. Bahram Dadgostar

Dean of Education
Dr. Julia O'Sullivan

Dean of Engineering
Dr. Henri Saliba

Dean of Forestry and the Forest Environment
Dr. Reino Pulkki

Dean of Graduate and International Studies
Dr. Gary Boire

Dean of Professional Schools
Dr. Ian Newhouse

Dean of Science and Environmental Studies
Dr. Lesley Lovett-Doust

**Acting Dean of Social Sciences
and Humanities**
Dr. Gary Boire

Controller
Rita Blais

University Librarian
Anne Deighton

Registrar and Secretary of Senate
Dr. Millo Shaw

Executive Director, University Services
Grant Walsh

Director of Athletics
Thomas Warden

Director of Communications
Eleanor Abaya

**Director of Continuing Education
and Distributed Learning**
Gwenellen Wojda

Director of Development
Bonnie Moore

Acting Director of Human Resources
Michael Pawlowski

**Director of Institutional Analysis/
Government Relations**
Kerrie-Lee Clarke

Director of Physical Plant
James Podd

Director of Technology Services Centre
Shahzad Jafri

**NORTHERN ONTARIO SCHOOL OF
MEDICINE**
Dean
Dr. Roger Strasser

Vice-Dean, Academic Activities
Dr. Daniel Hunt

**RESEARCH CENTRES, INSTITUTES,
AND FACILITIES**
**Centre for Education and Research on
Aging and Health (CERAH)**
Dr. Mary Lou Kelley, Director

**Centre for Northern Forest Ecosystem
Research (CNFER)**
Ontario Ministry of Natural Resources
Ed Iwachewski, Manager

Centre for Northern Studies
Dr. David Kemp, Chair

**Centre for Parks, Recreation
and Tourism Research**
Dr. Robert Payne, Interim Director

**Centre for Rural and Northern
Health Research (CRaNHR)**
Dr. Bruce Minore, Research Director

**Centre of Excellence for Children &
Adolescents with Special Needs**
Dr. Julia O'Sullivan, National Director

Lakehead Social History Institute
Dr. Ernest Epp and Beth Boegh, Co-Directors

**Lakehead University Centre for
Health Care Ethics (LUCHCE)**
Dr. Jaro Kotalik, Director

**Lakehead University Centre for the
Application of Resource Information
Systems (LU-CARIS)**
Dr. Ulf Runesson, Director

**Lakehead University Geographical
Information Systems (GIS) Research Lab**
Dr. Scott Hamilton, Director

**ICR Discoveries
(Institute of Cancer Research)**
Dr. Rui Wang, Vice-President (Research),
Lakehead University

**Lakehead University Centre for
Analytical Services (LUCAS)**
Allan MacKenzie, Director

► **Aquatic Toxicology Research
Centre (ATRC)**
Dr. Peter Lee, Academic Director

► **Forest Soils Laboratory (FSL)**
Dr. Nancy Luckai and Dr. Lense Meyer,
Co-Directors

► **Lakehead University Environmental
Laboratory (LUEL)**
Dr. Peter Lee, Director

► **Lakehead University Instrumentation
Laboratory (LUIL)**
Allan MacKenzie, Manager

► **Lakehead University Mineralogical and
Experimental Laboratory (LUMINX)**
Dr. Andrew Conly, Director

► **Lakehead University Nutrient Ecology
Laboratory (LUNE)**
Dr. Ellie Prepas, Director

► **Lakehead University Wood Science
Testing Laboratory (LUWSTF)**
Dr. Mathew Leitch, Director

► **Paleo-DNA Laboratory (PDNA)**
Allan MacKenzie, Interim Director

► **Resource Centre for Occupational Health
and Safety (RCOHS)**
Ina Chomyshyn, Director



BDO Dunwoody LLP
Chartered Accountants
and Advisors

**To the Chair and Members of
The Board of Governors of Lakehead University**

We have audited the financial statements of Lakehead University as at and for the year ended April 30, 2006 comprising of the following:

- Balance Sheet
- Statement of Revenue and Expenses
- Statement of Changes in Net Assets
- Statement of Cash Flows

These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO DUNWOODY LLP *(signed)*

Chartered Accountants

Thunder Bay, Ontario
August 10, 2006

LAKEHEAD UNIVERSITY
BALANCE SHEET

April 30 (in thousands of dollars)	2006	2005
Assets		
Cash	\$ 32,920	\$ 12,917
Accounts receivable (Note 3)	5,553	7,143
Inventories and prepaid expenses	769	770
Long-term investments (Note 4)	62,168	21,825
Deferred charge (Note 5)	4,624	-
Capital assets (Note 6)	107,029	104,116
	\$ 213,063	\$ 146,771
Liabilities and Net Assets		
Liabilities		
Demand loan	\$ -	\$ 600
Accounts payable and accrued charges (Note 7)	10,541	9,941
Faculty early retirement program costs (Note 8)	3,214	4,679
Deferred revenue (Note 9)	16,036	12,996
Deferred capital contributions (Note 10)	45,383	47,949
Long-term debt (Note 11)	105,520	53,149
	180,694	129,314
Net assets		
Internally restricted (Note 12)	13,098	8,484
Investment in capital assets (Note 13)	3,392	3,852
Endowments (Note 14)	20,367	15,454
Unrestricted	(4,488)	(10,333)
	32,369	17,457
	\$ 213,063	\$ 146,771

On behalf of the Board of Governors:

“J. M. Dojack” (signed)

Chair

“F. F. Gilbert” (signed)

President

The accompanying notes are an integral part of these financial statements.

LAKEHEAD UNIVERSITY
STATEMENT OF REVENUE AND EXPENSES

For the year ended April 30 (in thousands of dollars)	2006	2005
Revenue		
Government grants for general operations	\$ 51,453	\$ 42,012
Government and other grants for restricted purposes	10,707	9,440
Student fees	34,049	33,735
Sales of goods and services	14,058	13,061
Investment income	3,412	1,621
Donations	1,389	1,525
Contract research	3,049	2,813
Sundry	1,653	1,771
Amortization of deferred capital contributions	7,581	7,318
	\$ 127,351	\$ 113,296
Expenses		
Salaries and benefits	\$ 66,044	\$ 62,405
Operational supplies and expenses	4,465	3,600
Cost of sales and services	5,912	5,941
Amortization of capital assets and deferred charges	13,702	12,701
Building and equipment maintenance	5,540	4,223
Municipal taxes	490	438
Scholarships, bursaries and awards	6,632	5,969
Utilities	3,742	4,559
Travel	2,472	2,186
Other	4,085	3,388
Interest	4,221	2,529
	117,305	107,939
Excess of revenue over expenses for the year	\$ 10,046	\$ 5,357

LAKEHEAD UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS

For the year ended April 30 (in thousands of dollars)					2006	2005
	Internally Restricted	Investment in Capital Assets	Endowments	Unrestricted	Total	Total
	(Note 12)	(Note 13)	(Note 14)			
Balance, beginning of year	\$ 8,484	\$ 3,852	\$ 15,454	\$ (10,333)	\$ 17,457	\$ 9,404
Excess of revenue over expenses for the year	-	-	-	10,046	10,046	5,357
Change in internally restricted net assets	4,618	-	-	(4,618)	-	-
Change in investment in capital assets	-	(460)	-	460	-	-
Transfer to endowments	(4)	-	47	(43)	-	-
Endowment contributions	-	-	4,690	-	4,690	2,525
Capital preservation of endowments	-	-	176	-	176	171
Balance, end of year	\$ 13,098	\$ 3,392	\$ 20,367	\$ (4,488)	\$ 32,369	\$ 17,457

The accompanying notes are an integral part of these financial statements.

LAKEHEAD UNIVERSITY
STATEMENT OF CASH FLOWS

For the year ended April 30 (in thousands of dollars)	2006	2005
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 10,046	\$ 5,357
Items not involving cash		
Amortization of capital assets	13,643	12,701
Amortization of deferred charge	59	-
Amortization of deferred capital contributions	(7,581)	(7,318)
	16,167	10,740
Net change in non-cash working capital balances related to operations (Note 20)	2,191	1,107
Cash provided by operating activities	18,358	11,847
Financing activities		
Increase in faculty early retirement program	19	19
Faculty early retirement program payments	(1,484)	(1,696)
Long term debt principal repayments	(47,629)	(2,202)
Demand loan repayment	(600)	-
Issue of long term debt	100,000	14,595
Increase in deferred charge	(4,683)	-
Increase in deferred revenue	3,040	3,456
Increase in deferred capital contributions	5,015	10,547
	53,678	24,719
Investing activities		
Endowment contributions	4,690	2,525
Capital preservation of endowments	176	171
Purchase of capital assets	(16,556)	(32,820)
Change in long term investments, net	(40,343)	(5,569)
	(52,033)	(35,693)
	1,645	(10,974)
Increase in cash for the year	20,003	873
Cash, beginning of year	12,917	12,044
Cash, end of year	\$ 32,920	\$ 12,917

The accompanying notes are an integral part of these financial statements.

LAKEHEAD UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

April 30, 2006 (in thousands of dollars)

1. Authority and Purpose

Lakehead University was incorporated as a university when the Lakehead University Act was given Royal Assent by the Lieutenant Governor of Ontario in 1965. Lakehead University serves a dual role in that it provides Northwestern Ontario with regional access to higher education while being committed to academic excellence on the provincial, national and international scenes.

These financial statements include the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University including The Lakehead Research and Technology Centre, a related corporation. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue, restricted purpose endowment funds, and the ancillary operations, such as residences, food services, bookstore and parking.

The University has an economic beneficial interest in a Crown-controlled foundation, Lakehead University Foundation, which is not consolidated into these financial statements. The principal objectives of the Foundation are to solicit, receive and distribute monies and other property to support education and research at the University.

The University also has an economic beneficial interest in the Lakehead University pension plan, the activities of which are not consolidated into these financial statements (Note 17). The Lakehead University Pension Investment Fund is audited separately.

The Northern Ontario School of Medicine is incorporated under the Ontario Business Corporations Act and is a not for profit organization. The School of Medicine was created in order to provide medical education in Northern Ontario. The University, along with Laurentian University, the only voting members of the School, has significant relationships with the School but the University has no claim to the net operating assets of the School and the University is not liable for any direct or contingent liabilities of the School. Accordingly, the operations of the School are not included in these financial statements.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

LAKEHEAD UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

April 30, 2006 (in thousands of dollars)

2. Summary of Significant Accounting Policies

The financial statements of the University have been prepared in accordance with accounting principles generally accepted in Canada within the framework of the accounting policies summarized below:

a) Investments

Investments include funds invested directly by the University and pooled funds which are held in trust and managed by external fund managers.

The securities invested directly by the University are carried at the lower of cost and market value determined on an aggregate basis.

The portion of the portfolio held in pooled funds is carried at market value and the increase or decrease within the current year is included in investment income or in endowments (Note 4).

b) Inventories

Inventories, which consist of goods held for resale, are recorded at the lower of cost and net realizable value. Cost is generally determined on a first in, first out basis.

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives, which are:

Site development	–	10 years
Buildings	–	20 and 40 years
Furniture and equipment	–	5 years
Library books	–	5 years

Construction in progress relates to building projects that are incomplete as at April 30, 2006. Amortization will be recorded upon completion at the applicable rates noted above.

Interest incurred on funds borrowed during construction is capitalized as a cost of the project.

d) Revenue Recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recorded on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

e) Contributed Materials and Services

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

f) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from management’s best estimates as additional information becomes available in the future.

g) Financial Instruments

The University’s financial instruments consist of cash, accounts receivable, long term investments, demand loans, accounts payable and long term debt. Unless otherwise noted, it is management’s opinion that the University is not exposed to significant interest, currency or credit risks arising from those financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

LAKEHEAD UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

April 30, 2006 (in thousands of dollars)

3. Accounts Receivable

Accounts receivable consist of the following:

	2006	2005
Tuition and residence fees	\$ 466	\$ 721
Interest and sundry accounts	2,571	2,420
Sponsored research monies	2,397	3,334
Capital grants from government	119	668
	\$ 5,553	\$ 7,143

4. Long-Term Investments

Long-term investments consist of the following:

	2006	2005
Pooled funds	\$ 55,041	\$ 14,702
Marketable securities	7,127	7,123
	\$ 62,168	\$ 21,825

The pooled funds consist of units held in balanced funds in trust and managed by professional external fund managers. The market value of the University's investment in these funds as at April 30, 2006 was \$ 55,041 (2005 – \$14,702). The increase in the investment during the fiscal year of \$ 40,339 includes receipts of \$38,211 and investment income of \$2,128. Included in the pooled funds are internally restricted amounts created from excess borrowings of the Series A unsecured debenture described in Note 11.8. The market value as at April 30, 2006 is \$33,930 representing an initial investment of \$32,912 and investment income of \$1,018 (Note 12). Also included in the pooled funds is \$627 of a debt repayment sinking fund for project loans being amortized over their initial terms.

Marketable securities consist of investments in government and corporate bonds of \$7,123 (2005 – \$7,120), a life insurance policy of \$3 (2005 – \$2), and shares of \$1 (2005 – \$1). The market value of the marketable securities as at April 30, 2006 was \$8,436 (2005 – \$8,762). The bonds mature between 2006 and 2035 with annual yields ranging from 4.2% to 8.5%.

The University has purchased Government of Canada and Ontario stripped coupon bonds at a cost of \$597 with average effective annual yields of approximately 10.4% maturing during 2008 and 2009 for a total value of \$3,603. These proceeds will be used to repay a mortgage on residence townhouses described in Note 11.2. Interest accrued from the original purchase date to April 30, 2006 amounting to \$2,019 has been added to the asset value resulting in a sinking fund balance of \$2,616 (2005 – \$2,371).

5. Deferred Charge

The deferred charge represents refinancing costs incurred in connection with the \$100 million Series A unsecured debenture issue and is being amortized over the term of the debt (40 years). Amortization cost recognized in fiscal 2006 is \$59.

6. Capital Assets

			2006				2005
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value	
Land	\$ 1,283	\$ -	\$ 1,283	\$ 1,203	\$ -	\$ 1,203	
Site development	5,167	5,167	-	5,167	5,167	-	
Buildings	143,196	63,387	79,809	123,264	59,480	63,784	
Furniture and equipment	94,172	78,739	15,433	91,148	70,455	20,693	
Library books	32,791	29,737	3,054	31,190	28,285	2,905	
Construction in progress	7,450	-	7,450	15,531	-	15,531	
	\$ 284,059	\$ 177,030	\$ 107,029	\$ 267,503	\$ 163,387	\$ 104,116	

LAKEHEAD UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

April 30, 2006 (in thousands of dollars)

7. Accounts Payable and Accrued Charges

The accounts payable and accrued charges consist of the following:

	2006	2005
Trade accounts	\$ 5,728	\$ 3,323
Payroll liabilities	1,277	1,146
Vacation pay liability	1,884	1,922
Capital projects	1,652	3,550
	\$ 10,541	\$ 9,941

8. Faculty Early Retirement Program Costs

The University offers a voluntary early retirement program to qualifying University faculty. The estimated accrued liability represents the cost of contractual payments and benefits owed to participating faculty members. These retirement costs will be paid out approximately as follows:

	2006	2005
2006	\$ -	\$ 1,465
2007	1,307	1,307
2008	893	893
2009	536	536
2010	304	304
2011	141	141
2012	33	33
	\$ 3,214	\$ 4,679

9. Deferred Revenue

Deferred revenue represents unspent externally restricted monies received in the current and prior years for services to be provided in a future year as follows:

	2006	2005
Research	\$ 8,324	\$ 7,956
Other restricted purposes	7,712	5,040
	\$ 16,036	\$ 12,996

10. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses and is calculated on the same basis as the amortization expense related to the acquired capital assets. The changes in the deferred capital contributions balance are as follows:

	2006	2005
Balance, beginning of year	\$ 47,949	\$ 44,720
Add: contributions received for capital asset purchases	5,015	10,547
Less: amortization of deferred capital contributions	(7,581)	(7,318)
Balance, end of year	\$ 45,383	\$ 47,949

11. Long-Term Debt

11.1 Canada Mortgage and Housing Corporation – Residence Addition

Mortgage payable, repaid over a forty-year period ending December 1, 2006. Principal and interest at 5.75% per annum, payable through semi-annual installments of \$7.

Carried forward

	2006	2005
	\$ 9	\$ 22
	\$ 9	\$ 22

April 30, 2006 (in thousands of dollars)

11. Long-Term Debt (cont'd)

	2006	2005
Brought forward	\$ 9	\$ 22
11.2 Ontario Housing Corporation – 6 Residence Townhouses		
Mortgage payable, interest payable semi-annually at 9.26% per annum. The principal is due and payable in full on December 1, 2009. A sinking fund has been established to repay the principal upon maturity. A total of \$597 has been invested in stripped coupon bonds and together with accrued interest of \$2,019, the value of the sinking funds as of April 30, 2006 is \$2,616 (2005 – \$2,371) (Note 4).	3,600	3,600
11.3 Ontario Housing Corporation Long-Term Lease Obligation – 480 Bed Student Residence		
The University leases a residence under an agreement with the Ontario Student Housing Corporation. The University is responsible for managing, operating and maintaining the residence. Further, the University has agreed to reimburse the Corporation over a fifty-year period ending December 1, 2019, for principal and interest, through semi-annual installment payments of \$78 including interest at 6.80%. Upon satisfaction of this obligation, title to the building will vest in the University. Since this agreement is, in substance, a purchase of the building by the University, being financed by the Ontario Student Housing Corporation, the cost of the building is included in capital assets.	1,401	1,464
11.4 The Sisters of St. Joseph – Avila Centre		
Mortgage payable, principal and interest repaid at 6.00% per annum payable over fifteen years through varying annual installments (2006 – \$234; 2005 – \$221) ending May 21, 2008.	480	674
11.5 Royal Bank of Canada – Term Loans	-	46,976
11.6 Sun Life Financial – 874 Tungsten St.		
Mortgage payable, principal and interest repaid at 6.42% per annum, payable through monthly installments of \$4, maturing July 2009.	325	354
11.7 Promissory Note – 874 Tungsten St.		
Promissory note, secured by second mortgage non-interest bearing, monthly principal payments of \$1 maturing March 2010.	47	59
11.8 Debenture Payable		
On November 15, 2005, the University issued Series A unsecured debenture in the aggregated principal amount of \$100,000. The debenture bears interest at 5.301%. Principal and interest are payable semi-annually on May 15 and November 15 in installments of \$3,023 ending November 15, 2045. The proceeds of the issue were used to repay the debt to the Royal Bank of Canada including termination costs, to finance Phase 2 of the Heating, Refrigeration, and Air Conditioning Retrofit and to establish a university “Endowment” in the amount of \$32,912 (Note 4).	99,658	-
	\$ 105,520	\$ 53,149

Anticipated requirements to meet the principal portion of the long-term debt repayments over the next five years are as follows:

Date	Amount
2007	\$ 1,116
2008	1,182
2009	996
2010	4,802
2011	1,018
Thereafter	96,406
	\$ 105,520

The University has available an operating line of credit of \$3,000, with interest at the bank's prime lending rate (5.75% per annum at year-end).

April 30, 2006 (in thousands of dollars)

12. Internally Restricted Net Assets

Internally restricted net assets are funds committed for specific purposes as follows:

	2006	2005
Operating Fund:		
Repairs and replacements	\$ 3,131	\$ 1,083
Self-insurance	250	250
Unexpended budgets and departmental incomes	3,685	3,713
Bond sinking fund	351	-
Ancillary Enterprises		
Retail operations	338	209
Food services	154	219
Residence reserve for repairs and replacements	223	200
Residence bond sinking fund	276	-
Other ancillary	95	86
Restricted Funds		
University general trust fund	2,943	1,834
Interest earned on investment from excess borrowings (Note 4)	1,018	-
Unexpended capital funds	174	555
Research funds	460	335
	\$ 13,098	\$ 8,484

13. Investment in Capital Assets

	2006	2005
The investment in capital assets consists of the following:		
Capital assets, net book value	\$ 107,029	\$ 104,116
Less amounts financed by:		
Long term debt (net of residence and bond sinking funds)	(59,051)	(48,462)
Deferred capital contributions	(44,586)	(47,652)
Short term financing – demand loan	-	(600)
Construction in progress financed by accounts payable	-	(3,550)
	\$ 3,392	\$ 3,852
The change in investment in capital assets is calculated as follows:		
	2006	2005
Repayment of long-term debt	\$ 1,152	\$ 2,006
Increase in residence and bond sinking funds	873	247
Purchase of capital assets internally financed	3,577	4,412
	5,602	6,665
Amortization expense	13,643	12,701
Less: Amount of amortization expense related to capital assets purchased with restricted contributions	(7,581)	(7,318)
	6,062	5,383
Net (decrease) increase	\$ (460)	\$ 1,282

April 30, 2006 (in thousands of dollars)

14. Endowments

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The value of the investment portfolio for endowed funds included in the total investments disclosed in Note 4 is equal to \$20,367 (2005 – \$15,454).

15. Ontario Student Trust Funds

Externally restricted endowments of \$20,367 (2005 – \$15,454) include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) Phase I and Phase II and the Ontario Trust for Student Support (OTSS) matching programs to award student aid as a result of raising an equal amount of endowed donations.

OSOTF (Phase I)

	2006	2005
OSOTF endowment balance, beginning of year	\$ 6,747	\$ 6,674
Capitalized interest	29	73
OSOTF endowment balance, end of year	\$ 6,776	\$ 6,747
Expendable funds, beginning of year	\$ 335	\$ 64
Realized investment income	479	505
Bursaries awarded	(236)	(234)
Expendable funds, end of year	\$ 578	\$ 335
Number of bursaries awarded	380	429
Market Value of Endowment	\$ 8,126	\$ 7,669

OSOTF (Phase II)

	2006	2005
OSOTF endowment balance, beginning of year	\$ 1,539	\$ 250
Cash Donations received	-	596
Matching funds received	-	659
Transfers to OTSS program	(6)	6
Capitalized interest	30	28
OSOTF endowment balance, end of year	\$ 1,563	\$ 1,539
Expendable funds, beginning of year	\$ 1	\$ 1
Realized investment income	68	8
Bursaries awarded	(54)	(8)
Expendable funds, end of year	\$ 15	\$ 1
Number of bursaries awarded	89	14
Market Value of Endowment	\$ 1,689	\$ 1,388

OTSS

The Ontario Trust for Student Support (OTSS) program requires separate reporting of the balances as at March 31 and the details of the changes in the balances.

The following is the schedule of donations received for the period from April 1, 2005 to March 31, 2006.

	2006	2005
Donations eligible for matching	\$ 919	\$ -
Donations not yet eligible for matching	44	-
Total cash donations	\$ 963	\$ -

April 30, 2006 (in thousands of dollars)

15. Ontario Student Trust Funds (cont'd)

The following is the schedule of changes in endowment fund balance for the period April 1, 2005 to March 31, 2006.

	2006	2005
Endowment balance, beginning of year	\$ -	\$ -
Cash donations received	957	-
Transfers from OSOTF program	6	-
Matching funds received / receivable	919	-
Preservation of capital	6	-
Endowment balance, end of year	\$ 1,888	\$ -

The following is the schedule of changes in expendable funds available for awards for the period April 1, 2005 to March 31, 2006

	2006	2005
Expendable funds, beginning of year	\$ -	\$ -
Realized investment income	1	-
Bursaries awarded	(1)	-
Expendable funds, end of year	\$ -	\$ -
Number of bursaries awarded	1	-

16. Property and Liability Insurance

The University participates in a reciprocal exchange of insurance risks in association with forty-five other Canadian universities. This self-insurance cooperative involves a contractual agreement to share the property insurance and liability risks of member universities.

The projected cost of settled claims will be funded through members’ premiums based on actuarial projections. It is anticipated that a surplus will be created over time as a cushion against unexpected losses. In addition, the reciprocal has obtained substantial reinsurance with commercial insurers to cover major claims in excess of \$2,500 per occurrence for property losses and in excess of \$5,000 per occurrence for liability losses.

In the event that premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

17. Pension Plan

The University has two separate pension plans.

17.1 Pension Plan for Professional Staff

The Pension Plan for Professional Staff is a contributory defined contribution pension plan. Faculty members and librarians contribute 6.5% of their earnings through payroll deductions. The University contributes 8.05% effective January 1, 2005 (7.8% prior to January 1, 2005). Non-faculty members contribute 8.05%, and the University matches these contributions.

The Plan provides for a defined benefit guarantee for service prior to January 1, 1997 and removes the minimum pension based on a formula for future pensions commencing in 1997. The Plan’s surplus will be increased by an amount equivalent to the Pension Guarantee Account remaining after provision for estimated pensions based upon the defined benefit guarantee. No part of this guarantee account and surplus is recognized in the financial statements as the amount may not be withdrawn by Lakehead University, nor may it be used to match contributions to the fund.

Information about the defined benefit guarantee portion of this pension plan at April 30, 2006 is as follows based on an actuarial valuation prepared on a going concern basis at December 31, 2005.

Pension plan assets	\$ 82,336
Pension plan liabilities	78,637
Estimated pension plan surplus	\$ 3,699

The significant actuarial assumptions adopted in calculating the above amount include a discount rate of 6%, a general salary increase of 3.5% per annum, and mortality tables of UP94@15.

The actuarial valuation prepared at December 31, 2005 discloses a solvency deficiency as defined in the Pension Benefit’s Act (1987) of \$6,740. As 2005 is not a tri-annual year for the purpose of filing under the Ontario Pension Benefits Act no additional contributions are required.

April 30, 2006 (in thousands of dollars)

17. Pension Plan (cont'd)

17.2 Lakehead University Employee Pension Plan

The Lakehead University Employee Pension Plan is a contributory defined contribution pension plan. Under the Plan, employees contribute in a range from 7.15% to 7.90% of their earnings. The University matches the regular pension contributions made by members of the Plan.

University Pension Plan contributions, together with investment income earned on the contributions, are applied on retirement to provide pensions as defined in the Plan. In addition to their regular contributions, members may voluntarily contribute additional contributions to provide increased benefits. Both employee and employer contributions are paid into the integrated Canada Pension and University Pension Plans.

The employee benefits expense for the year includes pension expense of \$2,248 (2005 – \$2,080) and faculty early retirement benefits of \$21 (2005 – \$19).

18. Contingent Liabilities

- a) At April 30, 2006, the University was guarantor of ten (2005 – nine) housing loans for faculty and staff in the amount of \$143 (2005 – \$138).
- b) The nature of the University’s activities is such that there is usually litigation pending or in prospect at any one time. With respect to claims at April 30, 2006, the University believes it has valid defenses and appropriate insurance coverage in place. In the unlikely event any claims are successful such claims are not expected to have a material effect on the University’s financial position.

19. Commitments

- a) The estimated cost to complete the Facility Renewal Performance Contract with Johnson Controls L.P. project in progress at April 30, 2006 is \$3,550 The \$3,550 will be funded from borrowings included in the debenture.
- b) The following are the future minimum annual operating lease payments due over the next five years:

Date	Amount
2007	\$ 319
2008	385
2009	193
2010	132
2011	132

20. Statement of Cash Flows

The net change in non-cash working capital balances related to operations consist of the following:

	2006	2005
Accounts receivable	\$ 1,590	\$ (1,747)
Inventory	1	53
Accounts payable and accrued charges	600	2,801
	\$ 2,191	\$ 1,107

21. Related Party Transactions

During the year, the University undertook the following transactions with Northern Ontario School of Medicine:

	2006	2005
Recoveries and charges for goods and services	\$ 806	\$ 350

These transactions were in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed by the parties to the transaction and approximates the arm’s length equivalent value.

LAKEHEAD FACTS

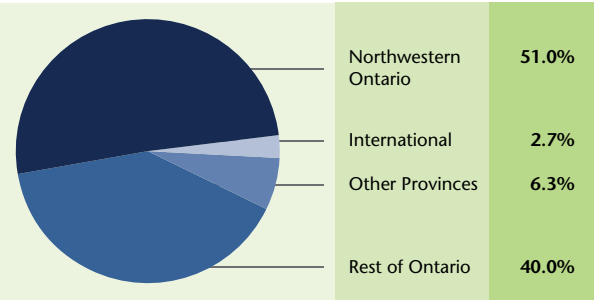
Established:	July 1, 1965
Total Enrolment:	7,558 including 6,087 full-time graduate and undergraduate students
Full-time Faculty:	285
Employees:	2,250 including approximately 700 full-time positions
Alumni:	39,171 living in 67 countries
Faculties:	Business Administration Education Engineering Forestry and the Forest Environment Graduate Studies Medicine (Northern Ontario School of Medicine, West Campus) Professional Schools Science and Environmental Studies Social Sciences and Humanities

As a percentage of its enrolment, Lakehead has one of the highest Aboriginal student populations at a Canadian university.

In a survey where Lakehead students had an opportunity to disclose information about their parent’s educational background, 52% declared they were the “first generation” at university (neither parent attended university).

In 2005-2006 Lakehead welcomed 206 international and exchange students from 50 countries around the world.

GEOGRAPHIC ORIGIN OF STUDENTS



RESIDENCE
ACCOMMODATION

Number of Beds 2005-2006 1,282

ECONOMIC IMPACT

\$251M on the City of Thunder Bay in fiscal 2005-2006

CONTACT US

Lakehead University Annual Report 2005-2006 is posted online: www.lakeheadu.ca/report/

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