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QUEEN'S BY THE NUMBERS

ENROLMENT (FALL 2007)

Undergraduate (Full-time) 13,445
Graduate (Full-time) 3,127
Other (includes Part-time, Post-Graduate Meds, Theology and School of English) 4,057
Grand Total 20,629

International/visa Students (included in above figures)

Undergraduate 692
Graduate 549
Grand Total 1,241
Source: Report to Senate 2007

FACULTY AND STAFF (FALL 2007)

FACULTY
Full-time, excluding clinical medicine 840
Full-time clinical medicine 252
Other teachers and researchers (primarily Part-time) 1,344

STAFF
Operating budget funded 1,916
Other funding including research 630

STUDENTS 1,950
Grand total 6,932

REVENUE BY BUSINESS SEGMENT 2007-08 ($ THOUSAND)

Operating $ 290,168
Health Sciences $ 128,556
Ancillary $ 97,561
Capital $ 602
Trust $ 94,943
Research $ 160,949
Endowment $ 7,182
Total Revenue $779,961

Faculties and Schools

Faculty of Applied Science
Faculty of Arts and Science
(includes Schools of Computing, Environmental Studies, Kinesiology and Health Studies, and Music)
School of Business
Faculty of Education
School of Graduate Studies
(includes Schools of Policy Studies and Urban and Regional Planning)
Faculty of Health Sciences
(includes Schools of Medicine, Nursing, and Rehabilitation Therapy)
Faculty of Law
Queen’s Theological College
(affiliate)
MESSAGE FROM THE CHAIR OF THE BOARD OF TRUSTEES

This has been a transformational year at Queen's. Along with an unprecedented level of revitalization on campus, we have seen growth in many programs, welcomed new faculty and staff, supported vital developments in research, and graduated an extraordinary class of future leaders.

Our strategic investment in our campus is key to our evolution and our ability to continue to provide an exceptional educational experience for our students. It is an exciting time to be on campus as we watch our landscape change and grow to meet the needs of our students.

Research activity also continues to be strong, and we are particularly proud of our role in the opening of the Queen's Innovation Park, a new technology park that is quickly becoming a hub for collaboration and inspiration. This report also highlights many faculty and research accomplishments from the year and demonstrates our commitment to furthering Canada’s contribution to global advances in discovery and learning.

Our students continue to amaze us with their intelligence and community spirit – and many of their achievements have been profiled in this report. They have demonstrated their ability to learn and lead beyond the classroom, and have already made a difference in communities near and far. We believe that our focus on providing international educational opportunities for all students contributes to their ability to compete in any environment.

And of course, we remain extremely grateful to our benefactors, who contributed to a record-breaking year for fundraising. Their generosity makes such a difference to our ability to recruit faculty and to prepare students for a changing world.

We owe an enormous debt of gratitude to outgoing Chancellor Charles Baillie, a truly gifted and generous individual who has given so much to our University. Along with being our Chancellor and mentor for six years, Dr. Baillie has bestowed many gifts upon our institution, including a teaching award for faculty, an award for high school teachers, and the Baillie Family Chair in Conservation Biology.

We also bid farewell to Principal Karen Hitchcock, who brought a vision to Queen's that has truly propelled us forward. From the opening of the Integrated Learning Centre and the groundbreaking of the Queen's Centre to the realization of Innovation Park at Queen's, Dr. Hitchcock helped us dream larger and grow our resources. We thank her for her creativity, enthusiasm and ability to develop strong partnerships for growth.

It is with great honour that we welcome Tom Williams into the role of Principal. Dr. Williams is no stranger to our campus, having served in many key leadership roles at Queen's since arriving in 1977 to assume the position of Dean, Faculty of Education. We are grateful for his wisdom, experience and willingness to lead us over the next 12 – 14 months as we search for our next Principal.

It is also my great privilege to welcome David Dodge as our new Chancellor. Dr. Dodge is a national resource and an alumnus who brings a wealth of expertise to the institution, and who will no doubt have a significant impact on the success of our University. His wisdom and knowledge shall certainly be a strength in our times.

This is an exciting time to be part of Queen's, and it was a pleasure to serve with my colleagues on the Board of Trustees, and with all members of the Queen's community. I look forward to collaborating with them again in the upcoming year as we continue along our path.

William L. Young
Chair, Board of Trustees
PRINCIPAL’S MESSAGE

As one of Canada’s oldest degree-granting institutions, Queens University has earned an enviable reputation for responsible stewardship in education, building a solid foundation that has been carefully nurtured and strengthened to meet the needs of our students and our nation for years to come.

To say that this has been a year of change would indeed be an understatement. We are actively building new facilities to attract and nurture the best faculty, students and staff. Our community members have reached across the world to collaborate with peers and seek out solutions for our planet. And, closer to home, we have actively engaged all members of the Queens community as we grapple with the challenges posed by an uncertain economic environment.

We have made great strides – and yet, we know we can reach further. To remain competitive in the rapidly changing university sector, we need to continue our efforts to recruit talented, faculty, students and staff who can drive our vision forward. That means we must also continue to provide enhanced facilities and opportunities to stay true to our legacy of a quality learning experience and service to community.

The teaching, learning and research environment at Queens is sustained by the ongoing financial commitment from our alumni and friends, the students, and importantly, the Provincial and Federal governments. We are grateful for the continued support by all our key stakeholders as we continue to thrive as one of the leading universities in Canada. With the challenging economic condition presently facing Ontario, Queens is uniquely positioned to continue to play an important role in renewing the knowledge and expertise critical for the Province’s future prosperity.

I invite you to read of the many accomplishments within these pages – achievements of our students, staff and faculty, who work hard to uphold the Queens tradition of excellence in learning for the benefit of all. Queens is at the cusp of a new era: poised to embrace the challenges and opportunities of the future based on our solid reputation as one of our country’s leading universities. We are honoured to part of Canada’s great past – and energized about our role in creating leaders for the future.

Tom Williams
Principal and Vice-Chancellor

DAVID DODGE, NEW CHANCELLOR

David A. Dodge, former Governor of the Bank of Canada, has been elected as the 13th Chancellor of Queen’s University.

Dr. Dodge received an undergraduate degree in Economics from Queen’s and a Ph.D. from Princeton University. He taught Economics at Queen’s for several years but ultimately chose a career in the Public Service of Canada. He served as Deputy Minister of Finance from 1992 to 1997 and was appointed Deputy Minister of Health in 1998. In February 2001 he was appointed Governor of the Bank of Canada for a seven-year term.

Dr. Dodge received an Honorary Doctor of Laws from Queen’s in May 2002 and was appointed to the Queen’s University Board of Trustees in June 2007. In December 2007, Dr. Dodge was named an Officer of the Order of Canada.

Dr. Dodge was Associate Professor of Canadian Studies and International Economics at the School of Advanced International Studies, Johns Hopkins University; Senior Fellow in the Faculty of Commerce at the University of British Columbia; and Visiting Professor in the Department of Economics at Simon Fraser University. He has also served as Director of the International Economics Program of the Institute for Research on Public Policy.
EXECUTIVE SUMMARY

How do we transform the foundational principles and resources of our past to meet the needs of our future? At Queens, our path is clear: listen, learn, collaborate, and grow – with the wisdom of our history, the intelligence of our community, and the ability to look beyond the present. Over the past year, Queens has demonstrated this vision in many ways.

Our Students
We are exceptionally proud of our students and their achievements this year. They have won national competitions, embraced the challenge of sustainability on campus, reached out to those less fortunate, and journeyed far beyond our borders to bring Canada’s riches and expertise to the world. We have continued to increase our financial assistance to our students to ensure that they can receive the education they deserve, and to develop graduate-level interdisciplinary programs that have a global impact.

Our Faculty
Our faculty members are a valuable resource for students on campus, for leaders in the national political arena, and for their colleagues around the world. As teachers, they mentor Canada’s future leaders. As researchers, they deliver hope, inspiration and discovery to our world. Over the past year, a significant number of our faculty have earned well-deserved funding awards and international commendations for their ground-breaking work across the spectrum of disciplines. Much of this work has also evolved from ideas to practical application.

Our People
Queens continues to develop programs and processes to support and promote staff members who strive to make a difference to our community. The new Queens Executive Development program provides a collaborative and collegial environment for growth among senior team members while preparing them to lead us in the future, and advances in workplace health and wellbeing have furthered our goals of providing a rewarding and stimulating environment for our employees.

Our Campus Environment
We’re proud of our history, but just as proud of what lies ahead. The Queens landscape has undergone significant change over the past year – a transformation that celebrates tradition and offers our students, faculty and staff the environment they need and deserve to thrive. The new Queens Centre has begun to take shape, our fields and roads have been revitalized, and we continue to develop technological resources to support our community. Planning is also underway to develop in key areas – arts, business and medicine – for the benefit of our nation and our world.
OUR STUDENTS

UNDERGRADUATES

Most of the students who enter Queen's each September graduated at the top of their class in high school. But marks are just part of what makes a student a future citizen of a global community. At Queen's, we work to develop leaders who possess the creative flair and collaborative skills to succeed in the classroom, on campus, and in the world around us.

Last year, our student body represented 95 different countries, along with every Canadian province and territory. We are committed to nurturing diversity and helping each student feel truly welcome on campus, regardless of race, religion, language, age, sexual orientation or disability.

IN 2007/08:

• Queen's received over 26,000 applications for 3,327 full-time spaces available in direct-entry undergraduate programs
• Students had an average entering grade of 87.4%
• Queen's accepted 83 Canadian Millennium Excellence Scholarship winners and 7 National Merit Scholarship winners
• 2,865 students came from outside of Ontario
• Queen's offered 160 locations in 35 countries for international exchange opportunities
• Queen's had the highest number of Canadian graduates holding CEO positions in leading global Fortune 500 companies
• More than 1,500 students are enrolled in our three professional programs: law, medicine and education

"By offering both merit and need-based awards, Queen's motivates students from all backgrounds to strive for their academic goals."
Christopher Poss, Science '09 Mathematics

CANADA'S NEXT TOP AD EXEC

Commerce students Catherine Lee and Gregory Duggan won first place in Canada's Next Top Ad Exec, a competition held at the DeGroote School of Business at McMaster University. Open to all undergraduate, MBA and business minor students, organizers received 194 entries from 27 universities across Canada. Ten teams from eight universities competed in the final round, presenting their marketing plans to a panel of 14 marketing experts from industry and academia.
A QUALITY EDUCATION FOR EXCEPTIONAL THINKERS

Each of our students is unique – and so too are their financial backgrounds. Queens has a long-standing commitment to ensure that our students can acquire the education they deserve, regardless of their financial situation.

In 2007/08 Queens provided over $24 million in student financial assistance to undergraduates through a mix of needs-based and merit-based funding. Over 50% of the 2007 entering class received a Queens scholarship and/or award.

Queens continues to increase financial support for students through general bursary funds and opportunities for scholarships.

SUPPORT FOR FIRST-GENERATION FAMILIES

The University Experience Program (UEP) is a high school outreach program designed to help students who may be the first in their family to attend post-secondary education in Canada. The UEP strives to support, encourage and excite first-generation students about the possibilities of post-secondary education through a variety of hands-on activities and workshops.

Participants spend a day on the Queens campus learning how to apply for university, how to obtain funding support, and about the many campus services available to them as students. During the day, they interact with current students and professors, and participate in a number of workshops addressing concerns specific to first-generation students and their families.

In 2006/07, the program had 11 active partners – in 2007/08, that number increased nearly threefold, with 29 organizations and over 500 students participating in the program.

IN 2007/08:
• Queens disbursed over $24 million in student financial assistance
• 36 student athletes attended their first year at Queens with an Athletic Financial Award
• All students with an average of 90% or greater received an entrance scholarship

FULL-TIME UNDERGRADUATE ENROLMENT
BY REGION OF CANADA 2007-08

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec</td>
<td>1%</td>
</tr>
<tr>
<td>West</td>
<td>13%</td>
</tr>
<tr>
<td>East</td>
<td>3%</td>
</tr>
<tr>
<td>Ontario</td>
<td>83%</td>
</tr>
</tbody>
</table>

Source G
See page 103

REGIONS OF CITIZENSHIP OF INTERNATIONAL UNDERGRADUATE STUDENTS 2007

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>72%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>5%</td>
</tr>
<tr>
<td>Europe</td>
<td>25%</td>
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<tr>
<td>Asia</td>
<td>36%</td>
</tr>
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<td>Africa</td>
<td>7%</td>
</tr>
<tr>
<td>South America</td>
<td>1%</td>
</tr>
<tr>
<td>Oceania</td>
<td>4%</td>
</tr>
<tr>
<td>USA and Mexico</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source G
See page 103
ENGAGING OUR WORLD

Queens graduates can be found in boardrooms, courtrooms, hospitals, art galleries, laboratories and libraries around the world. Our focus on a quality learning experience attracts students striving for more than an education – here, they discover an environment that prepares them for a career in any discipline, with experiences that celebrate the individual while encouraging collaboration for the benefit of all.

QUEEN’S HEALTH OUTREACH (QHO)

This student-run volunteer organization is dedicated to promoting individual and community health both locally and abroad. Each year, QHO sends over 30 travelers to seven locations around the world to complete health promotion projects. This year QHO contributed to projects in Kenya, Guyana and Belize, and in four locations in Northern Canada.

STUDENTS AND SUSTAINABILITY

Queen’s students are all too aware of our resource challenges – and they have already begun their campaign to make a difference for their future.

- Residence halls competed against one another to lower their electricity use for the month of February, resulting in over 40,000 kilowatt hours saved – enough energy to power 45 homes for a month.

- Student environmental groups teamed up to run the first campus-wide waste reduction week. Retail outlets participated by increasing their travel mug discounts and offering discounts for customer who brought their own containers for takeout items, and a trash-art installation outside one of the busiest retail operations provided a visual reminder of the need to reduce our waste.

- The Tea Room, a student-run coffee shop, now has the capacity to compost its entire takeout product line – coffee cups, lids, cutlery, napkins, straws and cling-wrap – in onsite vermicomposters.

- The Farmer’s Market came to campus eight times over the school year to offer local, quality fresh food and crafts to the Queen’s community.

AMS CELEBRATES 150 YEARS

2008 marked the sesquicentennial of the Alma Mater Society (AMS), the oldest student government in Canada, and the only one owned and operated solely by students. As a $12 million not-for-profit corporation, the AMS provides representation, resources and support to over 13,000 full and part-time students, as well as numerous job and leadership opportunities.

SOUL FOOD

STUDENTS TEAM UP WITH CAMPUS SERVICES TO HELP FEED COMMUNITY’S HOMELESS

Queens Hillel (Jewish Students Association) was seeking a way to build ties between the campus and the community, while fostering an understanding of the shared values amongst various clubs at Queen’s.

Their quest to raise awareness led to the creation of Soul Food, a coalition of Queens students working to raise awareness about Canadians living in poverty by reaching out to Kingston’s homeless.

Working with Queens Hospitality Services, Soul Food volunteers from a number of student clubs pick up leftover food from the residence dining halls and deliver it to local street shelters six nights a week during the school year – providing healthy food to those who need it most, while reducing the amount of waste going to the landfill. In the 2007/08 school year, Soul Food delivered approximately 600 meals per week to shelters in Kingston.

“What we find amazing is how similar our values are to the other groups involved,” says Tyler Peikes, of Queens Hillel and co-chair of Soul Food. “In the face of the racism and intolerance, it is important to celebrate the values that we all share as Canadians and human beings – Soul Food is just one example of this convergence of humanity that we wish to cultivate.”
QUeen’S UniveRSity annUal RepORt

PHE’SS ALUMNAE TROPHY

TOP GRADUATING FEMALE ATHLETE

CONNIE DAYBOLL, WOMEN’S ROWING

Dayboll, a native of Grimsby, Ont., helped lead the team that captured both the provincial and national university rowing championships in 2007-08. Dayboll earned two gold medals at the provincial championship and claimed gold in the Lightweight Single division at the national finals.

She concludes her career at Queen’s having won eight gold medals at the OUA Championship and was a catalyst for the women’s team that earned three OUA championship and one silver medal in four seasons. Dayboll graduated last spring from the School of Nursing and is currently pursuing her career and rowing aspirations.

JENKINS TROPHY

TOP GRADUATING MALE ATHLETE

DEVON MILLER, MEN’S VOLLEYBALL

Miller, a recent environmental sciences graduate, led the men’s volleyball team to three consecutive appearances in the OUA Championship series, and helped capture back-to-back OUA titles in 2005-06 and 2006-07. In 2007-08, Miller was team captain and the team finished with a silver medal. He was an OUA first-team all-star in each of his last three seasons and was the OUA player of the year in 2006-07.

Miller, a Barrie, Ontario native, was a three-time All Canadian which is a first in the history of Queen’s volleyball. He was a standout amongst his peers in the league leading the OUA in assists and breaking into the top-10 for aces and digs three years in a row. Miller graduated last spring and in the fall of 2009 signed a contract to play professional volleyball in Norway.
GRADUATE STUDENTS

Graduate Studies at Queen's is about perpetual learning: a home for dynamic, energized ideas that connect – forming innovative solutions that change our understanding of ourselves and our world.

Queen's focuses on programs that attract strong candidates and in turn, attract and retain strong faculty. “We are very aware of the direct relationship between the quality of our graduate students and our ability to attract and support our faculty,” says Associate Vice-Principal and Dean of Graduate Studies and Research Janice Deakin. “Our goal is to facilitate the natural development of an intellectual community where mentors and learners share knowledge, dreams and theories.”

With funding from the Reaching Higher program, the School has expanded to offer more than 50 graduate programs, placing an emphasis on interdisciplinary programs that support students collaborating in a global environment. A new MA and PhD program in Cultural Studies, ready to begin in September 2009, will allow students to create a cultural product (work of art, performance, film, play, text) or to become involved in some form of work in the community. Also, a new Masters of Public Health program will allow students a unique option of hands-on learning in a public health setting during a placement period.

“Most new research questions are positioned at the boundaries of disciplines,” says Dr. Deakin. “It’s vital that we offer our students and faculty strong programs that combine societal need with research opportunities and exceptional learning experiences.”

IN 2007/08:

• Queen’s graduate students received the highest proportion of awards of any students in universities across the country, including 83 Tri-council winners
• The School enrolled 2,136 full-time equivalent graduate students, above the target of 2,056
• Queen’s provided over $23 million in funding for grad students
• Queen’s offered the first course in Canada for graduate supervisors
• Graduate Studies staff attended 23 recruitment fairs across Canada
• There were more than 550 students in five MBA programs

DR. JANICE DEAKIN, ASSOCIATE VICE-PRINCIPAL AND DEAN, SCHOOL OF GRADUATE STUDIES
Dr. Janice Deakin holds a BA, BPHE and BEd from Queen’s, an MSc from McMaster University, and a PhD from University of Waterloo. In 1986, Dr. Deakin returned to Queen’s as an Assistant Professor, taking on the roles of Director of the School of Kinesiology and Health Studies from 2000 to 2006, and Acting Associate Vice-Principal and Dean of Student Affairs from 2005 to 2006. She retains her appointment as a professor in the School of Kinesiology and Health Studies.

Dr. Deakin’s research is internationally recognized with a focus on a cognitive approach to understanding the development of expertise in sport. She has published extensively within her field and has provided technical reports to a number of national agencies, including the Department of National Defence, NATO and Sport Canada.
PROGRAMS FOR NEW PROFESSIONALS
Our students seek graduate programs that prepare them for careers in both academia and the private sector, and that offer the opportunity to work with some of the world’s leading scholars. Working in partnership with the Centre for Teaching and Learning and Student Affairs, Graduate Studies offers a number of programs that are unique to Canada and foster valuable skills that complement the learning experience – including the Expanding Horizons workshop series, with sessions on writing grants, conflict resolution, stress management, teaching and thesis writing.

NEW GRADUATE PROGRAMS 2008-09:
• PhD in Law
• MN (Nurse Practitioner)
• PhD in Nursing

PLANNED NEW PROGRAMS 2009-10:
• MA in Gender Studies
• MA and PhD in Cultural Studies
• MA in Global Development Studies
• Master of Education in Aboriginal and World Indigenous Educational Studies
• Masters in Engineering Education
• Masters of Public Health
• Joint Juris Doctor (JD)/Master of Arts (Economics)
GOING GLOBAL

The School of Graduate Studies believes that international students are vital to the success of our programs, and to increasing the diversity of our school from both a student and faculty perspective. International students studying at Queens on a student visa represent 17% of graduate full-time enrolment compared to 14.8% in 2006.

A new International Tuition Award, designed to attract a truly diverse intellectual community, has been tremendously successful, particularly in the science, engineering, technology and mathematics graduate programs. We also continue to explore and support the development of exchange opportunities to broaden the depth and breadth of our students’ education.

FTE GRADUATE ENROLMENT AS A PERCENTAGE OF FTE ENROLMENT 2007-08

Source: See page 103

FULL-TIME GRADUATE ENROLMENT

Source: See page 103
OUR FACULTY AND THE LEARNING ENVIRONMENT
The members of Queen's faculty are educators, mentors, and world experts in their disciplines. Recruited from some of the most prestigious institutions in the world, these professionals open up new worlds of thinking for our communities, and offer both the inspiration and motivation students need to grow and thrive.

The impact of our faculty’s expertise, however, extends far beyond the classroom. Queen's faculty are experts for the media, facilitators for national and international debates, and advisors to all levels of government.

**John Smol** Department of Biology and School of Environmental Studies, was named 2008 Environmental Scientist of the Year by the Royal Canadian Geographical Society and is regularly asked to comment on the Canadian Environmental Protection Act.

**Tom Courchene** Jointly appointed to the Department of Economics and Director of the Institute of Government Relations, Dr. Courchene is the author of 250 books and articles on Canadian policy issues, including financial deregulation, the political economy of Canadian federalism, and comparative federal systems.

**Art McDonald** Department of Physics and Director of the Queen’s-led Sudbury Neutrino Observatory (SNO) Institute, was named Officer of the Order of Canada and received the Benjamin Franklin Medal in Physics.

**David Walker** Dean of the Faculty of Health Sciences, was appointed as inaugural chair of the Board of the Ontario Agency for Health Protection and Promotion, and is considered an expert on a range of Canadian health issues.

**Nick Bala** Faculty of Law, is regularly asked to comment to national media on various aspects of the Youth Criminal Justice Act and is involved with the National Judicial Institute in judicial education planning and programming on child witness issues and high conflict divorces and domestic violence issues.

**Tom Axworthy** Chair of the Centre for the Study of Democracy, provides regular media commentary on issues such as the democratic deficit, accountability in parliament, ethics in the public sector and international responsibilities.

**Geoff Hodgetts** Family Medicine, has been appointed as the Senior Health Advisor to the Canadian government’s Afghanistan Task Force, providing expertise for post-war health care models.

**Annette Hayward** Faculty member in the French Studies department at Queen’s, won a 2007 Governor General’s Award Literary Award for Non Fiction for her work: *La querelle du régionalisme au Québec (1904-1931) : Vers l’autonomisation de la littérature québécoise*. The Jury commented: “With a sober and elegant style, the author combines fine analysis, methodological rigour and a conscientious treatment of documentary sources.”
INTERNATIONAL INITIATIVES – QUEEN’S AROUND THE WORLD

International initiatives bring new ideas to campus and contribute to the knowledge of our partner institutions. They increase our collective intellectual capital and inspire groundbreaking collaborations.

Queens international strategy aims to attract the best in the world: bright undergraduates and graduates, researchers and educators who bring a new level of diversity and knowledge to every field of study. In turn, Queens students and faculty share their perspectives with classmates and colleagues in more than 160 partner institutions worldwide.

Now, more than ever, Queens is prepared to provide a truly global experience for students and faculty – from international study opportunities for both Canadian and foreign students, to research collaborations and service contributions, to recruitment of faculty and students from all corners of our world.

QUEEN’S – CHINA PARTNERSHIPS STRENGTHENED WITH NEW OFFICE IN SHANGHAI

With the emergence of China as one of the world’s top economic powers, Queen’s students, faculty and administration increasingly recognize the need to develop their knowledge of China and to engage in research and teaching collaboration with Chinese partners.

In 2007, Queen’s opened a China Liaison Office (CLO) in Shanghai and appointed its first China Liaison Officer, Dr. Zhiyao Zhang. The Office is physically located on the campus of Fudan University, a strategic partner university of Queen’s since 2000. In collaboration with relevant Queen’s units, this Office acts as the University’s bureau in Shanghai and China, both in established relationships with Fudan University and other Chinese universities and organizations, and in developing new contacts and relationships with other institutions in China.

The CLO was officially opened at a November 2007 ceremony in Shanghai, held in conjunction with a visit by a Queen’s delegation, headed by John Dixon, Associate Vice-Principal (Academic & International). During the visit, Dr. Dixon also signed renewed agreements with Fudan, covering faculty visits, student exchanges, specialized study-abroad programs and joint research.

Through an exchange agreement with Fudan, Queen’s students are able to take courses, taught in English, in a broad range of disciplines at Fudan, living for a term in one of the world’s most modern and dynamic cities. Similarly, Fudan students may study at Queen’s, taking courses in the faculties of Arts and Science, Applied Science, Business and Law, as well as in many graduate programs.

There are many other forms of cooperation and exchange between Fudan and Queen’s, including the Global Development Studies (DEV) semester in Shanghai and the School of Policy Studies Spring Term in Shanghai. The two institutions regularly exchange faculty for the purposes of short-term visiting lectureships and longer-term research visits. Areas of research pursued by Queen’s investigators at Fudan include subjects as diverse as water quality, biodiversity, modern Chinese history and Taoism and the environment.
THE CENTRE FOR TEACHING AND LEARNING

The phrase “university lecture” typically conjures up an image of a large hall dominated by rows of chairs facing a blackboard and a professor intoning words of wisdom to students. But today, just as the chalkboard now shares space with a data projector, so too have learning styles evolved to meet the changing needs of students and the skills they require to succeed in the world. At Queen’s, the Centre for Teaching and Learning meets the challenge of educating students by providing key resources to support those who teach them.

Initially funded in part by students, the Queen’s Centre for Teaching and Learning offers a range of workshops, courses, personal consultations and departmental development activities to the campus community. In 2007/08, over 1000 educators benefited from the Centre’s services.

The Centre’s strategy focuses on building community, encouraging good practice, providing leadership and fostering the scholarship of teaching and learning. “Today’s diverse student body and the way they learn means that educators need to develop alternative teaching styles based on how their students learn,” says Director Joy Mighty. “We’re here to help.” Along with attending various seminars and workshops, faculty members can ask Centre staff to observe lectures, survey students or access publications on teaching methods and tools from the resource library.

The Centre has recently augmented its offerings to Teaching Assistants, who benefit from advanced instruction in subjects such as leading labs and tutorials, lecturing and presentation skills, and settings and marking assignments. These workshops and presentations provide these young professionals with valuable skills while enhancing their value to students and faculty.

Dr. Mighty notes that today’s educator must be able to adapt in order to take advantage of new and changing pedagogical approaches. “Queen’s has a reputation for teaching excellence,” she says. “It’s our goal to continue that tradition by offering our faculty the tools they need to help them and students succeed.”

DR JOY MIGHTY, DIRECTOR OF THE CENTRE FOR TEACHING AND LEARNING, PROFESSOR, SCHOOL OF BUSINESS

With over 30 years of practical experience, Dr Mighty’s academic and professional background spans several countries and levels of education.

An award winning teacher, Dr Mighty has taught at high schools in Guyana and Jamaica and was a co-founder of the Sam Sharpe Teachers’ College in Montego Bay, Jamaica. She has also worked in various teaching and administrative capacities at the post-secondary level in Egypt, Trinidad and Tobago and the USA.

Dr Mighty is a recipient of the Association of Atlantic Universities Distinguished Service Award for exemplary service and professional leadership to the Coordinating Committee on Faculty Development, and the 2004 Emerald Literati Award of Excellence for best article published in the Journal of Management Development. She is also the President of the Society for Teaching and Learning in Higher Education (STLHE) and represents Canada on the Council of the International Consortium for Educational Development (ICED).
CHANCELLOR CHARLES A. BAILLIE

Chancellor A. Charles Baillie Teaching Award
Established in 2003 through gifts from the Toronto Dominion Bank and Chancellor Baillie, twelfth Chancellor of Queen's University, the award recognizes undergraduate or graduate teaching that has had an outstanding influence on the quality of student learning at Queen's University. It is awarded annually for activities that lead to improved learning, including curriculum development, educational leadership, design and delivery of out-of-classroom educational experiences, or classroom teaching and supervision. Recipients for this award are nominated and selected by peers. The 2007 winner was Ron Eastal (Anatomy and Cell Biology).

The Baillie Awards for Excellence in Secondary School Teaching
Established in March 2007 through gifts from A. Charles Baillie, the Baillie Awards for Excellence in Secondary School Teaching enable students graduating from the University to honor educators who, during their students’ high school careers, exercised upon the students a decisive and formative influence and set them upon a course to attend Queen's and eventually graduate. These awards are granted annually. Recipients of this award are nominated and selected by a committee. The 2008 recipients of the award include: Krishna Burra of LaSalle Secondary School in Kingston, Ontario; Karen Dick of Westdale Secondary School in Hamilton, Ontario; Georgia Rosalle of Markham District High School in Markham, Ontario; and, Jennifer Ryan of Cole Harbour District High School in Dartmouth, Nova Scotia.
DIVERSITY: FACING CHALLENGES TOGETHER AND STANDING UP FOR CHANGE

In November 2007, a faculty member was forced from a campus sidewalk and subjected to racial taunts by four students. The incident shocked and outraged the campus community – and spurred faculty to organize an anti-racism rally on campus that brought 700 community members together to demonstrate against such actions.

Joy Mighty, director of the Queen’s Centre for Teaching and Learning, was impressed by the diversity of the support, which included Queen’s and Kingston community members of all ages and racial backgrounds. “Clearly, the strength and diversity of the support suggest that many people are willing to take a stand, to act to stop racism,” she said. “It is not the responsibility of any single group.”

Last November, the University also appointed its first diversity advisor – Dr. Barrington Walker – with a mandate to serve as a catalyst for broader discussion on issues of inclusion and diversity, and to provide guidance in raising the profile of academic diversity initiatives at Queen’s. His role involves raising awareness of the issues, promoting research and promoting the recruitment of faculty and staff to increase the diversity of the campus.

“What makes this appointment distinctive and promising for Queen’s is its academic emphasis, which addresses human and ethical concerns surrounding race and ethnicity from the perspective of informed scholarship,” says Vice-Principal Academic Patrick Deane.

Dr. Walker notes that building on the intellectual capital of the University naturally creates a more diverse environment. “We are interested in promoting intellectual diversity at all levels – student, staff and faculty – and ensuring that all members of our community feel comfortable in our campus environment,” he says. Dr. Walker will also help various faculties develop a more diverse range of curriculum, and language courses that increase understanding of the world around us. And, outside the classroom, Dr. Walker hopes that his office will serve as a catalyst for action. “We interact, collaborate and compete globally,” he says. “Now is the time for us to understand what diversity means to us, and use this knowledge to grow as an institution.”

DR. BARRINGTON WALKER, ASSOCIATE PROFESSOR, DEPARTMENT OF HISTORY AND DIVERSITY ADVISOR TO THE VICE-PRINCIPAL (ACADEMIC)

Dr. Walker teaches and conducts research in the area of Black Canadian history, the histories of race and immigration in Canada and Black masculinities. He is completing a book called Black Felons: Race, Nationhood and the Law in Ontario’s Criminal Courts 1850-1950 and is working on a history of a Black Civil Rights organization established in Canada from 1969-1985.
OUR FACULTY AND RESEARCH
OUR FACULTY AND RESEARCH

The future depends on those who respond to our changing world with inquiry that reaches beyond our immediate needs.

As one of Canada’s top research-intensive universities, Queen’s has a passion to investigate theories that may someday become reality. Queen’s researchers are at the forefront of practically every research discipline – from pioneering discoveries in cancer to evolutionary insight into the properties of neutrinos and the core of the sun.

Our researchers are explorers, dedicated to pushing past the boundaries of labs and classrooms and into the reality of everyday lives. We are determined to continue transforming research into practical application – and in doing so, influence real change in our world.

RESEARCH HIGHLIGHTS

- Research funding in 2007-08 at Queen’s was $180 million (before deferrals) versus $188 million in 2006-07
- Queen’s ranked 7th in research intensity out of the top 50 research universities in Canada
- Queen’s ranked 3rd in NSERC/CIHR funding and 9th in SSHRC funding
- Seven faculty members received Early Researcher awards
- Queen’s had four first-time and eight renewal Canada Research Chair applications approved
- Queen’s tops all universities in the number of national research awards per full-time faculty

Dr. Troy Day – An expert in modeling the transmission and evolution of infectious diseases such as SARS and avian flu, Dr. Day is one of six outstanding Canadian university researchers to receive a 2008 E.W.R. Steacie Memorial Fellowship from the Natural Sciences and Engineering Research Council (NSERC).

Larry O’Farrell – Professor in Drama Education, was awarded the first UNESCO Chair in Arts and Learning for an international research and development project on e-learning for teacher education in drama and theatre education.

Dr. Jonathan Crush – South African Research Centre, was one of four successful applicants in the CIDA-funded Tier One University Partners in Cooperation and Development competition for his work surrounding HIV/AIDS and its impact on food security in African cities.

Dr. David Lyon – Sociology, received $2.5-million for a collaborative research project based at Queen’s called “The New Transparency: Surveillance and Social Sorting” from the Social Sciences and Humanities Research Council of Canada (SSHRC). This Queen’s initiative will focus on the role of technology companies in fostering surveillance.
RATIO OF KILLAM FELLOWSHIPS (1968-2008) TO FACULTY 2005-07

- Queen's
- Toronto
- Montreal
- McGill
- UBC
- Ottawa
- Waterloo
- McMaster
- Laval
- Manitoba
- Dalhousie
- Western
- Calgary
- Saskatchewan
- Sherbrooke
- Alberta
- Guelph

*excludes medical faculty

Share of awards equals share of faculty numbers

Source A.H
See page 103

RATIO OF STEACIE FELLOWSHIPS (1964-2008) TO FACULTY 2005-07

- Toronto
- Queen's
- Alberta
- UBC
- Dalhousie
- McGill
- McMaster
- Waterloo
- Ottawa
- Saskatchewan
- Sherbrooke
- Laval
- Guelph
- Montreal
- Calgary
- Western
- Manitoba

*excludes medical faculty

Share of awards equals share of faculty numbers

Source E.H
See page 103
ONTARIO RESEARCH FUND – CHAMPIONING DISCOVERY

On January 18, 2008, the Honourable John Wilkinson, MPP, Minister of Research and Innovation, and the Honourable John Gerretsen, MPP, Minister of the Environment, visited Queen's University to publicly announce two Queen's recipients of Ontario Research Fund — Research Excellence funding.

SNOLAB AWARDED $18 MILLION

An award of $18 million over 5 years was presented to Dr. Anthony Noble, SNOLAB Director, for ongoing research at the world’s deepest scientific laboratory, located two kilometres below the surface near Sudbury, Ontario. In presenting the award, Minister Wilkinson referred to the team’s work as “globally significant”.

The Sudbury Neutrino Observatory (SNO) was expanded to create SNOLAB, the deepest radioactivity laboratory in the world. Here, the Queen’s SNOLAB team and their international colleagues are searching for dark matter, as well as making other measurements to probe the nature of fundamental particles and provide further insight into their roles in the formation and structure of the universe. This includes studies of the elusive neutrinos, the smallest known particles in existence, and the potential discovery of a new class of matter through the observation of dark matter particles.

COOLING THE PLANET WITH COOLER COMPUTERS

Our ever-increasing demand for electricity has put pressure not only on the world’s economy, but on the fragile ecological balance of the world itself.

Queen’s University researcher Dr. Praveen Jain, a world leader in the advancement of high frequency power conversion technology, was recently awarded a $5.5 million Ontario Research fund grant to study greenhouse gas emission-free and energy efficient power technology for information systems.

Dr. Jain’s advancements have the potential to save billions of dollars worth of electrical power in North America, with changes in electrical efficiency that may in turn reduce greenhouse gas emissions by about 30 million tons a year.

In 2007, two Queen’s faculty were elected to the Royal Society of Canada, the nation’s oldest and most prestigious scholarly organization:

Dr. Robert Kisilevsky has designed agents and drugs used in the treatment of Alzheimer’s disease and atherosclerosis, and was recognized by the Society’s Division of Life Sciences for his accomplishments within the Departments of Pathology and Molecular Medicine and Biochemistry.

Dr. Istvan Anhalt is one of Canada’s best known classical composers, and has guided the education of several distinguished Canadian musicians and musical scholars. Named an Officer of the Order of Canada in 2003, he was honoured with the Juno Award for Best Classical Composition of 2004.
**Canada's Top 10 Research Universities 2006**

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**Queen's Research Patents, Licenses and Royalties 1990-2008**

- **Licensing and royalties**
- **Cumulative patents**

Source: F, G
See page 103
INNOVATION PARK AT QUEEN’S UNIVERSITY

A new approach to research and development is expected to put Queen’s, Kingston and Ontario at the forefront of global research, innovation and business development. Innovation Park at Queen’s, made possible by a $21 million grant from the Ontario government, brings academics, industry engineers and scientists together under one roof, combining their creative energies and fostering an environment of discovery that accelerates and supports the growth of new businesses, particularly in the biotechnology sector.

The technology park, initially guided by Queen’s former principal Karen Hitchcock, was created through a partnership between Queen’s and Novelis Inc., the industrial anchor for the facility. In addition to Novelis, a number of leading edge organizations are now collaborating within the new space, including Alcan, Queen’s-RMC Fuel Cell Research Centre, Kingston Process Metallurgy, and PARTEQ Innovations Inc., the University’s technology transfer arm.

The University is leasing close to 85,000 square feet of the Novelis R&D facilities to accommodate small and medium-size companies with a research focus. Tenants will have access to intellectual resources, quality R&D facilities, highly specialized equipment, business incubation suites and a variety of technological, entrepreneurial and commercialization services.

As part of its future development, Innovation Park at Queen’s University will be transformed into a Canadian landmark that incorporates a work-live-play concept as a specific development strategy. Queen’s has purchased 50 acres of land specifically zoned for industrial use, including research and experimental activities, and will develop the green space using LEED standards.

WINNER OF HIGH SCHOOL INNOVATION CONTEST TO JOIN INNOVATION PARK TEAM

In May 2008, Innovation Park invited local area high school students to express their thoughts on the meaning of innovation with the chance of winning a cash prize and a life-changing summer job experience. Jake Mitchell, a 17-year-old student at Napanee District Secondary School, was awarded the coveted first prize.

Mr. Mitchell is an award-winning honour roll student, but what set him apart from other candidates is his passion for developing innovative alternative energy sources. As a member of the NDSS Solar Stirling Group, Jake and his classmates logged hundreds of after-school hours building prototype and full-scale solar-powered engines.

As the first-place winner of Innovation Experience, Jake received a $500 cash prize from KEDCO and joined the Innovation Park team as a paid summer employee.

“It is impressive to see that the Kingston area has such a vibrant group of innovative young minds,” says Queen’s Vice-Principal (Research) Kerry Rowe. “These students are the innovators of our future, and we feel truly fortunate that we are able to engage with them.”
BENCH TO BEDSIDE

The ideal health care structure has often been described as one seamless path from scientific discovery to treatments for disease – perhaps best characterized in the phrase “bench to bedside”. At Queen’s, that ideal world is the goal behind the working environment at the Gastrointestinal Disease Research Unit (GIDRU), a leading-edge facility that offers the best of all worlds to clinician scientists and their patients, and provides a true example of the transformation of research into practice.

The GIDRU brings together members from a diverse multidisciplinary group that includes Medicine, Surgery, Pathology, Anatomy and Cell Biology, Biochemistry, and Immunology, with researchers and clinicians working in tandem towards treatments for gastrointestinal disease. Members meet weekly, drawing from each other’s knowledge to develop new theories and new therapies. The group is supported by state of the art facilities, featuring 10,000 sq. ft. of laboratory space, meeting rooms and an impressive array of technology for molecular biology and tissue culture, including an ion imaging/electrophysiology laboratory and confocal microscopy.

“It’s an attractive environment for professionals seeking an innovative and collaborative environment,” says Director Dr. Stephen Vanner, who was recently awarded the 2008 Canadian Association of Gastroenterology Research Excellence Award. GIDRU has recruited five new top clinician scientists in the past five years – and was recently awarded a major grant from the Canadian Institutes of Health Research to develop a training program in Digestive Sciences for Master’s and Ph.D. students, as well as clinical and post-doctoral fellows in digestive diseases research. “We’re excited by our progress, but looking to add even greater capacity for transitional knowledge,” says Dr. Vanner. “Together, we can truly bring the lab bench to the bedside – and turn discovery into reality.”

QUEEN’S-RMC FUEL CELL RESEARCH CENTRE – ONTARIO CENTRE OF EXCELLENCE

The Queen’s-RMC Fuel Cell Research Centre (FCRC) is Canada’s leading university-based research and development organization in partnership with industry, dedicated to advancing the knowledge base for addressing the key technology challenges to the adoption of fuel cell applications.

Under the assistance of the FCRC, the Queen’s University Fuel Cell Design Team (QFCT) exists to promote hands-on engineering work in planning and design of fuel cell technologies. The team is multi-disciplinary, incorporating many aspects of engineering into outfitting various current technologies with a fuel cell as its primary power.

Currently, the team is working on the development and demonstration of a new, highly efficient distributed generation technology. In 2007, the Fuel Cell Research Centre team visited the International Institutes of Technology in Mumbai and Delhi, India, and the SRM institute for Science and Technology in Chennai, India. They also joined the Government of Canada Science and Technology Mission to China to discuss alternative energy.
PA RT EQ Innovations was founded by Queens University at Kingston, Ontario, Canada in 1987 to commercialize intellectual property (e.g. inventions) arising from university-generated research. A not-for-profit organization, PA RT EQ provides Queens researchers with the business and financial expertise that is needed to advance their discoveries to the public, while returning the proceeds from those activities to researchers and the University. Since 1987, PA RT EQ has been instrumental in the formation of 41 spinoff companies. These companies have attracted more than $800 million in investment and created more than 700 jobs.

N ORTH AMER ICA N H O M E S A ND BUS IN E SSE S A R E A LL FIRED UP A BO UT QUEEN’S-GENERATED SOLAR TECHNOLOGY

From Canada’s most energy-efficient housing development to the largest solar thermal installation in Illinois, solar hot water heating technology developed at Queens University is firing up new home construction and commercial conversions across North America.

The patented solar thermal system will provide more than 50 per cent of the hot water needs of the EcoLogic subdivision in Newmarket, Ontario. The 34-home development aims to become Canada’s first residential development where every home achieves Platinum certification, the highest level under the U.S. LEED (Leadership in Energy and Environmental Design) program.

Canada’s first platinum-certified LEED home in Guelph, Ontario, was constructed last year using the solar-thermal system, which also powers 52 homes in Drake Landing, North America’s largest solar-heated subdivision, in Okotoks, Alberta.

QUEEN’S SPINOFF RECEIVES FEDERAL FUNDING FOR CLEAN WATER TECHNOLOGY

Pathogen Detection Systems, Inc., a Kingston company based on technology discovered at Queens University, received approval for $2.4 million from Sustainable Development Technology Canada for refinement, validation and testing of its rapid, automated bacteria detection technology for water systems. The three-year funding will enable PDS to integrate its high-speed microbiological water monitoring technology with sophisticated water treatment optimization software developed by co-applicant Hydromantis, and then pilot the system on selected municipal water systems. The project is expected to reduce energy consumption, decrease toxic water treatment by-products and enhance public health.

QUEEN’S DISCOVERY JOINS LIST OF CANADA’S CHEMICAL BREAKTHROUGHS OF THE PAST 100 YEARS

Research into a “green” chemical method for separating oil and water by Dr. Philip Jessop of Queens University’s Department of Chemistry and his research team has been highlighted by the Canadian Chemical News as one of the “Canadian Chemical Discoveries” of the past 100 years.

Dr. Jessop’s reversible method of separating oil and water uses carbon dioxide and air to quickly activate or de-activate the emulsion process. This method has potential as an environmentally safe alternative to existing oil recovery and manufacturing processes, which produce large quantities of toxic byproducts.
OUR PEOPLE
OUR PEOPLE

Queen’s staff are the foundation of our community of learning and growth. They are the librarians who help students find the best resource materials, the technical specialists working to keep us connected to the world, the administrators who skillfully manage day to day operations, the maintenance staff who ensure that buildings are open and clean.

Queen’s is committed to being an employer of choice, with an engaged and supportive community of learning where people can fully realize their professional and academic aspirations. In order to fulfill this mandate, we continue to develop programs to support personal and professional growth, and to nurture a working environment that emphasizes health and well-being.

DEVELOPING LEADERS FOR OUR FUTURE

The new Queen’s Executive Development program is designed to provide senior managers at the University with the leadership skills essential to achieving the institution’s strategic goals. With four modules, the program is offered over 18 months and accepts a maximum of 30 applicants per session.

The program is a first step in meeting the challenge of human resource planning through the development of a potential cadre of future strategic leaders. It provides participants with the opportunity to build internal networks, which will help foster long-standing relationships between senior staff across the institution, and positions them to be part of a key group of individuals who can act as role models and change agents for the leadership capabilities required for the University.
A HEALTHYU

Workplace wellness is critical for any organization. With more than 4,000 employees representing various occupations and faculties around campus, Queens works hard to offer a range of wellness resources, including access to fitness facilities, libraries, chaplain’s services, and a range of environmental health and safety seminars.

Employees can learn about weight training through our “lift through lunch” program, earn their certification in First Aid and CPR or hear about the benefits of meditation at employee wellness seminars. A new interactive website, filled with monthly health tips, articles, links, and updates about initiatives from around Campus, provides general information about work/life balance, as well as nutritional tips and tools.

A LASTING TRIBUTE TO STAFF EXCELLENCE

Current and past winners of the Special Recognition for Staff Award were on hand for the official unveiling of the Staff Wall of Honour in Mackintosh-Corry Hall. The plaque is a permanent tribute to all who have won the award since its inception in 1991, and will eventually be relocated to the Queen’s Centre.

GIVING BACK TO OUR COMMUNITY

Once again, the Queen’s community reached deep to help those most in need. The 2007 Queen’s University United Way campaign raised a record $317,583 – the largest workplace campaign in Kingston, Frontenac, Lennox & Addington, and above the target of $295,000.

Queen’s was honoured to receive a Team Spirit award from the United Way, as well as the $100K award, and looks forward to an even more successful campaign in 2008.

SHARING OUR EXPERTISE

The first-ever Queen’s MiniU took place May 23-25, 2008 and was a resounding success. More than 230 participants, including alumni, community members, faculty members, staff presenters and volunteers (including many students), enjoyed a sunny, spring weekend on campus and experienced amazing lectures, labs, tours and interactive sessions on a range of topics – from film studies to paleoecological research. Planning is already underway for MiniU 2009.
COMMUNITY APPEAL

In 2007/08, 678 of Queen’s faculty, staff and retirees raised more than $160,000 through this year’s Campus Community Appeal, entitled “Did You Know?”. The campaign urged campus community members to make contributions that build on the University’s capacity for learning and discovery. These donations to the Annual Fund support the most urgent, on-going needs of the University, such as student assistance, technology upgrades, robust student services, and library acquisition.

Through this campaign and the many other university-wide fundraising efforts and initiatives that took place last year, 698 faculty, staff and retirees donated more than $600,000 to Queen’s.

A RECORD YEAR IN FUNDRAISING

The generous spirit of our donors shone through this year, allowing Queen’s to celebrate a record amount raised of $64 million. Of this total amount, $42.9 million were designated “major gifts”, $11.4 million came from Planned Gifts, $6.7 million from the Annual Giving programs, and $3 million from partnership revenue.

Looking ahead, the Office of Advancement aims to address its top priorities of Partnership, Engagement, Reputation, and Campaign. Each one of these priorities, along with a goal to recruit and retain fundraising and development professionals, will steer the Office of Advancement in the direction of a public launch of the Campaign beginning in 2010.
OUR CAMPUS ENVIRONMENT
OUR CAMPUS ENVIRONMENT

Established 26 years before Canadian confederation, Queen's has helped shape Canadian values and policies, educating many of the country’s most notable political and cultural figures.

Our traditions and standards are timeless – but in order to maintain our global reputation for excellence, we must constantly renew ourselves – as students, as educators, and as a campus.

It is in this spirit of renewal that we embark upon a number of revitalization projects on campus – endeavours that match the spirit and enthusiasm of the campus community, and prepare us for a future as grand as our past.

BUILDING FOR THE NEXT TOMORROW

Queen's has embarked on an ambitious path of strategic growth and redevelopment. As an historic institution within an urban setting, the campus must be proactive in both procuring new space for growing programs, and in upgrading older buildings to meet technological and accessibility demands for today and the future.

The current renewal of the campus is an important moment in time for Queen's, observes Associate Vice-Principal Facilities Ann Browne. “Although it may sometimes feel as though we are living in a construction zone,” she says, “we are really living in one of the most transformational moments of Queen's history.”

Along with the Queen's Centre, the largest capital project in Canadian university history, Queen's is currently revitalizing University Avenue and redeveloping Tindall Field, one of the most active sports fields at the University. It makes for a busy campus: at the Queen's Centre alone, there are over 130 workers on site – a number that will rise to 400+ in the spring of 2009.

But that’s just this year: Browne and her team are also strategically planning for a number of upcoming projects, including the development of a new Performing Arts Centre, the planning of a new building for the School of Medicine, and the expansion of Goodes Hall for the School of Business.

One of the largest challenges, notes Browne, is balancing the architect’s dream with the expectations of the campus community and the realities of rising inflation, construction costs and inevitable delays. “It’s our job to question everything as the project progresses, managing and monitoring each stage of development,” she says.

It’s most important that the University continue to revitalize its facilities so that faculty, staff and students can thrive and succeed in our rapidly changing and highly competitive world. “We have some of the finest students and faculty in the world,” says Browne. “They deserve campus facilities that can fully support their abilities, goals and dreams.”

ANN BROWNE, ASSOCIATE VICE-PRINCIPAL (FACILITIES)
Ann Browne has 20 years of experience in the real estate industry, including senior management roles with Nexacor Realty Management, Merrill Lynch Canada, CIBC, and Smartcentres. As Vice-President for Corporate Real Estate with CIBC, Ann was responsible for the management and associated services for all retail and office space throughout Canada and the U.S. This included the construction of the U.S. headquarters for CIBC in New York (over $US230M).
WHERE MIND, BODY AND SPIRIT COME TOGETHER

The Queen’s Centre is a modern, multi-purpose complex that integrates academics, athletics, student and community activities. Every aspect of the Queen’s Centre was designed to develop the mind, body and spirit of the people who use it. The Queen’s Centre is an investment in our distinct learning environment and a legacy to the next generation of students. It represents one of the largest capital projects undertaken by any Canadian university. Phase I – which includes a new aquatic centre, varsity gymnasiums and fitness and weight centre, as well as the School of Kinesiology and Health Studies – is scheduled for completion in fall 2009.

TINDALL FIELD

Currently the most heavily used sports field at Queen’s, Tindall Field is being upgraded to artificial turf to maximize its use in the fall, spring and summer and extend the time frame for outdoor field use considerably. A new 3-lane rubberized recreational jogging track, bench areas for participants, and spectator viewing areas built into the landscape will complete this exciting new sports destination. Tindall Field is expected to celebrate its grand opening during Homecoming 2008.

TECHNOLOGY

Now, more than any time in our past, technology plays a key role in education. Queen’s has responded to the challenge by developing key strategies to provide our campus community with optimal tools for learning:

Emerging Technology Centre: The ETC functions as an evaluation, research and development space for emerging technologies. It provides a showcase of multimedia resources for the Queen’s community, and assists faculty, staff and students in adopting new technologies.

Adaptive Technology Centre: Located within the main library at Queen’s, the Adaptive Technology Centre contains equipment and software that enable students with disabilities to access library and course materials, including screen reading software, tactile image enhancers, software for students with learning disabilities and Braille printers.

Wired classrooms: Queen’s now has 132 electronic classrooms featuring network-based remote management and access to leading-edge teaching resources for faculty and students.

ALFRED BADER

Thanks to the generosity of Drs. Alfred and Isabel Bader, The Agnes Etherington Art Centre was thrilled to announce the acquisition of its second painting by the celebrated 17th century Dutch artist Rembrandt Harmensz van Rijn (1606-1669). This remarkable new gift, with a value of $16 million (US), joins an earlier donation by the Baders of a Rembrandt to the Art Centre. The Queen’s University gallery now holds two of Canada’s six Rembrandts.
LOOKING AHEAD
Today, as always, we remain faithful to the motto found on the Queen's crest: *Sapienta et Doctrina Stabilitas* – Wisdom and Knowledge Shall be the Strength of Thy Times

**EVOLVING IN A CHANGING LANDSCAPE**

Queens will continue to seek out the best students, faculty and staff in order to preserve and enhance our reputation as one of Canada's leading universities. To do so, we will need to maintain a careful focus on a quality learning experience.

Our students need and deserve a learning environment that allows them to work closely with their teachers and with each other. Queens will continue to increase accessibility, while seeking student-faculty collaborations that ensure an optimal educational experience.

Our programs are evolving in step with societal needs – and while we have earned a reputation for excellence in many fields of study, we constantly seek out new ideas to provide our students with the education they need to succeed. We are particularly focused on developing programs for global impact, such as studies in Bioeconomy and Public Health.

**RESEARCH**

Along with the development of Innovation Park, Queens is pleased to be part of many new national and international collaborations that further valuable research.

**PREVNet:** Promoting Relationships and Eliminating Violence Network, is a trans-disciplinary initiative funded by the Networks of Centres of Excellence New Initiatives Program and co-directed by Queen's University Psychology Professor Wendy Craig. This project will bring together researchers, nongovernmental organizations, and governments as partners to reduce aggression and promote healthy relationships of Canadian children and youth.

**PARTEQ in China:** An unusual sales pitch has generated a unique collaboration between Queen's University’s technology transfer office and two major Beijing innovation centres. Under the agreement, PARTEQ Innovations will find and commercialize promising Chinese technologies for North American markets. The agreement represents a different approach for China, which is primarily focused on commercializing its technologies for domestic markets, and may well represent a North American first in technology transfer.
BUILDING THE FOUNDATIONS FOR THE FUTURE

The development of the Queens Centre will continue to remain a key focus of our campus revitalization plans over the next number of years. We are also excited by a number of other projects that will strengthen our quality learning environment:

**New Medical building:** A new building for Queens Medical School offers the opportunity to fully integrate modern teaching methods, technology and cross-disciplinary practices into our curriculum. We are grateful to the late Dr. Howard Justus, a Queens grad (Meds ’28) and General Practitioner in Winchester, who left Queens in excess of seven million dollars. This wonderfully generous gift, together with another three million dollars from various other sources has formed the basis of our fundraising initiatives for this important project.

**Performing Arts Centre and Future Arts Campus:** A new performing arts centre that will include a concert hall, a theatre, and other academic and performance space has been made possible thanks to the generosity of Queens benefactors Drs. Alfred and Isabel Bader. The complex will bring enormous programmatic value to the departments of Music, Drama, and Film Studies — and the architectural scale and overall presence of the centre will bring significant value to the city and the country.

A sense of an arts village (such as the distillery district in Toronto and Granville Island in Vancouver) will stimulate a constant ‘livability’ on the site with the integration of community artisans, university students and public audiences using the site from morning to night, creating a unique arts campus with educational programming and living, breathing arts experiences shared with the community.

**School of Business expansion:** The expansion of Goodes Hall provides vital space to significantly accommodate increasing enrolments, allowing Queens to meet provincial and national demand. It will also help us attract the high-calibre faculty required to support a stimulating learning environment and provide an optimal forum to deliver an educational experience that meets the global reach required of our students.

More than ever, wisdom and knowledge are indeed the strength of our times. Our core mission – to expand the intellectual horizons of students in an environment of discovery, freedom of inquiry and sensitivity to the needs of society – reflects our adherence to our motto, and sets a true course for growth on our campus, our community and our nation. We remain guided by our strong traditions, excited by today’s evolution, and ready to meet our future.
THE FINANCIAL YEAR 2007-08 IN REVIEW
(May 1, 2007 to April 30, 2008)

FINANCIAL HIGHLIGHTS

TOTAL UNIVERSITY REVENUE BY SOURCE
$780 MILLION (2006-07 – $733 MILLION)

Total University revenue increased by $46.7 million (6.4%) to $780 million compared to 2006-07. The major revenue increases were in Grants and Contracts ($25.5 million), Donations ($11.7 million) and Tuition Fees ($6.1 million). Investment Income declined during the year ($7.5 million). Grants and contracts of $434 million represent 56% of the University’s total sources of revenue. Grants provide financial support and often have some restrictions attached. Included are government operating grants of $150 million, Health Sciences grants of $127 million and Research grants of $156 million. Contracts provide financial support subject to stipulations and conditions, such as the provision of a deliverable product, the provision of a service, or a report. Included are research contracts of $58 million.

(For a comprehensive breakdown, see Appendix 1)

TOTAL UNIVERSITY REVENUE BY BUSINESS SEGMENT
$780 MILLION (2006-07 – $733 MILLION)

Consolidated operations of the University include Operating, Health Sciences, Ancillary Enterprises, Capital, Trust & Endowment, and Research activities.

The University’s Operating activity, for example, accounts for 37% of the University’s total revenue. Operating revenue, totaling $290 million, essentially represents the University’s discretionary cash flow.

(For a comprehensive breakdown, see Appendix 1)
**OPERATING ACTIVITY REVENUE BY SOURCE**

The Operating activity finances the core academic and administrative support activities of the University. Operating activity revenue is primarily composed of provincial government operating grants (48%) and tuition fees (41%).

As can be seen in the chart to the left, provincial government grant support provided the highest proportion of total funding in 1992-93 (see companion chart) at 74% of operating revenue and has steadily been declining as a percentage of total operating funding. The burden of support of the operating activity has been financed primarily by increasing tuition fees, by federal government grants in support of the indirect costs of research and by increased investment income.

**TOTAL UNIVERSITY EXPENSE BY TYPE**

$779 MILLION (2006-07 – $695 MILLION)

Total expenses increased $84.4 million (12.2%) to $779 million as compared to the previous year. Major areas of increase were in Salaries, Clinical Members Fees & Benefits ($47.8 million), Supplies ($19.0 million) and Student Assistance ($4.0 million). Over half (56.7%) of the University’s resources are spent on salaries and benefits which totaled $442 million during 2007-08, an increase of 12.1% over the previous year.

(For a comprehensive breakdown, see Appendix 1.)
MARKET VALUE OF INVESTMENTS

AS AT APRIL 30, 2008
(in millions of dollars – does not include pension assets)

Investments include cash and securities held by Queen's Pooled Endowment Fund, Pooled Investment Fund, and short-term investments.

The market value of the University’s total investments was $865 million, a decrease of $59 million (6.4%) during 2007-08. The decrease in 2007-08 results from difficult market conditions during the year, resulting in a reduction in investment returns. (For more information regarding book and market values, see Note 4.)

PRIVATE GIVING

(in millions of dollars)

Currently, and in the intervening period between official campaigns, various projects which reflect University priorities, and which will be part of the next official campaign, are in the planning and fundraising stages.

Two significant pieces of artwork were added in the 2004-05 year and one significant piece was added in 2006-07. A significant piece of artwork was added to the Queen's collection in 2007-08. The market value has been established at $16 million. This is reflected in the increase in donations as well as an offsetting increase in Artwork, minor equipment and furnishings.
SUMMARY OF ACTUAL RESULTS FOR 2007-08

The audited Financial Statements report on the consolidated activities of Queen's University, the International Study Centre (ISC), PARTEQ, the US Foundation for Queen's, the Crown Foundation, Queen's Centre for Enterprise Development and Queen's proportionate share of the Sudbury Neutrino Observatory Institute. This includes a full year of operating the Cogeneration facility.

The audited Financial Statements provide a consolidated picture of all of Queen's business segments. These business segments include Operating, Health Sciences, Ancillary Enterprises, Capital, Trust, Research and Endowment. Detailed segmented results are provided in Appendix 1.

CONSOLIDATED RESULTS

(Appendix 5 has been included to allow for a comparison of 2008 results with and without financial instrument accounting changes.)

Revenue

Overall, revenues for the University increased by $46.7 million (6.4%) to $780 million compared to 2006-07.

Grants and Contracts increased by $25.5 million resulting from increased funding in Health Sciences and Research combined with lower Provincial Grant funding. The reduction in Provincial Grant funding was due to a decline in the one-time-only grants that had been received at the end of the 2006-07 year.

Donation revenue increased by $11.7 million, mainly as a result of the receipt of a gift of a major piece of artwork. Such gifts are accounted for as donation revenue and an offsetting expense in the year of acquisition.

Tuition revenue increased by $6.1 million which was generated by the approved increase for the year as well as minor growth in enrolment. Ancillary revenue rose by $5.1 million (5.7%) during the year and was distributed across most Ancillary units.

Investment income decreased $7.5 million and was attributable to lower investment returns and a reduction in the unusually high realized capital gains generated in 2006-07 due to investment manager movements that triggered realized capital gains.

Expense

Total expenses for the University increased by $84.4 million (12.2%) to $779 million compared to the prior year.

The largest increase was in Salaries, Clinical Members Fees and Benefits, which collectively increased by $47.8 million (12.1%). A large component of this increase was for compensation increases. Clinical Members Fees increased by $13.3 million, due to increased Alternative Funding Plan (AFP) funding from the Province and was offset with increased revenues. Benefits increased by $6.9 million (14.7%) mostly due to pension contributions for current service and towards retiring the current unfunded liability.

Supplies expense increased by $19.0 million (25.4%) during the year. The most significant portion of the increase ($11.5 million) related to increased spending in the research area to support increased funded research activity ($14.5 million). Health Sciences spending increased ($2.3 million) in relation to increased revenue. Other spending increases in supplies included lower GST recoveries during the year ($1.6 million) and a reduction in exchange rate gains ($0.5 million).

Student assistance increased by $4.0 million as we continue to meet our commitment to student access at the University.

Balance Sheet

University assets increased by $173.9 million (13%) during the year. Investments increased by $110.0 million during the year. The increase was mainly as a result of the adoption of Financial Instruments accounting during the year, as detailed in Note 3 to the Financial Statements. Capital Assets increased by $63.8 million during the year with the increase relating to the significant construction in progress during the year for the Queen's Centre, Tindall Field, University Avenue and other projects.

University liabilities increased by $105.3 million (17.6%) during the year. Deferred revenue increased by $82.8 million, of which $59.2 million was related to unrealized gains on externally restricted endowments as driven by the Financial Instruments accounting change. The balance of the increase was mainly in the Capital fund due to the receipt of Facility Renewal Grants from the government during the year.

University net assets increased by $68.6 million (9.3%) during the year. Investment in capital assets increased by $49.8 million as a result of the construction projects in process and the unrestricted net asset deficit increased by $40.1 million for the amounts funded from internal cash flow for these projects. The endowment component of net assets increased by $54.6 million, of which $20.7 million was related to the change in Financial Instruments accounting.
THE UNIVERSITY received funding from the federal government which supports the indirect costs of research. The distribution of funds to individual universities is based on research awards granted by the Federal tri-council agencies. The University received $9.1 million in 2007-08. This funding represents an investment of approximately 25% of the federal tri-council research grants coming to the University and is used to support the indirect costs associated with that research.

Expenses

A combination of increases in compensation and the number of employees contributed to the salaries increase of 8.2%. Annual salary increase entitlements average 4.5% on an annual basis, staff increases and incremental pension contributions have resulted in the overall increase in total salaries and benefits of $19 million (9.6%).

Supplies have increased in 2007-08 relative to 2006-07 as GST recoveries of $1.6 million in 2006-07 were not repeated in 2007-08.

Health Sciences (See Appendix 1)

The Faculty of Health Sciences received $100 million in 2007-08 under the Alternative Funding Plan (AFP) to support its mission of clinical service, education and research. The AFP is a benchmark agreement between the Ontario Ministry of Health and Long-Term Care, the University, the Clinical Teachers’ Association and three teaching hospitals. An amendment was signed approving additional funding for physicians resulting in an overall increase to revenues as well as salaries and clinical members fees. The University, Clinical Teachers Association and the three teaching hospitals have created the Southeastern Ontario Academic Medical Organization (SEAMO) to govern the AFP. The School of Medicine at Queen’s University was the first medical school in Ontario to be funded on this basis, serving as a model for other universities with teaching hospitals because of its success.

In addition, the Faculty of Health Sciences receives an allocation from University operations ($26.7 million in 2007-08) to fund medical students and students in the Basic Health Sciences (not funded by the AFP).

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1 The tri-council granting agencies are the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC).
Ancillary Enterprises (See Appendix 1)

Ancillaries are associated enterprises of the University (see Appendix 3). A number of these units provide goods and services to the University community and are expected to operate on a break-even basis after covering their full operating costs, including a payment to the University for the provision of administrative services.

Revenue from ancillary enterprises amounted to $97.6 million in 2007-08 ($92.5 million in 2006-07). Apartment and Housing, the Donald Gordon Centre, Parking, Residences, Continuing Education, the ISC and QCED all exceeded breakeven targets.

Overall residence revenues increased due to a combination of increased fees (3.5 – 4.1%) and an increase in students (232). Expenses increased to reflect the additional costs associated with increased students and general inflationary increases. The Donald Gordon Centre also saw increased activity generating additional revenues.

PARTEQ, the University’s technology transfer office, reported a deficiency of revenue over expenses of $1.6 million on licensing revenues of $1.3 million. Expenses include $0.6 million distributed to inventors and $0.2 million returned to the University. Since inception in 1987, PARTEQ has distributed $11 million to inventors and returned $13.9 million to the University. $2.3 million of the $6 million accumulated deficit is due to an agreement with the University between 2000 and 2002 that required 40% of all licensing revenues be returned to the University.

Trust and Endowment (See Appendix 1)

The capital of endowment donations is maintained in perpetuity. The endowment payout policy is designed to protect against inflation. Investment of endowment capital generates revenue in the form of investment income which flows to the Trust fund for spending. The funds usually are designated by the donor for any of a broad variety of expenditures including scholarships, chairs/professorships, visiting lecturers, books, paintings, etc.

Trust revenue comes primarily from endowment income, donations, administrative allowances provided by most research contracts, and miscellaneous sources (e.g. consulting fees, speaker fees, etc.). The money is spent on major one-time expenditures (e.g. laboratory equipment), small continuing needs (e.g. travel), student assistance, faculty salaries (endowed chairs), and library resources.

The market value of the University’s total endowment funds is currently $624.8 million (carrying value of $569.4 million). Within that total, the University’s student assistance endowment, with a market value of $277 million as at April 30, 2008, produces annual income of approximately $12.4 million. The endowment for faculties and departments has a market value of $235 million producing annual income of $10.6 million.

Capital (See Appendix 1)

The University has embarked on its most extensive campus revitalization campaign to date. The Queen’s Centre project is the largest construction project in the history of the University. The budget for the three phases of the project is $230 million. The Board of Trustees has approved $162 million of funding to complete Phase I of the project, an increase of approximately $38 million from the original budget for Phase I, mainly caused by significant escalation of costs in the construction industry and the rise in commodity prices. A significant portion of the overall project is expected to come from fundraising and other philanthropic sources.

There are two significant expansions of car parking that have been approved by the Board of Trustees. These are the Tindall Field Parking Structure ($34.7 million) scheduled to open in the fall of 2008 and the Queen’s Centre Parking Structure ($11.8 million), scheduled to open in the fall of 2009. Both of these structures will be funded from the Parking Ancillary unit through incremental parking fee revenue.

Other projects referred to in Table 1 are generally funded through University sources, fundraising, and government grants where applicable.

Queens and other Canadian universities face substantial costs to maintain and modernize campus infrastructure. The University’s deferred maintenance backlog, currently estimated at approximately $145 million, will escalate rapidly over the coming decade as systems in buildings constructed in the 1960s and 1970s require replacement. The Council of Ontario Universities has lobbied government for improved levels of support to address this need. The University received $8.4 million of Capital Renewal funding in February 2008, and $12.4 million in June 2008.

In addition to these funds received from the government, the University has set aside a deferred maintenance fund of $5.8 million in 2007-08. The deferred maintenance backlog is not reflected in the University’s financial statements, as it is not a liability or commitment for accounting purposes.

Rising energy costs, and the need for a greater focus on conservation, are also significant challenges facing the University. Queens has undertaken a number of initiatives to help deal with rising costs and fluctuation in the energy budget. The new cogeneration facility was commissioned in October 2006 and will reduce Queen’s reliance on the provincial grid, and generate future energy savings.
<table>
<thead>
<tr>
<th>Project</th>
<th>Project Budget¹</th>
</tr>
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<tbody>
<tr>
<td><strong>Estimated Cost</strong></td>
<td>Funding Sources</td>
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<tr>
<td><strong>Approved projects in process:</strong></td>
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<td>Queens Centre – Phase 1</td>
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<td>Tindall Field</td>
<td>Fundraising and other sources</td>
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<tr>
<td>Artificial sports field/Parking</td>
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<tr>
<td>Innovation Park</td>
<td>User Fees and University sources</td>
</tr>
<tr>
<td>Richardson Hall Renovation</td>
<td>$22,378¹²</td>
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<tr>
<td>Queens Centre – Parking</td>
<td>Government and University sources</td>
</tr>
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<td>University Avenue</td>
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</tr>
<tr>
<td>Steam Plant – Replace boiler No.8</td>
<td>$9,800¹²</td>
</tr>
<tr>
<td>Prison for Women</td>
<td>University sources</td>
</tr>
<tr>
<td>Arts Campus</td>
<td>$3,277¹</td>
</tr>
<tr>
<td>Goodes Hall expansion</td>
<td>Donors and University sources</td>
</tr>
<tr>
<td>West Campus stadium and fields</td>
<td>$1,715¹</td>
</tr>
<tr>
<td>Medical Building</td>
<td>$400¹</td>
</tr>
<tr>
<td>Medical Building</td>
<td>$200¹</td>
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<table>
<thead>
<tr>
<th>Project</th>
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</tr>
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<td>Planned projects:</td>
<td>Funding Sources</td>
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<td><strong>Approved projects in planning:</strong></td>
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<tr>
<td>Goodes Hall expansion</td>
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<td>West Campus stadium and fields</td>
<td>$400¹</td>
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<tr>
<td>Medical Building</td>
<td>$200¹</td>
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</table>

¹ Amounts have been approved by the Board of Trustees
² Total estimated cost of project
³ Deferred maintenance project
### Table 2
Queen's University at Kingston
RESEARCH FUNDING
($000's omitted)
April 30 2008

<table>
<thead>
<tr>
<th></th>
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<td>SSHRC</td>
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<td>$6,094</td>
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<td>CFI</td>
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<td>13,097</td>
<td>5,935</td>
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<td>Other</td>
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<td>6,414</td>
<td>7,372</td>
<td>9,895</td>
<td>7,112</td>
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<td><strong>Total</strong></td>
<td>79,967</td>
<td>68,276</td>
<td>62,840</td>
<td>56,933</td>
<td>71,280</td>
<td>58,943</td>
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<td>ORD CF, OIT, PREA, MRI, MEDT, ERA</td>
<td>16,982</td>
<td>10,815</td>
<td>7,726</td>
<td>5,646</td>
<td>20,103</td>
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<td>ARII Project from MRI</td>
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<td>Other Ontario Ministries</td>
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<td>8,710</td>
<td>3,060</td>
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<td><strong>Other</strong></td>
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<td>Corporate</td>
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<td>Foundations and Associations</td>
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<td>22,471</td>
<td>21,797</td>
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<td>Other</td>
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<td>6,012</td>
<td>6,735</td>
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<td><strong>Total</strong></td>
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<td><strong>Indirect Cost Grants (included in Operating revenue)</strong></td>
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<td>ROIE</td>
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<td>2,359</td>
<td>2,300</td>
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<td><strong>Total</strong></td>
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<td>11,694</td>
<td>10,949</td>
<td>10,992</td>
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<td>NSERC GRAD Fellowships</td>
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<td>2,572</td>
<td>2,206</td>
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<td>1,061</td>
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<td><strong>Total</strong></td>
<td>6,338</td>
<td>5,779</td>
<td>4,981</td>
<td>4,510</td>
<td>3,859</td>
<td>3,024</td>
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<tr>
<td><strong>Total</strong></td>
<td>$184,642</td>
<td>$188,420</td>
<td>$156,601</td>
<td>$140,962</td>
<td>$165,338</td>
<td>$147,013</td>
</tr>
</tbody>
</table>

Legend:
- SSHRC: Social Sciences and Humanities Research Council of Canada
- NSERC: Natural Sciences and Engineering Research Council of Canada
- CIHR: Canadian Institutes of Health Research
- CFI: Canada Foundation for Innovation
- ORD CF: Ontario Research and Development Challenge Fund
- OIT: Ontario Innovation Trust
- PREA: Premier's Research Excellence Awards/ERA
- MRI: Ministry of Research and Innovation
- FICR: Federal Indirect Costs of Research
- RPF: Research Performance Fund
- ROIE: Research Operating Infrastructure Envelope
Credit Rating

In November 2002, Queens issued a $90 million, 30-year unsecured debenture. The proceeds of the issue were used to finance capital projects including the construction of student residences, cafeteria renovations and to consolidate debt on previously completed capital projects. Queens earned an AA+ credit rating from Standard and Poor’s and an AA (High) credit rating from the Dominion Bond Rating Service (DBRS). During 2007-08, both credit rating agencies reconfirmed Queens credit ratings of AA+ (Standard and Poor’s) and AA high (DBRS) which is the highest of all universities in Canada (shared with UBC).

Conclusion

The University continues to maintain a strong financial position at the end of the 2007-08 fiscal year. The financial results for the past year, however, reflect a number of challenges occurring in the present operating environment, that appear likely to persist in the near future.

The economic environment is at one of the most difficult stages seen for many years. This is negatively impacting investment returns, which provide an important contribution to the operations of the University. This environment also places pressure on the Provincial government, and its ability to meet the costs of important areas of the economy, such as universities.

The costs of maintaining the quality of the programs offered by universities continue to climb, despite ongoing efforts to find efficiencies. The financial results for the 2007-08 fiscal year reflect the pressure of maintaining quality in an environment where important revenue streams are falling, (both in absolute and real terms).

The University has an ambitious capital program, designed to improve many deficiencies in the facilities and infrastructure on campus. It is pleasing to see support for this being demonstrated by the Provincial Government.

Research activity at Queens continues to be strong, demonstrating growth in key areas. Ancillary operations also continue to show positive overall performance.

Fundraising is an increasingly key component to maintaining the quality of the academic environment of the University. The past fiscal year was very successful, achieving a $10.5 million increase in overall fundraising from the prior year.

Despite the many challenges, Queens University continues to demonstrate strength in its base of activities, with a resulting further improvement in total Net Assets at year-end.

Research funding

Research funding in 2007-08 at Queens was $185 million (before deferrals) versus $188 million in 2006-07 (see Table 2). The University received funding of $21 million from the provincial government in March 2007 for Innovation Park. $5 million has been spent to secure land for this project with the remaining funds to be utilized for future enhancements to the Park.

The commercialization of Queens research continues to generate economic benefits. Since 1987, $900 million has been invested in PARTEQ spin-off and startup companies, and over 700 jobs have been created. Licensing and royalty streams from PARTEQ’s activities have yielded more than $40 million to Queens, which has been returned to its inventors and its research programs. Queens accumulated share of these license and royalty streams is $13.9 million.

Research contracts provide financial support for both the direct and indirect costs of fulfilling the contract provisions. Research grants are received from a number of sources including the federal government, the provincial government, and various not-for-profit organizations such as the Cancer Society, Heart and Stroke Foundation, and the Kidney Foundation. The federal and provincial governments both provide grants in support of indirect costs of research. Other organizations only fund the direct costs of research. The indirect cost of research for these grants is provided by the Queens operating budget.
SUMMARY

The funding uncertainty and other budgetary challenges that characterized the University’s past fiscal year (2007-08) are likely to continue in the near future. Recent financial market volatility will put pressure on near-term investment returns and appears likely to significantly increase the unfunded pension liability. The lack of predictability in government funding, coupled with expenditure growth outpacing revenue growth, will continue to lead the University to seek greater diversification in its revenue sources. On the other hand, key drivers behind the expenditure growth will need to be addressed and managed to ensure the University’s financial strength and viability to support its academic mission.

Government Funding – The latter half of 2007-08 saw a continuation of the trend experienced in 2006-07 where the provincial government either made or announced numerous one-time only grants near the end of its fiscal year. A significant portion of these one-time monies in 2007-08 were received for much needed campus renewal. While the University is grateful for the commitment the Province has made to campus renewal, significant pressures have also been felt in the University community in operating budgets. One-time-only funding and funding decisions postponed until year-end create considerable uncertainty and significant challenges for Universities. In addition, Provincial operating grants have not matched the inflation pace in the post-secondary education sector, making it extremely challenging to maintain current programs at their existing levels of quality, not to mention opportunity for innovations and improvements. There is no clear indication from the Province on its intention to increase resource allocation to post-secondary education in the near future.

Need to diversify and augment revenue streams – As uncertainties in government funding remain in the near term and long term, it is critical for the University to diversify and augment its revenue streams. Government funding and other existing revenue sources have not been adequate in the past to protect resources required to maintain quality, which could negatively affect the student experience and the breadth and depth of the academic programs offered at the University. It will therefore be a priority for the University to identify alternative sources of revenue to offset the uncertainties, and to supplement revenue from traditional sources. Work has begun in earnest on identifying these additional sources of revenue that the University must utilize in order to remain a leading higher education institution in Canada and worldwide.

In this context, the University will need to continue to manage the following drivers behind the expenditure growth:

Compensation increases – Competitive pressure in attracting and retaining the best academic talent continues to escalate, both from within the Province of Ontario, and especially from other parts of Canada and the world. As a result, the annual compensation increases have been significantly outpacing increases of other expenses. In addition, as compensation contributes to more than half of the University’s total expense, the annual increase in compensation has become a major budgetary challenge.

Pension contributions – The Institution’s pension deficit stands at $40.5 million as at February 28, 2007. An additional contribution was made in 2007-08, and significant additional contributions are required to retire this deficit over the next 14 years. The University’s capacity to invest in other strategic initiatives may be constrained by these additional contributions in the future.

Capital funding requirements – The provincial government provided or announced much needed Campus Renewal funding during the year. An incremental $8.4 million was received in 2007-08 and a further $12.4 million was received subsequent to year-end. These grants have been helpful in addressing the significant pipeline of deferred maintenance. The emergence of new teaching technologies, pedagogy, and methods has led to the need for modern teaching and learning space that are suitable for these purposes. Student life has increasingly become an integrated component of the University learning experience, and requires dedicated facilities. Energy efficiency and environmentally friendly practices have become a significant consideration on the University campus. All these lead to a comprehensive campus revitalization campaign, which is crucial to the University’s standing but will continue to place additional pressure on the University capital and operating budgets.

In order to address these significant cost drivers and their impact on the future of the University, Queen’s is embarking on a multi-year planning process. It will provide guidance on how we might address fiscal factors both within and outside of the University, utilize our financial resources prudently, capitalize on our current initiatives, and in doing all these continue to support the University’s academic mandate.
ANALYSIS AND DISCUSSION

REVENUES

Provincial Government Funding

The provincial government directly controls the level of operating grant funding. It has also set a policy framework for tuition fees that limits annual increases to 5% across the post-secondary education sector. These two sources of revenue (provincial government grants and tuition fees) represent approximately 91% of the University’s Operating fund revenue, and are largely beyond the University’s direct control.

The lack of consistency and predictability in some elements of provincial funding from year to year has caused difficulty for universities to manage their revenues and budgets. The “business cycle” of universities is driven by a typical student’s four-year career. Consequently, universities need funding commitments that will allow for the provision of the essential functions required to support students for the duration of their educational experience.

Ontario also continues to rank low amongst other Canadian provinces in provincial operating grants per student. Queens as well as all other Ontario institutions have been advocating for increased funding for inflationary operating costs. Recent government grants for Capital Renewal have helped with the deferred maintenance pressures felt by Universities. Inflationary pressure on the operating budget remains a key challenge.

Key among the government’s access initiatives is funding for the substantial expansion of graduate education. These funds are designed to help address demand for graduate spaces as the double-cohort flows through the system, and will also help address projected faculty shortages. The planned expansion represents 40% growth in graduate enrolment level over 2004-05. The government has also committed to contribute towards physical space needs of graduate expansion through a capital grant, to be flowed to institutions over 20 years, based on annual eligible enrolment of funded graduates.

Federal Government Funding

In its Budget 2008, the Federal Government provided additional funding for a number of research initiatives, including Canada Global Excellence Research Chairs ($21 million over two years) and an additional $80 million of funding for the three federal research granting agencies.

Queens is proud to be a research intensive university, and will continue to support a vibrant research environment as a strategic priority. However, for every dollar of research funding the University receives, an additional $0.40 to $0.50 is needed to fund the infrastructure required to support that research. While the government committed to increasing funding of the Federal Indirect Costs of Research (FICR) by $15 million annually (4.7%), through Budget 2008, the increase is not enough to close the current gap in reaching this goal. Queens share of FICR was $9.2 million for 2007-08 and is expected to be $9.8 million in 2008-09. The University remains committed to working closely with the federal government, both directly and through the Association of Universities and Colleges of Canada (AUCC), to further develop a long-term sustainable solution to the issue of indirect costs of research.
Enrolment

The University is undergoing a period of focused recruitment in graduate students, aligning with the Province’s priority of expanding graduate programs. Increasing our graduate enrolment also supports our strategic goal of strengthening research and graduate programs. The Ontario government is supporting a substantial increase in graduate enrolment in the province through additional operating and capital funds. Graduate enrolment is influenced by many factors including the level and nature of funding available to students, the funding available to the University, the faculty complement, the economic and career prospect conditions for prospective students, and the level of research activity at the University.

The University also continues its efforts to increase international student enrolment. This is an opportunity for the University to broaden its pool of qualified potential students and enhance the diversity of the student body.

Tuition

The University is entering the third year of the government’s tuition policy framework, a plan that features a multi-year framework that is regulated and linked to improvements in both quality and access. The new framework provides some flexibility for universities in terms of tuition increases. Universities are now permitted to increase tuition for first-year students by up to 4.5% in most programs, and up to 8% in the first year of professional and graduate programs. In-program and subsequent upper year increases have been limited to 4% annually. Overall, fee increases across the institution must not exceed 5%. Fee increases are tied to both the Student Access Guarantee and improvements in quality.

Fundraising

The purpose of Queen’s Office of Advancement is to foster the Queen’s vision by stewarding the University’s reputation, building long-lasting relationships and promoting philanthropy. Fundraising is one of the core elements of this vision.

TABLE 3

GIFTS AND PARTNERSHIP REVENUE RECEIVED
($000’s omitted)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gifts (cash)</td>
<td>$15,319</td>
<td>$14,498</td>
<td>$12,940</td>
<td>$12,148</td>
<td>$17,050</td>
<td>$14,491</td>
</tr>
<tr>
<td>Major Gifts (in kind)</td>
<td>18,144</td>
<td>10,823</td>
<td>888</td>
<td>11,751</td>
<td>14,839</td>
<td>959</td>
</tr>
<tr>
<td>Annual Gifts</td>
<td>6,736</td>
<td>5,587</td>
<td>4,991</td>
<td>4,969</td>
<td>5,940</td>
<td>5,395</td>
</tr>
<tr>
<td>Planned Gifts</td>
<td>6,249</td>
<td>4,979</td>
<td>9,282</td>
<td>11,603</td>
<td>6,766</td>
<td>9,961</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>46,448</td>
<td>35,887</td>
<td>28,101</td>
<td>40,471</td>
<td>44,595</td>
<td>30,806</td>
</tr>
<tr>
<td>Partnership Revenue</td>
<td>4,001</td>
<td>4,078</td>
<td>3,429</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$50,449</td>
<td>$39,965</td>
<td>$31,530</td>
<td>$40,471</td>
<td>$44,595</td>
<td>$30,806</td>
</tr>
</tbody>
</table>

* Final year of the Campaign for Queen’s
** First year of the Campaign to Engage the World

For 2004-05 and 2005-06, Ontario universities had been under a tuition freeze imposed by the Province.
**Investments**

The University has two long-term investment funds: the Pooled Endowment Fund (PEF) and the Pooled Investment Fund (PIF). The objective of the PEF is to ensure the University’s endowment grows with inflation while providing sufficient income for the purposes set out by endowment donors. The University’s spending policy was modified in 2003 to reflect the Investment Committee’s view that future long-term returns are likely to be in the 7% – 8% range. The modification should permit the income available for student assistance and endowed chairs to grow in a more predictable manner.

With an endowment of approximately $625 million fair market value ($569 million book value), Queens has the fifth-largest endowment of all universities in Canada.

The PIF comprises the investment of monies in reserve and other unspent balances. Amounts withdrawn from the PIF each year are based on spending targets proposed by the University and reviewed by the Investment Committee of the Board of Trustees. The market value of the PIF is currently $180.5 million (book value of $167.3 million).

**Research Activity**

Research activity at Queens has doubled in the past eight years. The additional costs to universities that accompany such an unprecedented growth in research funding were partially offset by increases to the federal government’s Indirect Costs of Research Program. Budget 2008 announced another minor increase to that budget. This increased investment represents an important step in the right direction toward achieving sufficient funding.

Both the federal and provincial governments are pursuing a strategy of designating more funding to specific research areas, and have made it clear that they will lean toward supporting research that is closely linked to outcomes such as economic growth. Queens has significant strength in a number of areas that support these desired outcomes.

The Ontario government continues to be highly supportive of growth in graduate and research programs and has set a target for increasing graduate enrollment by 14,000 students. It has set aside $220 million annually through 2009-10 to assist in achieving that goal. This funding is an incentive for Queens to continue to develop innovative, interdisciplinary programs that will attract the best and brightest graduate students.

The Ontario government confirmed their support of Queens strategic direction with a $21.0 million grant in 2007 to be used to fund the Innovation Park. The development of this Park will attract additional research and commercialization opportunities to Queens and the Kingston area in the years ahead.

Given PARTEQ Innovations’ success in the field of technology transfer, Queens is also well-placed to benefit from the increased emphasis on commercialization of research by both the federal and provincial governments.
EXPENSES

Compensation

Compensation increases, and the increase of the number of faculty and staff, are the two major elements in budget planning. The University spends approximately $210 million (78.6%) of its operating activity resources on compensation (salary and benefits). Total salary and benefits increases, approximately 4.5% annually, represent an additional cash outlay of $9 million each year. The requirement to offer competitive compensation packages in order to attract and retain faculty and staff caused significant upward pressure on the compensation budget. Managing compensation increases in an environment of limited revenue growth continues to be a major challenge in the budget planning process.

The contract expiry dates for agreements covering employment related matters are as follows:

<table>
<thead>
<tr>
<th>Bargaining Unit/Association</th>
<th>Contract Effective Until</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queens University Faculty Association (QUFA)</td>
<td>April 30, 2011</td>
</tr>
<tr>
<td>Queens University Staff Association (QUSA)</td>
<td>June 30, 2009</td>
</tr>
<tr>
<td>CUPE Unions (3 locals)</td>
<td>June 30, 2010</td>
</tr>
</tbody>
</table>

Part of the University’s benefit package includes continuation of forms of health and life insurance coverage upon retirement. As of April 30, 2007, the University’s obligation relating to the employee future benefits plan is estimated to be $55.3 million, an increase of $5.3 million (10.7%) over 2006-07. The increase is due to a combination of the changing demographics of the current active/retiree group and increasing medical benefit costs.

Pension Contributions

The active employees of the University are covered by a contributory pension plan composed of a money purchase plan with a defined benefit minimum. At retirement, plan members can elect to take a pension payable from the fund that secures the benefit payments promised by the University sponsored pension plan. Following retirement, this pension payout is indexed based on excess returns over 6%, and pensions are guaranteed not to reduce.

Based on the actuarial valuation completed on February 28, 2007, the unfunded position of the plan has grown to $40.5 million. A number of factors have influenced this rise in the unfunded position from the previous unfunded amount of $10.7 million. Chief amongst the factors is the mortality experience of the plan (i.e. plan members are living longer than originally assumed). The impact of this unfunded position is that incremental additional payments of approximately $3.0 million over the amount currently budgeted for this expense component will be required for the next 14 years. This additional funding requirement continues to put pressure on the Operating Budget of the University.

INTERNAL CONTROL ENVIRONMENT

A high quality internal control environment is an essential element in the delivery of the Vision and Mission of the University, and is critical to mitigating and managing potential exposures to financial and business risks.

Queens internal control environment features a comprehensive approach to risk assessment and management. It includes understanding and assessing risks, establishing internal awareness, mitigating selected risk exposures and managing others through appropriate systems and insurance. The following mechanisms are in place:

- a comprehensive system of internal academic reviews;
- a Risk Management and Audit Services function that reports to the Audit Committee of the Board of Trustees;
- an active and on-going involvement of its external auditor, KPMG LLP;
- considerable focus from both the University administration and the Audit Committee of the Board of Trustees on the linkages between the financial reporting for the University and the business of the enterprise;
- on-going discussion of the quality and appropriateness of accounting policies;
- on-going reviews of risk exposures and of processes to mitigate those risks that are considered to have a high likelihood of occurrence and/or the magnitude of impact is large; and
- an Environmental Health and Safety Committee of the Board of Trustees that oversees the administration and handling of environmental health and safety exposures.
STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

Year ended April 30, 2008

The administration of the University is responsible for the preparation of the consolidated financial statements, the notes and all other financial information contained in this annual report.

The administration has prepared the consolidated financial statements in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Association of University Business Officers and the Canadian Institute of Chartered Accountants. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments were employed. The administration believes the consolidated financial statements present fairly the University’s financial position as at April 30, 2008 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

Mercer Human Resource Consulting Limited has been retained by the University in order to provide an estimate of the University’s employee future benefit liability. Administration has provided the valuation actuary with the information necessary for the completion of the University’s report and retains ultimate responsibility for the determination and estimation of the employee future benefit liability reported.

The Board of Trustees is responsible for ensuring that administration fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Trustees carries out its responsibility for review of the Annual Report inclusive of the Consolidated Financial Statements principally through the Audit Committee. The majority of the members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the administration, as well as the internal and the external auditors, to discuss the results of audit examinations and financial reporting matters and to satisfy itself that each party is properly discharging its responsibilities. The external and internal auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2008 have been reported on by KPMG LLP, Chartered Accountants, the auditors appointed by the Board of Trustees. The auditors’ report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

Principal and Vice-Chancellor
September 10, 2008

Vice-Principal (Operations and Finance)
AUDITORS’ REPORT

To the Board of Trustees

We have audited the consolidated statement of financial position of Queen’s University at Kingston as at April 30, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University’s administration. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants, Licensed Public Accountants
Kingston, Canada
September 10, 2008 except as to Note 26 Subsequent Events, which is as of September 15, 2008.
Queens University at Kingston  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
Year ended April 30, 2008, with comparative figures for 2007 ($000’s omitted)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 31,176</td>
<td>$ 46,662</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>50,475</td>
<td>41,831</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>5,375</td>
<td>2,692</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>10,079</td>
<td>6,186</td>
</tr>
<tr>
<td>Derivative assets (note 17c)</td>
<td>5,237</td>
<td>–</td>
</tr>
<tr>
<td>Investments (notes 3 and 4)</td>
<td>864,565</td>
<td>754,551</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>–</td>
<td>4,893</td>
</tr>
<tr>
<td>Capital assets (notes 5 and 6)</td>
<td>541,637</td>
<td>477,871</td>
</tr>
<tr>
<td></td>
<td>1,508,544</td>
<td>1,334,686</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>81,396</td>
<td>58,850</td>
</tr>
<tr>
<td>Deferred revenue, contributions and related investment revenue (note 7)</td>
<td>214,067</td>
<td>131,225</td>
</tr>
<tr>
<td>Derivative liabilities (note 17d)</td>
<td>1,394</td>
<td>–</td>
</tr>
<tr>
<td>Employee future benefits liability (note 16)</td>
<td>55,348</td>
<td>50,017</td>
</tr>
<tr>
<td>Deferred capital contributions (note 8)</td>
<td>262,660</td>
<td>264,342</td>
</tr>
<tr>
<td>Long-term debt (note 9)</td>
<td>88,826</td>
<td>93,981</td>
</tr>
<tr>
<td></td>
<td>703,691</td>
<td>598,415</td>
</tr>
</tbody>
</table>

Net Assets

| Investment in capital assets (note 10)      | 193,670    | 143,825    |
| Endowments (note 11)                       | 569,409    | 514,824    |
| Internally restricted (note 12)            | 192,742    | 188,452    |
| Unrestricted                               | (150,968)  | (110,830)  |
|                                             | 804,853    | 736,271    |
|                                             | $ 1,508,544 | $ 1,334,686 |

See accompanying notes to consolidated financial statements.

Contingent liabilities (notes 14 and 19)
Commitments (notes 6 and 20)

Approved by the Board of Trustees

William L. Young  
Trustee

Merv Daub  
Trustee

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Queens University at Kingston  
CONSOLIDATED STATEMENT OF OPERATIONS  
Year ended April 30, 2008, with comparative figures for 2007 ($000’s omitted)  

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contracts</td>
<td>$433,579</td>
<td>$408,080</td>
</tr>
<tr>
<td>Fees</td>
<td>119,246</td>
<td>113,143</td>
</tr>
<tr>
<td>Investment income (note 4b)</td>
<td>48,949</td>
<td>56,422</td>
</tr>
<tr>
<td>Donations</td>
<td>32,156</td>
<td>20,465</td>
</tr>
<tr>
<td>Ancillary sales of service and products</td>
<td>97,561</td>
<td>92,459</td>
</tr>
<tr>
<td>Other</td>
<td>26,492</td>
<td>20,310</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>21,978</td>
<td>22,367</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>779,961</strong></td>
<td><strong>733,246</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>312,307</td>
<td>284,816</td>
</tr>
<tr>
<td>Clinical members fees</td>
<td>75,881</td>
<td>62,429</td>
</tr>
<tr>
<td>Benefits</td>
<td>29,725</td>
<td>28,857</td>
</tr>
<tr>
<td>Pension (note 15)</td>
<td>24,212</td>
<td>18,175</td>
</tr>
<tr>
<td>Employee future benefits (note 16)</td>
<td>6,857</td>
<td>5,520</td>
</tr>
<tr>
<td>Supplies</td>
<td>93,773</td>
<td>74,770</td>
</tr>
<tr>
<td>Artwork, minor equipment and furnishings</td>
<td>35,475</td>
<td>33,799</td>
</tr>
<tr>
<td>Externally contracted services</td>
<td>26,981</td>
<td>23,233</td>
</tr>
<tr>
<td>Student assistance</td>
<td>52,107</td>
<td>48,148</td>
</tr>
<tr>
<td>Travel</td>
<td>18,699</td>
<td>16,823</td>
</tr>
<tr>
<td>Utilities</td>
<td>16,002</td>
<td>16,611</td>
</tr>
<tr>
<td>Renovations and alterations</td>
<td>8,815</td>
<td>11,503</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>5,168</td>
<td>5,287</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>44,505</td>
<td>43,713</td>
</tr>
<tr>
<td>Other expenses</td>
<td>28,754</td>
<td>21,118</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td><strong>779,261</strong></td>
<td><strong>694,802</strong></td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized losses on derivatives (notes 17c and 17d)</td>
<td>(10,369)</td>
<td>–</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expense</td>
<td>$ (9,669)</td>
<td>$ 38,444</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
Queens University at Kingston  
STATEMENT OF CHANGES IN NET ASSETS  
Year ended April 30, 2008, with comparative figures for 2007 ($000’s omitted)

<table>
<thead>
<tr>
<th></th>
<th>Investment in Capital Assets</th>
<th>Endowments</th>
<th>Internally Restricted</th>
<th>Unrestricted</th>
<th>Total 2008</th>
<th>Total 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>$143,825</td>
<td>$514,824</td>
<td>$188,452</td>
<td>$(110,830)</td>
<td>$736,271</td>
<td>$656,426</td>
</tr>
<tr>
<td>Accounting changes – financial instruments (note 3)</td>
<td>-</td>
<td>35,890</td>
<td>-</td>
<td>49,334</td>
<td>85,224</td>
<td>-</td>
</tr>
<tr>
<td>Net assets, beginning of year, as restated</td>
<td>$143,825</td>
<td>$550,714</td>
<td>$188,452</td>
<td>$(61,496)</td>
<td>$821,495</td>
<td>$656,426</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expense (note 10)</td>
<td>$(22,527)</td>
<td>-</td>
<td>-</td>
<td>12,858</td>
<td>$(9,669)</td>
<td>38,444</td>
</tr>
<tr>
<td>Change in internally restricted net assets</td>
<td>-</td>
<td>-</td>
<td>4,290</td>
<td>(4,290)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net change in investment in capital assets (note 10)</td>
<td>72,372</td>
<td>-</td>
<td>-</td>
<td>(72,372)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions for assets not subject to amortization (note 10)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>686</td>
</tr>
<tr>
<td>Investment gain charged directly to endowments (note 11)</td>
<td>-</td>
<td>9,445</td>
<td>-</td>
<td>-</td>
<td>9,445</td>
<td>18,264</td>
</tr>
<tr>
<td>Investment income credited directly to endowments (note 11)</td>
<td>-</td>
<td>288</td>
<td>-</td>
<td>-</td>
<td>288</td>
<td>(103)</td>
</tr>
<tr>
<td>Internally endowed contributions (note 11)</td>
<td>-</td>
<td>7,182</td>
<td>-</td>
<td>(7,182)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endowment contributions (note 11)</td>
<td>-</td>
<td>16,960</td>
<td>-</td>
<td>-</td>
<td>16,960</td>
<td>22,554</td>
</tr>
<tr>
<td>Unrealized losses on available-for-sale financial assets arising in the period (note 11)</td>
<td>-</td>
<td>(15,180)</td>
<td>-</td>
<td>(18,032)</td>
<td>(33,212)</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized losses on loans receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(454)</td>
<td>(454)</td>
<td>-</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$193,670</td>
<td>$569,409</td>
<td>$192,742</td>
<td>$(150,968)</td>
<td>$804,853</td>
<td>$736,271</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
Queens University at Kingston
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended April 30, 2008, with comparative figures for 2007 ($000's omitted)

OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency) of revenue over expense</td>
<td>$(9,669)</td>
<td>$38,444</td>
</tr>
<tr>
<td>Add non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>(21,978)</td>
<td>(22,367)</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>44,505</td>
<td>43,713</td>
</tr>
<tr>
<td>Decrease in deferred expenses</td>
<td>–</td>
<td>195</td>
</tr>
<tr>
<td>Increase in employee future benefits liability</td>
<td>5,331</td>
<td>4,031</td>
</tr>
<tr>
<td>Net change in non-cash working capital (note 13)</td>
<td>92,851</td>
<td>(2,017)</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>111,040</td>
<td>61,999</td>
</tr>
</tbody>
</table>

INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change in loans receivable</td>
<td>(2,683)</td>
<td>–</td>
</tr>
<tr>
<td>Net change in derivative assets</td>
<td>(5,237)</td>
<td>–</td>
</tr>
<tr>
<td>Net change in investments</td>
<td>(110,014)</td>
<td>(71,388)</td>
</tr>
<tr>
<td>Purchase of capital assets</td>
<td>(108,271)</td>
<td>(44,035)</td>
</tr>
<tr>
<td>Disposal of capital assets</td>
<td>–</td>
<td>11</td>
</tr>
<tr>
<td>Net change in derivative liabilities</td>
<td>1,394</td>
<td>–</td>
</tr>
<tr>
<td>Contributions and investment income reported as direct increase in net assets</td>
<td>78,251</td>
<td>40,715</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(146,560)</td>
<td>(74,697)</td>
</tr>
</tbody>
</table>

FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of long-term debt</td>
<td>(262)</td>
<td>(1,803)</td>
</tr>
<tr>
<td>Net change in contributions received for capital purposes</td>
<td>20,296</td>
<td>37,304</td>
</tr>
<tr>
<td>Cash provided by financing activities</td>
<td>20,034</td>
<td>35,501</td>
</tr>
<tr>
<td>Net increase (decrease) in cash</td>
<td>(15,486)</td>
<td>22,803</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>46,662</td>
<td>23,859</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$31,176</td>
<td>$46,662</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

The University considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.
Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 1
AUTHORITY

Queens University at Kingston operates under the authority of the Royal Charter of 1841 and subsequent federal and provincial statutes. The mission of the University includes post-secondary and graduate education, research and community service. The University is a registered charity and is therefore, under section 149 of the Income Tax Act, exempt from payment of income tax.

Queens University at Kingston controls PARTEQ Innovations, the International Study Centre, the Crown Foundation at Queens University at Kingston, the U.S. Foundation for Queens University at Kingston, and QCED Inc. Accordingly, these financial statements consolidate the accounts of these organizations.

PARTEQ Innovations is incorporated by letters patent as a corporation without share capital under the Ontario Corporations Act. PARTEQ Innovations, the not-for-profit technology transfer office of Queens University, works with researchers and the business and venture capital communities, helping to bring the benefits of scientific discovery to the public while returning proceeds to inventors and the University. PARTEQ Innovations is exempt from income tax under section 149 of the Income Tax Act.

The International Study Centre was established in 1993 to enhance Queens University at Kingston’s role in international education and research through the establishment of a meeting place for students, scholars, and professionals from around the world. The International Study Centre operates in East Sussex, England and is incorporated under the laws of the United Kingdom as a Company Limited by Guarantee. It is registered as a charity with the United Kingdom Charity Commissioners and is therefore exempt from tax to the extent that income or gains are applied exclusively to charitable purposes.

The Crown Foundation at Queens University at Kingston was established by Regulation 731/93 under the University Foundations Act, 1992 and is an agent of Her Majesty in right of Ontario. The Foundation was established to solicit, receive, manage and distribute money and other property to support education and research at Queens University at Kingston. The Foundation is exempt from income tax under section 149 of the Income Tax Act.

The U.S. Foundation for Queens University at Kingston was incorporated under the applicable provisions of the District of Columbia Non-Profit Corporation Act in 1995. The U.S. Foundation works to promote, encourage and foster an appreciation by the American public of the work conducted by Queens University at Kingston deemed to be of interest to the American public. It does this by financing in whole or in part various programs, projects and facilities of Queens University at Kingston necessary for the accomplishment of its charitable and educational mission. The U.S. Foundation for Queens University at Kingston is exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code.

Queens Centre for Enterprise Development (QCED Inc.) was incorporated under the Canada Business Corporation Act on February 2, 2001 and began operations on June 1, 2001. QCED Inc. is a wholly owned subsidiary of the University. QCED Inc. was formed for the purposes of building on the knowledge base of Queens School of Business to develop and deliver knowledge to small and medium-sized enterprises to foster success in this sector. QCED Inc. also supports academic research activities within Queens University and within this sector.

Sudbury Neutrino Observatory Trust was created on December 2, 1997 as a joint venture of the University and three other Canadian universities, to perform research in sub-atomic physics. The University’s proportionate share (25%) of the Trust’s assets, liabilities and operations has been included in these consolidated financial statements.
NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General
These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments
Investments that are derivative financial instruments are classified as held-for-trading and are recorded at fair value. Unrealized gains and losses on these held-for-trading investments are recorded in the consolidated statement of operations.

All other investments are designated as available-for-sale and are recorded at fair value. Unrealized gains and losses on these available-for-sale investments are recorded in deferred revenue to the extent there are external restrictions on the related investments or in the consolidated statement of changes in net assets where they are unrestricted.

Fair value is determined at quoted market prices. The calculation of fair value is based upon market conditions at a specific point in time and may not be reflective of future fair values.

Sales and purchases of investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are recorded against the realized investment income.

For the 2007 comparative year, investments are recorded at cost less an allowance for possible losses (see note 4).

Investment income related to endowment contributions is recognized as revenue when the restriction is met. Realized investment income that is externally restricted is deferred and when the restriction has been met is recognized as revenue.

All other realized investment income is recorded in the consolidated statement of operations in the year it is earned. Unrealized gains and losses on available-for-sale investments are included in net assets or deferred as appropriate, until the gains and losses are realized. Unrealized gains and losses on held-for-trading investments are included in the consolidated statement of operations or deferred, depending on the nature of any external restrictions imposed on the related investment income.

(c) Derivative financial instruments
The University is party to certain derivative financial instruments, principally an interest rate swap contract and foreign exchange contracts, to manage interest rate and currency exposures for economic hedging and risk management purposes. Derivatives are recorded on the consolidated statement of financial position as assets and liabilities and are measured at fair value. Changes in the fair value of interest rate swap contracts and foreign exchange contracts are recorded in the consolidated statement of operations. Prior to the 2008 fiscal year, these instruments were not recognized in the University’s consolidated financial statements.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 2 (CONTINUED)

(d) Capital assets
Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful life of the asset as follows:

<table>
<thead>
<tr>
<th>ASSET</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>40 years</td>
</tr>
<tr>
<td>Cogeneration facility</td>
<td>20 years</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>5 years</td>
</tr>
<tr>
<td>Library acquisitions</td>
<td>5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Term of lease</td>
</tr>
</tbody>
</table>

The 2008 financial statements include 20 years of library acquisitions and related amortization.

(e) Construction in process
Costs of construction in process are capitalized. Amortization is not commenced until project completion.

(f) Works of art
Queen’s University at Kingston maintains a collection of fine art that includes European art, historical and modern Canadian art, contemporary American and Canadian art, Inuit art, and African sculpture. The collection is subject to an organizational policy that requires proceeds from the sale of any items in the collection be used to acquire other items to be added to the collection.

Contributions of collection items are recorded as revenue and expense, at fair market value, at the date of contribution. Artwork purchases are expensed as acquired. The collection contains 14,241 objects and was insured with a market value of $76,000 at April 30, 2008. The collection is fully insured through a fine arts policy. During the year ended April 30, 2008, the University acquired 72 pieces of artwork. Of these, 49 pieces were donated with a total appraised value of $17,823, 7 pieces were donated pending appraisals, and 16 pieces were purchased at a cost of $48.

(g) 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.

Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized.

Externally restricted contributions for capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related capital asset.

Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

Student fees are recognized as revenue in the year courses and seminars are held.

Sales and services revenue is recognized at point of sale or when the service has been provided.
NOTE 2 (CONTINUED)

(h) Employee benefit plans
The University sponsors a pension plan for its employees and provides other employee future benefits such as medical, dental and life insurance to eligible active and retired employees. The annual cost and the accrued liability of pension benefits and other employee future benefits earned are determined by independent actuarial valuations using the projected benefit method pro-rated on services rendered, administration’s best estimate of salary escalation, retirement ages of employees, and escalation in covered health care expense outlays. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are amortized over the expected average remaining service life of employees.

(i) Pledges
Pledges are recorded as revenue on a cash basis and accordingly are not set up as assets in the consolidated financial statements. The total amount of pledges outstanding is approximately $36,140 at April 30, 2008, and is expected to be received as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>$16,801</td>
</tr>
<tr>
<td>2009-10</td>
<td>8,589</td>
</tr>
<tr>
<td>2010-11</td>
<td>4,750</td>
</tr>
<tr>
<td>Subsequent</td>
<td>6,000</td>
</tr>
<tr>
<td>years</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$36,140</td>
</tr>
</tbody>
</table>

(j) Purchase commitments
Purchase commitments of operating funds and ancillary enterprises are provided for by transfers to internally restricted net assets.

(k) Contributed services
Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The cost that would otherwise be involved with these contributed services is not recognized in these consolidated financial statements.

(l) Accounting estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(m) Agency obligations
The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.
NOTE 3
CHANGE IN ACCOUNTING POLICY – FINANCIAL INSTRUMENTS

On May 1, 2007, the University adopted CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3865 Hedges. These new standards provide guidance for recognition and measurement of financial assets, financial liabilities and non-financial derivatives in the financial statements. These new standards changed the way certain financial assets and liabilities are accounted for and reported in the consolidated financial statements.

The University adopted these Sections effective May 1, 2007. In accordance with the transitional provisions of these Sections, the University has prospectively adopted the new recommendations, and therefore the 2007 comparative figures have not been restated.

All non-derivative financial assets, including investments, are designated as available-for-sale and, as such, are recorded at fair value for the 2008 year. Prior to fiscal 2008, investments were recorded at cost less an allowance for possible losses and realized gains and losses were recognized in the year of disposal.

All non-derivative financial liabilities are designated as other liabilities and are recorded at amortized cost.

(a) Loans receivable
   As a result of adopting these Sections, the opening balance of the net assets of the University have been decreased by $320 to reflect the prior years’ fair value of interest-free receivables provided to various parties.

(b) Investments
   As a result of adopting these Sections, the opening balance of the University’s endowment net assets increased by $35,890, unrestricted net assets increased by $49,334, and deferred revenue, contributions and related investment income, increased by $98,078 to reflect the prior years’ net appreciation of the fair value of investments.

(c) Long-term debt
   As a result of adopting these Sections, long-term debt is recorded at amortized cost using the effective interest rate method. Total debenture costs associated with the issue of Series A senior unsecured debentures in November 2002 of $90,000 are amortized using the effective interest rate method and allocated to interest expense over the expected life of the debenture. The opening balance of long-term debt decreased by $4,893 to $89,088, and deferred expenses decreased by $4,893 to $0. For the 2007 comparative year, debenture issue costs are reported as deferred expenses and were amortized against capital funds over the life of the debenture through the fiscal year 2031-32.

(d) Interest rate swap
   As a result of adopting these Sections, the fair value of the University’s interest rate swap agreement has been recorded as a derivative asset and changes in the value of the interest rate swap are recognized in the consolidated statement of operations for the 2008 fiscal year. The opening balance of the unrestricted net assets of the University in fiscal 2008 have been increased by $4,240 to reflect the prior years’ fair value of the interest rate swap agreement.

(e) Foreign exchange contracts
   As a result of adopting these Sections, the fair value of the University’s foreign exchange contracts has been recorded as a derivative asset or a derivative liability and changes in the fair value of the foreign exchange contracts are recognized in the consolidated statement of operations for the 2008 fiscal year. The opening balance of the unrestricted net assets of the University in fiscal 2008 have been increased by $9,972 to reflect the prior years’ fair value of the foreign exchange contracts.
NOTE 3 (CONTINUED)

Restated beginning balances

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Deferred Revenue, Contributions and Related Investment Income</th>
<th>Endowments</th>
<th>Unrestricted Net Assets</th>
<th>Long-term Debt</th>
<th>Deferred Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$131,225</td>
<td>$514,824</td>
<td>$(110,830)</td>
<td>$93,981</td>
<td>$4,893</td>
</tr>
<tr>
<td>Financial Instrument:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Loans receivable</td>
<td>–</td>
<td>–</td>
<td>– $(320)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>b) Investments</td>
<td>98,078</td>
<td>35,890</td>
<td>35,442</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>c) Long-term debt</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>$(4,893)</td>
<td>$(4,893)</td>
</tr>
<tr>
<td>d) Interest rate swap</td>
<td>–</td>
<td>–</td>
<td>4,240</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>e) Foreign exchange contracts</td>
<td>–</td>
<td>–</td>
<td>9,972</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Balance, beginning of year, as restated</td>
<td>$229,303</td>
<td>$550,714</td>
<td>$(61,496)</td>
<td>$89,088</td>
<td>$–</td>
</tr>
</tbody>
</table>
Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 4
INVESTMENTS

(a) The University’s investments are primarily managed by three funds – the short-term fund, the pooled endowment fund, and the pooled investment fund.

Investment details by fund are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term fund</td>
<td>$ 50,129</td>
<td>$ 68,446</td>
<td>$ 50,142</td>
<td>$ 68,161</td>
</tr>
<tr>
<td>Pooled Endowment fund</td>
<td>543,274</td>
<td>513,964</td>
<td>624,755</td>
<td>647,932</td>
</tr>
<tr>
<td>Pooled Investment fund</td>
<td>167,339</td>
<td>166,969</td>
<td>180,556</td>
<td>197,663</td>
</tr>
<tr>
<td>Other</td>
<td>4,567</td>
<td>5,172</td>
<td>9,112</td>
<td>10,422</td>
</tr>
<tr>
<td>Total</td>
<td>$ 765,309</td>
<td>$ 754,551</td>
<td>$ 864,565</td>
<td>$ 924,178</td>
</tr>
</tbody>
</table>

Investments are exposed to foreign currency risk, interest rate volatility, and market and credit risks. The University manages the risk through policies and procedures governing asset mix among equity and fixed income and requiring diversification within categories and setting limits on the size of exposure to individual investments.

(b) Investment income recorded in the consolidated statement of operations is calculated as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment returns</td>
<td>$58,682</td>
<td>$74,583</td>
</tr>
<tr>
<td>Investment gain credited directly to endowments</td>
<td>(9,445)</td>
<td>(18,264)</td>
</tr>
<tr>
<td>Recapitalized investment income recorded directly to endowments</td>
<td>(288)</td>
<td>103</td>
</tr>
<tr>
<td>Total</td>
<td>$48,949</td>
<td>$56,422</td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 5
CAPITAL ASSETS

Capital assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 27,582</td>
<td>–</td>
<td>$ 27,582</td>
<td>$ 27,540</td>
</tr>
<tr>
<td>Buildings</td>
<td>566,105</td>
<td>(226,327)</td>
<td>339,778</td>
<td>343,535</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,628</td>
<td>(752)</td>
<td>1,876</td>
<td>2,261</td>
</tr>
<tr>
<td>Equipment and furnishings</td>
<td>120,632</td>
<td>(80,038)</td>
<td>40,594</td>
<td>40,863</td>
</tr>
<tr>
<td>Cogeneration facility</td>
<td>14,306</td>
<td>(1,179)</td>
<td>13,127</td>
<td>13,452</td>
</tr>
<tr>
<td>Library acquisitions</td>
<td>143,467</td>
<td>(122,646)</td>
<td>20,821</td>
<td>20,383</td>
</tr>
<tr>
<td>Construction in process</td>
<td>97,859</td>
<td>–</td>
<td>97,859</td>
<td>29,837</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 972,579</td>
<td>$(430,942)</td>
<td>$ 541,637</td>
<td>$ 477,871</td>
</tr>
</tbody>
</table>

Cost and accumulated amortization as of April 30, 2007 were $883,861 and $405,990 respectively.

The increase in net book value of capital assets is due to the following:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 477,871</td>
<td>$ 477,560</td>
</tr>
<tr>
<td>Purchase of capital assets funded by deferred capital contributions</td>
<td>24,995</td>
<td>12,022</td>
</tr>
<tr>
<td>Purchase of capital assets financed internally</td>
<td>70,516</td>
<td>29,220</td>
</tr>
<tr>
<td>Purchase of capital assets financed by long-term debt</td>
<td>–</td>
<td>841</td>
</tr>
<tr>
<td>Purchase of capital assets financed by short-term liabilities</td>
<td>12,760</td>
<td>1,594</td>
</tr>
<tr>
<td>Capital assets donated to the University</td>
<td>–</td>
<td>358</td>
</tr>
<tr>
<td>Disposals of capital assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>(19,743)</td>
<td>(22,949)</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>19,743</td>
<td>22,938</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>(44,505)</td>
<td>(43,713)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 541,637</td>
<td>$ 477,871</td>
</tr>
</tbody>
</table>
NOTE 6
COMMITMENTS TO COMPLETE CONTRACTED CONSTRUCTION IN PROCESS

As at April 30, 2008, the estimated cost to complete construction in process for the extension of facilities is approximately $139,095 (2007 – $25,826). These costs will be financed by a combination of gifts, grants, ancillary income, and allocations from operations.

Details of the costs to complete contracted construction in process are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Queens Centre</td>
<td>$115,253</td>
</tr>
<tr>
<td>Richardson Hall renovation</td>
<td>4,613</td>
</tr>
<tr>
<td>Tindall Field and parking structure</td>
<td>16,236</td>
</tr>
<tr>
<td>University Avenue rehabilitation</td>
<td>2,745</td>
</tr>
<tr>
<td>Cogeneration Facility</td>
<td>159</td>
</tr>
<tr>
<td>Other assets</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td>$139,095</td>
</tr>
</tbody>
</table>

Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 7
DEFERRED REVENUE, CONTRIBUTIONS AND RELATED INVESTMENT INCOME

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research funds</td>
<td>$80,574</td>
<td>$71,892</td>
</tr>
<tr>
<td>Student fees</td>
<td>15,781</td>
<td>13,328</td>
</tr>
<tr>
<td>Other</td>
<td>1,921</td>
<td>1,254</td>
</tr>
<tr>
<td>Trust funds</td>
<td>21,690</td>
<td>29,956</td>
</tr>
<tr>
<td>Capital funds</td>
<td>28,764</td>
<td>5,525</td>
</tr>
<tr>
<td>Gift annuities</td>
<td>9,148</td>
<td>9,270</td>
</tr>
<tr>
<td>Unrealized gains on externally restricted endowments</td>
<td>56,189</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$214,067</strong></td>
<td><strong>$131,225</strong></td>
</tr>
</tbody>
</table>

Research funds are the unexpended portion of research grants and contracts received during the year.
Student fees represent fees paid prior to April 30 for courses and special programs offered after that date.
Trust funds are the unexpended portion of donations and income from restricted endowments.
Capital funds are the unexpended portion of funds restricted for future capital projects.

Under the gift annuity program, a donor may gift an amount to the University and receive a tax preferred life annuity in return. The annuity capital reverts to the University on the death of the donor. The deferred revenue portion represents the lump sum contributed without adjustment for the time value of money.

NOTE 8
DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$264,342</td>
<td>$250,091</td>
</tr>
<tr>
<td>Less amortization of deferred capital contributions</td>
<td>(21,978)</td>
<td>(22,367)</td>
</tr>
<tr>
<td>Capital contributions for land credited directly to net assets</td>
<td>–</td>
<td>(686)</td>
</tr>
<tr>
<td>Net change in contributions received for capital purposes</td>
<td>20,296</td>
<td>37,304</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$262,660</td>
<td>$264,342</td>
</tr>
</tbody>
</table>
NOTE 9
LONG-TERM DEBT

As at April 30, 2008, the University has principal outstanding (2008 – net of deferred expenses relating to the debenture issues costs of $4,893) of $88,826 (2007 – $93,981) on long-term debt. Principal and interest repayments on long-term debt are recovered annually from operating and ancillary enterprises.

(a) Details of the long-term debt are as follows:

<table>
<thead>
<tr>
<th>Maturity in Fiscal Year Ending</th>
<th>Interest Rate</th>
<th>Principal Payment</th>
<th>Interest Payment</th>
<th>Principal Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada Mortgage and Housing Corporation 2017</td>
<td>5.38%</td>
<td>$160</td>
<td>$104</td>
<td>$1,770</td>
</tr>
<tr>
<td>Ontario Housing Corporation 2009</td>
<td>10.31%</td>
<td>–</td>
<td>178</td>
<td>1,731</td>
</tr>
<tr>
<td>SMS Canada 2011</td>
<td>0.00%</td>
<td>102</td>
<td>–</td>
<td>218</td>
</tr>
<tr>
<td>Series A senior unsecured debenture 2033</td>
<td>6.10%</td>
<td>–</td>
<td>5,490</td>
<td>85,107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$262</strong></td>
<td><strong>$5,772</strong></td>
<td><strong>$88,826</strong></td>
</tr>
</tbody>
</table>

Mortgages are secured by specific assets.

On November 19, 2002, the University issued Series A senior unsecured debenture in the aggregate principal amount of $90 million at a price of $997.95 per $1,000 principal amount for proceeds of $89.8 million. The debenture bears interest at 6.10%, which is payable semi-annually on May 19 and November 19 with the principal amount to be repaid on November 19, 2032. The proceeds of the issue are as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Residences and Leonard Hall Cafeteria expansion</td>
<td>$55,700</td>
</tr>
<tr>
<td>Chernoff Hall (Chemistry Complex)</td>
<td>11,000</td>
</tr>
<tr>
<td>Retire existing long-term debt</td>
<td>20,000</td>
</tr>
<tr>
<td>Temporary financing of other capital projects</td>
<td>3,116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$89,816</strong></td>
</tr>
</tbody>
</table>

(b) Long-term debt repayments

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$2,001</td>
</tr>
<tr>
<td>2010</td>
<td>$279</td>
</tr>
<tr>
<td>2011</td>
<td>$204</td>
</tr>
<tr>
<td>2012</td>
<td>$198</td>
</tr>
<tr>
<td>2013</td>
<td>$208</td>
</tr>
</tbody>
</table>

(c) Fair Value of Long-term debt

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying Value</td>
<td>Fair Value</td>
<td>Carrying Value</td>
</tr>
<tr>
<td>Mortgages</td>
<td>$3,719</td>
<td>$3,919</td>
</tr>
<tr>
<td>Debenture</td>
<td>85,107</td>
<td>106,526</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$88,826</strong></td>
<td><strong>$110,445</strong></td>
</tr>
</tbody>
</table>
NOTE 10
INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

\[
\begin{array}{lcc}
\text{Capital assets} & 2008 & 2007 \\
\text{Less amounts financed by:} & & \\
\text{Accounts payable} & (12,760) & (1,594) \\
\text{Long-term debt} & (93,719) & (93,981) \\
\text{Deferred capital contributions} & (241,488) & (238,471) \\
\text{Balance, end of year} & $193,670 & $143,825 \\
\end{array}
\]

The change in investment in capital assets is calculated as follows:

\[
\begin{array}{lcc}
\text{Excess of expenses over revenue:} & 2008 & 2007 \\
\text{Amortization of deferred capital contributions} & $21,978 & $22,367 \\
\text{Amortization of capital assets} & (44,505) & (43,713) \\
\text{Net change in investment in capital assets:} & (22,527) & (21,346) \\
\text{Purchase of capital assets} & 108,271 & 43,349 \\
\text{Amounts funded by:} & & \\
\text{Accounts payable} & (12,760) & (1,594) \\
\text{Long-term debt} & – & (841) \\
\text{Deferred capital contributions} & (24,995) & (11,694) \\
\text{Repayment of debt:} & & \\
\text{Accounts payable} & 1,594 & 4,993 \\
\text{Long-term debt} & 262 & 1,803 \\
\text{Disposal of capital assets} & – & (11) \\
\text{Contributions for assets not subject to amortization} & – & 686 \\
\text{Change in investment in capital assets} & $49,845 & $15,345 \\
\end{array}
\]
NOTE 11
ENDOWMENTS

Contributions restricted for endowment consist of restricted donations received by the University and contributions internally restricted by the Board of Trustees, in the exercise of its discretion. 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 or the Board of Trustees. 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.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as conditions have been met, has been recorded in the statement of operations. University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the re-investment of a certain amount of the earned income.

<table>
<thead>
<tr>
<th>Externally</th>
<th>Internally</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowed Endowed Endowments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments, beginning of year $352,620 $162,204 $514,824</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting changes – financial intruments (note 3) – 35,890 35,890</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments, beginning of year, as restated $352,620 $198,094 $550,714</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net contributions 16,960 2,969 19,929</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recapitalized investment income 288 688 976</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment gain 9,445 3,525 12,970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized investment losses – (15,180) (15,180)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments, end of year $379,313 $190,096 $569,409</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Details of year-end balances are as follows:

<table>
<thead>
<tr>
<th>Faculty, Departmental, and Other</th>
<th>General Endowments</th>
<th>Student Assistance</th>
<th>Research</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year $191,080</td>
<td>$70,790 $236,118 $16,836 $514,824</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative unrealized investment gains 6,261 18,185 3,044 1,153 28,643</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative unallocated investment gains 1,834 4,390 738 285 7,247</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year, as restated $199,175</td>
<td>$93,365 $239,900 $18,274 $550,714</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net contributions 11,422 773 7,671 63 19,929</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recapitalized investment income 2,511 (2,199) 633 31 976</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation of net investment gains 4,784 2,179 5,559 448 12,970</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized investment losses (3,843) (9,196) (1,544) (597) (15,180)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, end of year $214,049 $84,922 $252,219 $18,219 $569,409</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Queen's University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 12
INTERNALLY RESTRICTED

Details of year-end balances are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase commitments</td>
<td>$1,916</td>
<td>$1,074</td>
</tr>
<tr>
<td>Carryforward of unexpended budget allocations to faculties, libraries and administrative units</td>
<td>34,055</td>
<td>41,719</td>
</tr>
<tr>
<td>Employee future benefits and pension</td>
<td>8,000</td>
<td>6,500</td>
</tr>
<tr>
<td>Uninsured property losses</td>
<td>900</td>
<td>820</td>
</tr>
<tr>
<td></td>
<td>44,871</td>
<td>50,113</td>
</tr>
<tr>
<td>Health Sciences:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase commitments</td>
<td>239</td>
<td>402</td>
</tr>
<tr>
<td>Carryforward of unexpended budget allocations to faculty</td>
<td>20,948</td>
<td>10,635</td>
</tr>
<tr>
<td></td>
<td>21,187</td>
<td>11,037</td>
</tr>
<tr>
<td>Ancillary Enterprises:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major repairs and renovations</td>
<td>12,413</td>
<td>11,769</td>
</tr>
<tr>
<td></td>
<td>12,413</td>
<td>11,769</td>
</tr>
<tr>
<td>Capital reserve:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital projects</td>
<td>30,904</td>
<td>26,256</td>
</tr>
<tr>
<td></td>
<td>30,904</td>
<td>26,256</td>
</tr>
<tr>
<td>Restricted fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unspent departmental donations</td>
<td>52,043</td>
<td>58,155</td>
</tr>
<tr>
<td>Unspent research funds</td>
<td>31,324</td>
<td>31,122</td>
</tr>
<tr>
<td></td>
<td>83,367</td>
<td>89,277</td>
</tr>
<tr>
<td></td>
<td>$192,742</td>
<td>$188,452</td>
</tr>
</tbody>
</table>

Funds are internally restricted to cover the cost of purchase orders outstanding at year-end.

In order to encourage judicious expenditure of funds, the University’s policy permits faculties, libraries, and administrative units to carry forward unexpended budget allocations and unrestricted donations to the succeeding years.

Operating, Health Sciences and Ancillary Enterprises establish annual budget allocations to fund periodic major repairs and alterations.

Funds are internally restricted to protect the University from losses not covered by insurance.

Capital projects represent internal funds committed to complete property under development.

Departments are permitted to carry forward donations and like income restricted to general departmental purposes and research.
NOTE 13
NET CHANGE IN NON-CASH WORKING CAPITAL

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

<table>
<thead>
<tr>
<th>Net change in non-cash working capital:</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$(8,644)</td>
<td>$(7,830)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(3,893)</td>
<td>735</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>22,546</td>
<td>2,094</td>
</tr>
<tr>
<td>Deferred revenue, contributions and related investment income</td>
<td>82,842</td>
<td>2,984</td>
</tr>
<tr>
<td>Total</td>
<td>$ 92,851</td>
<td>$(2,017)</td>
</tr>
</tbody>
</table>

NOTE 14
INSURANCE

The University is a member of the Canadian University Reciprocal Insurance Exchange (CURIE). CURIE insures general liability, university property and errors and omissions. Annual premiums paid by the University are determined by the CURIE Board, on the advice of the actuary. There is a provision under the agreement for assessments to all member universities if these premiums are not sufficient to cover losses. Depending on experience, there may be a partial distribution of surplus in some years. As at December 31, 2007, the latest financial statements available, CURIE had a surplus of $16.8 million (2006 – $16.5 million), of which the University’s pro rata share is approximately 3.37 % (2006 – 3.25%) on an ongoing basis.

Additional insurance for automobiles, artwork, miscellaneous property, and major construction projects is purchased through commercial insurers to provide coverage for losses not insured by CURIE.
NOTE 15
PENSION PLAN

The active employees of the University are covered by a contributory pension plan which is a money purchase plan with a defined benefit minimum. At retirement, plan members can elect to take a pension payable from the fund that secures the benefit payments promised by the University sponsored pension plan. Following retirement, this pension payout is indexed based on excess interest over 6%, and pensions are guaranteed not to reduce.

The assets of the plan are managed by a number of external investment managers, are held by an independent custodian, and are completely separate and apart from the assets of the University.

The most recent valuation of the plan, as at February 28, 2007, shows contributions from the University as follows: (1) Money Purchase – 6.49% of pensionable payroll; (2) Defined Benefit (Minimum Guarantee) – 1.53% of pensionable payroll; and (3) Special Payments – 1.91% of pensionable payroll (to amortize the plan deficit).

The actuarial valuation determined that the plan had a $40,507 unfunded liability ($10,700 unfunded liability at February 29, 2004) to be repaid over a period not to exceed 15 years as required under the Pension Benefits Act of Ontario. Amortization of the unfunded liability requires special payments of $4,235 per year (1.91% of current estimate payroll) for 15 years.

At April 30, 2008, the University has recorded $8,733 (2007 – $4,777) as the accrued portion of the $40,507 unfunded liability.

The University contributed $24,212 (2007 – $18,175) to the pension plan during the year and this outlay is included in the consolidated statement of operations as an annual expense.

A summary of the financial status of the plan as at February 28, 2007 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit obligation</td>
<td>$1,483,770</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>1,443,263</td>
</tr>
<tr>
<td>Plan deficit</td>
<td>$40,507</td>
</tr>
</tbody>
</table>

The next actuarial valuation of the pension plan will be on or prior to February 28, 2010.

The significant actuarial assumptions adopted in measuring the University’s accrued pension obligation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>6.1%</td>
<td>(6.5% in 2004)</td>
</tr>
<tr>
<td>Expected long-term rate of return on plan assets</td>
<td>6.1%</td>
<td>(6.5% in 2004)</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>4.5%</td>
<td>(4.5% in 2004)</td>
</tr>
<tr>
<td>Non-reduction reserve</td>
<td>2.5%</td>
<td>(2.5% in 2004)</td>
</tr>
<tr>
<td>Mortality</td>
<td>Customized table reflecting plan experience</td>
<td></td>
</tr>
</tbody>
</table>

The most significant factors that have led to the growth in the unfunded position are the following:

Lower pensioner mortality – There has been lower pensioner mortality than had been assumed in the 2004 valuation, generating a loss in the current valuation. Valuation mortality tabled have been further strengthened at February 28, 2007 to account for this reduced mortality experience.

Change in discount rate assumption – The discount rate assumption has been lowered from 6.5% to 6.1%.
Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 16
EMPLOYEE FUTURE BENEFITS LIABILITY

The University provides medical, dental and life insurance benefits to eligible active and retired employees subject to negotiated co-sharing arrangements. Benefits are funded by University contributions made on a pay-as-you-go basis. An independent actuarial study of the employee future benefits has been undertaken. The most recent valuation of the employee future benefits was prepared as at January 1, 2007. The next valuation of the plan is expected to be as of January 1, 2009.

At April 30, 2008, the University’s accrued benefit liability relating to the employee future benefits plan is $55,348. (2007 – $50,017).

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit obligation</td>
<td>$54,125</td>
<td>$56,906</td>
</tr>
<tr>
<td>Unamortized net actuarial gain (loss)</td>
<td>1,223</td>
<td>(6,889)</td>
</tr>
<tr>
<td>Employee future benefits liability</td>
<td>$55,348</td>
<td>$50,017</td>
</tr>
</tbody>
</table>

Included in the consolidated statement of operations is an annual expense in the amount of $6,857 (2007 – $5,520) regarding employee future benefits. The annual expense includes the current service cost of employee benefits for the year and the interest cost for the unfunded accrued benefit obligation. During 2008, the University contributed $1,526 (2007 – $1,489) to cover pay-as-you-go disbursements incurred during the year for these employee future benefits.

The significant actuarial assumptions adopted in estimating the University’s accrued benefit obligation are as follows (weighted-average assumptions):

<table>
<thead>
<tr>
<th></th>
<th>Employee Future Benefits Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5.40% to 6.20%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>0.00% to 4.50%</td>
</tr>
<tr>
<td>Medical cost increases:</td>
<td></td>
</tr>
<tr>
<td>Drug</td>
<td>4.50% to 7.50%</td>
</tr>
<tr>
<td>Other medical</td>
<td>4.50%</td>
</tr>
<tr>
<td>Dental</td>
<td>4.50% to 6.30%</td>
</tr>
<tr>
<td>Health care trend rate</td>
<td>4.50% to 6.90%</td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 (\$000's omitted)

NOTE 17
FINANCIAL INSTRUMENTS

a) Fair value
The carrying values of cash, accounts receivable, accounts payable, and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of loans receivable is fair value as they are designated available-for-sale. The fair value of derivative assets and liabilities is noted in note 17(c) and 17(d). The fair value of investments is noted in note 4(a). The fair value of long-term debt is noted in note 9(c).

b) Derivative financial instruments
The primary risk exposures for investments are foreign currency, interest rate volatility, and market and credit risk. The University, through the work of its Investment Committee, has formal policies and procedures in place governing asset mix among equity, fixed income and alternative investments, requiring diversification within categories, and setting limits on the size of exposure to individual investments and counterparties. In addition, derivative instruments are used in the management of these risks. All derivative financial instruments are classified as held-for-trading and therefore all unrealized gains and losses are recorded on the statement of operations.

For the 2007 comparative year, these instruments are not recognized in the consolidated financial statements on inception of the contract. Payments and receipts under interest rate swap contracts are recognized as adjustments to interest expense on long-term debt. Gains and losses on forward foreign exchange contracts are recognized when they mature. The carrying amounts of derivative financial instruments, which are comprised of accrued gains and losses not yet realized, are not included in the consolidated financial statements.

The University has entered into foreign currency forward contracts to minimize exchange rate fluctuations and to mitigate any uncertainty for future financial results.

c) Interest rate swap
The University entered into an interest rate swap agreement in order to manage interest rate exposure. The contract has the effect of converting the fixed rate of interest on $30 million of the Series A senior unsecured debenture debt to a floating rate.

At April 30, 2008 the University was exposed to interest rate risk as follows:

<table>
<thead>
<tr>
<th>Interest Rate Until Fiscal Year Ending</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Royal Bank (floating rate)</td>
<td>$30,000</td>
<td>$5,237</td>
</tr>
</tbody>
</table>

At April 30, 2008 the University was exposed to interest rate risk as follows:

<table>
<thead>
<tr>
<th>Interest Rate Until Fiscal Year Ending</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Royal Bank (floating rate)</td>
<td>$30,000</td>
<td>$5,237</td>
</tr>
</tbody>
</table>

At April 30, 2008 the University was exposed to interest rate risk as follows:

<table>
<thead>
<tr>
<th>Interest Rate Until Fiscal Year Ending</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Royal Bank (floating rate)</td>
<td>$30,000</td>
<td>$5,237</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Interest Rate Until Fiscal Year Ending</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Royal Bank (floating rate)</td>
<td>$30,000</td>
<td>$5,237</td>
</tr>
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</table>

At April 30, 2008 the University was exposed to interest rate risk as follows:

<table>
<thead>
<tr>
<th>Interest Rate Until Fiscal Year Ending</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Balance</td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>Royal Bank (floating rate)</td>
<td>$30,000</td>
<td>$5,237</td>
</tr>
</tbody>
</table>

d) Foreign exchange contracts
The notional and fair values of the foreign exchange contracts are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notional Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td>US Dollar</td>
<td>$122,646</td>
<td>$ (1,287)</td>
</tr>
<tr>
<td>UK Pound Sterling</td>
<td>37,783</td>
<td>(514)</td>
</tr>
<tr>
<td>Other</td>
<td>51,477</td>
<td>407</td>
</tr>
<tr>
<td></td>
<td>$211,906</td>
<td>$ (1,394)</td>
</tr>
</tbody>
</table>
Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 18
MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES FUNDING

The University receives an operating grant from the Province of Ontario in accordance with budget arrangements established by the Ministry of Training, Colleges and Universities. These financial statements reflect funding arrangements approved by the Ministry with respect to the year ended April 30, 2008. Operating grants received from the Ministry represent approximately 49% of operating fund revenue and 18% of total revenue for the University.

NOTE 19
LITIGATION

The nature of the University’s activities are such that there may be litigation pending or in prospect at any time. With respect to claims at April 30, 2008, administration believes that the University has valid defenses and that appropriate insurance coverage is in place wherever it is possible to do so. In the event any claims are successful, administration believes that such claims are not expected to have a material effect on the University’s financial position. No provision has been accrued in these financial statements in respect of the above litigation.

NOTE 20
COMMITMENTS

The University has issued letters of credit of $800 primarily for capital construction and has guaranteed an operating line of credit with a bank of $1,000 for PARTEQ Innovations.
**NOTE 21
ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)**

Under terms of agreement with the Ministry of Training, Colleges and Universities, separate note disclosure or separate audited year-end reports are required to comply with reporting requirements.

Externally restricted endowments include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support matching programs to award student aid as a result of raising an equal amount of endowed donations.

The University has recorded the following amounts under phase 1 of the program:

(For the year ended April 30)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment Funds:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>$71,588</td>
<td>$71,884</td>
</tr>
<tr>
<td>Capitalized funds expended in the year</td>
<td>(262)</td>
<td>(296)</td>
</tr>
<tr>
<td><strong>Endowment fund balance at end of year</strong></td>
<td>$71,326</td>
<td>$71,588</td>
</tr>
<tr>
<td><strong>Expendable Funds:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>$428</td>
<td>$428</td>
</tr>
<tr>
<td>Investment income</td>
<td>3,846</td>
<td>3,668</td>
</tr>
<tr>
<td>Bursaries awarded</td>
<td>(4,108)</td>
<td>(3,964)</td>
</tr>
<tr>
<td>Capitalized funds expended in the year</td>
<td>262</td>
<td>296</td>
</tr>
<tr>
<td><strong>Expendable funds available for awards</strong></td>
<td>$428</td>
<td>$428</td>
</tr>
<tr>
<td>Number of bursaries awarded</td>
<td>1,036</td>
<td>1,119</td>
</tr>
</tbody>
</table>

The market value of the OSOTF phase 1 endowment as at April 30, 2008 was $92,286 (2007 – $98,742).
**NOTE 21 (CONTINUED)**

**ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)**

The University has recorded the following amounts under phase 2 of the program:

(for the year ended March 31)

<table>
<thead>
<tr>
<th></th>
<th>OSOTF II</th>
<th>OTSS</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Endowment Funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>$11,835</td>
<td>$10,590</td>
<td>$22,425</td>
<td>$15,689</td>
</tr>
<tr>
<td>Donations received</td>
<td>–</td>
<td>1,735</td>
<td>1,735</td>
<td>3,244</td>
</tr>
<tr>
<td>Government matching received</td>
<td>–</td>
<td>1,893</td>
<td>1,893</td>
<td>1,786</td>
</tr>
<tr>
<td>Government matching receivable</td>
<td>–</td>
<td>(1,668)</td>
<td>(1,668)</td>
<td>1,459</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Expendable funds capitalized in the year</td>
<td>–</td>
<td>162</td>
<td>162</td>
<td>246</td>
</tr>
<tr>
<td><strong>Endowment capital</strong></td>
<td>$11,835</td>
<td>$12,712</td>
<td>$24,547</td>
<td>$22,425</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>OSOTF II</th>
<th>OTSS</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expendable Funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>$66</td>
<td>$ (29)</td>
<td>$ 37</td>
<td>$126</td>
</tr>
<tr>
<td>Donations received</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>Investment income</td>
<td>519</td>
<td>404</td>
<td>923</td>
<td>685</td>
</tr>
<tr>
<td>Bursaries awarded</td>
<td>(385)</td>
<td>(298)</td>
<td>(683)</td>
<td>(534)</td>
</tr>
<tr>
<td>Expendable funds capitalized in the year</td>
<td>(91)</td>
<td>(71)</td>
<td>(162)</td>
<td>(246)</td>
</tr>
<tr>
<td><strong>Expendable funds available for awards</strong></td>
<td>$109</td>
<td>$ 6</td>
<td>$115</td>
<td>$37</td>
</tr>
</tbody>
</table>

| Number of bursaries awarded | 147 | 114 | 261 | 266 |
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 22
RELATED ENTITIES

This section addresses disclosure requirements regarding the University’s relationships with related entities. The relationship can be one of economic interest, significant influence, joint control or control.

(a) Investment in Parking Commission
Queens University is an equal partner with Kingston General Hospital for the operations of the Parking Commission. The University’s capital investment in the partnership is $0 (2007 – $71), representing total advances less repayments thereon to date. This capital investment was repaid by the Parking Commission over a twenty-five year period ending December 31, 2007. The University’s share of the Parking Commission’s excess of revenue over expense is $610 (2007 – $508) reported in the operating fund.

(b) Investment in Cogeneration Facility
Queens University has entered into a joint venture with Kingston General Hospital (KGH) for the construction and operation of a cogeneration facility governed by a Management Board consisting of representatives of Queens and KGH. The purpose of the facility is to produce electricity and steam. The University’s proportionate share of the joint venture is 60% and Kingston General Hospital’s proportionate share is 40%. The University’s capital investment in the joint venture is $14,306 (2007 – $13,916). This capital investment is repaid from the operating fund over a twenty-five year period ending April 30, 2031. The University’s share of the cogeneration facility’s excess of revenue over expense is $26 (2007 – expense over revenue $297), reported in the operating fund.

(c) McGill-Queens University Press
Queens University has significant influence in McGill-Queens University Press. McGill-Queens University Press was incorporated by letters patent as a corporation without share capital under Part II of the Canada Corporations Act. The objective of the Press is to stimulate scholarship, research and debate through the publication of materials for scholars and the community at large. The Press is exempt from income tax under section 149 of the Income Tax Act. The University is responsible for a 50% share of any deficit accumulated by McGill-Queens University Press. Queens share of the projected accumulated deficit as at May 31, 2008 was $1,094 (2007 – $1,170). The University provided an annual contribution of $400 (2007 – $350) to fund operating costs of McGill-Queens University Press.
Queens University at Kingston
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year ended April 30, 2008 ($000’s omitted)

NOTE 23
COMPARATIVE FIGURES

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.

NOTE 24
ADOPTION OF NEW ACCOUNTING STANDARDS

Effective May 1, 2007, the University adopted the revised CICA Handbook Section 1506 “Accounting Changes” relating to changes in accounting policies, changes in accounting estimates and errors. Adoption of these recommendations had no effect on the financial statements for the year ended April 30, 2008, except for the disclosure of accounting changes that have been issued by the CICA but have not yet been adopted by the University because they are not effective until a future date (refer to Future Accounting Changes (note 25)).

NOTE 25
FUTURE ACCOUNTING CHANGES

The CICA issued three new accounting standards on December 31, 2006: Handbook Section 1535 “Capital Disclosures”; Handbook Section 3862 “Financial Instruments – Disclosures”; Handbook Section 3863 “Financial Instruments – Presentation”. These standards are effective for the University’s financial reporting period beginning on May 1, 2008. Section 1535 specifies the disclosures regarding how an entity manages its capital. The new Handbook Sections 3862 and 3863 replace Handbook Section 3860 “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

These standards are effective for the University’s financial reporting period beginning on May 1, 2008. The University is currently assessing the impact of these new accounting standards on its consolidated financial statements.

NOTE 26
SUBSEQUENT EVENTS

Subsequent to the year end, there has been turmoil in the capital markets. This has resulted in realized and unrealized losses on equities of affected US financial institutions held in both the University’s pooled endowment and pooled investment funds. Since June 30, 2008, realized losses on these equity holdings were $7.3 million and unrealized losses on the remaining holdings in the funds were $5.1 million.

Certain of the University’s fixed income funds hold investments in the same affected US financial institutions in varying amounts. The affected bonds within specific bond funds are very small percentages of the individual fixed income funds. The University intends to continue to hold these fixed income funds as it believes the current prices are below the expected recovery estimates for the affected bonds.
INTRODUCTION TO THE APPENDICES

To complement the information contained in the financial statements, additional data has been provided in the following Appendices. This introduction provides a context for what these numbers demonstrate.

OPERATING

The Operating fund ($290 million) represents 37% of the University’s total revenues. It finances the core academic activities of the University. Operating revenue is primarily composed of provincial government operating grants, tuition fees and other unrestricted income.

HEALTH SCIENCES

The Faculty of Health Sciences received $100 million from the Ministry of Health and Long-Term Care in 2007-08 under the Alternative Funding Plan (AFP) to support its mission of clinical service, education and research. In addition, the Faculty of Health Sciences received a $26.7 million allocation from University operations to fund medical students and students in the Basic Health Sciences not funded by the AFP.

ANCILLARY ENTERPRISES

Revenue from ancillary enterprises amounted to $97.6 million in 2007-08 ($92.5 million in 2006-07). Apartment and Housing, the Donald Gordon Centre, Parking, Continuing Education, the ISC and QCED all exceeded breakeven targets.

RESEARCH

Research funding in 2007-08 at Queens was $185 million (before deferrals) versus $188 million in 2006-07. Federal and corporate research funding increased during the year to almost offset the large provincial government grant of $21 million in support of Innovation Park received in 2006-07.

ENDOWMENTS

The endowment fund had a one year gross return of -2.1% (year ended April 30, 2008). This return is below the benchmark gross return by 62 basis points for the same period. The benchmark return is calculated by assuming index returns applied to the policy asset mix for the endowment. Longer term results have been strong. Specifically, over the 10 year period ending March 31, 2008, the endowment had an annualized return of 7.4%; this return is 2.4% above the annualized benchmark return for the same period.

CAPITAL

The University has embarked on its most extensive campus revitalization campaign to date. Significant progress was made during the year on a number of projects, including the Queen’s Centre, Tindall Field artificial field and car park, the Richardson Hall Renovation project and the University Avenue redevelopment. In addition, the former Prison for Women site was acquired during the year as well as lands for Queen’s Innovation Park.

CONCLUSION

The University continues to maintain a strong financial position at the end of the 2007-08 fiscal year. The financial results for the past year, however, reflect a number of challenges occurring in the present operating environment, that appear likely to persist in the near future.

Research activity at Queen’s continues to be strong, demonstrating growth in key areas. Ancillary operations also continue to show positive overall performance.

Despite the many challenges, Queen’s University continues to demonstrate strength in its base of activities, with a resulting further improvement in total Net Assets at year-end.
# Appendix 1

## Statement of Changes in Fund Balances for the Year Ended April 30, 2008 with Comparative Figures for 2007

($000’s omitted and unaudited)

Appendix 1 details the consolidated activities of the University by fund and supplements the information presented in the audited financial statements.

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Health Sciences</th>
<th>Ancillary Enterprises</th>
<th>Capital</th>
<th>Subtotal</th>
<th>Trust</th>
<th>Research</th>
<th>Endowment</th>
<th>Investment In Capital Assets</th>
<th>Internally Restricted</th>
<th>Total 2008</th>
<th>Total 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Contracts</td>
<td>149,705</td>
<td>126,748</td>
<td></td>
<td>–</td>
<td>(13,724)</td>
<td>262,729</td>
<td>14,014</td>
<td>156,820</td>
<td>16</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Fees</td>
<td>118,284</td>
<td>962</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>119,246</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Investment Income</td>
<td>12,026</td>
<td>(10)</td>
<td>–</td>
<td>(2,381)</td>
<td>9,635</td>
<td>33,075</td>
<td>1,482</td>
<td>4,757</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Donations</td>
<td>1,287</td>
<td>742</td>
<td>–</td>
<td>(6,604)</td>
<td>38,338</td>
<td>(63)</td>
<td>485</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Ancillary Sales of</td>
<td>–</td>
<td>–</td>
<td>97,561</td>
<td>–</td>
<td>97,561</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Service and Products</td>
<td>8,866</td>
<td>114</td>
<td>–</td>
<td>3,362</td>
<td>12,342</td>
<td>9,516</td>
<td>2,710</td>
<td>1,924</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of Deferred Capital Contributions</td>
<td>–</td>
<td>–</td>
<td>21,978</td>
<td>21,978</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>21,978</td>
<td>21,978</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>290,168</td>
<td>128,556</td>
<td>97,561</td>
<td>602</td>
<td>516,887</td>
<td>94,943</td>
<td>160,949</td>
<td>7,182</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Expense

<table>
<thead>
<tr>
<th></th>
<th>Operating</th>
<th>Health Sciences</th>
<th>Ancillary Enterprises</th>
<th>Capital</th>
<th>Subtotal</th>
<th>Trust</th>
<th>Research</th>
<th>Endowment</th>
<th>Investment In Capital Assets</th>
<th>Internally Restricted</th>
<th>Total 2008</th>
<th>Total 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>176,594</td>
<td>40,613</td>
<td>19,357</td>
<td>–</td>
<td>236,564</td>
<td>20,844</td>
<td>54,899</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>312,307</td>
<td>284,816</td>
</tr>
<tr>
<td>Clinical Members Fees</td>
<td>–</td>
<td>75,881</td>
<td>–</td>
<td>–</td>
<td>75,881</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>75,881</td>
<td>62,429</td>
</tr>
<tr>
<td>Benefits</td>
<td>33,183</td>
<td>5,847</td>
<td>3,025</td>
<td>–</td>
<td>42,055</td>
<td>3,425</td>
<td>8,457</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>53,937</td>
<td>47,032</td>
</tr>
<tr>
<td>Employee Future</td>
<td>1,526</td>
<td>–</td>
<td>1,526</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,526</td>
<td>1,489</td>
</tr>
<tr>
<td>Benefits, cash basis</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Employee Future</td>
<td>5,331</td>
<td>–</td>
<td>5,331</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,331</td>
<td>4,031</td>
</tr>
<tr>
<td>Benefits, accrual basis</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Supplies and</td>
<td>28,504</td>
<td>7,279</td>
<td>56,764</td>
<td>(2,334)</td>
<td>90,213</td>
<td>11,482</td>
<td>66,512</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>168,207</td>
<td>135,944</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,263</td>
<td>1,397</td>
<td>2,445</td>
<td>(19,379)</td>
<td>(8,274)</td>
<td>20,454</td>
<td>23,754</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>35,475</td>
<td>33,799</td>
</tr>
<tr>
<td>Artwork, Minor Equipment and Furnishings</td>
<td>26,904</td>
<td>80</td>
<td>93</td>
<td>27,077</td>
<td>24,050</td>
<td>980</td>
<td>–</td>
<td>–</td>
<td>52,107</td>
<td>48,148</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Assistance</td>
<td>13,493</td>
<td>184</td>
<td>4,865</td>
<td>(2,577)</td>
<td>15,965</td>
<td>30</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>16,002</td>
<td>16,611</td>
</tr>
<tr>
<td>Library Acquisitions</td>
<td>3,398</td>
<td>4,677</td>
<td>1,840</td>
<td>(13,052)</td>
<td>(12,491)</td>
<td>14,864</td>
<td>6,442</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>8,815</td>
<td>11,503</td>
</tr>
<tr>
<td>Total Expense</td>
<td>306,497</td>
<td>126,636</td>
<td>94,774</td>
<td>(5,140)</td>
<td>522,767</td>
<td>95,748</td>
<td>160,746</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>779,261</td>
<td>694,802</td>
</tr>
</tbody>
</table>

### Excess (deficiency) of revenue over expense

| Excess (deficiency) of revenue over expense | (16,329) | 1,920 | 2,787 | 5,742 | (5,880) | (805) | 203 | 7,182 | – | – | 700 | 38,444 |

### Unrealized losses on derivatives

| Unrealized losses on derivatives | (10,369) | – | – | – | (10,369) | – | – | – | – | (10,369) | – |

### Unrealized losses on investments

| Unrealized losses on investments | (18,486) | – | – | – | (18,486) | – | – | (15,180) | – | (33,666) | – |

### Endowment Contribution

| Endowment Contribution | – | – | – | – | – | – | – | 26,693 | – | 26,693 | 40,715 |

### Allocation from Net Investment in Capital Assets

| Allocation from Net Investment in Capital Assets | – | – | (49,845) | (49,845) | – | – | – | 49,845 | – | – | – |

### Contributions for Assets Not Subject to Amortization

| Contributions for Assets Not Subject to Amortization | – | – | – | – | – | – | – | – | – | – | 686 |

### Transfer from (to) Appropriations

| Transfer from (to) Appropriations | 4,192 | (2,084) | (2,437) | (4,563) | (4,892) | 805 | (203) | – | – | 4,290 | – |

### Net Change in Fund Balance

| Net Change in Fund Balance | (40,992) | (164) | 350 | (48,666) | (89,472) | – | – | 18,695 | 49,845 | 4,290 | (16,642) | 79,845 |

### Fund Balance, beginning of year

| Fund Balance, beginning of year | (43,159) | 90 | (12,328) | (55,433) | (110,830) | – | – | 514,824 | 143,825 | 188,452 | 736,271 | 656,426 |

### Accounting changes

| Accounting changes | – | – | – | – | – | – | – | – | – | – | – |

### Fund Balance, end of year

| Fund Balance, end of year | (34,817) | (74) | (11,978) | (104,099) | (150,968) | – | – | 569,409 | 193,670 | 192,742 | 804,853 | 736,271 |
### APPENDIX 2

**REVENUE AND EXPENSE FOR THE YEAR ENDED APRIL 30, 2008 WITH COMPARATIVE FIGURES FOR 2007**

(5000's omitted and unaudited)

Highlights of Operating Fund Revenue and Expenses

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>2007-08</th>
<th>Difference</th>
<th>2006-07</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial government grants</td>
<td>$146,089</td>
<td>$140,529</td>
<td>$(5,560)</td>
<td>$146,908</td>
<td></td>
</tr>
<tr>
<td>Federal government grant</td>
<td>8,712</td>
<td>9,176</td>
<td>464</td>
<td>8,252</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>116,581</td>
<td>118,284</td>
<td>1,703</td>
<td>112,502</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>9,752</td>
<td>12,026</td>
<td>2,274</td>
<td>10,136</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>1,500</td>
<td>1,287</td>
<td>(213)</td>
<td>1,286</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6,610</td>
<td>8,866</td>
<td>2,256</td>
<td>6,513</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>289,244</td>
<td>290,168</td>
<td>924</td>
<td>285,597</td>
<td></td>
</tr>
</tbody>
</table>

|                      |         |         |             |         |        |
| **EXPENSES**         |         |         |             |         |        |
| Salaries             | 174,097 | 176,594 | (2,497)     | 164,026 |
| Benefits             | 32,578  | 34,709  | (2,131)     | 30,526  |
| Supplies and miscellaneous | 15,624 | 28,504 | (12,880) | 13,958 |
| Minor equipment and furnishings | 8,226 | 7,263 | 963 | 7,769 |
| Student assistance   | 24,247  | 26,904  | (2,657)     | 26,105  |
| Utilities            | 15,456  | 13,493  | 1,963       | 13,739  |
| Renovations and alterations | 9,095 | 3,398 | 5,697 | 8,009 |
| Library acquisitions | 9,921   | 9,781   | 140         | 9,805   |
| Interest             | –       | 520     | (520)       | 729     |
| **Total Expenses**   | 289,244 | 301,166 | (11,922)    | 274,666 |

|                      |         |         |             |         |        |
| Net change in fund balance before transfers | – | (10,998) | – | 10,931 |
| Net transfers to appropriated surplus | – | 4,192 | – | (6,124) |
| **Annual operating surplus, before employee future benefits expense** | – | 13,673 | – | 4,807 |
| Accounting changes and financial instruments | – | (6,806) | – | 4,807 |
| Unrestricted net assets (note 3) | – | 49,334 | – | – |
| Unrealized losses on derivatives (note 17) | – | (10,369) | – | – |
| Unrealized losses on available-for-sale financial assets arising in the period (note 11) | – | (18,032) | – | – |
| Unrealized losses on loans receivable | – | (454) | – | – |
| **Annual operating surplus, before employee future benefits expense** | – | 13,673 | – | 4,807 |
| Accumulated operating surplus, start of year, before employee future benefits expense | – | 6,858 | – | 2,051 |
| **Accumulated operating surplus, end of year, before employee future benefits expense** | – | $20,531 | – | $6,858 |

The format of the operating budget approved by the Board of Trustees in May 2007 has been modified in this statement to conform to the format of operating revenues and expenses in Appendix 1 of the Annual Report. This format conforms to that of the Consolidated Statement of Operations of the Audited Financial Statements.

This highlight summary does not reflect the reporting of employee future benefits expense described in Note 16 to the Consolidated Financial Statements. The total accumulated deficit of $34,817 (2007 – $43,159) reflects the accrued liability of $55,348 (2007 – $50,017) for employee future benefits.
APPENDIX 3

ANCILLARY ENTERPRISES REVENUE AND EXPENSE FOR THE YEAR ENDED APRIL 30, 2008 WITH COMPARATIVE FIGURES FOR 2007
($000's omitted and unaudited)

Appendix 3 details the activities in the column titled “Ancillary Enterprises” in Appendix 1.

<table>
<thead>
<tr>
<th>Residence and Housing Revenue</th>
<th>Computer Store Revenue</th>
<th>Conference Services Revenue</th>
<th>Total Revenue 2008</th>
<th>Total Revenue 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,324</td>
<td>4,228</td>
<td>2,301</td>
<td>2,232</td>
<td>41,732</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residence and Food Services Revenue</th>
<th>Continuing Education Revenue</th>
<th>ISC PARTEQ Revenue</th>
<th>QCED Revenue</th>
<th>Other Revenue</th>
<th>Total Expense 2008</th>
<th>Total Expense 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,653</td>
<td>1,882</td>
<td>111</td>
<td>(125)</td>
<td>97,561</td>
<td>2,787</td>
<td>6,032</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salaries and Benefits Expense</th>
<th>Minor Equipment and Furnishings Expense</th>
<th>Utilities Expense</th>
<th>Principal and Interest Expense</th>
<th>Taxes Expense</th>
<th>External Contracts Expense</th>
<th>Repairs and Alterations Expense</th>
<th>Supplies and Miscellaneous Expense</th>
<th>Total Expense 2008</th>
<th>Total Expense 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>836</td>
<td>73</td>
<td>66</td>
<td>111</td>
<td>695</td>
<td>24</td>
<td>304</td>
<td>2,236</td>
<td>4,946</td>
<td>4,149</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Excess of Revenue over Expense</th>
<th>Transfer (to) from Appropriation</th>
<th>Net Change</th>
<th>Surplus/(Deficit), beginning of year</th>
<th>Surplus/(Deficit), end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>378</td>
<td>33</td>
<td>411</td>
<td>1,054 (5,679)</td>
<td>$1,465 $(5,600)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus/(Deficit), end of year</th>
<th>Residences</th>
<th>Apartments</th>
<th>Conference</th>
<th>Store</th>
<th>Parking</th>
<th>Services</th>
<th>Continuing Education</th>
<th>ISC PARTEQ</th>
<th>QCED</th>
<th>Other</th>
<th>Total 2008</th>
<th>Total 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,465</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus/(Deficit), end of year</th>
<th>Residences</th>
<th>Apartments</th>
<th>Conference</th>
<th>Store</th>
<th>Parking</th>
<th>Services</th>
<th>Continuing Education</th>
<th>ISC PARTEQ</th>
<th>QCED</th>
<th>Other</th>
<th>Total 2008</th>
<th>Total 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,465</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
<td>1,054</td>
</tr>
</tbody>
</table>
APPENDIX 4

STATEMENT OF UNRESTRICTED NET ASSETS FOR THE YEAR ENDED APRIL 30, 2008 WITH COMPARATIVE FIGURES FOR 2007
($000’s omitted and unaudited)

Appendix 4 details the caption titled “Unrestricted Net Assets” presented in the audited financial statements.

Queens University at Kingston

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus, before employee future benefits expense</td>
<td>$20,531</td>
<td>$6,858</td>
</tr>
<tr>
<td>Accrued liability for employee future benefits</td>
<td>(55,348)</td>
<td>(50,017)</td>
</tr>
<tr>
<td>Health Sciences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(74)</td>
<td></td>
<td>(43,159)</td>
</tr>
<tr>
<td>Ancillary enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(11,978)</td>
<td></td>
<td>(12,328)</td>
</tr>
<tr>
<td>Capital projects:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herstmonceux</td>
<td>(7,393)</td>
<td>(7,643)</td>
</tr>
<tr>
<td>Biosciences</td>
<td>(1,180)</td>
<td>(1,403)</td>
</tr>
<tr>
<td>Clergy Street properties</td>
<td>(861)</td>
<td>(1,022)</td>
</tr>
<tr>
<td>Goodes Hall</td>
<td>(2,706)</td>
<td>(2,821)</td>
</tr>
<tr>
<td>Gordon Hall</td>
<td>(2,404)</td>
<td>(2,278)</td>
</tr>
<tr>
<td>Macdonald Hall</td>
<td>(824)</td>
<td>(1,024)</td>
</tr>
<tr>
<td>New electric substation</td>
<td>(6,551)</td>
<td>(6,424)</td>
</tr>
<tr>
<td>Cogeneration facility</td>
<td>(13,746)</td>
<td>(13,647)</td>
</tr>
<tr>
<td>The Queens Centre</td>
<td>(37,040)</td>
<td>(13,216)</td>
</tr>
<tr>
<td>Residence and Food Service project</td>
<td>(1,751)</td>
<td>(1,751)</td>
</tr>
<tr>
<td>Prison for Women</td>
<td>(3,167)</td>
<td>–</td>
</tr>
<tr>
<td>McNeill residence</td>
<td>(4,651)</td>
<td>(396)</td>
</tr>
<tr>
<td>University Avenue rehabilitation</td>
<td>(2,890)</td>
<td>–</td>
</tr>
<tr>
<td>Tindall field and parking garage</td>
<td>(13,089)</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>(5,846)</td>
<td>(3,808)</td>
</tr>
<tr>
<td></td>
<td>(104,999)</td>
<td>(55,433)</td>
</tr>
<tr>
<td></td>
<td>($150,968)</td>
<td>($110,830)</td>
</tr>
</tbody>
</table>

Unrestricted net assets represent the accumulated (deficit)/surplus of the operating fund, Faculty of Health Sciences, ancillary enterprises and capital projects which the University decided to fund through internal “borrowings”.

Capital projects reported as Herstmonceux, Biosciences, “New electric substation”, Gordon Hall, “Cogeneration facility” and “University Avenue rehabilitation” are being recovered by a combination of annual allocations from the operating fund and the collection of outstanding pledges. Capital projects reported as “Clergy Street properties”, “Residence and Food Service Project”, “McNeill residence” and “Other” are primarily Residence and Apartment and Housing projects that are being recovered annually by principal and interest repayments from ancillary enterprises. Goodes Hall is a long-term pledge which will be received in equal annual instalments through to December 2013. Macdonald Hall renovations are being recovered by annual contributions from Law School fees and will be fully repaid by April 2010. The Queens Centre Project will be recovered from fundraising and other sources. “Tindall field and parking garage” will be recovered from future parking revenues and the Prison for Women is funded by University funds.
### APPENDIX 5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED APRIL 30, 2008

<table>
<thead>
<tr>
<th></th>
<th>2008 with Financial Instruments</th>
<th>2008 without Financial Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$31,176</td>
<td>$31,176</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>50,475</td>
<td>50,475</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>5,375</td>
<td>6,149</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>10,079</td>
<td>10,079</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>5,237</td>
<td>–</td>
</tr>
<tr>
<td>Investments</td>
<td>864,565</td>
<td>765,309</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>–</td>
<td>4,696</td>
</tr>
<tr>
<td>Capital assets</td>
<td>541,637</td>
<td>541,637</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,508,544</td>
<td>1,409,521</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>81,396</td>
<td>81,396</td>
</tr>
<tr>
<td>Deferred revenue, contributions and related investment revenue</td>
<td>214,067</td>
<td>154,804</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>1,394</td>
<td>–</td>
</tr>
<tr>
<td>Employee future benefits liability</td>
<td>55,348</td>
<td>55,348</td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>262,660</td>
<td>262,660</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>88,826</td>
<td>93,522</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>703,691</td>
<td>647,730</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>193,670</td>
<td>193,670</td>
</tr>
<tr>
<td>Endowments</td>
<td>569,409</td>
<td>547,585</td>
</tr>
<tr>
<td>Internally restricted</td>
<td>192,742</td>
<td>192,742</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(150,968)</td>
<td>(172,206)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>804,853</td>
<td>761,791</td>
</tr>
<tr>
<td><strong>$1,508,544</strong></td>
<td><strong>$1,409,521</strong></td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX 5 (CONTINUED)

**CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED APRIL 30, 2008**

<table>
<thead>
<tr>
<th></th>
<th>2008 with Financial Instruments</th>
<th>2008 without Financial Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>$433,579</td>
<td>$433,579</td>
</tr>
<tr>
<td>Fees</td>
<td>119,246</td>
<td>119,246</td>
</tr>
<tr>
<td>Investment income</td>
<td>48,949</td>
<td>48,190</td>
</tr>
<tr>
<td>Donations</td>
<td>32,156</td>
<td>32,156</td>
</tr>
<tr>
<td>Ancillary sales of service and products</td>
<td>97,561</td>
<td>97,561</td>
</tr>
<tr>
<td>Other</td>
<td>26,492</td>
<td>26,492</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>21,978</td>
<td>21,978</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>779,961</td>
<td>779,202</td>
</tr>
<tr>
<td><strong>EXPENSE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>312,307</td>
<td>312,307</td>
</tr>
<tr>
<td>Clinical members fees</td>
<td>75,881</td>
<td>75,881</td>
</tr>
<tr>
<td>Benefits</td>
<td>29,725</td>
<td>29,725</td>
</tr>
<tr>
<td>Pension</td>
<td>24,212</td>
<td>24,212</td>
</tr>
<tr>
<td>Employee future benefits</td>
<td>6,857</td>
<td>6,857</td>
</tr>
<tr>
<td>Supplies</td>
<td>93,773</td>
<td>93,773</td>
</tr>
<tr>
<td>Minor equipment and furnishings</td>
<td>35,475</td>
<td>35,475</td>
</tr>
<tr>
<td>Externally contracted services</td>
<td>26,981</td>
<td>26,981</td>
</tr>
<tr>
<td>Student assistance</td>
<td>52,107</td>
<td>52,107</td>
</tr>
<tr>
<td>Travel</td>
<td>18,699</td>
<td>18,699</td>
</tr>
<tr>
<td>Utilities</td>
<td>16,002</td>
<td>16,002</td>
</tr>
<tr>
<td>Renovations and alterations</td>
<td>8,815</td>
<td>8,815</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>5,168</td>
<td>5,168</td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>44,505</td>
<td>44,505</td>
</tr>
<tr>
<td>Other expenses</td>
<td>28,754</td>
<td>28,754</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>779,261</td>
<td>779,261</td>
</tr>
<tr>
<td>Unrealized losses on derivatives</td>
<td>(10,369)</td>
<td>–</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expense</td>
<td>$ (9,669)</td>
<td>$ (59)</td>
</tr>
</tbody>
</table>
APPENDIX 6

EXPLANATIONS OF TERMS USED IN THE FINANCIAL STATEMENTS
(unaudited)

Amortization of Capital Assets: Most capital assets (except land) have limited useful lives and amortization is a means of allocating a capital asset’s useful life cycle over the period the University expects to benefit from the use of the capital asset. The useful lives of capital assets adopted by the University are outlined in Note 2(d) of the financial statements.

Amortization of Deferred Capital Contributions represents the amortization of donations/grants received in current or prior years to purchase capital assets. These contributions are not considered revenue when received, but are deferred. They are recognized as revenue on the same basis that the amortization expense of the related capital asset is reported in the consolidated statement of operations. Restricted contributions for the purchase of capital assets that will not be amortized (i.e. land) are shown as a direct increase in net assets (investment in capital assets). Capital Assets consist of land, buildings, leasehold improvements, equipment and furnishings, cogeneration facility, library acquisitions, construction in process and related accumulated depreciation. Internally Restricted Net Assets (previously called Appropriated Surplus) are reserves for future expenditures. These net assets are substantially departmental carry forwards and funds committed to capital projects. In previous years, unspent departmental trust and research funds were reported as deferred revenue whether they were externally or internally-restricted. Under the new reporting requirements, unrestricted trust and research funds that the University allows departments to carry forward must now be reported as internally restricted net assets. (See Note 12 of the audited financial statements for the composition of internally restricted net assets.)

Investment in Capital Assets represents the net book value (cost minus accumulated depreciation) of capital assets that were internally funded, normally from operating and ancillary enterprises.

Restrictions: CICA 4400.02(b) states “Restrictions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Internal restrictions are imposed in a formal manner by the organization itself, usually by resolution of the board of directors. Restrictions on contributions may only be externally imposed. Net assets or fund balances may be internally or externally restricted. Internally restricted net assets or fund balances are often referred to as reserves or appropriations.”

Unrestricted Net Assets represent the accumulated deficits of the operating fund, Faculty of Health Sciences, ancillary enterprises and capital assets funded through internal “borrowings”.

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GOVERNANCE AND OTHER INFORMATION
The Governance of Queen’s University

Queen’s University at Kingston was established by Royal Charter in 1841. The Royal Charter has been amended from time to time over the intervening years by the Parliament of Canada, most significantly in 1912 and most recently in 1996 when the composition of the Board of Trustees was expanded to include students, faculty and staff. The Royal Charter provides for a governing structure consisting of the Board of Trustees and the Senate.

The Board of Trustees is responsible for the overall operations of the University, including overseeing financial matters, property, the appointment of Vice- Principals and, in conjunction with the Senate, the appointment of the Principal. The Board of Trustees has 44 members: three ex-officio, one appointed by the Queen’s Theological College and 40 elected. The Board of Trustees functions through a standing committee structure consisting of eight committees.

The Senate is responsible for determining all matters of academic character affecting the University as a whole, including student discipline. It shares responsibility with the Board of Trustees for appointing the Principal. The Senate has 71 members: 16 ex-officio and 55 elected. The Senate functions through a standing committee structure consisting of 17 committees.

The University Council was established by Ontario statute in 1874. Its main responsibility is to oversee the selection of the Chancellor. It generally meets once a year to discuss any matters relating to the well-being and prosperity of the University. The University Council is a composite of the Board of Trustees, Senate, and an equal member of elected graduates.

The University Secretariat supports and assists the Board of Trustees, the Senate and the University Council to achieve their objectives.
Board of Trustees
- Oversees the management of University finances and property
- Appoints Vice-Principals
- In conjunction with the Senate is responsible for the appointment of the Principal
- Established by Royal Charter, 1841

Senate
- Determines all matters of an academic character which affect the University as a whole
- Participates in planning the development of the University
- In conjunction with the Board is responsible for the appointment of the Principal
- Established by Royal Charter, 1841

University Council
- Discusses any matter relating to the well-being and prosperity of the University
- Oversees the election of the Chancellor and the Rector
- Established by Ontario statute, 1874

Executive Committee

Standing Committees
- Advancement
- Audit
- Campus Planning and Development
- Environmental Health & Safety
- Finance
- Investment
- Nominating
- Pension

Task Forces

Standing Committees
- Academic Development
- Academic Procedures
- Advisory Research
- Agenda
- Budget Review
- Creative Arts and Public Lectures
- Educational Equity
- Honorary Degrees
- Information Technology
- Internal Academic Review
- Library
- Nominating
- Non-Academic Discipline
- Operations Review
- Orientation Activities Review Board
- Residence
- Scholarships and Student Aid

Faculty Boards
- Applied Science
- Arts and Science
- Business
- Education
- Graduate Studies and Research
- Health Sciences
- Law

Outside Advisory Councils

Committees

Departments

Research Centres and Institutes

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Dr. Ellen L. Henderson, B.A.’70, Ph.D.’76
Dr. Karen R. Hitchcock, B.S., Ph.D.(Anatomy) (Rochester)
Ms. Alison Holt, B.A.’87
Dr. Murray Hong, B.Sc.(Hons.)’86, M.Sc.’89, Ph.D.’93
Ms. Sam Hosseini, LL.B.’05
Mr. Al Hyland, B.Sc.(Eng.)’61
Ms. Sarah J. Edinborough Iley, B.A.(Hons.)’78
Mr. Adam A. Janikowski, B.Sc.(Eng.)’02, B.A.’03
Mr. David A. Johnson, B.A.(Hons.)’92, M.U.P95 (McGill), B.C.L.’02 (McGill), LL.B.’02 (McGill)
Mrs. Cheryl E. Johnston, KGH Nursing’70, B.A.’01
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Mr. Joseph P. Lougheed, B.A.’87, LL.B.’91
Ms. Susan Lounsbury, B.Sc.(Eng.)’82, P.Eng., M.B.A.’99 (Ottawa)
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Ms. Mary Lou Marlin, B.A.’82
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Ms. Vanessa M. Perdue, B.A.(Hons.)’94, M.P.L.’96
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Faculty of Law  
Annual Giving  
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Students and Branches  
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Diane Kelly (University Legal Counsel)
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TEACHING AWARDS

UNIVERSITY WIDE AWARDS

Alumni Award for Excellence in Teaching
(Alumni Affairs)
John Hanes, Geological Sciences
and Geological Engineering

Chancellor A. Charles Baillie Teaching Award
(Centre for Teaching and Learning)
Bill Newstead, Chemistry

Christopher Knapper Award of Excellence in Teaching Assistance
(Alma Mater Society)
Ryan Marien, Chemistry
Greg Potter, Chemistry

Frank Knox Award
(Alma Mater Society)
Richard Jackson, Business
Robert Morrison, English

Society of Graduate and Professional Students Teaching Assistant/Teaching Fellow Excellence Award
(Society of Graduate and Professional Students)
Tracy Pennimpede, Pathology and Molecular Medicine

Award for Excellence in Graduate Student Supervision
(School of Graduate Studies and Research)
winner’s name not yet released

APPLIED SCIENCE

Applied Science First Year Teaching and Learning Award
(Faculty of Applied Science)
Winter
Bill Newstead, Chemistry

Education Catalyst Award
(Chemical Engineering)
winner’s name not yet released

Civil Engineering Teaching Assistant Award
(Civil Engineering)
Fall
Winter
Indra Kalinovich

Civil Engineering Teaching Award
(Civil Engineering)
Yves Fillion, Civil Engineering

Electrical and Computer Engineering Teaching Award
(Electrical and Computer Engineering)
2nd year
Il-min Kim
3rd year
Saaed Gazor
4th year
Yan-Fei Liu

Teacher Assistant Award
(Electrical and Computer Engineering)
2nd year
winner’s name not yet released
3rd year
winner’s name not yet released
4th year
winner’s name not yet released

Golden Apple Award
(Engineering Society)
Dawn Aguilar, Mathematics and Statistics
Kunal Karan, Chemical Engineering
Tom Simko, Mechanical and Materials Engineering

Educational Excellence Teaching Assistant Award
(Engineering Society)
Adam Cohen, Engineering Society

Silver Wrench
(Mechanical Engineering Club)
4th year
Ronald Anderson, Mechanical Engineering

Bronze Wrench
(Mechanical Engineering Club)
4th year
Amanda Knutson, Mechanical and Materials Engineering
APPLIED SCIENCE AND SCIENCE

William Patrick Doolan Award
(Chemistry)
winner’s name not yet released until September

Merck Frosst Canada Teaching Assistant Award
(Chemistry)
winner’s name not yet released until September

Varian Teaching Assistant Award
(Chemistry)
winner’s name not yet released until September

Fisher Scientific Teaching Award
(Chemistry)
winner’s name not yet released until September

David Thomas Teaching Assistant Award
(Chemistry)
winner’s name not yet released until September

Din Lal Teaching Assistant Award
(Chemistry)
winner’s name not yet released until September

Graduating Class Award for Excellence in Teaching Chemistry
(Chemistry)
winner’s name not yet released until September

W.A. Gorman Teaching Assistant Award
(Geological Sciences and Geological Engineering)
winner’s name not yet released until September

ARTS AND SCIENCE

W.J. Barnes Teaching Excellence Award for Arts and Science Undergraduate Society
(Arts and Science Undergraduate Society)
winner’s name not yet released

Biology Departmental Student council Award of Excellence in Teaching
(Biology)
Stephen Lougheed

Biology Award for Excellence (Demonstrators)
(Biology)
Joanna Yeung

Department of Drama’s Faculty Award of Excellence
(Drama)
Grahame Renyk

Geography DSC Award for Excellence in Teaching Assistance
(Geography)
Alana Ramsay

Julian Szeicz Award for Excellence in Teaching
(Geography)
W. George Lovell

Undergraduate Award for Excellence in Teaching Physics
(Physics)
Ian Towner

Graduate Teaching Award in Psychology
(Psychology)
Michela David

Teaching Assistant Prize in Psychology
(Psychology)
Tara Haley

Undergraduate Teaching Award in Psychology
(Psychology)
Janet Menard

Excellence in Teaching Assistance
(School of Computing)
Phil Hyoun Lee

Howard Staveley Teaching Award
(School of Computing)
Juergen Dingel

School of Environmental Studies Student’s Choice Professor of the Year Award
(School of Environmental Studies Department Student Council)
Gary vanLoon, Chemistry

School of Environmental Studies Student’s Choice Teaching Assistant Award
(School of Environmental Studies Department Student Council)
Paul Carey, Environmental Studies
TEACHING AWARDS CONTINUED

Physical and Health Education Student Association (PHESA) ‘88 Teaching Award
(School of Kinesiology and Health Studies)
Activity
Bill Sparrow
Theory
Geoff Smith

School of Music Teaching Award
(School of Music)
Laurel Parsons

SCHOOL OF BUSINESS

Commerce ‘89 Professor-Student Life Award
Peter Kissick

Commerce Society Teaching Award
Ken Wong

Executive MBA Instructor of the Year Award
John Moore (National Executive MBA)
John Moore (Ottawa Executive MBA)

Queen’s MBA Instructor of the Year Award
Clinton Free

SCHOOL OF EDUCATION

Golden Apple Award
Stephen Haberer
Jan Hartgerink

Rose A. Freeman Memorial Award
Natalie Norbraten

FACULTY OF HEALTH SCIENCES

Faculty of Health Sciences Education Award
winner’s name not yet released

SCHOOL OF MEDICINE

Aesculapian Lectureship Award
(School of Medicine)
winner’s name not yet released

Clinical Skills Teachers in the School of Medicine Award for Excellence in Teaching
(School of Medicine)

Phase 1
Henry Averns, Rheumatology
Christopher Frank, Medicine
Cherie Jones-Hiscock, Psychiatry
Kimberly Meathrel, Surgery
Peggy Robertson, Family Medicine

Phase 2A
Henry Averns, Rheumatology
Peggy Robertson, Family Medicine
Stephen Steele, Urology

Phase 2B
David Barber, Family Medicine
Jun Kawakami, Urology
Paul Malik, Cardiology

Phase 2C
Cathy McLellan, Medicine
Linda O’Connor, Family Medicine
Michael O’Connor, Emergency Medicine
Chris Parker, Medicine

Phase 2E
Darren Beiko, Urology
Paul Belliveau, General Surgery Resident
Jenn Carpenter, Emergency Medicine
Frances Crawford, Emergency Medicine
John Davidson, Surgery
Jocelyn Garland, Medicine
Chris McColl, Medicine
Cathy McLellan, Medicine
Lindsey Patterson, Anesthesiology
Walt Rosser, Family Medicine
Will Ruddock, Family Medicine
Karen Schultz, Family Medicine
Rob Siemans, Urology
Garth Smith, Pediatrics
Bill Sprague, Pediatrics
Michael Storr, Pediatrics
E-ward  
(Aesculapian Society, School of Medicine)  
Dimitry Tsvetkov

H.F. Pross Educational Technology Award  
(School of Medicine)  
Announced in September

PAIRO Excellence in Clinical Teaching Award  
(School of Medicine)  
Simon O’Brien, Psychiatry

PAIRO Excellence in Undergraduate Teaching by a Resident  
(School of Medicine)  
Michael Nault, Cardiology

Phase IIA Musculoskeletal (MSK) Course Award  
(Department of Surgery)  
Henry Averns

Phase III Surgery Teaching Award  
(Department of Surgery)  
Christopher Richardson

Ron Wigle Mentorship Award  
(School of Medicine)  
Karen Smith, Physical Medicine and Rehabilitation

W. Ford Connell Award for Excellence in Teaching  
(School of Medicine)  
Susan Moffatt, Respiratory and Critical Care, School of Medicine

SCHOOL OF NURSING

Nursing ’84 Award for Excellence in Clinical Teaching  
Laurie Kerr

Reddict Award for Excellence in Nursing Education  
1st year  
Lewis Tomalty  
2nd year  
Susan Laschinger  
3rd year  
Laurie Kerr  
4th year  
Dana Edge

SCHOOL OF REHABILITATION THERAPY

Blue Star Award for Teaching Excellence  
Terry Krupa  
Stephanie Madill

FACULTY OF LAW

Law Student Society (Sessional) Special Lecturer Award  
winner’s name not yet released

Law Student Society Teaching Excellence Award  
winner’s name not yet released
ALUMNI ASSOCIATION AWARDS

Alumni Achievement Award
Harold Jennings, MSc’61, PhD’64

Herbert J. Hamilton Award
Jess Joss, ArtsSci’96 and Lara Morgan, ArtsSci’92

Excellence in Teaching Award
John A. Hanes,
Department of Geological Sciences & Geological Engineering

One to Watch Award
Stephanie Case, ArtsSci’04

Alumni Humanitarian Award
Marilyn McHarg, Sc’83

Outstanding Student Award
Zhaoqi Culbreath, Sc’08

Alumni Association Grants and Loans
ASUS Computer Camp
Green Scheme
Inquiry @ Queen’s
Mental Health Awareness Committee
Positive Space Program
Queen’s Health Outreach
Vogue Charity Fashion
Winter Adapted Games

BRANCH AWARDS

The Agnes Benidickson Award
George Toller, Arts’49

The Johnson Award
Jim Dinning, Com’74, MPA’77

The Jim Bennett Achievement Award
Walter Fenlon

The Padre Laverty Award
Merv Daub, Com’66

The John B. Stirling Montreal Medal
John D. Redfern, Sc’58

The John Orr Award
Peter Lougheed, LLD’96

VOLUNTEER AWARDS

Event of the Year Award
New York Branch – Alfie’s Style “Smoker”

Marsha Lampman Award
Elaine Wu, ArtsSci’97, MIR’00, Law’03

Rising Star Award
Brad Kohlsmith, Sc’02

FELLOWSHIPS

Jean Royce Fellowship
Gemma Boag

Marty Memorial Scholarship
Heather Anne Kincade

Alfred Bader Fellowship in Memory of Jean Royce
Mireille Gomes

THE COLOUR AWARDS (ATHLETICS)

PHE’55 Alumnae Trophy (Top Female Athlete)
Connie Dayboll – Women’s Rowing

Jenkins Trophy (Top Male Athlete)
Devon Miller – Men’s Volleyball

Alfie Pierce Trophy (Outstanding Rookie Female)
Elyssa Heller – Women’s Volleyball

Alfie Pierce Trophy (Outstanding Rookie Male)
Joren Zeeman – Men’s Volleyball

Award of Merit (Team Sport – Women’s)
Kirsten Jewell – Women’s Field Hockey

Jim Tait Trophy (Team Sport – Men’s)
Mike Giffin – Football

Marion Ross Trophy (Ind. Sport – Women’s)
Joanne Ko – Women’s Fencing

Jack Jarvis Trophy (Ind. Sport – Men’s)
Braden Novakowski – Track & Field / Cross Country

Hal Dunlop Award
Peter Vooyis – Student Athletic Therapy

Michael Rodden Award
Dr. Janice Deakin – Associate Vice-Principal and Dean, School of Graduate Studies
• Helped author Review on Queen’s Athletic and Recreation
• Visionary leader in moving Queen’s centre project forward
• Long Time Contributor to Queen’s University Athletics and Recreation
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SOURCES OF INFORMATION
A  Canada Council for the Arts – Killam Research Fellowships
B  Canadian Association of University Business Officers, Financial Statistics of Universities and Colleges
C  Council of Finance Officers – Universities of Ontario
D  Maclean’s Annual Ranking Universities
E  Natural Sciences and Engineering Research Council of Canada – Steacie Fellowships
F  PARTEQ Innovations
G  Queen’s University, various internal documents
H  Statistics Canada, Salaries and salary scales of full-time teaching staff at Canadian Universities
I  Canada’s Innovation Leaders, a Research Infosource Inc. Supplement (Canada’s Top 50 Research Universities)
J  AUCC
K  Ontario Universities Application Centre, Admissions Data System Report
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Queens University is committed to contributing to a sustainable global environment.