



To Board of Trustees & Finance, Assets, and Strategic Infrastructure Committee

From Vice-Principal (Finance and Administration)

Date 4/23/2026

Subject **Financial Projection as of February 28, 2026**

1. SUMMARY

This report provides the Board of Trustees and Finance, Assets, and Strategic Infrastructure Committee with an overview of projected financial results for the Operating and Ancillary Funds.

2025-26 Projected Financial Results

Operating Fund

The Operating Fund surplus is projected to be \$2.3 million, compared to the budgeted deficit of \$26.4 million. The favourable variance is due to the following:

- i) an increase in provincial grant funding of \$20.4 million which is partially offset by a reduction in tuition fees, resulting in lower than budgeted deficits in faculties/schools;
- ii) a reduction in shared services expenditures aligned with budget balancing strategies and deferral of IT and renovation projects; and
- iii) unspent Central funding primarily in the Transition Fund allocation, which will be spent in future years to enable efficiency initiatives;

The projected surplus of \$2.3 million does not include the impact of PIF income in excess of the budgeted \$10 million, or unbudgeted transfers to capital reserves. See Appendix I for additional details.

Ancillary Operations

The projected deficit for the Ancillary Operations is \$1.9 million compared to the budgeted deficit of \$1.4 million primarily due to higher snow removal expenses in Parking operations. See Appendix II for additional details.

Bader College

Based on current projections, approximately \$5.5 million will be required to support Bader College operations for the current year. This amount includes \$1.3 million to fund fire alarms, furniture upgrades, and electrical work. The projected amount of \$5.5 million is \$1.9 million higher than the budgeted support of \$3.6 million.

University management continues to work closely with Bader College's finance team to monitor the ongoing operational needs.

2. STRATEGIC ALIGNMENT/IMPLICATIONS

Approval of the operating budget is a key responsibility of the Board of Trustees and the Finance, Assets, and Strategic Infrastructure Committee. The financial update provides information comparing projections against the approved budget and an opportunity for the Board to ask questions of management. It is an important element of Board fiduciary oversight.

3. KEY TAKEAWAYS

- Projected operating fund surplus of \$2.3 million (excluding investment income not allocated to operations, and unbudgeted transfers to capital) versus a budgeted deficit of \$26.4 million, primarily due to unbudgeted grant income, along with some expenditure reduction and deferrals.
- Operating fund projections include planned support to Bader College of \$5.5 million, which is \$1.9 million more than the budgeted amount of \$3.6 million.
- Projected ancillary fund deficit of \$1.9 million versus \$1.4 million budget deficit, primarily due to higher snow removal expenses under Parking operations.

ATTACHMENTS

APPENDIX I – QUEEN'S UNIVERSITY 2025-26 OPERATING BUDGET

APPENDIX II – QUEEN'S UNIVERSITY 2025-26 ANCILLARY BUDGET

APPENDIX I – QUEEN’S UNIVERSITY 2025-26 OPERATING BUDGET

A summary version of the 2025-26 Operating Budget is presented in the table below.

May Board			
Amounts presented in millions			
	Approved budget	Projected actuals	Variance
Revenues			
Student Fees	418.6	410.3	(8.3)
Government Grants	230.1	250.5	20.4
Investment Income*	33.3	31.1	(2.2)
Other Revenue**	11.8	11.2	(0.6)
Total Revenues	693.8	703.1	9.3
Allocations and Expenditures			
Faculties & Schools Allocations	375.4	385.1	9.7
Shared Services Allocations	195.5	194.6	(0.9)
Transition Fund	18.9	18.9	-
Bader College	3.6	5.5	1.9
Utilities	20.4	18.6	(1.8)
Student Aid	30.3	30.3	-
Contingency	2.8	3.6	0.8
Other Allocations***	19.0	19.0	-
Flow Through Allocations for Special Purpose Services	20.4	20.5	0.1
Indirect Costs of Research to External Entities	0.4	0.4	-
Transfer to General Capital Reserve	2.1	2.1	-
Interfund Transfers			
Overhead Cost Recoveries from Ancillaries	(6.2)	(6.7)	(0.5)
Transfer to Capital Fund	11.2	11.2	-
Total Allocations and Expenditures	693.8	703.1	9.3
Unit Spending Greater (less) than Budget Allocation			
Faculties & Schools	21.5	14.5	(7.0)
Shared Services	4.9	(8.6)	(13.5)
Central and Transition Fund	-	(8.2)	(8.2)
Total Unit Spending Greater (Less) than Budget Allocation	26.4	(2.3)	(28.7)
Projected (Deficit)/Surplus	(26.4)	2.3	28.7

*Pooled Investment Fund income projection is based on budget of \$10 million.

**Other revenue is comprised of unrestricted donations, other income, and research overhead.

***Other allocations is comprised of infrastructure renewal and priority initiatives.

The projected surplus in the table above excludes PIF income in excess of budget and unbudgeted transfers from capital reserves. Additional details on these items are presented on the following page.

PIF Investment income greater than budget

The annual operating budget includes Pooled Investment Fund (PIF) income of \$10.0 million. At February 28, 2026, PIF returns were \$92.2 million, \$82.2 million more than the \$10.0 million budget. These returns can change substantially by the fiscal year-end of April 30, 2026. PIF investment income greater than budget, should it materialize, will be allocated to the general capital reserve to fund priorities in support of the University’s academic and research mission.

Amounts presented in millions	
Projected Operating Fund Surplus	2.3
PIF Investment income > \$10.0 M at February 28, 2026	82.2
Projected surplus IF PIF Investment Income is realized on April 30, 2026	84.5

General Capital Reserve

The general capital reserve represents funds set aside for future capital initiatives. A deposit of \$2.1 million to the general capital reserve was budgeted in the current year. As stated above, PIF income greater than budgeted will also be deposited.

The projected ending balance of the General Capital Reserve appears below and includes an unbudgeted transfer of \$24 million to support the Biosciences capital project and \$2.6 million for Master Planning for the Proposed Development of the 235 Frontenac Street facility. PIF investment income greater than budget will only be deposited if investment returns materialize.

2025-26 General Capital Reserve

Amounts presented in millions	
Balance April 30, 2025	127.7
PIF Investment Income > \$10.0M at February 28, 2026	82.2
Funding from Operating Budget Transfer to General Capital Reserve	2.1
Unbudgeted transfers from capital reserve	<u>(26.6)</u>
Subtotal - projected changes in capital reserve	57.7
Projected Balance April 30, 2026	<u>185.4</u>

Revenues

The projected revenue for 2025-26 is \$703.1 million, \$9.3 million more than the approved budget of \$693.8 million. This favourable variance is driven by an increase of \$20.4 million in grants resulting from government funding for STEM, and expansion funding in education, medicine and nursing, offset by lower than budgeted tuition revenue and short-term investment income.

Student Fees

Most of the revenue in the operating fund is derived from enrolment.

Amounts presented in millions		
Type	Variance Better/(Worse)	Comments
For Credit - Undergraduate	5.8	<p>Undergraduate tuition revenue is \$5.8 million higher than budget consisting of \$8.2 million higher in domestic tuition offset by a \$2.4 million reduction in international tuition (including change in waivers).</p> <p>The increase in domestic tuition is composed of the following:</p> <ul style="list-style-type: none"> • Higher than planned 'in-province' tuition fee revenue (\$2.6 million) driven by an increase of approximately 347 in-province students. • Higher than planned 'out-of-province' tuition fee revenue (\$5.1 million) driven by an increase of approximately 389 out-of-province students combined with the five percent increase in out-of-province tuition. • Higher than planned enrollment in the Global Law program (\$0.5 million). <p>The growth in undergraduate domestic students is across most faculties. The increase in domestic enrolment is attributable both to higher-than-planned intake and retention.</p> <p>The reduction in net international tuition can be attributed to:</p> <ul style="list-style-type: none"> • lower than planned international tuition revenue (\$3.6 million) driven by a decrease of approximately 110 students due to both lower than budgeted intake and retention. • offset by lower than planned international tuition waivers of \$1.2 million.
For Credit - Graduate	(10.5)	<p>The negative variance in graduate tuition is predominantly in Faculty of Law, Smith School of Business, Arts and Science and Smith Engineering. This shortfall is primarily the result of a decrease of 636 domestic students and 89 international students, reflecting the broader impact of economic, social, and global factors on graduate enrolment and tuition revenue.</p>
Non-credit	(4.1)	<p>Non-credit tuition is projected to have a negative variance primarily due to a \$3.2 million decline in non-credit revenue in the Faculty of Education and a \$0.5 million decrease in the Faculty of Arts and Science and \$0.4 million decrease in Smith School of Business.</p>
Other	0.5	
Total	(8.3)	Total student fees variance

Government Grants

Government grants are projected to exceed the budget by \$20.4 million, primarily due to additional government funding of \$15.9 million for STEM funding, \$2.2 million for expansion in education funding, \$1.7 million for medicine and nursing and other grants of \$0.6 million.

Expenditures

Faculties & Schools Allocations

Under the budget model, tuition and grant revenues are allocated directly to the Faculties and Schools. Faculty and School allocations are expected to be \$9.7 million higher than budget, primarily due to an increase in government grants, offset by a decrease in student fees.

Unit spending greater than / less than budget allocation

Spending greater or less than budget allocation decreases or increases university carryforwards, respectively.

The University is projecting an increase in carryforwards of \$2.3 million, compared to the originally budgeted drawdown of \$26.4 million as detailed in the table below.

2025-26 Projected Deficit / (Surplus); Amounts presented in millions			
	Budget	Projected	Variance
Faculties and Schools	21.5	14.5	(7.0)
Shared Services	4.9	(8.6)	(13.5)
Central and Transition Fund Allocations	0.0	(8.2)	(8.2)
Projected Deficit / (Surplus)	26.4	(2.3)	(28.7)

Faculties and Schools

Faculties and Schools are projecting an in-year deficit of \$14.5 million against a budgeted deficit of \$21.5 million.

Breakdown of variance for Faculties and Schools	
Increase in budget allocation due to higher projected revenue	(9.7)
Expenditures greater than budgeted	2.7
Variance to budget	(7.0)

The positive variance of \$7.0 million in Faculties and Schools results from an increase in government grants with the previously aforementioned government funding in STEM, expansion in Education and Health Sciences more than offsetting any reductions in student fee revenue. The largest reduction in projected deficit is in Smith Engineering, where the additional revenue results in a projected surplus.

Shared Services

Shared service units are projecting an in-year surplus of \$8.6 million against a budgeted deficit of \$4.9 million as a result of the following:

- Intentional cost-cutting measures across units, including salary and benefit savings from unplanned staff vacancies which have been left unfilled to meet required future year budget cuts, reducing in-year deficits.

- Reduced IT spending accounts for approximately \$4.1 million, mainly due to a combination of cost containment, scope reductions, and infrastructure renewal projects being deferred to the next fiscal year.
- Deferral of expenses in the Renew Program Office to future years aligned with project plans.
- Reduction of expenses and deferral of renovation projects in Athletics.
- Reduced spending on graduate student assistance resulting from lower-than-expected enrolment.

Central and Transition Fund Allocations

The Central and Transition Fund has a positive variance of \$8.2 million predominantly due to spending of \$6.7 million in the Transition Fund deferred to future years. This fund will continue to be strategically allocated based on approved initiatives to improve the efficiency and effectiveness of the professional services and to improve the financial sustainability of the university.

APPENDIX II – QUEEN’S UNIVERSITY 2025-26 ANCILLARY BUDGET

The Queen’s University 2025-26 Ancillary Financial Report is presented below. The projected deficit for the Ancillary Operations is \$1.9 million, compared to a budgeted deficit of \$1.4 million.

The unfavorable variance is driven largely by higher than planned snow removal costs in Parking operations.

The lower than budgeted deferred maintenance and capital expenditures can be attributed to the deferral of originally planned projects to 2026-27.

Queen's University 2025-26 Ancillary Financial Report (000's)									
	Housing and Ancillary**			Parking			Total Ancillary		
	Budget 2025-26	Projections 2025-26	Variance	Budget 2025-26	Projections 2025-26	Variance	Budget 2025-26	Projections 2025-26	Variance
REVENUE	\$ 111,160	\$ 111,991	\$ 831	\$ 4,233	\$ 4,221	\$ (12)	\$ 115,393	\$ 116,212	\$ 819
EXPENDITURES	\$ 69,986	\$ 70,339	\$ 353	\$ 2,002	\$ 2,666	\$ 664	\$ 71,988	\$ 73,005	\$ 1,017
Excess / (Deficiency) Before Items Below	\$ 41,174	\$ 41,652	\$ 478	\$ 2,231	\$ 1,555	\$ (676)	\$ 43,405	\$ 43,207	\$ (198)
Deferred Maintenance Contribution	\$ 16,075	\$ 16,075	\$ -	\$ 525	\$ 525	\$ -	\$ 16,600	\$ 16,600	\$ -
Debt Servicing - Principal & Interest	\$ 13,618	\$ 13,618	\$ -	\$ 3,333	\$ 3,313	\$ (20)	\$ 16,951	\$ 16,931	\$ (20)
Overhead and Dividends	\$ 11,015	\$ 11,372	\$ 357	\$ 212	\$ 211	\$ (1)	\$ 11,227	\$ 11,583	\$ 356
	\$ 40,708	\$ 41,065	\$ 357	\$ 4,070	\$ 4,049	\$ (21)	\$ 44,778	\$ 45,114	\$ 336
SURPLUS (DEFICIT)	\$ 466	\$ 587	\$ 121	\$ (1,839)	\$ (2,494)	\$ (655)	\$ (1,373)	\$ (1,907)	\$ (534)

Queen's University 2025-26 Ancillary Budget (000's) Operating Reserves									
OPENING RESERVE	\$ 7,063	\$ 7,063	\$ -	\$ (33,903)	\$ (33,903)	\$ -	\$ (26,840)	\$ (26,840)	\$ -
Surplus (Deficit)	\$ 466	\$ 587	\$ 121	\$ (1,839)	\$ (2,494)	\$ (655)	\$ (1,373)	\$ (1,907)	\$ (534)
CLOSING RESERVE	\$ 7,529	\$ 7,650	\$ 121	\$ (35,742)	\$ (36,397)	\$ (655)	\$ (28,213)	\$ (28,747)	\$ (534)

2025-26 Ancillary Budget (000's) Capital Reserve									
OPENING RESERVE	\$ 6,173	\$ 6,173	\$ -	\$ 6,651	\$ 6,651	\$ -	\$ 12,824	\$ 12,824	\$ -
Deferred Maintenance Contribution	\$ 16,075	\$ 16,075	\$ -	\$ 525	\$ 525	\$ -	\$ 16,600	\$ 16,600	\$ -
Deferred Maintenance & Capital Expenditure(s)	\$ (15,712)	\$ (8,845)	\$ 6,867	\$ (300)	\$ (65)	\$ 235	\$ (16,012)	\$ (8,910)	\$ 7,102
CLOSING RESERVE	\$ 6,536	\$ 13,403	\$ 6,867	\$ 6,876	\$ 7,111	\$ 235	\$ 13,412	\$ 20,514	\$ 7,102

* The accumulated deficit for Parking, created by the debt service payments, will be reduced to zero by surpluses from operations after the debt is repaid. The debt will be repaid in full in fiscal 2040/41

** Housing and Ancillary includes Residences, Community Housing, Events Services, and the Donald Gordon Centre.