



To Board of Trustees & Finance, Assets, and Strategic Infrastructure Committee
From Vice-Principal (Finance and Administration)
Date 12/12/2025
Subject **Financial Projection as of September 30, 2025**

1. SUMMARY

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

2025-26 Projected Financial Results

Operating Fund

The Operating Fund deficit is projected to be \$3.0 million, compared to the budgeted deficit of \$26.4 million. The favourable variance is due to the following:

- i) unspent funding in the Central and Transition Fund allocations (\$9.1 million);
- ii) lower than budgeted deficits in the faculties/schools (\$8.1 million) predominantly due to an increase in revenue from provincial funding directed towards Science, Technology, Engineering and Mathematics (STEM), and expansion in education, medicine, and nursing. These increases are offset by a reduction in tuition fees; and
- iii) a reduction in shared services expenditures (\$6.2 million).

The projected deficit of \$3.0 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 operating deficit for the Ancillary Operations is \$2.1 million compared with the budgeted deficit of \$1.4 million, a \$0.7 million increase. The unfavorable variance is driven by higher than budgeted expenses.

The projected capital reserve expenses are \$6.8 million dollars less than budget resulting from the deferral of projects to 2026-27. See Appendix II for additional details.

Bader College

Based on current projections, approximately \$4.7 million will be required to support Bader College operations for the current year. This amount includes \$0.4 million to fund fire alarm and furniture upgrades. The projected amount of \$4.7 million is \$1.1 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 deficit of \$3.0 million (excluding investment income not allocated to operations, and unbudgeted transfers to capital) versus a budgeted deficit of \$26.4 million.
- Operating fund projections include planned support of \$4.7 million to Bader College, \$1.1 million more than budgeted.
- Projected ancillary fund deficit of \$2.1 million versus a budgeted deficit of \$1.4 million

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.

	Amounts presented in millions		
	Approved budget	Projected actuals	Variance
Revenues			
Student Fees	418.6	413.1	(5.6)
Government Grants	230.1	249.8	19.8
Investment Income*	33.3	29.6	(3.7)
Other Revenue**	11.8	11.1	(0.7)
Total Revenues	693.8	703.6	9.8
Expenditures			
Faculties & Schools Allocations	375.4	388.3	12.9
Shared Services Allocations	195.5	194.8	(0.7)
Transition Fund	18.9	18.9	-
Bader College	3.6	3.6	-
Utilities	20.4	18.8	(1.6)
Student Aid	30.3	30.3	-
Contingency	2.8	1.7	(1.1)
Other Allocations***	19.0	19.0	-
Flow Through Allocations for Special Purpose Services	20.4	20.7	0.3
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)	(6.2)	-
Transfer to Capital Fund	11.2	11.2	-
Total Allocations and Expenditures	693.8	703.6	9.8
Unit Spending Greater (less) than Budget Allocation			
Faculties & Schools Spending Greater (Less) than Budget Allocation	21.5	13.4	(8.1)
Shared Services Spending Greater (Less) than Budget Allocation	4.9	(1.3)	(6.2)
Central and Transition Fund Spending Greater (Less) than Budget Allocatior	-	(9.1)	(9.1)
Total Unit Spending Greater (Less) than Budget Allocation	26.4	3.0	(23.4)
Projected Deficit	(26.4)	(3.0)	23.4

*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 deficit 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 August 30, 2025, PIF returns were \$44.8 million; \$34.8 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 Deficit	(3.0)
PIF investment income > \$10.0M at August 30, 2025	34.8
Projected surplus IF PIF investment income is realized on April 30, 2026	30.7

General Capital Reserves

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 a projected unbudgeted transfer out of \$19.6 million to support the Biosciences research capital project. PIF investment income greater than budget will only be deposited if investment returns materialize.

2025-26 General Capital Reserve

Amounts presented in millions	
Opening carryforward	127.7
PIF investment income > \$10.0M at August 30, 2025	34.8
Funding from Operating Budget Transfer to General Capital Reserve	2.1
Unbudgeted transfers from capital reserve	(19.6)
Subtotal – projected changes in capital reserve	17.3
Projected ending carryforward	145.0

Revenues

The projected revenue for 2025-26 is \$703.6 million, \$9.8 million more than the approved budget of \$693.8 million. This favourable variance is driven by an increase of \$19.8 million in grants resulting from government funding for STEM, and expansion funding in education, medicine and nursing, offset by lower than budgeted tuition fees and 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	6.2	<p>Domestic tuition fee revenue is \$7.6 million higher than budget, composed of the following:</p> <ul style="list-style-type: none"> Higher than planned (\$3.0 million) 'in-province' tuition fee revenue driven by an increase of approximately 383 in-province students. Higher than planned (\$4.6 million) 'out-of-province' tuition fee revenue driven by an increase of approximately 396 out-of-province students, combined with the five percent increase in out-of-province tuition. <p>The growth in undergraduate student numbers is primarily in the Faculty of Arts & Science, Smith Engineering and the Smith School of Business. The increase in domestic enrolment is attributable both to higher-than-planned intake and retention.</p> <p>The increase in domestic tuition is offset by a reduction in net international tuition of \$1.4 million. This reduction is driven by:</p> <ul style="list-style-type: none"> lower than planned (\$2.5 million) international tuition revenue driven by a decrease of approximately 101 students due to both lower than budgeted intake and retention. offset by lower than planned international tuition waivers of (\$1.1 million).
For Credit - Graduate	(9.8)	<p>Graduate tuition is projecting a \$9.8 million negative variance driven by shortfalls of \$3.5 million in the Smith School of Business, \$2.4 million in the Faculty of Law, \$2.4 million in the Faculty of Arts and Science, \$1.1 million in the Faculty of Engineering, and \$0.4 million in the Faculty of Health Sciences. This shortfall is primarily the result of a decline in student enrolment as there was a decrease of 570 students in domestic enrolment and 96 students in international enrolment, reflecting the broader impact of economic, social, and global factors on graduate enrolment and tuition revenue.</p>
Non-credit	(2.1)	<p>Non-credit tuition is projecting a negative variance of \$2.1 million, primarily due to a decline in non-credit revenue in the Faculty of Education of \$1.5M. In addition, there is a \$0.3 million decrease in the Smith School of Business and a \$0.3 million decrease in the Faculty of Arts and Science.</p>
Other	0.1	<p>Projected increase primarily relates to late payment fees.</p>
Total	(5.6)	Total student fees variance

Government Grants

Government grants are projected to exceed the budget by \$19.8 million, primarily due to additional government funding of \$15.9 million for STEM funding, \$1.8 million for expansion in education funding, \$1.8 million for medicine and nursing.

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 \$12.9 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 a drawdown on carryforwards of \$3.0 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	13.4	(8.1)
Shared Services	4.9	(1.3)	(6.2)
Central and Transition Fund Allocations	0.0	(9.1)	(9.1)
Projected Net Surplus (Deficit)	26.4	3.0	(23.4)

Faculties and Schools

Faculties and Schools are projecting an in-year deficit of \$13.4 million against a budgeted deficit of \$21.5 million for a favourable of variance of \$8.1 million.

Breakdown of variance for Faculties and Schools	
Increase in budget allocation due to a higher government grants	(12.4)
Expenditures greater than budgeted	4.3
Variance to budget	(8.1)

The positive variance of \$8.1 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 Faculty of Arts and Science is projecting expenditure greater than budgeted as a result of higher than anticipated costs related to new collective bargaining agreements, lower than expected internal cost recoveries from trust and endowed funds, and unbudgeted purchases of equipment.

Shared Services

Shared service units are projecting an in-year surplus of \$1.3 million against a budgeted deficit of \$4.9 million as a result of the following:

- Reduced IT spending mainly due to a combination of cost containment, scope reductions, and infrastructure renewal projects being deferred to the next fiscal year.
- Intentional cost-cutting measures across units, including salary and benefit savings from staff vacancies, which is the result of a university-wide focus on balancing the budget.
- Higher than budgeted Library revenue, partially due to timing differences.

Central and Transition Fund Allocations

The Central and Transition Fund has a positive variance of \$9.1 million predominantly due to unspent funding of \$7.3 million in the Transition Fund. The Transition Fund will continue to be strategically allocated based on approved initiatives to improve the efficiency and effectiveness of the professional services and improving the financial sustainability of the university.

The remaining difference relates to a budgeted deposit to the capital reserve (\$2.1 million).

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 \$2.1 million compared with the budgeted deficit of \$1.4 million, a \$0.7 million increase. The projected revenues are higher due to unbudgeted revenues from the amalgamation of The University Club operations included in Events Services, offset by lower revenues in Community Housing and the Donald Gordon Centre.

The increase in projected expenses can be attributed to the unbudgeted expenses associated with The University Club, higher repairs and alteration expenses and higher external contract expenses for food costs associated with residence beds added during the year.

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

Parking’s financial results are projected to come in slightly over budget.

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	\$ 111,338	\$ 178	\$ 4,233	\$ 4,261	\$ 28	\$ 115,393	\$ 115,599	\$ 206
EXPENDITURES	\$ 69,986	\$ 71,061	\$ 1,075	\$ 2,002	\$ 2,004	\$ 2	\$ 71,988	\$ 73,065	\$ 1,077
Excess / (Deficiency) Before Items Below	\$ 41,174	\$ 40,277	\$ (897)	\$ 2,231	\$ 2,257	\$ 26	\$ 43,405	\$ 42,534	\$ (871)
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	\$ 10,886	\$ (129)	\$ 212	\$ 213	\$ 1	\$ 11,227	\$ 11,099	\$ (128)
	\$ 40,708	\$ 40,579	\$ (129)	\$ 4,070	\$ 4,051	\$ (19)	\$ 44,778	\$ 44,630	\$ (148)
SURPLUS (DEFICIT)	\$ 466	\$ (302)	\$ (768)	\$ (1,839)	\$ (1,794)	\$ 45	\$ (1,373)	\$ (2,096)	\$ (723)

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	\$ (302)	\$ (768)	\$ (1,839)	\$ (1,794)	\$ 45	\$ (1,373)	\$ (2,096)	\$ (723)
CLOSING RESERVE	\$ 7,529	\$ 6,761	\$ (768)	\$ (35,742)*	\$ (35,697)*	\$ 45	\$ (28,213)	\$ (28,936)	\$ (723)

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)	\$ (8,899)	\$ 6,813	\$ (300)	\$ (300)	\$ -	\$ (16,012)	\$ (9,199)	\$ 6,813
CLOSING RESERVE	\$ 6,536	\$ 13,349	\$ 6,813	\$ 6,876	\$ 6,876	\$ -	\$ 13,412	\$ 20,225	\$ 6,813

* 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.