Annual Financial Report

Queen's University at Kingston

April 30, 2025

QUEEN'S UNIVERSITY AT KINGSTON
ANNUAL FINANCIAL REPORT
APRIL 30, 2025

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Queen's, like other Ontario universities, continues to face significant financial pressures due to a combination of factors, including the province's 10 percent tuition cut in 2019 and subsequent tuition freeze for Ontario students, a decline in international student enrolment, and rising costs driven by inflation. Together, they have created a sustained strain on the university's operations and limited the institution's ability to grow revenues in line with expenses.

In response, Queen's is taking deliberate, ongoing actions to restore financial sustainability. Persistent barriers to revenue growth mean that diligent cost management remains essential. A range of measures are being maintained and adapted as needed, including hiring restrictions, rationalized discretionary spending, enrolment redistributions, and operational improvements. Alongside these initiatives is the continued work of the Queen's Renew Program, which aims to ensure that professional services are operating efficiently and effectively in support of the university's academic mission.

Despite the ongoing challenges, the 2024-25 fiscal year ended with a surplus of $60.1M, primarily driven by strong investment returns within several of the University's investment funds, including the Pooled Investment Fund (PIF). Without the strong investment returns from the PIF, the University's operating fund would have incurred a deficit.

Following feedback and engagement with the campus community, the university conducted a detailed review of how PIF investment income has been used each year to support operations. As a result, the budgeted annual income from the PIF to support operations will be increased from $5.2 million to $10 million for the next three years, beginning in 2025-26.

Beyond this budgeted amount, in years when investments perform well, returns from the PIF are used to fund strategic priorities, including investments in new or improved campus infrastructure. These returns are often the only source of funding available to Queen's for major investments and improvements that support the university's teaching and research mission. The recently reopened John Deutsch University Centre is one such example, made possible through a key partnership with students and supported with these funds.

Queen's efforts to address its financial pressures have again been positively received by our credit rating agencies. Both S&P Global Ratings and DBRS Limited (Morningstar DBRS) have reaffirmed the university's strong credit standing. S&P maintained its 'AA+' long-term issuer credit rating, while DBRS confirmed Queen's AA issuer and senior unsecured debt crediting ratings. These ratings reflect Queen's strong market position, stable student demand, and solid academic profile. They also recognize the university's prudent approach to managing financial challenges and are based on the expectation that Queen's leadership will continue to take the necessary steps to ensure long-term fiscal sustainability.

Earlier this year, during Principal and Vice-Chancellor Patrick Deane's launch of the Bicentennial Vision and Consultation, Queen's affirmed that we "have a responsibility to adapt to the realities of our time while staying true to the values that define us". That message continues to help shape our financial strategy and institutional planning. The road ahead will require focus, discipline, and collaboration, and I am confident our university community is up to the task.



Donna Janiec, FCPA, FCA
Vice-Principal (Finance & Administration)

THE YEAR IN REVIEW

A summary of the University's consolidated results for the year ended April 30, 2025 is shown in Table 1 below. The University completed the year with an overall surplus of $60.1 million, driven primarily by positive investment returns.

Table 1

YEAR ENDED APRIL 30 (Millions of dollars)	2025	Restated 2024
Consolidated Statement of Operations		
Revenue	$ 1,156.0	$ 1,127.6
Expenses	1,164.6	1,126.7
(Deficiency) / excess of revenues over expenses before item below	(8.6)	0.9
Investment income not allocated to operations	68.7	77.4
Excess of revenues over expenses	$ 60.1	$ 78.3
Consolidated Statement of Financial Position		
Assets	$ 3,956.8	$ 3,694.4
Liabilities	1,512.8	1,424.9
Net assets	$ 2,444.0	$ 2,269.5
Net Assets is comprised of:		
Endowments*	$ 1,717.7	$ 1,596.8
Invested in capital assets	279.0	262.8
Internally restricted	446.4	407.6
Unrestricted surplus	0.9	2.3
	$ 2,444.0	$ 2,269.5

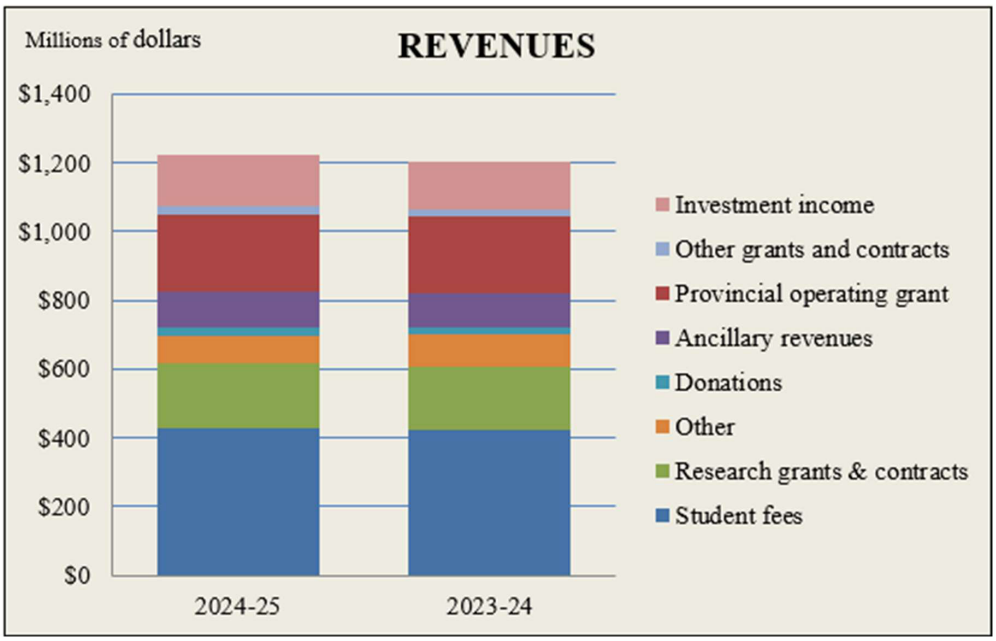
* Endowment assets are permanently restricted and cannot be used for the University's general operations.

Before investment income not allocated to operations, the University incurred a deficit of $8.6 million. Investment income not allocated to operations includes:

- The excess or deficiency of investment earnings over endowment spending on internally restricted endowments. This amount either contributes to or reduces the allowance for endowment capital preservation.
- The excess of investment earnings in excess of the amount approved for spending on operations ($5.2 million in 2024-25) from income earned on the Pooled Investment Fund. This amount contributes to funds available for capital renewal.
- Investment income earned from the University's sinking funds is restricted for extinguishing university debt.

All other investment income is allocated to operations.

REVENUES

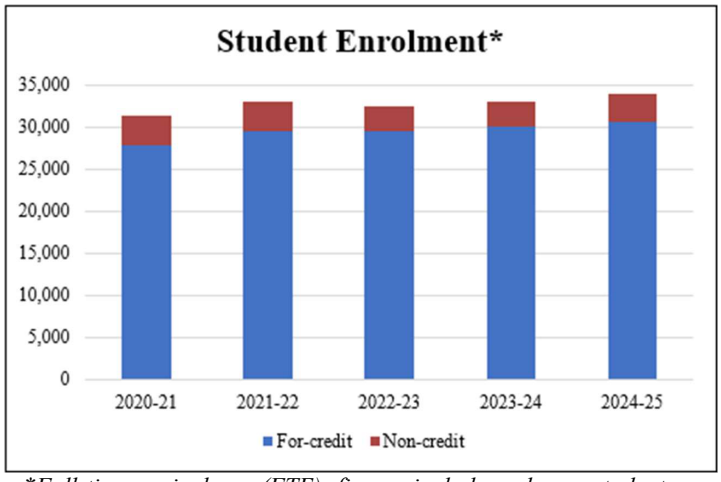


At a glance….
Total revenues increased by 1.6% primarily due to favourable investment returns and an increase in research grants and contracts.

Note that revenues that are externally restricted (e.g., research grants or donations) are only recorded when the related expenditures occur and thus have no impact on the University's net financial results.

Student fees
Student fee revenue includes tuition fees (see following section for further details) as well as other fees related to activities such as student health, recreation, and athletics. In 2024-25, student fee revenue from all fee sources increased by 1.0%.

The University continues to face financial challenges resulting from a tuition framework that continues to hold almost all domestic tuition fees flat after a 10.0% decrease in 2019-20. The tuition framework allows universities to increase tuition fees for domestic out-of-province students by up to five percent and increase tuition fees by 7.5% per year (up to a maximum sector average) for up to three programs where tuition fees are anomalous to comparator programs. Two of the three programs for which tuition fees have been increasing under this provision will achieve their maximum level by 2025-26.



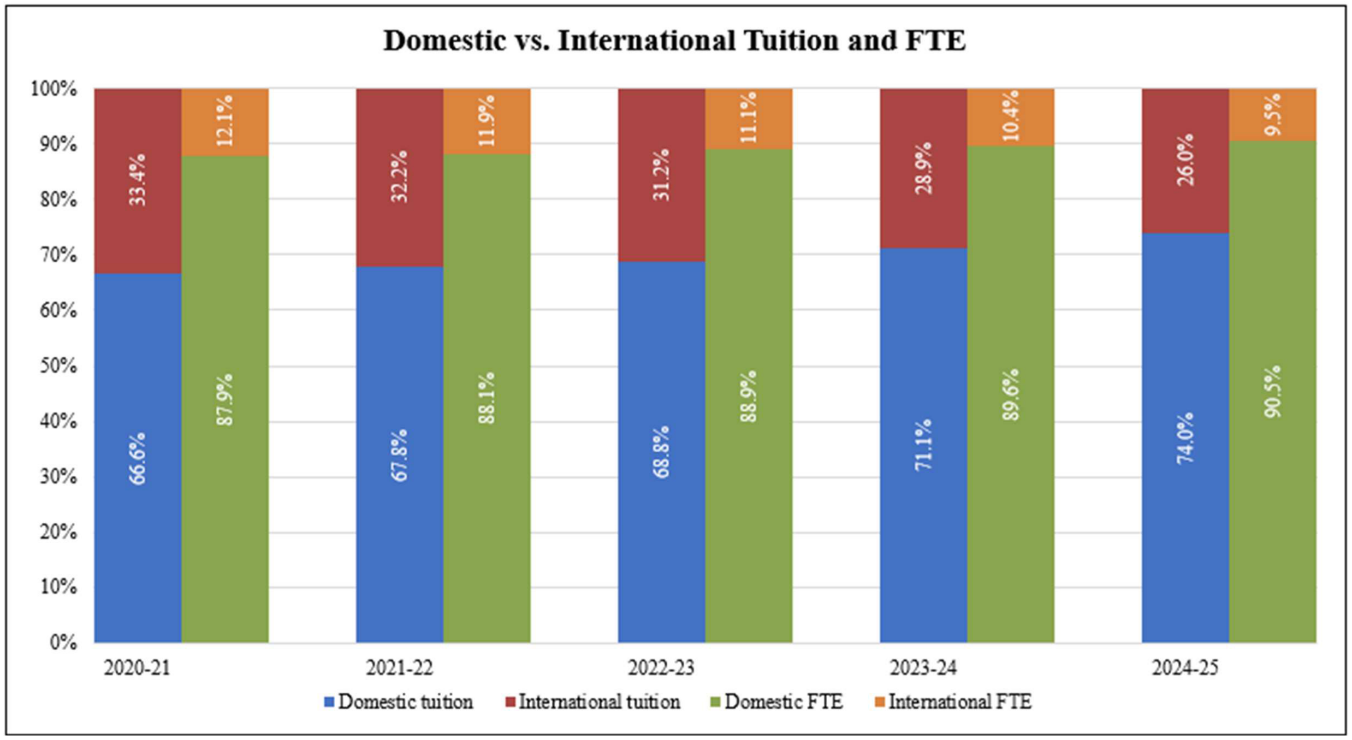
**Full-time equivalency (FTE); figures include exchange students.*

Student enrolment for the past five years is displayed in the chart above. Enrolment in for-credit courses increased by 1.7 per cent from 30,093 in 2024 to 30,609 in 2025 and enrolment for non-credit courses increased by 13.4 per cent from 2,875 in 2024 to 3,259 in 2025.

For-Credit Tuition fees

For-credit tuition fees are fees charged on academic courses towards a degree program. International student enrolment declines contributed to decreased international for-credit tuition revenue of $10.1 million. International students pay higher tuition fees than domestic students as there is no provincial operating grant to offset the total education costs of these students. Domestic for-credit tuition fees increased by $12.0 million.

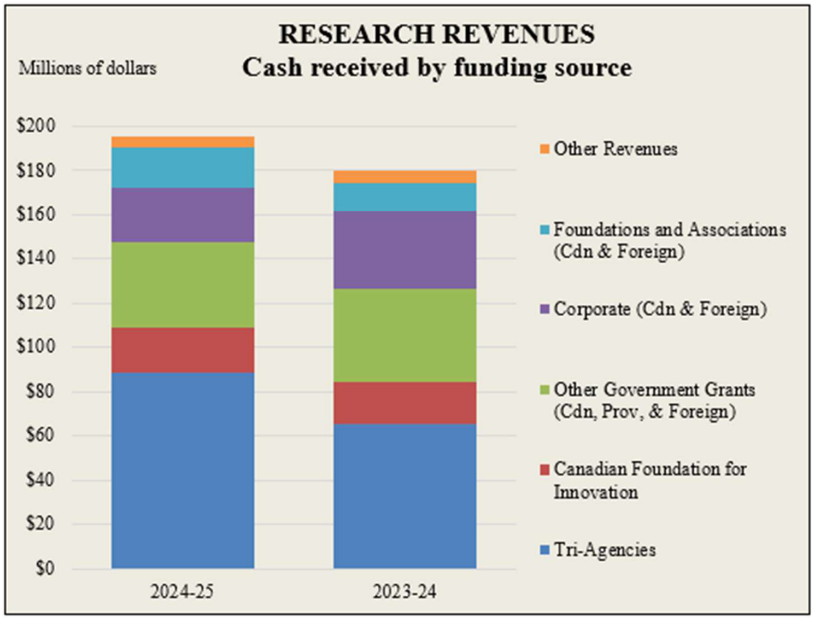
International students now account for approximately 9.5% of the total student population and 26.0% of tuition revenue.



Research grants and contracts

Research grants and contracts are received from a variety of sources with the largest contributions coming from the government grants including the Tri-Agencies and the Canada Foundation for Innovation (CFI). Because research funding is restricted for purposes specified by the funding agency, revenue is only recorded when the related expenditure occurs. Unspent externally sponsored research funds are recorded on the statement of financial position as deferred revenue. As such, the changes to revenue in research grants and contracts are not a contributing factor to the University's surplus.

Research grant and contract revenues received by funder is presented in the chart to the right. This chart is presented on a cash basis before any adjustment for funds deferred for spending in future years.



	Thousands of dollars	
	2024-25	2023-24
Cash received by funding source	$ 195,214	$ 179,882
Adjustment to deferral for future year spending	1,935	(4,684)
Research revenue as reported in research fund	$ 193,279	$ 184,565

Ancillary revenues

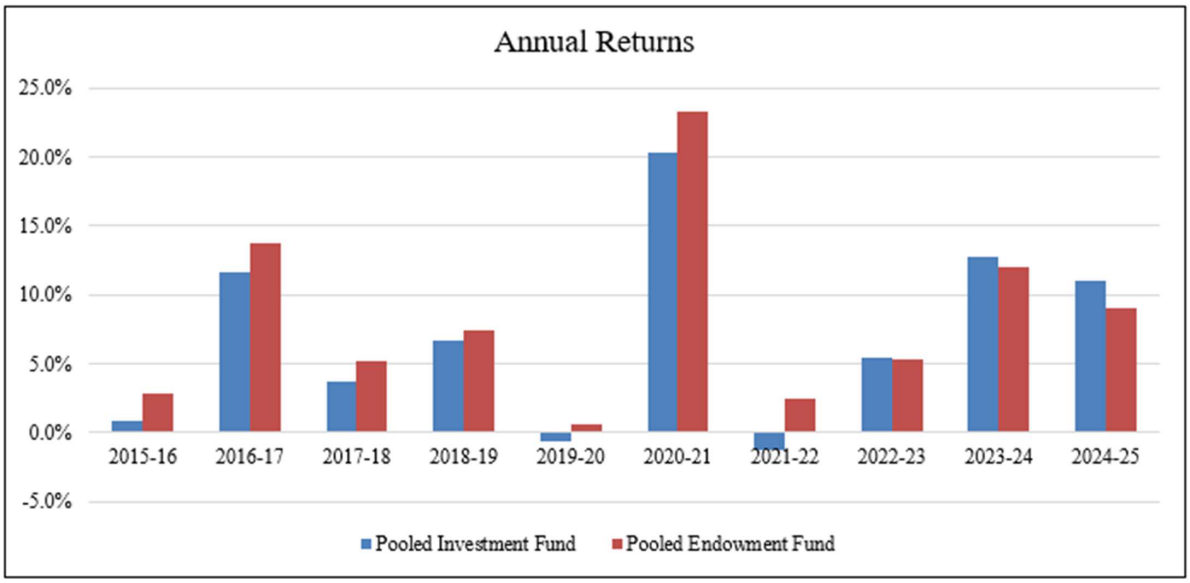
Ancillary operations include business units that provide goods and services to the University community. These units are expected to cover their full operating costs and may also defray general operating expenditures. The table to the right provides a breakdown of revenues in the Ancillary fund by ancillary operations. Ancillary revenue increased in 2024-25 primarily due to approved residence fee increases.

	Thousands of dollars	
SALES BY ANCILLARY OPERATION	2024-25	2023-24
Housing and hospitality	$ 107,108	$ 101,490
Parking	3,822	3,832
	110,930	105,322
Less: Internal sales	(5,739)	(5,776)
	$ 105,191	$ 99,546

Investment income

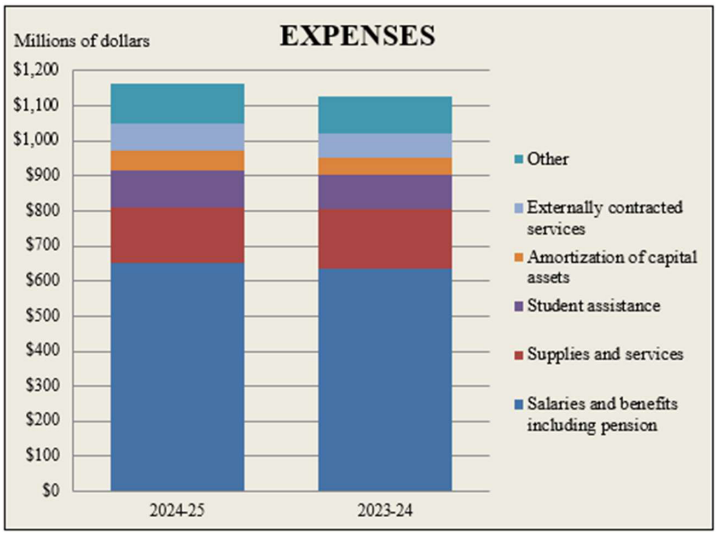
The Board of Trustees has overall responsibility for the management of investment funds at the University and has appointed an Investment Committee to help ensure its investment responsibilities are met. Both the Pooled Endowment Fund (PEF) and the Pooled Investment Fund (PIF) are invested in accordance with a Board-approved Statement of Investment Policies and Procedures (SIPP), which establishes risk and return objectives for each Fund, as well as a Responsible Investing Policy. Over the last year the Investment Committee has continued to make progress on its responsible investing initiatives. Additional information on Responsible Investing at Queen's can be found on the Investment Services website.

Given the nature of the funds' medium- and long-term objectives, there can be considerable volatility in investment returns on an annual basis. Annual rates of return for the last ten years for the PEF and the PIF are presented below.



Because business units rely heavily on the annual payout from the PEF of approximately $65 million, the payout calculation is smoothed and mitigates the impact of any volatility in investment income from year to year. The payout is used to support operations in accordance with donor wishes, primarily student scholarships and bursaries and faculty chairs and professorships. In years of strong investment returns, excess gains are re-invested in the preservation of capital to offset years where the amount made available for spending exceeds investment income.

EXPENSES



At a glance…
Total expenses increased by 3% in 2024-25, driven mainly by an increase in expenses related to salaries and benefits, externally contracted services in research, student assistance and higher utility costs, offset by a decrease in supplies and services.

SALARIES AND BENEFITS

	Thousands of dollars 2024-25	2023-24
Salaries and benefits expense		
Salaries and benefits	$ 595,437	$ 579,132
Non-pension employee future benefits	12,945	13,319
Pension	42,065	41,780
Total	$ 650,447	$ 634,231
% of total expenses	56%	56%
Employee Future Benefits Liability		
Non-pension employee future benefits liability	$ 130,771	$ 128,797

At a glance…
Salaries and benefits comprise over half of the total expenses of the University and increases are influenced by collective agreement negotiations and staff and faculty complement.

The employment of most employees is governed by collective agreements. The table below provides a summary of employee groups and the date of their associated employee contracts. Those contracts that have expired will be negotiated in the current year.

In 2024-25, salaries and benefits grew by 2.6%. Growth in the year is due to negotiated salary increases and expenses associated with the time-limited voluntary retirement program for faculty, librarians and archivists, offset by reductions in overall administrative staffing levels.

The non-pension employee future benefits liability increased due to the annual current service costs and a lower discount rate, offset by a reduction to the liability due to a lower rate for claims. Additional information on the employee future benefits liability is available in Note 13 of the financial statements.

Employee Group	Unit / Association	Contract effective until
Academic Assistants	USW 2010-01	August 2027
Allied Health Care Professionals (Family Health Team)	OPSEU 452	June 2025
General Support Staff	USW 2010	December 2027
Graduate Teaching Assistants and Teaching Fellows	PSAC 901, Unit 1	April 2027
Kingston Heating & Maintenance Workers	CUPE 229	June 2027
Kingston Technicians	CUPE 254	June 2027
Library Technicians	CUPE 1302	June 2027
Post-Doctoral Fellows	PSAC 901, Unit 2	June 2026
Queen's University Faculty Association	QUFA	June 2026
Registered Nurses and Nurse Practitioners (Family Health Team)	ONA 67	March 2025
Residence Dons, Residence Life Assistants, and Living Learning Community Dons	USW 2010-02	July 2026

CAPITAL PROJECTS

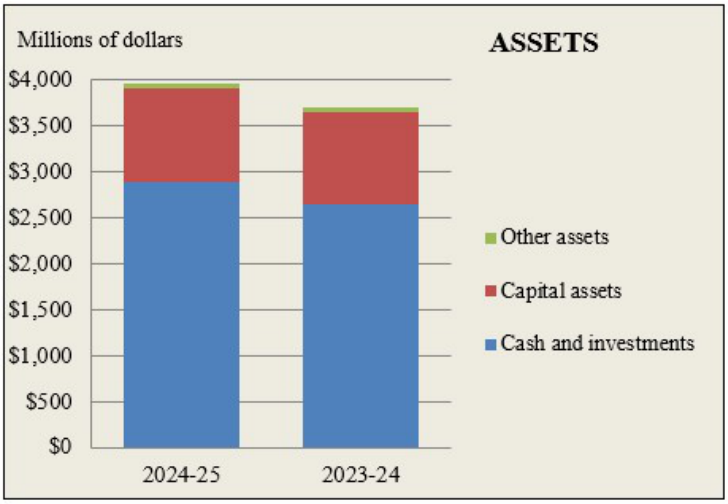
During the year the University continued with the construction of the Agnes Reimagined project and started construction on the Duncan McArthur Hall Renovation project. Agnes Reimagined was approved at a total cost of $107 million funded by the generosity of donors as well as a Heritage Canada Grant. The vision of the project is to mobilize the transformative power of art to create a more equitable, inclusive and sustainable world. The Duncan McArthur Hall Renovation was approved at a total cost of $31 million to enhance student learning by improving academic facilities.

The University also completed the revitalization of the John Deutsch University Centre (JDUC Revitalization). The Board of Trustees approved the JDUC Revitalization at a total cost of $91.5 million to create an important hub that accommodates social, recreational and cultural activities for students, faculty, staff and visitors.

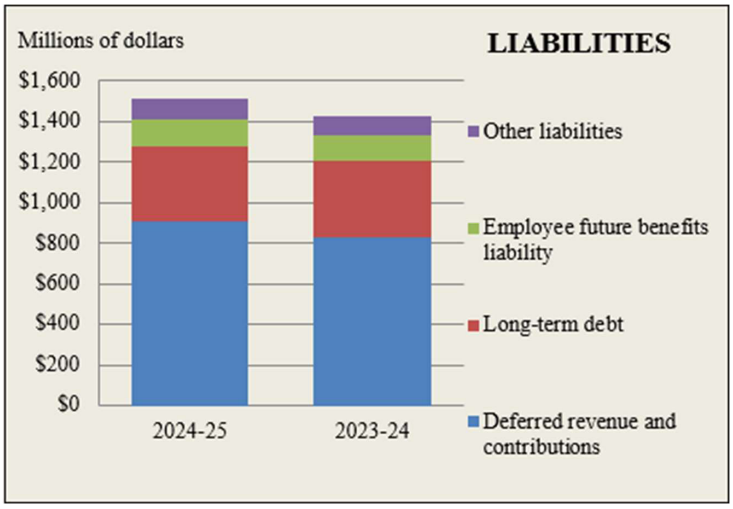
The University's capital expenditures of $78.7 million in 2024-25 are presented in the table below, with comparative information for the prior year. The bulk of the spending on building projects and construction in progress in 2024-25 relates to the JDUC Revitalization ($14.6 million), Agnes Reimagined ($16.6 million) and Duncan McArthur Hall ($9.5 million).

	Thousands of dollars	
CAPITAL ASSET ADDITIONS	2024-25	2023-24
Building projects and construction in progress	$ 52,878	$ 67,460
Equipment and furnishings	17,171	15,136
Other asset purchases	8,615	7,352
	$ 78,664	$ 89,948

UNIVERSITY ASSETS AND LIABILITIES



Assets of the University increased by $262 million or 7.1% overall, due primarily to growth in the University's cash and investments due to favourable investment returns.



Liabilities of the University increased by 6%. The increase in deferred revenue and contributions is due to an increase in externally restricted unspent trust and endowments and an increase in unspent capital funds. The Employee Future Benefits liability increased due to the annual current services costs and a lower discount rate, offset by a reduction to the liability due to a lower rate for claims. Further information on Employee Future Benefits is provided in the previous Salaries and Benefits section and in Note 13 to the financial statements.

NET ASSETS

Net assets of the University represent the residual balance after total liabilities are subtracted from total assets on the Consolidated Statement of Financial Position and comprises the balances in the table below.

		Thousands of dollars	
		2024-25	2023-24
Endowment		$ 1,717,726	$ 1,596,766
Invested in capital assets		278,951	262,822
Internally restricted net assets			
Operating contingencies		109,460	110,605
Transition fund		39,924	31,918
Unspent research funds		77,112	82,923
Internally financed capital projects		(81,084)	(83,527)
Sinking funds		139,194	121,020
Capital reserves			
General capital reserves	127,725		108,422
Other capital reserves	103,169		103,184
Total capital reserves		230,894	
Employee future benefits		(69,127)	(66,985)
		446,373	407,560
Unrestricted net assets		932	2,359
		$ 2,443,982	**$ 2,269,507**

Endowment assets: Endowment assets are the largest proportion of the University's Net Assets. These balances are permanently restricted and cannot be used to fund the University's general operations. Endowment asset balances have grown in 2025 because of endowment contributions and strong investment returns. Details are presented in Note 14 of the financial statements.

Invested in Capital Assets (ICA): represents the total amount of unrestricted funds the University has spent on capital assets, minus amortization of those assets. The cost of assets purchased with donor funding or external grant funding does not get included in ICA. Because ICA balances are tied up in capital assets like buildings, ICA balances cannot be accessed to support general operations.

Internally restricted net assets: represent expendable funds that the University has restricted for specific purposes.

- *Operating contingencies* are unspent operating budget allocations and provide flexibility to bridge to a point of guaranteed funding relief or to invest in one-time only strategic expenditures.
- The *Transition fund* is funds set aside for implementing academic and administrative priorities, including efficiency related initiatives.
- *Unspent research funds* are operating funds committed to support current and future research projects.
- *Internally financed capital projects* is a negative (deficit) balance. This balance represents the cumulative internal funds spent on capital projects for which funding has not been allocated. Payment plans exist to fund all existing balances.
- *Sinking funds* are committed to servicing the university's future debenture payments.
- *General capital reserves* are operating funds set aside to support capital investment and other strategic priorities at the University.
- *Other capital reserves* are funds committed primarily for ancillary capital development, deferred maintenance and capital projects in progress.
- *Employee future benefits* is a negative (deficit) balance. This balance represents the deficit associated with employee future benefit plans. The deficit of $130.8 million is offset by a reserve of $61.6 million set aside to fund potential future pension commitments related to past service obligations under the University Pension Plan Ontario.

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

The University's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations, described in Note 2 to the financial statements. Under these accounting standards, the financial results of the University are presented on a consolidated basis, in a single column, and present an overall accounting of the financial stewardship of the institution as a whole.

University budgets and internal reporting are prepared using the concepts of fund accounting. Under fund accounting, activities of the institution are segregated by fund to enhance accountability and control of funds. The University maintains the following funds:

Operating includes teaching and administrative activities at the University. Operating fund revenue includes government operating grants, student fees, and unrestricted investment income. For information on the performance of the Operating fund, please refer to the Performance of the Operating Fund section.

Ancillaries includes business units that provide goods and services to the University community and cover their full operating costs, including indirect costs, and may also contribute to general operating expenditures.

Trust and Endowments capture funds received within the University that are restricted for a particular purpose. Each external donation received for a specific purpose is usually supported by an agreement between the University and the donor, recorded in its own fund, and managed according to the terms and conditions of the donation. The capital of endowment donations is maintained in perpetuity. Investment of endowment capital generates revenue in the form of investment income, which is available for spending.

Research captures activity on campus related to research. The University continues to be one of Canada's leading research-intensive universities. Funding for research is received from a number of sources including the federal government, the provincial government, and various not-for-profit organizations.

Capital includes activity related to the capital infrastructure on campus. The Capital fund reflects amortization of both costs and deferred capital contributions, interest on debt to fund capital expenditures, the capitalization of assets purchased through other funds, the deferral of funding received to purchase assets, and renovations and alterations activity.

Consolidated Entities include the Bader International Study Centre (operating as Bader College), the U.S. Foundation for Queen's University at Kingston, and the Queen's University Pooled Trust Fund.

Interfund transfers presented in the Consolidated Statement of Operations by Fund represent transfers of money between funds as detailed in the table below.

Thousands of dollars

	Operating	Ancillaries	Trust and Endowment	Research	Capital	Total
Funding for JDUC and Environmental Science Research Centre	13,251				(13,251)	-
Deferred maintenance	12,310				(12,310)	-
Other capital transfers	5,191	1,776			(6,967)	-
Loan repayments for capital projects built in prior years (includes interest)	10,224	16,918			(27,142)	-
Departmental transfers	6,899	(36)	2,671	(9,534)		-
Overhead and indirect costs of research	(15,608)	10,363		5,245		-
Interfund transfers out / (in)	32,267	29,021	2,671	(4,289)	(59,670)	-

THE CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

April 30, 2025
(Thousands of dollars)

The table below presents the activities of the University by fund, for the year ended April 30, 2025, and supplements the information presented in the financial statements.

	Operating	Ancillaries	Trust and Endowment	Research	Capital	Consolidated Entities	Total 2025
REVENUES							
Student fees	$ 428,323	$ -	$ -	$ -	$ -	$ -	$ 428,323
Other grants and contracts	22,601	-	25,317	189,999	(10,082)	-	227,835
Provincial operating grant	226,028	-	-	-	-	-	226,028
Sales of service and products	12,009	105,191	-	-	-	1,086	118,286
Investment income allocated to operations	38,436	-	42,523	1,873	-	136	82,968
Amortization of deferred capital contributions	-	-	-	-	25,779	293	26,072
Other	22,828	-	-	1,407	355	(3)	24,587
Donations	2,847	-	19,291	-	(245)	-	21,893
	753,072	105,191	87,131	193,279	15,807	1,512	1,155,992
EXPENSES							
Salaries and benefits	531,292	12,785	29,400	74,038	-	2,932	650,447
Supplies and services	113,818	6,787	10,559	68,304	(31,037)	(7,750)	160,681
Student assistance	40,738	-	39,567	22,521	-	-	102,826
Externally contracted services	15,167	33,337	2,048	26,507	-	40	77,099
Amortization of capital assets	-	-	-	-	55,137	2,160	57,297
Renovations and alterations	9,728	23,127	508	1,448	10,054	(346)	44,519
Utilities, taxes and insurance	25,723	6,388	168	324	-	(439)	32,164
Travel and conferences	10,439	56	1,992	10,238	-	-	22,725
Interest on long-term debt	-	-	-	-	16,723	99	16,822
Interfund transfers out / (in)	32,267	29,021	2,671	(4,289)	(59,670)	-	-
	779,172	111,501	86,913	199,091	(8,793)	(3,304)	1,164,580
(Deficiency) / excess of revenues over expenses before item below	**(26,100)**	**(6,310)**	**218**	**(5,812)**	**24,600**	**4,816**	**(8,588)**

THE CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

April 30, 2025
(Thousands of dollars)

	Operating	Ancillaries	Trust and Endowment	Research	Capital	Consolidated Entities	Total 2025
(Deficiency) / excess of revenues over expenses before item below	**(26,100)**	**(6,310)**	**218**	**(5,812)**	**24,600**	**4,816**	**(8,588)**
Investment income not allocated to operations	41,903	-	12,922	-	13,900	-	68,725
Excess / (deficiency) of revenues over expenses	**15,803**	**(6,310)**	**13,140**	**(5,812)**	**38,500**	**4,816**	**60,137**
Transfer from net assets invested in capital assets	-	-	-	-	29,358	1,867	31,225
Transfer (to) / from internally restricted net assets	(15,717)	6,310	(13,140)	5,812	(67,858)	(8,196)	(92,789)
Net change in unrestricted surplus / (deficit)	86	-	-	-	-	(1,513)	(1,427)
Unrestricted surplus, beginning of year	521	-	-	-	-	1,838	2,359
Unrestricted surplus, end of year	607	-	-	-	-	325	932

FINANCIAL RISK

The University manages the financial risks it faces as part of a broader enterprise risk management framework which is monitored by and reported on regularly to the Board of Trustees. The major financial risks to which the University is exposed include:

Deferred maintenance

Maintaining the University's space to appropriate standards puts significant pressure on university budgets. The current deferred maintenance (DM) balance is $543.9 million.

The University continues to recognize the importance of addressing DM as a strategic priority and has increased operating budget funding from $4.2 million in 2013-14 to $12.3 million in 2024-25. Total DM funding (including Provincial and Residences contributions) is $26.6 million in 2024-25, which is approximately 0.69% of a $3.9 billion campus replacement value. The industry standard is 1.5%. The university will continue to prioritize addressing its DM backlog as funding allocations are increased and significant building renewals occur. The John Deutsch University Centre revitalization, that commenced in Summer 2022, removed $14 million of deferred maintenance.

Reliance on grant support and tuition revenue controlled by the government

The University relies heavily on tuition and grant support to fund its operations, both of which are controlled largely by the provincial government. The Strategic Mandate Agreement (SMA3) is a corridor system that combines undergraduate and graduate enrolment ensuring that grant revenue in the enrolment envelope will not reduce if enrolment remains above the lower band of +/- 3% of the enrolment midpoint. Queen's is currently above the mid-point of the corridor based on a rolling five-year average. Any growth above the mid-point does not result in additional provincial grant. The Strategic Mandate Agreement 3 (SMA3) concludes in the 2024-25 fiscal year, after which the province will transition to SMA4, commencing in fiscal 2025-26 and covering the period through 2029-30, with a revised performance framework assessing eight metrics instead of ten.

On February 27, 2024, the ministry announced that the province will invest $1.3 billion of incremental funding to institutions over three years. As such, Queen's received $6 million in 2024-25, and will receive $10 million in 2025-26 and $14 million in 2026-27 from the Postsecondary Education Sustainability Fund. While the provincial government has committed to this funding in 2024-25, 2025-26 and 2026-27, it is one-time only and thus cannot be relied on for ongoing operating expenditures. The Ministry announced on April 22, 2025 an investment of $750 million aimed at enhancing Science, Technology, Engineering, and Mathematics (STEM) programs across the province. Queen's is slated to receive $15.9 million in 2025-26, which the University plans to use to expand its capacity to educate a highly skilled workforce, positioning itself as a leader in meeting the growing demands of the STEM job market.

In 2019-20, the MCURES mandated a 10.0% cut in domestic tuition for funding eligible programs and has confirmed tuition will continue to be frozen at those levels until at least 2026-27. This framework:

- Freezes tuition fees for domestic funding-eligible programs at 2019-20 levels for Ontario students.
- Provides institutions the ability to increase tuition fees for domestic out-of-province students by up to 5.0%.
- Provides the ability to increase tuition fees by up to 7.5% per year (to a defined maximum amount by program) for three programs whose tuition fees were on average anomalous to comparator programs in the province.

These provincial policies place all Ontario universities in a difficult financial situation as there is very limited flexibility to meet annual compensation and other inflationary expenditure increases.

Reliance on international tuition revenue

The University relies heavily on international tuition to fund its operations, but this was impacted last year by the international cap introduced by Immigration, Refugees and Citizenship Canada (IRCC) in January 2024, initially limiting undergraduate international intake. For 2025-26, new requirements now apply to graduate international enrolment, including the need for a Provincial Attestation Letter (PAL) to study in Canada. These changing immigration policies are expected to continue affecting Canada's reputation as a preferred destination, as applications from international students have declined compared to previous years.

FINANCIAL HEALTH

The Ministry of Colleges, Universities, Research Excellence and Security's (MCURES) University Financial Accountability Framework (the "framework") outlines specific metrics that are used by MCURES to evaluate the financial health of universities in Ontario and builds on a set of metrics established by the university sector in Ontario a number of years ago.

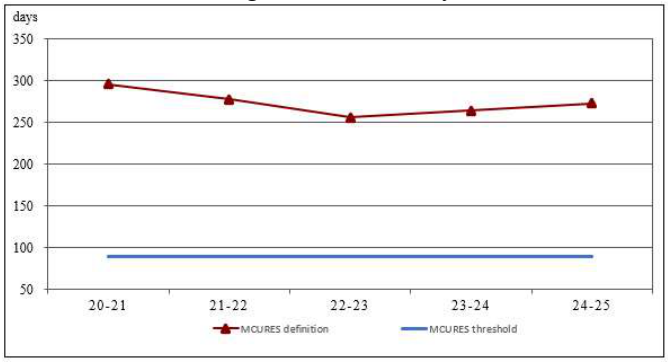
The metrics and related descriptions are presented below, together with the thresholds universities must meet to avoid additional MCURES financial monitoring requirements. The University's fiscal 2025 combined risk score across all metrics, which remains subject to verification and confirmation by MCURES, requires no financial monitoring action.

Liquidity

Primary Reserve Ratio

The primary reserve ratio helps to determine whether the University's resources are sufficient and flexible enough to support the mission. It summarizes the financial health and flexibility by indicating how long the University could function using only its reserves with no external restrictions.

MCURES Threshold: greater than 90 days

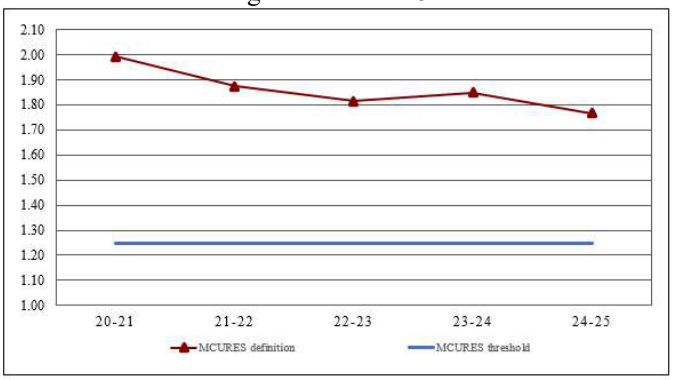


Definition: Expendable net assets divided by total expenses multiplied by 365

Working Capital Ratio

The working capital ratio is a measure that indicates the University's ability to meet its current financial obligations as they come due without affecting the normal course of operations.

MCURES Threshold: greater than 1.25



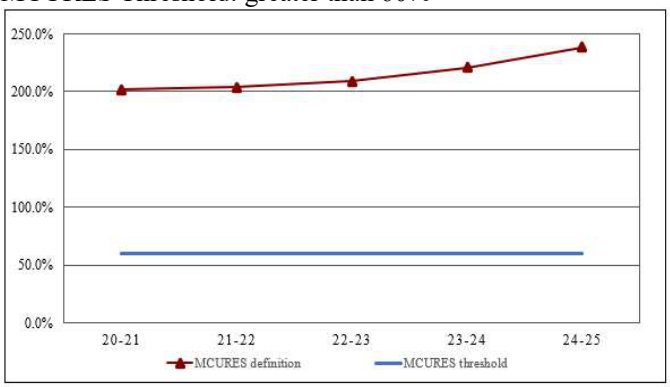
Definition: Current assets plus Pooled Investment Fund divided by current liabilities

Financial Sustainability

Viability Ratio

The viability ratio provides an indication of the funds on hand to settle the University's long-term debt obligations at a point in time. This ratio provides assistance in evaluating debt affordability.

MCURES Threshold: greater than 60%

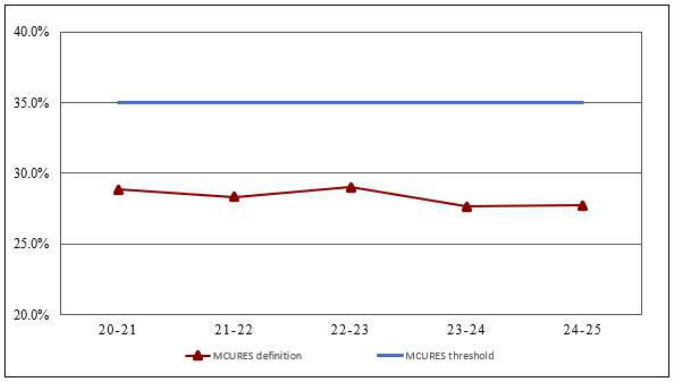


Definition: Expendable net assets divided by long-term debt

Debt Ratio

The debt ratio measures the amount of financial leverage the University has used. It shows how much of the University's debt is owned by its creditors compared to the proportion of assets held by the institution.

MCURES Threshold: less than 35%

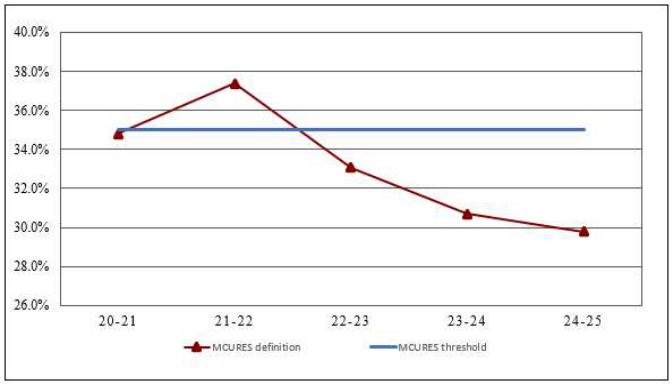


Definition: Total liabilities (less deferred capital contributions), divided by total assets

Debt to Revenue Ratio

The debt to revenue ratio shows the extent to which the University relies on debt to service its operations. Alternatively, it measures the amount of revenue generated by the University in order to repay its debt.

MCURES Threshold: less than 35%

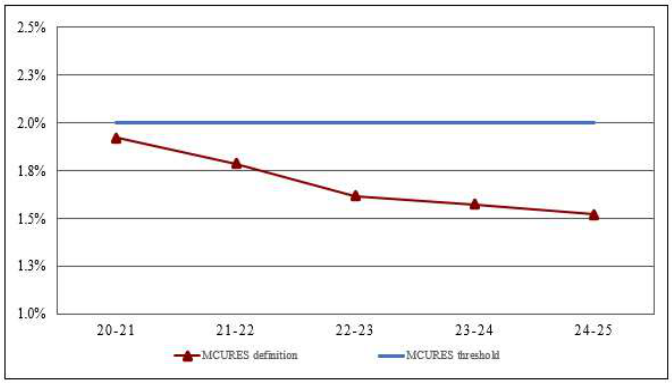


Definition: Long-term debt divided by total revenues

Interest Burden Ratio

The interest burden ratio is an indicator of debt affordability. It indicates the percentage of total expenses used to cover the cost of servicing the University's debt.

MCURES Threshold: less than 2%



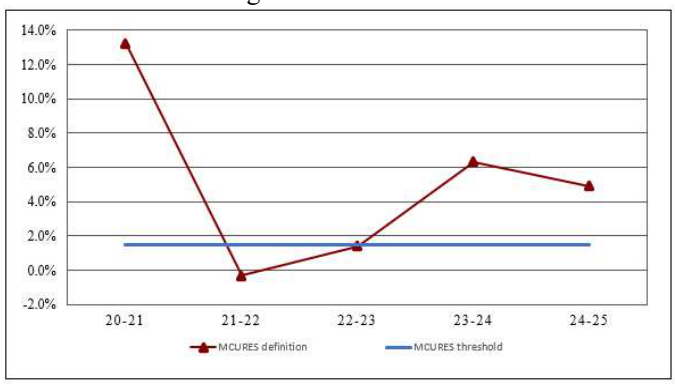
Definition: Interest expense divided by total expenses excluding amortization

Performance

Surplus (Deficit) Ratio

The surplus (deficit) ratio shows the percentage of revenues that contribute to it's net assets. This ratio provides insight into how well the University is able to manage its expenses relative to it's revenue base.

MCURES Threshold: greater than 1.5%

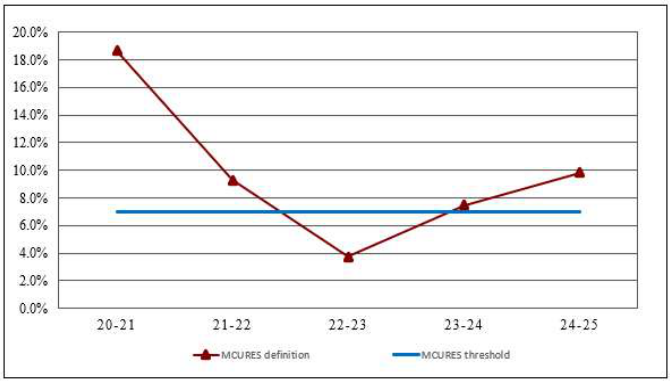


Definition: Surplus (deficit) divided by total revenues

Net Operating Revenues Ratio

The net operating revenues ratio is a measure of financial performance. Positive cash flow from operations indicates a strengthening position, and, conversely, structural negative cash flows are almost always an indication of financial pressures.

MCURES Threshold: greater than 7%



Definition: Cash flow from operating activities divided by total revenues

PERFORMANCE OF THE OPERATING FUND

The Board of Trustees approves the operating fund budget and monitors the performance of the operating fund throughout the year. The operating fund represented 65% of consolidated revenue in 2024-25.

The Board of Trustees pays careful attention to the allocation and use of resources within the operating fund and remains focused on achieving a balanced budget. Budgets are prepared on a cash basis and include drawdowns of cash reserves to balance.

	Thousands of dollars		
2024-25 Operating Fund	Actual	Budget	Variance
Revenue			
Investment income allocated to operations	38,436	30,915	7,521
Other revenue	714,636	692,780	21,856
Total revenues	753,072	723,695	29,377
Expenditures	756,573	759,414	(2,841)
Deficit before unbudgeted items below	(3,501)	(35,719)	32,218
Funding from capital reserves for capital projects	(22,599)	-	(22,599)
Investment income not allocated to operations	41,903	-	41,903
(Deficit) / surplus	15,803	(35,719)	51,522

The 2024-25 surplus was deposited to / (taken from) reserves as follows:	
Capital reserves:	
Funding transferred for capital projects	(22,599)
Transfer PIF income in excess of budgeted amount to capital reserves	41,903
Other transfers from internally restricted net assets	(3,587)
Total contribution to internally restricted net assets	15,717
Contribution to unrestricted net assets	86
Total increase in reserves	15,803

The positive variance in operating revenue in fiscal 2025 is due primarily to an increase in investment income allocated to operations of $7.5 million, and an increase in other unbudgeted revenues, including grants and contracts, of $21.9 million.

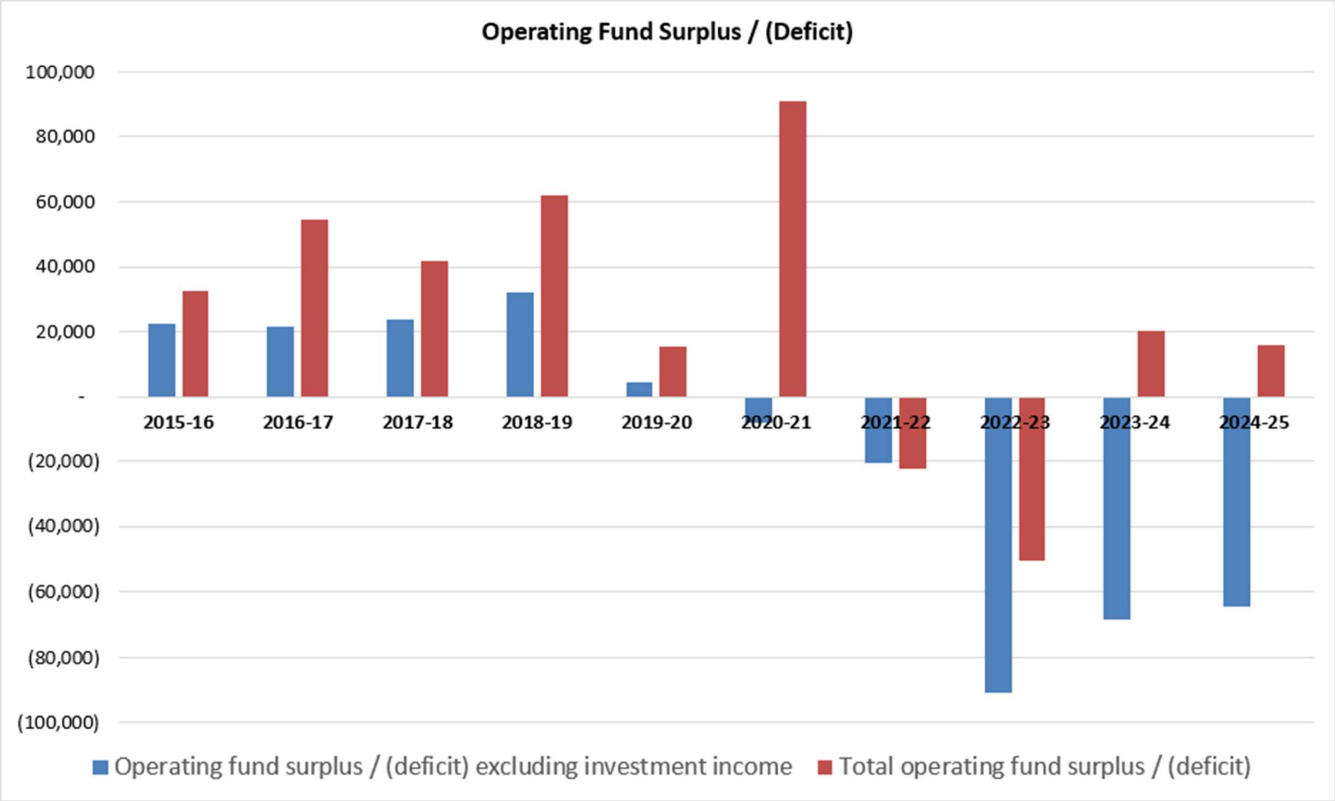
Overall, the operating fund reported a surplus of $15.8 million or 2.2% of budgeted revenue.

Capital reserves increased by $19.3 million in total, comprised of the transfer of PIF income in excess of budget to the capital reserve ($41.9 million), offset by the use of capital reserves ($22.6 million) primarily to fund the JDUC Revitalization, Environmental Science Research Centre and the Bader College renovations.

Investment income in the operating fund

The financial results of the operating fund for the last ten years are presented in the chart below. For three of the last five years, investment income has masked operating fund deficits. Investment income in the operating fund is generated by two separate funds:

- **Short-Term Fund (STF):** holds funds the University is expected to require in the next three years
- **Pooled Investment Fund:** holds cash balances not expected to be required for more than three years.



In accordance with the Board of Trustee approved SIPP, the STF is invested in cash, money market and fixed income investments. Investment income earned on the STF is less volatile and incorporated into budgeted revenues in the Operating Budget. In accordance with the University's Cash Management Framework, funds were transferred from the PIF to the STF in 2023-24 to support the University's projected three-year cash flow requirements. With higher interest rates and additional funds in the STF, approximately $23.3 million in investment income was earned on the STF for the year ended April 30, 2025. If or as interest rates decrease and/or as cash balances decline, the amount of investment income available to support operations will also decrease. The University must therefore be cautious in its reliance on these revenues to support base operating expenditures.

In accordance with the SIPP the PIF is invested 65% in Equities and 35% in Fixed Income and Absolute Return Strategies. Investment income on the PIF varies considerably with financial market conditions and accordingly, only $5.2 million in investment income is budgeted annually to support operations. PIF investment returns in excess of $5.2 million are deposited in a capital reserve to support capital investment and other strategic priorities at the University. World class academic facilities are essential to supporting the University's academic mission and these funds are the only source of operating funding available to support capital expansion of the University's academic and research facilities. Approximately $47.1 million in investment income was earned on the PIF for the year ended April 30, 2024, therefore the excess of $41.9 million was transferred to capital reserves. Without this practice, the University would not have been able to invest in its academic future through things like the purchase of 235 Frontenac Street and the capacity to renovate the property in support of academic priorities. Capital reserve balances also serve as a buffer in years of investment losses.

Looking ahead

The University remains focused on managing its resources responsibly in order to protect and advance its academic mission and strategic priorities in the midst of significant financial challenges. In May 2025, the Board of Trustees approved the 2025-26 operating budget, with a deficit of $26.4 million covered by a drawdown of reserves. This includes an increased budgeted allocation from PIF income from $5.2 million to $10 million.

The provincially mandated tuition reduction and continued freeze on in-province tuition fees has challenged the University's ability to generate revenue growth since 2019-20. Financial pressures have been further exacerbated by the inflationary pressures on costs and difficulties recruiting international students.

Several efforts are underway to mitigate the financial pressures through a combination of the short-term use of reserves, the reduction of ongoing costs through the implementation of voluntary retirement and voluntary exit plans, and improving the efficiency and effectiveness of services in support of the academic mission through the Queen's Renew Program. We are also introducing measures to maximize international student intake under the new international student intake cap regime. We have prioritized early offers, implemented incentives for students through a credit on tuition for incoming students, housing guarantees for incoming first-year international undergraduate students, and offered support to all incoming international students to streamline the immigration process.

COMMITMENT TO CLIMATE ACTION – 2025 UPDATE

Climate change demands urgent and sustained action and universities play a critical role in addressing this global crisis. At Queen's, we believe creating a better future for people and the planet is not only possible — it's our mission. As a member of global networks such as the University Climate Change Coalition (UC3) and a signatory of the United Nations' Race to Zero campaign, Queen's is amplifying its impact by supporting collective climate action and advancing the United Nations Sustainable Development Goals (SDGs).

Queen's achieved a 35% reduction in emissions between 2008 and 2020, a significant milestone toward its goal of achieving net-zero greenhouse gas (GHG) emissions by 2040 as outlined in its Climate Action Plan. Meeting these commitments will require significant investment in infrastructure. Our annual Carbon Footprint Report showcases that emissions have remained stable despite a new residence opening. In 2022, Queen's Progress Report on the Climate Action Plan highlighted its ongoing efforts in meeting its climate goals. Future construction post 2024 will prioritize geothermal and low carbon technologies. Three new capital projects, the Agnes Revitalization, the new QUBS research and teaching centre and the new CASTLE lab will include geo-exchange systems. All new construction targets LEED Gold certification, underscoring Queen's commitment to sustainable building practices.

In April 2025, Queen's published its third Responsible Investing Annual Report, demonstrating the university's sustained commitment to climate-focused investing across its $2.3 billion portfolio of assets in its Pooled Endowment Fund and Pooled Investment Fund. Over the past year, Queen's has continued to build on the foundation laid by the work of the Climate Change Action Task Force, and our pledges under the University Climate Charter (Investing to Address Climate Change: A Charter for Canadian Universities), to advance its responsible investing commitments through measurable action and enhanced transparency. A notable milestone this year has been the expansion of the Queen's Climate Action Allocation (QCAA), an energy-transition allocation within our endowment. As a United Nations-supported Principles for Responsible Investment (UNPRI) signatory, Queen's continues to strengthen its responsible investing approach. Queen's first Public Transparency Report was released in 2024, detailing our responsible investing activities and reinforcing our commitment to accountability and long-term focus.

In the 2025 Times Higher Education (THE) Impact Rankings, Queen's is ranked 6th globally out of more than 2,500 institutions across 130 countries and has reclaimed its position as the top-ranked Canadian university. This marks the fifth consecutive year that Queen's has placed in the global top 10, a milestone unmatched by any other Canadian institution since the rankings began in 2019. Queen's has released its fourth social impact report, highlighting the university's activities in research, teaching, community engagement, and environmental stewardship that advance the SDGs, including SDG 13 on Climate Action. In addition, a Principal's Advisory Council on UN SDGs collaborated on the development of a UN SDG Operational Framework (OF) for Queen's based on key strategic directions and actions in support of integrating UN SDG-focused work in all aspects of the university community. The Advisory Council has now been reformulated into the Implementation Council, whose primary goal is to coordinate efforts to implement the actions set out in the OF across the university and contribute to tackling climate change and advancing sustainability.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management of the University is responsible for the preparation of the consolidated financial statements and the notes to the consolidated financial statements.

Management has prepared the accompanying consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments were employed. Management believes the consolidated financial statements present fairly the University's financial position as at April 30, 2025 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management 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.

The Board of Trustees is responsible for ensuring that management 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 consolidated financial statements principally through the Audit and Risk Committee. The majority of the members of the Audit and Risk Committee are not officers or employees of the University. The Audit and Risk Committee meets with management, 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 internal and external auditors have full access to the Audit and Risk Committee with and without the presence of management.

The consolidated financial statements for the year ended April 30, 2025 have been reported on by KPMG LLP, Chartered Professional Accountants, the independent auditors appointed by the Board of Trustees. The independent auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.



Dr. Patrick Deane
Principal and Vice-Chancellor



Donna Janiec, FCPA, FCA
Vice-Principal (Finance & Administration)

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Kingston, ON K7L 5N4
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Fax 613 549 6349

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Queen's University at Kingston

Opinion

We have audited the consolidated financial statements of Queen's University at Kingston (the Entity), which comprise:

- the consolidated statement of financial position as at April 30, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2025, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Entity's A Year in Review ("annual report").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 1, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2025
(Thousands of dollars)

	2025	Restated (note 2(l)) 2024
ASSETS		
Current		
Cash	$ 214,310	$ 189,044
Accounts receivable (note 3)	46,947	46,576
Loans receivable (note 4)	238	224
Prepaid expenses	6,387	4,295
Investments (note 6)	313,171	290,695
Total current assets	581,053	530,834
Loans receivable (note 4)	1,391	1,630
Asset for implementation of software services (note 5)	3,134	2,055
Investments (note 6)	2,349,299	2,159,408
Capital assets (note 7)	1,021,889	1,000,522
Collections (note 8)	1	1
	$ 3,956,767	$ 3,694,450
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 9)	$ 104,093	$ 90,024
Current portion of long-term debt (note 12)	5,024	4,894
Deferred revenue and contributions (note 10)	491,873	426,979
Total current liabilities	600,990	521,897
Deferred capital contributions (note 11)	416,368	404,569
Long-term debt (note 12)	364,656	369,680
Employee future benefits liability (note 13)	130,771	128,797
	1,512,785	1,424,943
Net Assets		
Endowments (note 14)	1,717,726	1,596,766
Invested in capital assets	278,951	262,822
Internally restricted (note 15)	446,373	407,560
Unrestricted surplus	932	2,359
	2,443,982	2,269,507
	$ 3,956,767	$ 3,694,450

Commitments and contingencies (note 20)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Trustees:

David Court
Chair, Board of Trustees

Dean McCann
Chair, Audit and Risk Committee

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended April 30, 2025
(Thousands of dollars)

	2025	Restated (note 2(l)) 2024
REVENUES		
Student fees	$ 428,323	$ 424,261
Other grants and contracts	227,835	222,311
Provincial operating grant	226,028	222,622
Sales of service and products	118,286	115,770
Investment income allocated to operations (note 6)	82,968	64,182
Amortization of deferred capital contributions (note 11)	26,072	25,821
Other	24,587	31,995
Donations	21,893	20,674
	1,155,992	1,127,636
EXPENSES		
Salaries and benefits	650,447	634,231
Supplies and services	160,681	170,611
Student assistance	102,826	95,459
Externally contracted services	77,099	67,190
Amortization of capital assets	57,297	51,021
Renovations and alterations	44,519	40,649
Utilities, taxes and insurance	32,164	26,640
Travel and conferences	22,725	23,991
Interest on long-term debt	16,822	16,963
	1,164,580	1,126,755
(Deficiency) / excess of revenues over expenses before item below	(8,588)	881
Investment income not allocated to operations (note 6)	68,725	77,402
Excess of revenues over expenses	$ 60,137	$ 78,283

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30, 2025
(Thousands of dollars)

	Endowments	Invested in capital assets	Internally restricted	Unrestricted	**Total 2025**	**Restated (note 2(l)) Total 2024**
Net assets, beginning of year	$ 1,596,766	$ 262,822	$ 407,560	$ 2,359	$ 2,269,507	$ 2,057,321
(Deficiency) / excess of revenues over expenses	-	(31,225)	-	91,362	60,137	78,283
Employee future benefits remeasurements and other items (note 13)	-	-	-	6,345	6,345	4,534
Change in net assets invested in capital assets	-	47,354	-	(47,354)	-	-
Change in internally restricted net assets	-	-	38,858	(38,858)	-	-
Endowment contributions (note 14)	44,361	-	-	-	44,361	33,944
Excess / (deficiency) of investment earnings over endowment spending (note 14)	72,672	-	-	(12,922)	59,750	86,632
Departmental transfers and other contributions (note 14)	3,927	-	(45)	-	3,882	8,793
Net assets, end of year	$ 1,717,726	$ 278,951	$ 446,373	$ 932	$ 2,443,982	$ 2,269,507

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30, 2025
(Thousands of dollars)

	2025	Restated (note 2(l)) 2024
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 60,137	$ 78,283
Add / (deduct) non-cash items:		
Amortization of deferred capital contributions	(26,072)	(25,821)
Amortization of capital assets	57,297	51,021
Unrealized gain on investments (note 6c)	(55,767)	(38,275)
Employee future benefits	8,319	9,044
Net change in non-cash working capital (note 16)	76,500	17,697
Cash provided by operating activities	120,414	91,949
INVESTING ACTIVITIES:		
Net change in loans receivable	225	86
Net change in asset for implementation of software services	(1,079)	(2,055)
Net change in investments	(156,600)	(56,766)
Purchases (net of disposals) of capital assets	(78,664)	(89,948)
Net change in investments reported as a direct increase in net assets	59,750	86,632
Cash used in investing activities	(176,368)	(62,051)
FINANCING ACTIVITIES:		
Proceeds from long-term debt	-	2,507
Repayment of long-term debt	(4,894)	(4,740)
Contributions received for capital purposes	37,871	21,800
Contributions reported as direct increase in net assets	48,243	42,737
Cash provided by financing activities	81,220	62,304
Net increase in cash	25,266	92,202
Cash, beginning of year	189,044	96,842
Cash, end of year	$ 214,310	$ 189,044

See accompanying notes to consolidated financial statements.

1. AUTHORITY

Queen's University at Kingston ("the University") operates under the authority of the Royal Charter of 184l 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 (Canada), exempt from payment of income tax.

The University controls the Bader International Study Centre (operating as "Bader College"), the U.S. Foundation for Queen's University at Kingston, Queen's University Pooled Trust Fund ("QUPTF") and 12591146 Canada Inc (formerly Elentra Corporation).

Bader College was established in 1993 to enhance the University's role in international education and research through the establishment of a meeting place for students, scholars, and professionals from around the world. Bader College 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 U.S. Foundation for Queen's University at Kingston was incorporated under the applicable provisions of the District of Columbia Non-Profit Corporation Act in 1995. The U.S. Foundation for Queen's University at Kingston works to promote, encourage and foster an appreciation by the American public of the work conducted by the University. It does this by financing in whole or in part various programs, projects and facilities of the University necessary for the accomplishment of its charitable and educational mission. The U.S. Foundation for Queen's University at Kingston is exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code.

QUPTF was established as a unit trust under paragraph 108(2)(a) of the Income Tax Act on December 17, 2013. QUPTF was established for the purposes of holding in trust, certain investments and other assets of the Queen's Pooled Endowment Fund and provide for certain matters relating to its undertaking and governance. The University is the sole holder of units of QUPTF.

12591146 Canada Inc was incorporated under the Canada Business Corporations Act on December 22, 2020 and began operations on February 1, 2021. 12591146 Canada Inc. was formed for the purposes of commercializing an integrated teaching and learning platform and to license its use to other institutions that can benefit from being able to understand exactly where, when and how those institutions are teaching their curriculum. 12591146 Canada Inc. has sold its assets and its operations are inactive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) Basis of presentation

These consolidated financial statements ("the financial statements") have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

These financial statements include the accounts, transactions and operations of those controlled entities whose activities align with that of the University. Other controlled entities are accounted for using the equity method.

(b) Accounting estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the year. These estimates are reviewed annually and as adjustments become necessary they are recognized in the financial statements in the period in which they become known. Significant areas requiring the use of management estimates relate to the assumptions used in the valuation of financial instruments, the valuation of employee future benefits, the carrying value of capital assets, and the valuation of accounts receivable. Actual results could differ from those estimates.

(c) Financial instruments

i. Investments

Investments are recorded at fair value. The fair value of investments recorded in the financial statements is determined as follows:

1) Short-term notes and treasury bills maturing within one year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.
2) Bonds and equities are valued at year-end quoted market prices using closing prices. Where quoted prices are not available, estimated fair values are calculated using comparable securities, reflecting any impairment.
3) Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the University's proportionate share of underlying net assets at fair values determined using quoted market prices or alternative valuation methods where quoted market prices are not available, reflecting any impairment. Pooled fund investments consist of bonds and equities.
4) Limited partnership investments are valued at fair values using values supplied by the fund managers who are directly investing the funds in the underlying operating units, reflecting any impairment. The fund managers use a valuation methodology that is based upon the best available information that may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Limited partnership investments are only held in the Pooled Endowment Fund and consist of private equities, infrastructure and real estate investments.

ii. Derivative and other financial instruments

Derivative financial instruments are used to manage market and currency exposure risk primarily associated with the University's debt and investments, and are measured at fair value.

Gains and losses on forward foreign exchange contracts are recognized when they mature. The notional amounts of derivative financial instruments are not included in the financial statements.

The University follows hedge accounting for its interest rate swap which results in the interest expense related to certain long-term debt being recorded in the financial statements at the hedged rate rather than at the original contractual interest rate. At the inception of the hedging relationship, the University designates that hedge accounting will be applied. The University formally documents the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same.

Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, and debt are recorded at fair value upon initial recognition, which represents cost, and are subsequently recorded at cost, net of any provisions for impairment.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition. Financing costs are amortized using the amortized cost method.

(d) Capital assets and net assets invested in capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Capital assets include intangible assets, which are non-monetary assets without physical substance. Intangible assets which will, in management's best estimate, provide a future economic benefit are recognized.

Capital assets are assessed at each statement of financial position date for full or partial impairment.

Amortization is provided on a straight line basis over the estimated useful life of the asset. When components of a capital asset have different useful lives, they are accounted for as separate items of capital assets and depreciated separately.

The estimated useful lives of assets are as follows:

Asset	Useful Life
Buildings and their components	15 to 40 years
Equipment and furnishings	5 years
Intangible assets	5 years
Library acquisitions	5 years
Leasehold improvements	Term of lease

When completed and put into use, costs of construction in progress are transferred to the appropriate category and amortized in accordance with the category's useful life.

Net assets invested in capital assets represents the net amount of capital assets funded using internal resources.

(e) Cloud computing arrangements

Implementation costs on cloud computing software service arrangements that do not meet the definition of an intangible asset are capitalized as an asset for implementation of software services. The asset is expensed using the straight-line method over the expected period of access to the software service, which is estimated at five years.

(f) Employee future benefit plans

i. Pension plan

The University is a member of the University Pension Plan Ontario ("UPP"), which is a multi-employer jointly sponsored, defined benefit plan. The University's contributions are accounted for as if the plan were a defined contribution plan due to the plan being a multi-employer plan. The University's contributions are expensed in the period they come due.

ii. Employee benefits plans

The University provides other retirement and post-employment benefits such as medical, dental and life insurance to eligible employees. Post-employment benefits are benefits provided to employees on long-term disability. Each of these plans is unfunded.

The University accrues its obligations and the related costs for other retirement and post-employment benefit plans using the projected benefit method prorated on services. The actuarial valuation for other retirement benefits is performed at least every three years. In the years between valuations, other retirement benefits results are prepared based on extrapolations of the latest available actuarial valuation prepared for accounting purposes. The actuarial valuation of post-employment benefits is performed annually.

The benefit plan expense for the year consists of the current service and finance costs.

(g) Revenue recognition

The University follows the deferral method of accounting for contributions for not-for-profit organizations, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

Contributions externally restricted for purposes other than endowments and capital assets are deferred and recognized as revenue in the year in which related expenses are recognized. External endowment contributions and income / (losses) that impact the capital preservation of externally restricted endowments are recognized as direct increases / (decreases) in net assets. Income / (losses) impacting the capital preservation of internally restricted endowments are recorded as unrestricted revenue and transferred to internal endowments.

Externally restricted contributions for capital assets are deferred and amortized to operations on the same basis as the related capital asset.

Pledges are recorded as revenue in the period 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.

Externally restricted investment income is recognized as revenue when the restriction is met. Unrestricted investment income is recognized as revenue during the period in which it is earned.

(h) Collections

The University 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 as well as a collection of rare and historical books.

Contributions of collection items are recorded at nominal value and are not amortized. Collection purchases are expensed as acquired.

(i) Translation of foreign currency

Transactions denominated in foreign currencies are accounted for at the exchange rate in effect at the date of the transaction. At year end, monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the rates of exchange prevailing at the statement of financial position date. The resulting gains and losses are included in other revenue.

(j) 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 the financial statements.

(k) 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.

(l) Change in accounting policy

Effective May 1, 2024 the University retrospectively adopted the new Accounting Guideline AcG-20, Customer's Accounting for Cloud Computing Arrangements. Under the policy, the University chose to capitalize expenditures on implementation activities that are directly attributable to preparing the cloud-based software service for its intended use. As a result of the adoption of this accounting policy, comparative figures for the year ended April 30, 2024 have been restated. Expenses decreased by $2,055, asset for implementation of software services increased by $2,055, and internally restricted net assets increased by $2,055. Also as a result of the adoption, cash from operating activities increased by $2,055 and cash from investing activities decreased by $2,055. No adjustments were required to opening net assets at May 1, 2023.

3. ACCOUNTS RECEIVABLE

Accounts receivable comprises primarily of balances receivable for research projects and trade accounts receivable, including tuition net of an allowance for doubtful accounts of $4,633 (2024 - $3,987).

Pledges receivable, since not legally enforceable, are recorded as revenue on a cash basis and accordingly are not recognized as assets in the financial statements. The total amount of pledges outstanding and the expected year of collection are as follows:

Fiscal year		
2026	$	31,240
2027		24,180
2028		15,872
2029		14,368
2030		12,156
Thereafter		37,184
	$	135,000

4. LOANS RECEIVABLE

Loans receivable is primarily comprised of a loan to the Kingston Health Sciences Centre ("KHSC") / Queen's Parking Commission (the "Parking Commission") in the amount of $1,505 (2024 - $1,729). The loan to the Parking Commission bears interest at 6 per cent per annum and matures in October 2030.

5. ASSET FOR IMPLEMENTATION OF SOFTWARE SERVICES

Asset for implementation of software services represent the implementation costs on cloud computing software arrangements that do not meet the definition of an intangible asset. During the year, the University capitalized $1,079 (2024 - $2,055) in implementation costs. All implementation costs relate to projects in progress, and thus no amounts have been amortized during the year.

6. INVESTMENTS AND INVESTMENT INCOME

(a) Investments

Fair value details of investments are as follows:

	2025	2024
Current		
Short-term:		
Short-term notes and treasury bills	$ 87,181	$ 108,626
Bonds	225,990	182,069
Total current	313,171	290,695
Non-current		
Pooled Endowment Fund:		
Bonds	343,802	315,598
Equities	1,044,679	984,836
Infrastructure	143,307	138,045
Private equities	97,691	82,424
Real estate	91,430	78,112
Total Pooled Endowment Fund	1,720,909	1,599,015
Pooled Investment Fund:		
Bonds	172,301	149,299
Equities	308,437	284,373
Total Pooled Investment Fund	480,738	433,672
Sinking Fund:		
Bonds	142,347	121,483
Total Sinking Fund	142,347	121,483
Other	5,305	5,238
Total non-current	2,349,299	2,159,408
Total investments	$ 2,662,470	$ 2,450,103

Derivative financial instruments, as disclosed in Note 17 are included in non-current investments.

The Pooled Investment Fund is invested in highly liquid investments to support working capital needs.

(b) Uncalled commitments

As at April 30, 2025, a portion of the University's investment portfolio is invested in private funds managed by third-party managers ("the manager"). These private funds typically take the form of limited partnerships managed by a General Partner. The legal terms and conditions of these private investment funds, which cover various areas of private equity investments and real estate and infrastructure investments, require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount) in response to a series of capital calls issued to the investors by the manager. As at April 30, 2025, the University had uncalled commitments of approximately $144,024 (2024 - $158,678), which will be funded using funds within the investment portfolio. The capital committed is called by the manager over a pre-defined investment period, which varies by fund.

(c) Investment income

Investment income comprises the following:

	2025	2024
Investment income allocated to operations	$ 82,968	$ 64,182
Investment income not allocated to operations	68,725	77,402
Investment income	151,693	141,584
Broken down as:		
Realized income on investments	103,239	109,768
Unrealized gains on investments	55,767	38,275
Investment management fees and transaction costs	(7,313)	(6,459)
Investment income	$ 151,693	$ 141,584

Investment income allocated to operations comprises primarily income earned on the University's cash and current investments, the portion of investment income on the Pooled Investment Fund allocated to operations and endowment investment income available for spending

Investment income not allocated to operations of $68,725 (2024 - $77,402) is described below.

The excess or deficiency of investment earnings over endowment spending on internally restricted endowments is not available for spending annually as it either contributes to or reduces the allowance for endowment capital preservation.

Investment earnings in excess of the amount approved for spending on operations from income earned on the Pooled Investment Fund is not allocated for spending annually as it contributes to funds available for capital renewal.

Investment income earned on the University's sinking funds is not allocated for spending annually as it is restricted for extinguishing university debt.

7. CAPITAL ASSETS

Capital assets consist of the following:

	2025			2024		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 84,158	$ -	$ 84,158	$ 84,158	$ -	$ 84,158
Buildings and their components	1,503,601	652,657	850,944	1,402,653	615,984	786,669
Leasehold improvements	12,683	11,469	1,214	12,683	10,948	1,735
Equipment and furnishings	153,065	120,723	32,342	154,380	124,500	29,880
Library acquisitions	90,893	75,840	15,053	91,683	79,933	11,750
Intangible assets	31,366	31,366	-	31,366	31,366	-
Construction in progress	38,178	-	38,178	86,330	-	86,330
	$ 1,913,944	$ 892,055	$ 1,021,889	$ 1,863,253	$ 862,731	$ 1,000,522

8. COLLECTIONS

Purchased artwork and rare and historical books that form part of the University's collections are expensed and included in supplies and services in the consolidated statement of operations. The total amount expended on artwork for the year was $Nil (2024 - $106) and the total amount expended on rare and historical books for the year was $136 (2024 - $385). The artwork and book collections are insured through a fine arts policy for a total value of $289,216 (2024 - $273,765).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprises primarily trade accounts payable, government remittances and payroll related accruals. The University’s government remittances payable at the end of the year were current and amounted to $16,871 (2024 - $16,753).

10. DEFERRED REVENUE AND CONTRIBUTIONS

	2025	2024
Research funds	$ 222,960	$ 215,989
Trust funds	155,670	131,327
Student fees	36,437	36,255
Capital funds	66,165	25,796
Other	9,838	16,438
Gift annuities	803	1,174
	$ 491,873	$ 426,979

Research funds are the unexpended portion of research grants and contracts received.

Trust funds are the unexpended portion of restricted donations and contracts and unexpended income payouts from externally restricted endowments.

Student fees represent fees paid prior to April 30 for courses and special programs offered after that date.

Capital funds are the unexpended portion of funds restricted for future capital purchases.

Other deferred revenue primarily represents deferred government funding that relates to the next fiscal year.

Under the now suspended gift annuity program, a donor was able to 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 current residual value of the donor's gift, net of the present value of future annuity payments.

11. 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 consolidated statement of operations. The changes in the deferred capital contributions balance are as follows:

	2025	2024
Balance, beginning of year	$ 404,569	$ 408,590
Amortization of deferred capital contributions	(26,072)	(25,821)
Contributions expended for capital purchases	37,871	21,800
	$ 416,368	$ 404,569

12. LONG-TERM DEBT

(a) Long-term debt consists of the following:

	Maturity in Fiscal Year Ending	Interest Rate	2025 Principal Outstanding	2024 Principal Outstanding
Amortizing unsecured bank loan maturing November 1, 2030	2031	Variable	$ 30,013	$ 34,849
Series A senior unsecured bullet debenture maturing on November 19, 2032	2033	6.10%	90,000	90,000
Senior unsecured bullet debenture maturing April 1, 2040	2040	5.09%	75,000	75,000
Senior unsecured bullet debenture maturing June 1, 2040	2041	5.10%	50,000	50,000
Series B senior unsecured bullet debenture maturing April 27, 2060	2060	2.89%	125,000	125,000
Other			1,952	2,238
			371,965	377,087
Unamortized transaction costs/bond discount			(2,285)	(2,513)
			369,680	374,574
Less current portion			(5,024)	(4,894)
			$ 364,656	$ 369,680

The University has established sinking funds to provide funds to repay the Series A senior unsecured debenture maturing on November 19, 2032, the senior unsecured debentures maturing on April 1, 2040 and June 1, 2040 and the Series B senior unsecured debenture maturing on April 27, 2060. The sinking fund for the Series A debenture is fully funded. At April 30, 2025 the value of the sinking funds is $142,347 (2024 - $121,483).

The University has in place an interest rate swap agreement which expires in fiscal 2031. Under the terms of the agreement, the University receives a floating interest rate on its amortizing unsecured bank loan maturing November 1, 2030, while paying an effective rate of 2.89 per cent.

Other debt is non-interest bearing with amortization periods ranging from three to ten years and matures in 2030.

(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:

Fiscal year	
2026	$ 5,024
2027	5,151
2028	5,288
2029	5,441
2030	5,597
Thereafter	343,179
	$ 369,680

13. EMPLOYEE FUTURE BENEFITS LIABILITY

(a) Pension plan

The university administrations, faculty associations, unions and non-represented staff at Queen's University at Kingston, the University of Toronto and the University of Guelph have developed a jointly sponsored multi-employer pension plan, the UPP, in which a number of organizations participate. The UPP was formally established on January 1, 2020 to cover active members (employees) and inactive members (pensioners and deferred vested members) in the existing plans at all three universities.

The assets and liabilities of the Queen's Pension Plan ("QPP") were transferred to the UPP as at July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP (post-conversion service) and the termination of the QPP.

Any post-conversion pension surplus or deficit of the UPP is a joint responsibility of the members and employers and may affect future contribution rates for members and employers. Contribution rates are determined by the UPP's Joint Sponsors (representing employees and employers). The University does not recognize any share of the UPP's post-conversion pension surplus or deficit as insufficient information is available to identify the University's share of the underlying pension assets and liabilities. The most recent UPP actuarial valuation filed with pension regulators as at January 1, 2024 indicated an actuarial surplus on a going concern basis of $249,277.

Contributions made to the UPP during the year amounted to $42,065 (2024 - $41,780). This amount is included in salaries and benefits in the consolidated statement of operations.

The University is also required to fund any pre-conversion net pension obligations (determined based on the UPP's actuarial assumptions) related to service costs up to the transition date of July 1, 2021. Refer to Note 20(g) for additional information.

(b) Employee future benefits

The University provides other retirement and post-employment benefits such as medical, dental and life insurance to eligible employees. Post-employment benefits are benefits provided to employees on long-term disability.

The most recent actuarial valuation of other retirement benefits was performed as of February 1, 2025 and results have been extrapolated to April 30, 2025. The date of the next required valuation is February 1, 2028.

The most recent actuarial valuation of post-employment benefits was performed as of April 30, 2025.

The discount rate used in the actuarial measurement of the employee future benefit plans obligation was 5.0 per cent (2024 – 5.2 per cent).

The discount rate used in the actuarial measurement of the benefit plans expense was 5.2 per cent (2024 – 4.9 per cent).

Salaries and benefits expense for the year includes non-pension retirement and post-employment benefit expenses of $12,945 (2024 – $13,319).

Information about the University's other retirement and post-employment benefit plans at April 30 is as follows:

	2025	2024
Accrued benefit liability		
Accrued benefit obligation	$ (130,771)	$ (128,797)
Accrued benefit liability	$ (130,771)	$ (128,797)
Benefit plan expense		
Current service cost	$ 6,255	$ 7,235
Finance costs	6,690	6,084
Net benefit cost	$ 12,945	$ 13,319
Remeasurements and other items		
Actuarial gain on accrued benefit obligation	(6,345)	(4,534)
Net remeasurements and other items gains	$ (6,345)	$ (4,534)

14. ENDOWMENTS

Contributions restricted for endowments consist of externally restricted donations received by the University and contributions internally restricted by the University, in exercising its discretion. The endowment principal is required to be maintained intact. The University monitors, as part of its fiduciary responsibilities, that all funds received with a restricted purpose and investment income thereon, are expended for the purpose for which they were provided.

The University protects the capital value of endowment investments using a spending policy designed to meet the competing objectives of releasing current income into operations and protecting the value of endowment assets against inflation.

For endowments without sufficient accumulated investment income, temporary encroachment on capital is permitted. The encroached amounts will be recovered from future investment returns.

Details of changes in year-end balances are as follows:

	2025			2024		
	External	Internal	Total	External	Internal	Total
Investment income on endowments	$ 113,083	$ 23,846	$ 136,929	$ 136,546	$ 29,634	$ 166,180
Less: available for spending	(53,333)	(10,924)	(64,257)	(49,914)	(10,920)	(60,834)
Excess of investment earnings over endowment spending	59,750	12,922	72,672	86,632	18,714	105,346
Endowment contributions	44,361	-	44,361	33,944	-	33,944
Departmental transfers and other contributions	3,882	45	3,927	8,993	292	9,285
Net increase in net assets	107,993	12,967	120,960	129,569	19,006	148,575
Net assets, beginning of year	1,317,768	278,998	1,596,766	1,188,199	259,992	1,448,191
Net assets, end of year	$1,425,761	$ 291,965	$ 1,717,726	$1,317,768	$ 278,998	$ 1,596,766

15. INTERNALLY RESTRICTED NET ASSETS

Details of year-end balances are as follows:

	2025	Restated (note 2(l)) 2024
Operating contingencies	$ 109,460	$ 110,605
Transition fund	39,924	31,918
Unspent research funds	77,112	82,923
Internally financed capital projects	(81,084)	(83,527)
Sinking funds	139,194	121,020
Capital reserves	230,894	211,606
Employee future benefits		
Employee future benefits deficit	(130,771)	(128,797)
Pension reserve	61,644	61,812
	$ 446,373	$ 407,560

In order to encourage judicious expenditure of funds, the University's policy permits operating and ancillary units to carry forward unexpended budget allocations, unrestricted donations and investment income to the succeeding years as operating contingencies. These funds are held to protect against possible adverse operating circumstances such as changes to student enrolment, investment return fluctuations and salary cost escalations.

The Transition fund represents funds set aside to support implementing academic and administrative priorities, including efficiency related initiatives.

Unspent research funds are primarily overheads or internally funded research grants, which are reserved to support future research activities and commitments.

Internally financed capital projects are temporarily financed with internal funds until other committed sources are received, which include any combination of donations, grants or budget allocations.

Sinking funds have been established to fund the principal repayments of the bullet debentures held by the University, as disclosed in Note 12.

Capital reserves represent amounts set aside for deferred maintenance, capital projects in progress, future capital investments and other strategic priorities.

Employee future benefit balances represent the deficit associated with the employee future benefit plans, offset by associated internally restricted reserve balances set aside to fund potential future pension commitments related to past service obligations (see Note 20(g)).

16. NET CHANGE IN NON-CASH WORKING CAPITAL

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

	2025	2024
Net change in non-cash working capital:		
Accounts receivable	$ (371)	$ 5,799
Prepaid expenses	(2,092)	364
Accounts payable and accrued liabilities	14,069	(8,013)
Deferred revenue and contributions	64,894	19,547
	$ 76,500	$ 17,697

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 fair value of investments is disclosed in Note 6.

Derivative financial instruments

The notional and fair values of the foreign currency contracts are as follows:

	2025		2024	
	Notional value	Fair value	Notional value	Fair value
US Dollar	$ 501,060	$ 9,264	$ 465,544	$ (4,054)
Other	164,526	(4,154)	150,379	1,382
	$ 665,586	$ 5,110	$ 615,923	$ (2,672)

Fair value is determined based on quoted market prices. The calculation of fair value is based upon market conditions at a specific point in time and is not reflective of future fair values. The fair value of the foreign currency contracts is reported as $5,110 (2024 - $(2,672)) in investments (Note 6). The change in the fair value of the foreign currency contracts is accounted for consistent with investment returns in the consolidated statements of operations and statement of changes in net assets.

(b) Financial risk

The primary risk exposures for financial instruments are foreign currency, interest rate, market and credit risks. The University's Statement of Investment Policies and Procedures (SIP&P) governs the 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.

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The University has entered into forward foreign exchange contracts to minimize exchange rate fluctuations and to mitigate any uncertainty for future financial results.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is subject to interest rate risk with respect to its floating rate debt. The University mitigates this risk by entering into interest rate swap agreements for its floating rate debt that fixes the interest rate over the term of the debt.

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Management mitigates this risk through diversification of its investment portfolio as stipulated in the University's SIP&P.

Credit risk is the risk of financial loss to the University if a counterparty to a financial instrument fails to meet its contractual obligation. The University is exposed to credit risk with respect to its accounts receivable and investments. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts (Note 3). The University's investments must adhere to minimum quality standard ratings as stipulated in the SIP&P.

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operations. The University prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no material changes to the risk exposures during the year.

18. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT

Under terms of agreement with the Ministry of Colleges, Universities, Research Excellence and Security, note disclosure or separate audited year-end reports are required.

Externally restricted endowments, as described in Note 14, include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and Ontario Trust for Student Support (OTSS) 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:

	2025	2024
Endowment:		
Opening balance	$ 68,198	$ 68,198
Endowment capital	$ 68,198	$ 68,198
Expendable:		
Opening balance	$ 146	$ 74
Investment income	5,228	5,082
Bursaries awarded	(4,752)	(5,010)
Expendable funds available for awards	$ 622	$ 146
Number of bursaries awarded	1,326	1,204

The market value of the OSOTF phase 1 endowment fund at April 30, 2025 is $141,791 (2024 - $135,513).

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

(for the year ended March 31)	OSOTF II	OTSS	2025 Total	2024 Total
Endowment:				
Opening balance	$ 12,710	$ 39,016	$ 51,726	$ 51,182
Transfer from expendable funds	78	621	699	544
Endowment capital	$ 12,788	$ 39,637	$ 52,425	$ 51,726
Expendable:				
Opening balance	$ 191	$ 632	$ 823	$ 337
Investment income	742	2,462	3,204	3,089
Bursaries awarded	(680)	(1,859)	(2,539)	(2,059)
Transfer to endowment funds	(78)	(621)	(699)	(544)
Expendable funds available for awards	$ 175	$ 614	$ 789	$ 823
Number of bursaries awarded	601	639	1,240	1,148

The market value of the OSOTF phase 2 endowment fund at March 31, 2025 was $88,668 (2024 - $83,992).

19. RELATED ENTITIES

This section addresses disclosure requirements regarding the University's relationships with related entities. The relationships include economic interest, significant influence, joint control or control when accounted for using the equity method.

(a) Investment in Parking Commission

The University entered into a joint venture with KHSC for the construction and operation of an underground parking garage managed and governed by a joint Parking Commission established by the parties and including an equal number of commission members appointed by both parties. The University's proportionate share of the joint venture is 50 per cent and KHSC's proportionate share is 50 per cent. In fiscal 2011 the Parking Commission embarked on a significant restoration project with the University's share of these capital expenditures being $3,750 (2024 - $3,750). The University's share of the capital expenditures will be repaid by the Parking Commission over a 20 year period ending in fiscal 2031. The University's proportionate share of the Parking Commission's assets, liabilities and operations have been included in the financial statements. The University's proportionate share of the excess of revenues over expenses for the current fiscal year is $1,007 (2024 - $945).

(b) Investment in Cogeneration Facility

The University entered into a joint venture with KHSC for the construction and operation of a cogeneration facility governed by a management board consisting of representatives of the University and KHSC. The purpose of the facility is to produce electricity and steam. The University's proportionate share of the joint venture is 60 per cent and KHSC's proportionate share is 40 per cent. The University's capital investment in the joint venture is repaid from the operating fund over a twenty-five year period ending fiscal 2031. The University's proportionate share of the cogeneration facility's assets, liabilities and operations have been included in the financial statements. The University's proportionate share of the deficiency of revenues over expenses for the current fiscal year is $1,491 (2024 - $1,235).

(c) Investment in 12591146 Canada Inc.

As disclosed in Note 2(a), the University accounts for its investment in 12591146 Canada Inc. using the equity method. The University's proportionate share of the shareholders' (deficit) / equity at April 30, 2025 is $25 (2024 - $(4,582)). During the year, the remaining balance of the promissory note due to Queen's was written off and is included in revenue.

	2025 (unaudited)	2024 (unaudited)
Total assets	$ 25	$ 179
Due to Queen's University	-	4,761
Shareholders' equity	$ 25	$ (4,582)
Revenue	$ 2,756	$ 616
Expenses	499	1,199
Net income / (loss) before item below	2,257	(583)
Gain / (loss) on sale of assets	2,350	(3,983)
Net income / (loss)	$ 4,607	$ (4,566)
Cash flows from operating activities	$ 4,622	$ (5,234)
Cash flows from investing activities	-	4,976
Cash flows from financing activities	(4,760)	336
Net increase / (decrease) in cash	$ (138)	$ 78

(d) McGill-Queen's University Press

The University has significant influence in McGill-Queen's University Press (the "Press"). The 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 / entitled to a 50 per cent share of any deficit / surplus accumulated by the Press. The University's proportionate share of the Press' assets, liabilities and operations have not been included in the financial statements. The University's proportionate share of the accumulated deficit at April 30, 2024 was $1,342 (2023 - $843). During fiscal 2025, the University funded it's portion of the deficit.

	2024	2023
Total assets	$ 2,413	$ 3,464
Total liabilities	5,096	5,149
Total fund balances	$ (2,683)	$ (1,685)
Revenues	$ 4,411	$ 4,833
Expenses	5,409	5,655
Deficiency of revenues over expenses	$ (998)	$ (822)

(e) SNOLAB Institute at Queen's University

The SNOLAB Institute at Queen's University (SNOLAB) was created to perform research in particle astrophysics and succeeds the Sudbury Neutrino Observatory Institute which was decommissioned in 2007. This is a joint venture of the University and four other Canadian universities. The University's proportionate share (20 per cent) of the joint venture's assets, liabilities and operations have been included in the financial statements (see also Note 20(c)).

(f) TRIUMF Inc.

The University is a member, with twenty other universities, of the joint venture, TRIUMF Inc., Canada's national laboratory for particle and nuclear physics located on the University of British Columbia (UBC) campus. TRIUMF Inc. is a registered charity and not-for-profit corporation incorporated under the laws of Canada and each university has an undivided 1 / 21 interest. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants and the University has made no direct financial contribution to date. TRIUMF Inc.'s net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities and results of operations are not included in the financial statements (see also Note 20(d)).

The following financial information at March 31, 2025 for TRIUMF Inc. was prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that apply to government not-for-profit organizations, except that all property, plant and equipment purchased or constructed for use at TRIUMF Inc. and related decommissioning costs (if any) are expensed in the period in which the costs are incurred.

	2025 (draft)	2024
Total assets	$ 70,659	$ 58,094
Total liabilities	23,187	11,164
Total fund balances	$ 47,472	$ 46,930
Revenues	$ 113,786	$ 108,806
Expenses	113,245	104,365
Excess of revenues over expenses	$ 541	$ 4,441

20. COMMITMENTS AND CONTINGENCIES

(a) 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, 2025, management 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, management believes that such claims are not expected to have a material effect on the University's financial position. Accordingly, no provision has been made in the financial statements.

(b) 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. As of December 31, 2024, the date of the latest financial statements available, CURIE had a surplus of $130,337 (2023 - $107,548).

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.

(c) SNOLAB - Asset retirement obligation

As stipulated within the Constitution for SNOLAB, this joint-venture research project's assets and liabilities are to be divided among the member institutions. The agreements also indicate decommissioning costs for the former Sudbury Neutrino Observatory as well as SNOLAB facility expansions are the responsibility of member institutions based on their proportionate share.

Currently, new experiments are being developed using the facility. There are no immediate plans for decommissioning of the facilities or a reasonable estimate of when such decommissioning may occur.

(d) TRIUMF - Asset retirement obligation

The members of TRIUMF and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has complied with federal legislation by putting in place a decommissioning plan, including a funding plan. This decommissioning plan does not require any payments from the members. All decommissioning costs are expensed in the period in which the costs are incurred.

(e) Capital commitments

As of April 30, 2025 the estimated cost to complete construction in progress for the extension of facilities is approximately $92,397 (2024 - $41,883). These costs will be financed by a combination of debt, gifts, grants, and allocations from operations.

The University leases premises and equipment. The remaining aggregate minimum rental payments under operating leases are as follows:

Fiscal year		
2026	$	3,804
2027		2,998
2028		1,562
2029		823
2030		549
Total thereafter		783
	$	10,519

(f) Other

In addition to the capital commitments disclosed in Note 20(e), the University has issued letters of credit of $1,803 (2024 - $2,285) primarily for capital construction.

The University has entered into contracts to purchase natural gas at a fixed rate. The total amount committed under these contracts is as follows:

Fiscal year		
2026	$	3,553
2027		1,515
2028		216
	$	5,284

(g) Pension obligations

As stated in Note 13(a), the University remains responsible to fund any pre-conversion net pension obligations (determined based on the UPP's actuarial assumptions) related to service costs up to the transition date of July 1, 2021. Based on the most recent actuarial valuation performed as at January 1, 2024, the UPP had a pension surplus and as such the University does not have a pre-conversion pension obligation at this time. The pension obligation for pre-conversion service may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods. The pre-conversion pension obligation would continue to be the responsibility of the University to fund for the first 10 years starting July 1, 2021, after which the responsibility for such changes becomes gradually shared over the next ten years with the other participants of the UPP. The pre-conversion net pension surplus determined as at January 1, 2024 is not recorded in the University's consolidated financial statements as the expected future benefit will be recognized under the UPP.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.