

Single Audit Report

**QUEEN'S UNIVERSITY
AT KINGSTON**

And Independent Auditor's Report thereon

Year ended April 30, 2025

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

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INDEPENDENT AUDITOR'S REPORT

To the Management of Queen's University at Kingston

Report on the Audit of the Consolidated Financial Statements***Opinion***

We have audited the consolidated financial statements of Queen's University at Kingston (the "University"), which comprise the consolidated statement of financial position as of April 30, 2025, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Queen's University at Kingston 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 International Standards of Auditing (ISA) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except for the provisions in paragraph 5.84 of *Government Auditing Standards* which indicate the audit organization should undergo a peer review, as there is no such review process in Canada. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year from the end of the reporting period.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with ISA and *Government Auditing Standards* will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with ISA and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2026 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "KPMG LLP" in a stylized, cursive font. A thin horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants
London, Canada
January 23, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2025

(Thousands of dollars)

		Restated (note 2(l))	2025	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	
Non-current				
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	
Non-current				
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)

	Restated (note 2(l))	
	2025	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	\$ 55,321	\$ 79,183	
Add / (deduct) non-cash items:			
Amortization of deferred capital contributions	(25,778)	(25,528)	
Amortization of capital assets	55,137	48,933	
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)	76,280	18,126	
Cash provided by operating activities	113,512	91,483	
INVESTING ACTIVITIES:			
Net change in loans receivable	154	298	
Net change in asset for implementation of software services	(1,079)	(2,055)	
Net change in investments	(156,119)	(56,470)	
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	(175,958)	(61,543)	
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	18,774	92,244	
Cash, beginning of year	189,086	96,842	
Cash, end of year	\$ 207,860	\$ 189,086	

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

1. AUTHORITY

Queen's University at Kingston ("the University") operates under the authority of the Royal Charter of 1841 and subsequent federal and provincial statutes. The mission of the University includes post-secondary and graduate education, research and community service. The University is a registered charity and is therefore, under section 149 of the Income Tax Act (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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

12. LONG-TERM DEBT

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

				2025	2024
	Maturity in				
		Fiscal Year Ending	Interest Rate	Principal Outstanding	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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

	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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

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	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2025

(Amounts in the notes to the consolidated financial statements are in thousands of dollars unless otherwise noted)

(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.

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

Schedule of Expenditures of U.S. Federal Awards (Expressed in U.S. dollars)

Year ended April 30, 2025

SEFA #	Q's Proj	ALN/ CFDA	Federal Agency	Type of award	Federal program #	Pass-through entity	Award End Date	Passed Through to Subrecipients	Amount Expended (S.U.S.)
Research and development cluster:									
1	354088	12.420	US Department of Defense U.S. Army Medical Research Acquisition Activity Total US Department of Defense	Direct	W81XWH2211074	N/A	2027-09-30	-	131,181.21
2	354062	12.800	US Department of the Air Force AF Office of Scientific Research	Direct	FA9550-20-1-0086	N/A	2024-04-27	19,745.36	-
3	354078	12.800	AF Office of Scientific Research Total US Department of the Air Force	Direct	FA9550-21-1-0443	N/A	2026-01-27	118,200.17	29,081.92
								137,945.53	29,081.92
4	300247	15.808	US Department of the Interior US Geological Survey Total US Department of the Interior	Direct	G20AC00020	N/A	2024-09-30	-	6,611.45
								-	6,611.45
5	354090	47.050	National Science Foundation National Science Foundation Total National Science Foundation	Pass-Through Award	2219845 OCE	University of Wisconsin	2025-08-31	-	18,107.57
								-	18,107.57
6	354098	81.049	US Department of Energy Department of Energy Total Department of Energy	Pass-Through Award	DE-SC0024710	University of Minnesota	2026-10-14	-	159,307.15
								-	159,307.15
US Department of Health and Human Services									
7	354091	93.121	National Institutes of Health	Pass-Through Award	R01DE032712	Sanford Research	2026-03-31	-	53,867.69
8	354099	93.393	National Institutes of Health	Pass-Through Award	R34CA283483	Massachusetts General Hospital	2025-03-31	-	41,680.43
9	354102	93.393	National Institutes of Health	Pass-Through Award	U01CA275120	Emory University	2025-08-31	-	27,874.75
10	354055	93.394	National Institutes of Health	Pass-Through Award	R01CA233888	Sloan Kettering Institute for Cancer Research	2025-08-31	-	67,734.37
11	354085	93.394	National Institutes of Health	Pass-Through Award	R01CA233888	Sloan Kettering Institute for Cancer Research	2025-08-31	-	24,700.36
12	354092	93.394	National Institutes of Health	Pass-Through Award	U24CA258511	Massachusetts General Hospital	2025-04-30	-	12,296.35
13	354046	93.395	National Institutes of Health	Direct	U10CA180863	N/A	2026-02-28	-	3,330,431.59
14	354072	93.395	National Institutes of Health	Pass-Through Award	1U01CA238444-01A1	Sloan Kettering Institute for Cancer Research	2025-08-31	-	43,650.51
15	354094	93.397	National Institutes of Health	Pass-Through Award	U54CA284036	Emory University	2025-08-31	-	40,304.60
16	354101	93.397	National Institutes of Health	Pass-Through Award	P50CA257881	Sloan Kettering Institute for Cancer Research	2027-08-31	-	76,229.07
17	354058	93.837	National Institutes of Health	Pass-Through Award	P01HL144457	Versiti Wisconsin Inc.	2024-12-31	-	1,996.64
18	354070	93.837	National Institutes of Health	Pass-Through Award	1R01HL153166-01	The Children's Hospital of Philadelphia	2025-06-30	-	40,233.54
19	354034	93.838	National Institutes of Health	Pass-Through Award	R01HL132887	University of Vermont and State Agricultural College	2025-03-31	-	84,379.99
20	354048	93.838	National Institutes of Health	Pass-Through Award	R01HL143452	University of Vermont and State Agricultural College	2024-06-30	-	1,185.64
21	354069	93.839	National Institutes of Health	Pass-Through Award	5P01HL144457-02	Versiti Wisconsin Inc.	2025-02-28	-	957.41
22	354083	93.846	National Institutes of Health	Pass-Through Award	R01AR078924	RHODE ISLAND HOSPITAL	2026-03-31	-	55,432.28
23	354087	93.853	National Institutes of Health	Pass-Through Award	UC2NS128361	University of Pennsylvania	2024-07-31	-	34,499.12
24	354061	93.865	National Institutes of Health	Pass-Through Award	1R01HD100179-01	The Regents of the University of California, San Diego	2024-05-31	-	200,279.93
25	354056	93.867	National Institutes of Health	Pass-Through Award	U10EY026869	New York University	2024-08-31	-	4,568.88
Total US Department of Health and Human Services									
								-	4,142,303.15
Total Expenditures Research and Development Cluster									
								137,945.53	4,486,592.45
G. Total									
									4,624,538

1. Assistance Listing Number (ALN): Formerly known as Code of Federal Domestic Assistance (CFDA).

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

Notes to the Schedule of Expenditures of U.S. Federal Awards

Year ended April 30, 2025

1. Basis of presentation:

The accompanying Schedule of Expenditures of U.S. Federal Awards (the "Schedule") includes all U.S. federal grants to Queen's University at Kingston (the "University"), except those administered by the Department of Education, which have been examined separately in accordance with the *Foreign School Audit Guide*, issued by the U.S. Department of Education, Office of Inspector General, that had activity during the fiscal year ended April 30, 2025.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated statement of financial position, consolidated statements of operations, changes in net assets, or cash flows of the University.

2. Summary of significant accounting policies:

The expenditures reported on the Schedule are reported on using the cash basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited to reimbursement.

The University has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The University receives funds in U.S. dollars based on grant agreements, but those funds are expended in Canadian dollars. The expenses reported on the accompanying Schedule have been converted from Canadian dollars to U.S. dollars using the average exchange rate for the year.

3. Federal direct and pass-through programs:

Federal direct programs are presented by Federal agency. Federal pass-through programs are presented by the Federal agency from which the funds were originally granted.

4. Federal Assistance Listing Numbers:

Federal Assistance Listing Numbers are presented for those programs for which such numbers are available.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Management of Queen's University at Kingston

We have audited, in accordance with International Standards of Auditing (ISA) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, except for the provisions of paragraph 5.84 of *Government Auditing Standards* which indicates the audit organization should undergo a peer review, as there is no such review process in Canada, the consolidated financial statements of Queen's University at Kingston (the "University"), which comprise the consolidated statement of financial position as at April 30, 2025, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended April 30, 2025, and the related notes to the consolidated financial statements and have issued a report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

January 23, 2026



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE RESEARCH AND DEVELOPMENT CLUSTER; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF U.S. FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Management of Queen's University at Kingston

Report on Compliance for the Research and Development Cluster

Opinion on the Research and Development Cluster

We have audited Queen's University at Kingston's (the "University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's programs in the Research and Development Cluster for the year ended April 30, 2025. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its programs in the Research and Development cluster ("R&D Cluster") for the year ended April 30, 2025.

Basis for Opinion on the Research and Development Cluster

We conducted our audit of compliance in accordance with International Standards of Auditing (ISA); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States except for the provisions in paragraph 5.84 of *Government Auditing Standards* which indicate the audit organization should undergo a peer review, as there is no such review process in Canada; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the R&D Cluster. Our audit does not provide a legal determination of the University compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the R&D Cluster.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with ISA, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the R&D Cluster.

In performing an audit in accordance with ISA, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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Report on Schedule of Expenditures of U.S. Federal Awards Required by the *Uniform Guidance*

We have audited the consolidated financial statements of the University as of and for the year ended April 30, 2025, and have issued our report thereon dated January 23, 2026, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of U.S. federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with ISA. In our opinion, the Schedule of Expenditures of U.S. Federal Awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads 'KPMG LLP' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

January 23, 2026

QUEEN'S UNIVERSITY AT KINGSTON

Single Audit Report

Schedule of Findings and Questioned Costs

Year ended April 30, 2025

(1) Summary of Auditor's Results

Consolidated Financial Statements

- (a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material Weakness: **No**
 - Significant deficiencies: **None reported**
- (c) Non-compliance material to the consolidated financial statements: No

Federal Awards

- (d) Internal control deficiencies over major program disclosed by the audit:
 - Material Weakness: **No**
 - Significant deficiencies: **No**
- (e) Type of Auditor's report issued on compliance for major programs: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a): **No**
- (g) Major programs:

<u>Federal Assistance Listing</u>	<u>Name of federal program or cluster</u>
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Various	Research and Development Cluster
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- (h) Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
- (i) Auditee qualified as low risk auditee: **Yes**

(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

(4) Status of Prior Year Findings

None