

FINANCE AND BUDGET REVIEW COMMITTEE REPORT

QUFA SPRING GENERAL MEETING

April 24th, 2026

AGENDA

BUDGETS VS AUDITED FINANCIAL STATEMENTS

OVERALL PICTURE FROM 2024 -25

WHAT ELSE HAPPENED IN 2024 -25 ?

LONG TERM TRENDS AND NEW DEVELOPMENTS

BUDGETS VS AUDITED FINANCIAL STATEMENTS

What are budgets and financial statements?

Budgets are projections of the future, not realized figures. They may or may not come to pass and include political assumptions about what will occur.

It is often more useful to look at end-of-year audited financial statements to understand university finances because these are realized figures.

What are the different funds in Queen's accounts?

The operating fund: part of the budget that does the main academic work of the university, usually the largest fund and includes salaries/benefits.

Other funds:

- Research fund.
- Ancillaries fund (parking, residences, etc.).
- Capital fund.
- Trust and endowment fund.
- Consolidated entities (e.g. Queen's University-KGH cogeneration facility, Bader College).

OVERALL PICTURE FROM 2024 - 25

OVERALL PICTURE

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	(\$ 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.

NET ASSETS

*Source: Queen's University
Consolidated Financial
Statements 2025*

Due to this surplus, the university's financial situation improved last year.

- The university's internally restricted net assets (e.g., capital reserves, operating contingencies) increased from \$407 million to \$446 million.
- This included a \$41.9 million transfer of investment income from the Pooled Investment Fund to capital reserves, which resulted in capital reserves growing from \$212 million to \$231 million.
- According to the university's financial FAQs, these reserves include \$106.2 million in unallocated funds whose use is at the administration's discretion and will be used for future capital investments.

THE OPERATING FUND

2024-25 Operating Fund	Thousands of dollars		
	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:

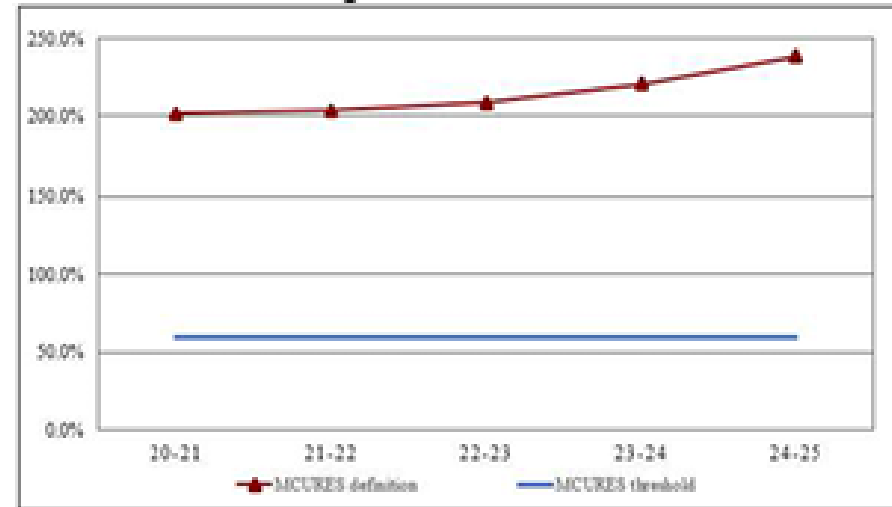
Capital reserves:	
Funding transferred for capital projects	(22,599)
Transfer PIF income in excess of budgeted amount to capital reserves	41,903
Other transfers from internally restricted net assets	(3,587)
Total contribution to internally restricted net assets	15,717
Contribution to unrestricted net assets	86
Total increase in reserves	15,803

LONG TERM DEBT

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%

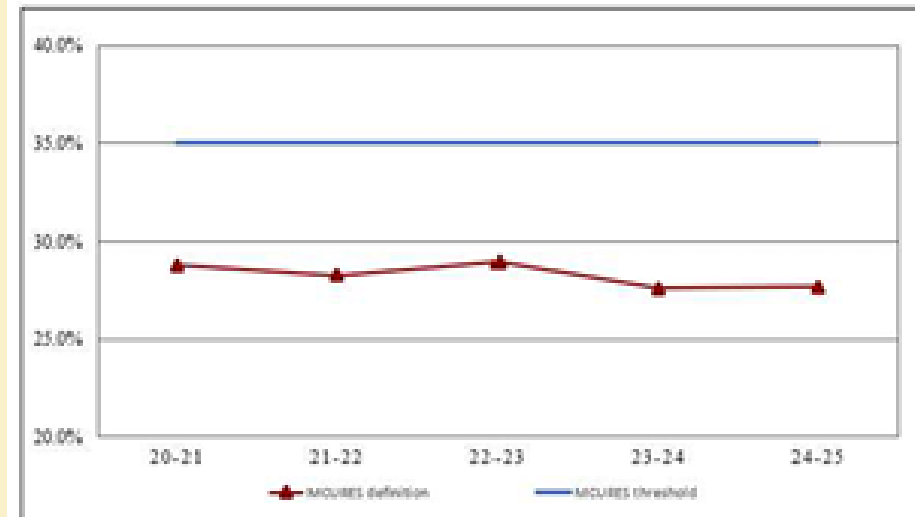


Definition: Expendable net assets divided by long-term debt

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%

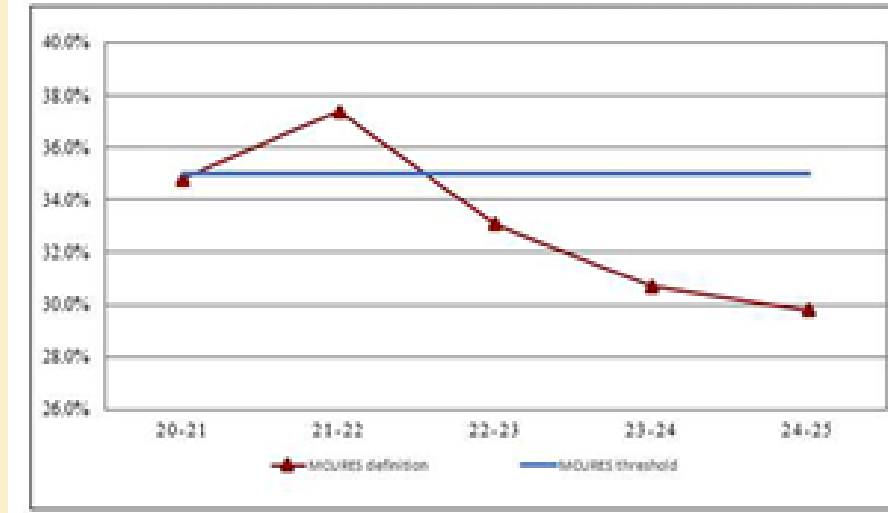


Definition: Total liabilities (less deferred capital contributions), divided by total assets

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%

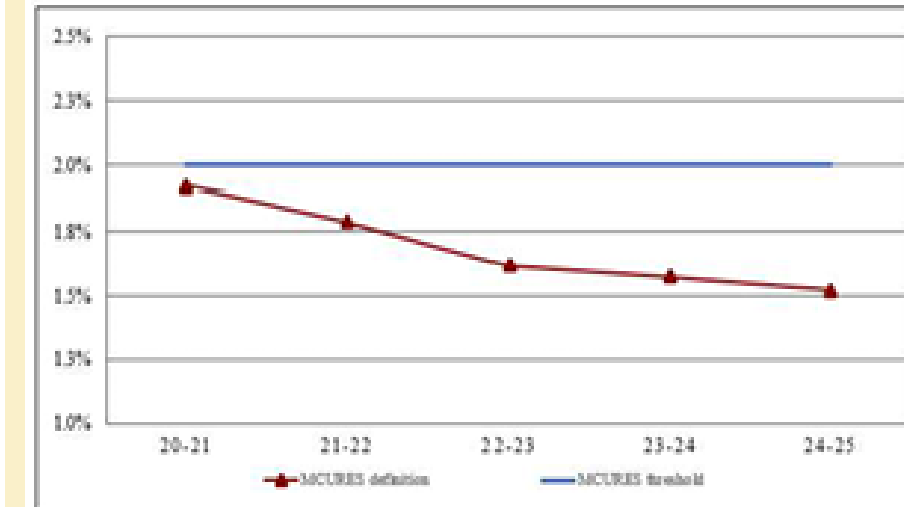


Definition: Long-term debt divided by total revenues

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

COMMENTARY

*Source: Queen's University
Consolidated Financial
Statements 2025*

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....

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.

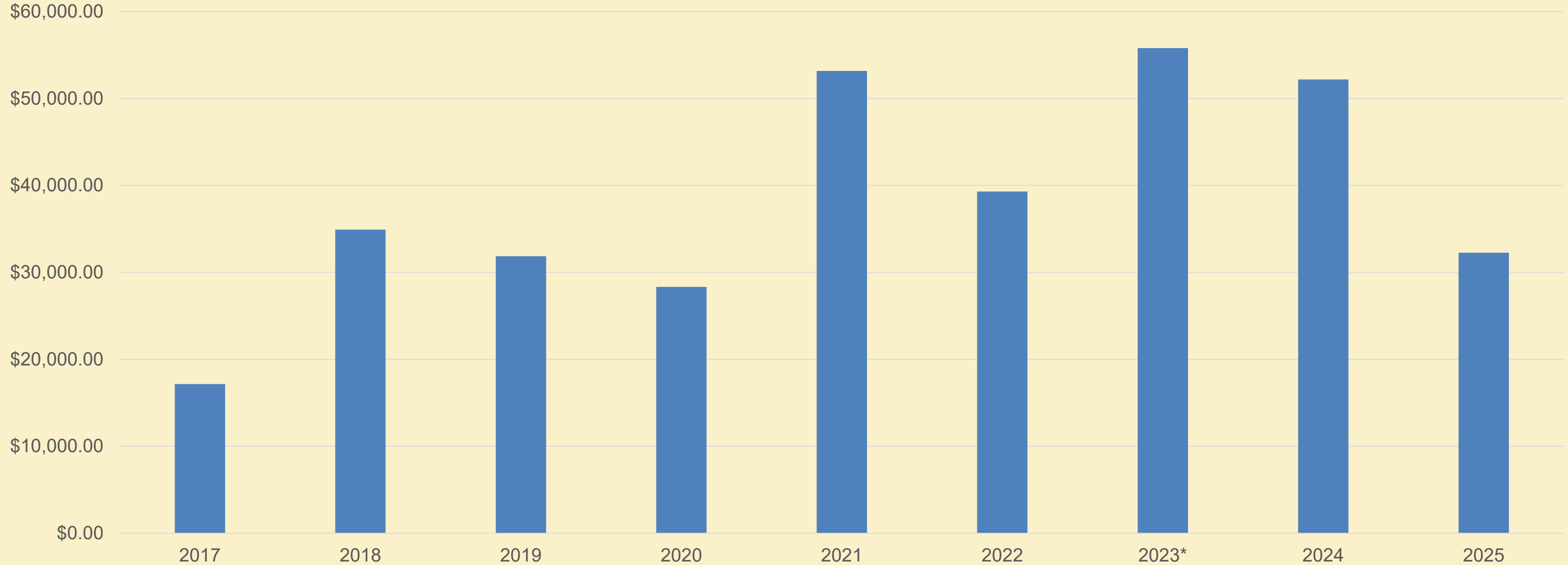
**WHAT ELSE HAPPENED IN
2024 - 25?**

TRANSFERS TO CAPITAL

	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)	-

In addition: 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.

HISTORY OF INTERFUND TRANSFERS FROM OPERATING



** From University FAQs: The large deficit [in 2023] was partially driven by a \$30M transfer to the capital fund to pay for the remaining portion of the internal loan for the Queen's Centre Construction costs.*

THE 'TRANSITION FUND'

- 'Strategic Initiatives Reserve' renamed as the 'Transition Fund'. Has grown in size from \$10.9 million in 2022-23 to \$39.9 million at the end of the 2024-25 fiscal year.
- The Transition Fund is meant to "assist with implementation of the rebalancing initiatives, which will include a number of technology investments."

15. INTERNALLY RESTRICTED NET ASSETS

Details of year-end balances are as follows:

	2025		Restated (note 2(1)) 2024	
Operating contingencies	\$	109,460	\$	110,605
Transition fund		39,924		31,918

2025 - 26 CHECK IN

2025-26 Projected Financial Results

Operating Fund

The Operating Fund deficit is projected to be \$2.0 million, compared to the budgeted deficit of \$26.4 million. The favourable variance is due to the following:

- i) Increase in provincial grant funding of \$19.5 million, partially offset by a reduction in tuition fees, resulting in lower than budgeted deficits in faculties/schools (\$3.2M);
- ii) a reduction in shared services expenditures (\$12.2 million) aligned with budget balancing strategies and deferral of IT and renovation projects; and
- iii) unspent funding in the Central and Transition Fund allocations (\$9.0 million), which will be spent in future years to enable efficiency initiatives;

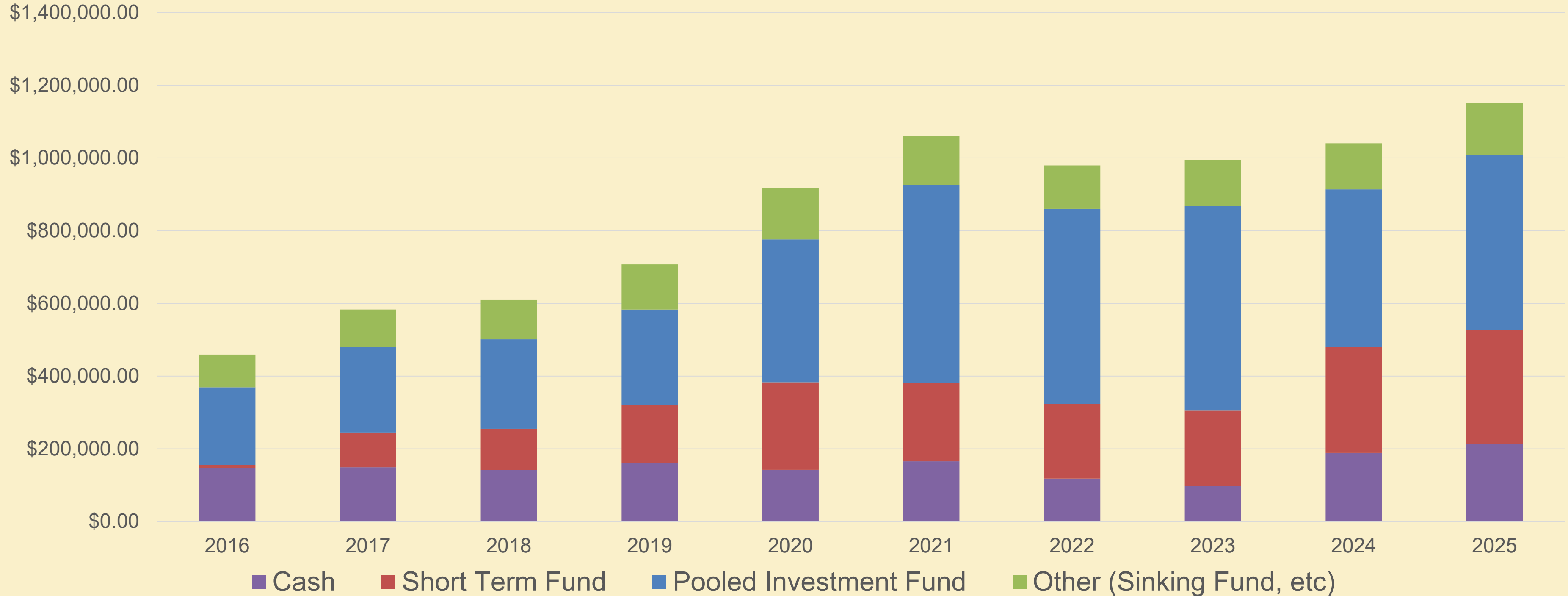
PIF Investment income greater than budget

The annual operating budget includes Pooled Investment Fund (PIF) income of \$10.0 million. At November 30, 2025, PIF returns were \$73.8 million, \$63.8 million more than the \$10.0 million budget. These returns can change substantially by the fiscal year-end of April 30, 2026. PIF investment income greater than budget, should it materialize, will be allocated to the general capital reserve to fund priorities in support of the University's academic and research mission.

Amounts presented in millions	
Projected Operating Fund Deficit	(2.0)
PIF Investment income > \$10.0 M at November 30, 2025	63.8
Projected surplus IF PIF Investment Income is realized on April 30, 2026	61.8

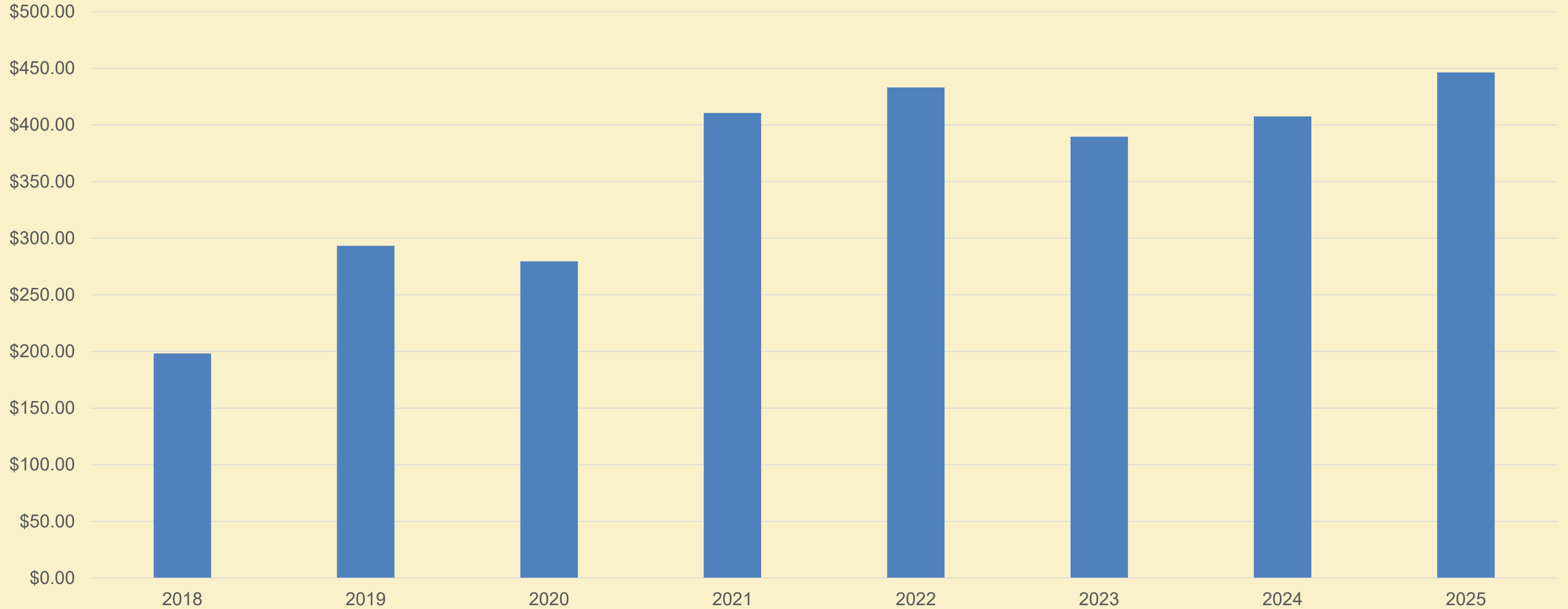
LONG TERM TRENDS AND NEW DEVELOPMENTS

CASH AND NON-ENDOWMENT INVESTMENT FUNDS



INTERNALLY RESTRICTED ASSETS

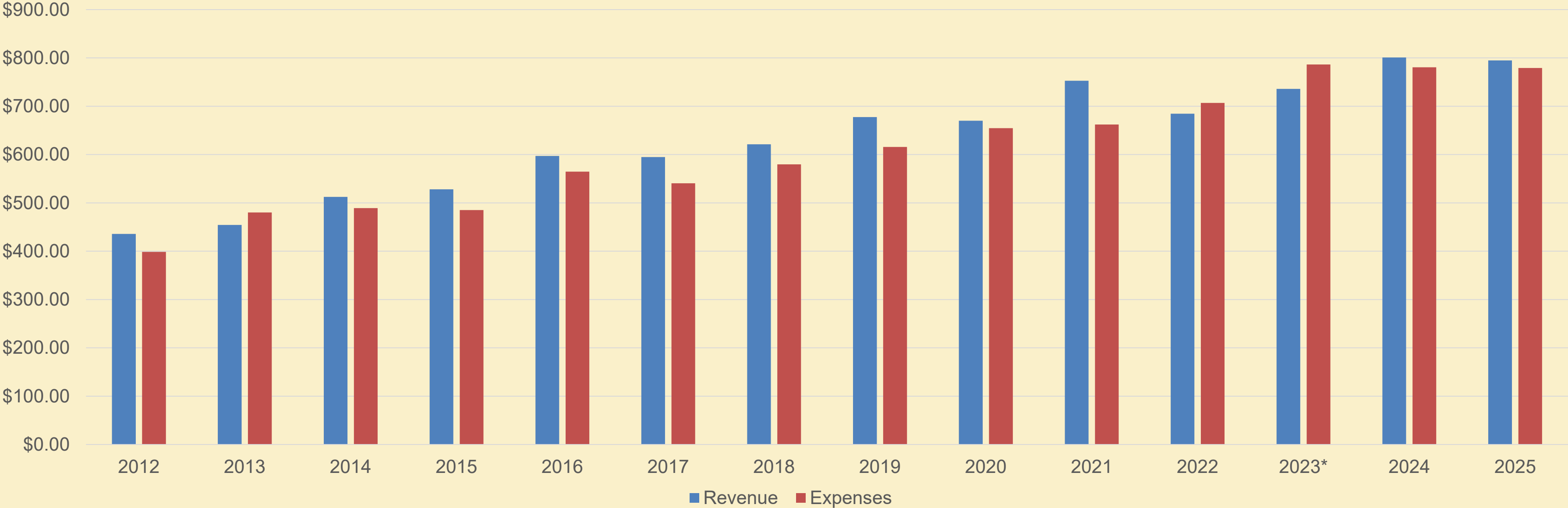
(in millions)



Source: Queen's University Consolidated Financial Statements, 2017-2025

OPERATING FUND TRENDS

(in millions)



* From University FAQs: “The large deficit [in 2023] was partially driven by a \$30M transfer to the capital fund to pay for the remaining portion of the internal loan for the Queen’s Centre Construction costs. Excluding this capital fund transfer, the operating fund deficit would still have been a sizable \$20 million... Because the transfer was an internal accounting decision, the decision to “fund” the Queen’s Centre debt had no impact on the cash available to support the university’s academic mission.”

Sources: Previous FBRC reports (credit: Mike White) and Queen’s University Consolidated Financial Statements, 2017-2025

Latest developments

PROVINCIAL FUNDING AND TUITION ANNOUNCEMENT

Still under embargo and the current Strategic Mandate Agreement has not been published yet. What we know:

- \$4.4 billion in new operating funding.
- \$1.7 billion for 70k spots in 'priority fields of study'.
- Unfreezing tuition and capping increase at two percent per year.

NEW BUDGET MODEL

Announced at Senate. No details outside of an increased focus on research as a driver of the budget.