Consolidated Financial Statements

Queen's University at Kingston

April 30, 2022

QUEEN'S UNIVERSITY AT KINGSTON
CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022

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As we reflect on the last 12 months, I am proud of the ways in which our community came together to address and adapt to the unpredictable challenges brought about by another year of the global pandemic. It is important to recognize the commitment and role of Queen's faculty, staff and students in facilitating a largely in-person research and teaching campus where the health and safety of our community was of paramount importance. It was not easy and I thank everyone for their understanding, patience and significant effort in making this happen.

Over the last year, associated financial uncertainties related to the pandemic's impact on the economy, investment markets, and university revenue required expenditures to be managed carefully and strategically with a view to long-term sustainability. In spite of this, through our research, learning, outreach and stewardship activities, the Queen's community continues to contribute to the fight against climate change, helping to build inclusive societies and ensuring equal access to quality education to advance social impact locally and globally.

The University ended the fiscal year with a deficit of $3.3 million, driven largely by weak investment returns in the wake of high inflation and rising interest rates. The strong investment returns experienced in 2021 provided capacity to counter the weak returns of the current year, but the $148.9 million decrease in investment income is an extreme example of the volatility in investment returns that are possible from one year to the next. The current year's deficit was funded through the depletion of University reserves, flexibility that will continue to be eroded in coming years with government constraints on domestic enrolment, tuition frameworks, and grant funding.

Notwithstanding the financial challenges on the horizon, the year brought many reasons to celebrate. Queen's positive contribution to our local region was highlighted in our recently launched Economic and Community Impact study, and we continue to invest in infrastructure improvements on campus to ensure the University remains a vibrant, sustainable, and compelling place for global academic study and research. As evidenced this year in our Economic and Community Impact Study, Queen's impact in the local community is felt across a range of dimensions: economically, socially and culturally. This impact happens when Queen's works intentionally with community partners to advance well-being, bring innovations to market and build a stronger community. The July 1, 2021 transition to the University Pension Plan was a significant accomplishment, resulting in the elimination of special payments and delivering secure defined benefit pensions for our employees, with shared governance. In March 2022 the Board of Trustees endorsed the Final Report on Climate Change Action Task Force Recommendations, which includes a commitment to lower the carbon footprint across the University's investment portfolios. In addition, we were thrilled to secure a second consecutive top ten global position in the Times Higher Education Impact Rankings, capturing 7th position globally.

Looking ahead to fiscal year 2023, I am inspired by the Principal's recent words about the Queen's strategy: "Impact – making a tangible difference in the lives of others – is our legacy and our shared vision for the future." I am grateful to be part of a community that is embarking on this exciting journey.

D Janiec

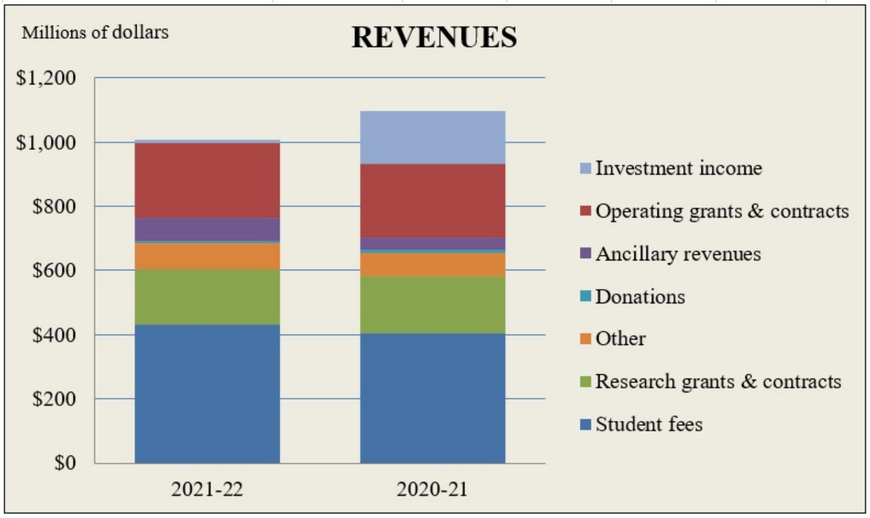
Donna Janiec, CPA, CA
Vice-Principal (Finance & Administration)

THE YEAR IN REVIEW

In 2021-22 the University completed the year with a deficit of $3.3 million, driven primarily by weak investment returns, mitigated by careful management of expenditures.

YEAR ENDED APRIL 30 (Millions of dollars)		2022		2021
Consolidated Statement of Operations				
Revenue	$	1,008.8	$	1,095.3
Expenses		1,012.1		950.5
Excess of revenues over expenses	$	(3.3)	$	144.8
Consolidated Statement of Financial Position				
Assets	$	3,397.3	$	3,393.0
Liabilities		1,374.3		1,402.6
Net assets	$	2,023.0	$	1,990.4
Net Assets is comprised of:				
Endowments	$	1,407.0	$	1,393.7
Invested in capital assets		201.2		197.6
Internally restricted		433.2		410.6
Unrestricted deficiency		(18.4)		(11.5)
	$	2,023.0	$	1,990.4

REVENUES



At a glance….
Total revenues decreased by 7.9 per cent due largely to a significant decrease in investment income caused by retreating markets in the wake of historically high inflation and rising interest rates. This was offset by an increase in student fees (refer to section below), ancillary and other revenues. The increase in ancillary and other revenues is associated with the increased occupancy in residence buildings and the increase of services on campus, respectively, due to the impact of the COVID-19 pandemic in the prior year. Queen's facilitated in-person classes in the past year. The majority of operating grants and contracts revenues are from the Ministry of Colleges and Universities (MCU).

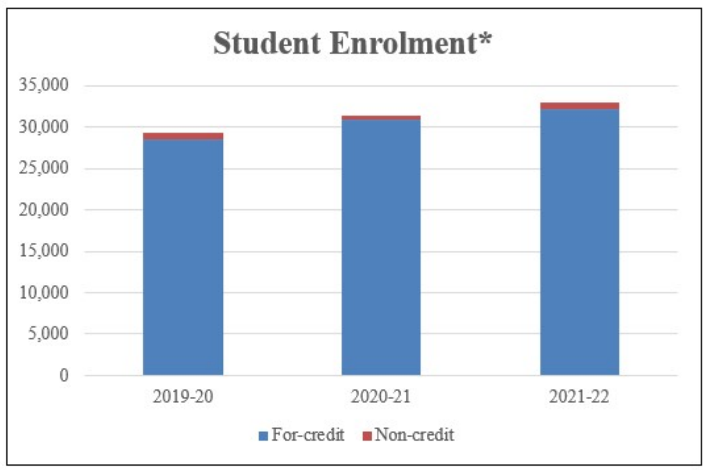
Note that all revenues that are externally restricted (e.g., research grants or donations) are only recorded when the related expenditures occur and thus have no impact on the University's financial results.

Student fees

Student fee revenue includes tuition fees (see section below for further details) as well as other fees related to activities such as student health, recreation, and athletics. In 2021-22, student fee revenue from all fee sources increased by 7.6 per cent due to increases in year-over-year undergraduate domestic enrolment, enrolment growth in some new graduate programs, and international tuition fee increases. As well, athletic fees increased due to the loosening of pandemic restrictions.

The University continues to face financial challenges resulting from the tuition framework that, after a 10% decrease, has kept tuition fees for domestic funding-eligible programs flat at the 2019-20 levels. On March 23, 2022, the Ministry announced the tuition framework applicable for fiscal 2022-23 which continues to restrict flexibility for the University by freezing tuition fees for domestic funding-eligible programs at 2019-20 levels for Ontario students. However, the province has provided institutions the ability to increase tuition fees for domestic out-of-province students by up to five percent.

Student enrolment for the past three years is displayed in the chart to the right. Enrolment in for-credit courses increased by 4.4% from 30,849 in 2021 to 32,221 in 2022 and enrolment for non-credit courses increased by 54.7% from 517 in 2021 to 800 in 2022.

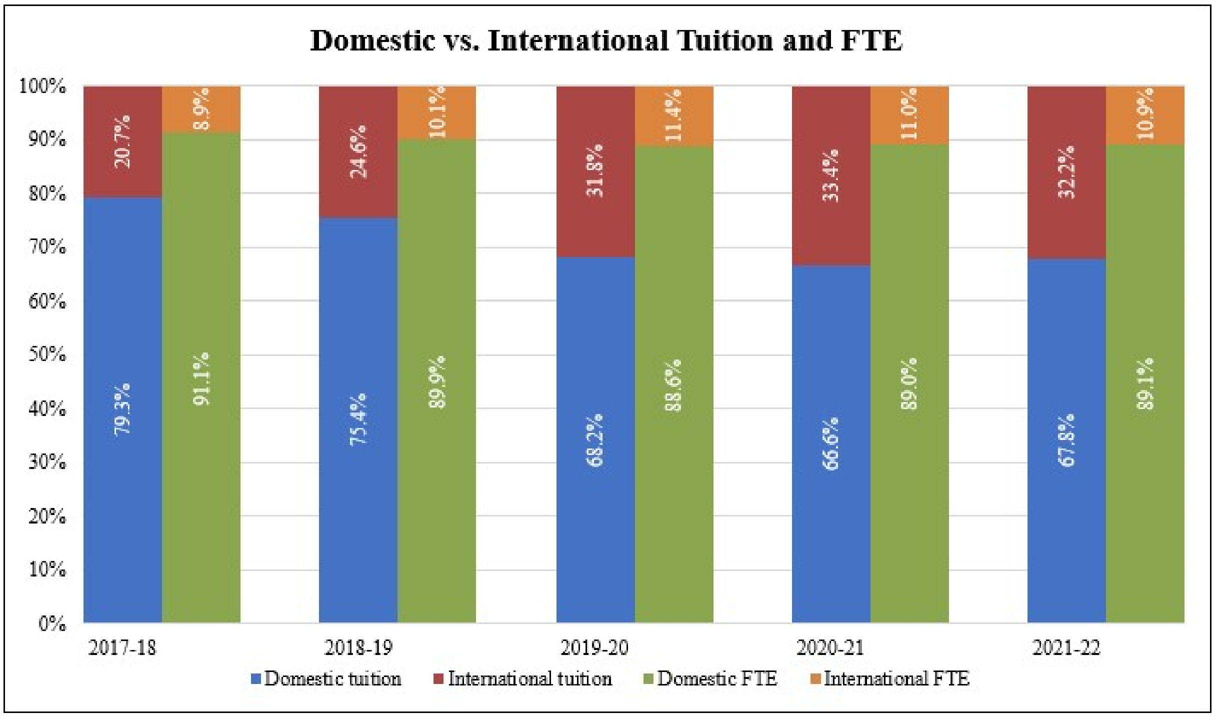


Full-time equivalency (FTE); figures include exchange students.

For-Credit Tuition fees

For-credit tuition fees are fees charged on courses offered for academic courses towards a degree program. For-credit tuition fees revenue increased by $21.5 million (6.0 %) to $380.0 million in 2021-22. The combination of the increase in international enrolment and higher international for-credit tuition fees increased revenues by $2.5 million. International students pay higher tuition fees than domestic students because there is no provincial operating grant to offset the total education costs of these students. Domestic for-credit tuition fees increased by $19.0 million.

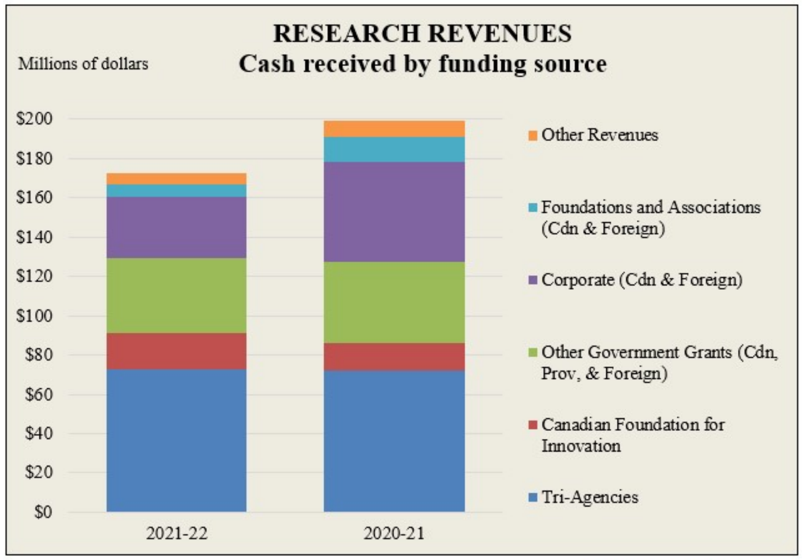
In 2021-22, domestic enrolment increased by 4.6% and international enrolment increased by 3.5%. International students now account for approximately 10.9% of the total student population and 32.2% of tuition revenue.



Research grants and contracts

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

Research grant and contract revenues received by funder is presented in the chart to the right. This chart is presented on a cash basis before any adjustment for funds deferred for spending in future years. The decrease in the corporate cash received can be attributed to the maturing of a large clinical trial as well as timing of milestone payments on other clinical trials.



	Thousands of dollars			
	2021-22		2020-21	
Cash received by funding source	$	172,558	$	199,562
Adjustment to deferral for future year spending		82		17,561
Research revenue as reported in research fund	$	172,476	$	182,001

Ancillary revenues

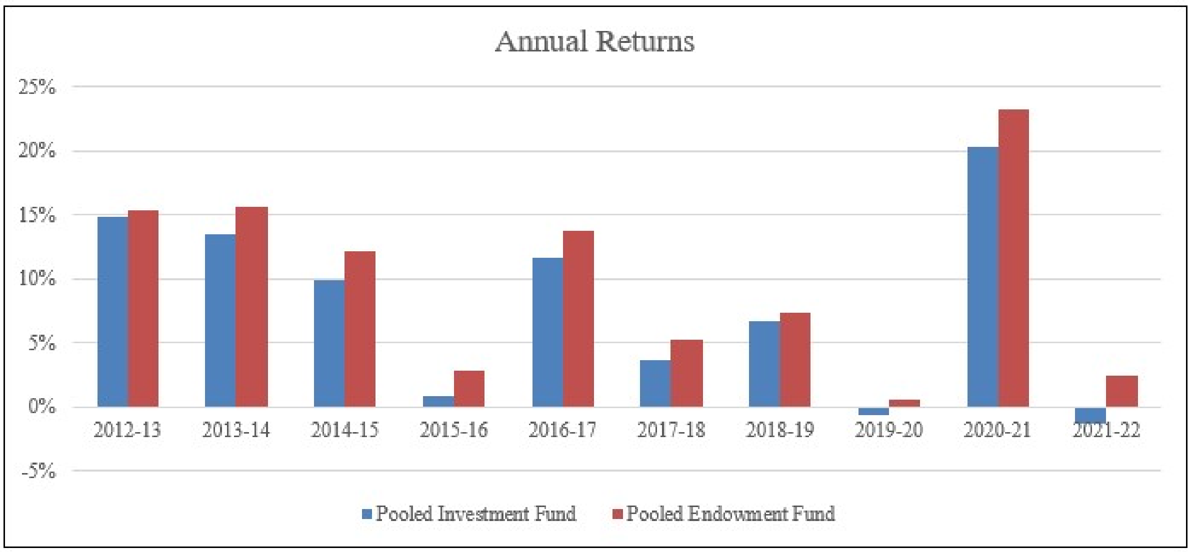
Ancillary operations include business units that provide goods and services to the University community. These units are expected to cover their full operating costs and may also defray general operating expenditures. The table to the right provides a breakdown of revenues in the Ancillary fund by ancillary operations. Ancillary revenue increased in 2021-22 due to the loosening of pandemic restrictions resulting in increased capacity in the residence buildings, increased operations at the Donald Gordon Centre and in Event Services, and increased parking sales.

	Thousands of dollars			
SALES BY ANCILLARY OPERATION	2021-22		2020-21	
Housing and hospitality	$	69,903	$	35,928
Parking		3,363		1,973
		73,266		37,901
Less: Internal sales		(379)		(101)
	$	72,887	$	37,800

Investment income

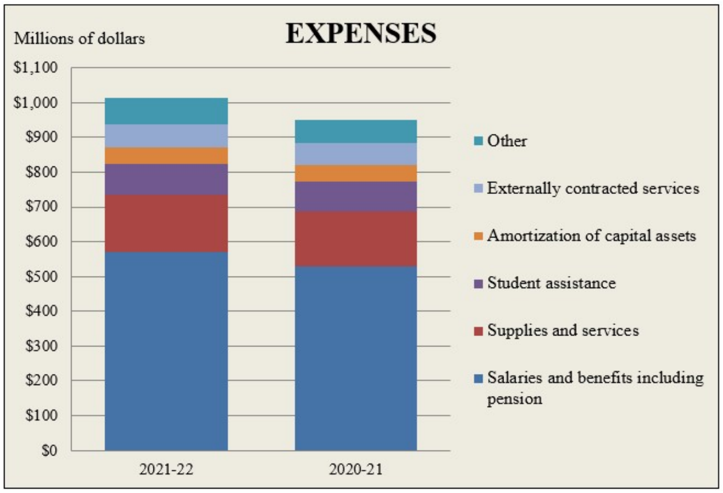
The Board of Trustees has overall responsibility for the management of investment funds at the University and has appointed an Investment Committee to help ensure its investment responsibilities are met. Over the last year the Investment Committee has devoted considerable time to enhancing the University's commitment to responsible investing as evidenced by the Investment Committee's Final Report on Climate Change Action Task Force Recommendations which includes a commitment to lower the carbon footprint across the University's Pooled Endowment Fund and Pooled Investment Fund. As a demonstration of our commitment to transparency, Queen's publicly shares our external investment managers' responses to our annual Environmental, Social, and Governance questionnaire. Additional information on Responsible Investing at Queen's can be found on the Investment Services website.

Both the Pooled Endowment Fund (PEF) and the Pooled Investment Fund are invested in accordance with Board approved Statements of Investment Policies and Procedures which establish risk and return objectives for each Fund. While the aim of these objectives is to produce steady and predictable investment returns over the medium and/or long-term, there can be considerable volatility in investment returns on an annual basis. The past two fiscal years are extreme examples of this. With markets retreating in the wake of historically high inflation and rising interest rates, investment income for 2021-22 decreased significantly from $161.7 million in 2020-21 to $12.8 million. Annual rates of return for the last ten years for the Pooled Endowment Fund and the Pooled Investment Fund are presented below.



Because business units rely heavily on the annual payout from the Pooled Endowment Fund of approximately $52 million, the payout calculation is smoothed and mitigates the impact of any volatility in investment income from year to year. In years of strong investment returns, excess gains are re-invested in the preservation of capital to offset years where the amount made available for spending exceeds investment income.

EXPENSES



At a glance…
Total expenses increased by 6.5 per cent in 2021-22, driven by an increase in expenses related to salaries and benefits, other expenses, and supplies and services. The loosening of the pandemic restrictions together with a significant investment in health and safety protocols allowed the University to increase the occupancy and services on campus leading to an increase in supplies and services. Increased utility costs due to an increase in occupancy, together with more travel and conference activity resulted in an increase in other expenses.

SALARIES AND BENEFITS

	Thousands of dollars 2021-22	2020-21
Salaries and benefits expense		
Salaries and benefits	$ 525,063	$ 483,748
Non-pension employee future benefits	10,553	10,074
Pension	35,765	35,100
Total	$ 571,381	$ 528,922
% of total expenses	56%	56%
Employee Future Benefits Liability		
Pension surplus	$ -	$ (298)
Non-pension employee future benefits liability	95,788	108,593
Total	$ 95,788	$ 108,295

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

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

In 2021-22, salaries and benefits grew by 8.1 per cent. Growth in the year is due to negotiated salary increases along with modest increases in the number of faculty and staff.

The assets and liabilities of the Queen's Pension Plan (QPP) were transferred to the University Pension Plan Ontario (UPP) as at July 1, 2021, the effective date of the commencement of accrual of the benefits and contributions under the UPP and the termination of the QPP. The non-pension employee future benefits liability decreased due to a decrease in the trend rate for medical claims and offset by the annual current service costs. Additional information on pension and other employee future benefits is available in Note 12 of the financial statements.

Employee Group	Unit / Association	Contract effective until
Academic Assistants	USW 2010-01	August 2023
Allied Health Care Professionals (Family Health Team)	OPSEU 452	June 2022
General Support Staff	USW 2010	December 2024
Graduate Teaching Assistants and Teaching Fellows	PSAC 901, Unit 1	April 2024
Kingston Heating & Maintenance Workers	CUPE 229	June 2024
Kingston Technicians	CUPE 254	June 2024
Library Technicians	CUPE 1302	June 2024
Post-Doctoral Fellows	PSAC 901, Unit 2	June 2023
Queen's University Faculty Association	QUFA	June 2022
Registered Nurses and Nurse Practitioners (Family Health Team)	ONA 67	March 2021

CAPITAL PROJECTS

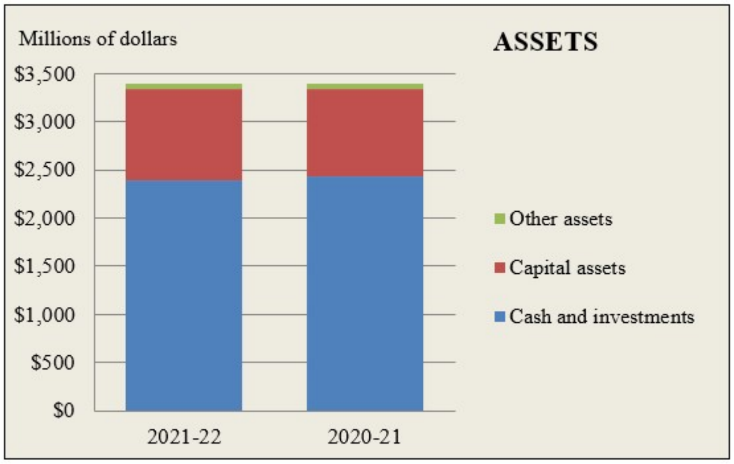
In the 2021-22 fiscal year the University continued with the construction of two significant projects: the renovation of 355 King Street (the property formerly known as St. Mary's of the Lake) and the construction of a new residence building. The Board of Trustees approved the renovation of 355 King Street property at a total cost of $24.5 million which will enable the relocation of several main campus administrative units to this location. It is also the site of the University's first geothermal heating and cooling system.

The Board of Trustees approved the construction of a new residence building on Albert Street at a total cost of $57.5 million. The new residence building will target Leadership in Energy and Environmental Design ("LEED") Gold certification and will provide 334 beds to support the current and future need for student living space.

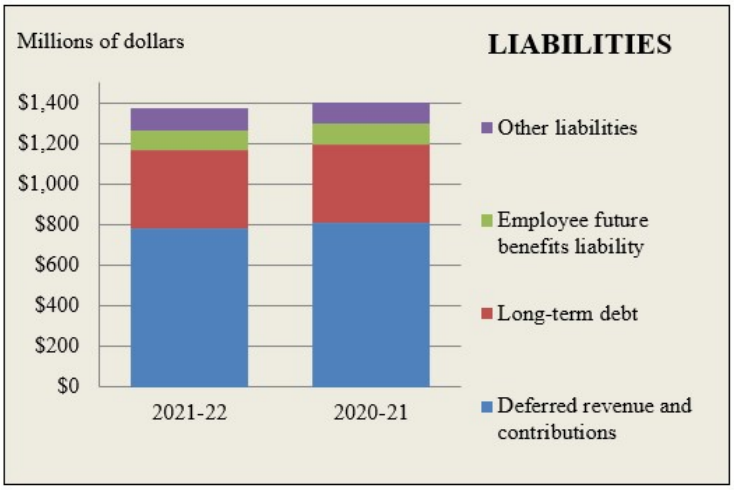
The University's capital expenditures of $91.4 million in 2021-22 are presented in the table below, with comparative information for the prior year. The bulk of the spending on building projects and construction in progress relates to 355 King Street ($18.0 million), the new residence building ($36.4M million) and the acquisition of two properties: 235 Frontenac Street (former Kingston Collegiate Vocational Institute) and 92 Grant Timmins Drive.

	Thousands of dollars	
CAPITAL ASSET ADDITIONS	2021-22	2020-21
Building projects and construction in progress	$ 77,083	$ 23,291
Equipment and furnishings	13,176	13,237
Other asset purchases	1,111	660
	$ 91,370	$ 37,188

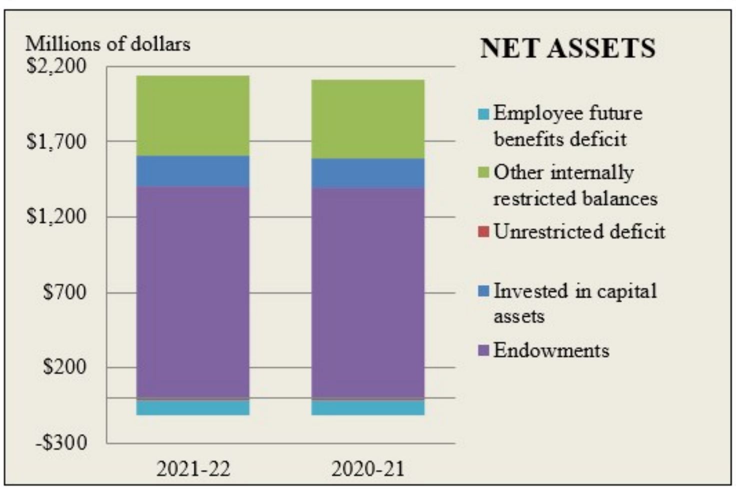
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT A GLANCE



Assets of the University remained consistent year over year, increasing by $4 million.



Liabilities of the University decreased by 2 per cent. The decrease in deferred revenue and contributions is due to a decrease in externally restricted unspent research funds. The Employee Future Benefits liability decreased due to an actuarial gain related to a decrease in the trend rate for medical claims. Further information on Employee Future Benefits is provided in the previous Salaries and Benefits section and in Note 12 to the financial statements.



Net assets increased by $33 million in 2021-22. This increase is comprised primarily by growth in endowments ($13 million) driven by contributions to the endowment, growth in the other internally restricted balances driven by an increase in internally restricted unspent research funds ($9.3 million), and a decrease in the employee future benefits deficit ($13 million) driven by the actuarial gain as explained in the section above. Refer to Note 14 of the financial statements for information on the commitments associated with these reserves.

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

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

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

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

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

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

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

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

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

Interfund Transfers, as presented on the consolidated statement of operations by fund, represents transfers of money between funds. Transfers from the Operating fund are comprised primarily of transfers to the Capital fund resulting from operating budget commitments, and departmental transfers to the Research fund in support of internally sponsored research. Ancillaries fund transfers include transfers to the Operating fund to support operations and transfers to the Capital fund for long-term debt obligations.

THE CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

April 30, 2022
(Thousands of dollars)

The table below presents the activities of the University by fund, for the year ended April 30, 2022, and supplements the information presented in the financial statements.

	Operating	Ancillaries	Trust and Endowment	Research	Capital	Consolidated Entities	Total 2022
REVENUES							
Student fees	$ 429,267	$ -	$ -	$ -	$ -	$ 4,089	$ 433,356
Grants and contracts	231,486	-	29,229	169,760	(4,803)	-	425,672
Sales of service and products	6,715	72,887	-	-	-	2,875	82,477
Amortization of deferred capital contributions	-	-	-	-	25,022	293	25,315
Other	17,852	-	-	1,952	1,413	27	21,244
Investment income	(1,645)	-	27,548	764	(14,290)	433	12,810
Donations	952	-	6,980	-	-	-	7,932
	684,627	72,887	63,757	172,476	7,342	7,717	1,008,806
EXPENSES							
Salaries and benefits	468,583	10,646	22,794	63,684	-	5,674	571,381
Supplies and services	110,614	3,034	8,057	60,280	(14,206)	(5,568)	162,211
Student assistance	41,096	-	30,943	18,282	-	-	90,321
Externally contracted services	13,573	21,941	2,152	29,120	-	56	66,842
Amortization of capital assets	-	-	-	-	44,003	1,761	45,764
Renovations and alterations	14,139	9,123	438	1,025	5,337	70	30,132
Utilities, taxes and insurance	17,624	5,006	139	435	-	1,009	24,213
Interest on long-term debt	-	-	-	-	17,127	135	17,262
Travel and conferences	1,959	13	378	1,549	-	66	3,965
Interfund transfers out / (in)	39,299	24,851	1,745	(11,188)	(54,707)	-	-
	706,887	74,614	66,646	163,187	(2,446)	3,203	1,012,091
(Deficiency) / excess of revenues over expenses	**(22,260)**	**(1,727)**	**(2,889)**	**9,289**	**9,788**	**4,514**	**(3,285)**
Transfer from net assets invested in capital assets	-	-	-	-	18,981	1,468	20,449
Transfer from / (to) internally restricted net assets	12,869	1,727	2,889	(9,289)	(28,769)	(3,495)	(24,068)
Net change in unrestricted (deficit) / surplus	(9,391)	-	-	-	-	2,487	(6,904)
Unrestricted surplus / (deficit), beginning of year	168	-	-	-	-	(11,654)	(11,486)
Unrestricted deficit, end of year	(9,223)	-	-	-	-	(9,167)	(18,390)

FINANCIAL RISK

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

Deferred maintenance

Maintaining the University's space to appropriate standards puts significant pressure on university budgets.

The University continues to recognize the importance of addressing deferred maintenance (DM) as a strategic priority and has increased operating budget funding from $4.2 million in 2013-14 to $10 million in 2021-22. Total DM funding (including Provincial and Residences contributions) is $18 million in 2021-22, which is approximately 0.8% of a $2.4 billion campus replacement value. The industry standard is 1.5%. The university will continue to prioritize addressing its DM backlog as funding allocations are increased and significant building renewals occur. The planned John Deutsch University Centre revitalization, to commence in Summer 2022, will remove $14 million of deferred maintenance.

The current DM balance is $513 million which reflects changes in methodology to achieve alignment across the post-secondary sector. The most significant change was the inclusion of a 30% soft cost factor, reflecting a greater reality of actual costs. Queen's last completed a full DM audit in 2016 and is currently auditing 20% of the campus buildings annually.

Reliance on grant support and tuition revenue

The University relies heavily on tuition and grant support to fund its operations, both of which are controlled largely by the provincial government. The third round of the Strategic Mandate Agreement (SMA3) covering 2020-21 to 2024-25 planned for at-risk performance-based funding. Because of the expected impacts of the pandemic on the metrics, the Ministry has now decoupled funding from the performance against metrics up to 2022-23.

In 2019-20, the Ministry of Colleges and Universities (MCU) mandated a 10% cut in domestic tuition for funding eligible programs, and a freeze in tuition for these programs at the 2019-20 levels for fiscal 2020-21 and 2021-22. On March 23rd, 2022, the provincial government announced the tuition framework applicable for 2022-23 which continues to restrict flexibility for the University by freezing tuition fees for domestic funding-eligible programs at 2019-20 levels for Ontario students. The framework provides institutions the ability to increase tuition fees for domestic out-of-province students by up to five percent.

For fiscal 2022-23, the Board approved tuition fees for domestic funding-eligible programs to increase by 5% for domestic out-of-province incoming direct-entry undergraduate students only.

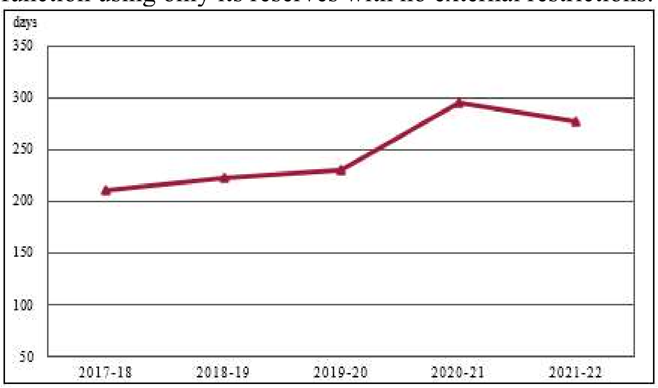
FINANCIAL HEALTH

In support of the financial sustainability of the institution, the University has established metrics to monitor and report on the University's financial health. Because investment gains and losses flow through income, there will always be volatility in the University's financial results.

The value in these ratios is not the point-in-time measurement, but rather the information provided by looking at the trend over time. Five-year trends on these metrics are presented below.

Primary Reserve Ratio

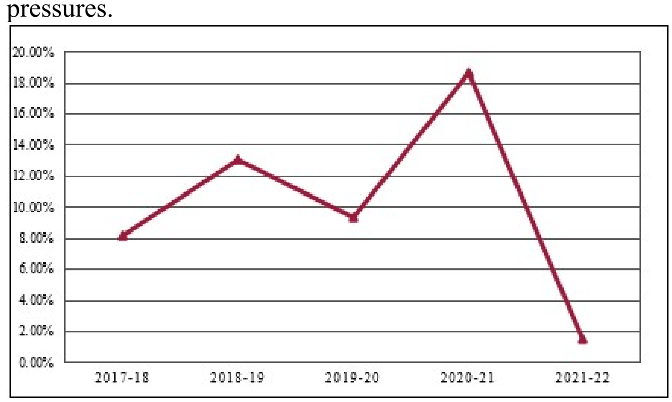
The primary reserve ratio helps to determine whether the University's resources are sufficient and flexible enough to support the mission. It summarizes the financial health and flexibility by indicating how long the University could function using only its reserves with no external restrictions.



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

Net Operating Revenues Ratio

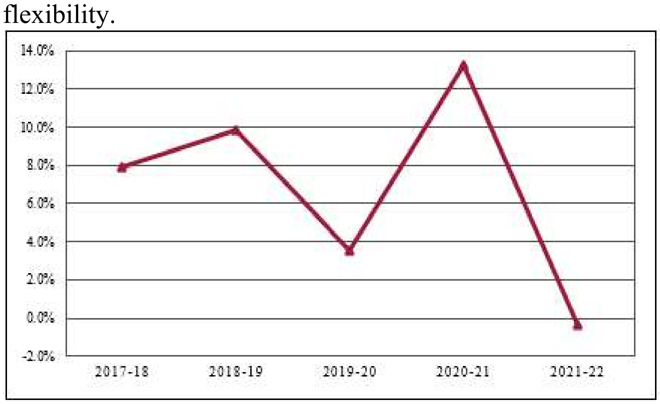
The net operating revenues ratio is a measure of financial performance. Positive cash flow from operations indicates a strengthening position, and, conversely, structural negative cash flows are almost always an indication of financial pressures.



Definition: Cash flow from operating activities divided by total revenues

Net Income / Loss Ratio

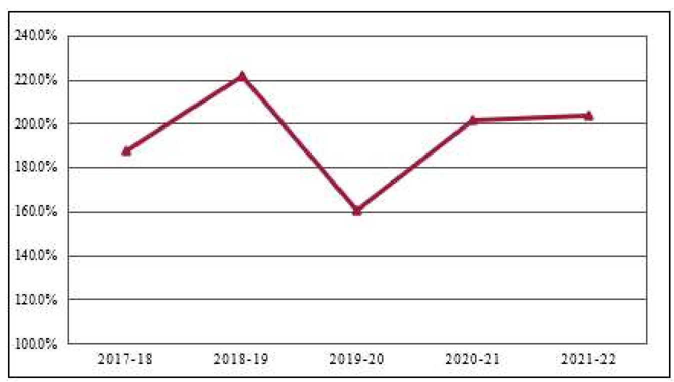
The net income / loss ratio measures the percentage of revenues that contribute to net assets. The objective of this ratio is to track trends in an institution's net earnings. An increase in this ratio indicates greater future financial flexibility.



Definition: Net income or loss divided by total revenues

Viability Ratio

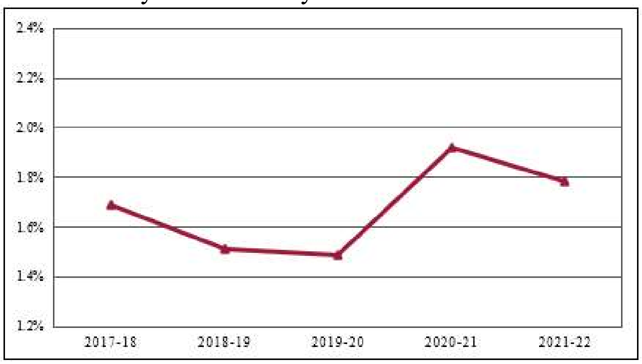
The viability ratio provides an indication of the funds on hand to settle the University's long-term debt obligations at a point in time. This ratio provides assistance in evaluating debt affordability.



Definition: Expendable net assets divided by long-term debt

Interest Burden Ratio

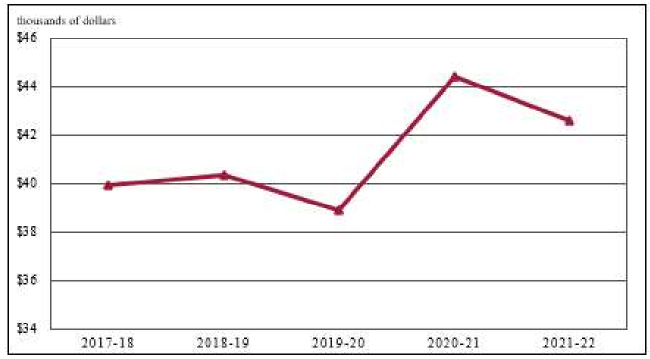
The interest burden ratio is an indicator of debt affordability. It indicates the percentage of total expenses used to cover the cost of servicing the University's debt. The University is well below the suggested maximum of 5 to 7 per cent established by the University sector.



Definition: Interest expense divided by total expenses excluding amortization

Endowment per Student FTE

The endowment value per student FTE provides information on the relative importance of the endowments in relation to the size of the student population and is a measure of the long-term strength of the University.



Definition: Endowment value at end of year divided by student FTE

PERFORMANCE OF THE OPERATING FUND

The Board of Trustees approves the operating fund budget and monitors the performance of the operating fund throughout the year. The operating fund represented 68 per cent of consolidated revenue in 2021-22.

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

	Thousands of dollars		
2021-22 Operating Fund	Actual	Budget	Variance
Revenue	684,627	708,311	(23,684)
Less: expenditures	(706,887)	(748,403)	41,516
Surplus / (deficit)	(22,260)	(40,092)	17,832
Transfer from internally restricted net assets	12,869	40,092	(27,223)
Decrease in unrestricted surplus	(9,391)	-	(9,391)
Operating surplus - beginning of year	168		
Operating deficit - end of year	(9,223)		

The negative variance in operating revenue in fiscal 2022 is due primarily to investment losses and shortfalls in student fees. Student fee shortfalls were due to less international enrolment than anticipated and a shortfall in graduate professional programs resulting from cancellations in the winter term.

On the expense side units experienced lower than budgeted salaries expenditures due to higher than anticipated vacancies and delays in hiring, as well as less contingency spending. These factors as well as lower supplies and services and savings from travel and conferences because of the COVID-19 restrictions contributed to lower than budgeted expenditures.

Overall, the operating fund reported a deficit of $22.3 million or 3 per cent of budgeted revenue. The deficit was funded through the depletion of reserves, capacity which was provided in part by the strong investment returns experienced in the prior fiscal year.

The University remains focused on managing its resources responsibly in order to protect and advance its academic mission and strategic priorities in the midst of significant financial challenges. In May 2022, the Board of Trustees approved the 2022-23 operating budget, which is balanced after a $43.5 million drawdown of reserves.

COMMITMENT TO CLIMATE ACTION

Climate Change is one of the most significant challenges of our time, and Queen's is deeply committed to making a global impact in advancing sustainability and responding to the world's most urgent challenges. The University is a member of the United Nations Race to Zero coalition and the University Climate Change Coalition (UC^3).

In October 2021 the University announced that it met its first major milestone target for the reduction of its greenhouse gas (GHG) emissions. Data from the 2020 GHG Inventory report shows that the university has achieved its goal of reducing emissions by 35 per cent from 2008 to 2020. The target is set out in the university's Climate Action Plan, which has Queen's on the path to achieving net-zero GHG emissions by 2040. Aligned with its net zero goals, Queen's is utilizing geo-thermal heating and cooling systems for the first time on the 355 King Street West construction project. All new construction is targeting LEED Good certification, an internationally recognized standard for green buildings. Significant investment in the university's infrastructure will be required to get to net-zero emissions by 2040, and options are being explored.

In March 2022 the Queen's Board of Trustees endorsed the Investment Committee's Final Report on Climate Change Action Task Force (CCATF) Recommendations, which includes a commitment to lower the carbon footprint across the university's investment portfolios. The target to maintain at least 25 per cent lower carbon emissions than the global equities benchmark by the year 2030 is impactful and designed to align Queen's with Canada's net zero commitments. A key to achieving this target is the establishment of a Queen's Climate Action Allocation (QCAA), made up of investments with significantly lower carbon emissions than the equities benchmark. The recommendations target an allocation of at least 15% of the Pooled Endowment Fund (PEF) into the QCAA by the end of calendar 2030. The QCAA was kickstarted in December 2020 with a US $30 million investment within the PEF into Pattern Energy, a private wind and solar company with operations in North America and Japan.

In May of 2022 the Queen's Board of Trustees endorsed the Principal's signing of the Canadian Universities Call to Action on the Climate Emergency. This framework brings together Canadian universities around the shared urgency of the climate emergency and a great will to engage in transformative action to address this existential threat. The aim is to embed climate in the core of the educational and research mandate, and to mobilize collective, coordinated efforts to accelerate climate action across all of society.

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The administration has prepared the accompanying consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments were employed. The administration believes the consolidated financial statements present fairly the University's financial position as at April 30, 2022 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of consolidated financial statements.

The Board of Trustees is responsible for ensuring that administration fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Trustees carries out its responsibility for review of the consolidated financial statements principally through the Audit and Risk Committee. The majority of the members of the Audit and Risk Committee are not officers or employees of the University. The Audit and Risk Committee meets with the administration, as well as the internal and the external auditors, to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The internal and external auditors have full access to the Audit and Risk Committee with and without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2022 have been reported on by KPMG LLP, Chartered Professional Accountants, the independent auditors appointed by the Board of Trustees. The independent auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.

Dr. Patrick Deane
Principal and Vice-Chancellor

Donna Janiec, CPA, CA
Vice-Principal (Finance & Administration)

INDEPENDENT AUDITORS' REPORT

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

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

- the consolidated statement of financial position as at April 30, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Queen's University at Kingston as at April 30, 2022, and its results of consolidated operations, its consolidated changes in net assets, and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

We are independent of Queen's University at Kingston in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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

Other Information
Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in Queen's University at Kingston's The Year in Review ("annual report").

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

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

We obtained the information, other than the financial statements and the auditors' report thereon, included in Queen's University at Kingston's annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

Those charged with governance are responsible for overseeing Queen's University at Kingston's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Queen's University at Kingston's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Queen's University at Kingston's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Queen's University at Kingston to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of Queen’s University at Kingston to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
September 30, 2022
Kingston, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at April 30, 2022
(Thousands of dollars)

		2022		2021
ASSETS				
Current				
Cash	$	118,185	$	165,607
Accounts receivable (note 3)		53,287		43,993
Loans receivable (note 4)		199		188
Prepaid expenses		4,184		4,138
Investments (note 5)		204,918		214,732
Total current assets		380,773		428,658
Loans receivable (note 4)		1,941		2,139
Investments (note 5)		2,065,081		2,058,396
Capital assets (note 6)		949,469		903,862
Collections (note 7)		1		1
	$	3,397,265	$	3,393,056
LIABILITIES AND NET ASSETS				
Current				
Accounts payable and accrued liabilities (note 8)	$	112,862	$	102,280
Current portion of long-term debt (note 11)		4,338		4,209
Deferred revenue and contributions (note 9)		372,584		382,375
Total current liabilities		489,784		488,864
Deferred capital contributions (note 10)		411,885		424,318
Long-term debt (note 11)		376,807		381,145
Employee future benefits liability (note 12)		95,788		108,295
		1,374,264		1,402,622
Net Assets				
Endowments (note 13)		1,407,026		1,393,708
Invested in capital assets		201,195		197,579
Internally restricted (note 14)		433,170		410,633
Unrestricted deficit		(18,390)		(11,486)
		2,023,001		1,990,434
	$	3,397,265	$	3,393,056

Commitments and contingencies (note 19)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Trustees:

Mary Wilson Trider
Chair, Board of Trustees

David Allgood
Chair, Audit and Risk Committee

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended April 30, 2022
(Thousands of dollars)

	2022	2021
REVENUES		
Student fees	$ 433,356	$ 402,762
Grants and contracts	425,672	429,842
Sales of service and products	82,477	45,532
Amortization of deferred capital contributions (note 10)	25,315	25,472
Other	21,244	18,323
Investment income (note 5)	12,810	161,717
Donations	7,932	11,644
	1,008,806	1,095,292
EXPENSES		
Salaries and benefits	571,381	528,922
Supplies and services	162,211	158,144
Student assistance	90,321	85,989
Externally contracted services	66,842	65,731
Amortization of capital assets	45,764	45,379
Renovations and alterations	30,132	28,157
Utilities, taxes and insurance	24,213	18,853
Interest on long-term debt	17,262	17,385
Travel and conferences	3,965	1,935
	1,012,091	950,495
(Deficiency) / excess of revenues over expenses	$ (3,285)	$ 144,797

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30, 2022
(Thousands of dollars)

	Endowments	Invested in capital assets	Internally restricted	Unrestricted	**Total 2022**	**Total 2021**
Net assets / (deficit), beginning of year	$ 1,393,708	$ 197,579	$ 410,633	$ (11,486)	$ 1,990,434	$ 1,617,734
(Deficiency) / excess of revenues over expenses	-	(20,449)	-	17,164	(3,285)	144,797
Employee future benefits remeasurements and other items (note 12)	-	-	-	18,976	18,976	16,172
Change in net assets invested in capital assets	-	24,065	-	(24,065)	-	-
Change in internally restricted net assets	-	-	23,092	(23,092)	-	-
Endowment contributions (note 13)	29,828	-	-	-	29,828	34,878
(Deficiency) / excess of investment earnings over endowment spending (note 13)	(23,233)	-	-	4,113	(19,120)	171,088
Departmental transfers and other contributions (note 13)	6,723	-	(555)	-	6,168	5,765
Net assets / (deficit), end of year	$ 1,407,026	$ 201,195	$ 433,170	$ (18,390)	$ 2,023,001	$ 1,990,434

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30, 2022
(Thousands of dollars)

		2022		2021
OPERATING ACTIVITIES:				
(Deficiency) / excess of revenues over expenses	$	(3,285)	$	144,797
Non-cash items:				
Amortization of deferred capital contributions		(25,315)		(25,472)
Amortization of capital assets		45,764		45,379
Employee future benefits		6,469		(7,953)
Net change in non-cash working capital (note 15)		(8,549)		47,394
Cash provided by operating activities		15,084		204,145
INVESTING ACTIVITIES:				
Net change in loans receivable		187		178
Net change in investments		3,129		(366,062)
Purchases (net of disposals) of capital assets		(91,371)		(37,641)
Investment (loss) / gain reported as direct (decrease) / increase in net assets		(19,120)		171,088
Cash used in investing activities		(107,175)		(232,437)
FINANCING ACTIVITIES:				
Repayment of long-term debt		(4,209)		(4,083)
Contributions received for capital purposes		12,882		14,826
Contributions reported as direct increase in net assets		35,996		40,643
Cash provided by financing activities		44,669		51,386
Net (decease) / increase in cash		(47,422)		23,094
Cash, beginning of year		165,607		142,513
Cash, end of year	$	118,185	$	165,607

See accompanying notes to consolidated financial statements.

1. AUTHORITY

Queen's University at Kingston ("the University") operates under the authority of the Royal Charter of 184l and subsequent federal and provincial statutes. The mission of the University includes post-secondary and graduate education, research and community service. The University is a registered charity and is therefore, under section 149 of the Income Tax Act (Canada), exempt from payment of income tax.

The University controls PARTEQ Innovations, the Bader International Study Centre (operating as Bader College), the U.S. Foundation for Queen's University at Kingston, QCED Inc., Queen's University Pooled Trust Fund, Queen's Prison Law Clinic and Elentra Corporation.

PARTEQ Innovations (PARTEQ) is incorporated by letters patent as a corporation without share capital under the Ontario Corporations Act. PARTEQ works with researchers and the business and venture capital communities to bring the benefits of scientific discovery to the public while returning proceeds to inventors and the University. PARTEQ is exempt from income tax under section 149 of the Income Tax Act (Canada).

The Bader International Study Centre (operating as 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. The Bader International Study Centre (operating as 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.

Queen's Centre for Enterprise Development (QCED Inc.) was incorporated under the Canada Business Corporation Act on February 2, 2001 and began operations on June 1, 2001. QCED Inc. is a wholly owned subsidiary of the University. QCED Inc. was formed for the purposes of building on the knowledge base of Queen's School of Business to develop and deliver knowledge to small and medium-sized enterprises to foster success in this sector. QCED Inc. operations are currently inactive.

Queen's University Pooled Trust Fund (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.

Queen's Prison Law Clinic (QPLC) was incorporated without share capital under the laws of the Province of Ontario on November 24, 2014 through supplementary letters patent. It was originally incorporated on February 23, 2000 under the name Correctional Law Project. QPLC was established to provide equal access to quality legal services for inmates incarcerated in the federal penitentiaries in the Kingston area.

Elentra Corporation (Elentra) was incorporated under the Canada Business Corporations Act on December 22, 2020 and began operations on February 1, 2021. The University wholly controls Elentra and has a majority ownership. Elentra 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.

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 administration 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.
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.
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. 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.

ii. Derivative and other financial instruments

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

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

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

Other financial instruments, including accounts receivable, accounts payable and 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.

Intangible assets are non-monetary assets without physical substance. The University's intangible assets consist of computer software. Costs that are directly associated with the acquisition or internal development of identifiable software which will, in administration's best estimate, provide a future economic benefit are recognized as intangible assets.

Capital assets and intangible assets are assessed at each statement of financial position date for full or partial impairment. Refer to Note 6 for current year assessments.

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 its 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 process 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) 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 on a basis consistent with its funded pension plan. 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 funding valuation results. 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.

(f) 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.

(g) 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.

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

(h) 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.

(i) 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.

(j) 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.

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of balances receivable for research projects and trade accounts receivable, including tuition net of an allowance for doubtful accounts of $3,807 (2021 - $3,964).

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	
2023	$ 28,859
2024	58,135
2025	31,338
2026	12,623
2027	1,101
Thereafter	1,451
	$ 133,507

4. LOANS RECEIVABLE

Loans receivable is comprised of a loan to the Kingston Health Sciences Centre / Queen’s Parking Commission (the "Parking Commission") in the amount of $2,140 (2021 - $2,327). The loan to the Parking Commission bears interest at 6 per cent per annum and matures in October 2030.

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

5. INVESTMENTS AND INVESTMENT INCOME

(a) Investments

Fair value details of investments are as follows:

	2022	2021
Current		
Short-term	$ 204,918	$ 214,732
Non-current		
Pooled Endowment Fund	1,408,881	1,377,897
Pooled Investment Fund	537,221	545,403
Other	118,979	135,096
	2,065,081	2,058,396
Total investments	$ 2,269,999	$ 2,273,128

Derivative financial instruments, as disclosed in Note 16 are included in non-current investments.

(b) Uncalled commitments

As at April 30, 2022, 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, 2022, the University had uncalled commitments of approximately $101,100 (2021 - $73,279), 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 is comprised of the following:

	2022	2021
Realized income on investments	$ 99,185	$ 87,127
Unrealized (losses) / gains on investments	(78,588)	82,471
	20,597	169,598
Investment management fees and transaction costs	(7,787)	(7,881)
Investment income	$ 12,810	$ 161,717

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

6. CAPITAL ASSETS

Capital assets consist of the following:

	2022			2021		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 84,158	$ -	$ 84,158	$ 84,158	$ -	$ 84,158
Buildings and its components	1,292,615	550,489	742,126	1,274,598	520,475	754,123
Leasehold improvements	12,683	9,872	2,811	12,683	9,180	3,503
Equipment and furnishings	162,875	134,098	28,777	171,532	142,412	29,120
Library acquisitions	94,923	93,156	1,767	102,456	100,905	1,551
Software	31,366	31,366	-	31,366	31,366	-
Construction in process	89,830	-	89,830	31,407	-	31,407
	$ 1,768,450	$ 818,981	$ 949,469	$ 1,708,200	$ 804,338	$ 903,862

Capital assets have been reviewed for full or partial impairment and management has determined there are none. The University's intangible assets have been fully amortized, and as such, an impairment assessment was not required.

7. 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 statement of operations. The total amount expended on artwork for the year was $139 (2021 - $nil) and the total amount expended on rare and historical books for the year was $12 (2021 - $22). The artwork and book collections are insured through a fine arts policy for a total value of $248,363 (2021 - $243,832).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised primarily of 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 $16,806 (2021 - $13,561).

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

9. DEFERRED REVENUE AND CONTRIBUTIONS

		2022		2021
Research funds	$	220,665	$	227,635
Trust funds		86,443		87,328
Student fees		39,077		40,711
Capital funds		10,688		7,387
Other		14,198		17,343
Gift annuities		1,513		1,971
	$	372,584	$	382,375

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 expenditures.

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.

10. 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:

		2022		2021
Balance, beginning of year	$	424,318	$	434,964
Amortization of deferred capital contributions		(25,315)		(25,472)
Contributions received for capital purposes		12,882		14,826
	$	411,885	$	424,318

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

11. LONG-TERM DEBT

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

	Maturity in Fiscal Year Ending	Interest Rate	2022 Principal Outstanding	2021 Principal Outstanding
Amortizing unsecured bank loan maturing November 1, 2030	2031	Variable	$ 44,072	$ 48,468
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
			384,072	388,468
Unamortized transaction costs/bond discount			(2,927)	(3,114)
			381,145	385,354
Less current portion			(4,338)	(4,209)
			$ 376,807	$ 381,145

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. At April 30, 2022 the value of the sinking funds is $111,563 (2021 - $119,659).

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 3.18 per cent.

(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	
2023	$ 4,338
2024	4,471
2025	4,608
2026	4,749
2027	4,894
Thereafter	358,085
	$ 381,145

12. 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, which is open to other Ontario universities. 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. As at July 1, 2021, the University transferred $131,707 in excess of its defined benefit obligations to the UPP. This pre-conversion surplus is not recorded in the University's consolidated financial statements as the expected future benefit will be recognized under the UPP.

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 July 1, 2021 indicated an initial actuarial surplus on a going concern basis of $1,079,068.

Contributions made to the UPP during the year amounted to $31,131 (2021 - $nil) and pension benefits expenses relating to the QPP for the period May 1, 2021 to June 30, 2021 amounted to $4,634 (2021 - 35,100). These amounts are 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 19(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, 2022 and results have been extrapolated to April 30, 2022. The date of the next required valuation is February 1, 2025.

The most recent actuarial valuation of post-employment benefits was performed as of April 30, 2022.

The discount rate used in the actuarial measurement of the employee future benefit plans obligation was 5.6 per cent (2021 – 5.6 per cent).

The discount rate used in the actuarial measurement of the benefit plans expense was 5.6 per cent (2021 – 5.6 per cent).

Salaries and benefits expense for the year includes non-pension retirement and post-employment benefit expenses of $10,553 (2021 – $10,074).

Information about the University's benefit plans at April 30 is as follows:

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

	2022	2021		
	Other benefit plans	Pension benefit plan (QPP)	Other benefit plans	Total
Accrued benefit liability				
Accrued benefit obligation	$ (95,788)	$ (2,353,560)	$ (108,593)	$ (2,462,153)
Fair value of plan assets	-	2,487,933	-	2,487,933
Valuation allowance	-	(134,075)	-	(134,075)
Accrued benefit (liability) / asset	$ (95,788)	$ 298	$ (108,593)	$ (108,295)
Benefit plan expense				
Current service cost	$ 4,471	$ 33,394	$ 4,364	37,758
Finance costs	6,082	1,706	5,710	7,416
Net benefit cost	$ 10,553	$ 35,100	$ 10,074	$ 45,174
Remeasurements and other items				
Difference between actual and expected return	$ -	$ (138,013)	$ -	$ (138,013)
Actuarial (gain) / loss on accrued benefit obligation	(18,976)	(12,545)	311	(12,234)
Valuation allowance	-	134,075	-	134,075
Net remeasurements and other items (gains) / losses	$ (18,976)	$ (16,483)	$ 311	$ (16,172)

The assets and liabilities of the former QPP were transferred to the UPP on July 1, 2021 and as such the QPP is excluded from the table above for the 2022 fiscal year.

13. 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 ensures, 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 the operating budget 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.

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

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

	2022			2021		
	External	Internal	Total	External	Internal	Total
Investment income on endowments	$ 23,019	$ 5,351	$ 28,370	$ 209,860	$ 48,967	$ 258,827
Less: available for spending	(42,139)	(9,464)	(51,603)	(38,772)	(8,876)	(47,648)
(Deficiency) / Excess of investment earnings over endowment spending	(19,120)	(4,113)	(23,233)	171,088	40,091	211,179
Endowment contributions	29,828	-	29,828	34,878	-	34,878
Departmental transfers and other contributions	6,368	355	6,723	5,855	444	6,299
Net increase / (decrease) in net assets	17,076	(3,758)	13,318	211,821	40,535	252,356
Net assets, beginning of year	1,131,950	261,758	1,393,708	920,129	221,223	1,141,352
Net assets, end of year	$1,149,026	$ 258,000	$ 1,407,026	$1,131,950	$ 261,758	$ 1,393,708

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

14. INTERNALLY RESTRICTED NET ASSETS

Details of year-end balances are as follows:

		2022		2021
Operating contingencies	$	167,069	$	170,185
Unspent research funds		73,887		64,598
Internally financed capital projects		(74,196)		(86,166)
Sinking funds		111,563		119,659
Capital reserves		193,858		197,623
Employee future benefits				
Employee future benefits deficit		(95,788)		(108,295)
Pension reserve		56,777		53,029
	$	433,170	$	410,633

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.

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 11.

Capital reserves represent amounts set aside for deferred maintenance, capital projects planned or in progress, and other future commitments.

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 19(g)).

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

15. NET CHANGE IN NON-CASH WORKING CAPITAL

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

	2022	2021
Net change in non-cash working capital:		
Accounts receivable	$ (9,294)	$ (5,583)
Prepaid expenses	(46)	788
Accounts payable and accrued liabilities	10,582	7,028
Deferred revenue and contributions	(9,791)	45,161
	$ (8,549)	$ 47,394

16. 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 5.

Derivative financial instruments

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

	2022		2021	
	Notional value	Fair value	Notional value	Fair value
US Dollar	$ 417,619	$ (2,605)	$ 325,745	$ 5,355
Other	111,807	8,556	124,055	5,095
	$ 529,426	$ 5,951	$ 449,800	$ 10,450

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 may not be reflective of future fair values. The fair value of the foreign currency contracts is reported as $5,951 (2021 - $10,450) in investments (Note 5). The change in the fair value of the foreign currency contracts is accounted for consistent with investment returns in the consolidated statements of operations and statement of changes in net assets.

(b) Financial risk

The primary risk exposures for financial instruments are foreign currency, interest rate, market and credit risks. The University's Statement of Investment Policies and Procedures (SIP&P) governs the asset mix among equity, fixed income and alternative investments, requiring diversification within categories, and setting limits on the size of exposure to individual investments and counterparties.

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

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

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

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

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

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

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

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

Externally restricted endowments, as described in Note 13, 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.

(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:

		2022		2021
Endowment Funds:				
Opening balance	$	68,871	$	68,526
Transfer from expendable funds		(673)		345
Endowment capital	$	68,198	$	68,871
Expendable Funds:				
Opening balance	$	428	$	428
Investment income		5,064		4,640
Bursaries awarded		(4,588)		(4,295)
Transfer to endowment funds		673		(345)
Expendable funds available for awards	$	1,577	$	428
Number of bursaries awarded		1,606		1,313

The market value of the OSOTF phase 1 endowment fund at April 30, 2022 is $129,583 (2021 - $131,648).

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

(for the year ended March 31)		OSOTF II		OTSS		2022 Total		2021 Total
Endowment Funds:								
Opening balance	$	12,500	$	36,119	$	48,619	$	47,710
Donations received		-		1,658		1,658		523
Transfer from expendable funds		42		372		414		386
Endowment capital	$	12,542	$	38,149	$	50,691	$	48,619
Expendable Funds:								
Opening balance	$	170	$	(165)	$	5	$	196
Donations received		-		10		10		-
Investment income		709		1,949		2,658		2,228
Bursaries awarded		(689)		(1,534)		(2,223)		(2,033)
Transfer to endowment funds		(42)		(372)		(414)		(386)
Expendable funds available for awards	$	148	$	(112)	$	36	$	5
Number of bursaries awarded		98		559		657		654

The market value of the OSOTF phase 2 endowment fund at March 31, 2022 was $55,829 (2021 - $74,501).

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

18. 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 Kingston Health Sciences Centre (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 (2021 - $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 $558 (2021 - $315).

(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 April 30, 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 $1,312 (2021 - $1,242).

(c) Investment in Elentra

As disclosed in Note 2(a), the University accounts for its investment in Elentra using the equity method. The University's proportionate share of the shareholders' equity at April 30, 2022 is $3,840 (2021 - $6,138).

		2022 (unaudited)		2021 (unaudited)
Total assets	$	7,049	$	7,686
Total liabilities		2,584		549
Shareholders' equity	$	4,465	$	7,137
Gross profit	$	1,400	$	286
Expenses		4,072		649
Net loss	$	(2,672)	$	(363)
Cash flows from operating activities	$	(2,596)	$	(208)
Cash flows from investing activities		(308)		(6,000)
Cash flows from financing activities		1,705		7,500
Net (decrease) / increase in cash	$	(1,199)	$	1,292

(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, 2021 was $277 (2020 - $157).

	2021	2020
Total assets	$ 2,241	$ 2,713
Total liabilities	2,794	3,027
Total fund balances	$ (553)	$ (314)
Revenues	$ 4,455	$ 4,784
Expenses	4,695	4,888
Deficiency of revenues over expenses	$ (240)	$ (104)

(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 19(c)).

(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 thirteen other universities, of the joint venture, TRIUMF, Canada's national laboratory for particle and nuclear physics located on the University of British Columbia (UBC) campus. As of June 1, 2021, TRIUMF incorporated as TRIUMF Inc., a registered charity and not-for-profit corporation incorporated under the laws of Canada. The joint venture's assets, liabilities and obligations were transferred to the corporation as of that date, and each university continues to have an undivided 1 / 14 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 19(d)).

The following financial information at March 31, 2022 for TRIUMF 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 and related decommissioning costs (if any) are expensed in the period in which the costs are incurred.

	2022 (draft)	2021
Total assets	$ 52,588	$ 54,446
Total liabilities	11,898	8,956
Total fund balances	$ 40,690	$ 45,490
Revenues	$ 98,051	$ 89,092
Expenses	102,851	88,856
(Deficiency) / excess of revenues over expenses	$ (4,800)	$ 236

19. 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, 2022, administration 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, administration 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, 2021, the date of the latest financial statements available, CURIE had a surplus of $105,790 (2020 - $99,449).

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.

(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, 2022 the estimated cost to complete construction in process for the extension of facilities is approximately $36,174 (2021 - $62,285). 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		
2023	$	3,357
2024		2,590
2025		1,682
2026		1,401
2027		1,341
Total thereafter		1,369
	$	11,740

(f) Other

In addition to the capital commitments disclosed in Note 19(e), the University has issued letters of credit of $1,580 (2021 - $1,711) primarily for capital construction and has guaranteed an operating line of credit of $2,500 (2021 - $nil) for Elentra.

(g) Pension obligations

As stated in Note 12(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 actuarial valuation performed as at July 1, 2021, using the UPP actuarial assumptions, the University had a pre-conversion net pension surplus of $131,957 and as such will not have a pre-conversion pension obligation on transition to the plan. 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 July 1, 2021 is not recorded in the University's consolidated financial statements as the expected future benefit will be recognized under the UPP.

20. COMPARATIVE FIGURES

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