



QUEEN'S UNIVERSITY ANNUAL REPORT 2005



A FRESH APPROACH TO THIS YEAR'S REPORT

By combining our Annual Financial Report with key performance indicators and institutional benchmarks, this year's report provides a consolidated overview of the University for 2004-05. It is also aimed at demonstrating our ongoing commitment to accountability.



Queen's University is committed to contributing to a sustainable global environment.
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CHANGING PERSPECTIVES: QUEEN'S IN 2005 AND BEYOND

QUEEN'S HISTORY

Queen's University was established in 1841 by Royal Charter of Queen Victoria. In the intervening century and a half, Queen's has grown into a mid-sized institution offering undergraduate, graduate and professional degrees to an increasingly international student body in seven faculties, including 10 schools. During this time, Queen's has also emerged as one of the top research universities in Canada.

2004-05 HIGHLIGHTS

Our Students

- Demand for a Queen's education continues to thrive and attract the best students
- Over 25,000 applications for 3,454 full-time undergraduate spaces in direct-entry programs, with an overall entering average of 87 per cent
- Over 3,500 applications for graduate studies, up 22 per cent over last year
- A diverse community of over 20,000 students from more than 70 countries worldwide

Our Teaching and Learning Environment

- Introduced Canada's first Chair in Teaching and Learning, Leo Junker (Mathematics and Statistics) appointed inaugural chair
- Opened new \$25 million Integrated Learning Centre within the Faculty of Applied Science
- Recruited over 70 exceptional tenure-track faculty members to Queen's from around the world
- International Study Centre continues to excel as one of Queen's most competitive direct-entry programs

Our Research Environment

- Ranked first in Canada for number of national research awards per full-time faculty member
- John Smol (Biology) wins the Gerhard Herzberg Canada Gold Medal, Canada's top science prize, the second consecutive year
- Queen's researcher has won
- Over \$141 million in total annual research funding, top 10 ranking in Canada, #4 for research intensity

Supporting an Environment of Excellence

- Student aid funding up to almost \$40 million
- Approved \$230-million Queen's Centre for student life and athletics
- Queen's libraries ranked #1 in the *Globe and Mail* University Report Card

Governance, Accountability, Fiscal Management

- Ranked #1 in Annual Canadian University Accountability Survey for sixth year in a row
- Consolidated revenues over \$653 million, a 50 per cent increase from 1999-2000
- Highest bond ratings in Canadian higher education

THE QUEEN'S DIFFERENCE

Queen's is synonymous with quality. Various external measures – including awards, grants, surveys and rankings – confirm this fact year after year. Our reputation for quality is founded on exceptional students and faculty in an exceptional learning environment that nurtures the whole person. We develop leaders and citizens for a global society.

TAKE A LOOK AT QUEEN'S TODAY

Academic excellence, outstanding students, rich traditions – these are the elements that define Queen's in the public imagination, and we are proud of them. Yet there is so much more to us. We are changing and growing and strengthening our position as a major force of innovation at the national and international level. Through this re-vitalized annual report, we will show you how far Queen's has come in recent years, where we are today and where we want to be in the future.

OUR AMBITIONS

- Queen's aspires to be among the best of internationally known universities. We understand that high academic standards are not enough to realize this goal, so we look to the world beyond the classroom and the local community for inspiration. This allows us to:
- inform our teaching with the latest global movements and trends
 - design new academic programs in response to advances in society
 - ensure our research makes important contributions to the public good

THE CHALLENGES AHEAD

Decades of budget cuts have put pressure on Queen's financial resources. Our ability to discover new knowledge, stimulate our students and recruit the best scholars in an increasingly competitive higher education environment depends on our success in maintaining and increasing government funding and finding new and creative sources of private support.

OUR STRATEGY FOR SUCCESS

We are anticipating and meeting the challenges of today's rapidly changing society by re-evaluating our intellectual assumptions, teaching methods, curricula and public service. We are learning from the best practices of successful benchmarks worldwide, while identifying gaps and opportunities for higher education leadership. And, in all of our strategic initiatives, we are preserving Queen's core values of quality and academic excellence.

QUEEN'S BY THE NUMBERS

Enrollment (Fall 2004)	
Undergraduate (first entry Kingston campus and International Study Centre)	11,953
Undergraduate (professional/second entry Kingston campus)	2,054
School of English	181
Graduate (MBA programs)	412
Graduate (other)	2,163
Part-time students, Postgraduate Medicine and Theological College	2,448
Total	20,391
International students (undergraduate)*	
International students (graduate)**	778
*Included in total fall-time first enrollment in total above	
**Included in total fall-time first enrollment in total above	
Faculty and Staff (Fall 2004)	
Faculty	
• full-time, excluding clinical medicine	791
• full-time clinical medicine	240
• other teachers and researchers (primarily part-time)	1,262
Staff	
• operating budget funded	1,897
• other funding including research	718
Students	1,676
Grand total	6,404
Revenue by Fund 2004-05 (in thousands)	
Operating	\$ 246,861
Health Sciences	\$ 105,080
Auxiliary	\$ 85,804
Capital	\$ 9,108
Tuition	\$ 63,922
Research	\$ 1,111,421
Endowment	\$ 16,574
Total Revenue	\$1,633,240
Expenditures by Fund (Greater Kingston)	
Operating	\$ 246,861
Health Sciences	\$ 105,080
Auxiliary	\$ 85,804
Capital	\$ 9,108
Tuition	\$ 63,922
Research	\$ 1,111,421
Endowment	\$ 16,574
Total Expenditure	\$1,633,240
Faculties and Schools	
Faculty of Applied Science	School of Graduate Studies and Research (includes Schools of Policy Studies and Urban and Regional Planning)
Faculty of Arts and Science (includes Schools of Computing, Environmental Studies, Health, Physical and Health Education, and the School of English)	Faculty of Health Sciences (includes Schools of Medicine, Nursing and Rehabilitation Therapy)
School of Business	Faculty of Law
Faculty of Education	Queen's Theological College (affiliate)

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MESSAGE FROM THE CHAIR OF THE BOARD OF TRUSTEES

We have taken a new approach with Queen's 2004-05 annual report, and I am pleased to present this comprehensive account of the past year. By combining our annual financial report with a summary of our many activities, we believe this new and improved document provides our stakeholders with a more complete picture of Queen's. The revamped report is another example of the University's deep sense of accountability to the wider community it serves.

This has been an eventful year for Queen's and the entire higher education sector in Ontario. The Ontario Postsecondary Education Review had a profound impact, leading to significant new funding commitments for universities in the 2005 provincial government budget. We are happy to report that Queen's operated within a balanced budget for 2004-05 and now, thanks to the Review, we are looking forward to a 2005-06 budget with additional government funding to embark on critical new initiatives. It is the first time in many years that we will be able to consider the effects of sustained funding increases.



The University's research and educational programs continued to expand and gain international recognition in 2004-05. Our faculty members received numerous high-profile awards in recognition of their ground breaking work, including the country's top science prize (the NSERC Gerhard Herzberg Canada Gold Medal) for the second consecutive year. Queen's outstanding students distinguished themselves in all spheres of scholarly activity. Highlights of their achievements included two prestigious Killam Undergraduate Fellowships for study in the United States and the top award in North America's leading computer programming tournament. To support these exceptional faculty and students, the University undertook several construction and renovation projects across campus, most significantly the Integrated Learning Centre within the Faculty of Applied Science (Beamish-Munro Hall).

Despite Queen's strong financial performance in 2004-05 and the positive direction set by the latest provincial budget, there are still many challenges ahead. The University needs to rely less on uncertain government funding while increasing and diversifying its revenue sources as it continues to be one of North America's best environments for learning and research.

On behalf of the Board of Trustees and the Queen's community, we thank you for your ongoing interest and support. We are also grateful to the members of the University administration who produced this innovative new annual report.

Finally, we would like to convey a warm welcome and thanks to Principal Karen R. Hitchcock, who arrived at Queen's in 2004. Over the past year, Principal Hitchcock has demonstrated a tireless dedication to advancing Queen's objectives and a steadfast commitment to reaching out to the University's various communities. We look forward to many years under her strong and skilful leadership.

John Rae
Chair, Board of Trustees

MESSAGE FROM THE PRINCIPAL

This annual report is particularly meaningful to me as it covers my first year as Principal at Queen's. Over the course of this year, I have had the privilege of meeting and consulting with the University's many communities – students, faculty, staff, alumni and friends – to learn about their views on Queen's present and future. Together, we are working to preserve our legacy of academic excellence in undergraduate studies while building on our emerging international leadership in research, innovation and graduate studies.

We are also advocating on behalf of the whole system of higher education in Ontario. To ensure its long-term sustainability, we must continue to convince not just our governments, but also the general public, of the critical value of vibrant, healthy postsecondary institutions. The products of university research promote social health and economic growth, and our graduates are highly educated citizens equipped to make great contributions to their communities. Queen's ability to provide quality higher learning and produce leaders for a global society affects people well beyond the borders of Ontario.



The Rae Review: A promising development in the higher education system

I was delighted that my arrival at Queen's coincided with a comprehensive review of post-secondary education in Ontario. Led by The Honourable Bob Rae, this much-needed review successfully highlighted the critical issues and opportunities facing higher education. We are deeply grateful to Mr. Rae for heightening public awareness of the challenges facing universities and bringing a sense of urgency to the need for investment in higher education. The direction outlined in his final report emphasizes issues of quality, access and accountability – Queen's highest priorities.

We now have a tremendous opportunity to rebuild our postsecondary system. With greater provincial funding, we can improve the system's quality and make Ontario a leader in learning. At Queen's, we will continue to build a learning and research environment that is second to none. We will also continue to advocate for the right, recommended in the Rae report, to have locally determined tuition fees with safeguards for accessibility and accountability. We are fully prepared to demonstrate the value of public investment in our university.

2005 Ontario Budget

Above all, we are pleased that the government has acted quickly and decisively on many of the Rae report's recommendations to address the longstanding underfunding of Ontario's higher education system. The 2005 Ontario *Reaching Higher* budget reflected Mr. Rae's call to stop the erosion of the system through a renewed investment in higher education. We have finally seen a reversal of Ontario's last place ranking in Canada when it comes to per student funding. This represents an important breakthrough for Ontario universities and a growing recognition by provincial and federal governments that investment in higher education is critical to the future competitiveness and economic well-being of Ontario and the country. It is an excellent first step. However the government should continue to work towards reaching what Rae calls the "stretch target": funding the system at the level of public institutions in peer North American jurisdictions.

With enhanced provincial funding, Queen's budget for 2005-06 is far more encouraging than we have seen in many years. With no base-budget cuts planned, we will dedicate funds to support faculty renewal, academic program enhancement, student assistance, and research and graduate program expansion. The multi-year investments announced in the Ontario budget were perhaps one of the most important developments as they have significantly enhanced our ability to plan ahead.

While the 2005 provincial budget injected some optimism in the higher education sector, more resources will continue to be necessary for Queen's to achieve its ambitions. Managing the effects of the budget freezes and significant cuts of the last decade is one of our largest institutional challenges. Many areas of the University have been stretched, straining the quality of the learning environment. Greater public awareness and increased government investment in postsecondary education are very promising developments, but we still need to be creative in identifying new financial resources.

Keeping pace: Quality issues at Queen's

There are several key areas where budget constraints have produced challenges in Queen's high-quality learning environment:

Faculty recruitment

Attracting and retaining top faculty members is among our chief priorities. It is also among our chief expenses, because in order to bring the best professors to Queen's we must be able to offer them the best facilities and research support. Given the demographic profile of our current professors, faculty renewal is an ongoing concern. While the effects of the elimination of mandatory retirement in Ontario are still uncertain, our future demands for excellent new faculty are clear. Recent and planned enrolment growth at Queen's has also created a need for more professors. Student-faculty ratios in Ontario are the highest in Canada and have resulted in larger class sizes, diminished one-on-one interaction and, ultimately, less student engagement in their educational experience. In addition, Queen's is confronting issues created by courses and programs with limited enrolment. It is a competitive recruitment environment and we are vying for the best faculty with the finest universities across North America and the world.

Student financial assistance

Queen's is committed to ensuring that all students have the opportunity to attend and complete their degrees, regardless of their personal financial circumstances. Fulfilling this commitment depends upon our student financial assistance resources.

There are two specific areas where we currently require additional funding for key initiatives: increasing graduate student assistance and improving our merit-based scholarship program.

Infrastructure

Thanks to public and private support, Queen's continued to expand in areas of strategic importance this past year. Faculty recruitment, graduate enrolment expansion, research capacity development – all of our key objectives require stable, advanced infrastructure. We renewed and/or expanded several campus facilities and completed major capital projects such as the \$25-million Integrated Learning Centre within the Faculty of Applied Science, yet we cannot keep up with all of the demands. We currently face a backlog of \$145 million in deferred maintenance.

A Changing Environment

While the challenges facing Queen's are urgent and real, we are also confronting transformational social change. Rapid advances in information and communications technology, cultural pluralism, globalization – all of these modern developments are having a dramatic impact on our teaching and research environment. Our central challenge is to embrace change while still preserving the core values which define Queen's. To do this, we must conduct a probing analysis of all that we do as a university.

Teaching and Learning Environment

We prepare our students to be leaders and citizens in a global society. As a result, we are keenly aware of our responsibility to ensure that Queen's academic programs incorporate the latest developments from around the world. The learning environment itself is also being transformed by sophisticated information technology. We strive to balance the power and potential of faster and faster access to data with the need for one-on-one, individualized learning. To strike this balance, we are working towards increased student/faculty interaction and a stronger emphasis on experiential learning through participation in faculty research and scholarship, study abroad, internships and other interactive learning opportunities.

Research

Advancing knowledge for its own sake is one of Queen's core values. Yet we are also dedicated to advancing the human condition and enriching society through our research. The complex social, economic and political problems facing the world today require ever more innovative solutions. Queen's is always looking for creative approaches to address these challenges. To accelerate innovation, our researchers are forging partnerships across the faculties and disciplines while also joining in new types of coalitions with other universities, industry, business and government. With the help of PARTEQ, Queen's technology transfer arm, we are getting the products of our research to the people and places that need them most.

Strategic Planning

While we strive to be a university that embraces change and is responsive to society's needs, we also uphold Queen's rich legacy of academic excellence. We will remain an institution that values quality and is willing to make the constructive moves necessary to sustain it. At the same time, we must acquaint people with the Queen's of the 21st century, enhancing the visibility of Queen's across Canada and beyond. Cultivating our image in the minds of our various communities is an important part of our plan for the future. Queen's reputation for quality is solidly entrenched, but our emerging leadership in innovation and discovery and our growing strength in graduate studies are not as well known. Over the course of the next year I will be sharing a renewed vision for Queen's and engaging with our various internal and external communities to focus our future efforts in advancing the institution, addressing the challenges and seizing on the many opportunities before us.

Finally, I wish to thank all members of the Queen's community for a rewarding and productive year. Your generous contributions to our programs of learning and discovery have moved this university forward in major ways. Thanks to you, we continue to define the best in higher education.



Karen R. Hitchcock, Ph.D.
Principal and Vice-Chancellor

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OUR STUDENTS



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OUR STUDENTS

WHERE THE BEST STUDENTS GET BETTER

Queen's reputation for academic excellence draws top students from across Canada and around the world. Our goal is and always will be to attract and retain students with outstanding potential from diverse backgrounds, regardless of their financial circumstances. Queen's students are accomplished scholars even before they arrive, and they go on to win national and international awards, distinguishing themselves as some of the top university students in the country. Not only are they academically gifted, but they also boast wide-ranging accomplishments outside the classroom. Having the best and brightest students at the heart of the University makes us the outstanding institution that we are. With this privilege comes the responsibility to provide a first-rate education that challenges and inspires our students to even greater heights of intellectual and creative achievement.

Meeting the demand

The demand for a Queen's education has always been high and our admission process has traditionally been competitive, but in recent years several forces have combined to drive the demand even higher. The two central developments driving this increase were the double cohort (elimination of Grade 13 in Ontario) and an ongoing general increase in participation rates for higher education in Canada. We are committed to limiting our undergraduate enrolment to a level that will maintain Queen's high academic standards and quality of student life. Our long-term objective has been to increase the absolute number of graduate students as well as the ratio of graduate to undergraduate students. The purpose of this enrolment strategy is to further enhance Queen's research intensity while sustaining our excellent undergraduate programs.

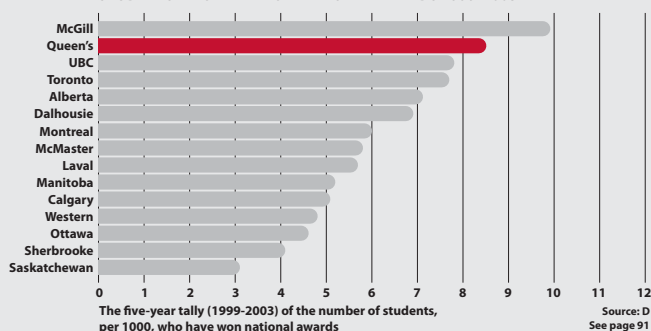


Stellar students

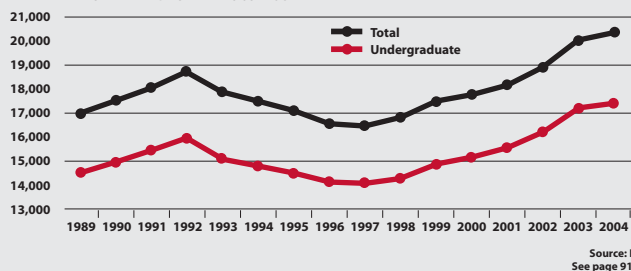
- Queen's has 148 Canadian Millennium Excellence Scholarship holders, the most attending any Canadian university
- Queen's students have won 15 Rhodes Scholarships in the last 16 years
- Queen's ranks #2 in the country for the percentage of students who have won national academic awards
- Over 95 per cent of Queen's entering students from Ontario are designated as Ontario Scholars (having a high school average of at least 80 per cent), compared with an average of 58 per cent at all other Ontario universities
- At 92 per cent, Queen's has the highest proportion of Canadian university students who complete their undergraduate degree
- Queen's is among the country's top five universities for the number of Academic All-Canadian Athlete award winners
- Queen's students Akeens Van Horne and Kyle Jordan won two of 20 prestigious national Killam Undergraduate Fellowships for study in the United States
- Queen's School of Computing student Gary Linscott won the Top Coder Collegiate Challenge, one of the most prestigious computer programming tournaments in North America

QUALITY STUDENTS CONTINUE TO DRIVE DEMAND FOR A QUEEN'S EDUCATION

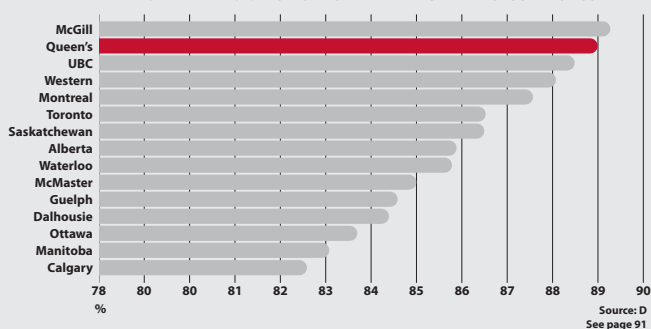
STUDENTS WHO HAVE WON NATIONAL AWARDS 1999-2003



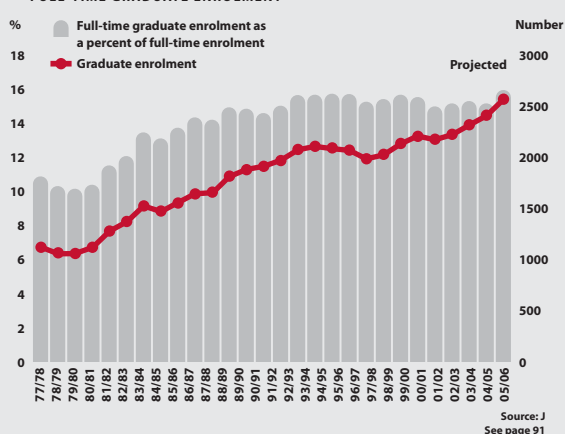
ENROLMENT GROWTH 1989-2004



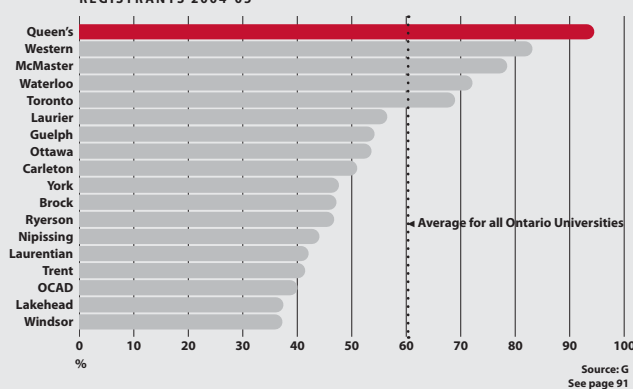
AVERAGE ENTERING GRADE OF FULL-TIME FIRST YEAR STUDENTS 2004



FULL-TIME GRADUATE ENROLMENT



ONTARIO SCHOLARS AS A PERCENT OF ONTARIO ACADEMIC CREDIT REGISTRANTS 2004-05



2004-05 STUDENT HIGHLIGHTS

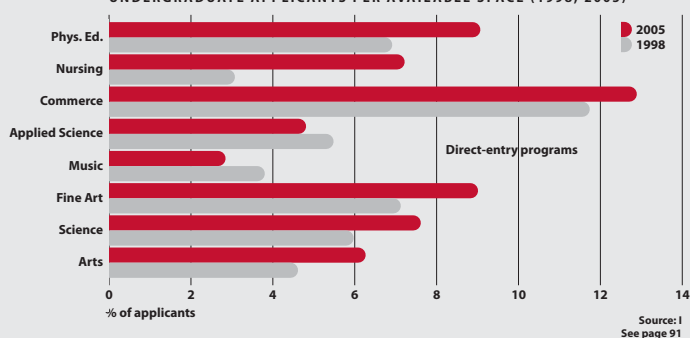
Application and enrolment

- 25,000 applications for 3,454 full-time spaces available in direct-entry programs
- Overall entering average of the first-year class was 87 per cent
- Enrolment of international students continues to rise, with a total of 934 students, representing a 33 per cent increase over 2000
- More than 3,500 applications for graduate studies, a 22 per cent increase over the previous year

Student demographics

- Queen's enrolment now tops 20,000 students (full and part-time)
- More than 16,000 full-time students: 71 per cent undergraduate, 13 per cent professional (Law, Medicine, Education, Rehabilitation Therapy) and 16 per cent graduate (including MBA)
- 19 per cent of Queen's Canadian students come from outside Ontario
- International students comprise 5 per cent of the student population, up from 4 per cent in 2000
- Female students make up approximately two-thirds of total undergraduate enrolment in the Faculty of Arts & Science; overall, women represent approximately 57 per cent of full-time undergraduate students and 43 per cent of full-time graduate students

UNDERGRADUATE APPLICANTS PER AVAILABLE SPACE (1998, 2005)



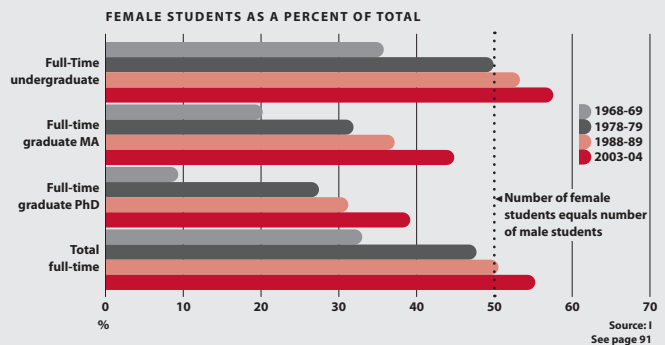
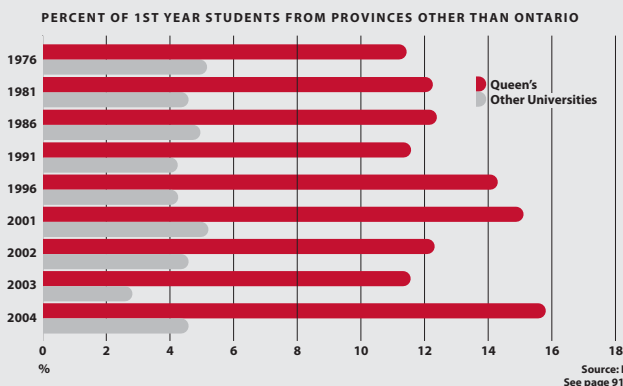
Strengthening diversity

At Queen's, we prepare our students for global citizenship. We want to expand their personal and academic horizons by exposing them to the multiple perspectives of a diverse community of scholars. Our goal is to attract and retain exceptional students with all types of backgrounds from across Canada and around the world. In fact, for the last several decades Queen's has attracted far more out-of-province students than any other Ontario university. Year after year, we welcome a substantial number of students from all Canada's provinces and territories, testifying to our status as a truly national university. We also have students from more than 70 countries outside Canada currently attending Queen's. To enhance students' international experience, we are continuing to increase the number of opportunities for work and study abroad.

In addition to strengthening geographical and cultural diversity, Queen's has made great strides recently in improving gender diversity, with steadily rising female participation in graduate studies. In an effort to increase the number of students with disabilities at Queen's, we are implementing our plan to meet and exceed provincial disabilities legislation.



A DIVERSE ACADEMIC COMMUNITY



FULL-TIME ENROLMENT BY GEOGRAPHIC REGION 2004-05

Geographic Region	Number	Geographic Region	Number
Asia	525	North America – Canada	15,024
Australia and New Zealand	24	North America – USA	354
Caribbean	63	Northern Europe	142
Central America	24	Russia	4
Central Asia	62	South America	36
Central Europe	72	South East Asia	37
Middle East	161	Southern Africa	67
Northern Africa	36	Southern Europe	36
Northern America – Bermuda	12	Not Specified	66

Source: I See page 91

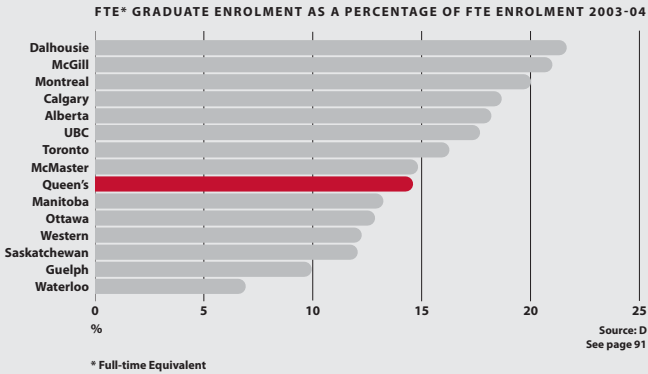


Challenges

Substantial, sustained investment in student financial assistance is crucial to attracting and retaining top students, yet we're confronted with increased need on an ongoing basis. We must have attractive scholarship packages in order to build enrolment strategically in all of our programs, but especially in graduate studies. Many of Queen's peer institutions are also expanding graduate enrolment, which has created a highly competitive environment for attracting exceptional graduate students. Strong research programs and robust graduate funding packages will be key areas of focus in graduate student recruitment.

Our emphasis in undergraduate enrolment will continue to be on increasing the proportion of broader Canadian and international representation. The majority of Queen's domestic students still come from Ontario, while most of our international students come from Asian regions. In comparison to other G10* universities, Queen's has fewer visible minorities enrolled (partly due to our non-urban setting), however, our students report comparable levels of interaction with a variety of students. While the proportion of female graduate students has increased steadily, we must continue to work towards gender equity across all our graduate-level programs.

OUR CHALLENGE: GROW GRADUATE ENROLMENT AND DIVERSITY



STUDENT DIVERSITY (2004)

	First Year		Final Year	
	Queen's	Other G10	Queen's	Other G10
Are you part of a visible minority group in Canada?	26%	38%	22%	34%
During the current school year, about how often have you had serious conversations with students of a different race or ethnicity than your own? (sum of "often" and "very often" responses)	66%	63%	65%	66%
During the current school year, about how often have you had serious conversations with students who are very different from you in terms of their religious beliefs, political opinions, or personal values (sum of "often" and "very often" responses)	70%	60%	66%	64%

Source: E
See page 91

* The G10 refers to the group of ten most research intensive universities in Canada.

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OUR TEACHING AND LEARNING ENVIRONMENT



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The Queen's experience

The Queen's experience involves the whole person. We nurture the complete student – not just the person in the classroom and lab, but the volunteer, the artist, the musician and athlete. Our close-knit community of scholars combines rigorous intellectual life with diverse culture and unparalleled spirit. The academic standards are high, but the intellectual and creative rewards are even higher. Students and faculty come here to live, learn, study and discover in a truly unique environment. This integrated learning environment is Queen's strongest competitive advantage, crossing all academic divisions and appealing to scholars at all levels of study.

The best teachers for the best students

Queen's students expect to find more than textbook answers in the classroom. They want to be challenged, to study subjects from multiple perspectives, to learn to ask new questions and to be tested against the latest standards. Our faculty members meet and exceed these high expectations. They are internationally respected scholars who receive more national awards per full-time faculty member than their peers at any other Canadian university. Most important, they are equally dedicated to teaching and research. Their mission is to discover *and* inspire. They use their expertise from the field and the lab to enrich the classroom experience and inform their teaching.

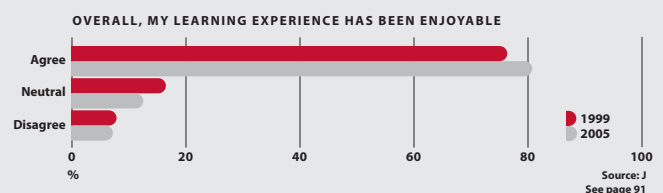
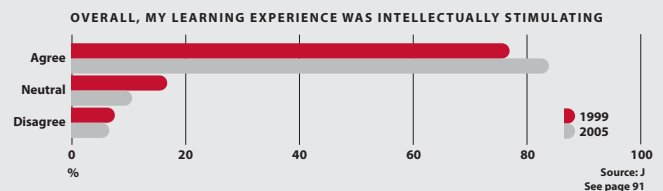
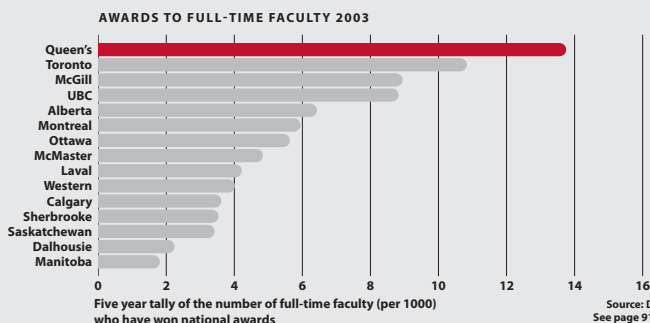
Last year we recruited over 70 exceptional tenure-track faculty members. We are committed to helping all of our professors – the newly arrived and the veterans – create strong and productive learning environments. Queen's Centre for Teaching and Learning supports, promotes and enhances the quality of teaching through a broad range of programs and services. The best proof of our success is our students' evaluations: in every exit poll conducted over the past 10 years, nearly 80 per cent of Queen's undergraduate students reported that their overall learning experience was not only intellectually stimulating, but also enjoyable.

Award-winning teachers

- 2004 inaugural Charles Baillie Teaching Award Winner: Morris Orzech, Mathematics and Statistics
- 2004 PriceWaterhouseCoopers Leaders in Management Educations Award: Peggy Cunningham, Business
- 2004 3M Teaching Fellowship: Leo Jonker, Mathematics and Statistics
- 2004 Professional Association of Interns and Residents of Ontario Clinical Teaching Award: Ted Ashbury, Anaesthesiology



EXCELLENT FACULTY ENHANCE THE STUDENT EXPERIENCE



New collaborative graduate programs

Academic disciplines are living entities. They are constantly evolving and – more and more today – joining forces with related disciplines to create new knowledge. Queen's is committed to giving our students and scholars access to the latest and best knowledge in their fields. So in 2004-05, we launched the following new collaborative graduate programs in areas of important social and economic value:

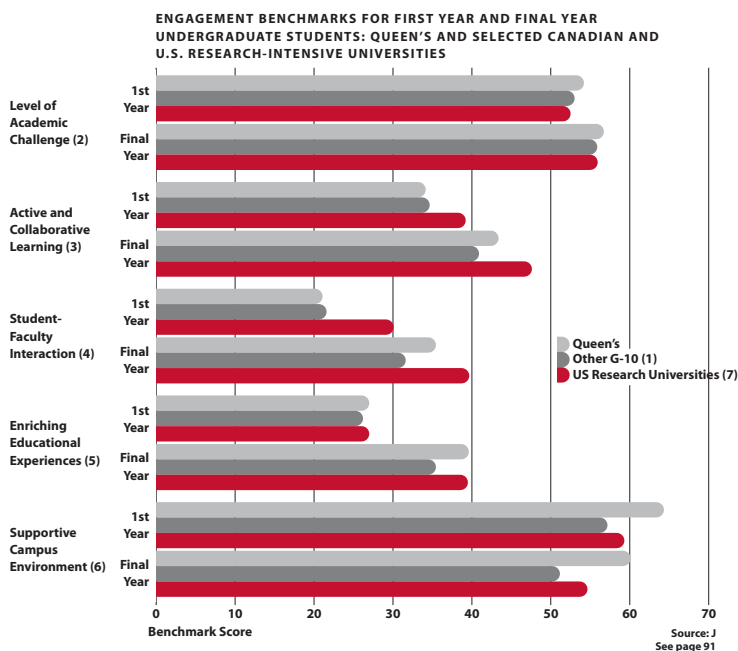
- Computational Science and Engineering
- Protein Function Discovery
- GeoEngineering
- Neuroscience

Programs on the leading edge

Our programs are rigorous, relevant and forward-looking. To ensure that they incorporate the newest developments in the field, we are constantly reviewing and renewing our curricula, especially in the scientific and technological specialties. We also strive to make our programs reflect the increasingly global society, for example by encouraging second language acquisition and international study. Multidisciplinary learning and research are integral to the Queen's academic environment. We are breaking down traditional disciplinary boundaries and creating exciting new programs that nurture students' unique talents and abilities while preparing them for the workplace of the future.

A supportive learning environment

We work hard to give our students the support they need to thrive, both academically and personally. The 2004 National Survey of Student Engagement (NSSE) indicates that Queen's is a supportive environment in which to live and study, scoring well ahead of comparable institutions across North America. The results indicate that students rate the quality of their relationships with faculty members and other students higher than other G10 institutions. Our overall environment is an engaging one, with greater interaction fuelling and stimulating discovery.



- 1 University of British Columbia, University of Alberta, University of Western Ontario, University of Waterloo, McMaster University, University of Toronto, McGill University, Université de Montréal, Université Laval
- 2 Time spent on class preparation, efforts to meet instructor expectations, amount of reading and writing in/for courses, coursework emphasis on analysis/synthesis/judgement/application of theory, campus support to academic work
- 3 Involvement in class (questions, discussions), class presentations, working with other students on projects in class, tutoring/teaching other students, participation in community-based projects, discussion of ideas outside class with students and others
- 4 Discussion of grades/assignments with faculty, discussion of career plans with faculty/advisor, discussion of ideas outside of class with faculty, work with faculty on committees and research, promptness of feedback from faculty on performance
- 5 Contact with students who are different, institutional support to student interaction, use of computing, participation in volunteer work/internships/foreign language coursework, study abroad, extracurricular involvement
- 6 Institutional supports to academic success, institutional support for non-academic responsibilities, supports to social interaction, quality of relationships with faculty/staff/other students
- 7 40 US universities including Clemson, Indiana, Kansas State, Mississippi State, Ohio State, Purdue, Alabama, Wisconsin (Madison), Wayne State, Indiana (Bloomington)

Teaching and learning environment: 2004-05 highlights

• Innovative Programs:

- The new **Queen's-Cornell International Executive MBA** program offers experienced managers and executives the opportunity to learn at two world-renowned business schools. Students gain an international business perspective and hands-on experience.
- The **International Law Program** at Queen's International Study Centre (ISC) offers intense summer courses for law students leading to certificates in either International Business Law or Public International Law. The ISC is located at Herstmonceux Castle in East Sussex, U.K.
- The School of Physical and Health Education launched a new undergraduate program in **Health Studies** in September 2004. Combining the behavioural and social sciences with a strong liberal arts foundation, the program prepares students for careers in Canada's increasingly complex public health care system.
- The new Master's program in **Environmental Studies** provides graduate-level training in environmental sustainability and its relationship to human health and social, ecological and economic systems, focusing on critical global issues.
- Queen's Development Studies introduces the **Fudan University Semester Abroad Program**, which gives students the chance to spend a term in Shanghai studying at one of China's most prestigious universities (starting September 2005).
- Queen's Faculty of Education continues to be a leader in **continuing on-line education** for professional teachers.

Success at the International Study Centre (ISC)

- ISC celebrates its 10th year of operation in 2004-05
- ISC continues to attract the best and brightest; the First-Year Program average entering grade was 88.2 per cent, one of Queen's most competitive direct-entry undergraduate programs.
- The international diversity of ISC students is improving as students come from more and more regions of the world
- ISC moved to year-round academic programming with the introduction of the summer term
- ISC students are expanding their community outreach through volunteer activities and involvement in the local community



Integrated Learning Centre, Beamish-Munro Hall



International Study Centre, Herstmonceux, England

• Innovative Initiatives:

- Leo Jonker, an award-winning professor in the Department of Mathematics and Statistics, was appointed the inaugural **Queen's Chair in Teaching and Learning**. This is the first university chair in Canada charged with enhancing the teaching and learning experience of students.
- Through the **Academic Integrity Initiative**, Queen's is taking a proactive approach to handling issues of academic dishonesty and academic integrity, developing a variety of educational initiatives aimed at creating and sustaining an institutional culture of intellectual integrity.
- The recently approved **Policy for Teaching Assistants** at Queen's creates a comprehensive framework of the rights and responsibilities of both student TAs and the University. The policy covers issues such as hiring, training, equity issues and work environment.

• Innovative Facilities:

- Students can merge engineering theory with practice at Beamish-Munro Hall, the new \$25-million **Integrated Learning Centre** within the Faculty of Applied Science. With unique spaces equipped for designing, manufacturing, assembling and presenting engineering projects, it's the only facility of its kind in Canada.
- The **Learning Commons**, set to open in Stauffer Library in 2005-06, will be an accessible, collaborative place that supports teaching, learning and research. It will combine resources from Queen's library system, the Writing Centre, IT Services, Learning Strategies Development and Special Reader Services.

Beyond academics

We promote active involvement in life outside the classroom because it is crucial to a positive and well-rounded student experience. Queen's students are unmatched when it comes to their engagement in campus and community life. With more than 230 clubs, a full spectrum of athletic activities and a vibrant student government, there is something for everyone. We also recognize and celebrate the community service activities of faculty, staff, students and alumni.

The city of Kingston is the ideal setting for study, recreation and cultural pursuits. It is a true university town. More than 80 per cent of our students come from outside the Kingston area and the same percentage live on or within easy walking distance of our dynamic residential campus. Set on the historic shores of Lake Ontario, Kingston has the advantages of a diverse urban environment and the tranquillity of a small town.

Cultivating all-around leaders

- The Alma Mater Society, founded in 1858, is Canada's oldest student government. It directly involves more than 10 per cent of the undergraduate student population.
- Student participation in the governance of Queen's is unsurpassed. The student-held position of Rector – unique among Canadian universities – represents all students to the University in educational matters.
- More than 15 per cent of Queen's graduating students have participated in international study opportunities (including exchanges, work-study programs and volunteer efforts), one of the highest percentages among Canadian universities.



Athletics: 2004-05 highlights

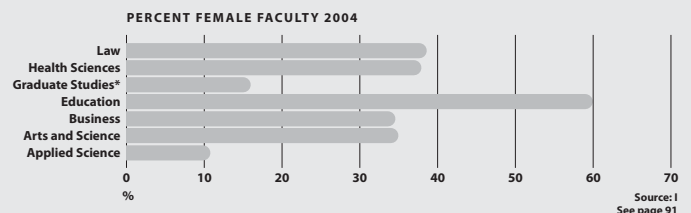
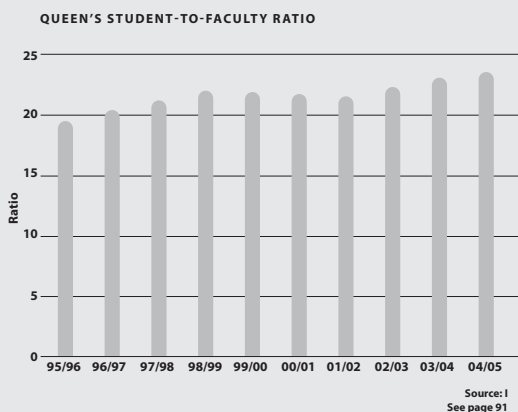
- With 48 men's and women's interuniversity or competitive club teams, our combined athletic program is one of the largest of its kind in Canada
- 113 Canadian Interuniversity Sport (CIS) Academic All-Canadians
- 84 Ontario University Athletics (OUA) Academic All-Stars
- National Championship Team: Men's Baseball
- OUA Championship Teams: Women's Figure Skating, Men's Rowing, Women's Rowing
- CIS Rookie of the Year: Braden Novakowski, Cross-country Running
- 1st Team All-Canadians: Elizabeth Chiasson (Women's Hockey), Erin Bailey (Women's Rugby)
- OUA Coach of the Year: Rhonda McKnight (Women's Figure Skating), Rob Watering (Men's Rowing), Scott Feddery (Women's Rowing)



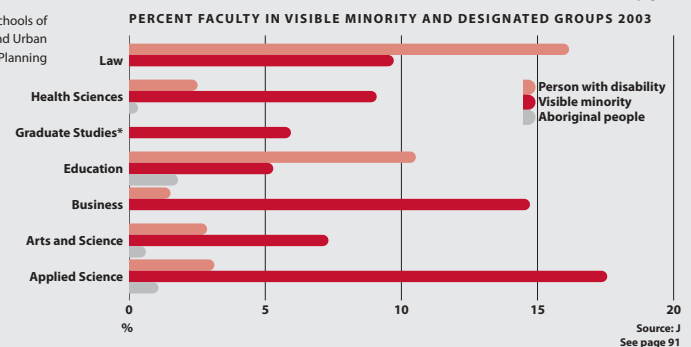
Challenges

In today's competitive higher education environment, we must make a strong and continuing investment in leading-edge infrastructure and innovative academic programs. Adequate financial resources are critical to our ability to keep pace with the latest advances across the disciplines, cope with the space issues resulting from recent enrolment increases, recruit talented faculty members and attract high-quality students. Rebuilding our faculty complement is a key priority in order to address the rising student-faculty ratios. Queen's current student-faculty ratio is 23:1, a ratio which has grown over the last decade and is higher than that of U.S. benchmark institutions. While there is conflicting evidence about the impact of class size on students' learning, we are committed to lowering the student-faculty ratio to help maintain Queen's high-quality learning environment. The current need for new faculty members also presents an opportunity to increase the diversity of our professors. Though faculty diversity has increased considerably over the last decade, we have a long way to go. Female faculty are still under-represented in most disciplines, but particularly in Applied Science, Graduate Studies (Schools of Policy Studies and Urban and Regional Planning) and Business. There is continued under-representation of persons with disabilities, visible minorities and Aboriginal peoples on faculty.

FACULTY RENEWAL: THE NEED AND THE OPPORTUNITY



* Consists of Schools of Policy Studies and Urban and Regional Planning



4

OUR RESEARCH ENVIRONMENT



21 Investing in Innovation

23 Making Research Count

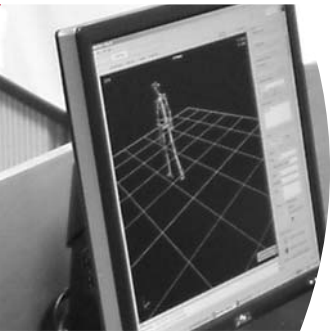
Bringing Discoveries to Market

24 Partners in Discovery

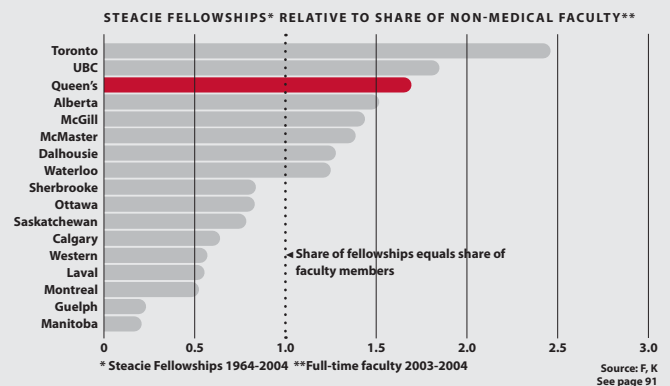
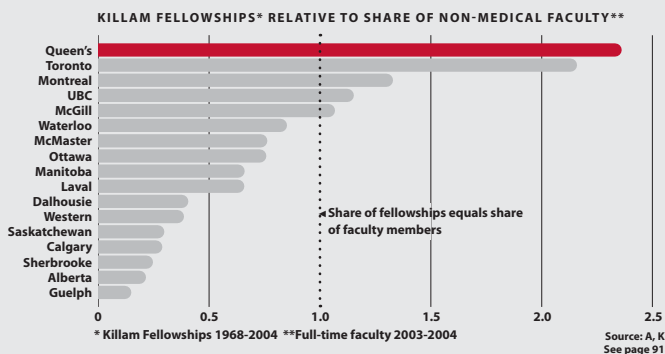
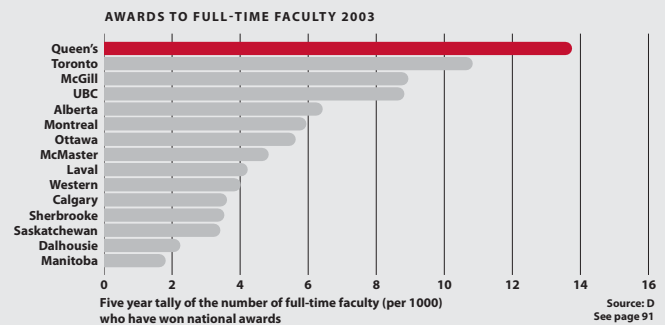
25 Challenges

INVESTING IN INNOVATION

Queen's has made great inroads in furthering graduate studies programs and overall research capacity. In 2004, we ranked fourth among 50 Canadian universities in research intensity, which is measured by the number of research dollars per full-time faculty member. The federal and provincial governments have provided significant support for the direct costs of research at Queen's and have recently invested in the indirect costs such as infrastructure and administration. This enhanced funding is a testament to the national competitiveness of our faculty members. We now top all Canadian universities in terms of national research awards per full-time faculty and have the highest standing among peer institutions in the number of prestigious Killam and Steacie Fellowships received (national awards signifying the highest honour for outstanding mid-career scholars engaged in research projects). This growing research stature has allowed us to recruit some outstanding up-and-coming scholars, build state-of-the-art facilities and invest in our already thriving research environment. Our next steps are to expand Queen's internationally recognized research programs and develop new ones in emerging areas.



RECOGNITION FOR RESEARCH EXCELLENCE



QUEEN'S RESEARCH OVERVIEW

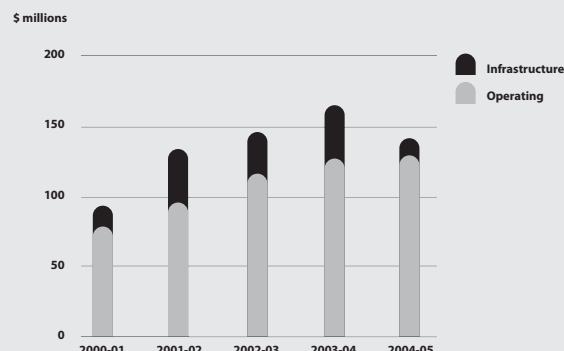
Research funding: 2004-05 highlights

- More than \$141 million in total annual research funding for Queen's
- Top 10 ranking among Canadian universities for federal research operating grant funding
- 60 per cent success rate for SSHRC Standard Research Grants, the highest success rate in Canada
- 88 per cent success rate for NSERC Discovery Grants

Research awards and honours: 2004-05 highlights

- For the second consecutive year, a Queen's researcher won Canada's top science prize. **Professor John Smol** of biology received the 2004 **Gerhard Herzberg Canada Gold Medal** from Science and Engineering Research Canada (NSERC) for his pioneering work in paleolimnology, a field that examines lakes and rivers for important clues about environmental change.
- **Professor Art McDonald** of physics is the first Canadian to have ever won the prestigious **Bruno Pontecorvo Prize** – Russia's top award in the field of elementary particle physics. Dr. McDonald, who received the 2003 Herzberg medal, is internationally recognized for his research with the Sudbury Neutrino Observatory (SNO).
- **Chemistry professor Axel Becke**, a leader in the field of computational chemistry, was named a 2005 **Killam Research Fellow**. He joins seven other Queen's researchers whose prestigious Killam fellowships were renewed for a second year.
- Two Queen's professors received 2004 **Killam Prizes**, the country's most distinguished annual award for outstanding career achievement in research. **Professor Will Kymlicka** of philosophy received the Killam Prize in the Social Sciences for his investigation of minority rights worldwide and was also awarded a prestigious Trudeau Foundation Fellowship, while **Professor R. Kerry Rowe** of civil engineering accepted the Killam Prize in Engineering in recognition of his research in geotechnical and geoenvironmental engineering. Dr. Rowe also was awarded the prestigious **Rankine Prize** for his work.
- Queen's welcomed eight new **Canada Research Chairs** to the University in 2004-05. Since it was established in 2000, the federally funded CRC program has allowed Queen's to attract 42 outstanding researchers from across Canada and the world.

QUEEN'S RESEARCH FUNDING



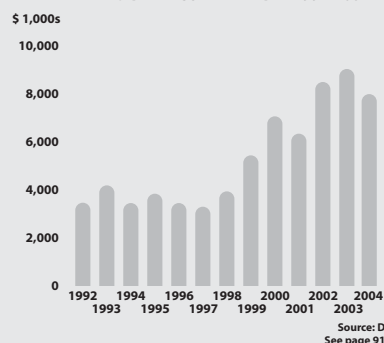
CANADA'S TOP 10 RESEARCH UNIVERSITIES 2004 RESEARCH INTENSITY RANKINGS

Rank	University	Research Intensity* (\$000)	Sponsored Research Income (\$000)	% Change vs. previous year
1	Institut national de la recherche scientifique	273.9	31,550	31.9
2	McGill University	238.1	342,690	8.2
3	Universite de Montreal	217.9	394,426	2.9
4	Queen's University	214.5	159,136	5.6
4	McMaster University	214.5	218,183	10.6
6	Universite Laval	208.1	287,578	33.2
7	University of Toronto	198.3	534,356	17.1
8	University of Ottawa	185.8	186,174	22.3
9	University of Alberta	185.0	272,853	-5.1
10	University of British Columbia	182.6	216,319	61.4

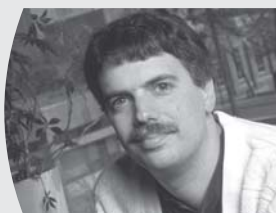
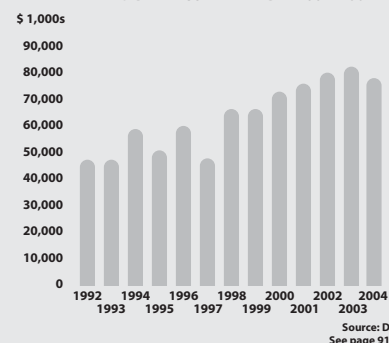
* Sponsored research income / # full-time faculty

Source: L
See page 91

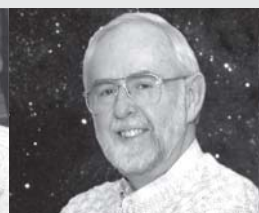
AVERAGE SSHRC RESEARCH FUNDING PER ELIGIBLE FACULTY MEMBER 1992-2004



AVERAGE NSERC/CIHR RESEARCH FUNDING PER ELIGIBLE FACULTY MEMBER 1992-2004



Will Kymlicka



Art McDonald



John Smol

Making research count

From the first spark of inspiration through to the final product, Queen's researchers never forget that innovation is ultimately about making the world a better place. Our discoveries help satisfy our innate curiosity as a human race, but they also help transfer new knowledge for the betterment of society. We have a responsibility at Queen's, and at all institutions of higher learning, to bring our research to bear on the increasingly complex issues facing our world in the 21st century. Our researchers are finding solutions to global problems: designing drugs to outsmart cancer, developing clean-burning fuels to power our future, preventing childhood bullying, promoting peaceful development in Southern Africa, creating conservation tools for precious works of art and producing "smart" technologies that help mitigate today's information overload.

Bringing discoveries to the market

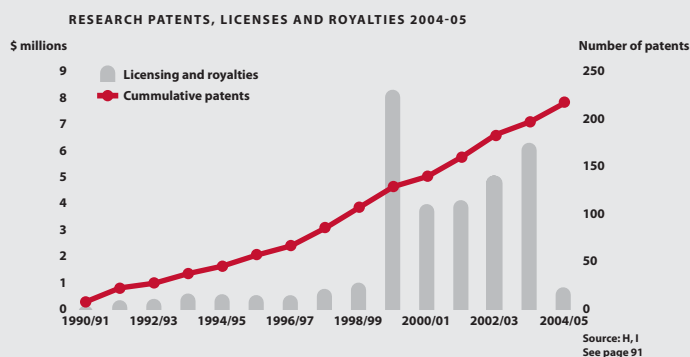
PARTEQ Innovations, Queen's University's technology transfer office, helps our researchers advance the benefits of their research to the public. Since 1987 PARTEQ has assisted Queen's researchers in transforming their discoveries into a number of breakthrough products and products-in-development, including treatments for cancer, stroke, Alzheimer's and heart disease, solar-powered technologies to relieve reliance on fossil fuels, automated bacteria detection technology for water systems, and advanced materials used in the plastics, household appliance, automotive, defence and aerospace industries. Economic impacts of PARTEQ's activities include the investment of more than \$478 million in PARTEQ spinoff companies and the creation of more than 300 jobs. Licensing and royalty streams generated by Queen's research have yielded more than \$34 million, which has been reinvested in Queen's, its inventors and its research programs.

Taking it global:

International research activity

- Over 200 Queen's faculty members from across the disciplines are working internationally as researchers, scholars and policy-makers
- Tsunami International Research Initiative: Over 50 Queen's faculty members are exploring ways to leverage the University's established expertise in international development to develop a long-term, meaningful response to the disaster. They are collaborating with Sri Lankan and international government agencies, universities and non-governmental organizations.
- Ongoing Initiatives:
 - Southern African Research Centre
 - Canada-Ukraine Democratic Education Project
 - Family Medicine Development Program in Bosnia and Herzegovina
 - International Centre for the Advancement of Community-Based Rehabilitation
 - Queen's Medical Outreach
 - Queen's Centre for International Relations
 - Studies in National and International Development

QUEEN'S RESEARCHERS: ADVANCING DISCOVERY



PARTEQ Innovations: 2004-05 highlights

- Invention Disclosures: 52
- Total patent applications: 68
- Patents issued: 21, including a patent for a novel solar heating technology developed by Professor Stephen Harrison of Queen's mechanical engineering
- Licensing revenues: \$823,000

Partners in discovery

Today's research landscape is far different from the one of the past decade. The doors that traditionally separated academic specializations are opening, giving way to wide open spaces that encourage intense multidisciplinary collaboration. We recognize that this can be one of the most productive routes to discovery, so we support and promote innovative research alliances both inside and outside the University. Queen's has unique partnerships with a wide range of public and private research institutions and continues to build mutually beneficial relationships with industry in areas of pressing social need.

Recent collaborative research initiatives

- The **Queen's-RMC GeoEngineering Centre** is among the world's most respected sources of geotechnical and geoenvironmental expertise. It draws on experts from geology, civil engineering, engineering mechanics, hydrogeology and geochemistry. The graduate program in GeoEngineering exposes students to multi-disciplinary issues, training and practices.
- The approximately 60 members of the **Centre for Neuroscience Studies** come from 13 departments across the University. Biologists and physiologists work alongside computer scientists and psychologists to discover new ways to prevent and treat neurological and psychiatric disorders. The graduate program trains highly qualified personnel with the skills required to study fundamental questions related to the functions and diseases of the nervous system.
- The **Canadian Institutes of Health Research Training Program at Queen's Gastrointestinal Diseases Research Unit (GIDRU)** offers trainees an opportunity to learn in an environment where strong links exist between basic scientists and clinicians. As the only Canadian gastrointestinal research group to receive this grant, GIDRU is helping to address a critical shortage of investigators in digestive diseases. A new research wing for GIDRU is set to open in fall 2005.
- Queen's is a key partner in the new **Eastern Lake Ontario Regional Innovation Network (ELORIN)**, which is part of the Ontario government's Innovation Program. ELORIN will link Queen's with the wealth of biotechnology and entrepreneurial resources in the local community.
- The **National Microelectronics and Photonics Testing Collaboratory**, a partnership of Queen's and the Canadian Microelectronics Corporation, fosters high-calibre research into advanced photonic (light-based) systems. The collaboratory provides scientists with the latest infrastructure for developing novel communications technology.
- A unique initiative involving several academic institutions and multiple industrial partners, the **Queen's-RMC Fuel Cell Research Centre** is playing a leading role in moving us closer to the dream of a "hydrogen economy" – a society run on clean, efficient hydrogen instead of fossil fuels.

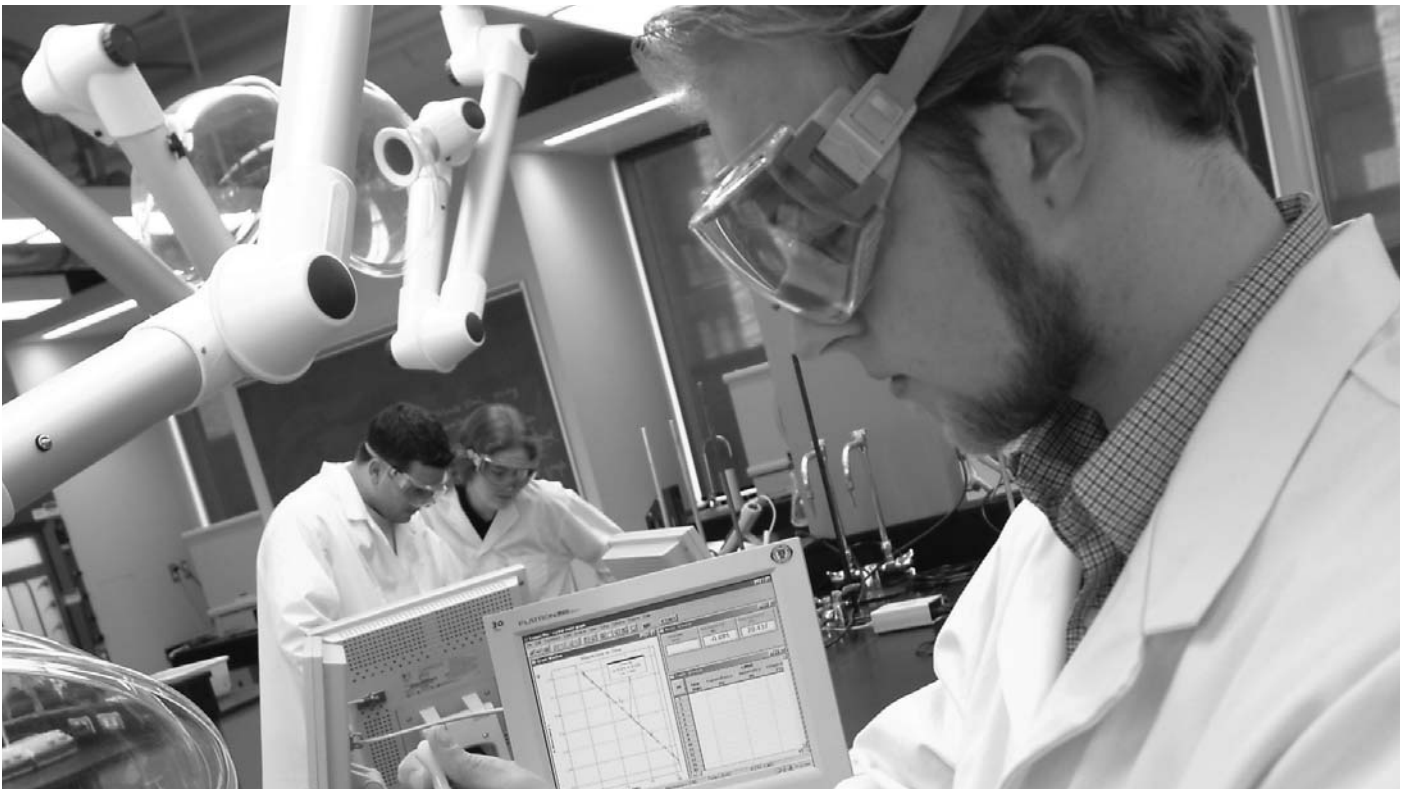
Research success stories: 2004-05 highlights

- A team led by biochemistry professor **Peter Davies** identified an "antifreeze" protein that explains why some fish can keep swimming in icy waters. The discovery of this new protein could be applied to create more species of freeze-resistant fish and even agricultural crops.
- People with chronic pain caused by nerve damage or disease report better pain relief with lower doses of a combined drug treatment than from either drug administered alone, according to a study led by **Dr. Ian Gilron**, Director of Clinical Pain Research at Queen's and Kingston General Hospital.
- Queen's researchers were key partners in a large-scale international study that found a new drug called temozolomide significantly increases survival rates for people with an aggressive form of brain cancer. The Queen's-based **National Cancer Institute of Canada Clinical Trials Group** conducted the study in collaboration with more than 80 institutions worldwide.
- Queen's geographer **Robert Gilbert** was part of a team that discovered an active and previously unknown volcano at the bottom of the sea in the waters off the Antarctic Peninsula.
- Researchers at the **Queen's Human Media Laboratory** have invented an "attentive" office cubicle that blocks noise and visual distractions when you're working and opens communications channels when you have time for socializing.
- Childhood obesity is not only associated with physical health risks but is also linked to social problems, according to a study led by **Dr. Ian Janssen** of community health and epidemiology. He found overweight and obese children are more likely to be both the victims and perpetrators of bullying than their normal-weight peers.
- A study by biology professor **Laurent Seroude** involving fruit flies suggests that early exposure to bacteria may in fact increase people's lifespan, throwing into question the widespread use of anti-bacterial products in North America.

Challenges

Despite the tremendous gains we have made in growing our research intensity, we need to do more. Our task now and in the years ahead is to showcase Queen's as a place where graduate studies and internationally respected research programs are growing by the year.

The impact of recent increases in government research funding has been double-edged: the financial support is vital to Queen's expanding research programs, yet it also puts pressure on our operating budget, facilities and infrastructure. While government grants cover salaries for research associates, travel, equipment and materials, they have been slow to provide funding for indirect costs such as utilities, information technology and research space. Only in the last four years have the provincial and federal governments started to acknowledge these indirect costs and provide funds to cover about half of the expenses. Still, this funding does not cover the total indirect costs of research, between forty and fifty cents for each dollar in research funding. We must join with other Canadian research-intensive universities to advocate for full coverage of indirect research costs by government.



5

SUPPORTING AN ENVIRONMENT OF EXCELLENCE



27 A Leader in Student Aid

28 Queen's Libraries

University Advancement

29 Building Our Private Support

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30 Principal's Task Force on Alumni Relations

Building a Campus for the 21st Century

Working Towards Environmental Sustainability

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32 Investing in People

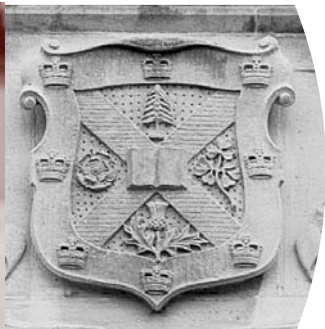
Continued Sound Financial Management

33 Enhancing Our Partnership with the Community
Challenges

34 Queen's Future / Looking Forward

A leader in student aid

Accessibility is a core value at Queen's. We are committed to ensuring that all students have the opportunity to attend and complete their degrees, regardless of their personal financial circumstances. In recent years we have greatly increased our need-based student financial assistance, making us a Canadian leader in the proportion of our operating budget that we devote to student assistance. We have a minimum funding guarantee for doctoral students and are continuing to increase our overall financial aid for graduate students. This commitment to accessibility allows us to seek the best-qualified students from diverse geographic, cultural, socio-economic and experiential backgrounds.

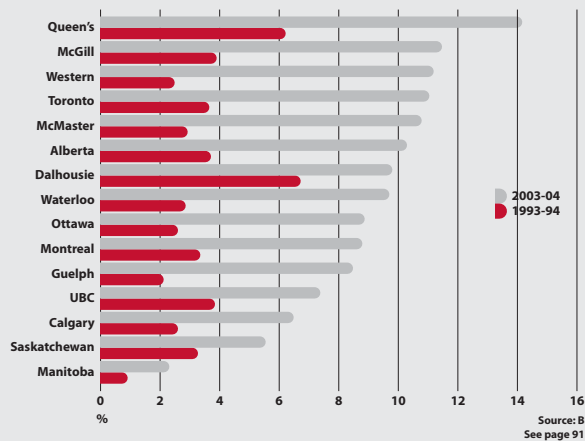


Student aid: 2004-05 highlights

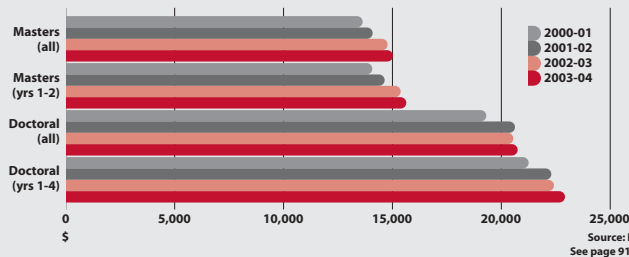
- 80 per cent of total undergraduate student aid is need-based; 20 per cent is merit-based
- Student aid has grown to \$39.2 million, up from \$25 million five years ago, an increase of 57 per cent

A COMMITMENT TO FINANCIAL ASSISTANCE

SCHOLARSHIP AND BURSARY FUNDING AS A PERCENT OF OPERATING REVENUE 2003-04

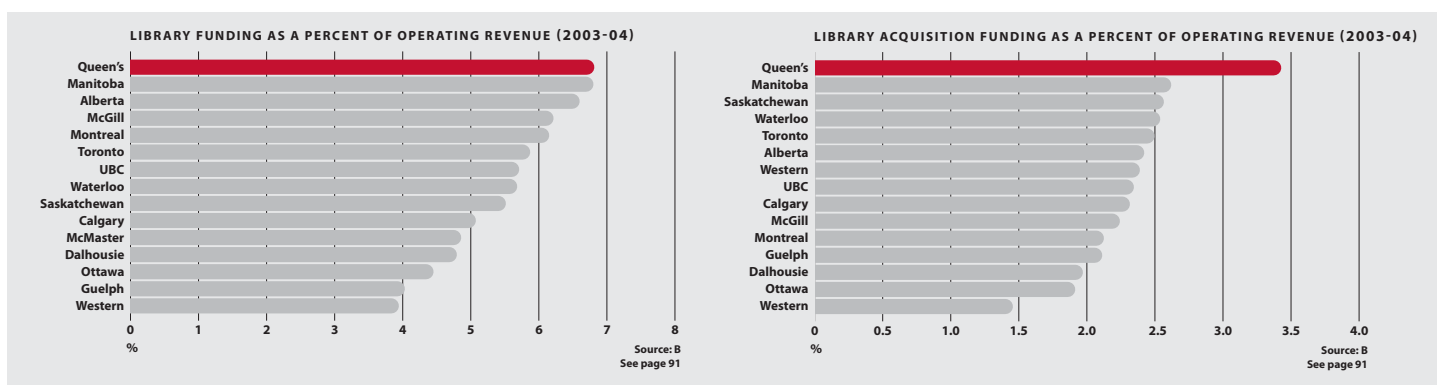


FULL-TIME GRADUATE STUDENT FINANCIAL SUPPORT (\$/STUDENT)



Queen's libraries: Exceptional resources for exceptional scholars

Libraries are the heart and soul of every university campus. The quality and quantity of books, audiovisual resources and archival material are crucial components of the learning environment. Queen's is committed to maintaining a state-of-the art library system and currently leads the country in funding for new acquisitions. We placed first among Canadian Research Libraries for "service quality" and "library as place" in the LibQUAL + Survey. Students' satisfaction levels with Queen's libraries are consistently high. Nearly 90 per cent of undergraduates said they were satisfied or very satisfied with library facilities and services in Queen's 2004 exit poll, with students giving Queen's libraries top marks compared to other comparable institutions in the 2004 *Globe and Mail* University Report Card.



University Advancement: Championing Queen's pre-eminence

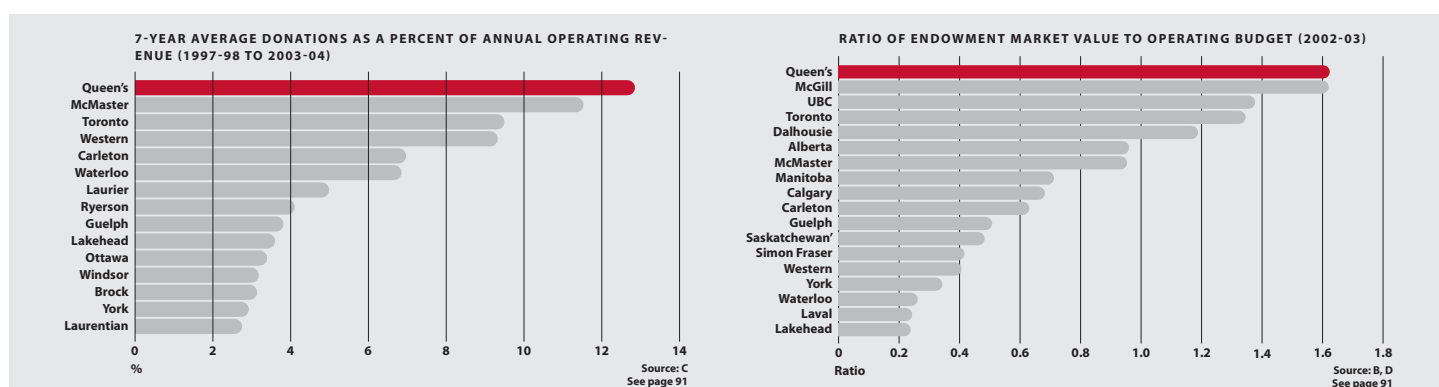
This year saw the benefits of a recently reorganized Queen's Advancement operation around the core purpose of advancing the University's vision. Queen's Advancement professionals actively shape our overall brand strategy, build long-lasting relationships with alumni and friends, and promote philanthropy. The advancement function continues to be a fundamental part of Queen's institutional priorities, and we have significantly increased our investment in fundraising operations over the last few years.

Investing in enhanced communications

- Established new Queen's TV/video uplink studio, the only high definition capable TV studio in Canada, to provide on-campus television access to national and international networks: enhanced the ability of Queen's faculty to communicate their work to a national audience while boosting the University's visibility in the national television media
- Received advancement best practice awards: Council for Advancement and Support of Education Gold Medal for "Best Advertising Program", Canadian Council for the Advancement of Education Bronze Medal for "Best Development Program"
- Established new Contact Centre in Office of Advancement to serve as first point of phone contact for alumni, donors and friends

Building our private support

Despite recent increases in government funding for higher education, private support is key to our ability to realize our vision of excellence and accessibility. We must reduce our dependence on government funding and our vulnerability to the uncertainty of public sector support. Private donations provide critical supplementary funding for student aid, capital improvements and academic priorities at Queen's. We currently lead all Ontario universities in average annual donations as a percentage of our operating revenue and our ratio of endowment market value to operating budget is among the highest in Canada. Our generous supporters help us sustain and enhance our high standards.



Philanthropy: 2004-05 highlights

Total philanthropic revenue for year ending April 30, 2005:

- \$40.4 million
- Annual Giving revenue: \$5.0 million
- Planned Giving revenue: \$11.6 million

Major gifts:

- A \$7-million bequest from the estate of Howard Willis Justus, MD '28, will be used for the planning and construction of a new Faculty of Health Sciences facility.
- Gifts of artwork valued at \$10.6 million from Drs. Alfred and Isabel Bader.
- David Dodge BAH '65 and LLD '62 led a campaign to establish the David C. Smith Chair in Economics with a lead gift of \$100,000. The chair fund now stands at over \$2.8 million, which has been enhanced through a Queen's matching program.
- A gift from Pat McNally BSc '39 and an anonymous donor who shares his love for the campus will allow for the revitalization of University Avenue, the street at the heart of Queen's campus. This gift is the largest ever contribution towards landscape improvements at the University.
- Under the leadership of Gordon Gray and his gift of \$100,000, Dean's Circle Members increased the Faculty of Arts and Science Student Initiatives Fund from \$500,000 to \$1 million.

Forging closer ties with alumni

The passion of Queen's alumni is unmatched. Each year, our alumni attend the annual homecoming celebration in record numbers. The renowned Queen's Spirit is fuelled by nearly 165 years of pride in a place that demands the best from people and gives the best back. Nurturing these strong alumni connections has always been a priority, but this year we went even further. We developed a proactive regional strategy to introduce our new principal to alumni and donors. Principal Hitchcock visited half a dozen Canadian cities from Toronto to Victoria as well as the United Kingdom, with plans for more visits this year. We established six new alumni branches and continued to expand our online alumni community – The Common Room @ Queen's – which is now up to more than 15,000 registrants.

Alumni Engagement Action Plan:

- Increase Overall Alumni Engagement
 - transform and diversify the Queen's University Alumni Association, expand alumni branches, create a worldwide alumni network to help recruit students
- Connect with Students and Young Alumni
 - create a strategic plan for transitioning students into loyal and engaged alumni
- Enhance Alumni Programs and Services
 - expand and strengthen the Annual Fund, expand Alumni Reunion Program, develop Alumni Education Program

Capital projects

Near completion

- **Gordon Hall:** Building a new gateway to Queen's
 - The newly renovated Gordon Hall will be an entrance point for future students and will streamline the administrative functions for our current students.
 - It will house Queen's Welcome Centre for campus visitors, the Office of the University Registrar, the School of Graduate Studies, Career Services, the Student Affairs Office and other student services.
- **Stauffer Library Learning Commons:** Creating a full-service learning centre that integrates all student learning needs, from information technology to essay writing instruction
- **Cancer Research Institute:** Renovating and installing a state-of-the-art MRI facility

In the planning stages

- Faculty of Health Sciences building
- Performing arts centre / Recital hall
- Richardson Hall renovations
- Parking expansion
- University Avenue and Union Street reconstruction
- Field Sports Project

Principal's Task Force on Alumni Relations

We took a major step forward this year in our ongoing efforts to engage alumni as valued partners with the Principal's Task Force on Alumni Relations. The purpose of this initiative was to address the gap between our graduates' exceptional loyalty and affection and their involvement with the University. We are actively working to enhance and intensify alumni engagement at all levels, from before our students first step onto campus and continuing throughout their lives.

Building a campus for the 21st century

In order to attract the best students and faculty, we must have cutting-edge facilities and equipment comparable to peer institutions around the world. Recent government funding and donor support have allowed us to not only renovate and update existing buildings, but also build new state-of-the-art infrastructure. In 2004-05, we invested \$4 million in deferred campus maintenance. And over the past five years, we have invested close to \$200 million in capital construction and renovation, the largest building program in our history. This year we completed construction of Beamish-Munro Hall (the Faculty of Applied Science Integrated Learning Centre) and renovations to Clark Hall. We have also been deeply engaged in discussions with the municipal and federal governments about Queen's future enrolment levels and physical space requirements. We will be working with city officials to move ahead with our long-term plan to grow the campus westward and integrate further with the current West Campus.



Renovated Gordon Hall



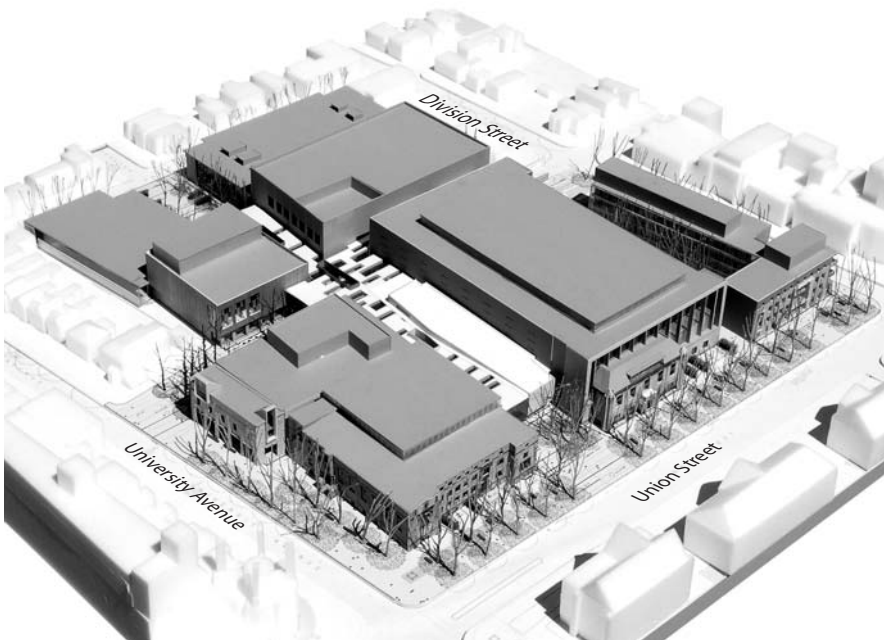
Cancer Research Institute

Working towards environmental sustainability

This past year we initiated several new environmental sustainability strategies across our facilities, including submitting pilot energy efficiency projects to the Natural Resources Canada Energy Innovators Initiatives program for support. To achieve financial savings and ensure a reliable energy source in the event of service interruption from the grid, we have plans for a co-generation facility with Kingston General Hospital. Beamish-Munro Hall, home of the new Integrated Learning Centre (ILC), was selected as one of Canada's most environmentally advanced buildings in the 2005 International Green Building Challenge. The ILC is used as an active learning tool for engineering students, giving them the opportunity to get first-hand knowledge of sustainable design and operations. The approved plan for the new Queen's Centre also incorporates many sustainable elements – including large windows for heating by radiant sunlight and a high rate of water reuse – in the hope of securing an internationally recognized environmental rating.

Queen's Centre

First-rate athletic facilities are integral to Queen's philosophy of nurturing the whole student. Yet recent exit polls consistently indicate that our current facilities do not always meet students' expectations and are a priority area for improvement. The planned Queen's Centre will combine extensive student life and recreation space, outstanding athletic facilities and a new home for the School of Physical and Health Education. Along with our planned improvements to the facilities for field sports, Queen's Centre is essential to our ability to continue to attract high-quality students. As the largest capital project ever undertaken at Queen's and in Kingston, it is a historic initiative. This past year we unveiled the Centre's design, secured its unanimous approval from the Board of Trustees and moved from the planning to implementation phase. It will be a unique neighbourhood of five interconnected buildings surrounded by courtyards bounded by Union Street, University Avenue, Earl Street and Division Street. All components of the Centre, which is set to break ground in 2006, will be built with accessibility as a focal consideration.



Queen's Centre highlights

- \$230-million budget over 10 years
- Students have pledged \$25.5 million in support over 15 years
- Goal to raise \$130 million in philanthropic revenue in the upcoming campaign
- At a total of more than 65,000 gross square metres, it will double the size of current facilities
- Facilities include:
 - six-lane track
 - Olympic-sized arena seating 2,000
 - varsity and recreation gym
 - variety of multipurpose rooms for activities such as yoga and martial arts
 - 37.5 x 25-metre pool
 - eight basketball courts
 - the Great Space: a central indoor meeting place for students
 - student club meeting rooms, food court and restaurant, amphitheatre-style space for public performances

Investing in people: Human resources renewal

Queen's reputation for excellence is fundamentally tied to the quality of our people. In order to attract the best faculty and staff, we must ensure that we are positioned to recruit, develop and support our employees at the highest level. In the fall of 2004 we completed a comprehensive review and reorganization of the broad array of human resources services to ensure that they are current, creative and effective. One significant outcome was the creation of a new Vice-Principal Human Resources position (Rod Morrison appointed effective August 2005). We also appointed Patrick Deane from the University of Winnipeg to be our new Vice-Principal Academic (effective July 2005). On the labour relations front, we negotiated a three-year collective agreement with Queen's University Faculty Association. In addition, we saw some significant gains in our ongoing effort to diversify Queen's faculty through strategic recruitment. In 1993, 28.4 per cent of our faculty were women and 6.9 percent were visible minorities. In 2003, those numbers had risen to 34.1 per cent and 8.1 percent respectively.

Continued sound financial management

We built on our tradition of fiscal responsibility and sound financial management by operating within a balanced budget for 2004-05. The consolidated revenues of Queen's are now over \$653 million, representing a 50 per cent increase since 1999-00. This growth is largely due to the rise in research funding. Queen's continues to hold the highest bond ratings in Canadian higher education (Dominion Bond Rating Service AAHigh, Standard & Poor's AA+) and ranked number one in the Annual Canadian University Accountability Survey for the sixth consecutive year. To ensure key institutional risks are appropriately addressed, we created a Risk Management and Audit Services portfolio and are currently developing an enterprise-wide risk management framework.



Enhancing our partnership with the community

Queen's is a major player in the Kingston economy, generating over \$1 billion in annual economic activity. Yet we need to do a better job of building positive relationships with our local community. Recognizing the critical importance and urgency of this objective, Principal Hitchcock established the Task Force on Community Relations in 2004 to study issues related to our students living in the neighbourhoods surrounding campus. The wide-ranging recommendations in the final report, "Our Role As Leaders and Citizens in Our Community," included plans for a clean-up of the off-campus student housing area, more stringent standards for off-campus student housing and a proposal for a broad urban design plan to transform the off-campus neighbourhood into a unique residential area. Principal Hitchcock endorsed the report in 2005 and has already allocated resources to implement some short- and long-term recommendations. She has pledged to act quickly to improve university-community relations and enhance positive town-gown relations by being more sensitive to community concerns and input.

Initial action on Community Relations Task Force report

- Responsibility for Community Relations elevated to a senior portfolio of the University
- Appointment of a new Community Relations Coordinator to provide leadership in this area
- New resources for Campus Security to work alongside municipal officials in enforcing noise bylaws in the neighbourhoods around campus
- Additional university resources for educational programs focused on high-risk drinking among students

Challenges

The additional funding for higher education announced in the 2005 Ontario budget is a welcome development, but it will not address all of the quality issues at Queen's. We are in an increasingly competitive climate for recruiting students. While we direct the highest percentage of our operating budget to student assistance, many other Canadian universities are also offering generous scholarships and graduate funding packages to attract top students. To compete, we must continue to strive for an unparalleled teaching and learning environment.

Campus renewal continues to be a serious challenge. Queen's faces approximately \$145 million in accumulated deferred maintenance, and this number will rapidly escalate in the years ahead as we are forced to replace systems and equipment in buildings constructed in the 1960s and 1970s.

The Alumni Relations Action Plan identified a number of immediate critical issues that we are already working to address, yet it will require ongoing commitment and investment. Queen's currently ranks fifth among medical/doctoral universities for the percentage of alumni who give to their alma mater – a statistic that Advancement is currently implementing programs to improve upon over the next several years.

Our challenge in the area of Advancement is to maximize all types of giving to Queen's in an increasingly competitive environment for private giving. There has been rapid growth in the number of Canadian charities and major donors are becoming more discerning in their giving. We must heighten awareness of Queen's growing strength in research and graduate studies in Canada and internationally, partly by increasing our share of national media coverage. Our location outside the country's major media centres (Toronto, Montreal and Ottawa) will demand that we be creative and resourceful in showcasing Queen's diverse achievements.

Queen's Future/ Looking Forward

Securing our financial future

Government support alone will not provide sufficient resources for Queen's to achieve the national and international status necessary to further advance the University. Despite the gains made in the 2005 Ontario budget, the long-term environment of government funding for higher education is still uncertain. Queen's must be proactive in obtaining funds from other sources, such as locally established tuition fees, industry partnerships and philanthropy. We are in the planning stages for major initiatives on the philanthropic front. In addition to implementing the recommendations of the Principal's Task Force on Alumni Relations, we will soon launch a comprehensive, university-wide fundraising campaign.

Building for the future

We are continuing to invest in strategic growth areas that will help Queen's reach its goal of being among the best of internationally known universities in Canada. Our construction and renovation program is an ongoing priority. To create a campus capable of supporting our expanding research intensity and graduate enrolment, we must make significant investments in advanced infrastructure and technology. At the same time, we plan to increase Queen's human capital through faculty and staff renewal. In all of these critical investments, we will maintain the highest level of accountability.

Reaching out to our communities

Our ability to engage and inform Queen's various communities about the University's present strengths and future aspirations is crucial to our long-term success. Today Queen's has many friends, but not enough advocates. We need many more vocal supporters who understand that high-quality research and education are vital contributors to economic health and overall quality of life. To gain this essential support, we will continue our long-term efforts to address the issues raised in the task force reports on alumni and community relations. In addition, Queen's must expand its institutional capacity in government relations. At the provincial level, we will advocate for further implementation of key recommendations from the Rae report, while at the federal level our priority will be to promote increased funding for the indirect costs of research.

Benchmarking against the best

While we carefully evaluate our performance against the best universities in Canada, we must continue to benchmark ourselves against the best in the world. For several years we have compared Queen's performance to that of several high-quality, comparable institutions in the United States. As we look to the future we will continue to look to these institutions for quality benchmarks.

Strategic positioning

In the fall of 2005, Principal Hitchcock will launch a major consultation process as part of Queen's strategic positioning initiative. Based on her initial consultation with all of Queen's communities, she will seek input on questions that are fundamental to our ability to move forward as a university. The answers she receives will inform Queen's response to the many challenges outlined in this report. This will be an opportunity for us to examine our strengths and weaknesses and consider the steps we must take to continue to be responsive to the needs of our students and our communities. We will strive for consensus as we build on our proud legacy and shape the Queen's of the 21st century and beyond – an outward-looking, research-intensive university with an international reputation for excellence.

6

FINANCIAL RESULTS



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THE FINANCIAL YEAR 2004-05 IN REVIEW

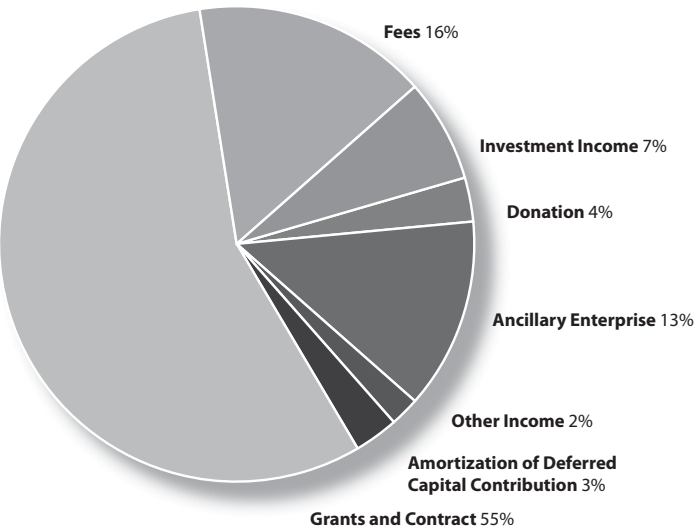
(May 1, 2004 to April 30, 2005)

FINANCIAL HIGHLIGHTS

The 2005 fiscal year preceded the May 11, 2005 provincial budget and the following charts in this section therefore do not reflect the significant new investments in postsecondary education to improve access, quality and excellence announced at the provincial budget.

Total University Revenue by Source

\$653 Million (2003-04 – \$611 Million)

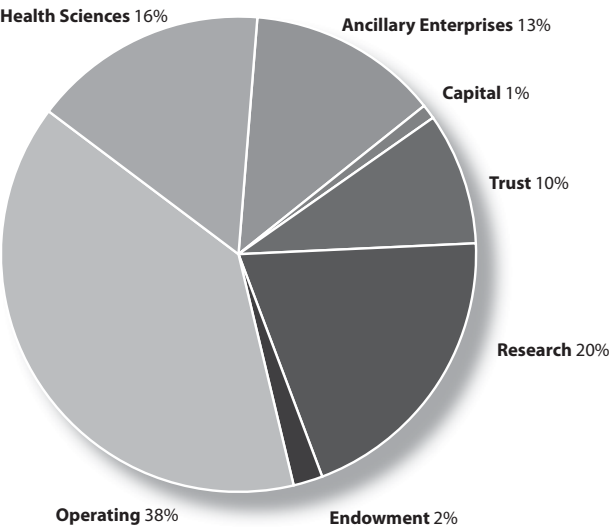


University revenue increased by \$42 million (6.9%). Grants and contracts of \$356 million represent 55% of the University’s total sources of revenue (\$653 million). Grants provide financial support, some of which have restrictions attached. Included are government grants for the Operating Fund totalling \$127.7 million. Contracts provide financial support subject to stipulations and conditions, such as the provision of a deliverable product, the provision of a service or a report.

(For a comprehensive breakdown, see Appendix 1.)

Total University Revenue by Fund

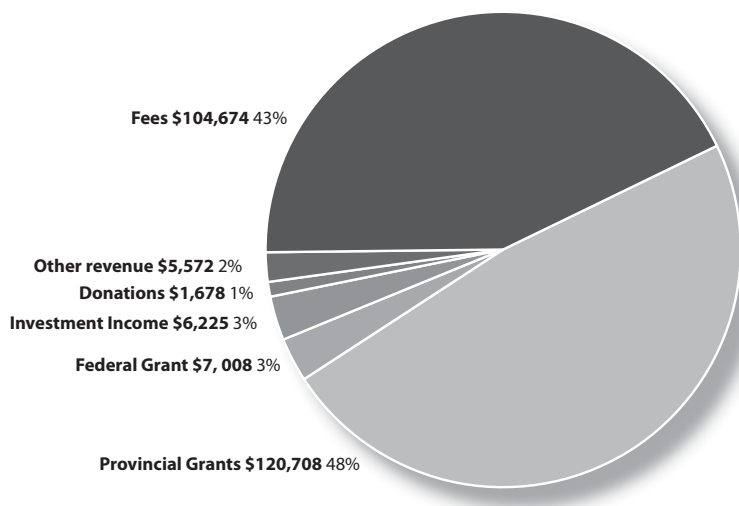
\$653 Million (2003-04 – \$611 Million)



The University’s Operating Fund accounts for 38% of the University’s total revenue. The Operating Fund revenue, totaling \$246 million, represents the University’s discretionary cash flow and until recently had been the primary focus of financial planning and analysis. For 2005-06, the budget scope has been broadened to include all activities and operations of the University (including Research, Trust, Capital and Ancillary operations) in addition to reporting on the Operating activities of the University.

(For a comprehensive breakdown, see Appendix 1.)

2004-05 Operating Fund Revenue by Source
(\$246 Million)



Operating Fund Revenue by Source

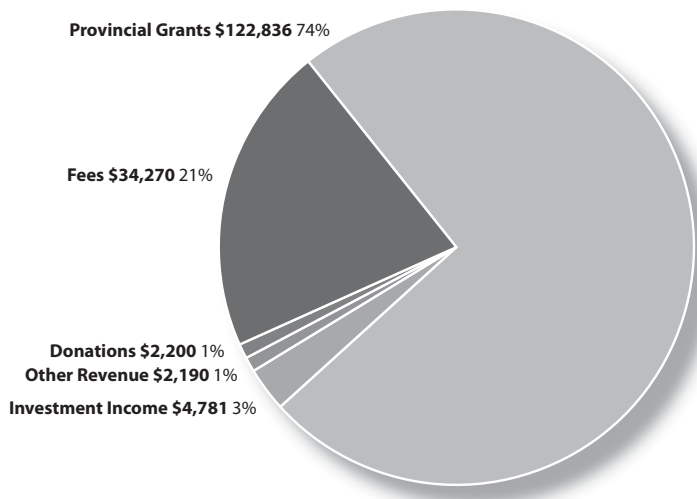
The Operating Fund finances the core academic and related support activities of the University. Operating Fund revenue is primarily composed of provincial government operating grants and tuition fees.

Provincial government grant support was at its highest level in 1992-93 (see companion chart) at 74% of operating revenue.

The drop in both absolute and relative dollars available to support University operations has been financed primarily by increasing tuition fees.

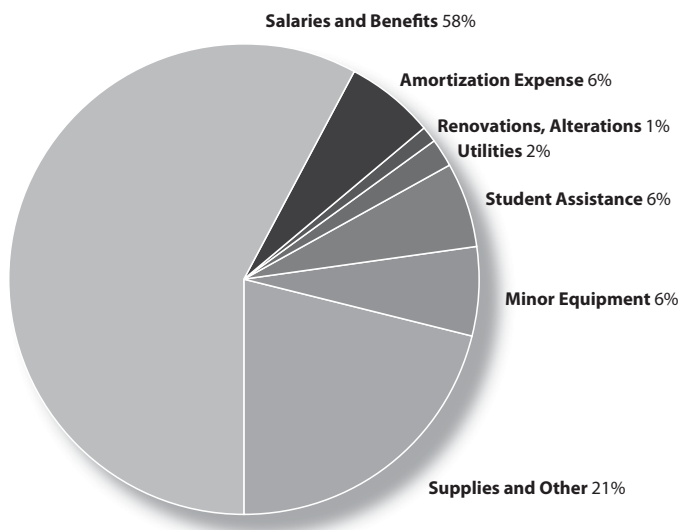
The *Ontario Postsecondary Education Review*, released in February 2005, acknowledged the need for significant investment in Ontario's postsecondary sector. The May 11, 2005 provincial budget announced additional investment in postsecondary education at the level of \$683 million for 2005-06, rising to \$1.6 billion by 2009-10. This is the largest investment in Ontario's postsecondary sector in 40 years.

1992-93 Operating Fund Revenue by Source
(\$166 Million)



Total University Expense by Type

\$614 Million (2003-04 – \$587 Million)



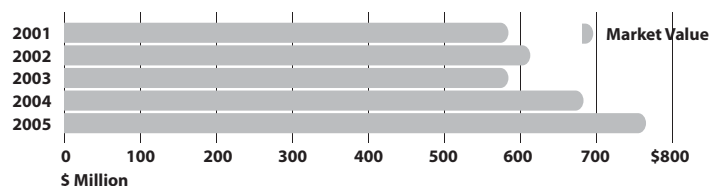
Total expenses increased \$27 million (4.7%) over the previous year. Over half (58%) of the University's resources are spent on salaries and benefits, which totalled \$356 million during 2004-05, an increase of 8% over the previous year. A combination of increases in compensation (5%) and the number of employees (3%) contributed to the compensation increase. Benefits increased as a result of additional pension plan contributions and the increasing accrual for employee future benefits.

(For a comprehensive breakdown, see Appendix 1.)

Market Value of Investments

As at April 30, 2005

(in millions of dollars – does not include pension assets)



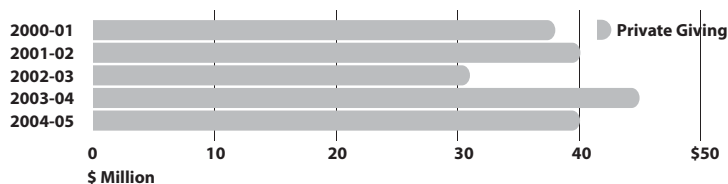
Investments include cash and securities held by Queen's Pooled Endowment Fund, Pooled Investment Fund and short-term investments.

The market value of the University's total investments increased \$79 million (11.6%) in 2004-05. The increase in 2004-05 results from a combination of donations, a \$6.1 million provincial government contribution for graduate student assistance and excellent investment returns.

(For more information regarding book and market values, see Note 17.)

Private Giving

(in millions of dollars)



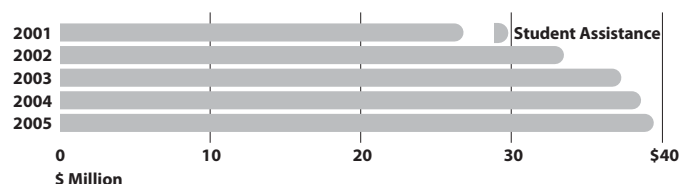
The University exceeded its fundraising target for 2004-05, largely the result of significant gifts of artwork valued at \$10.6 million.

The University is in the preparatory phase of a renewed institutional vision and plan. This planning exercise is a critical component in the launch of the next campaign as it will drive the fundraising priorities that will be established by the University.

Planning for the next comprehensive capital campaign has begun. Preparation for the advance phase, which is expected to begin within the next two years, is currently underway. Fundraising continues on interim priorities including the Queen's Centre, fields and stadium rejuvenation.

Student Assistance

(in millions of dollars)



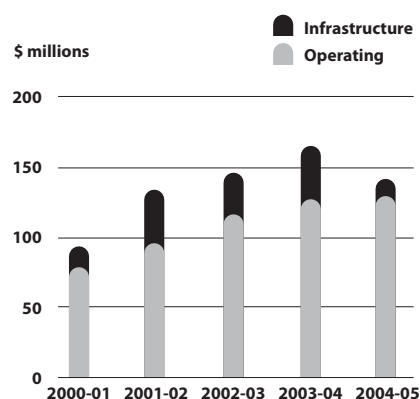
Attracting and retaining the best students is a priority for the University. Queen's remains committed to its goal of ensuring that all qualified students, regardless of financial means, have access to a Queen's education. Over the past four years, the University's Student Financial Assistance fund has increased by 44% through fundraising and the commitment of additional operating funds.

The market value of the student assistance endowment of \$226.1 million represents 43.7% of the University's total endowment.

The provincial government provided \$100 million for a Graduate Student Assistance Endowment during 2004-05. Queen's share of this fund was \$6.1 million, which will generate approximately \$260 thousand per year in new graduate student financial assistance.

Research Funding (before deferrals)

(in millions of dollars)



With over \$141 million in research funding, Queen's University is one of Canada's leading research intensive universities. (For a more comprehensive breakdown, see Table 3.) The expected decline in research funding for 2004-05 arose as major infrastructure projects were completed and the one-time funding dropped accordingly.

Queen's is home to a dynamic and thriving research environment:

- top 10 ranking among Canadian universities for federal research operating grant funding
- prestigious 2004-05 awards to Queen's researchers include: NSERC Gerhard Herzberg Canada Gold Medal, Killam Fellowship, International Bruno Pontecorvo Prize, Trudeau Foundation Fellowship, Gary A. Olson Award, Bernard Belleau Award and two Fulbright Visiting Chairs
- a leader in the commercialization of research – over \$34 million in revenue since inception of PARTEQ in 1987 with Queen's University's share being \$12.5 million
- 42 Canada Research Chairs and 27 Queen's Research Chairs

In 2004-05, Queen's opened the Research Data Centre and the Centre for Manufacturing of Advanced Ceramics and Nanomaterials.

SUMMARY OF ACTUAL RESULTS FOR 2004-05

The audited Financial Statements report on the consolidated activities of Queen's University, the International Study Centre (ISC), PARTEQ, the US Foundation for Queen's, the Crown Foundation, Queen's Centre for Enterprise Development and Queen's proportionate share of the Sudbury Neutrino Observatory Institute.

The audited Financial Statements provide a consolidated picture of all of Queen's business segments. These business segments include Operating, Health Sciences, Ancillary Enterprises, Capital, Trust, Research and Endowment.

Detailed segmented results in Appendix 1 assist readers of the audited Financial Statements in understanding the diversity of activities at Queen's and facilitate comparisons with peer institutions. Canadian generally accepted accounting principles do not require separate disclosure, however positive feedback on fuller disclosures in recent years confirms that transparency of this business segment information is helpful to readers of the Report. Further, the University has a bias to effective stakeholder communications, including communications regarding the administration of restricted funding from donors and sponsoring agencies.

Operating

The Operating Fund (\$246 million) represents 38% of the University's total resources and it finances the core academic activities of the University. Operating revenue is primarily composed of provincial government operating grants, tuition fees and other unrestricted income. The Operating Fund represents the University's discretionary funds and had been the primary focus of ongoing financial planning and analysis. For 2005-06, in addition to reporting on the Operating activities of the University, the budget has been broadened to include all activities and operations of the University (including Research, Trust, Capital and Ancillary operations). The Operating Fund recorded a surplus of \$607 thousand (before employee future benefits expense), increasing the accumulated operating surplus (before employee future benefits expense) to \$2.0 million.

The peak level of the "double cohort" of high school graduates arrived at Ontario universities in September 2003. The University met its enrolment target in most programs and, because of the flow through effect, has grown by 780 full-time students in 2003-04 and another 228 in 2004-05 to a total full-time enrolment of 16,155 students at September 2004.

Revenues

In 2004-05, provincial government operating funding was \$120.7 million (up from \$115.6 million in 2003-04, an increase of \$5.1 million or 4.4%). Changes in 2004-05 government funding are summarized in Table 1.

TABLE 1
PROVINCIAL GOVERNMENT OPERATING FUNDING
(\$000's omitted)

	Budget 2004-05	Actual 2004-05	Actual 2003-04
Base Operating Grant	\$ 111,248	\$ 111,443	\$ 111,268
Quality Assurance Fund	6,960	4,352	4,580
Tuition Freeze Compensation	2,830	2,644	0
Enrolment Based Grants	17,835	17,500	12,312
Performance Fund	1,970	2,227	2,142
Research Performance Fund	1,500	1,655	1,697
Renovation Fund	1,826	1,826	1,825
Deferred Maintenance	0	9,113	0
Other	1,584	2,130	2,796
Total Provincial Funding	145,753	152,890	136,620
Less: Allocation to Capital	(1,826)	(10,939)	(1,825)
Less: Allocation of Faculty of Health Sciences	(21,243)	(21,243)	(19,212)
Total Provincial Funding per Appendix 2	\$ 122,684	\$120,708	\$ 115,583

Provincial grants and tuition fees represent approximately 92% of the University's operating fund revenue and are outside of the University's direct control. The 2004-05 provincial funding formula for base operating grants did not provide for inflationary increases for unavoidable expenses such as utilities, library acquisitions and compensation (salary and benefits).

The Quality Assurance Fund had been introduced in the March 2003 provincial budget with a commitment to provide \$200 million base funding for all Ontario universities over the subsequent four years. The Quality Assurance Fund had enabled the University to maintain the service levels in most units and even enhance some services in support of demands on the system related to the "double cohort". Queen's share of Quality Assurance funding in 2004-05 had been budgeted at \$7 million. However, in May 2004 the provincial government cancelled the anticipated increase in Quality Assurance Funds, leaving the University with an unanticipated funding shortfall of \$2.6 million.

In May 2004, the provincial government announced a two-year freeze on tuition fees and introduced a grant to compensate for the frozen tuition fees (1.4% of fees for regulated programs and 5.6% of fees for deregulated programs). The total funding set aside by the Province was insufficient to fully fund the grant, so each institution received only 89% of their entitlement.

Enrolment growth grants are comprised of Accessibility funding and Targeted Programs. The planned increase in Accessibility funding was exceeded by \$1 million as the provincial government flowed additional Accessibility funding for previously unfunded enrolment growth. The increase in Accessibility funding reflects the provincial government's commitment to provide funding for planned enrolment growth arising from the "double cohort". With respect to Access to Opportunities Funding (ATOP), the University was successful in its proposal to government to have graduate enrolment growth, which exceeded planned expectations, included for overall funding. The combined result of the adjustment caused Queen's to come very close to reaching its original target.

A partnership between Queen's University and St. Lawrence College to offer the nursing program collaboratively, in effect since September 2001, was ceased by mutual consent effective April 30, 2005, given insufficient funding for the program. The decision, which was approved by the Ministry of Training, Colleges and Universities, will have no impact on students currently enrolled in the program. The nursing program will continue to be offered by Queen's.

A brief description of major provincial funding envelopes and their anticipated application in the near term follows:

- The Quality Assurance Fund is provided to assist universities in making quality improvements, such as improving student-faculty ratios, and improving classrooms and teaching laboratories. This funding is very much needed by Ontario universities. Although the provincial government cancelled the 2004-05 planned increase in Quality Assurance Funds, the May 2005 provincial budget reinstated a form of "quality funding". Queen's expects to receive \$10.1 million in quality funding in 2005-06 (an increase of \$5.8 million over 2004-05).
- The Accessibility Envelope funds enrolment growth in first-entry undergraduate, second-entry graduate and professional programs. Each university which met the growth criteria received a share of the \$129.9 million fund for 2004-05. Queen's share for 2004-05 was \$11.1 million.
- The Performance Fund allocations are based on achievement against three key performance indicators: degree completion rate, and employment rates six months and twenty-four months after graduation. A benchmark is established for each of the three indicators. Institutions at or above their benchmark are allocated funding in proportion to their performance against the benchmark and their size. Institutions below their benchmark do not receive funding. Queen's exceeded the established benchmark in all three categories and received \$2.2 million of the total \$23.2 million fund.
- The Research Performance Fund is intended to help defray the costs of infrastructure supporting Ontario funded research. For 2004-05, Queen's share of the \$32 million fund was \$1.6 million
- Targeted program funding is for enrolment growth in selected professional programs (Engineering, Computing, Medicine, Education and Nursing). The Ministry of Training, Colleges and Universities continues to direct funds for enrolment growth in selected programs in these professions. In 2004-05, the University received a total of \$6.4 million – \$2.7 million was targeted for enrolment growth in Applied Science and Computing Science, \$2.5 million for Medicine, \$0.8 million for Education and \$0.4 million for Nursing. The University expects to receive almost \$9.0 million in targeted program funding in 2005-06.

Queen's deferred maintenance backlog is currently estimated at approximately \$145 million. The province provided much-needed deferred maintenance funding on a one-time basis in April 2005 just prior to the May 2005 provincial budget. Queen's share of this \$200 million fund is \$9.1 million. The University is on track with its plan to fund deferred maintenance with an annual allocation of \$6.0 million by 2006-07. These funds will be sufficient to cover the highest priority needs; however, it is not expected that any of these funds will be available to cover the costs of modernizing facilities.

The February 2005 federal budget increased funding to \$260 million starting in 2005-06 in support of the indirect costs of research for Canada's universities and hospitals. Queen's share for 2004-05 was \$7.0 million. This funding represents an investment of approximately 24% of the federal tri-council research grants¹ coming to the University and was used to support the indirect costs associated with that research.

The University's fee revenue is slightly below budget as enrolment was 72 students off the target of 16,227 students.

Higher cash balances and the transfer of cash to the pooled investment fund resulted in higher than expected investment income.

¹ The tri-council granting agencies are the Canadian Institutes of Health Research (CIHR), the Natural Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC).

Expenses

Unfilled positions led to salary savings of \$3.5 million being realized on a salary budget of \$142 million.

Queen's had anticipated the need for increased pension plan contributions but the February 29, 2004 actuarial valuation pointed to even further investment in the plan to cover the unfunded liability of \$10.7 million. The University is currently exploring a number of opportunities to enhance the long-term financial health of the plan and the fund.

Other expenses are consistent with budget.

Health Sciences

The Faculty of Health Sciences received \$73.4 million in 2004-05 under the Alternative Funding Plan (AFP) to support its mission of clinical service, education and research. The AFP is a benchmark agreement between the Ontario Ministry of Health and Long-Term Care, the University, the Clinical Teachers' Association and three teaching hospitals. Agreement was reached on June 27, 2005 to continue the AFP through to March 31, 2008. The University, Clinical Teachers' Association and the three teaching hospitals have created the Southeastern Ontario Academic Medical Organization (SEAMO) to govern the AFP. The School of Medicine at Queen's University is the first medical school in Ontario to be funded on this basis, serving as a "model" for other universities with teaching hospitals.

In addition, the Faculty of Health Sciences receives an allocation from University operations (\$21.3 million in 2004-05) to fund medical students and students in the Basic Health Sciences (not funded by the AFP). For 2004-05, the income statement caption "Salaries" includes \$51.2 million of clinical fee payments to physicians from the SEAMO pool; prior to the introduction of the AFP, these payments would have been made directly to the physicians as fee for service remittances from the Ontario Hospital Insurance Plan (OHIP).

The Faculty of Health Sciences received a bequest of \$7 million during 2004-05. It is being directed to the enhancement of Queen's Animal Care facilities.

Ancillary Enterprises

Ancillaries are the University's business enterprises (see Appendix 3). These units provide goods and services to the University community and are expected to operate on a break-even basis after covering their full operating costs. Full costs include a payment to the University for the cost of administrative services.

Revenue from ancillary enterprises amounted to \$85.3 million in 2004-05. Apartment and Housing, the Computer Store, Parking and Continuing Education all achieved break-even targets. The \$294 thousand loss experienced by the Donald Gordon Centre exceeded the budgeted loss of \$75 thousand as a result of fewer bed nights than planned in 2004-05. The Donald Gordon Centre loss is after an annual principal and interest repayment of \$1 million on the renovation loan and after an annual contribution of \$50 thousand to a deferred maintenance fund. Residence and Food Services experienced a loss of \$159 thousand. Lower than planned enrolment in first year led to a higher than planned vacancy rate in Residences. The impact on Residences' bottom line was mitigated somewhat by increased conference revenues.

Final enrolment at the ISC for all terms in 2004-05 was 507 against a target of 538. This led to an operating loss of \$57 thousand, which compares very favourably with the past 5 years when losses averaged \$675 thousand per year. The University is working ambitiously to reach capacity enrolment of 180 students per term (Fall and Winter) for 2005-06. For 2005-06, the ISC will operate under a modified budget structure and the University will adopt a foreign exchange policy to smooth the impact of variable exchange rates.

PARTEQ, the University's technology transfer office, reported an excess of expense over revenue of \$784 thousand after providing for a \$71 thousand distribution to Queen's University. PARTEQ expects revenue to exceed expenses, prior to any distribution to Queen's, over the next two fiscal years as certain technologies achieve commercialization milestones and commence paying royalties to PARTEQ.

Trust and Endowment

The capital of endowment donations is maintained in perpetuity. Investment of endowment capital generates revenue in the form of investment income which flows to the Trust fund for spending. The funds usually are designated by the donor for any of a broad variety of expenditures including scholarships, chairs/professorships, visiting lecturers, books, paintings, etc.

Trust revenue comes primarily from endowment income, donations, administrative allowances provided by most research contracts and miscellaneous sources (e.g. consulting fees, speaker fees, etc.). The money is spent on major one-time expenditures (e.g. laboratory equipment), small continuing needs (e.g. travel), student assistance, faculty salaries (endowed chairs) and library resources.

The market value of the University's total endowment funds is currently \$516.8 million (book value \$430.7 million). Within that total, the University's student assistance endowment with a market value of \$226.1 million as at April 30, 2005, produces annual income of almost \$9.5 million. The endowment for Faculties and Departments had a market value of \$174.3 million, producing annual income of \$7.6 million.

The endowment fund had a one year gross return of 9.9% (year ended March 31, 2005). This return is considerably in excess of the benchmark gross return of 5.9% for the same period. The benchmark return is calculated by assuming index returns applied to the policy asset mix for the endowment. Longer term results have also been strong. Specifically, over the 10-year period ending March 31, 2005, the endowment had an annualized return of 11.3%; this return is 2.3% above the annualized benchmark return for the same period.

Capital

Major construction projects completed over the past few years have significantly enhanced the learning environment in most faculties and created the capacity to assimilate the increased enrolment related to the "double cohort".

Going forward, the Queen's Centre, one of the largest capital projects that Queen's has ever undertaken, received approval from the Board of Trustees in March 2005 to advance to the full drawing stage. The international design team, appointed in 2003, actively planned and engaged the campus and wider Kingston communities to arrive at a preferred concept/design for the renovation and extension of a new facility to house the School of Physical Health and Education, revitalized arena, swimming complex, fieldhouse (including indoor running track) and improved student life facilities. Construction of the project will be staged over a 10-year period. The majority of funding for the project will be raised as part of Queen's Advancement strategy.

Significant projects underway are outlined in Table 2.

TABLE 2
NEW CAPITAL/MAJOR RENOVATION PROJECTS
(\$000's omitted)

Project	Project Budget*	Funding Sources	Status
Electrical Substation <i>New construction (Phase I)</i>	\$7,000	University sources	Phase I completed Fall 2004
Electrical Substation <i>New construction (Phase II)</i>	\$3,000	University sources	Phase II continues over the next 5 years
Co-Generation Facility <i>New construction</i>	\$15,000	University sources	Scheduled completion: Spring 2006
Gordon Hall/Annex (<i>student services, graduate school</i>) <i>Major renovation</i>	\$15,000	SuperBuild (\$11,400), University sources	Scheduled completion: Winter 2006
Richardson Hall <i>Major renovation</i>	\$11,000	University sources	Scheduled completion: Summer 2007
Queen's Centre Project <i>New construction and major renovations</i> <i>3 phases over 10 years</i> <i>Total estimated cost is \$230 million</i>	\$23,750	Fundraising and other sources	Concept approved. Moving to drawing stage for Phase I. Break ground Fall 2006.
Functional Imaging Facilities (<i>Cancer Research Institute</i>) <i>New construction</i>	\$4,500	Research Funding	Scheduled completion: Fall 2005
University Avenue Restoration Project <i>Major renovation</i>	\$4,500 plus \$1,000 endowment	Fundraising	Preliminary Planning – expected construction Spring 2006
Bracken Library <i>(CHEER – Centre for Health Electronic Education Resources)</i> <i>Major renovation</i>	\$1,800	Fundraising	Scheduled completion: Fall 2005
Stauffer Library Learning Commons <i>Major renovation</i>	\$1,583	University sources	Phase I scheduled completion Fall 2005

*The amounts reported have been approved by the Board of Trustees with the exception of the Richardson Hall project where the budget figure shown is the estimated cost of the project.

Research

Measures of research excellence include awards, publications and research funding. This has been another outstanding year for research awards at Queen's University. Major prizes achieved in 2004-05 include: the Gerhard Herzberg Gold Medal, the Natural Sciences and Engineering Research Council of Canada's (NSERC) highest honour, the Trudeau Foundation Fellowship and the Killam Research Fellowship, top national prizes awarded to Queen's faculty members.

In the 2004 *Maclean's* rankings, Queen's topped all other medical-doctoral universities in terms of national research awards per faculty. In each year since 1998, Queen's has been ranked among the top five universities in this category. Queen's researchers also maintain an active and robust research and publication program. Details of publications may be found on the Vice-Principal (Research) website at www.queensu.ca/research/vpr/resprofiles/faculty_prints.php.

Research funding in 2004-05 at Queen's was \$141 million (before deferrals) versus \$165 million in 2003-04. The anticipated decline in research funding was tied to completion of major infrastructure projects. Table 3 shows the decline in research funding from CFI and OIT. These programs provide one-time only funding for major infrastructure projects. Queen's looks forward to participating in the next round of infrastructure proposals expected to take place with funding to flow in 2007.

PARTEQ Innovations, the not-for-profit technology transfer arm of Queen's University, works with Queen's researchers and the business and venture capital communities, helping to bring the benefits of scientific discovery to the public while returning proceeds to inventors and the University.

Over the past 17 years, PARTEQ has assisted Queen's researchers in transforming their discoveries into a number of breakthrough products now available to consumers. Economic impacts of PARTEQ's activities have included the investment of more than \$118 million in PARTEQ spinoff companies, bringing the total invested in early- and middle-stage companies developing Queen's technologies to more than \$478 million. Licensing and royalty streams generated by Queen's-based research have yielded more than \$34 million since PARTEQ's establishment in 1987. Queen's University's accumulated share of these license and royalty streams is \$12.5 million.

Research contracts provide financial support for both the direct and indirect costs of fulfilling the contract provisions. Research grants are received from a number of sources including the federal government, the provincial government, and various not-for-profit organizations such as the Cancer Society, Heart and Stroke Foundation and the Kidney Foundation. The federal and provincial governments both provide grants in support of indirect costs of research. Other organizations only fund the direct costs of research. The indirect cost of research for these grants is provided by the Queen's operating budget.

TABLE 3
RESEARCH FUNDING (BEFORE DEFERRALS)
(\$000's omitted)

	2004-05	2003-04	2002-03	2001-02	2000-01
Federal					
SSHRC	\$ 4,598	\$ 4,340	\$ 3,083	\$ 2,310	\$ 2,422
NSERC	23,002	24,621	21,136	16,044	18,035
CIHR	16,026	14,656	13,366	10,985	8,126
CFI	5,935	17,768	14,246	14,652	6,539
Other	7,372	9,895	7,112	5,532	4,917
	56,933	71,280	58,943	49,523	40,039
Provincial					
ORDCF, OIT, PREA	5,646	20,103	15,186	22,832	9,182
Other Ontario Ministries	4,818	2,626	3,110	5,291	1,862
Other					
Corporate	29,531	24,080	24,295	22,674	15,548
Foundations	21,797	21,254	22,580	21,299	17,439
Other	6,735	11,555	8,941	5,532	3,901
Total Sponsored Research	125,460	150,898	133,055	127,151	87,971
Indirect Cost Grants (included in Operating revenue)					
FICR	7,008	6,584	6,155	0	0
RPF	1,625	1,697	2,521	1,545	1,203
ROIE	2,359	2,300	2,257	2,257	2,299
	10,992	10,581	10,933	3,802	3,502
Grants (included in Trust revenue)					
NSERC graduate fellowships	2,357	2,282	1,963	1,960	1,811
SSHRC graduate fellowships	2,153	1,577	1,061	951	1,134
	4,510	3,859	3,024	2,911	2,945
Total	\$ 140,962	\$ 165,338	\$ 147,013	\$ 133,864	\$ 94,418

Legend:

SSHRC	Social Sciences and Humanities Research Council of Canada
NSERC	Natural Sciences and Engineering Research Council of Canada
CIHR	Canadian Institutes of Health Research
CFI	Canada Foundation for Innovation
ORDCF	Ontario Research and Development Challenge Fund
OIT	Ontario Innovation Trust
PREA	Premier's Research Excellence Awards
FICR	Federal Indirect Costs of Research
RPF	Research Performance Fund
ROIE	Research Overheads/Infrastructure Envelope

Credit Rating

In November 2002, Queen's issued a \$90 million, 30-year unsecured debenture. Queen's earned an AA+ credit rating from Standard and Poor's and an AA(High) credit rating from the Dominion Bond Rating Service (DBRS). The proceeds of the issue were used to finance capital projects including the construction of student residences and cafeteria renovations, and to consolidate debt on previously completed capital projects. During 2004-05, both credit rating agencies reconfirmed Queen's credit ratings of AA+ (Standard and Poor's) and AA high (DBRS), which is the highest of all universities in Canada.

Conclusion

The University finished the year on budget. This was achieved in a climate of inadequate government funding, frozen tuition fees, escalating academic salaries and rising operating costs. Regardless of these constraints, the University accomplished the following:

- Attraction and retention of excellent students through generous and well-administered need-based and merit-based student assistance programs;
- Attraction and retention of top faculty and staff through a stimulating learning and research environment, and a competitive salary and benefits program;
- Ongoing reinvestment in the quality of the academic environment, including additional faculty, student support and new curricula;
- The University receives funding for slightly more than one-half of federal indirect costs and approximately three-quarters of provincial indirect costs. This is the result of continued lobbying of both federal and provincial governments for full funding of the indirect costs of research.
- Enhanced funding for the computing infrastructure to support students, faculty (in both teaching and research) and administrators; and
- New and renovated buildings and fiscally responsible set-asides for future liabilities, including deferred maintenance and employee future benefits.

After a decade of budget restraint, the May 2005 provincial budget provided much anticipated relief. Particularly welcome was the commitment to multi-year, phased-in funding which will enable the University to significantly improve its longer term budget projections and program quality. The University is working very hard to sustain and enhance the quality reputation which has accompanied its faculty, students, staff, academic curriculum, broader learning environment and research.

Queen's has a strong balance sheet despite the above-noted financial challenges and concerns. Overall, Queen's remains a strong and financially stable institution.

FACTORS AFFECTING FUTURE REVENUE AND EXPENSES

The Principal has announced that she plans to initiate a strategic positioning exercise in September 2005. This initiative will engage the entire Queen's community in affirming the University's essential values, articulating strategic priorities and identifying appropriate decision-making processes for achieving these objectives.

There are numerous factors, both internal and external, which impact Queen's operations. The University's future revenues and expenses continue to be most significantly affected by the following factors:

Revenues:

- Provincial and Federal Government Funding
- Enrolment
- Tuition
- Fundraising
- Investments
- Research

Expenses:

- Compensation
- Campus Infrastructure

Internal Control Environment

Provincial Government Funding

Currently, the provincial government directly controls the level of both operating grant funding and tuition revenue. These two sources of revenue represent approximately 92% of the University's Operating Fund revenue and they are both beyond the University's direct control. Over the past decade, the provincial funding formula did not provide for any increases to compensate for inflationary growth in expenses, leading to large cutbacks throughout the university sector. In May 2004, the provincial government announced a two-year tuition freeze which further exacerbated the difficult financial environment faced by Ontario universities.

Welcome news came with the announcement from the government that the Honourable Bob Rae would be undertaking a comprehensive review in 2004 of the design and funding of postsecondary education in Ontario. The May 11, 2005 provincial budget embraced many of Mr. Rae's recommendations with significant new investments in postsecondary education to improve access, quality and excellence. An additional \$683 million in funding has been provided for 2005-06, rising to \$1.6 billion by 2009-10. The cumulative investment over the next five years is projected to be \$6.2 billion, the largest multi-year investment in 40 years.

In particular, the provincial budget provides funding for key areas of concern to universities, including graduate growth, undergraduate growth, tuition compensation, previously unfunded growth and quality assurance. Funds have also been allocated to a new endowment matching program for student assistance.

Another very positive announcement in the provincial budget was the commitment to multi-year, phased-in funding which will enable the University to significantly improve its longer term budget projections and program quality.

Federal Government Funding

Sustaining vibrant research programs stretches the University's operating budget considerably. For every dollar of research funding the University receives, an additional \$0.40 to \$0.50 is needed to fund the infrastructure required to support that research. The 2005-06 federal budget provided funding for the continuation of existing programs and research investments (research granting councils, indirect costs of research, etc), but very little new money to build the momentum of these programs. While the government increased funding of the indirect costs of research by \$15 million per year, the allocation mechanism will actually result in a smaller percentage of indirect costs being covered than we had received previously. Queen's share of this funding is estimated to be \$6.8 million for 2005-06 (\$7 million in 2004-05). While continued funding is assured, it is uncertain whether there will be increases in the future. The University remains committed to working closely with the federal government, both directly and through the Association of Universities and Colleges of Canada (AUCC), to enhance and further develop a long-term sustainable solution to the issue of indirect costs.

Enrolment

Queen's enrolment plans continue to reflect the University's strategy to remain a mid-sized, residential university. The University's long-term strategy has been to increase the absolute number of students in graduate studies as well as the ratio of graduate to undergraduate students, reflecting the University's research-intensive character. Increases in the number of graduate students and related increases in research activity require significant additional funding. The provincial budget of May 2005, which announced significant new investments for graduate growth, will assist the University in meeting its objectives in this area. Across the system, the government will be providing new basic income unit (BIU) funding of \$21.5 million in 2005-06, rising to \$220 million in 2009-10, to substantially expand graduate education for 14,000 full-time student spaces.

Several factors influence enrolment plans, including external factors beyond the University's control. Specifically, government policy and student demand must be considered in the context of the University's goals to enable Queen's to capitalize on opportunities that may be present and mitigate challenges that the environment may pose to our success. Enrolment goals and objectives are established by the Senate and reviewed annually by the Senate Committee on Academic Development.

Tuition

The provincial government imposed a two-year freeze on tuition increases for 2004-05 and 2005-06. The government has committed a "grant in lieu" of tuition increases. Queen's grant is expected to increase by \$2.8 million for 2005-06. Tuition fees from enrolment growth and fee increases have been a very important source of new funds in the past decade. Queen's position continues to be that the government must develop a tuition policy framework which respects the autonomy of institutions and the role of governing bodies. It is essential that the government allow institutional flexibility in the determination of tuition fees, allowing each university's governing board to exercise its authority to determine fees. Such determination will be based on an analysis of the resources required to provide a high-quality learning experience for students, and the capacity of the University to help ensure that students are able to begin and complete their studies regardless of their personal financial circumstances.

Fundraising

Fundraising is one of the core elements of Queen's Office of Advancement, whose purpose is to advance the Queen's vision by stewarding the University's reputation, building long-lasting relationships and promoting philanthropy.

TABLE 4
GIFTS RECEIVED
(\$000's omitted)

	2004-05	2003-04	2002-03*	2001-02	2000-01
Major Gifts (cash)	\$ 12,148	\$ 16,996	\$ 14,491	\$ 20,912	\$ 18,732
Major Gifts (in kind)	11,751	14,893	959	3,389	2,093
Annual Gifts	4,969	5,940	5,395	5,053	4,623
Planned Gifts	11,603	6,766	9,961	11,075	12,728
TOTAL	\$ 40,471	\$ 44,595	\$ 30,806	\$ 40,429	\$ 38,176

*Final year of the Campaign for Queen's

The Principal's Task Force on Alumni Relations was struck in the fall of 2004, and a final report was released in January 2005. The five-year alumni relations strategic plan focuses on increasing engagement with Queen's alumni and includes an increased focus on annual giving, with a goal of increasing both participation and revenue. Implementation of the plan is ongoing.

The University is in the preparatory phase of a renewed institutional vision and plan. This planning exercise is a critical component in the launch of the next campaign as it will drive the fundraising priorities that will be established by the University.

Planning for the next comprehensive capital campaign has begun in preparation for the advance phase, which is estimated to begin within the next two years. Feasibility studies for interim priorities including the Queen's Centre, fields and stadium rejuvenation are underway.

Queen's remains committed to ensuring that the organization continues to operate at the leading edge of advancement initiatives for the higher education sector.

Investments

The University has two long-term investment funds: the Pooled Endowment Fund (PEF) and the Pooled Investment Fund (PIF). The objective of the PEF is to ensure the University's endowment grows with inflation while providing sufficient income for the purposes set out by endowment donors. The University's spending policy was modified in 2003 to reflect the Investment Committee's view that future long-term returns are likely to be in the 7% – 8% range. The modification should permit the income available for student assistance and endowed chairs to grow in a more predictable manner.

The PIF comprises the investment of monies in reserve and other unspent balances. Amounts withdrawn from the PIF each year are based on spending targets proposed by the University and reviewed by the Investment Committee.

With an endowment of approximately \$517 million fair market value (\$431 million book value), Queen's has the fifth-largest endowment of all universities in Canada.

Research Activity

Sponsored research activity at Queen's has nearly doubled in the past five years. The additional costs to universities that accompany such an unprecedented growth in research funding were partially offset by the federal government's announcement of a \$20-million dollar increase to the \$225-million fund for the indirect costs of federally supported research. Prior to 2001, the University used operating funds to support all of the indirect costs of research (equivalent to approximately 40-50% of the direct costs). Currently, at 24% funding, the federal government grant covers approximately one-half of the indirect costs. The federal government is expecting university research to play a significant role in improving Canada's competitive position as an innovative country.

The 2005 Ontario budget is highly supportive of growth in graduate and research programs. The Ontario government has set a target for increasing graduate enrollment by 14,000 students and has set aside \$220 million annually through to 2009-10 to assist in achieving that goal. This funding is an incentive for Queen's to continue to develop innovative, interdisciplinary programs that will attract the best and brightest graduate students. As well, Queen's Park has reaffirmed its commitment to funding university and hospital-based research, with the introduction of the \$217 million Ontario Research Fund-Research Excellence program. The latter is similar in structure and intent to the recently discontinued Ontario Research and Development Challenge Fund (ORDCF). This new program also envelopes the previous Research Performance Fund (RPF). The RPF, which provides universities with an allocation envelope equaling the difference between the actual percentage of indirect costs paid on provincial research contracts and the target of 40%, will now be attached to specific projects rather than provided as a block grant to the University.

The uncertainty around funding for research infrastructure has been resolved favourably. Last year's report on research activity noted that the Canada Foundation for Innovation (federal support) was poised to discontinue funding operating costs related to infrastructure grants; we are pleased to report that this situation has been resolved satisfactorily and the 30% operating grant will be maintained. In addition, provincial matching of federal funds will continue with the introduction of the Research Infrastructure program of the Ontario Research Fund, replacing the Ontario Innovation Trust.

Given PARTEQ Innovations' success in the field of technology transfer, Queen's is also well-placed to benefit from the increased emphasis on commercialization of research by both the federal and provincial governments.

Compensation

Compensation increases and the number of faculty and staff continue to be two of the most important elements in budget planning. The University spends approximately \$170 million (69%) of its operating resources on compensation (salary and benefits). Total salary and benefits increases, approximately 5% annually, represent an additional cash outlay of \$9 million each year for the University.

Key among the market pressures affecting the operating budget is the cost of attracting and retaining top faculty. The pressure on salaries for faculty is unlikely to decrease in the foreseeable future as the employment market for faculty continues to be competitive across Canada and globally. The effects have been felt at Queen's for the past few years as entry-level salaries have increased up to 50% in selected programs, and excellent candidates have multiple job offers.

The contract expiry dates for agreements covering employment related matters are as follows:

Bargaining Unit/ Association	Contract Effective Until
Queen's University Faculty Association (QUFA)	April 30, 2008
QUFA – Sessional Adjuncts	April 30, 2006
Queen's University Staff Association (QUSA)	June 30, 2006
CUPE Unions (3 locals)	June 30, 2006

Part of the University's benefit package includes continuation of forms of health and life insurance coverage upon retirement. As at April 30, 2005, the University's obligation relating to the employee future benefits plan is estimated to be \$43.3 million, an increase of \$3.2 million (8.1%) over 2003-04. The increase is due to a combination of demographics of the current active/retiree group and increasing medical benefit costs.

The active employees of the University are covered by a contributory pension plan which is a money purchase plan with a defined benefit minimum floor entitlement. While a large percentage of our existing pensioners retire under the money purchase part of the plan, the potential defined benefit obligations for active plan members retiring in the future are growing as recent nominal investment returns have not been as strong as they were in the prior decade. Pensions for retired members are enhanced based on the investment returns in excess of a specific threshold. If single-digit returns become the norm in the future, the defined benefit obligations will continue to grow and the number of active plan members retiring under the defined benefit provisions will increase.

An actuarial valuation was completed as at February 29, 2004. At that date, the plan had an unfunded liability of \$10.7 million and the University's contributions had increased from slightly over 6% of payroll to 8.24% of payroll. The actuaries have projected that the unfunded liability could grow to \$24 million or more by 2006 unless corrective measures are taken. In late 2004, a subcommittee of the Pension Committee undertook investigations into the long-term viability of the Queen's Pension Plan. Subsequently, the Pension Committee recommended modifications to the plan design that it believes, if implemented, would cause the plan to be sustainable for the longer term.

Meetings have been held with all of the employee groups and with the Queen's Retirees' Association to explain the proposed changes and the rationale for them. The University is hopeful that these stakeholder groups will concur with the proposed changes.

Campus Infrastructure

Queen's and other Canadian universities face substantial costs to modernize campus infrastructure over the next ten years. The University's deferred maintenance backlog, currently estimated at approximately \$145 million, will escalate rapidly over the coming decade as the University will need to begin replacing systems in buildings constructed in the 1960s and 1970s.

The University is on track with its plan to accumulate a deferred maintenance fund of \$6.0 million annually by 2006-07. This fund will be sufficient to cover the highest priority needs; however, it is not expected that any of this fund will be available to cover the costs of modernizing facilities.

Rising energy costs, and the need for a greater focus on conservation, are also significant challenges facing the University. Queen's has undertaken a number of initiatives to help deal with rising costs and instability in the energy budget, including appointing an energy conservation manager and forming a working group to review energy consumption practices at Queen's. In addition, a new co-generation facility will be constructed, for completion in summer 2006, to reduce reliance on the provincial grid and generate future energy savings.

Internal Control Environment

A quality internal control environment is an essential element in the delivery of the Vision and Mission of the University and is key in mitigating and managing financial and business risk exposures.

Queen's internal control environment includes a comprehensive approach to risk assessment and management. It includes understanding and assessing risks, establishing internal awareness, mitigating selected risk exposures and managing others through appropriate systems and insurance. It also includes monitoring progress against objectives. To assist with the management of these financial and business risks, Queen's benefits from:

- a comprehensive system of internal academic reviews;
- a Risk Management and Audit Services function;
- an active and on-going involvement of its external auditor, KPMG, who is very familiar with the institution and with financial reporting, control and risk exposure matters particularly for non-profit organizations;
- a considerable focus of both administration and the Audit Committee of the Board of Trustees on the linkages between the financial reporting for, and the business of, the enterprise;
- ongoing discussion of the quality of accounting policies;
- ongoing reviews of risk exposures and of processes to mitigate those risks that are considered to have a high likelihood of occurrence and/or the magnitude of impact is large; and
- an Environment Committee of the Board of Trustees that oversees the administration and handling of environmental health and safety exposures.

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

Year ended April 30, 2005

The administration of the University is responsible for the preparation of the consolidated financial statements, the notes and all other financial information contained in this annual financial report.

The administration has prepared the consolidated financial statements in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Association of University Business Officers and the Canadian Institute of Chartered Accountants. 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, 2005 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.

Mercer Human Resource Consulting Limited has been retained by the University in order to provide an estimate of the University's employee future benefit liability. Administration has provided the valuation actuary with the information necessary for the completion of the University's report and retains ultimate responsibility for the determination and estimation of the employee future benefit liability reported.

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 annual financial report inclusive of the Consolidated Financial Statements principally through the Audit Committee. The majority of the members of the Audit Committee are not officers or employees of the University. The Audit 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 external and internal auditors have full access to the Audit Committee with and without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2005 have been reported on by KPMG^{LLP}, Chartered Accountants, the auditors appointed by the Board of Trustees. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.



Karen R. Hitchcock, Ph.D.
Principal and Vice-Chancellor

JULY 4, 2005



Andrew Simpson
Vice-Principal (Operations and Finance)

JULY 4, 2005

AUDITORS' REPORT

To the Board of Trustees

We have audited the consolidated statement of financial position of Queen's University at Kingston as at April 30, 2005 and the consolidated statements of revenue and expense, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's administration. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are bold and slightly slanted, with a stylized 'P' at the end.

Chartered Accountants

Kingston, Canada

JULY 4, 2005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended April 30, 2005, with comparative figures for 2004 (\$000's omitted)

ASSETS	2005	2004
Cash	\$ 10,272	\$ 15,472
Accounts receivable	23,543	24,346
Prepaid expenses	6,694	5,779
	40,509	45,597
Investments (market value 2005 – \$761,894; 2004 – \$682,702)	666,476	598,617
Deferred expenses (note 3)	5,528	7,542
Capital assets (notes 4 and 5)	441,822	432,692
	1,154,335	1,084,448

LIABILITIES AND NET ASSETS

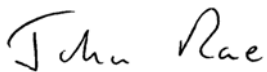
Accounts payable and accrued liabilities	47,995	49,462
Employee future benefits liability (note 16)	43,282	40,038
Deferred revenue (note 6)	137,916	143,820
Deferred capital contributions (note 7)	237,206	233,981
Long-term debt (note 8)	6,120	6,440
Series A senior unsecured debenture (note 9)	90,000	90,000
	562,519	563,741
Net Assets		
Investment in capital assets (note 10)	107,347	100,911
Endowment (note 11)	430,668	384,310
Internally restricted (note 12)	138,865	116,222
Unrestricted	(85,064)	(80,736)
	591,816	520,707
	\$ 1,154,335	\$ 1,084,448

See accompanying notes to consolidated financial statements.

Contingent liabilities (notes 14 and 19)

Commitments (note 5 and 20)

Approved by the Board of Trustees



John Rae
Trustee



Gordon M. Hall
Trustee

Queen's University at Kingston

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

Year ended April 30, 2005, with comparative figures for 2004 (\$'000's omitted)

REVENUE	2005	2004
Grants and contracts	\$ 355,969	\$ 332,088
Fees	105,502	103,995
Investment income	43,221	28,280
Donations	26,009	23,001
Ancillary sales of service and products	85,304	89,854
Other	15,838	13,786
Amortization of deferred capital contributions	21,441	20,035
	<u>653,284</u>	<u>611,039</u>
EXPENSE		
Salaries	310,040	287,344
Benefits	41,079	36,420
Employee future benefits (note 16)	4,538	4,033
Supplies	64,974	63,441
Minor equipment and furnishings	33,573	34,585
Externally contracted services	21,270	18,885
Student assistance	39,244	38,482
Travel	14,977	14,953
Utilities	14,239	13,125
Renovations and alterations	5,841	11,296
Interest	5,394	5,414
Amortization of capital assets	39,389	38,253
Other expenses	19,832	20,714
	<u>614,390</u>	<u>586,945</u>
Excess of revenue over expense	\$ 38,894	\$ 24,094

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30, 2005, with comparative figures for 2004 (\$000's omitted)

	Investment in Capital Assets	Endowment	Internally Restricted	Unrestricted	Total 2005	Total 2004
Net assets, beginning of year	\$100,911	\$ 384,310	\$116,222	\$(80,736)	\$ 520,707	\$ 487,691
Excess of revenue over expense (note 10)	(17,948)			56,842	38,894	24,094
Change in internally restricted net assets			22,643	(22,643)	0	0
Net change in investment in capital assets (note 10)	24,153			(24,153)	0	0
Contribution for assets not subject to amortization (note 10)	231				231	417
Investment gain/(loss) charged directly to endowment (note 11)		12,463			12,463	(2,967)
Investment income credited directly to endowment (note 11)		82			82	103
Internally endowed contributions (note 11)		14,374		(14,374)	0	0
Endowment contributions (note 11)		19,439			19,439	11,369
Net assets, end of year	\$107,347	\$ 430,668	\$138,865	\$(85,064)	\$ 591,816	\$ 520,707

See accompanying notes to consolidated financial statements.

Queen's University at Kingston

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30, 2005, with comparative figures for 2004 (\$000's omitted)

OPERATING ACTIVITIES:	2005	2004
Excess of revenue over expense	\$ 38,894	\$ 24,094
Add non-cash items:		
Amortization of capital assets	39,389	38,253
Amortization of deferred capital contributions	(21,441)	(20,035)
Decrease in deferred expenses	2,014	1,842
Increase in employee future benefits liability	3,244	2,748
Net change in non-cash working capital (note 13)	(7,483)	9,847
Cash provided by operating activities	54,617	56,749
INVESTING AND FINANCING ACTIVITIES:		
Net change in investments	(67,859)	(29,613)
Purchase of capital assets	(48,529)	(68,354)
Disposal of capital assets	10	0
Repayment of long-term debt	(320)	(467)
Contributions received for capital purposes	24,897	36,067
Endowment fund contributions and investment income reported as direct increase in net assets	31,984	8,505
Cash used in investing and financing activities	(59,817)	(53,862)
Net increase (decrease) in cash	(5,200)	2,887
Cash, beginning of year	15,472	12,585
Cash, end of year	\$ 10,272	\$ 15,472

See accompanying notes to consolidated financial statements.

The University considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 1

AUTHORITY

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

Queen's University at Kingston controls PARTEQ Research and Development Innovations, the International Study Centre, the Crown Foundation at Queen's University at Kingston, the U.S. Foundation for Queen's University at Kingston, and QCED Inc. Accordingly, these financial statements consolidate the accounts of these organizations.

PARTEQ Research and Development Innovations is incorporated by letters patent as a corporation without share capital under the Ontario Corporations Act. PARTEQ Research and Development Innovations, the not-for-profit technology transfer office of Queen's University, works with researchers and the business and venture capital communities, helping to bring the benefits of scientific discovery to the public while returning proceeds to inventors and the University. PARTEQ Research and Development Innovations is exempt from income tax under section 149 of the Income Tax Act.

The International Study Centre was established in 1993 to enhance Queen's University at Kingston's role in international education and research through the establishment of a meeting place for students, scholars, and professionals from around the world. The International Study Centre 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 Crown Foundation at Queen's University at Kingston was established by Regulation 731/93 under the University Foundations Act, 1992 and is an agent of Her Majesty in right of Ontario. The Foundation was established to solicit, receive, manage and distribute money and other property to support education and research at Queen's University at Kingston. The Foundation is exempt from income tax under section 149 of the Income Tax Act.

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 works to promote, encourage and foster an appreciation by the American public of the work conducted by Queen's University at Kingston deemed to be of interest to the American public. It does this by financing in whole or in part various programs, projects and facilities of Queen's University at Kingston 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. also supports academic research activities within Queen's University and within this sector.

Sudbury Neutrino Observatory Trust was created on December 2, 1997 as a joint venture of the University and three other Canadian universities, to perform research in sub-atomic physics. The University's proportionate share (25%) of the Trust's assets, liabilities and operations have been included in these consolidated financial statements.

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments

Investments are recorded at cost less an allowance for possible losses.

(c) Derivative Financial Instruments

The University is party to certain derivative financial instruments, principally interest rate swap contracts and foreign exchange contracts. These instruments are not recognized in the consolidated financial statements on inception of the contract. Payments and receipts under interest rate swap contracts are recognized as adjustments to interest expense on long-term debt. Gains and losses on forward foreign exchange contracts are recognized when they mature. The carrying amounts of derivative financial instruments, which are comprised of accrued gains and losses not yet realized, are not included in the consolidated financial statements.

(d) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful life of the asset as follows:

<u>Asset</u>	<u>Useful Life</u>
Buildings	40 years
Equipment and furnishings	5 years
Library acquisitions	5 years

The 2005 financial statements include 20 years of library acquisitions and related amortization.

(e) Construction in progress

Costs of construction in progress are capitalized. Amortization is not commenced until project completion.

(f) Works of art

Queen's University at Kingston 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. The collection is subject to an organizational policy that requires proceeds from the sale of any items in the collection be used to acquire other items to be added to the collection.

Contributions of collection items are recorded as revenue and expense, at fair market value, at the date of contribution. Artwork purchases are expensed as acquired. The collection contains 13,868 objects and was insured with a market value of \$52,000 at April 30, 2005. The collection is fully insured through a fine arts policy. During the year ended April 30, 2005, the University acquired 53 pieces of artwork. Of these, 48 pieces were donated with a total appraised value of \$10,821 and 5 pieces were purchased at a cost of \$97.

(g) Recognition of revenue and other contributions

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related capital asset. Endowment contributions and related restricted investment income are recognized on the accrual basis as direct increases in net assets in the year 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.

NOTE 2 CONTINUED ON PAGE 62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 2 CONTINUED

(h) Employee benefit plans

The University sponsors a pension plan for its employees and provides other employee future benefits such as medical, dental and life insurance. The annual cost and the accrued liability of pension benefits and other employee future benefits earned are determined by independent actuarial valuations using the projected benefit method pro-rated on services rendered, administration's best estimate of salary escalation, retirement ages of employees, and escalation in covered health care expense outlays. Actuarial gains and losses related to employee future benefits arise from changes in actuarial assumptions used to determine the accrued benefit obligation and are recognized in the year they arise.

(i) Pledges

Pledges are recorded as revenue on a cash basis and accordingly are not set up as assets in the consolidated financial statements.

The total amount of pledges outstanding is approximately \$19,420 at April 30, 2005, and is expected to be received as follows:

	2005
2005-06	\$ 4,473
2006-07	3,257
2007-08	6,488
Subsequent years	5,202
<u>Outstanding pledges as at April 30, 2005</u>	<u>\$ 19,420</u>

(j) Purchase commitments

Purchase commitments of operating funds and ancillary enterprises are provided for by transfers to internally restricted net assets.

(k) 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 are not recognized in these consolidated financial statements.

(l) Measurement estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(m) 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.

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 3

DEFERRED EXPENSES

Deferred expenses are major expenditures incurred in prior and current years which will be funded in future years.

	2005	2004
Deferred maintenance project	\$ 244	\$ 2,062
Deferred debenture costs	5,284	5,480
	<u>\$ 5,528</u>	<u>\$ 7,542</u>

The deferred maintenance project which commenced in 1991 was concluded in 1993 at a total expenditure of \$18,000. This cost is amortized against operating funds through to fiscal year 2005-06. Debenture costs associated with the issue of Series A senior unsecured debentures in November 2002 at a total expenditure of \$5,870 are deferred and are amortized against capital funds through to fiscal year 2031-32.

NOTE 4

CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2005	Net Book Value 2004
Land	\$ 26,109	\$ 0	\$ 26,109	\$ 25,878
Buildings	516,673	(188,866)	327,807	335,414
Equipment and furnishings	107,498	(65,492)	42,006	36,981
Library acquisitions	122,039	(103,077)	18,962	18,602
Construction in progress	26,938	0	26,938	15,817
	<u>\$ 799,257</u>	<u>\$(357,435)</u>	<u>\$441,822</u>	<u>\$432,692</u>

Cost and accumulated amortization as of April 30, 2004 were \$770,610 and \$337,918 respectively.

The increase in net book value of capital assets is due to the following:

	2005	2004
Balance, beginning of year	\$432,692	\$ 402,591
Purchase of capital assets funded by deferred capital contributions	24,666	35,627
Purchase of capital assets financed internally	20,249	8,567
Purchase of capital assets financed by Series A senior unsecured debentures (Note 9)	664	20,126
Purchase of capital assets financed by short-term liabilities	2,719	3,594
Capital assets donated to the University	231	440
Disposals of capital assets:		
Cost	(1,044)	(164)
Accumulated amortization	1,034	164
Amortization of capital assets	(39,389)	(38,253)
Balance, end of year	<u>\$441,822</u>	<u>\$432,692</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 5**COST TO COMPLETE CONSTRUCTION IN PROGRESS**

As at April 30, 2005 the estimated cost to complete construction in progress for the extension of plant facilities is approximately \$49,318 (2004 – \$20,061).

These costs will be financed by gifts, grants, ancillary income, and plant funds as outlined below.

The total budgeted cost as approved by the Board of Trustees and the costs to complete construction in progress are as follows:

	Approved Budget	Cost to Complete	
		2005	2004
Gordon Hall/Annex	\$ 15,000	\$ 7,464	\$13,673
The Queen's Centre	23,750	20,288	51
Co-Generation Facility	15,000	12,597	240
New Electric Substation	10,000	3,195	4,232
Functional Imaging Facilities of the Centre for Neuroscience Studies	4,500	2,885	0
Bracken Library CHEER Project	1,800	1,444	0
Rehabilitate University Avenue	500	355	494
Other	5,544	1,090	1,371
	<u>\$ 76,094</u>	<u>\$49,318</u>	<u>\$20,061</u>

The total costs for the above listed projects amounts to \$76,094. The funding for these projects is provided by the following sources:

	2005
SuperBuild	\$11,400
Donations	3,400
Other Grants	1,395
University Commitment	59,899
	<u>\$76,094</u>

The total project cost for the Queen's Centre is estimated to be \$230,000. As of May 7, 2005, the Board of Trustees has approved spending of \$23,750.

NOTE 6**DEFERRED REVENUE**

Deferred revenue is monies received in the current and prior years for services to be provided in a future year. Details of the year-end balance are as follows:

	2005	2004
Research funds	\$ 68,393	\$ 77,759
Trust funds	27,741	30,300
Plant funds	18,735	15,029
Student fees	11,726	9,163
Gift annuities	9,957	10,002
Other	1,364	1,567
	<u>\$137,916</u>	<u>\$143,820</u>

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

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

Plant funds are the unexpended portion of funds restricted for future capital projects.

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

Under the gift annuity program, a donor may 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 lump sum contributed without adjustment for the time value of money.

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 7

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

	2005	2004
Balance, beginning of year	\$ 233,981	\$ 218,366
Less amortization of deferred capital contributions	(21,441)	(20,035)
Capital contributions for land credited directly to net assets	(231)	(417)
Add contributions received for capital purposes	24,897	36,067
Balance, end of year	\$ 237,206	\$ 233,981

NOTE 8

LONG-TERM DEBT

As at April 30, 2005 the University has principal outstanding of \$6,120 (2004 – \$6,440) on long-term debt. Principal and interest repayments on long-term debt are recovered annually from ancillary enterprises.

(a) Details of the long-term debt secured by specific assets are as follows:

	Maturity in Fiscal Year Ending	Interest Rate	Annual Payment (Principal and Interest)	Principal Outstanding
Canada Mortgage and Housing Corporation	2017	5.38%	\$ 263	\$ 2,226
Ontario Housing Corporation	2009	10.31%	178	1,731
Royal Bank	2007	8.31%	223	1,640
SMS Canada	2011	0.00%	101	523
Total long-term debt			\$ 765	\$ 6,120

(b) Long-term debt repayments

Anticipated requirements to meet the principal portion of long-term repayments over the next five years are as follows:

Fiscal Year	Principal Portion
2006	\$ 335
2007	\$ 354
2008	\$ 372
2009	\$2,120
2010	\$ 280

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 9

SERIES A SENIOR UNSECURED DEBENTURE

On November 19, 2002, the University issued Series A senior unsecured debenture in the aggregate principal amount of \$90 million at a price of \$997.95 per \$1,000 principal amount for proceeds of \$89.8 million. The debenture bears interest at 6.10%, which is payable semi-annually on May 19 and November 19 with the principal amount to be repaid on November 19, 2032. The proceeds of the issue are as follows:

Purpose	Amount
New Residences (Leggett Hall and Watts Hall) and Leonard Hall Cafeteria expansion	\$ 55,700
Chernoff Hall (Chemistry Complex)	10,000
Retire existing long-term debt	20,000
Temporary financing of other capital projects	4,116
	<u>\$ 89,816</u>

The University will pay annual interest of \$5,490 with the \$90 million principal to be repaid on November 19, 2032.

NOTE 10

INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2005	2004
Capital assets	\$ 441,822	\$ 432,692
Less amounts financed by:		
Accounts payable	(2,719)	(3,594)
Long term debt and debenture	(94,550)	(94,206)
Deferred capital contribution	(237,206)	(233,981)
Balance, end of year	<u>\$ 107,347</u>	<u>\$ 100,911</u>

The change in investment in capital assets is calculated as follows:

	2005	2004
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 21,441	\$ 20,035
Amortization of capital assets	(39,389)	(38,253)
	<u>(17,948)</u>	<u>(18,218)</u>

Net change in investment in capital assets:

Purchase of capital assets	48,529	68,354
Amounts funded by:		
Accounts payable	(2,719)	(3,594)
Long term debt and debenture	(664)	(19,875)
Deferred contributions	(24,897)	(36,067)
Repayment of debt:		
Accounts payable	3,594	10,559
Lease payable	0	28
Long term debt	320	439
Net disposal of capital assets	(10)	0
	<u>24,153</u>	<u>19,844</u>
Contributions for assets not subject to amortization	231	417
Change in investment in capital assets	<u>\$ 6,436</u>	<u>\$ 2,043</u>

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 11

ENDOWMENT

Contributions restricted for endowment consist of restricted donations received by the University and contributions internally restricted by the Board of Trustees, in the exercise of its discretion. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or the Board of Trustees. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as conditions have been met, has been recorded in the statement of revenue and expense. University policy has been established with the objective of protecting the real value of the endowments by limiting the amounts of income available for spending and requiring the re-investment of a certain amount of the earned income.

	Externally Endowed	Internally Endowed	Total Endowment
Endowments, beginning of year	\$ 256,584	\$ 127,726	\$ 384,310
Net Contributions	19,439	2,455	21,894
Recapitalized investment income	82	5,745	5,827
Net investment gain (loss)	12,463	6,174	18,637
Endowments, end of year	\$ 288,568	\$ 142,100	\$ 430,668

Details of year-end balances are as follows:

	Book Value					
	Balance Beginning of Year	Net Contributions	Recapitalized Investment Income	Allocation of Net Investment Gain	Balance End of Year	Fair Market Value
Faculty, departmental, and other specific purpose	\$ 135,017	\$ 7,931	\$ 2,129	\$ 6,045	\$ 151,122	\$ 174,343
General endowment	60,729	(1,693)	1,600	4,388	65,024	98,047
Student assistance	174,375	15,643	2,072	7,568	199,658	226,072
Research	14,189	13	26	636	14,864	18,348
	\$ 384,310	\$ 21,894	\$ 5,827	\$ 18,637	\$ 430,668	\$ 516,810

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 12

INTERNALLY RESTRICTED NET ASSETS

Details of year-end balances are as follows:

	2005	2004
Operating fund:		
Purchase commitments	\$ 1,410	\$ 1,521
Capital projects	14,983	9,488
Carryforward of unexpended budget allocations to faculties, libraries and administrative units	31,253	27,888
Employee future benefits and pension	3,500	2,300
Uninsured property losses	660	580
	<u>51,806</u>	<u>41,777</u>
Ancillary enterprises:		
Major repairs and renovations	9,159	8,958
	<u>9,159</u>	<u>8,958</u>
Restricted fund:		
Unspent departmental donations and other income	48,765	38,349
Unspent research funds	29,135	27,138
	<u>77,900</u>	<u>65,487</u>
	<u>\$ 138,865</u>	<u>\$ 116,222</u>

Funds are internally restricted to cover the cost of purchase orders outstanding at year-end.

Capital projects represent internal funds committed to complete property under development.

In order to encourage judicious expenditure of funds, the University's policy permits faculties, libraries, and administrative units to carry forward unexpended budget allocations and unrestricted donations to the succeeding year.

Operating funds and ancillary enterprises establish annual budget allocations to fund periodic major repairs and alterations.

Funds are internally restricted to protect the University from losses not covered by insurance.

Departments are permitted to carry forward donations and like income restricted to general departmental purposes and research.

NOTE 13

NET CHANGE IN NON-CASH WORKING CAPITAL

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

	2005	2004
Net change in non-cash working capital:		
Accounts receivable	\$ 803	\$ 4,084
Prepaid expenses	(915)	108
Accounts payable and accrued liabilities	(1,467)	(7,963)
Deferred revenue	(5,904)	13,618
	<u>\$ (7,483)</u>	<u>\$ 9,847</u>

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 14

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. Depending on experience, there may be a partial distribution of surplus in some years. As at December 31, 2004, the latest financial statements available, CURIE had a surplus of \$6.0 million (2003 – \$0.1 million), of which the University's pro rata share is approximately 3.19% (2003 – 3.11%) on an ongoing basis.

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.

NOTE 15

PENSION PLAN

The active employees of the University are covered by a contributory pension plan which is a money purchase plan with a defined benefit minimum. At retirement, plan members can elect to take a pension payable from the fund that secures the benefit payments promised by the University sponsored pension plan. Following retirement, this pension payout is indexed based on excess interest over 6%, and pensions are guaranteed not to reduce.

The assets of the plan are managed by a number of external investment managers, are held by an independent custodian, and are completely separate and apart from the assets of the University.

The most recent valuation of the plan, as at February 29, 2004, shows contributions from the University as follows: (1) Money Purchase – 6.57% of pensionable payroll; (2) Defined Benefit (Minimum Guarantee) – 1.22% of pensionable payroll; and (3) Special Payments – 0.57% of pensionable payroll.

The actuarial valuation determined that the plan had a \$10,700 unfunded liability at February 29, 2004 to be repaid over a period not to exceed 15 years as required under the Pension Benefits Act of Ontario. Amortization of the unfunded liability requires special payments of \$1,100 per year for 15 years.

A portion of the University's money purchase contributions were previously paid from the plan surplus. Effective September 1, 2003, these contributions have been funded from the University's operating fund and are included in the 6.57% of pensionable payroll shown above.

Effective March 1, 2004, the University started making contributions to the minimum guarantee portion of the plan.

At April 30, 2005, the University has recorded \$1,335 (2004 – \$184) as the accrued portion of the \$10,700 unfunded liability.

The University contributed \$13,958 to the pension plan during fiscal 2004-05 and this outlay is included in the consolidated statement of revenue and expense as an annual expense.

A summary of the financial status of the plan as at February 29, 2004 is as follows:

Accrued benefit obligation	\$1,121,700
Fair value of plan assets	1,111,000
Plan deficit	<u>\$ 10,700</u>

The next valuation of the pension plan is anticipated to be no later than August 31, 2006.

NOTE 16
EMPLOYEE FUTURE BENEFITS EXPENSE

The University provides medical, dental and life insurance benefits to eligible active and retired employees. Benefits are funded by University contributions made on a pay-as-you-go basis. An independent actuarial study of the employee future benefits has been undertaken. The most recent valuation of the employee future benefits was completed as at January 31, 2003. The next valuation of the plan is expected to be as of January 31, 2006.

At April 30, 2005, the University’s accrued benefit obligation relating to the employee future benefits plan is \$43,282 (2004 – \$40,038) and is the employee future benefits liability noted in the Consolidated Statement of Financial Position.

The significant actuarial assumptions adopted in estimating the University’s accrued benefit obligation fall in a range, depending in some instances, on the attained age of the plan member, and in other instances on the anticipated date of occurrence following the valuation date, are as follows:

	Employee Future Benefits Plan
Interest discount assumption	6.00% to 6.75%
Salary escalation	0.00% to 4.50%
Dental benefits escalation	4.50% to 7.00%
Medical benefits escalation	4.50% to 10.00%

Included in the consolidated statement of revenue and expense is an annual expense in the amount of \$4,538 (2004 – \$4,033) regarding employee future benefits. The annual expense includes the current service cost of employee benefits for the year and the interest cost for the unfunded accrued benefit obligation. During 2005, the University contributed \$1,294 (2004 – \$1,285) to cover pay-as-you-go disbursements incurred during the year for these employee future benefits.

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 17

FINANCIAL INSTRUMENTS

(a) Fair market values

The carrying values of cash, accounts receivable, accounts payable, and accrued liabilities approximate their fair market value due to the relatively short periods to maturity of the instruments.

The fair market value of other financial assets and liabilities included in the consolidated balance sheet are as follows:

	2005		2004	
	Carrying Value	Fair Market Value	Carrying Value	Fair Market Value
Investments	\$ 666,476	\$ 761,894	\$ 598,617	\$ 682,702
Long-term debt	\$ 6,120	\$ 6,687	\$ 6,440	\$ 7,060
Series A senior unsecured debenture	\$ 90,000	\$ 101,643	\$ 90,000	\$ 92,068

(b) Derivative financial instruments

The primary risk exposures for investments are foreign currency, interest rate volatility, and market and credit risk. The University, through the work of its Investment Committee, has formal policies and procedures in place governing 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. In addition, derivative instruments are used in the management of these risks.

The notional values of the derivative financial instruments do not represent values exchanged between parties and are not a measure of the University's current market-to-market exposure resulting from the use of financial instrument contracts. The amounts exchanged are based on the applicable rates applied to the notional amounts.

The University has entered into foreign currency forward contracts to minimize exchange rate fluctuations and to mitigate any uncertainty for future financial results.

The notional values and unrealized gains/(losses) of the foreign currency contracts are as follows:

	2005		2004	
	Notional Value	Unrealized Gain (Loss)	Notional Value	Unrealized Gain (Loss)
Forward currency contracts				
- U.S. dollars	\$ 105,795	\$ (2,824)	\$ 90,552	\$ (3,257)
- U.K. sterling	\$ 4,531	\$ 270	\$ 0	\$ 0

The University has entered into an interest rate swap agreement in order to manage interest rate exposure. The contract has the effect of converting the fixed rate of interest on \$30 million of the Series A senior unsecured debenture debt to a floating rate.

At April 30, 2005, the University was exposed to interest rate risk as follows:

	Interest Rate Until Fiscal Year Ending	Principal Balance at Maturity	Amortization Through Fiscal Year Ending
Royal Bank (floating rate)	2033	\$ 30,000	2033
Royal Bank (fixed rate)	2007	\$ 1,450	2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 18

MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES FUNDING

The University receives an operating grant from the Province of Ontario in accordance with budget arrangements established by the Ministry of Training, Colleges and Universities. These financial statements reflect funding arrangements approved by the Ministry with respect to the year ended April 30, 2005. Operating grants received from the Ministry represent approximately 49% of operating fund revenue and 19% of total revenue for the University.

NOTE 19

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, 2005, 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. No provision has been accrued in these financial statements in respect of the above litigation.

NOTE 20

COMMITMENTS

(a) Letters of credit and guarantees

The University has issued letters of credit of \$436 primarily for capital construction and has guaranteed an operating line of credit with an external financial institution of \$1,000 for PARTEQ.

(b) Capital assets

The University has committed \$4,500 to purchase research equipment for the Functional Imaging Facilities of the Centre for Neuroscience Studies.

The University has entered into an agreement to purchase property for the new Family Medicine facility. The total cost for property acquisition and renovations is estimated to be \$3,500. On July 15, 2005, the Ministry of Health and Long-Term Care approved a \$3,000 capital grant for this project. The Faculty of Health Sciences will fund the remaining balance of \$500.

Queen's University at Kingston

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 21

ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF)

Externally restricted endowments include monies provided by the Province of Ontario from the Ontario Student Opportunity Trust Fund matching program to award student aid as a result of raising an equal amount of endowed donations.

The University has recorded the following amounts under phase 1 of the program:
(for the year ended April 30)

	2005	2004
Endowment Capital:		
Opening balance	\$ 72,157	\$ 72,329
Capitalized funds expended in the year	(150)	(172)
Endowment fund balance at end of year	\$ 72,007	\$ 72,157
Expendable Funds:		
Opening balance	\$ 566	\$ 579
Investment income	3,678	3,758
Bursaries awarded	(3,966)	(3,943)
Capitalized funds expended in the year	150	172
Carryforward expendable funds available for awards	\$ 428	\$ 566
Number of bursaries awarded	1,103	1,161

The market value of the OSOTF phase 1 endowment as at April 30, 2005 was \$84,669 (2004 – \$81,241)

The University has recorded the following amounts under phase 2 of the program:
(for the year ended March 31)

	2005	2004
Endowment Capital:		
Opening balance	\$ 3,998	\$ 0
Donations received	4,208	1,999
Government matching	4,308	1,345
Funds advanced by University pending receipt of government matching	(654)	654
Expendable funds capitalized in the year	57	0
Endowment fund balance at end of year	\$11,917	\$ 3,998
Expendable Funds:		
Opening balance	\$ 0	\$ 0
Donations received	12	0
Investment income	165	0
Bursaries awarded	(93)	0
Expendable funds capitalized in the year	(57)	0
Carryforward expendable funds available for awards	\$ 27	\$ 0
Number of bursaries awarded	72	0

The market value of the OSOTF phase 2 endowment as at March 31, 2005 was \$12,463 (2004 – \$4,065).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2005 (\$000's omitted)

NOTE 22

RELATED ENTITIES

This section addresses disclosure requirements regarding the University's relationships with related entities. The relationship can be one of economic interest, significant influence, joint control or control.

(a) Investment in Parking Commission

Queen's University has entered into a long-term agreement, as equal partner with Kingston General Hospital, for the operations of the Parking Commission. The University's capital investment in the partnership is \$260 (2004 – \$342), representing total advances less repayments thereon to date. This capital investment is repaid from the Parking Commission over a twenty-five year period ending December 31, 2007. The investment bears interest at 9.4% compounded semi-annually. This interest income of \$82 (2004 – \$75) is reported in the capital fund. The University's share of the Parking Commission's excess of revenue over expense is \$455 (2004 – \$287) reported in the operating fund. Should the agreement be terminated without the consent of the Hospital, the University shall pay to the Hospital the balance of the Hospital's capital investment.

(b) McGill-Queen's University Press

Queen's University has significant influence in McGill-Queen's University Press. McGill-Queen's University 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 a 50% share of any deficit accumulated by McGill-Queen's University Press. Queen's share of the accumulated deficit as at May 31, 2004, the latest financial statements available was \$464 (2003 – \$363). The University provides an annual contribution of \$183 to fund operating costs of McGill-Queen's University Press. During the year, Queen's University committed to provide additional one-time only financing of \$281 to McGill-Queen's University Press.

NOTE 23

COMPARATIVE FIGURES

Certain comparative figures have been restated in order to conform to the financial statement presentation adopted for the current year.

NOTE 24

SUBSEQUENT EVENTS

The University has purchased properties for approximately \$5,000 subsequent to year-end.

INTRODUCTION TO THE APPENDICES

(Unaudited)

To complement the information contained in the financial statements, additional data has been provided in the following Appendices. This introduction provides a context for what these numbers demonstrate.

OPERATING FUND

The University recorded a surplus of \$607 thousand (before the employee future benefits expense of \$3.2 million) in 2004-05 increasing the accumulated operating surplus to \$2.0 million. Total operating revenue increased by \$10.7 million. Fee revenue is slightly below budget as actual enrolment was 72 students off the target of 16,227 students. Higher cash balances and the transfer of cash to the pooled investment fund resulted in higher than expected investment income. Operating expenses were generally in line with the budget plan.

ANCILLARY ENTERPRISES

Revenue from ancillary enterprises amounted to \$85.3 million in 2004-05. Apartment and Housing, the Computer Store, Parking, Residences and Food Services, Continuing Education and QCED Inc. all achieved breakeven targets. The \$294 thousand loss experienced by the Donald Gordon Centre exceeded the budgeted loss as a result of fewer bed nights than planned in 2004-05. The ISC experienced an operating loss of \$57 thousand, which compares favourably with the past 5 years when losses averaged \$675 thousand per year. The University is working ambitiously to reach capacity enrolment of 180 students per term (Fall and Winter) for 2005-06. PARTEQ, the University's technology transfer corporation, reported an excess of expense over revenue of \$784 thousand after providing for a \$71 thousand distribution to Queen's.

RESEARCH

Research funding in 2004-05 was \$141 million (before deferrals) versus \$165 million in 2003-04. This expected decline in research funding arose as major one-time only infrastructure projects were completed. Funding was provided by CFI and OIT.

ENDOWMENTS

The endowment fund had a one year return of 9.9% (year ended March 31, 2005). This return is well above the benchmark return of 5.9% for the same period. Longer term results have also been strong. Specifically, over the 10 year period ending March 31, 2005, the endowment had an annualized return of 11.3%; this return is 2.3% above the annualized benchmark return for the same period.

CAPITAL

Major construction projects completed over the past few years significantly enhanced the learning environment in most faculties, and created the capacity to assimilate the increased enrolment related to the "double cohort". Going forward, the Queen's Centre, one of the largest capital projects that Queen's has ever undertaken, received approval from the Board of Trustees in March 2005 to advance to the full drawing stage.

CONCLUSION

Overall, Queen's remains a strong and financially stable institution. This is critical to the University's ability to fulfill its mission "to be among the best of internationally known universities in Canada recognized for:

- the exceptional quality of undergraduate and graduate students and programs in the arts, sciences and professions;
- the intellectual power and value of research and scholarship by faculty members and students;
- the exemplary service of the University and that of its graduates to the community and the nation and the community of nations."

APPENDIX 1

Statement of Changes in Fund Balances for the Year Ended April 30, 2005 with comparative figures for 2004

(\$000's omitted and unaudited)

Appendix 1 details the consolidated activities of the University by fund and supplements the information presented in the audited financial statements.

	Operating Fund	Health Sciences	Ancillary Enterprises	Capital Fund	Subtotal	Trust Fund	Research Fund	Endowment Fund	Investment in Capital Assets	Internally Restricted	Total 2005	Total 2004
REVENUE												
Grants and Contracts	127,716	94,875	0	(8,633)	213,958	13,851	128,160	0	0	0	355,969	332,088
Fees	104,674	828	0	0	105,502	0	0	0	0	0	105,502	103,995
Investment Income	6,225	190	0	(1,416)	4,999	24,703	1,600	11,919	0	0	43,221	28,280
Donations	1,678	7,008	0	(2,366)	6,320	17,605	446	1,638	0	0	26,009	23,001
Ancillary Sales of Service and Products	0	0	85,304	0	85,304	0	0	0	0	0	85,304	89,854
Other	5,572	189	0	82	5,843	7,763	1,415	817	0	0	15,838	13,786
Amortization of Deferred Capital Contributions	0	0	0	21,441	21,441	0	0	0	0	0	21,441	20,035
Total Revenue	245,865	103,090	85,304	9,108	443,367	63,922	131,621	14,374	0	0	653,284	611,039
EXPENSE												
Salaries	139,842	82,261	16,356	0	238,459	18,694	52,887	0	0	0	310,040	287,344
Benefits	24,747	4,338	2,203	0	31,288	2,873	6,918	0	0	0	41,079	36,420
Employee Future Benefits, cash basis	1,294	0	0	0	1,294	0	0	0	0	0	1,294	1,285
Employee Future Benefits, accrual basis	3,244	0	0	0	3,244	0	0	0	0	0	3,244	2,748
Supplies and Miscellaneous	17,979	4,135	51,269	(2,660)	70,723	10,979	39,351	0	0	0	121,053	117,993
Minor Equipment and Furnishings	8,673	2,652	1,959	(17,602)	(4,318)	14,690	23,201	0	0	0	33,573	34,585
Student Assistance	23,227	42	4	0	23,273	15,673	298	0	0	0	39,244	38,482
Utilities	11,208	9	4,058	(1,198)	14,077	161	1	0	0	0	14,239	13,125
Renovations and Alterations	4,483	164	1,644	(7,524)	(1,233)	297	6,777	0	0	0	5,841	11,296
Library Acquisitions	8,711	7	4	(9,405)	(683)	492	191	0	0	0	0	0
Amortization of Capital Assets	0	0	293	39,096	39,389	0	0	0	0	0	39,389	38,253
Interest	751	0	6,307	(1,664)	5,394	0	0	0	0	0	5,394	5,414
Total Expense	244,159	93,608	84,097	(957)	420,907	63,859	129,624	0	0	0	614,390	586,945
Excess of Revenue over Expense	1,706	9,482	1,207	10,065	22,460	63	1,997	14,374	0	0	38,894	24,094
Endowment Contribution	0	0	0	0	0	0	0	31,984	0	0	31,984	8,505
Allocation from Net Investment in Capital Assets	0	0	0	(6,205)	(6,205)	0	0	0	6,205	0	0	0
Contributions for Assets Not Subject to Amortization	0	0	0	0	0	0	0	0	231	0	231	417
Transfer from (to)												
Appropriations	(4,343)	(9,530)	(1,342)	(5,368)	(20,583)	(63)	(1,997)	0	0	22,643	0	0
Net Change in Fund Balance	(2,637)	(48)	(135)	(1,508)	(4,328)	0	0	46,358	6,436	22,643	71,109	33,016
Fund Balance, beginning of year	(38,607)	(81)	(12,983)	(29,065)	(80,736)	0	0	384,310	100,911	116,222	520,707	487,691
Fund Balance, end of year	(41,244)	(129)	(13,118)	(30,573)	(85,064)	0	0	430,668	107,347	138,865	591,816	520,707

APPENDIX 2

Queen's University Operating Fund Revenue and Expense for the Year Ended April 30, 2005 with comparative figures for 2004

(\$000's omitted and unaudited)

Highlights of Operating Fund Revenue and Expenses

		2004-05			2003-04
		Budget	Actual	Difference	Actual
REVENUE	Provincial government grants	\$ 122,684	\$ 120,708	\$ (1,976)	\$ 115,583
	Federal government grant	6,155	7,008	853	6,584
	Fees	105,213	104,674	(539)	103,223
	Investment income	3,989	6,225	2,236	2,702
	Donations	1,545	1,678	133	1,192
	Other	5,619	5,572	(47)	5,861
		245,205	245,865	660	235,145
EXPENSES	Salaries	143,386	139,842	(3,544)	129,573
	Benefits	24,799	26,041	1,242	23,153
	Supplies and miscellaneous	18,727	17,979	(748)	16,263
	Minor equipment and furnishings	9,120	8,673	(447)	6,490
	Student assistance	23,171	23,227	56	22,152
	Utilities	11,525	11,208	(317)	9,995
	Renovations and alterations	4,320	4,483	163	5,519
	Library acquisitions	9,406	8,711	(695)	9,251
	Amortization of capital assets	0	0	0	28
	Interest	751	751	0	765
		245,205	240,915	(4,290)	223,189
Net change in fund balance before transfers			4,950	4,950	11,956
Net transfers to appropriated surplus			(4,343)	(4,343)	(11,672)
Annual operating surplus, before employee future benefits expense			607	607	284
Accumulated operating surplus, start of year, before employee future benefits expense			1,431		1,147
Accumulated operating surplus, end of year, before employee future benefits expense			\$ 2,038		\$ 1,431

The format of the operating budget approved by the Board of Trustees in May 2004 has been modified in this statement to conform to the format of operating revenues and expenses in Appendix 1, of the Annual Financial Report. This format conforms to that of the Consolidated Statement of Revenue and Expense.

This highlight summary does not reflect the reporting of employee future benefits expense described in Note 16 to the Consolidated Financial Statements. The total accumulated deficit of \$41,244 (2004 – \$38,607) reflects the accrued liability of \$43,282 (2004 – \$40,038) for employee future benefits.

APPENDIX 3

Queen's University Ancillary Enterprises Revenue and Expense for the Year Ended April 30, 2005 with comparative figures for 2004

(\$000's omitted and unaudited)

Appendix 3 details the activities in the column titled "Ancillary Enterprises" in Appendix 1.

	Apartment And Housing	Donald Gordon Centre	Computer Store	Parking	Residence And Food Services	Continuing Education	ISC	PARTEQ	QCED	Other	Total 2005	Total 2004
REVENUE	4,550	3,245	3,323	1,874	35,385	28,500	6,456	1,436	340	195	85,304	89,854
EXPENSES												
Salaries	626	0	138	290	4,898	5,485	3,365	908	94	552	16,356	15,784
Benefits	117	0	27	53	811	671	254	154	17	99	2,203	2,075
Minor Equipment and Furnishings	41	25	0	202	927	235	231	0	0	298	1,959	2,123
Utilities	895	183	0	58	2,576	0	346	0	0	0	4,058	3,656
Principal and Interest	330	1,000	0	117	7,105	0	0	0	0	0	8,552	7,139
Taxes	651	18	0	5	40	0	0	0	0	0	714	566
External Contracts	26	1,194	0	89	13,509	0	729	0	0	0	15,547	15,065
Renovations and Alterations	125	276	0	107	884	1	251	0	0	0	1,644	3,371
Supplies and Miscellaneous	1,682	842	3,126	666	4,794	20,022	1,337	1,158	241	(804)	33,064	38,534
Total Expense	4,493	3,538	3,291	1,587	35,544	26,414	6,513	2,220	352	145	84,097	88,313
Excess of Revenue over Expense (Expense over Revenue)	57	(293)	32	287	(159)	2,086	(57)	(784)	(12)	50	1,207	1,541
Transfer (to) from Appropriations	(64)	(1)	(32)	(287)	159	(2,086)	907	0	0	62	(1,342)	(1,702)
Net Change	(7)	(294)	0	0	0	0	850	(784)	(12)	112	(135)	(161)
Surplus/(Deficit), beginning of year	2,089	(5,375)	0	699	(231)	0	(6,664)	(2,270)	(831)	(400)	(12,983)	(12,822)
Surplus/(Deficit), end of year	2,082	(5,669)	0	699	(231)	0	(5,814)	(3,054)	(843)	(288)	(13,118)	(12,983)

APPENDIX 4

Statement of Unrestricted Net Assets for the Year Ended April 30, 2005 with comparative figures for 2004

(\$000's omitted and unaudited)

Appendix 4 details the caption titled "Unrestricted Net Assets" presented in the audited financial statements.

	2005	2004
Operating fund:		
Accumulated surplus, before employee future benefits expense	\$ 2,038	\$ 1,431
Accrued liability for employee future benefits	(43,282)	(40,038)
	(41,244)	(38,607)
Health Sciences	(129)	(81)
Ancillary enterprises	(13,118)	(12,983)
Capital projects:		
Herstmonceux	(8,143)	(8,393)
Biosciences	(2,038)	(2,651)
Clergy Street properties	(1,305)	(1,430)
Goodes Hall	(3,301)	(3,679)
Macdonald Hall	(2,094)	(2,561)
New electric substation	(6,480)	(4,858)
Co-generation facility	(1,886)	0
Other	(5,326)	(5,493)
	(30,573)	(29,065)
Total	\$ (85,064)	\$ (80,736)

Unrestricted net assets represent the accumulated (deficit)/surplus of the operating fund, Faculty of Health Sciences, ancillary enterprises and capital projects which the University decided to fund through internal "borrowings". Capital projects reported as Herstmonceux (\$8,143), Biosciences (\$2,038), "New electric substation" (\$6,480) and "Co-generation facility" (\$1,886) are being recovered by a combination of annual allocations from the operating fund and the collection of outstanding pledges. The \$1,305 capital project reported as "Clergy Street properties" and the \$5,326 capital projects reported as "Other" are primarily Residence and Apartment and Housing projects that are being recovered annually by principal and interest repayments from ancillary enterprises. Goodes Hall is a long-term pledge which will be received in equal annual instalments through to December 2013. Macdonald Hall renovations are being recovered by annual contributions from Law School fees and will be fully repaid by April 2010.

APPENDIX 5

Explanations of Terms Used in the Financial Statements

(unaudited)

Amortization of Capital Assets: Most capital assets (except land) have limited useful lives and amortization is a means of allocating a capital asset's useful life cycle over the period the University expects to benefit from the use of the capital asset. The useful lives of capital assets adopted by the University are outlined in Note 2(d) of the financial statements.

Amortization of Deferred Capital Contributions represents the amortization of donations/grants received in current or prior years to purchase capital assets. These contributions are not considered revenue when received, but are deferred. They are recognized as revenue on the same basis that the amortization expense of the related capital assets is reported in the consolidated statement of revenue and expense.

Capital Assets consist of land, buildings, equipment and furnishings, library acquisitions, construction in progress and related accumulated depreciation. Previously, capital assets consisted of the undepreciated cost of land, buildings and construction in progress.

Deferred Capital Contributions represent gifts and grants received over a number of years restricted to the purchase of capital assets. These contributions are not considered revenue when received, but are deferred. They are recognized as revenue on the same basis that the amortization expense of the related capital assets is reported in the consolidated statement of revenue and expense. Restricted contributions for the purchase of capital assets that will not be amortized (i.e. land) are shown as a direct increase in net assets (investment in capital assets).

Internally Restricted Net Assets (previously called Appropriated Surplus) are reserves for future expenditures. These net assets are substantially departmental carry forwards and funds committed to capital projects. In previous years, unspent departmental trust and research funds were reported as deferred revenue whether they were externally or internally-restricted. Under the new reporting requirements, unrestricted trust and research funds that the University allows departments to carry forward must now be reported as internally restricted net assets. (See Note 12 of the audited financial statements for the composition of internally restricted net assets.)

Investment in Capital Assets represents the net book value (cost minus accumulated depreciation) of capital assets that were internally funded, normally from operating and ancillary operations.

Restrictions: CICA 4400.02(b) states "Restrictions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Internal restrictions are imposed in a formal manner by the organization itself, usually by resolution of the board of directors. Restrictions on contributions may only be externally imposed. Net assets or fund balances may be internally or externally restricted. Internally restricted net assets or fund balances are often referred to as reserves or appropriations."

Unrestricted Net Assets represent the accumulated deficits of the operating fund, Faculty of Health Sciences, ancillary enterprises and capital assets funded through internal "borrowings".

7

GOVERNANCE AND OTHER INFORMATION



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87 Senior Officers

88 Snapshots of New Capital/Major Construction
and Renovations

GOVERNANCE OF QUEEN'S UNIVERSITY

Queen's University at Kingston was established by Royal Charter in 1841. The Royal Charter has been amended from time to time over the intervening years by the Parliament of Canada, most significantly in 1912 and most recently in 1996 when the composition of the Board of Trustees was expanded to include students, faculty and staff. The Royal Charter provides for a governing structure consisting of the Board of Trustees and the Senate.

The Board of Trustees is responsible for the overall operations of the University, including overseeing financial matters, property, the appointment of Vice-Principals and, in conjunction with the Senate, the appointment of the Principal. The Board of Trustees has 44 members: three ex-officio, one appointed by the Queen's Theological College and 40 elected. The Board of Trustees functions through a standing committee structure consisting of eight committees.

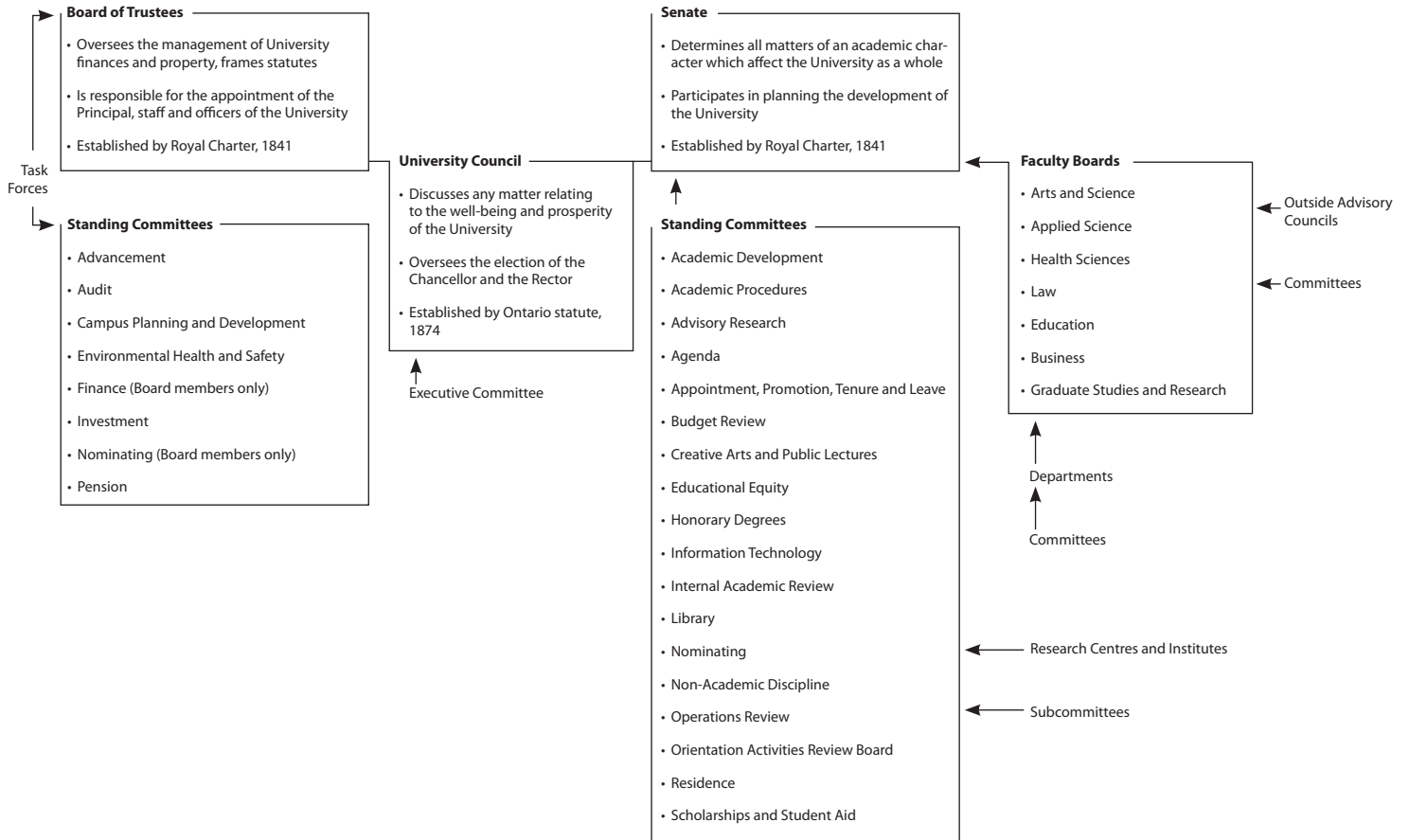
The Senate is responsible for determining all matters of academic character affecting the University as a whole, including student discipline. It shares responsibility with the Board of Trustees for appointing the Principal. The Senate has 71 members: 16 ex-officio and 55 elected. The Senate functions through a standing committee structure consisting of 18 committees.

The University Council was established by Ontario statute in 1874. Its main responsibility is to oversee the selection of the Chancellor. It generally meets once a year to discuss any matters relating to the well-being and prosperity of the University. The University Council consists of 114 ex-officio and 114 elected members.

The University Secretariat supports and assists the Board of Trustees, the Senate and the University Council to achieve their objectives.



THE GOVERNANCE OF QUEEN'S UNIVERSITY



BOARD OF TRUSTEES 2004-05

EX OFFICIO

Chancellor – Mr. A. Charles Baillie (B.A.(Hons.), M.B.A., F.I.C.B., LL.D.'00)

Principal and Vice-Chancellor – Dr. Karen Hitchcock (B.S.'64, Ph.D.'69)

Rector – Mr. Ahmed Kayssi (B.A./B.Sc.Eng.'03,M.Sc.'05) (until Oct 2004)

– Mr. Grant Bishop (B.Sc.(Eng)'03,M.Sc.(Eng)'07) (from November 2004)

APPOINTED

Rev. George Lavery (B.A. '62, M.Div.'67)

ELECTED

Mr. George Anderson (B.A.(Hons.)'67)

Mr. Daniel Bader (B.S., Business Administration '87)

Ms Kimberly Bain (B.A.(Hons)'86, M.P.A.'88)

Mr. Eric Baker (B.Sc.(Eng.)'56, M.S. Business'58)

Prof. Mary Balanchuk (B.A.'49, B.Paed.'57, M.Ed.'62)

Dr. Peter Baxter (BA '67, MA '72, PhD '80)

Mr. Donald Bayne (B.A.'66, LL.B.'69, LL.M.'74, M.B.A.'01)

Ms Kim Black (B.Com.'83)

Mrs. Judith Brown (B.A.(Hons.)'76, M.A.'79)

Ms Louise Cannon (B.A.'70, M.B.A.'72)

Mr. Duncan Card (B.A.'79, LL.B.'82, LL.M.'87)

Mr. Jeff Chan (B.A.'73, M.B.A.'75)

Mr. Hugh Christie (B.A.'78, LL.B.'81, LL.M.'87)

Mr. Donald Cooper (B.Com.'58, CFA '70)

Dr. Merv Daub (B.Com.'66, Ph.D.'71)

Mrs. Sarah Jane Dumbille (B.A.'66)

Mr. Gordon Hall (B.Sc., FSC, FCIA, MAAA)

Ms Jocelyn Hart (B.A.'83, M.B.A.'99)

Mr. Rasa Izadnegahdar (BSc.(Hons)'05)

Mrs. Merle Koven (Journalism '62, Toronto Teachers' College '63)

Ms Anne Leahy (B.A.(Hons.)'72, M.A.'73)

Hon. Judge Heino Lilles (B.Sc.(Hons.)'67, M.Sc.'68, LL.B.'71, LL.M.'72)

Mr. Joseph Loughheed (B.A.(Hons.)'89, LL.B.'91)

Mr. Paul Lucas (B.Sc.'72)

Ms Susan Miklas (B.A.'64, LL.B.'88, LL.M.'90)

Mr. Bruce Mitchell (B.Sc.'68, M.B.A.'70)

Mr. Tom O'Neill (B.Com.'67, FCA)

Ms Barbara Palk (B.A.(Hons.)'73, Fellow – the Cdn Securities Inst., C.F.A.'87)

Mr. Christopher Peltzer (B.Th.'94, M.R.E.'99)

Dr. Andrew Pipe (C.M., B.A.'70, M.D.'74)

Mr. Kent Plumley (B.Sc.'60, LL.B.'65)

Dr. Sarah Prichard (B.A., M.D.'74, FRCP(C)'78, CSPG'78)

Mr. Mark Publicover (B.Sc.'74, M.A.'81)

Mr. John Rae (B.A.(Hons.)'67)

Mr. Justice Gordon Sedgwick (B.A.'56, LL.B.'61)

Mr. Robert Sobey (B.A.(Hons.)'88, M.B.A.'94)

Dr. Joan Stevenson (B.P.H.E.'69, M.Sc.'72, Ph.D.'80)

Mr. George Watson (B.Sc.(Eng.)'70, M.B.A.'72, A.M.P.'88)

Mr. David Whiting (B.Sc.'65, M.B.A.'67)

Mr. William Young (B.Sc.(Hons.)'77, M.B.A.'81)

Secretary – Ms Georgina Moore

Associate Secretary – Ms Lee Tierney

SENATE 2004-05

EX OFFICIO

Ms Constance Adamson (President, QUFA)
 Dr. Rosa Bruno-Jofre (Dean, Faculty of Education)
 Dr. Robert Crawford (Dean of Student Affairs)
 Dr. Suzanne Fortier (Vice-Principal (Academic))
 Dr. Thomas Harris (Dean, Faculty of Applied Science)
 Dr. Karen R. Hitchcock (Principal and Vice-Chancellor)
 Ms Sam Hosseini (President, S.G.P.S.)
 Dr. Kerry Rowe (Vice-Principal (Research))
 Dr. David Saunders (Dean, School of Business)
 Dr. Ulrich Scheck (Dean, School of Graduate Studies & Research)
 Dr. Robert A. Silverman (Dean, Faculty of Arts and Science)
 Dr. Jean Stairs (Principal, Queen's Theological College)
 Professor Gary Trotter (Dean, Faculty of Law (Acting))
 Mr. Tyler Turnbull (President, A.M.S.)
 Dr. David M. C. Walker (Dean, Faculty of Health Sciences)
 Mr. Paul Wiens (University Librarian)

ELECTED

Faculty of Applied Science

Dr. James Archibald (Mining Engineering)
 Dr. Laeeque Daneshmend (Mining Engineering)
 Dr. Michael J. Korenberg (Electrical & Computer Engineering)
 Dr. James K. W. Lee (Geological Sciences and Geological Engineering)
 Dr. Jim McLellan (Chemical Engineering)
 Mr. Kenneth Saddington (B.Sc.(Eng.)'07)
 Mr. Christopher Zabaneh (B.Sc.(Eng.)'05)

Faculty of Arts and Science

Professor Sylvat Aziz (Art)
 Dr. Diane Beauchemin (Chemistry)
 Dr. Lorne Carmichael (Economics)
 Mr. Samil Chagpar (Life Sciences)
 Dr. Wendy Craig (Psychology)
 Dr. Elizabeth Hanson (English)
 Dr. Pat Martin (Computing)
 Dr. Michael Nesheim (Biochemistry)
 Dr. Daniel Offin (Mathematics and Statistics)
 Mr. Simon Paabor (B.A.'05)
 Mr. Ethan Rabidoux (B.A.(Hons)'06)
 Dr. Natalie Rewa (Drama)
 Dr. Clive Robertson (Art)
 Dr. Laureen Snider (Sociology)
 Dr. Malcolm Stott (Physics)
 Mr. Adam Szulewski (B.Sc.(Hons.)'07)
 Mr. Michael Tso (Life Sciences)

Faculty of Education

Mr. Robert Bickford (B.Ed.'06)
 Dr. William Egnatoff (Education)
 Dr. William C. Higginson (Education)
 Professor Iain Munro (Education)

Faculty of Health Sciences

Dr. Susan Cole (Pathology and Molecular Medicine)
 Mr. Tom Doulas (B.Sc.'06)
 Mr. Nathan Duyck (B.N.Sc.'07)
 Mr. Vincent Paul Escanlar (M.D.'06)
 Dr. Jennifer Medves (Nursing)
 Dr. Michael O'Connor (Emergency Medicine)
 Dr. Sandra Olney (Rehabilitation Therapy)

Faculty of Law

Dr. Martha Bailey (Law)
 Ms Erica Louie (LL.B.'06)
 Professor Malcolm Thorburn (Law)

School of Business

Dr. Susan Brodt (Business)
 Mr. Andrew Mould (B.Com.'06)
 Dr. Elspeth J. Murray (Business)
 Mr. Michael Nowak (B.Com.'07)
 Dr. Peter R. Richardson (Business)

School of Graduate Studies and Research

Dr. Susan Babbitt (Division II)
 Dr. Charles Beach (Division V)
 Mr. Chris Churchill (Ph.D. candidate)
 Dr. Mark F. Green (Division III)
 Dr. Michael Kawaja (Division I)
 Dr. Donal H. Macartney (Division IV)

The Theological College

Dr. Richard Ascough (Theological College)
 Ms Melanie DesRoches (M.Div.'06)

Staff

Ms Joanne Brett (Office of the University Registrar)
 Mr. Robert Burge (John Deutsch University Centre)
 Mrs. Inara Metcalfe (Office of the University Registrar)

Secretary – Ms Georgina Moore

Associate Secretary – Ms Peggy Watkin

STUDENT GOVERNMENT

Rector

Mr. Ahmed Kayssi (B.A./B.Sc.Eng.'03, M.Sc.'05) (until Oct 2004)
 Mr. Grant Bishop B.Sc. (Eng.)'03, M.Sc.(Eng.)'07 (from November 2004)

Alma Mater Society (A.M.S.) Executive

President – Mr. Tyler Turnbull
 Vice-President (University Affairs) – Mr. Brian Cheney
 Vice-President (Operations) – Ms Kelly Steele

Society of Graduate and Professional Students (S.G.P.S.) Executive

President – Ms Sam Hosseini
 Vice-President (Graduate) – Mr. Christopher Jones
 Vice-President (Professional) – Ms Colleen Arsenaault
 Vice-President (External) – Mr. Christopher Canning
 Vice-President (Operations) – Mr. Vincent Wong

ORGANIZATIONAL CHART OF QUEEN'S UNIVERSITY 2004-05

Karen R. Hitchcock Principal and Vice Chancellor			
University Secretariat	University Advisor on Equity	Suzanne Fortier ¹ Vice-Principal (Academic)	George Hood Vice-Principal (Advancement)
Human Rights Office		Agnes Etherington Art Centre Faculty of Applied Science Faculty of Education Faculty of Law Le Centre Francophone Performing Arts Office University Libraries Queen's Quarterly School of Graduate Studies and Research Writing Centre	Development and Business Relations Major Gifts Planned Giving Foundations Ultimate Gifts Area Alumni and Donor Relations Affinity Partners and Business Alumni and Friends Donor Appeals and Stewardship Marketing and Communications Communications and Public Affairs University Marketing Advancement Operations Advancement Business Office Advancement Data Management
		Dean of Student Affairs Faculty of Arts and Science Faculty of Health Sciences Institutional Research and Planning McGill-Queen's University Press University Archives International Study Centre School of Business University Registrar Instructional Development Centre	Andrew Simpson ² Vice-Principal (Operations and Finance) Finance Group Financial Systems and Operations Risk Management and Audit Services Purchasing Pensions Investments and Insurance Financial Analysis and Budget Information Technology Services Human Services Campus Security Environmental Health and Safety Human Resources Operations and Facilities Campus Planning Physical Plant Services Printing and Materials Distribution
			Kerry Rowe Vice-Principal (Research) Animal Care eQuip! Task Force PARTEQ Research Services Research Centres and Institutes Centre for Study of Democracy SNO Better Beginnings South African Research Centre Centre for Neurosciences HPCVL GeoEngineering Centre at Queen's and RMC HMRC

NOTES:

¹ Effective July 1, 2005, Patrick Deane appointed Vice-Principal (Academic)

² Effective August 3, 2005, Rod Morrison appointed to newly created Human Resources portfolio as Vice-Principal (Human Resources)

SENIOR OFFICERS OF QUEEN'S UNIVERSITY 2004-05

CHANCELLOR

Mr. A. Charles Baillie

PRINCIPAL AND VICE-CHANCELLOR

Dr. Karen Hitchcock

VICE-PRINCIPALS

Dr. Patrick Deane (Academic) – effective July 1, 2005

Dr. Suzanne Fortier (Academic) – to June 30, 2005

Mr. George Hood (Advancement)

Mr. Rod Morrison (Human Resources) – effective August 3, 2005

Dr. Kerry Rowe (Research)

Mr. Andrew Simpson (Operations and Finance)

ASSOCIATE VICE-PRINCIPALS

Ms Sandra Crocker (Research)

Dr. Janice Deakin (Student Affairs) – acting, effective July 1, 2005

Dr. John Dixon (Academic)

Ms Elaine McDougall (Faculty Relations) – to August 31, 2005

Mr. Tom Morrow (Operations and Facilities)

Mr. Ray Satterthwaite (Advancement)

Mr. Richard Weatherdon (Human Services)

DEANS

Dr. Roland Boegman (School of Graduate Studies) – acting, effective September 1, 2005

Dr. Rosa Bruno-Jofré (Faculty of Education)

Dr. Robert Crawford (Student Affairs) – to June 30, 2005

Dr. Janice Deakin (Student Affairs) – acting, effective July 1, 2005

Mr. William Flanagan (Faculty of Law) – effective July 1, 2005

Dr. Thomas Harris (Faculty of Applied Science)

Dr. David M. Saunders (School of Business)

Dr. Ulrich Scheck (School of Graduate Studies and Research) – to August 31, 2005

Dr. Robert Silverman (Faculty of Arts and Science)

Dr. David Walker (Faculty of Health Sciences)

UNIVERSITY SECRETARY, SECRETARY OF THE BOARD OF TRUSTEES AND THE SENATE

Ms Georgina Moore

SENIOR DIRECTORS

Ms Kathy Arney (CFO Advancement Operations)

Mr. Paul Banfield (University Archivist – Acting)

Dr. David Bevan (International Study Centre)

Ms Jo-Anne Brady (University Registrar)

Ms Janet Brooke (Agnes Etherington Art Centre)

Ms Judith Brown (Alumni and Donor Relations)

Ms Irène Bujara, (Human Rights)

Mr. Wade-Chace Hall (QAES and Toronto Office)

Mr. Chris Conway (Institutional Research and Planning)

Ms Mary-Margaret Dauphinee (University Advisory on Equity) – to April 1, 2005

Ms Roxy Dennison-Stewart (Residences)

Mr. Bill Forbes (Pensions, Insurance and Investment Services)

Ms Donna Janiec (Risk Management and Audit Services)

Ms Glenda Kaye (Financial Analysis and Budget)

Mr. Dan Langham (Environmental Health and Safety)

Ms Donna Lounsbury (Principal's Office)

Mr. Ken Low (Financial Systems and Operations)

Ms Jeanne Ma (Campus Planning)

Mr. Patrick McNeill (Principal's Office) – effective May 1, 2005

Dr. Joy Mighty (Instructional Development Centre)

Dr. Ed Pearce (Planned Giving)

Mr. Richard Seres (Marketing and Communications)

Mr. Sean Reynolds (Information Technology Services)

Mr. Mike Stefano (Purchasing Services)

Mr. Paul Weins (University Librarian)

PRIMARY BANKER

Bank of Montreal

AUDITOR

KPMG LLP

SOLICITORS

Cunningham, Swan, Carty, Little & Bonham LLP

SNAPSHOTS OF NEW CAPITAL/MAJOR CONSTRUCTION AND RENOVATIONS

Gordon Hall/Gordon Annex Renovation

Project Cost:

\$15 million (\$11.4 million provided by SuperBuild)

Features:

Academic and Administrative Space including School of Graduate Studies and Research, consolidated Office of the University Registrar and other student services

Architect:

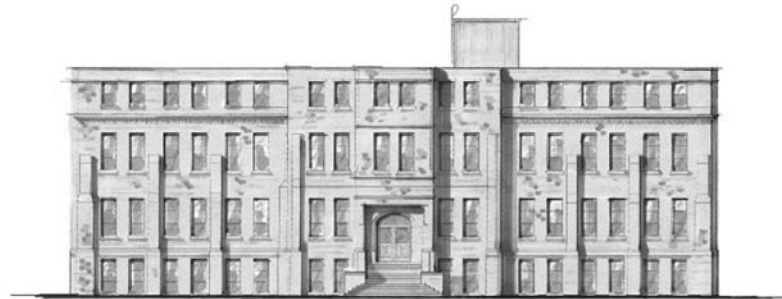
Griffiths Rankin Cook Architects

General Contractor:

M. Sullivan & Son Limited

Status:

Under construction – expected opening Winter 2006



Before renovations



After renovations showing restored roof

Richardson Hall Renovation

Project Cost:

\$11 million

Features:

Renovated facilities to address major building deficiencies including need to make building fully accessible.

Architect:

Griffiths Rankin Cook Architects/Gansen Lindsay Design Consultants Inc.

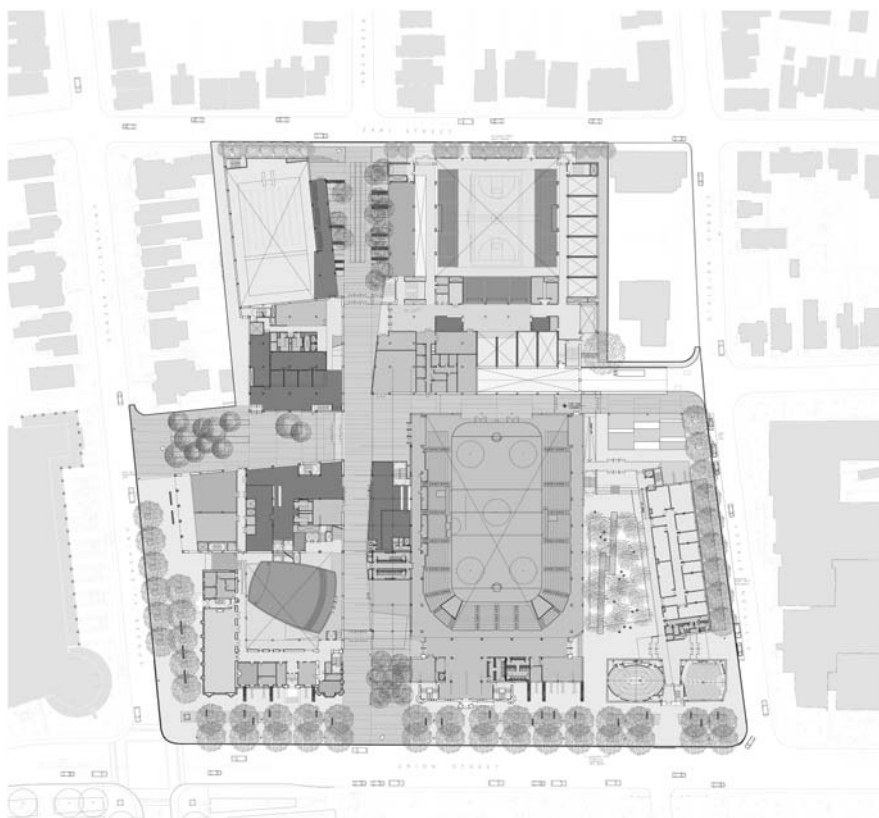
General Contractor:

Not yet awarded

Status:

Planning/Concept stage – expected opening Summer 2007





Queen's Centre Project

Project Cost:

Estimated cost of \$230 million

Features:

Major renovation and expansion of JDUC, Jock Harty Arena and School of PHE facilities. To include new student life facilities.

Architect:

Bregman + Hamann Architects, Sasaki Associates Inc. and Shoalts & Zaback

General Contractor:

Not yet awarded

Status:

Expected 10 year phased project. Concept approved. Moving to drawing stage for Phase I. Break ground Fall 2006.

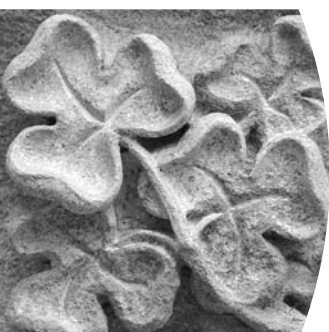
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SOURCES OF INFORMATION



SOURCES OF INFORMATION USED IN THIS REPORT

- A** Canada Council for the Arts – Killam Research Fellowships
- B** Canadian Association of University Business Officers, Financial Statistics of Universities and Colleges
- C** Council of Finance Officers – Universities of Ontario
- D** *Maclean's Annual Ranking Universities*, 1991-2004 publications, and *Maclean's Survey Data* 1991-2004 (distributed by AUCC)
- E** National Survey of Student Engagement (NSSE), 2004
- F** Natural Sciences and Engineering Research Council of Canada – Steacie Fellowships
- G** Ontario Universities' Application Centre, Admission Data System Report (various years)
- H** PARTEQ Research and Development Innovations
- I** Queen's University, various internal documents
- J** Queen's University annual Exit Poll Report of graduating students (1999-2005)
- K** Statistics Canada, Salaries and salary scales of full-time teaching staff at Canadian Universities, 2002-2003
- L** Research Infosource Inc. (Canada's Top 50 Research Universities 2004), based on 2002-03 data



NOTES