

QUEEN'S UNIVERSITY ANNUAL REPORT 2006



ENGAGING THE WORLD:  
QUEEN’S IN 2006 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-intensive universities in Canada.

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. We are changing and growing and strengthening our position as a major force of innovation at national and international levels. Through this 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.

2005-06 HIGHLIGHTS

Our Students

- A diverse community of over 20,000 students from 101 countries worldwide
- Almost 23,500 applications for 3,267 full-time undergraduate spaces, with an overall entering average of 87.6 percent
- Queen's students received 65 Canada Millennium Excellence Entrance Awards, more than at any other Canadian university
- Ho Man Cheng (Life Sciences) was among 50 of the world’s best and brightest university students honoured at the Goldman Sachs Leadership Institute

Our Teaching and Learning Environment

- Appointed Associate Dean (International) of Arts and Science and invested in the International Programs Office to enhance students’ opportunities for global experience
- Became the first Canadian member of CDIO (Conceive-Design-Implement-Operate), a partnership with eight other world-class universities to develop innovative engineering curricula
- Recruited 36 tenure-track faculty from universities across Canada and beyond
- Launched the Focus on Graduate Supervision program to provide theoretical and practical support for faculty who supervise graduate students

Our Research Environment

- Continue to top all Canadian universities for number of national research prizes and honours per full-time faculty member
- 3 Queen's professors were among 10 outstanding Canadian researchers to receive Killam Research Fellowships
- Welcomed six new Canada Research Chairs, bringing the total to 48 since 2000
- Troy Day (Mathematics and Statistics) won the Steacie Prize, Canada’s top honour for young researchers in Sciences and Engineering
- Jill Scott (German) won the SSHRC Aurora Prize, Canada’s top honour for young researchers in the humanities or social sciences
- Awarded the new Ontario Research Chair in Bioethics, providing a \$3-million endowment to the University for work in this interdisciplinary field
- Highest Canadian success rate for SSHRC Standard Research Grants, including a \$2.5-million Major Collaborative Research Initiative grant to study Ethnicity and Democratic Governance

Supporting an Environment  
of Excellence

- Students pledged \$25.5 million to the Queen's Centre over the next 15 years, the largest contribution ever by Canadian students to a university
- Completed \$15-million renovation of Gordon Hall into a one-stop student services hub
- Opened Phase One of the Queen's Learning Commons in Stauffer Library, a unique space that consolidates Queen's electronic and traditional learning resources
- Libraries ranked first in the *Globe and Mail* University Report Card
- Boosted the Annual Fund to \$1.3 million, up more than \$450,000 from the previous year

Governance, Accountability,  
Fiscal Management

- University revenue increased by \$25 million (3.8%)
- The May 11, 2005 provincial budget announced the government’s “Reaching Higher” plan for postsecondary education in Ontario, to be implemented over a five-year period. The plan is to finance a number of new initiatives to improve access and quality of post-secondary education and will hold postsecondary institutions accountable for achieving these objectives. This additional funding had a positive impact in the past year for Queen's, providing for the appointment of additional faculty, amongst other initiatives
- Attracting and retaining the best students remains a priority for Queen's and the University is committed to the goal of ensuring that all qualified students, regardless of financial means, have access to a Queen's education. Queen's consistently leads all other Canadian universities in the percentage of its operating budget directed to student financial assistance

QUEEN’S FUTURE / LOOKING FORWARD

Securing our financial future

Queen's chief priority today and in the foreseeable future is to expand and diversify our financial resources through advocacy and partnership with both public and private sectors. At the same time, we need to make strategic investments with our existing resources to maintain quality through faculty recruitment, facility and IT infrastructure renewal, and academic program enhancement. Our peer institutions are working hard to increase their share of exceptional students. This growing competition means we must continue to build our endowment in support of a generous student financial assistance program.

Sustaining a quality teaching and learning environment

Outstanding students are the foundation of Queen's academic excellence. They come here to experience our rigorous yet supportive broader learning environment. To sustain this quality environment, we must focus our resources on faculty recruitment, leading-edge teaching and research facilities, and a student-centred campus. Faculty recruitment will serve several important strategic goals in the years ahead. It will allow us to reduce the student-to-faculty ratio, giving students more opportunities to interact with their professors and experience research firsthand, and, it will provide a means to diversify our faculty complement and make it more reflective of Canada’s multicultural population.

Benchmarking for greater accountability

To further enhance Queen's commitment to accountability, we are working towards the establishment of benchmarks and formal targets in a number of critical areas identified in the strategic planning process. In 2006-07 we will report on our performance in relation to these university-wide goals. We will also begin collecting performance measure information at the academic unit level.

Engaging our multiple communities

Queen's cannot fulfill its ambitious agenda alone. We must secure the support of more partners in our advocacy efforts on behalf of the University and the larger postsecondary system. A strong government relations program, begun this year, will continue to be high on Queen's agenda in the years ahead. We will also continue our efforts to repair and strengthen ties to our neighbours in the local community, seizing every opportunity to model the kind of civic responsibility and engagement which characterize the role of a leading university in today’s global society. Through all of these relationships, we will strive to demonstrate that Queen's is committed to service across our entire mission of teaching and research.

Strategic planning

Our overriding goal in the strategic planning process has been to ensure that we are on a path that reflects Queen's past and traditions while looking toward the future, a path that stays true to our values yet is informed by our emerging strengths. Moving forward, we will refine our goals and strategies based on the feedback from our communities, develop appropriate measures of success, and seek formal approval by the Senate and Board of Trustees. Though this year marks the official end of the formal strategic planning process, we must constantly revise and review Queen's goals in light of our dynamic environment.

## QUEEN'S BY THE NUMBERS

### Enrolment (Fall 2005)

|                                                                            |               |
|----------------------------------------------------------------------------|---------------|
| Undergraduate (first entry Kingston campus and International Study Centre) | 12,268        |
| Undergraduate (professional/second entry Kingston campus)                  | 1,682         |
| School of English                                                          | 157           |
| Graduate (MBA programs)                                                    | 417           |
| Graduate (other)                                                           | 2,293         |
| Part-time students, Postgraduate Medicine and Theological College          | 3,903         |
| <b>Total</b>                                                               | <b>20,720</b> |
| International students (undergraduate)*                                    | 557           |
| International students (graduate)*                                         | 379           |

\*Included in total full-time fall enrolment as listed above

### Faculty and Staff (Fall 2005)

|                                                        |              |
|--------------------------------------------------------|--------------|
| Faculty                                                |              |
| • full-time, excluding clinical medicine               | 812          |
| • full-time clinical medicine                          | 241          |
| • other teachers and researchers (primarily part-time) | 1,302        |
| Staff                                                  |              |
| • operating budget funded                              | 1,823        |
| • other funding including research                     | 675          |
| Students                                               | 1,801        |
| <b>Grand total</b>                                     | <b>6,654</b> |

### Revenue by Business Segment 2005-06 (\$ thousand)

|                      |                  |
|----------------------|------------------|
| Operating            | \$ 264,222       |
| Health Sciences      | \$ 103,987       |
| Ancillary            | \$ 90,891        |
| Capital              | \$ 13,017        |
| Trust                | \$ 56,780        |
| Research             | \$ 143,039       |
| Endowment            | \$ 6,203         |
| <b>Total Revenue</b> | <b>\$678,139</b> |

### Community Impact (Greater Kingston) (2003 Study) **\$ 1.02 Billion**

### 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, Music, School of Kinesiology and Health Studies, 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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2005-06 IN REVIEW



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6 Message from the Principal

## MESSAGE FROM THE CHAIR OF THE BOARD OF TRUSTEES

We received an overwhelmingly positive response to last year's annual report, so we are continuing the format for 2005-06. Our aim is to provide stakeholders with a highly readable document that is as open and transparent as possible about the institution's priorities, accomplishments and challenges.

As you will see in the pages ahead, accountability to many communities of Queen's is a running theme in this report. The University is operating in an environment of heightened performance expectations from our public and private funders. For example, the Ontario postsecondary education review in 2004 led to increased provincial funding this year for initiatives such as faculty hiring and graduate student assistance. Yet this money came with comprehensive new accountability agreements, as did research grants from the national funding agencies. These agreements reinforce Queen's already strong commitment to openness and accountability to the communities we serve.

Another thread running through the report is the University's growing international reputation. Queen's strengthened its presence on the global scene in 2005-06 with several new large-scale collaborative projects, ranging from primary health care reform in the Balkans to social development in post-Tsunami Sri Lanka.

The University also continued to respond to important social needs – while always building on its academic strengths – through the development of educational programs. The expansion of the medicine and nursing program will help address deepening shortages in the health-care system, for example, while the new Interdisciplinary Graduate Program in Computational Science and Engineering will produce leaders for the ongoing IT revolution.

Many of this year's capital projects have been geared towards creating a student-centred campus, one of Queen's chief planning priorities. The campus of the future will be a physical manifestation of the University's commitment to nurturing the whole student – body, mind and spirit. Once completed, the Queen's Centre will be the centrepiece.

We are pleased to report that Queen's operated within a balanced budget again this year, though it is facing strong financial pressure to maintain quality when funding is not at a level equal to inflationary increases in the University's costs. In today's competitive postsecondary environment, it is crucial to have adequate funding to maintain Queen's longstanding reputation for excellence. The University must continue to seek alternative funding sources through avenues such as private philanthropy and industrial partnerships.

On a personal note, this report marks my final year as Chair of Queen's Board of Trustees. It has been a privilege to serve in this capacity and I am sorry to leave, but the current board is a strong one and I am confident that it will be in very good hands with Bill Young at the helm. I was also proud to serve on the Campaign Cabinet of the Campaign for Queen's from 2000 to 2003, and I look forward to the success of the upcoming campaign.



John Rae  
Chair, Board of Trustees

## MESSAGE FROM THE PRINCIPAL

This year has given all members of the University community the unique opportunity to pause and reflect on where Queen's has been, where it is today and where it needs to be in the future. Beginning in early 2005, as part of our strategic planning initiative, I had the privilege of consulting with students, faculty, staff, alumni and friends about their views on the state of the University and its potential for the next decade and beyond.

### **Planning for Queen's future – Development of a Strategic Plan**

In all of my interactions with the University community in the strategic planning process, I was consistently impressed by people's willingness to share their ideas, concerns and dreams in an open and collegial way. These frank discussions formed the basis of the draft strategic plan, which we presented to all Queen's stakeholders in spring 2006.

Titled "Engaging the World," the draft plan sets out a framework for accomplishing the following objectives over the next decade:

- Being a university of choice for faculty and students and an employer of choice for staff
- Creating an engaged teaching and learning environment
- Achieving international distinction and impact in research
- Providing a strong and secure foundation of resources to help us achieve our goals
- Being an engaged partner of our multiple communities

We consider the strategic planning process an ongoing conversation with our various communities, and at the time of writing this annual report we are refining some of our objectives based on input to the draft strategic plan. Our goal is that by the time of the 2006-07 annual report, we will have a strong and realistic vision laid out for Queen's future that has the overall endorsement of the University community – something that we can all work together to achieve.

### **Acquisition of land for the future**

A major priority over the past year has been land planning and acquisition. Queen's campus was designed for only 10,000 students – about half of the current enrolment. Taking advantage of opportunities to expand the capacity for Queen's to grow is critical to our future. With the philanthropic support of alumnus Dr. Alfred Bader and his wife Dr. Isabel Bader, on July 31 we acquired waterfront property from the City of Kingston to the west of campus. This acquisition will allow us to realize our vision for an Arts Campus, including a site for a concert hall and theatre, as well as related academic space. Both the City and the University will be enriched by these renewed and expanded facilities. We are also in the final stages of negotiations to purchase the former Prison for Women site adjacent to West Campus and the Faculty of Education. This site will provide a permanent home and ready public access to the University archives and will house much-needed research and innovation space, in partnership with the private sector. Seeking out other opportunities to acquire lands for the future benefit of Queen's will continue to be a priority.



### **A postsecondary environment in flux**

The backdrop to our strategic planning exercise has been a constantly shifting postsecondary education environment. Significant changes in the demographic, economic, political and social climate reinforce the reality that our strategies must adapt over time, even as we remain steadfastly committed to our defining values and mission as a university.

#### **Competition to be a university of choice**

This is a challenging era for Canadian universities, marked by intense competition in several spheres. Now more than ever, Queen's must continue to distinguish itself as a high-quality institution of choice. Some characteristics of today's competitive environment include:

- National and international competition for faculty members, due to growing enrolment and significant faculty retirements
- Competition for public funding from governments with limited resources and a variety of urgent priorities
- Competition for private funding in the expanding Canadian philanthropic sector
- Competition for exceptional students as universities across the country step up their efforts to provide attractive student financial assistance and leading-edge academic programs

#### **Opportunities to grow and diversify**

In addition to the challenges outlined above, the changing postsecondary environment presents us with opportunities to reinvent ourselves as we keep pace with the latest social developments. As you will read in this report, Queen's is striving to meet the new demands of 21<sup>st</sup>-century global society, such as:

- An increasingly heterogeneous student body, due to the growing diversity of Canada's domestic student population and the increasing presence of international students
- Rising pressure to become a force of innovation in the knowledge-based economy, evaluated not only by our research and educational programs but also by our service to society
- Requirements for technologically advanced delivery systems on par with the latest international advances across the education community

### **Engaging our government partners**

Queen's ability to sustain a quality teaching and learning environment and be competitive in the Canadian post-secondary sector depends on our ability to secure a solid foundation of resources. To this end, one of our primary challenges is to promote enhanced government investment in universities.

This year we worked to enhance Queen's profile at the federal and provincial level, endeavouring to position Queen's as a key partner and resource to government. I spoke at provincial budget consultations and participated actively in advocacy efforts by the Council of Ontario Universities and the Association of Universities and Colleges of Canada. Further, I met with many provincial and federal government and public service leaders – ministers, and deputy ministers – both on and off campus, to tell the Queen's story. I have also established a formal government relations unit in the Principal's Office to help ensure that Queen's presence in Ottawa and Queen's Park is strong and effective.

#### Federal government: Budget 2006

The most notable development on the political scene in 2005-06 was the installation of the new Conservative government, whose stated goal is to develop a productive, competitive Canadian economy. Accordingly, Queen's message during the mandate of this government will be clear and direct: investment in postsecondary education today will generate great benefits for the quality of life, economic vitality and competitiveness of Canada tomorrow.

The Harper government's inaugural budget introduced some positive measures for universities, including:

- The creation of a \$1-billion trust fund for postsecondary education infrastructure, which could mean almost \$18 million for much-needed facilities renewal at Queen's
- An additional \$40 million for indirect costs of research, bringing the average reimbursement rate for indirect costs to 27 percent – still less than the true cost of 40 percent, but closer than before
- The elimination of tax on scholarship income – good news for students
- The elimination of capital gains tax on donations of listed securities – good news for university philanthropic efforts

#### Provincial government: Aftermath of the Rae Review

As we outlined in last year's report, the 2004 Ontario postsecondary education review led to the McGuinty government's *Reaching Higher* budget in 2005. The resulting increase in funding for higher education across the province – \$6.2 billion over five years – has been most welcome, allowing us to hire additional faculty and increase graduate student assistance in 2005-06.

Premier McGuinty signalled his commitment to a vibrant higher education sector by creating and heading the new Ministry of Research and Innovation in June 2005. In addition, the 2006 provincial budget set up several new research awards and funding programs to recognize innovation.

These have all been encouraging developments, yet we are still struggling to cover basic inflationary costs, reinforcing the growing need to maximize Queen's private funding sources through philanthropy and innovative partnerships. Quality improvements are critical in this competitive era in higher education, so we must continue to advocate for more funds or risk Ontario remaining one of Canada's least supported university systems.

#### Tuition policy framework

In 2006 the Ontario government lifted its tuition freeze, replacing it with a multi-year tuition framework linked to quality improvement and student access guarantees. After extensive consultation within the University community, Queen's established a two-year tuition plan set to begin in the 2006-07 academic year.

Student accessibility, regardless of financial background, is a longstanding commitment of Queen's, and our plan recommends less than the allowed percentage fee increase in a number of programs. Our plan will allow students to predict reliably their fees for more than one year, while giving us the opportunity to reassess the impact of the fee increases after a reasonable period of time.

### Accountability issues

We pride ourselves on being a recognized leader in our accountability to the communities we serve. Queen's internal processes in this area were formalized this year as a result of new accountability agreements with the province which link funding to specific performance predictions. Graduate growth monies, for instance, are tied to quality improvements and student accessibility. These agreements reinforce our continuing efforts to demonstrate the value of a Queen's education.

### Engaging the wider community

A strong relationship with our government partners is key to achieving Queen's mission, but so is a strong relationship with the broader community. In 2005-06, the University intensified its efforts to address two major challenges:

#### Reflecting Canada's rich diversity

Town hall meetings associated with the strategic planning process consistently raised issues around diversity and equity. These discussions underlined the need we already recognized as an institution to foster increased student, faculty and staff diversity and, in doing so, the environment for learning here at Queen's. Momentum has been building in pursuit of this goal, as all levels of the University's administration and faculty have committed themselves to take action and make student, faculty and staff diversity a long-term institutional priority.

In 2005-06, we began a process to examine this issue in depth, determine the true nature and extent of the problem, and establish long-term plans at all levels of the University to attract more high-quality faculty, students and staff from diverse groups. In addition to encouraging grassroots initiatives, we have dedicated resources to the problem at the most senior levels.

#### Improving relations in our home community

Queen's engagement with the wider community starts right here in Kingston, and, for the most part, relations with our host city have been productive and positive. We are an integral part of the city, contributing to its economic, cultural and civic life. However, a non-sanctioned event that took place on Aberdeen Street (a student neighborhood) during Homecoming 2005 created concerns regarding the positive relationship that we had been built with the citizens of Kingston. This year we spent many months working diligently with the City of Kingston, its citizens, our students and our faculty to better understand the root causes of such non-sanctioned events. In consultation and partnership with the Queen's Alma Mater Society, the City of Kingston, the Kingston Police and members of the community, we created a comprehensive plan for 2006, with the goal of holding a safe Homecoming. This included a successful action plan that mitigated further incident during this year's non-sanctioned event on Aberdeen Street during Homecoming weekend.

As you will read in the coming pages, we have enjoyed great success in 2005-06 in attracting exceptional students, enhancing our environment for learning, advancing research that enriches the undergraduate and graduate curriculum while contributing to the public good, developing new resources and serving our various constituencies. Yet many challenges remain.

Today's competitive postsecondary climate poses serious threats to our longstanding reputation for quality. Through advocacy, creativity, careful planning and stewardship by the outstanding people of Queen's, however, we are confident that we will be able to sustain the University's exceptional teaching and learning environment.

Defining a renewed vision for Queen's has been challenging and invigorating; indeed, it will always be a work in progress, evolving in response to the changing needs of our students and our society. However, throughout all of our planning efforts there is one constant: Queen's commitment to academic excellence.

In closing, I would like to extend a warm welcome to the leaders who joined Queen's in 2005-06: Patrick Deane, Vice-Principal (Academic); Jason Laker, Associate Vice-Principal and Dean of Student Affairs; Rod Morrison, Vice-Principal (Human Resources); and Daniel Hogg, Associate Vice-Principal (Finance) and Chief Financial Officer.

And let me end this annual message with my deepest thanks to departing Chair of the Queen's Board of Trustees, John Rae, for his loyal and dedicated service to the entire Queen's community. For the past six years, Mr. Rae has devoted countless hours to his alma mater and has enriched our institution immeasurably through his advice and compassionate leadership. His legacy of commitment, wisdom and caring will long be remembered. Queen's is much greater for his presence. He will be missed.

Finally, I wish to thank all of the faculty, staff and students who make this University such an outstanding institution, and the alumni and friends who enable us to expand our vision of what a Queen's experience can be.

A handwritten signature in black ink that reads "Karen Hitchcock". The signature is written in a cursive, flowing style.

Karen R. Hitchcock, PhD.  
Principal and Vice-Chancellor

# 2

## OUR STUDENTS



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Building graduate enrolment

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### 15 Strengthening diversity

Challenges

## COMPETING FOR THE BEST AND THE BRIGHTEST

Exceptional students have always been the foundation of Queen's reputation for quality. Yet we are not alone in our desire to attract the most academically gifted and well-rounded students from across Ontario, across Canada and, increasingly, across the world. The current competition for top students is fierce. Our response has been proactive and creative. We reorganized and reenergized our student recruitment activities this year, with a focus on regional organization and relationship-building. We mobilized students, alumni, faculty, staff and friends as ambassadors to help identify and communicate with prospective students; for example, through the new Alumni Student Recruitment Network. We also allocated new resources to sharpen our recruitment-related communication strategies, creating a consistent and targeted message about why Queen's is a university of choice.

### Building graduate enrolment

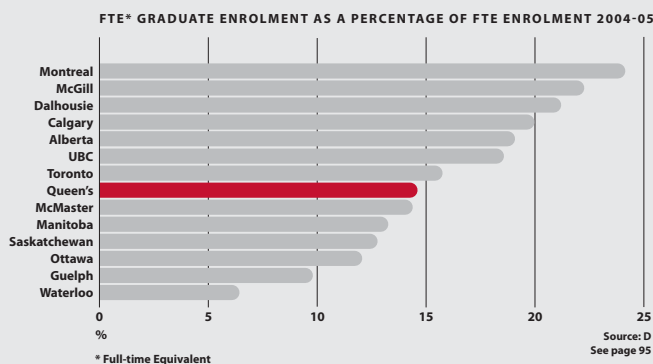
Increasing graduate enrolment at Queen's is integral to our larger goal of enhancing research intensity, which in turn allows us to foster new areas of inquiry that address society's needs. Graduate enrolment growth is also a provincial priority. The government is aiming for greater numbers of master's and doctoral graduates to fuel Ontario's burgeoning knowledge economy.

Queen's saw modest increases in graduate enrolment in 2005-06. We continued to develop a comprehensive domestic and international recruitment program and to increase the visibility of Queen's graduate programs. At the same time, we made progress in our ongoing efforts to enhance the academic environment for graduate students. The new Focus on Graduate Supervision program, co-sponsored by the Centre for Teaching and Learning and the School of Graduate Studies and Research, supports faculty who supervise graduate students with resources such as workshops, peer consultation, a certificate program, online tools and interactive case studies. In the coming years we will bolster our efforts to attract outstanding international graduate students, while providing more international experience opportunities for our domestic graduate students.

- Bachelor of Commerce graduates boasted a record-setting pass rate of 93 percent in the 2005 Chartered Accountants' Uniform Evaluation (UFE) exams, exceeding the overall provincial pass rate by almost 20 percent.
- Graduate student Nicole Bernhardt (Philosophy) was one of two students awarded a one-year internship with the Sheldon Chumir Foundation, which seeks interns who display a deep understanding of ethics and leadership in public life.
- Queen's students have the top graduation rate among all Ontario universities. Over 90 percent of our undergraduate and professional students graduate, compared with an average provincial graduation rate of 75 percent.



### OUR STUDENTS BUILDING GRADUATE ENROLMENT



#### Enrolment highlights

- Total enrolment: 20,720 students
- 16,660 full-time students
- Almost 23,500 applications for 3,267 full-time direct-entry undergraduate spaces
- Overall average of first-entry students: 87.6 percent
- 94 percent of the entering class, were Ontario scholars (with high school averages over 80 percent)
- Queen's students received 65 Canada Millennium Excellence Entrance Awards, more than any other Canadian university
- Enrolment in graduate studies grew by 134 students over previous year
- International graduate student enrolment rose by one percent to 14.0 percent
- Students from outside North America make up 6.3 percent of total enrolment

## Enhancing student financial assistance

Ensuring that all academically competitive students can attend Queen's and complete their degrees, regardless of their personal financial circumstances, is a fundamental priority for our University. This longtime "access guarantee" is now part of our accountability agreement with the Ontario government. Queen's remains a Canadian leader in the proportion of our operating budget devoted to student financial assistance. We maintain dual commitments to accessibility at Queen's: through need-based assistance to assist students who have strong academic qualifications but lack sufficient financial resources, and through merit-based assistance to recognize and reward students for outstanding academic and extracurricular achievement.

### Undergraduate financial assistance

Recognizing that our competitors are offering robust scholarship packages to top students, we are improving Queen's merit-based assistance while keeping our commitment to helping financially disadvantaged students. Beginning in fall 2006, the Queen's Entrance Program will be enhanced. The annual value and number of merit-based awards will rise and every student with an entering average above 90 percent will receive a scholarship. We are also increasing the value and number of international scholarships.

### Graduate financial assistance

Enhanced provincial funding and the generosity of Queen's donors have allowed us to significantly increase graduate student support. We introduced the Queen's Graduate Entrance Tuition Awards in 2005-06 with our \$6.12-million share of the \$100-million Ontario Graduate Fellowships Program. While tuition will increase for undergraduate and professional students in 2006-07, there will be no fee increases for master's and doctoral students since it would run counter to our objective of increasing graduate enrolment and potentially jeopardize our competitive position in recruitment.

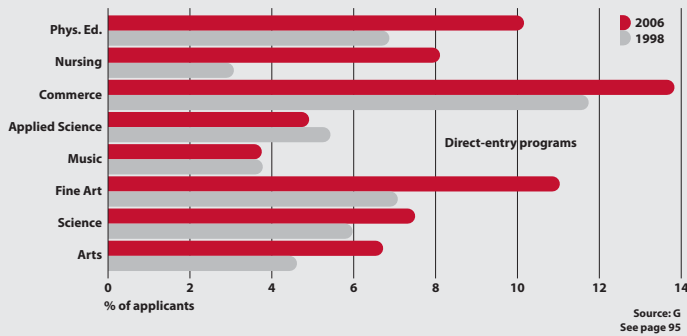
#### Student assistance highlights

- Shifted ratio of need-based to merit-based scholarships from 80:20 to 75:25
- Distributed over \$32 million in assistance to undergraduate and graduate students from endowments and operating fund allocations
- In addition, disbursed \$8 million in external funding to graduate students through Queen's
- Increased overall student financial assistance by 18 percent over the last five years
- Increased minimum guarantee for doctoral students to \$18,000
- The market value of the student assistance endowment of \$252.2 million represents 43.9% of the University's total endowment

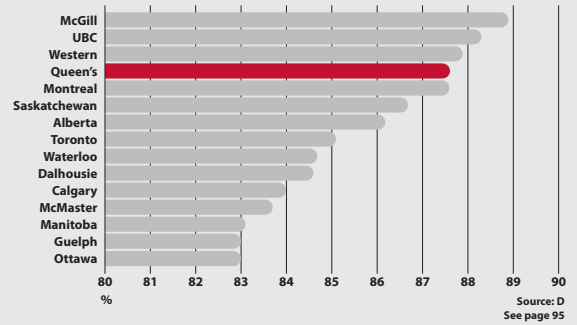


## ENHANCING THE STUDENT EXPERIENCE

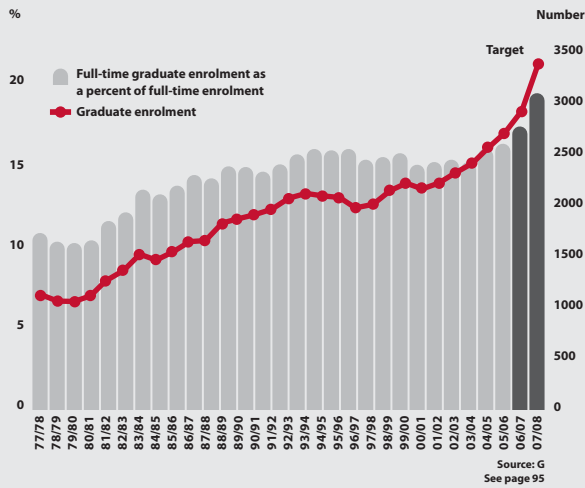
UNDERGRADUATE APPLICANTS PER AVAILABLE SPACE 1998 – 2006



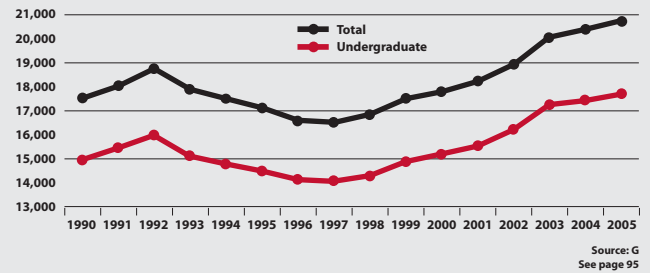
AVERAGE ENTERING GRADE OF FULL-TIME FIRST YEAR STUDENTS 2005



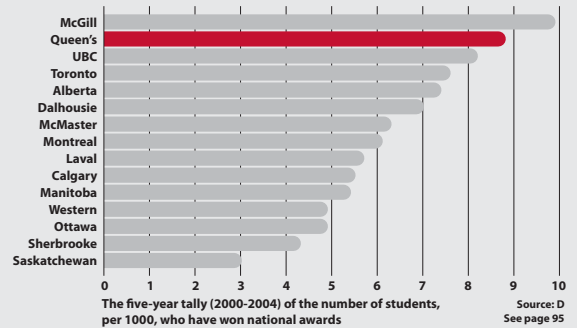
FULL-TIME GRADUATE ENROLMENT



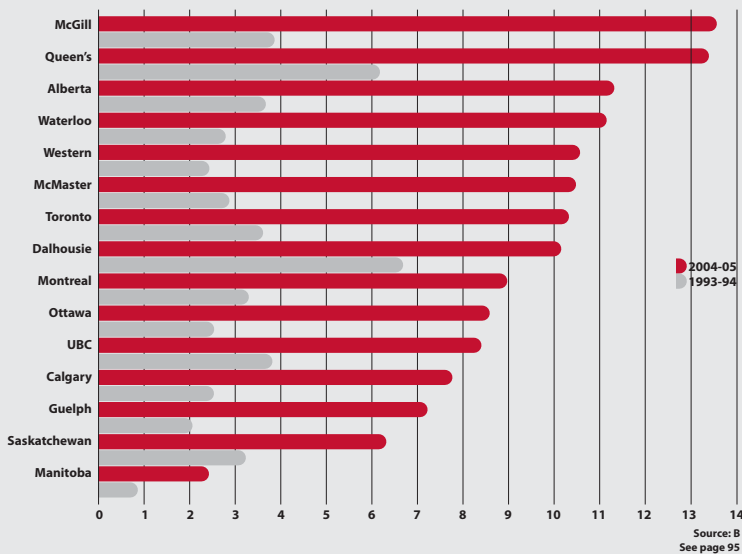
ENROLMENT GROWTH 1990-2005



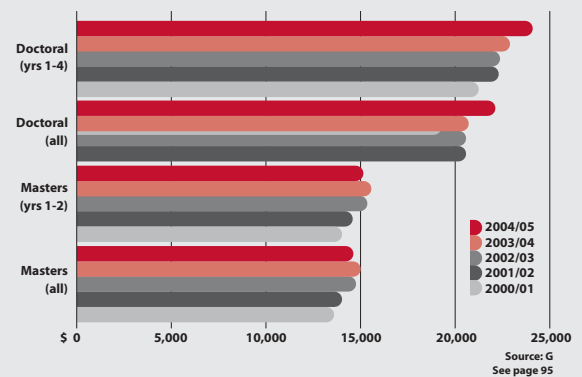
STUDENTS WHO HAVE WON NATIONAL AWARDS 2000-2004



SCHOLARSHIP AND BURSARY FUNDING AS A PERCENT OF OPERATING REVENUE 2004-05



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



## Strengthening diversity

Queen's is known as a national university: we are a Canadian leader for out-of-province students, who make up 17.2 percent of total enrolment. We also have 101 different countries represented within our international student body. We believe that interaction with peers from a range of cultural, economic and geographic backgrounds enriches students' broader learning experience, so it has long been our goal to attract students who reflect Canada's diversity. As a mid-sized university in a small eastern Ontario city, we understand that we will have challenges achieving the ethnic and cultural mosaic that characterizes universities in major urban centres like Toronto. Nevertheless, we are ensuring that our new student recruitment strategy enhances Queen's diversity by targeting top academic achievers in a wide range of constituencies, including lower-income students, visible minorities, first-generation Canadians and international students.

## Challenges

Proactive student recruitment is an ongoing priority in today's highly competitive higher education environment. We are committed to investing in focused, strategic recruitment initiatives that will attract students of the highest calibre to Queen's. In addition, we will persist in our efforts to further increase the proportion of students from outside Ontario and outside Canada in our student body.

Student financial assistance will continue to be critical to all of our recruitment efforts, especially for graduate students, so we must be creative in seeking alternative sources to increase the available funding.

### Student outreach initiatives

- University Experience Program

In spring 2006, 90 high school students who had been unlikely to consider university a part of their future visited Queen's for a day as part of the inaugural University Experience Program. They came from inner-city Toronto and rural eastern Ontario, and they were selected by their schools based on their high academic potential and low likelihood of applying for higher education. After a full day of workshops, presentations and hands-on learning experiences, they left with a new sense of possibility about obtaining a university degree.

- Queen's University Book Prize

Now in its third year, this program awards a book prize to 100 high-potential students graduating from elementary schools in rural and remote locations across Canada. The aim of the prize is to foster the idea that postsecondary education can and should be an option for these students.

### Stellar Students

- PhD student Thomas Chen (School of Computing) won the prestigious Northeastern Association of Graduate Schools' outstanding MSc thesis award in the physical sciences, mathematics and engineering.
- Andrea Evans (Biomedical Engineering), who participated in Project Ecuador as part of an international development group from Queen's, was one of five recipients of 2005 Canadian Engineering Memorial Foundation (CEMF) undergraduate scholarships, valued at \$5,000 each.

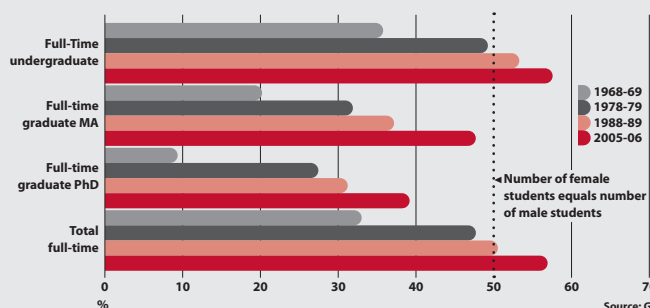
## STRENGTHENING DIVERSITY

FULL-TIME ENROLMENT BY GEOGRAPHIC REGION 2005-06

| Geographic Region          | Number | Geographic Region      | Number |
|----------------------------|--------|------------------------|--------|
| Asia                       | 492    | North America – Canada | 15,428 |
| Australia and New Zealand  | 32     | North America – USA    | 400    |
| Caribbean                  | 50     | Northern Europe        | 141    |
| Central America            | 18     | Russia                 | 2      |
| Central Asia               | 81     | South America          | 46     |
| Central Europe             | 74     | South East Asia        | 47     |
| Middle East                | 176    | Southern Africa        | 68     |
| Northern Africa            | 31     | Southern Europe        | 45     |
| Northern America – Bermuda | 18     | Not Specified          | 86     |

Source: G  
See page 95

FEMALE STUDENTS AS A PERCENT OF TOTAL



Source: G  
See page 95

# 3

## OUR TEACHING AND LEARNING ENVIRONMENT



17 Enriching the Queen's learning experience

Focusing on faculty recruitment

18 Innovation and collaboration in our academic programs

19 Challenges

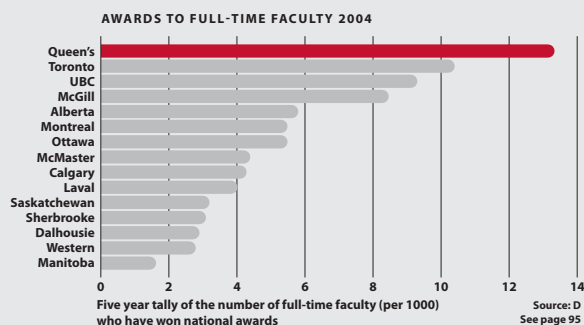
## ENRICHING THE QUEEN'S LEARNING EXPERIENCE

At Queen's, we not only strive to offer students academic programs prized for their quality, currency and innovation, but we are also involved with the latest developments in the emerging "scholarship of teaching." We are known as a Canadian leader for our emphasis on developing and sharing best practices in research and teaching.

The Queen's Centre for Teaching and Learning is at the forefront of these initiatives. The Centre's programs start at the earliest stages of faculty development, offering opportunities for PhD students to hone their teaching skills before they become full-fledged professors. Other programs help professors incorporate new technologies in the classroom; explore pedagogical alternatives to the traditional lecture model, such as team- and peer-based learning; introduce community-based service learning; and integrate more research into teaching through inquiry-based learning strategies. Through the Centre, Queen's is working to shift the academic culture so that research on teaching is recognized and rewarded as scholarship. In 2006 we were accepted as an "institutional leader" in the *Carnegie Academy for the Scholarship of Teaching and Learning*.

### Focusing on faculty recruitment

Queen's professors are award-winning researchers and teachers who offer our students a rigorous, relevant education. Today we are confronted with the crucial task of identifying individuals with this same level of dedication and academic achievement to join our community of scholars. Faculty recruitment is inextricably linked to every aspect of our quality learning environment. In 2005-06 we recruited a total of 36 tenure-track faculty from universities across Canada and beyond, yet there has been no net growth in Queen's faculty complement since 2001. The student-to-faculty ratio has been edging up, reaching 23:1 this year. Though we do not consider this ratio to be the only gauge of the quality of the learning environment, we are resolved to lowering it through more aggressive faculty hiring. Indeed, we are now preparing to recruit approximately 65 additional professors in the coming year: 30 new and 35 replacement positions.



### Outstanding teachers

- Professor Rob Siemens (Urology, Anatomy and Cell Biology, Oncology) received an Award for Young Leaders from the Canadian Medical Association for demonstrating exemplary leadership, dedication and commitment in directing the residency program.
- Professors Tony Dimnik (Business) and Edward Lobb (English) were among 30 semifinalists chosen for TV Ontario's Best Lecturer Competition. Identified by college and university students, the semifinalists were short-listed from 258 nominations.
- Professors Steve Harrison (Mechanical and Materials Engineering) and Gary vanLoon (Chemistry, Environmental Studies) won both of this year's national awards for sustainability education from the Canada Mortgage and Housing Corporation.

#### External reviewers' comments, 2005-06 Internal Academic Reviews

- "The faculty in the department is highly skilled, highly productive, and committed to providing a rich and challenging educational experience for the students."
- "The department takes its teaching responsibilities very seriously and does an excellent job in providing high-quality instruction."
- "Students particularly emphasized their appreciation of the strong personal connection and mutual respect between students, faculty and staff."

#### Academic program highlights

- The School of Medicine expansion is now complete at the MD level, with enrolment rising from 300 to 400 students. In total, Queen's has 700 future doctors in the pipeline.
- An expansion of the medical postgraduate program is underway, predominantly in Family Medicine, where there is an urgent shortage in Ontario. The Family Medicine program has tripled in size from over 100 to over 300 students.
- The School of Nursing expanded to include a second-entry nursing program, a new Nurse Practitioner Master of Science program and a PhD in nursing.
- Development Studies introduced a Major along with the existing Minor and Medial degrees, offering more students the opportunity to engage in interdisciplinary studies involving a cosmopolitan world view.
- A new Interdisciplinary Graduate Program in Computational Science and Engineering was established, involving 16 departments from across the University.
- A new Combined Bachelor of Laws/ Master of Business Administration in Science and Technology specializing in Intellectual Property was launched in 2005-06.
- A proposed Master of Education on Indigenous Education will be a community-based program where educators and educational leaders in First Nations communities can fulfill their educational aspirations.

## INNOVATION AND COLLABORATION IN OUR ACADEMIC PROGRAMS

The Queen's Integrated Learning Centre within the Faculty of Applied Science stands as the physical manifestation of an educational approach that we are increasingly embracing throughout our academic programs. By combining theory, research and practice in our curricula and crossing the traditional boundaries that separate individual disciplines, we are providing students with a leading-edge education. Every year we are moving closer to an interdisciplinary, integrative educational model.

In addition to building on our academic strengths through collaborative programs, we are also responding to pressing domestic social needs, particularly in the area of health care, while extending the reach of our programs on the world stage. Queen's efforts to internationalize students' learning experience received a boost in 2005-06 with the appointment of an Associate Dean (International) in Arts and Science and investments in the International Programs Office. Together, these initiatives will raise the profile of international studies in Arts and Science and enrich international exchange opportunities.

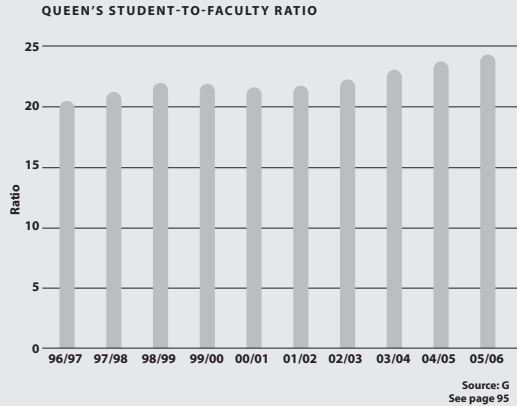
#### International program highlights

- Queen's launched a new International Directory, a web-based index of all international activities at Queen's. A broad range of resources are available from this site: resources for international students, international opportunities for current students, culture and language resources, and international research.
- The Principal's Development Fund expanded to support International Visiting Scholars from around the world, particularly from our major institutional partners in China, Australia, New Zealand and South Africa.
- Development Studies' Fudan University Semester Abroad Program completed a successful first year, giving Queen's students the chance to study side-by-side with their Chinese peers in Shanghai and undertake hands-on volunteer work with NGOs.
- Queen's became a member of the United Nations-sponsored "Global Responsibility Initiative," bringing together a select group of global business schools and businesses to recommend how best to prepare the next generation of socially responsible business leaders.
- Queen's became the first Canadian member of CDIO (Conceive-Design-Implement-Operate), a partnership with eight other world-class universities to develop innovative engineering curricula that will produce the next generation of engineering leaders.
- Queen's Medical Students worked at a Kenyan AIDS Clinic in partnership with Caring Partners International's Matangwe Community Health and Development Project.
- A groundbreaking new English as a Second Language (ESL) program debuting in fall 2006 will offer international students a chance to put some Canadian work experience on their resumé through a 13-week internship program run by the School of English.

## Challenges

Queen's faces an ongoing need for stable resources to sustain a competitive teaching and learning environment. Academic units have adopted strategies to meet the continuing budget cuts, but a decade of severe financial constraints has resulted in an "academic quality deficit." We need additional funds to maintain high-quality teaching and research facilities, develop leading-edge programs and recruit top faculty. Rebuilding our faculty complement is a key challenge that cuts across the entire University. Although it is only one proxy for quality, the rising student-to-faculty ratio must be addressed given that it potentially limits students' personal interaction with professors.

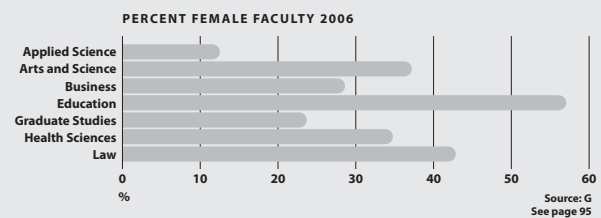
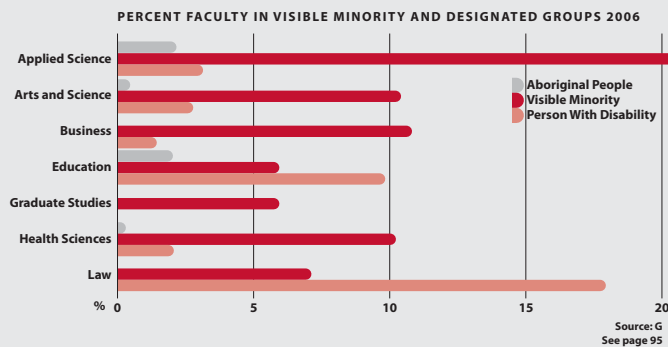
### FOCUSING ON FACULTY RECRUITMENT



PERCENTAGE OF DESIGNATED GROUPS BY FACULTY AS OF MAY 2006

|                  | Female | Aboriginal People | Visible Minority | Persons With Disability |
|------------------|--------|-------------------|------------------|-------------------------|
| Law              | 43%    | 0.0%              | 7.1%             | 17.9%                   |
| Health Sciences  | 35%    | 0.2%              | 10.2%            | 2.0%                    |
| Graduate Studies | 24%    | 0.0%              | 5.9%             | 0.0%                    |
| Education        | 57%    | 2.0%              | 5.9%             | 9.8%                    |
| Business         | 28%    | 0.0%              | 10.8%            | 1.4%                    |
| Arts and Science | 37%    | 0.4%              | 10.4%            | 2.7%                    |
| Applied Science  | 13%    | 2.1%              | 20.8%            | 3.1%                    |

Source: G  
See page 95



# 4

## OUR RESEARCH ENVIRONMENT



21 Investing in Innovation

22 Attracting and retaining outstanding researchers

23 Multifaceted, multi-partnered, high-impact research

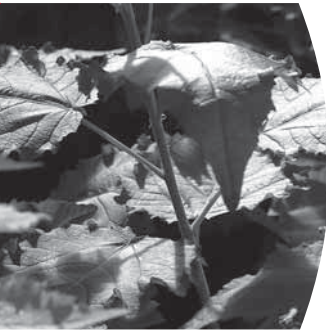
25 Bringing discoveries to the market

Challenges

## INVESTING IN INNOVATION

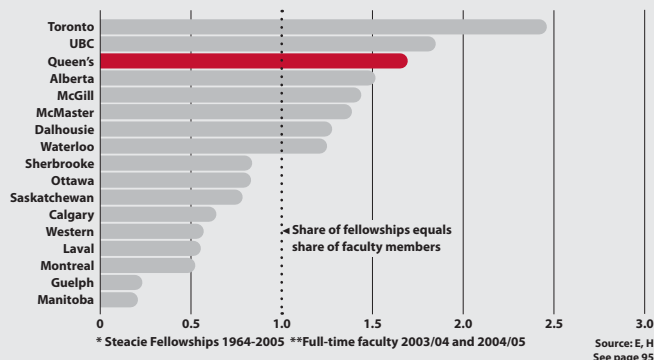
Queen's goal is to achieve international distinction and impact in select areas of research where we have particular strength, while also enhancing our role in discovery across the disciplines. In 2005, we ranked sixth among the top 50 Canadian universities for research intensity, which is measured by the number of research dollars per full-time faculty member (see Source I page 95). Research investments at both the federal and provincial levels have been maintained, including federal research funding and provincial matching monies for federal research infrastructure programs (e.g., Canada Foundation for Innovation).

Provincial and federal research funding programs have been revamped, requiring greater accountability from grant recipients. In this environment, university researchers are expected to show the value and impact of their work more than ever – something Queen's has always made a priority. In recognition of the administrative and associated costs incurred in supporting university-based research, we received additional federal funding for the indirect costs of research. These funds better enable us to support the University's researchers in meeting increasing accountability requirements, and also contribute to the provision of a wide range of services such as the maintenance of research space and meeting a variety of institutional regulatory requirements.

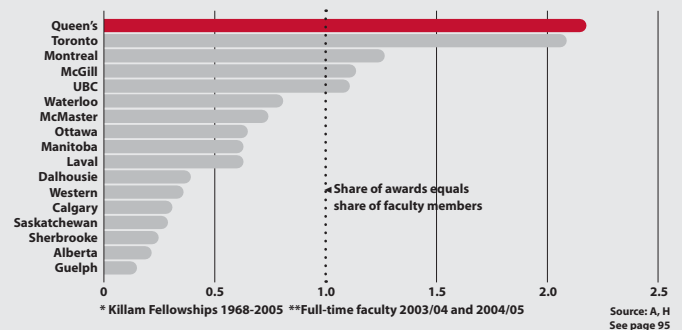


### INVESTING IN INNOVATION

STEACIE FELLOWSHIPS\* RELATIVE TO SHARE OF NON-MEDICAL FACULTY\*\*



KILLAM FELLOWSHIPS\* RELATIVE TO SHARE OF NON-MEDICAL FACULTY\*\*



### Attracting and retaining outstanding researchers

Queen's welcomed six new Canada Research Chairs in 2005-06. Since its inception in 2000, the federally funded CRC program has allowed us to attract 48 outstanding researchers from across Canada and around the world. We established the Queen's Research Chairs program that same year to enable us to retain exceptional researchers, and this year's naming of seven new QRCs brought the total to 27. In addition, the new Ontario Research Chair in Bioethics was awarded to Queen's, providing the University with a \$3-million endowment for a research and teaching program focused on issues at the intersection of medicine, ethics, social-political philosophy and public policy. We continue to top all Canadian universities in terms of national research awards per full-time faculty member. Recognizing the valuable contributions of post-doctoral fellows to university-based research, Queen's established a new Post-Doctoral Fellows Association in November 2005. The association serves to foster a welcoming and supportive environment for current and incoming post-docs.

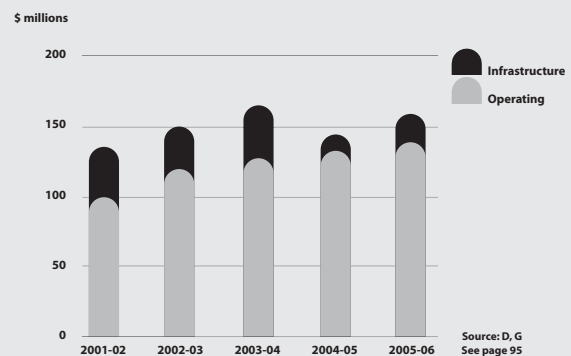
#### Research awards and honours

- Three Queen's professors were among 10 outstanding Canadian researchers to be named 2006 Killam Research Fellows (the most received by a single university): Stan Brown (Chemistry), Kurt Kyser (Geological Sciences and Geological Engineering) and Roland Speicher (Mathematics and Statistics). Chemistry professor Axel Becke had his Killam fellowship renewed.
- Professor Troy Day (Mathematics and Statistics) won the 2005 Steacie Prize for his research using mathematical models to examine the transmission and evolution of infectious diseases such as SARS and Avian Flu. This is the top Canadian honour for young researchers in the Sciences and Engineering.
- Professor Jill Scott (German) was the 2005 winner of the SSHRC Aurora Prize, Canada's top award for up-and-coming researchers in the Humanities and Social Sciences. Combining comparative literature and German studies with feminist theory, history and psychology, her research aims to explore forgiveness as an alternative to revenge and retaliation.
- Drs. Susan Cole and Roger Deeley (Queen's Cancer Research Institute) received the Robert L. Noble Prize for outstanding achievements in cancer research for their contributions to the understanding of multi-drug resistance in cancer treatment.
- Second-year medical students Tara Lohmann and Penny Tam won a 2005 New Investigator Award from the Canadian Association for HIV Research (CAHR) for studies of teacher awareness of HIV/AIDS conducted in Belize.
- Professor Gregor Smith (Economics) was the 2006 recipient of the Bank of Canada Research Fellowship, one of Canada's top awards in the field of economics.
- Professor Anita Anand (Law) received a prestigious Fulbright Visiting Scholarship to pursue research at Yale on corporate governance.
- Professor Elia Zureik (Sociology) was appointed the first holder of the UNESCO Chair in Applied Research in Education at the Sharjah Women's Higher College of Technology (United Arab Emirates).
- PhD candidate Jie Zheng (Biology) received the Age Plus Award from the CIHR Institute of Aging for his research on cellular degeneration.

#### Research funding highlights

- Annual research revenue more than \$157 million
- 87 percent success rate for NSERC Discovery Grants
- 60 percent success rate for SSHRC Standard Research Grants, the highest in Canada
- 35 percent success rate for CIHR Operating Grants, versus a national average of 25 percent

QUEEN'S RESEARCH FUNDING



### Multifaceted, multi-partnered, high-impact research

Given our mid-sized, highly integrated campus and close-knit community of scholars, Queen's is uniquely positioned to foster interdisciplinary alliances. In recent years a strategic approach to developing large research projects, has produced outstanding results.

Current research projects bring together faculty members from across Queen's, Canada and the globe to tackle local and international problems, from managing ethnic diversity in countries worldwide to preventing bullying in playgrounds and summer camps. Queen's research exhibits the University's commitment to social responsibility and contributes to advancing several aspects of the public good through a diverse range of activities, including:

- The Centre for Neuroscience Studies, an internationally recognized team of 58 basic and clinical scientists from departments and faculties across campus working to advance our understanding of brain function and its effect on human action and behaviour
- The GeoEngineering Centre, a collaborative venture between four engineering departments at Queen's and the Royal Military College in Kingston dedicated to innovation and advancement of knowledge in engineering applications such as the design and maintenance of culverts, sewers, water and gas supply pipes, and the design of landfills and other contaminant barriers
- The Centre for Water and the Environment, where research projects bring together experts ranging from chemists and ecologists to public health physicians and toxicologists to respond to concerns about public health problems caused by contaminated water resulting from environmental pollution
- The Human Mobility Research Centre, where investigators from medicine, engineering, health sciences and information technology tackle the problem of musculoskeletal diseases and disorders

### Recent collaborative research initiatives

- Queen's received \$2.5 million from SSHRC – the largest single funding award the University has ever received from SSHRC – for a project on one of the most critical challenges in the world today: how to govern ethnic diversity. The project includes researchers from five Canadian universities and seven countries in Europe, Asia and Africa whose expertise ranges from political science and law to philosophy and anthropology.
- The Queen's Inter-Professional Patient-Centred Education Direction (QUIPPED), a project that brings together the schools of medicine, nursing and rehabilitation therapy, received \$1.2 million from Health Canada for initiatives aimed at promoting inter-professional education initiatives across the health and social development community. QUIPPED's ultimate goal is to enhance clinical outcomes through inter-professional patient care.
- The new Queen's Community Infrastructure Technology and Innovation Education Symposia (CITIES) project will develop a series of training and professional development courses on innovative techniques for constructing and rehabilitating civil infrastructure. This knowledge-transfer program will reach out to industry by targeting the courses to technicians, technologists and engineers serving the civil infrastructure market.

### Recent international initiatives

- Queen's continued its leading role in primary health-care reform in the Balkans, receiving two major grants for work in this area:
  - \$5.2 million from the World Bank
  - \$3.8 million from the Canadian International Development Agency (CIDA)
- The Building Democracy Project in the School of Policy Studies is working with Ukraine's Ministry of Internal Affairs to train law enforcement personnel in their responsibilities to support the orderly, free and fair conduct of elections.
- Since the Asian Tsunami struck, Queen's has committed to intervention activities in the region. In 2005-06, CIDA funded a \$2.5-million project on the governance of social development centres in post-tsunami Sri Lanka.
- The project known as the "Niagara Foot" – a reasonably priced, lightweight and effective artificial foot for landmine victims in developing countries – received \$450,000 from CIDA.
- Professor Allison Goebel (Sociology/Women's Studies) is illuminating issues of gender and land reform in Zimbabwe.

### Proposed new research centres

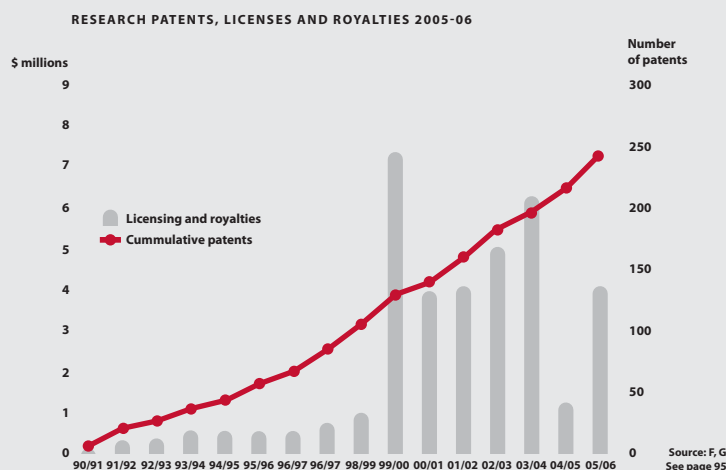
Provisional approval has been granted in 2005-06 for:

- The Queen's Institute for Environmental and Energy Policy (QIEEP)
- The Institute of Population and Public Health (IPPH)
- Centre for Obesity Research and Education
- Queen's – RMC Centre for Advanced Materials and Manufacturing

### Research success stories

- Researchers in School of Kinesiology and Health Studies are spearheading a wide range of studies on the risks associated with obesity and the benefits of physical fitness.
- The Surveillance Project, led by Professor David Lyon (Sociology), is working to identify and inform the public about the ways in which personal data is collected and transmitted across borders.
- Working with an international team of researchers, Professor Robert Gilbert (Geography) uncovered new clues to global climate change in a study of the disintegration of Antarctic ice shelves.
- Led by Professor Philip Jessop (Chemistry), researchers from Queen's and the Georgia Institute of Technology discovered more environmentally friendly ways to produce chemicals for pharmaceutical and other industries.
- Queen's researchers including Canada Research Chair in Molecular, Cellular and Physiological Medicine Colin Funk (Biochemistry/Physiology) and Professor Linda Levesque (Community Health and Epidemiology) are shedding new light on the risks associated with anti-inflammatory drugs such as Vioxx and Celebrex, commonly used for arthritis pain.
- Ongoing research led by Professor Margaret Harrison (Nursing) is demonstrating how nurse-led services can improve healing and reduce wait times for health-care services.
- Professor James Reynolds of the Centre for Neuroscience Studies developed a simple eye movement test that may help to identify children with Fetal Alcohol Spectrum Disorder.

## BRINGING DISCOVERIES TO THE MARKET



### Bringing discoveries to the market

PARTEQ Innovations, Queen's technology transfer office, continues to support research in making an impact on quality of life. In 2005-06 a number of Queen's technologies made significant advances towards the market. A promising drug candidate for Alzheimer's disease continued to progress through Phase III trials in North America and Europe, water testing and solar heating technologies found new customers, and a new semiconductor technology developed at Queen's attracted \$10 million in early stage investment.

More than \$560 million has been invested in PARTEQ spinoff and startup companies since 1987, and more than 500 jobs have been created. Licensing and royalty streams from PARTEQ's activities have yielded more than \$37 million to Queen's, which has been returned to its inventors and its research and commercialization programs. Queen's accumulated share of these licences and royalty stream is \$13.2 million. Two developments in 2005-06 will help PARTEQ in its mission to advance the commercialization of Queen's-generated discoveries. First, PARTEQ and the Ontario Centres of Excellence (OCE) Inc. formed a new alliance that makes Queen's researchers eligible for OCE grants to develop commercial opportunities in five key research areas: earth and environmental technologies; energy; materials and manufacturing; photonics; and communications and information technology. Second, there was good news for PARTEQ in the 2006 provincial budget, with several initiatives out of the Ministry of Research and Innovation aimed at accelerating commercialization and the growth of startup companies in Ontario.

### Challenges

Queen's has long enjoyed an exceptional reputation for the excellence of its undergraduate programs, and we are proud of this distinction. Today, however, our challenge is to increase awareness locally, nationally and internationally of the research excellence that has always been intrinsic to Queen's mandate.

The expansion of graduate studies and the research enterprise are complementary: in order to recruit and retain outstanding graduate students, we must strengthen our research capacity – and vice versa. This means having state-of-the-art facilities, equipment and staff support. Queen's faces an ongoing need to renew and refurbish research space across campus. Continued, aggressive advocacy for greater coverage of the indirect costs of research will also be crucial to our success in this endeavour.

#### PARTEQ Highlights

- Invention disclosures: 63 (2004-05: 52)
- Total patent applications: 131 (2004-05: 68)
- Patents issued: 26 (2004-05: 21)

#### Flintbox™

Queen's researchers now have a simple Web-based tool for advancing their discoveries into the public domain. Flintbox™, developed by the University of British Columbia and made available to the Queen's community this year by PARTEQ Innovations, is a database that enables users to share their research projects, tools, resources and outcomes with colleagues and the wider public. ([www.flintbox.com/partners/parteq](http://www.flintbox.com/partners/parteq))

# 5

## SUPPORTING AN ENVIRONMENT OF EXCELLENCE



27 **Leading-edge libraries**

28 **Technology-enhanced learning**

29 **Building our institutional profile**

30 **Developing new revenue sources**

**Revitalizing alumni relations**

31 **Engaging with our local community**

32 **Building a student-centred campus**

**Queen's Centre: Where mind, body  
and spirit come together**

33 **Striving to be an employer of choice**

**Continued sound financial management**

**A heightened control environment**

34 **New tuition framework**

**Challenges**

## LEADING-EDGE LIBRARIES

Queen's Library is ranked number one for medium-sized Canadian universities in the 2005 *Globe and Mail* University Report Card. The University's library system plays a critical role in preparing our students for leadership in the knowledge economy by keeping pace with the latest developments in electronic communications and information management. The Library's significantly expanded digital collections, and enhanced educational services integrated into the University's teaching, learning and research programs support an increasingly globally oriented curriculum.

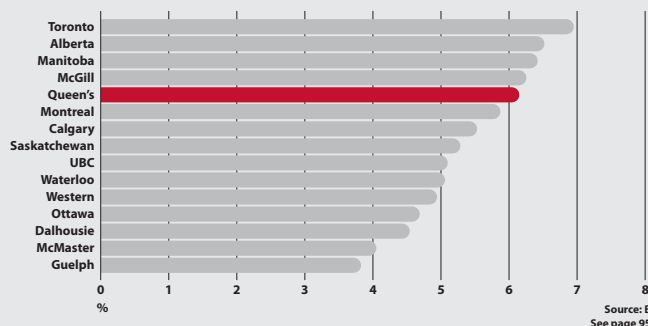
The following are 2005-06 highlights in the on-going evolution of Queen's Libraries:

### Queen's Learning Commons (QLC)

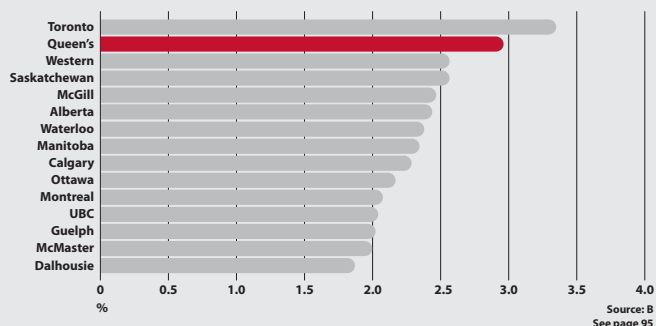
In recent years we have been revamping library services from a student perspective, breaking down traditional departmental boundaries and creating an integrated learning experience. A prime example is the \$1.5 million Phase One of the QLC which opened in the Fall of 2005. Centrally located in the largest of Queen's Libraries and open until 2 a.m. in peak periods, the QLC is equipped with over 150 state-of-the-art desktop computers. It is an enriched learning environment created by the consolidation of key academic support services – including the Library and Information Technology Services, as well as Learning Strategies Development and the Writing Centre that were formerly housed in non-academic facilities a significant distance from the library. The services available through the QLC support students through the entire learning process, from getting the most out of lectures and readings to formulating research questions, finding information, getting computer support services, writing papers and presenting their knowledge. In Phase Two, plans for an electronic classroom and Adaptive Technology Centre to be added along with further integration of learning and information technology services.



LIBRARY FUNDING AS A PERCENT OF OPERATING REVENUE 2004-05



LIBRARY ACQUISITION FUNDING AS A PERCENT OF OPERATING REVENUE 2004-05



#### QSpace

QSpace collects, preserves and distributes digital content (including articles, technical reports, conference papers and data sets) produced by members of the Queen's community. It allows self-governing communities – be they faculties, departments, labs or research centres – to organize their own material. QSpace can hold an unlimited number of collections, and the content is growing daily.

#### Bracken Health Sciences Library CHEER (Centre for Health Electronic Education Resources)

CHEER is an interactive learning space similar to the QLC, but with a focus on health sciences. Launched in fall 2005, it is a fully integrated, interactive, wireless electronic education centre operating both as a physical space and a virtual space for remote access to information resources by users in southeastern Ontario.

### TECHNOLOGY-ENHANCED LEARNING

Beyond the libraries, academic divisions across Queen's have introduced technology that enriches teaching and research and engages today's tech-savvy students.

#### University-wide upgrades and expansion of classroom technology

We have seen continued growth this year in the use of Learning Management Systems, with approximately 1,200 Queen's courses currently using online tools to enhance students' educational experience. In addition, one-quarter of classrooms on campus are equipped with state-of-the-art audiovisual equipment, projection devices and sound systems. In 2005-06 we invested in several pilot projects in these "e-classrooms" to test Personal Response Systems, which allow students to answer professors' questions during lectures using handheld electronic devices. This interactivity makes it possible for professors to immediately assess comprehension and adjust lectures accordingly. In the coming years we will be installing these systems in classrooms across campus. Another successful pilot project involved capturing entire classroom experiences (from the lecture and handouts to students' questions) digitally for students to access anytime, anywhere on their personal computers or iPods.

#### Faculty of Education Akwe:kon Room

A \$310,000 renovation created this virtual classroom equipped with information and communications technology to support learning, teaching and online video-conferencing. With 48 networked computer stations, dual projectors, cameras, full wireless connectivity, and equipment for video recording and streaming, the Akwe:kon Room can connect students and researchers with scholars worldwide.

## BUILDING OUR INSTITUTIONAL PROFILE

Our efforts to enhance Queen's visibility and reputation intensified in 2005-06. We developed a consistent, compelling institution-wide marketing and communications plan to enhance Queen's profile, with a particular focus on electronic communications. The Queen's homepage ([www.queensu.ca](http://www.queensu.ca)) went through a complete redesign in 2005, garnering the Canadian Council for the Advancement of Education Gold Medal for Best Institutional Homepage. A combination of leading-edge functionality and aesthetic appeal, the new homepage showcases Queen's while being eminently accessible to all users. Features such as a "text only" option ensure that the content can easily be viewed by all modern Web browsers, mobile users (such as cell phones) and screenreaders for people with visual impairment. In addition, the Department of Marketing and Communications and ITS Services launched a Content Management System for the entire University, enabling all divisions and departments to use the same design template and accessibility features as the new Queen's home page. This template facilitates dynamic websites enhanced by RSS technology, which supports up-to-the-minute "feeds" of the latest Queen's news from across campus.

An aggressive media relations strategy bolstered the University's media presence in 2005-06. Queen's ranked second in overall Canadian university media coverage on a per-student basis from September to December 2005. Our share of national media coverage over the whole year rose from 7.8 percent to 8.2 percent, while our share of negative national media attention remained virtually unchanged at 4.7 percent.

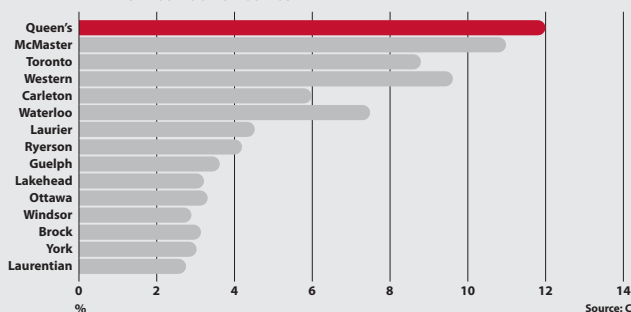
### Philanthropy results

- \$5 million in total Annual Giving
- \$9.3 million in Planned Giving
- \$3.4 million in Partnership Revenue

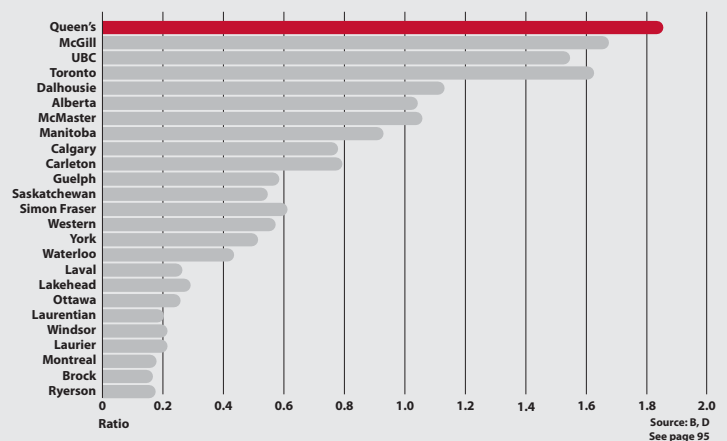
### Major gift highlights

Alfred and Isabel Bader – Bader Curator Endowment  
 Naim Mahlab – The Naim S. Mahlab Scholarship in Jewish Studies  
 Estate of Helene Bracken – Scholarships and endowments in Health Sciences, Information Technology and Nursing  
 David and Christiane Dodge – David Smith Chair in Economics  
 Edmund Clark – W. Edmund Clark Distinguished Lectureship  
 KPMG Foundation – KPMG Faculty Fellowship in Accounting

8-YEAR AVERAGE DONATIONS AS A PERCENT OF ANNUAL OPERATING REVENUE 1997-98 TO 2004-05



RATIO OF ENDOWMENT MARKET VALUE TO OPERATING BUDGET 2003-04



### Developing new revenue sources

In the face of uncertain government support, we continued to seek alternative funding sources in 2005-06. Queen's leads most Canadian universities in the proportion of annual revenues derived from philanthropic sources: these funds now represent 10 percent of our operating income. Ongoing fundraising towards the \$130 million in philanthropic support committed to the new Queen's Centre dominated our advancement efforts this year. We also actively pursued partnership revenue, which includes non-philanthropic, non-government contributions such as grants and sponsorships. The 2006 federal budget's elimination of capital gains tax on gifts of publicly traded stocks and securities was a welcome development that will boost our revenue-generating initiatives.

### Revitalizing alumni relations

This year we took action on each of the Year One priorities of the Principal's Task Force on Alumni Relations:

#### Building Queen's University Alumni Association (QUAA)

It has been a year of celebration, change and growth for the QUAA. The association marked its 80<sup>th</sup> anniversary, welcomed new president Dan Rees, doubled its board membership, approved a new governance structure, created 18 new committees and established four new branches (in Muskoka, Regina, Belgium and Barbados). It also launched the Toronto Engagement Initiative, featuring a new website and other electronic communication vehicles aimed at increasing participation among alumni in the Greater Toronto Area, where almost a quarter of all Queen's graduates live.

#### Transitioning students to alumni

"Students for a short time, alumni for a lifetime" is the guiding principle driving several new initiatives to engage the younger generation of Queen's graduates. A number of programs reached out to the Class of 2006, focusing on volunteer development, education and donor development activities. More than 1,400 students participated in alumni activities this year. The QUAA hosted a Graduating Student Leaders reception in spring 2006 and created the Alumni Student Recruitment Network.

#### New QUAA president Dan Rees, Com '92, Arts '93

Dan Rees's fond memories of his Queen's years include serving as AMS Services Director and running on the Varsity cross-country team. When he left the University in 1993, he had strong ties to the University and a desire to give back if the opportunity ever arose. He went on to earn an MSc in economics at the London School of Economics and Political Science in addition to management training at the Ivey School of Business, and today he is a vice-president at Scotiabank in Toronto. His five priorities for the QUAA are to: motivate Queen's leaders to become engaged in the QUAA, reinvent and improve Homecoming, smooth the transition of students to alumni, revitalize the QUAA in the Greater Toronto Area and grow the Annual Fund.

#### New QUAA committees formed in 2005-06

- Region and Branch Relations
- Students and Young Alumni
- Alumni Student Recruitment
- Reunions, Classes and Affinities
- Alumni Education
- Advocacy
- University Council
- Assembly Planning
- Constitution and Bylaws
- Engagement – Toronto
- Engagement – Graduate and Professional Students
- Community Service
- Women's Networking
- Communications
- Alumni Review
- Awards and Recognition
- Affinity Partners
- Web / Online

### Re-energizing Queen's Annual Fund

The "Think Big" Annual Fund campaign was launched to raise participation rates among Queen's alumni. In 2005-06 gifts to the Annual Fund rose 53% (\$1.3 million vs \$847,000 last year). In other alumni activities, Principal Hitchcock continued to reach out to Queen's communities where they live, visiting alumni branches in California, Arizona, Boston and Washington. Participation in Queen's Alumni Online Community increased to 18,557 users, rising from 15,360 last year. We now have email addresses for 46 percent of the active alumni population.

### Engaging with our local community

We continued to implement the recommendations of last year's Principal's Task Force on Community Relations in an effort to sustain productive, harmonious partnerships with our neighbours. Queen's strives to produce citizens and leaders for a global society, but as the events of Homecoming 2005 showed, occasionally we need to reinforce the importance of good citizenship in the local community to some of our students. There is no simple solution to this complex challenge, but we are actively working with student groups, the City of Kingston and our neighbours to promote education and awareness, find positive solutions and prevent recurrences. In 2005-06 we established the *Student Community Relations and Civic Responsibility Fund* for student-led initiatives that enhance the culture of student civic responsibility at Queen's, and the *Queen's University Civic Responsibility Award* for students who make an outstanding contribution to the quality of relations between students and the citizens of Kingston.

The *Off-Campus Response Program* began in 2005 with the objective of easing tensions in town-gown relations and reducing the demand on City of Kingston resources. Queen's Campus Security now provides a point of contact for residents living near the University to quickly resolve noise issues. Campus security officers immediately respond to excessive noise concerns, to promote compliance with community standards and avoid investigation by the police or bylaw enforcement. The program's hotline number has been widely disseminated to the surrounding community.

In preparation for the potential of another non-sanctioned event on Aberdeen Street during Homecoming 2006 weekend, a very productive partnership was established between the Queen's Alma Mater Society, the City of Kingston, the Kingston Police and the community. This partnership has gone a long way in further developing our relationship with the greater Kingston community and our students.

### QUAA awards

The annual QUAA awards program recognizes the dedicated alumni, friends, teachers and students who give their time, talents and energy to Queen's and the wider community. The following are just a few examples of some of the deserving individuals honoured in 2005-06:

- The Alumni Achievement Award, the QUAA's highest honour, went to Dr. Virginia Shrivastava, Arts '63 for her work with marginalized women and the poor in the developing world.
- The Herbert J. Hamilton Award for outstanding contributions to the QUAA went to Catherine MacNeill, Arts '93; Cathy TeKamp, Arts '69; and Joseph Loughheed, Artsci '88.
- The Excellence in Teaching Award went to biology professor Bruce Tufts, one of Canada's leading freshwater fish physiologists.

### **Building a student-centred campus**

Strategic facilities renewal and new construction in 2005-06 moved us closer to our larger goal of creating a vibrant and engaging community of discovery that extends beyond the classroom into every facet of campus life. In practical terms, we geared our capital projects towards accommodating increases in faculty and staff, adapting classrooms to the latest advances in educational technology and creating world-class research facilities to attract the best faculty and graduate students. Queen's received \$9.1 million in one-time funding from the province at the end of the last fiscal year, allowing us to complete several deferred maintenance projects that improved the teaching and learning environment. A \$15-million renovation turned Gordon Hall into a one-stop student services hub, further demonstrating our commitment to the student experience.

### **Queen's Centre: Where mind, body and spirit come together**

With academics, athletics and student life all housed within one stunning piece of architecture, the new Queen's Centre will be the ultimate symbol of Queen's commitment to providing a 360-degree experience for students. We made steady progress on the project this year, with design drawings and property acquisition in preparation for groundbreaking. Our offer to sell some older Queen's-owned homes on the construction site for one dollar – as long as the buyers could pay to relocate the houses – attracted national media attention. The other big news was the pledge by Queen's students to contribute \$25.5 million to the Queen's Centre over the next 15 years. This is believed to be the largest pledge ever by Canadian students to a university. Our students recognized that the Queen's Centre will be their legacy to the next generation of students, just as their predecessors did in 1901 when they pledged to help build Grant Hall. The tradition of generosity among Queen's students lives on.

### **Upcoming capital projects**

Revitalization of University Avenue (Union Street to Stuart Street)

A \$4.5-million gift from two anonymous donors – the largest ever amount of funding for landscape improvements at the University – will support a facelift for main street Queen's. This project will result in a more accessible, attractive public street for pedestrians, cyclists and vehicles.

Arts campus

We are developing plans for a joint Queen's Performing Arts Campus/ Kingston Culture Centre on the J.K. Tett Centre site near the shores of Lake Ontario. The overarching goal is to create a facility that enriches both the University and the city, with proposals for a new performing arts complex and departmental space for music, drama and film studies.

Athletic facility development

In line with our movement towards a student-centred campus, we will soon begin construction on Queen's first synthetic surfaced field, to be located on main campus. On West Campus, plans for a new stadium and sports fields are currently under review.

**Striving to be an employer of choice**

Like many of our peers in today's competitive recruitment environment for faculty and staff, Queen's has invested resources in our HR function. In the summer of 2005 we welcomed our new Vice-Principal (Human Resources) Rod Morrison. We created this position to ensure efficiency and consistency in the crucial task of recruiting and retaining diverse and high-calibre people. Under VP Morrison's leadership, the HR operation – which includes the Human Resources Department, the Office of the University Advisor on Equity and the Human Rights Office – will maintain a constant awareness of Queen's strategic goals.

This year saw the restructuring of the HR department into four key functions: Organizational Development, involving recruitment, staff development, succession planning and leadership training; Compensation, Pension and Benefits; Employee Relations, which expanded to include the broad concept of employee wellness and disability accommodation; and Human Resources Information Systems. The renewed HR function has moved beyond its traditional emphasis on transactional issues to add value to the whole University operation. Its recruitment practices and employee development programs will play a critical role in moving Queen's closer to its long-term goal of increasing faculty and staff diversity. Some examples of strategic HR initiatives include: a review of staff compensation programs to ensure that we are able to attract and retain top calibre employees, the initiation of leadership development programs and competency-based performance management systems, the enhancement of equity initiatives, and a focus on health and wellness for all employees coupled with a centralized accommodation service.

**Continued sound financial management**

Prudent financial management allowed us to maintain a balanced budget despite significant cost pressures in 2005-06. 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).

**A heightened control environment**

This year's appointment of a Chief Financial Officer for Queen's (Daniel Hogg) reflects the mounting complexity of the financial environment in universities today. More stringent accountability requirements from the government and funding agencies demand that we have a strong leader with in-depth finance expertise. Other changes included the implementation of a new Internal Audit program and Enterprise-Wide Risk Management (ERM) framework. In 2005-06 the ERM framework identified the primary risks to the University achieving its goals; moving forward, it will determine how to mitigate these risks while fostering Queen's ability to seize opportunities as they arise.

### **New tuition framework**

After lifting its two-year tuition freeze in 2006, the province established a new tuition policy framework. Ontario universities now have some flexibility in setting fees, with allowances for increases up to 4.5 percent for most undergraduate programs and up to eight percent for graduate and professional programs. Queen's took a circumspect approach in formulating our own two-year plan, going below the maximum permitted increases in several cases and averaging a 3.7 percent rise overall. This will allow our students to better predict the total cost of their education while allowing us to better plan our budgets.

### **Challenges**

The province's *Reaching Higher* plan provided additional funding for some faculty hiring and graduate enrolment expansion, but not for covering inflationary pressures such as compensation and energy costs. Faculty renewal is an ongoing concern, with many growth positions and retirements forecast in the decade ahead. In addition, we still face approximately \$140 million in deferred maintenance. Queen's central challenge is to secure stable funding for quality improvements across the University.

Though we made great progress in implementing the action plan on alumni relations, we still have much work to do to capitalize on the loyalty and affection of Queen's alumni into greater financial support. This year we have taken a more creative approach to engaging our graduates, from innovative electronic communication vehicles to relationship-building networks. In the upcoming year, we will introduce unique continuing education opportunities for Queen's alumni and prepare for the launch of a brand new alumni celebration: Spring Reunion Weekend 2008.

Other future initiatives to improve Queen's learning environment include the replacement of the University's administrative information technology systems and the development of a Principal's Task Force on Housing – undergraduate, graduate and junior faculty.

# 6

## FINANCIAL RESULTS



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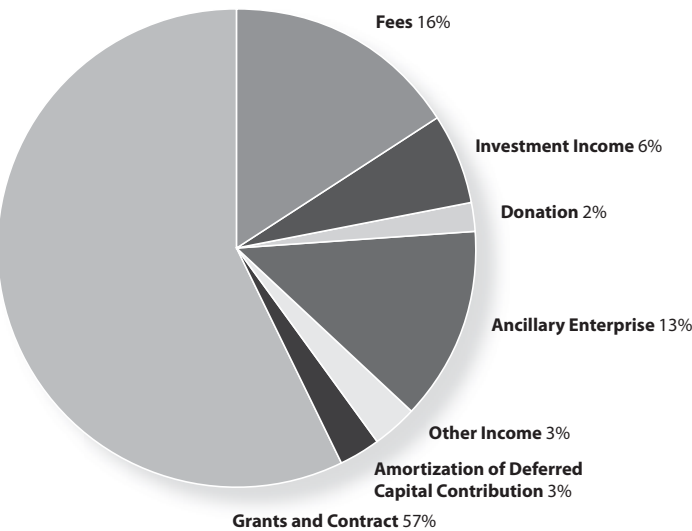
### 80 Appendix 5 – Explanations of Terms Used in the Financial Statements

# THE FINANCIAL YEAR 2005-06 IN REVIEW

(May 1, 2005 to April 30, 2006)

## FINANCIAL HIGHLIGHTS

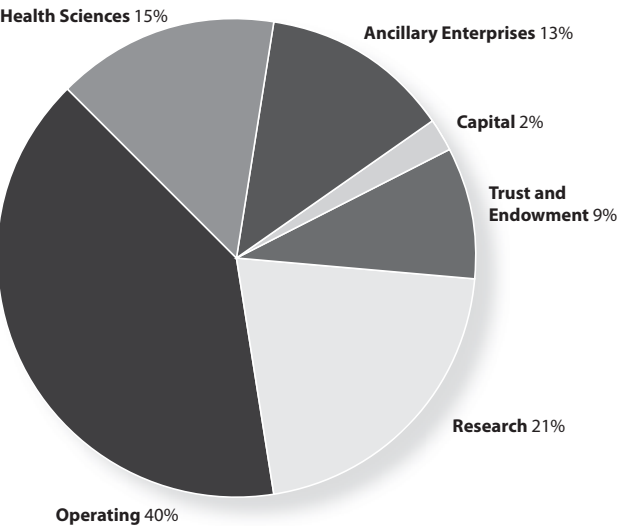
### Total University Revenue by Source \$678 Million (2004-05 – \$653 Million)



Total University revenue increased by \$25 million (3.8%) to \$678 million compared to 2004-05. Grants and contracts of \$387 million represent 57% of the University’s total sources of revenue. Grants provide financial support and often have some restrictions attached. Included are gov-ernment operating grants of \$140 million, Health Sciences grants of \$102 million and Research grants of \$127 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. Included are research contracts of \$39 million.

(For a comprehensive breakdown, see Appendix 1)

### Total University Revenue by Business Segment \$678 Million (2004-05 – \$653 Million)

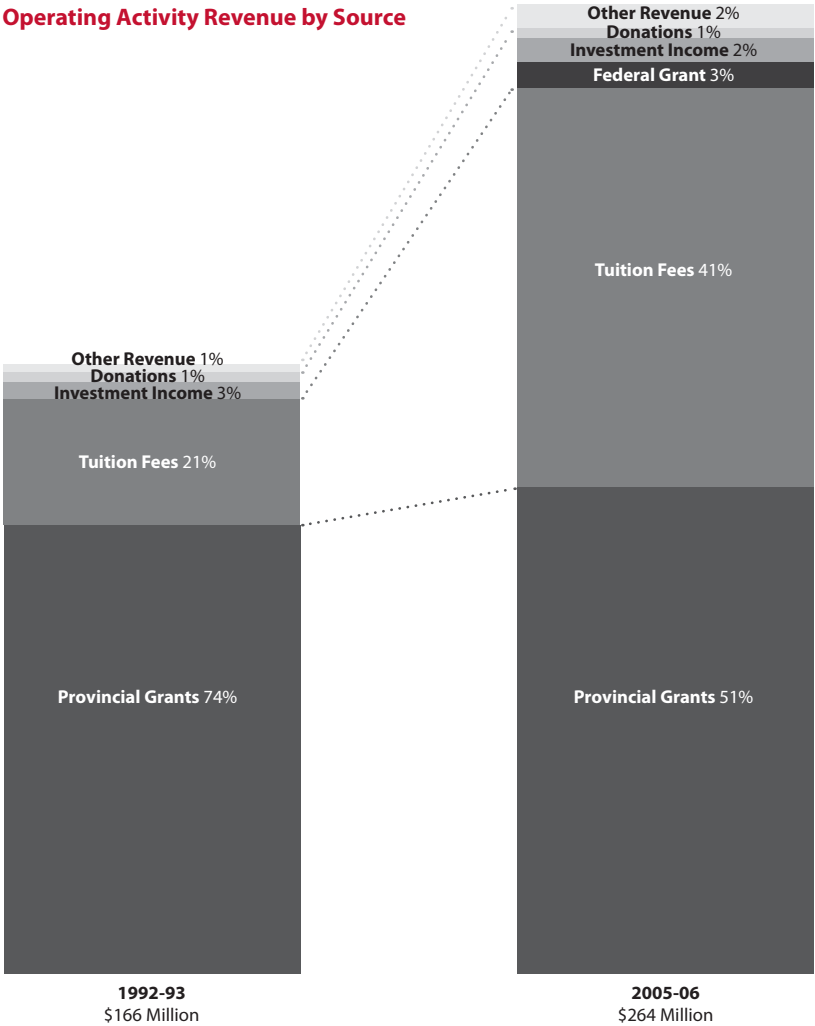


Consolidated operations of the University include Operating, Health Sciences, Ancillary Enterprises, Capital, Trust & Endowment, and Research activities.

The University’s Operating activity, for example, accounts for 40% of the University’s total revenue. Operating revenue, totaling \$264 million, essentially represents the University’s discretionary cash flow and is the primary focus of financial planning and analysis.

(For a comprehensive breakdown, see Appendix 1)

**Operating Activity Revenue by Source**



**Operating Activity Revenue by Source**

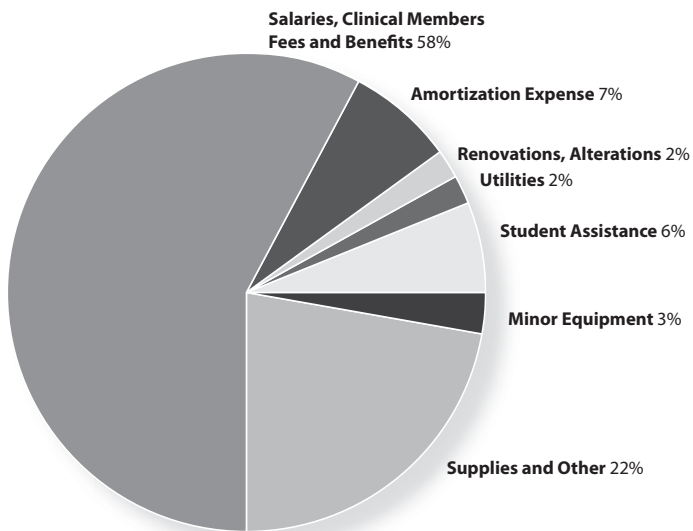
Operating activity finances the core academic and administrative support activities of the University. Operating activity revenue is primarily composed of provincial government operating grants (51%) and tuition fees (41%).

Provincial government grant support provided the highest proportion of total funding in 1992-93 (see companion chart) at 74% of operating revenue.

The drop in relative dollars available to support University operations has been financed primarily by increasing tuition fees and secondly by federal government grants in support of the indirect costs of research.

The May 11, 2005 provincial budget announced the government's *Reaching Higher* plan for postsecondary education in Ontario. The plan, to be implemented over the four-year period 2005-06 to 2009-10, is intended primarily to finance a number of new initiatives to improve access and quality in postsecondary education. This additional funding had a positive impact in the past year for Queen's, providing for the appointment of additional faculty, much-needed deferred maintenance funding on a one-time basis, and other initiatives. However, future provincial funding must also provide for inflation if the gains being made from this new investment are to be protected.

**Total University Expense by Type**  
\$637 Million (2004-05 – \$614 Million)

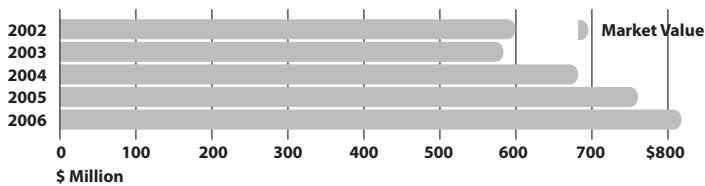


Total expenses increased \$22 million (3.7%) to \$637 million as compared to the previous year. Over half (58%) of the University's resources are spent on salaries and benefits which totaled \$371 million during 2005-06, an increase of 4.3% over the previous year. Benefits increased as a result of additional 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, 2006  
(in millions of dollars – does not include pension assets)



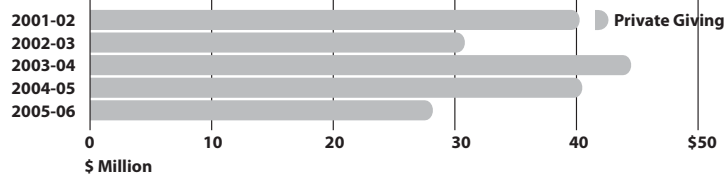
Investments include cash and securities held by Queen's Pooled Endowment Fund, Pooled Investment Fund, and short-term investments.

The market value of the University's total investments was \$819 million, an increase of \$57 million (7.5%) during 2005-06. The increase in 2005-06 results from a combination of donations, a \$2.0 million provincial government contribution for student assistance, and improved investment returns.

(For more information regarding book and market values, see Note 18.)

**Private Giving**

(in millions of dollars)



Two significant pieces of artwork were added in the 2004-05 year. Pledge payments from the previous capital campaign continue to naturally decrease over time and in the intervening period between campaigns. Many University priorities are in the early planning and fundraising stage.

## SUMMARY OF ACTUAL RESULTS FOR 2005-06

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 are provided in Appendix 1. The following is an analysis of each segment of Queen's University's activities.

### Operating (see Appendix 2)

The Operating Fund (\$264 million) represents 40% of the University's total revenues. 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 recorded a surplus of \$13,000 (before employee future benefits expense), increasing the accumulated operating surplus (before employee future benefits expense) to \$2.1 million.

The peak levels of the "double cohort" of high school graduates arrived at Ontario universities in September 2003. The University grew by 784 full-time students in 2003-04, another 228 full-time students in 2004-05 and another 506 full-time students in 2005-06 for a total full-time enrolment of 16,661 students at November 2005.

### Revenues

In 2005-06, provincial government operating funding was \$133.1 million (up from \$120.7 million in 2004-05, an increase of \$12.4 million or 10.2%). Changes in 2005-06 government funding are summarized in Table 1. During 2005-06, all Ontario universities were operating under an "Interim Accountability Agreement". The provincial government has announced it will negotiate multi-year, bi-lateral agreements in 2006-07 with each university. The multi-year agreements will establish a performance framework to monitor access, quality and accountability.

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

|                                                | Budget<br>2005-06 | Actual<br>2005-06 | Actual<br>2004-05 |
|------------------------------------------------|-------------------|-------------------|-------------------|
| Base Operating Grant                           | \$ 111,246        | \$ 111,290        | \$ 111,443        |
| Quality Assurance Fund                         | 4,352             | 4,352             | 4,352             |
| Quality Improvement Fund                       | 5,760             | 4,500             | 0                 |
| Tuition Freeze Compensation                    | 5,660             | 6,259             | 2,644             |
| Enrolment Based Grants                         | 25,097            | 23,742            | 17,500            |
| Performance Fund                               | 2,071             | 1,946             | 2,227             |
| Research Performance Fund                      | 1,500             | 1,527             | 1,655             |
| Renovation Fund                                | 1,826             | 1,825             | 1,826             |
| Municipal Tax Grant                            | 1,239             | 1,256             | 1,239             |
| Deferred Maintenance                           | 0                 | 0                 | 9,113             |
| Other                                          | 914               | 884               | 891               |
| Total Provincial Funding                       | 159,665           | 157,581           | 152,890           |
| Less: Allocation to Capital                    | (1,826)           | (1,825)           | (10,939)          |
| Less: Allocation of Faculty of Health Sciences | (22,678)          | (22,678)          | (21,243)          |
| Total Provincial Funding per Appendix 2        | \$ 135,161        | \$133,078         | \$ 120,708        |

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

- The May 2003 provincial budget included a Quality Assurance Fund (QAF) that committed \$200 million in new base funding for Ontario universities over the subsequent four years. The Quality Assurance Fund was provided to assist universities in making quality improvements. The provincial government cancelled the 2004-05 planned increase in Quality Assurance Funds, however, the May 2005 provincial budget reinstated a form of "quality funding" now called the Quality Improvement Fund, for 2005-06 onwards.
- The Quality Improvement Fund was introduced in the May 2005 budget. Queen's share of this funding was \$4.5 million in 2005-06 against a budget of \$5.8 million. The shortfall arose due to changes in the provincial government's allocation methodology. The University expects to receive \$8.3 million in quality funding in 2006-07 (an increase of \$3.8 million over 2005-06).
- In May 2004, the provincial government announced a two year freeze on tuition fees and introduced a grant to compensate universities for the frozen tuition fees (1.4% of fees for regulated programs and 5.6% of fees for deregulated programs). In March 2006, the provincial government announced the details of its new tuition policy framework, which lifts the previously imposed tuition freeze.
- Enrolment based grants include: funding for growth in graduate and undergraduate programs as a result of the double cohort and its flow through effects; funding for enrolment growth in targeted programs such as education, health sciences, computing science and electrical engineering. The province originally committed to fully funding the Access to Opportunities Program in 2005-06. In November 2005 universities

were informed that the program will now be funded over a two year period. This caused a one-time-only short-fall in the provincial grant. Much of the growth in undergraduate and professional programs was complete as at April 2005 and additional funding is not expected in these areas. During 2005-06 Queen's received \$23.7 million related to growth funding (an increase of \$6.2 million over 2004-05). Queen's expects to receive an additional \$5.3 million in funding in 2006-07 primarily from graduate growth.

- 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 \$1.9 million of the total \$23.2 million fund. Queen's expects to continue to perform well with respect to these performance indicators.
- The Research Performance Fund is intended to help defray the costs of infrastructure supporting Ontario funded research. For 2005-06, Queen's share of the \$32 million fund was \$1.5 million. The province has introduced a revised distribution mechanism for this funding for 2006-07 onwards.
- The municipal tax grant is funding received from the provincial government to offset the property taxes payable to the City of Kingston. The grant flows through directly to the City.
- Queen's deferred maintenance backlog is currently estimated at approximately \$140 million. The province provided much-needed deferred maintenance funding on a one-time-only basis in April 2005 just prior to the May 2005 Provincial budget. Queen's share of this \$200 million fund was \$9.1 million. The base annual grant for deferred maintenance from the government is \$1.8 million. The University currently allocates an additional \$2 million to \$4 million annually for deferred maintenance. The maintenance and renewal of Queen's property, particularly the historically significant buildings, is an area of ongoing high priority.

The University received funding from the federal government which supports the indirect costs of research. The distribution of funds to individual universities is based on research awards granted by the federal tri-council agencies<sup>1</sup>. The February 2005 federal budget increased funding by \$15 million to \$260 million beginning in 2005-06. Queen's received \$7.1 million in 2005-06. This funding represents an investment of approximately 24% of the federal tri-council research grants coming to the University and is used to support the indirect costs associated with that research.

Tuition fees were frozen during 2005-06. Enrolment in 2005-06 was slightly ahead of plan which generated a positive fee variance of \$0.9 million.

Investment income was ahead of budget by \$1 million, as a consequence of the University increasing the proportion of long-term investments in the past year.

The University received a significant bequest during 2005-06 which provided additional unrestricted donation revenue.

<sup>1</sup> 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

A combination of increases in compensation and the number of employees contributed to the salary increase of 5.3%. Unfilled positions led to salary savings of \$2.5 million being realized on a total salary budget of \$150 million and contributed toward the fringe benefits savings. Utility savings were realized through year end electrical rebates. Supplies and miscellaneous savings are generated by planned contingencies intended for strategic investments. Other operating expenses are consistent with budget.

University wide, most expenses were consistent with expectations, with the exception of supplies (\$10 million increase) and minor equipment & furnishings (\$13 million decrease). The supplies increase occurred in research, as activity in the clinical trials area increased. Minor equipment & furnishings in 2004-05 included \$13 million of donated artwork, which is expensed in the year of acquisition.

Supplies and utilities lines include payments to the City of Kingston for municipal taxes and utilities. Total payments to the City of Kingston have averaged \$9 million per year for the last five years.

## Health Sciences

The Faculty of Health Sciences received \$79 million in 2005-06 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. The current AFP agreement covers the period April 1, 2005 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 because of its success.

In addition, the Faculty of Health Sciences receives an allocation from University operations (\$22.7 million in 2005-06) to fund medical students and students in the Basic Health Sciences (not funded by the AFP).

## 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 \$90.9 million in 2005-06. Apartment and Housing repaid the balance of an outstanding mortgage during 2005-06 which generated an excess of expense over revenue of \$1.8 million. Apartment and Housing has sufficient reserves to absorb the excess. The Donald Gordon Centre loss of \$0.2 million is generated after an annual principal and interest repayment of \$1 million on the renovation loan and after an annual contribution of \$50,000 to a deferred maintenance fund. The Computer Store, Parking, Residences, Continuing Education and QCED all exceeded breakeven targets.

Final enrolment at ISC for all terms in 2005-06 was 587 against a target of 576. This led to an operating surplus of \$154,000, which compares very favourably with the past 5 years when losses averaged \$550 thousand per year. The University continues to work to reach capacity enrolment of 180 students per term (Fall and Winter) for 2006-07.

PARTEQ, the University's technology transfer office, reported an excess of revenue over expenses of \$5,000 on licensing revenues of \$3.6 million. Expenses include \$1.7 million distributed to inventors and \$175,000 returned to the University. Since inception in 1987, PARTEQ has distributed \$9.7 million to inventors and returned \$13.2 million to the University. \$2.1 million of the \$3.0 million deficit is due to an agreement with the University between 2000 and 2002 that required 40% of all licensing revenues be returned to the University.

### **Trust and Endowment**

The capital of endowment donations is maintained in perpetuity. The endowment payout policy is designed to protect against inflation. 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 \$574.1 million (book value of \$460.2 million). Within that total, the University's student assistance endowment with a market value of \$252.2 million as at April 30, 2006, produces annual income of approximately \$9.6 million. The endowment for faculties and departments has a market value of \$200.5 million producing annual income of \$8.0 million.

The endowment fund had a one year gross return of 12.7% (year ended March 31, 2006). This return is below the benchmark gross return of 14.0% 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 been strong. Specifically, over the 10 year period ending March 31, 2006, the endowment had an annualized return of 10.9%; 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". In 2006, two important projects were brought close to completion, including the renewal of Gordon Hall (\$15 million), and the development of a Cogeneration facility (jointly owned by the University – \$15 million, and Kingston General Hospital – \$10 million). Planning and pre-construction expenditure continued in relation to the Queen's Centre project, the most significant capital project ever undertaken by the University. Fundraising for this project has begun, with construction of Phase 1 planned for late 2006 (subject to Board approval). Other significant projects that received approval in the past year include the renewal of University Avenue (\$6.7 million), the renewal of Richardson Hall (\$12 million), and the extension of Botterell Hall (\$14 million). Planning funding was approved for the redevelopment of the stadium and fields, a new parking structure, and the renewal of McNeill House.

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

| Project                                                                                                                                            | Project Budget <sup>1</sup><br>Estimated Cost <sup>2</sup> | Funding Sources                                 | Status                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Projects Approved:                                                                                                                                 |                                                            |                                                 |                                                                                                                                                           |
| <b>Richardson Hall Renovation</b>                                                                                                                  | \$ 12,000 <sup>1,2</sup>                                   | University sources                              | Expected completion fall 2008                                                                                                                             |
| <b>Botterall Expansion</b>                                                                                                                         | \$ 14,000 <sup>1,2</sup>                                   | Donations, University sources                   | Expected completion spring 2008                                                                                                                           |
| <b>Gordon Hall</b>                                                                                                                                 | \$ 15,000 <sup>1,2</sup>                                   | SuperBuild (\$11,400),<br>University sources    | Expected completion summer 2006                                                                                                                           |
| <b>Cogeneration Facility</b>                                                                                                                       | \$ 25,000 <sup>1,2</sup>                                   | University sources \$15,000,<br>KGH \$10,000    | Expected completion summer 2006                                                                                                                           |
| <b>Queen's Centre Project</b><br><i>New construction and major renovations<br/>3 phases over 8 years<br/>Total estimated cost is \$230 million</i> | \$ 23,750 <sup>1</sup>                                     | Fundraising and other sources                   | Concept approved.<br>Property acquisitions complete.<br>Approved budget to cover<br>architects drawings, property<br>acquisitions and service relocations |
| <b>Residence Redevelopment</b>                                                                                                                     | \$ 300 <sup>1</sup>                                        | Residence sources                               | McNeil House will begin in 2006.<br>Intention to complete 5 buildings<br>in 7 years.                                                                      |
| <b>University Avenue</b>                                                                                                                           | \$ 6,720 <sup>1,2</sup>                                    | Donors, City of Kingston,<br>University sources | Expected completion fall 2007                                                                                                                             |
| <b>Parking Structure</b>                                                                                                                           | \$ 300 <sup>1</sup>                                        | User fees, University sources                   | Expected completion 2008                                                                                                                                  |
| <b>Stadium and Fields</b>                                                                                                                          | \$ 400 <sup>1</sup>                                        | University sources                              | Preliminary planning                                                                                                                                      |

<sup>1</sup>The amounts reported have been approved by the Board of Trustees.

<sup>2</sup>Total estimated cost of project

## Research

Research funding in 2005-06 at Queen's was \$157 million (before deferrals) versus \$141 million in 2004-05. The increase in research funding resulted from major infrastructure projects and clinical trials. Table 3 shows the increase in research funding from the Canada Foundation for Innovation (CFI) the Ontario Innovation Trust (OIT) and corporate sponsors. These programs provide one-time only funding for major infrastructure projects.

Measures of research excellence include awards, publications, and research funding. In 2005-06, Queen's reputation for award-winning faculty was reinforced by a number of highly significant awards. Top national prizes awarded to Queen's faculty members include 3 Killam Research Fellowships, the Steacie Prize, the SSHRC Aurora Prize, Robert L. Noble Prize and the Bank of Canada Research Fellowship.

In the 2005 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](http://www.queensu.ca/research/vpr/resprofiles/faculty_prints.php).

After an approximate 2 year hiatus, CFI introduced the Leading Edge Fund (LEF) and the New Initiatives Fund (NIF) programs to replace the Innovation Fund (IF) program. Queen's actively participated in this round of infrastructure proposals. Results of this competition are anticipated by late 2006 with funding to flow in 2007.

The commercialization of Queen's research continues to generate economic benefits. Since 1987 more than \$560 million has been invested in PARTEQ spin-off and startup companies, and more than 500 jobs have been created.

Licensing and royalty streams from PARTEQ's activities have yielded more than \$37 million to Queen's, which has been returned to its inventors and its research programs. Queen's accumulated share of these license and royalty streams is \$13.2 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)

|                                                             | 2005-06          | 2004-05           | 2003-04          | 2002-03          | 2001-02          | 2000-01          |
|-------------------------------------------------------------|------------------|-------------------|------------------|------------------|------------------|------------------|
| <b>Federal</b>                                              |                  |                   |                  |                  |                  |                  |
| SSHRC                                                       | \$ 5,209         | \$ 4,598          | \$ 4,340         | \$ 3,083         | \$ 2,310         | \$ 2,422         |
| NSERC                                                       | 21,105           | 23,002            | 24,621           | 21,136           | 16,044           | 18,035           |
| CIHR                                                        | 17,015           | 16,026            | 14,656           | 13,366           | 10,985           | 8,126            |
| CFI                                                         | 13,097           | 5,935             | 17,768           | 14,246           | 14,652           | 6,539            |
| Other                                                       | 6,414            | 7,372             | 9,895            | 7,112            | 5,532            | 4,917            |
|                                                             | 62,840           | 56,933            | 71,280           | 58,943           | 49,523           | 40,039           |
| <b>Provincial</b>                                           |                  |                   |                  |                  |                  |                  |
| ORDCF, OIT, PREA, MRI                                       | 7,726            | 5,646             | 20,103           | 15,186           | 22,832           | 9,182            |
| Other Ontario Ministries                                    | 3,060            | 4,818             | 2,626            | 3,110            | 5,291            | 1,862            |
| <b>Other</b>                                                |                  |                   |                  |                  |                  |                  |
| Corporate                                                   | 38,562           | 29,531            | 24,080           | 24,295           | 22,674           | 15,548           |
| Foundations                                                 | 22,471           | 21,797            | 21,254           | 22,580           | 21,299           | 17,439           |
| Other                                                       | 6,012            | 6,735             | 11,555           | 8,942            | 5,532            | 3,901            |
| <b>Total Sponsored Research</b>                             | <b>140,671</b>   | <b>125,460</b>    | <b>150,898</b>   | <b>133,056</b>   | <b>127,151</b>   | <b>87,971</b>    |
| <b>Indirect Cost Grants (included in Operating revenue)</b> |                  |                   |                  |                  |                  |                  |
| FICR                                                        | 7,122            | 7,008             | 6,584            | 6,155            | 0                | 0                |
| RPF                                                         | 1,527            | 1,625             | 1,697            | 2,521            | 1,545            | 1,203            |
| ROIE                                                        | 2,300            | 2,359             | 2,300            | 2,257            | 2,257            | 2,299            |
|                                                             | 10,949           | 10,992            | 10,581           | 10,933           | 3,802            | 3,502            |
| NSERC graduate fellowships                                  | 2,206            | 2,357             | 2,282            | 1,963            | 1,960            | 1,811            |
| SSHRC graduate fellowships                                  | 2,775            | 2,153             | 1,577            | 1,061            | 951              | 1,134            |
|                                                             | 4,981            | 4,510             | 3,859            | 3,024            | 2,911            | 2,945            |
| <b>Total</b>                                                | <b>\$156,601</b> | <b>\$ 140,962</b> | <b>\$165,338</b> | <b>\$147,013</b> | <b>\$133,864</b> | <b>\$ 94,418</b> |

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                        |
| MRI   | Ministry of Research and Innovation                         |
| 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. The proceeds of the issue were used to finance capital projects including the construction of student residences, cafeteria renovations and to consolidate debt on previously completed capital projects. 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). During 2005-06, 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 achieved a positive financial outcome in the 2005-06 year. The additional funding received from the provincial government made a positive impact on departmental budgets throughout the University, and assisted in the introduction of a number of new initiatives, including the hiring of new faculty.

Research funding received continues to reflect the very strong achievements by Queen's researchers. The University's ancillary operations achieved a positive year overall.

As reflected in the ratings of our credit rating agencies, Queen's University maintains a solid financial foundation, critical for meeting the needs and aspirations of our present and future students, faculty, and staff.

We continue to advocate to government for sufficient funding in future years to meet the quality objectives of the University, including maintaining the high quality of our programs and the safeguarding of our infrastructure.

## FACTORS AFFECTING FUTURE REVENUE AND EXPENSES

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
- Pension Contributions
- Campus Infrastructure

Internal Control Environment

## REVENUES

### Provincial Government Funding

The provincial government directly controls the level of operating grant funding and for the past two years has also frozen tuition fees. These two sources of revenue represent approximately 91% of the University's Operating fund revenue and they are thus both beyond the University's direct control.

Welcome news came with the May 11, 2005 provincial budget when the government announced its *Reaching Higher* plan for postsecondary education in Ontario. The *Reaching Higher* investments are to be used for improving access and quality in postsecondary education, and creating better facilities. Postsecondary institutions will be held accountable for achieving these objectives.

Key among their access initiatives is funding for the substantial expansion of graduate education. These funds are designed to help address demand for graduate spaces as the double-cohort flows through the system and will also help address projected faculty shortages. The planned expansion represents growth of 40% over 2004-05 graduate enrolment levels in Ontario.

On the quality front, the province announced a Quality Improvement Fund. In order to gain access to these funds Queen's submitted an "Interim Accountability Agreement" (IAA) to the province in January 2006. The IAA for 2005-06 describes a number of initiatives related to curriculum, services, human resources and technology that would not have been possible without the Quality Improvement Fund. The government has stated that 2005-06 is a bridging year from the current accountability agreements to new multi-year agreements. For 2006-07 onwards, the province will be negotiating bi-lateral multi-year agreements that will outline the targets and results expected from the government's *Reaching Higher* investments. It is not possible to predict, with any certainty, the outcome of these negotiations.

### 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 previously received. Queen's share of this funding was \$7.1 million for 2005-06. 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

The University continues to pursue its long-term strategy of increasing the total number of students in graduate studies and increasing the ratio of graduate to undergraduate students, reflecting the University's research-intensive character. Graduate enrolment is influenced by many factors including the level and nature of funding available to students, the funding available to the University, the faculty complement, the economic and career prospect conditions for prospective students, and the level of research activity at the University. The University has submitted a proposal to government to secure funding for graduate enrolment growth. The budget reflects the SCAD enrolment plan for graduate growth.

The University continues its efforts to increase international student enrolment. This is an opportunity for the University to broaden its pool of qualified potential students and enhance the diversity of the student body.

### Tuition

On March 9, 2006, the province announced the details of its new tuition policy framework. The government's plan features a multi-year framework that is regulated and predictable, and is linked to improvements in both quality and access. The new regulations also provide some flexibility for universities in terms of tuition increases<sup>2</sup> universities are now permitted to increase tuition for first-year students by up to 4.5% in most programs and up to 8% in the first year of professional and graduate programs. In-program and subsequent upper year increases have been limited to 4% annually. Overall, fee increases across the institution must not exceed 5%. Fee increases are tied to both the Student Access Guarantee which institutions will be required to have in place, and improvement in quality, for which institutions will be specifically accountable.

### Fundraising

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

<sup>2</sup> For the past two fiscal years, Ontario universities have been under a tuition freeze imposed by the Province.

TABLE 4  
**GIFTS AND PARTNERSHIP REVENUE RECEIVED**  
(\$000's omitted)

|                       | 2005-06         | 2004-05          | 2003-04          | 2002-03*         | 2001-02          |
|-----------------------|-----------------|------------------|------------------|------------------|------------------|
| Major Gifts (cash)    | \$ 12,940       | \$ 12,148        | \$ 17,050        | \$ 14,491        | \$ 20,912        |
| Major Gifts (in kind) | 888             | 11,751           | 14,839           | 959              | 3,389            |
| Annual Gifts          | 4,991           | 4,969            | 5,940            | 5,395            | 5,053            |
| Planned Gifts         | 9,282           | 11,603           | 6,766            | 9,961            | 11,075           |
| Sub-total             | 28,101          | 40,471           | 44,595           | 30,806           | 40,429           |
| Partnership Revenue   | 3,429           |                  |                  |                  |                  |
| <b>TOTAL</b>          | <b>\$31,530</b> | <b>\$ 40,471</b> | <b>\$ 44,595</b> | <b>\$ 30,806</b> | <b>\$ 40,429</b> |

\*Final year of the Campaign for Queen's

Advancement has been expanding its revenue-generating initiatives to include partnership revenue (included in the table above). This type of revenue includes non-philanthropic, non-government contributions received through relationships broader than those which are strictly charitable in nature. Advancement will continue to develop partnership revenue to further increase this non-traditional philanthropic revenue stream in support of the University's strategic objectives.

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 5-year alumni relations strategic plan includes an increased focus on annual giving, with a goal of increasing both participation and revenue. Year one of the alumni relations strategic plan is complete and year two is underway.

Significant changes to the annual giving program resulted in an increase in the number of donors over the prior year, indicating a turnaround to the decline in annual giving donors.

The University is in the final phase of developing 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.

## 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.

With an endowment of approximately \$574 million fair market value (\$460 million book value), Queen's has the fifth-largest endowment of all universities in Canada.

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. The market value of the PIF is currently \$176.8 million (book value of \$155.6 million).

## Research Activity

Sponsored research activity at Queen's has increased by 67% 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 2006 Budget announcement of a \$40 million per year increase for the Indirect Costs of Research Program over and above the \$260 million per year already allocated for the indirect costs of federally supported research. This increased investment represents an important step in the right direction toward achieving the minimum 40% that is necessary, by raising the overall average reimbursement rate to approximately 27%, up from the current average of approximately 24%.

Over the coming year, the government will be developing a science and technology strategy that will encompass a broad range of government support for research. The federal government continues to expect university research to play a significant role in improving Canada's competitive position in the global economy as an innovative and highly productive country.

The Ontario government budget is highly supportive of growth in graduate and research programs and has set a target for increasing graduate enrollment by 14,000 students, and has set aside \$220 million 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. The Ontario government has reaffirmed its commitment to funding university and hospital-based research, with the introduction of the \$217 million Ontario Research Fund-Research Excellence program. This program also envelopes the previous Research Performance Fund (RPF). The RPF, which provides the 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 2006 provincial budget focuses on strengthening and promoting Ontario as an innovative economy, with new investments of \$160 million over four years to accelerate commercialization and growth of innovative start-ups. Additionally, the government has committed \$17 million to create three new award programs aimed at recognizing and rewarding Ontario's next generation of research and innovation talent.

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. This situation has been resolved satisfactorily and the 30% operating grant will be maintained. The 2006 federal budget increases government funding by \$20 million per year for the Leaders Opportunity Fund of the Canada Foundation for Innovation, a program designed to help universities attract and retain the very best researchers within an environment of intense international competition. This signals the government's commitment to research and development and to investments in state-of-the-art infrastructure.

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.

## EXPENSES

### 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 \$174 million (69%) of its operating fund resources on compensation (salary and benefits). Total salary and benefits increases, approximately 4.5% annually, represent an additional cash outlay of \$8 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. These market pressures have an impact on costs, student-faculty ratio, course loads and research.

The province will eliminate mandatory retirement in October 2006. Queen's announced early adoption of the elimination of mandatory retirement effective May 1, 2006. There will be both base and one-time-only budget pressures as a result of the elimination of mandatory retirement. These budget pressures are expected to be short-term in nature.

During 2004-05 the University reached a 3-year collective agreement with Queen's University Faculty Association (QUFA) for the period May 7, 2005 through to April 30, 2008. On June 19, 2006 the University reached agreement with QUFA for the Sessional Adjunct collective agreement for the period June 19, 2006 to April 30, 2008.

The University and Queen's University Staff Association (QUSA) reached a 3-year agreement in June 2006. During 2003-04, the University negotiated 3-year agreements with all three CUPE Locals. These agreements were in place until June 30, 2006. The University will be negotiating with these 3 employee groups over the summer and fall of 2006.

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, 2008           |
| Queen's University Staff Association (QUSA)   | June 30, 2009            |
| 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, 2006, the University's liability relating to the employee future benefits plan is estimated to be \$46 million, an increase of \$2.7 million (6.2%) over 2004-05. The increase is due to a combination of demographics of the current active / retiree group and increasing medical benefit costs.

### Pension Contributions

The Queen's University pension plan currently has an unfunded liability of \$10.7 million at February 29, 2004. The Pension Plan is a hybrid plan, similar to plans in place at other Canadian universities. These types of plans have elements of both a defined contribution plan and a defined benefit plan. The lowering of long-term interest rates during the past year, in addition to further strengthening of the longevity of our retirees could lead to a significant increase in the unfunded liability. The University is assessing the matter and currently examining potential options to address this risk.

## **Campus Infrastructure**

Queen's and other Canadian universities face substantial costs to maintain and modernize campus infrastructure. The University's deferred maintenance backlog, currently estimated at approximately \$140 million, will escalate rapidly over the coming decade as systems in buildings constructed in the 1960s and 1970s require replacement. The Council of Ontario Universities continues to lobby government for improved levels of support to address this need.

The May 2, 2006 federal budget indicated a \$1 billion commitment to postsecondary infrastructure. Queen's expects its proportionate share to flow through to the University.

The University is on track with its plan to accumulate a deferred maintenance fund of \$6.0 million annually by 2007-08. 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. The new Cogeneration facility will be completed in summer 2006, and will reduce Queen's 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<sup>LLP</sup>, 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
- On-going discussion of the quality of accounting policies
- On-going 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
- 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, 2006

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 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, 2006 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 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, 2006 have been reported on by KPMG<sub>LLP</sub> 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.



Principal and Vice-Chancellor  
June 30, 2006



Vice-Principal (Operations and Finance)

**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, 2006 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, 2006 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'.

Chartered Accountants  
Kingston, Canada  
June 30, 2006

Queen's University at Kingston

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Year ended April 30, 2006, with comparative figures for 2005 (\$000's omitted)

| ASSETS                                                        | 2006      | 2005      |
|---------------------------------------------------------------|-----------|-----------|
| Cash                                                          | \$ 23,859 | \$ 10,272 |
| Accounts receivable                                           | 36,693    | 23,543    |
| Prepaid expenses                                              | 6,921     | 6,694     |
|                                                               | 67,473    | 40,509    |
| Investments (market value 2006 – \$819,129; 2005 – \$761,894) | 683,163   | 666,476   |
| Deferred expenses (note 4)                                    | 5,088     | 5,528     |
| Capital assets (notes 5 and 6)                                | 477,560   | 441,822   |
|                                                               | 1,233,284 | 1,154,335 |

**LIABILITIES AND NET ASSETS**

|                                               |         |         |
|-----------------------------------------------|---------|---------|
| Accounts payable and accrued liabilities      | 56,756  | 47,995  |
| Employee future benefits liability (note 17)  | 45,986  | 43,282  |
| Deferred revenue (note 7)                     | 129,188 | 137,916 |
| Deferred capital contributions (note 8)       | 249,144 | 237,206 |
| Long-term debt (note 9)                       | 5,784   | 6,120   |
| Series A senior unsecured debenture (note 10) | 90,000  | 90,000  |
|                                               | 576,858 | 562,519 |

**Net Assets**

|                                        |              |              |
|----------------------------------------|--------------|--------------|
| Investment in capital assets (note 11) | 128,480      | 107,347      |
| Endowment (note 12)                    | 460,208      | 430,668      |
| Internally restricted (note 13)        | 169,403      | 138,865      |
| Unrestricted                           | (101,665)    | (85,064)     |
|                                        | 656,426      | 591,816      |
|                                        | \$ 1,233,284 | \$ 1,154,335 |

See accompanying notes to consolidated financial statements.

Contingent liabilities (notes 15 and 20)

Commitments (note 6 and 21)

Approved by the Board of Trustees



John Rae  
Trustee



Hugh Christie  
Trustee

Queen's University at Kingston

**CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE**

Year ended April 30, 2006, with comparative figures for 2005 (\$000's omitted)

| REVENUE                                        | 2006             | 2005             |
|------------------------------------------------|------------------|------------------|
| Grants and contracts                           | \$ 386,861       | \$ 355,969       |
| Fees                                           | 109,223          | 105,502          |
| Investment income                              | 38,501           | 43,221           |
| Donations                                      | 11,359           | 26,009           |
| Ancillary sales of service and products        | 90,891           | 85,304           |
| Other                                          | 18,754           | 15,838           |
| Amortization of deferred capital contributions | 22,550           | 21,441           |
|                                                | <u>678,139</u>   | <u>653,284</u>   |
| <br>EXPENSE                                    |                  |                  |
| Salaries                                       | 267,678          | 254,573          |
| Clinical members fees                          | 55,806           | 55,467           |
| Benefits                                       | 43,522           | 41,079           |
| Employee future benefits (note 17)             | 4,051            | 4,538            |
| Supplies                                       | 74,471           | 64,974           |
| Minor equipment and furnishings                | 20,419           | 33,573           |
| Externally contracted services                 | 21,678           | 21,270           |
| Student assistance                             | 39,338           | 39,244           |
| Travel                                         | 15,123           | 14,977           |
| Utilities                                      | 15,542           | 14,239           |
| Renovations and alterations                    | 10,096           | 5,841            |
| Interest on long-term debt                     | 5,357            | 5,394            |
| Amortization of capital assets                 | 42,325           | 39,389           |
| Other expenses                                 | 21,460           | 19,832           |
|                                                | <u>636,866</u>   | <u>614,390</u>   |
| Excess of revenue over expense                 | <u>\$ 41,273</u> | <u>\$ 38,894</u> |

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

Year ended April 30, 2006, with comparative figures for 2005 (\$000's omitted)

|                                                               | Investment in<br>Capital Assets | Endowment         | Internally<br>Restricted | Unrestricted        | Total<br>2006     | Total<br>2005     |
|---------------------------------------------------------------|---------------------------------|-------------------|--------------------------|---------------------|-------------------|-------------------|
| Net assets, beginning of year                                 | \$107,347                       | \$ 430,668        | \$ 138,865               | \$ (85,064)         | \$591,816         | \$ 520,707        |
| Excess of revenue over expense (note 11)                      | (19,775)                        |                   |                          | 61,048              | 41,273            | 38,894            |
| Change in internally restricted net assets                    |                                 |                   | 30,538                   | (30,538)            | 0                 | 0                 |
| Net change in investment in capital assets (note 11)          | 40,908                          |                   |                          | (40,908)            | 0                 | 0                 |
| Contribution for assets not subject to amortization (note 11) |                                 |                   |                          |                     | 0                 | 231               |
| Investment gain charged directly to endowment (note 12)       |                                 | 6,867             |                          |                     | 6,867             | 12,463            |
| Investment income credited directly to endowment (note 12)    |                                 | 501               |                          |                     | 501               | 82                |
| Internally endowed contributions (note 12)                    |                                 | 6,203             |                          | (6,203)             | 0                 | 0                 |
| Endowment contributions (note 12)                             |                                 | 15,969            |                          |                     | 15,969            | 19,439            |
| <b>Net assets, end of year</b>                                | <b>\$128,480</b>                | <b>\$ 460,208</b> | <b>\$ 169,403</b>        | <b>\$ (101,665)</b> | <b>\$ 656,426</b> | <b>\$ 591,816</b> |

See accompanying notes to consolidated financial statements.

Queen's University at Kingston

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended April 30, 2006, with comparative figures for 2005 (\$000's omitted)

| OPERATING ACTIVITIES:                            | 2006      | 2005      |
|--------------------------------------------------|-----------|-----------|
| Excess of revenue over expense                   | \$ 41,273 | \$ 38,894 |
| Add non-cash items:                              |           |           |
| Amortization of capital assets                   | 42,325    | 39,389    |
| Amortization of deferred capital contributions   | (22,550)  | (21,441)  |
| Decrease in deferred expenses                    | 440       | 2,014     |
| Increase in employee future benefits liability   | 2,704     | 3,244     |
| Net change in non-cash working capital (note 14) | (13,344)  | (7,483)   |
| Cash provided by operating activities            | 50,848    | 54,617    |

INVESTING AND FINANCING ACTIVITIES:

|                                                                                              |           |           |
|----------------------------------------------------------------------------------------------|-----------|-----------|
| Net change in investments                                                                    | (16,687)  | (67,859)  |
| Purchase of capital assets                                                                   | (78,064)  | (48,529)  |
| Disposal of capital assets                                                                   | 1         | 10        |
| Repayment of long-term debt                                                                  | (336)     | (320)     |
| Contributions received for capital purposes                                                  | 34,488    | 24,897    |
| Endowment fund contributions and investment income reported as direct increase in net assets | 23,337    | 31,984    |
| Cash used in investing and financing activities                                              | (37,261)  | (59,817)  |
| Net increase (decrease) in cash                                                              | 13,587    | (5,200)   |
| Cash, beginning of year                                                                      | 10,272    | 15,472    |
| Cash, end of year                                                                            | \$ 23,859 | \$ 10,272 |

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.

Queen's University at Kingston

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2006 (\$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 postsecondary 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, for-profit 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 not-for-profit 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, 2006 (\$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:

| Asset                     | Useful Life |
|---------------------------|-------------|
| Buildings                 | 40 years    |
| Equipment and furnishings | 5 years     |
| Library acquisitions      | 5 years     |

The 2006 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 14,076 objects and was insured with a market value of \$55,000 at April 30, 2006. The collection is fully insured through a fine arts policy. During the year ended April 30, 2006, the University acquired 208 pieces of artwork. Of these, 118 pieces were donated with a total appraised value of \$395, 76 pieces were donated pending appraisals, and 14 pieces were purchased at a cost of \$134.

(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, 2006 (\$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 to eligible active and retired employees. 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. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are amortized over the expected average remaining service life of employees.

(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 \$20,573 at April 30, 2006, and is expected to be received as follows:

|                                          | 2006             |
|------------------------------------------|------------------|
| 2006-07                                  | \$ 5,451         |
| 2007-08                                  | 7,730            |
| 2008-09                                  | 2,690            |
| Subsequent years                         | 4,702            |
| Outstanding pledges as at April 30, 2006 | <u>\$ 20,573</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) Accounting 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, 2006 (\$000's omitted)

**NOTE 3**

**CHANGE IN ACCOUNTING POLICY**

During the year, the University changed its accounting policy to amortize differences arising from plan amendments, changes in assumptions and actuarial gains and losses related to employee future benefits. These are amortized over the expected average remaining service life of employees. This change has been applied on a retroactive basis and 2005 balances have been restated.

Prior to the current fiscal year, the employee future benefit liability was \$43,282. This change in policy has no effect on the opening 2004-05 unrestricted net assets.

**NOTE 4**

**DEFERRED EXPENSES**

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

|                              | 2006            | 2005            |
|------------------------------|-----------------|-----------------|
| Deferred maintenance project | \$ 0            | \$ 244          |
| Deferred debenture costs     | 5,088           | 5,284           |
|                              | <u>\$ 5,088</u> | <u>\$ 5,528</u> |

The deferred maintenance project which commenced in 1991 was concluded in 1993 at a total expenditure of \$18,000. This cost was 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 5**

**CAPITAL ASSETS**

Capital assets consist of the following:

|                           | Cost              | Accumulated<br>Amortization | Net Book Value<br>2006 | Net Book Value<br>2005 |
|---------------------------|-------------------|-----------------------------|------------------------|------------------------|
| Land                      | \$ 26,298         | \$ 0                        | \$ 26,298              | \$ 26,109              |
| Buildings                 | 532,400           | (200,885)                   | 331,515                | 327,807                |
| Equipment and furnishings | 120,664           | (74,752)                    | 45,912                 | 42,006                 |
| Library acquisitions      | 129,400           | (109,578)                   | 19,822                 | 18,962                 |
| Construction in progress  | 54,013            | 0                           | 54,013                 | 26,938                 |
|                           | <u>\$ 862,775</u> | <u>\$(385,215)</u>          | <u>\$477,560</u>       | <u>\$441,822</u>       |

Cost and accumulated amortization as of April 30, 2005 were \$799,257 and \$357,435 respectively.

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

|                                                                     | 2006             | 2005             |
|---------------------------------------------------------------------|------------------|------------------|
| Balance, beginning of year                                          | \$441,822        | \$ 432,692       |
| Purchase of capital assets funded by deferred capital contributions | 34,488           | 24,666           |
| Purchase of capital assets financed internally                      | 37,854           | 20,249           |
| Purchase of capital assets financed by long-term debt               | 729              | 664              |
| Purchase of capital assets financed by short-term liabilities       | 4,993            | 2,719            |
| Capital assets donated to the University                            | 0                | 231              |
| Disposals of capital assets:                                        |                  |                  |
| Cost                                                                | (14,546)         | (19,882)         |
| Accumulated amortization                                            | 14,545           | 19,872           |
| Amortization of capital assets                                      | (42,325)         | (39,389)         |
| Balance, end of year                                                | <u>\$477,560</u> | <u>\$441,822</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 6**

**COST TO COMPLETE CONSTRUCTION IN PROGRESS**

As at April 30, 2006, the estimated cost to complete construction in progress for the extension of plant facilities is approximately \$56,342 (2005 – \$49,318). These costs will be financed by gifts, grants, ancillary income, and plant funds as outlined below.

Details of the costs to complete construction in progress are as follows:

|                                    | Cost to Complete |                 |
|------------------------------------|------------------|-----------------|
|                                    | 2006             | 2005            |
| Botterell Hall addition            | \$ 13,870        | \$ 0            |
| Bracken Library CHEER Project      | 0                | 1,444           |
| Cogeneration facility              | 6,091            | 12,597          |
| Centre for Neuroscience            | 0                | 2,885           |
| Gordon Hall/Annex                  | 1,300            | 7,464           |
| New Electric Substation            | 2,994            | 3,195           |
| Rehabilitate University Avenue     | 6,277            | 355             |
| Residence and Food Service project | 2,279            | 0               |
| Richardson Hall renovation         | 12,138           | 0               |
| The Queen's Centre                 | 10,057           | 20,288          |
| Other                              | 1,336            | 1,090           |
|                                    | <u>\$56,342</u>  | <u>\$49,318</u> |

The total costs for the above listed projects amounts to \$56,342. The funding for these projects is provided by the following sources:

|                       | 2006            |
|-----------------------|-----------------|
| Ancillary Fees        | \$ 1,116        |
| Donations             | 6,102           |
| Other Grants          | 3,316           |
| University Commitment | 45,808          |
|                       | <u>\$56,342</u> |

The total project cost for the Queen's Centre is estimated to be \$230,000. As of May 6, 2006, the Board of Trustees has approved spending of \$23,750.

Queen's University at Kingston

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 7**

**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:

|                | 2006             | 2005             |
|----------------|------------------|------------------|
| Research funds | \$ 62,734        | \$ 68,393        |
| Trust funds    | 31,154           | 27,741           |
| Plant funds    | 11,247           | 18,735           |
| Student fees   | 12,614           | 11,726           |
| Gift annuities | 9,908            | 9,957            |
| Other          | 1,531            | 1,364            |
|                | <u>\$129,188</u> | <u>\$137,916</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.

**NOTE 8**

**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:

|                                                                | 2006              | 2005              |
|----------------------------------------------------------------|-------------------|-------------------|
| Balance, beginning of year                                     | \$ 237,206        | \$ 233,981        |
| Less amortization of deferred capital contributions            | (22,550)          | (21,441)          |
| Capital contributions for land credited directly to net assets | 0                 | (231)             |
| Add contributions received for capital purposes                | 34,488            | 24,897            |
| Balance, end of year                                           | <u>\$ 249,144</u> | <u>\$ 237,206</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2006 (\$000's omitted)

## NOTE 9

## LONG-TERM DEBT

As at April 30, 2006 the University has principal outstanding of \$5,784 (2005 – \$6,120) 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<br>Year Ending | Interest Rate | Annual Payment<br>(Principal and Interest) | Principal<br>Outstanding |
|-----------------------------------------|-----------------------------------|---------------|--------------------------------------------|--------------------------|
| Canada Mortgage and Housing Corporation | 2017                              | 5.38%         | \$ 263                                     | \$ 2,082                 |
| Ontario Housing Corporation             | 2009                              | 10.31%        | 178                                        | 1,731                    |
| Royal Bank                              | 2007                              | 8.31%         | 223                                        | 1,550                    |
| SMS Canada                              | 2011                              | 0.00%         | 101                                        | 421                      |
| Total long-term debt                    |                                   |               | \$ 765                                     | \$ 5,784                 |

(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 |
|-------------|-------------------|
| 2007        | \$ 1,804          |
| 2008        | \$ 262            |
| 2009        | \$ 2,000          |
| 2010        | \$ 280            |
| 2011        | \$ 206            |

## NOTE 10

## 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 and Leonard Hall Cafeteria expansion | \$ 55,700 |
| Chernoff Hall (Chemistry Complex)                   | 11,000    |
| Retire existing long-term debt                      | 20,000    |
| Temporary financing of other capital projects       | 3,116     |
|                                                     | \$ 89,816 |

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

Queen's University at Kingston

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 11**

**INVESTMENT IN CAPITAL ASSETS**

The investment in capital assets consists of the following:

|                               | 2006       | 2005       |
|-------------------------------|------------|------------|
| Capital assets                | \$ 477,560 | \$ 441,822 |
| Less amounts financed by:     |            |            |
| Accounts payable              | (4,993)    | (2,719)    |
| Long-term debt and debenture  | (94,943)   | (94,550)   |
| Deferred capital contribution | (249,144)  | (237,206)  |
| Balance, end of year          | \$ 128,480 | \$ 107,347 |

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

|                                                      | 2006      | 2005      |
|------------------------------------------------------|-----------|-----------|
| Excess of expenses over revenue:                     |           |           |
| Amortization of deferred capital contributions       | \$ 22,550 | \$ 21,441 |
| Amortization of capital assets                       | (42,325)  | (39,389)  |
|                                                      | (19,775)  | (17,948)  |
| Net change in investment in capital assets:          |           |           |
| Purchase of capital assets                           | 78,064    | 48,529    |
| Amounts funded by:                                   |           |           |
| Accounts payable                                     | (4,993)   | (2,719)   |
| Long-term debt and debenture                         | (729)     | (664)     |
| Deferred capital contributions                       | (34,488)  | (24,897)  |
| Repayment of debt:                                   |           |           |
| Accounts payable                                     | 2,719     | 3,594     |
| Long-term debt                                       | 336       | 320       |
| Net disposal of capital assets                       | (1)       | (10)      |
|                                                      | 40,908    | 24,153    |
| Contributions for assets not subject to amortization | 0         | 231       |
| Change in investment in capital assets               | \$ 21,133 | \$ 6,436  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2006 (\$000's omitted)

## NOTE 12

## 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   | \$ 288,568         | \$ 142,100         | \$ 430,668      |
| Net contributions               | 15,969             | 1,848              | 17,817          |
| Recapitalized investment income | 501                | 1,608              | 2,109           |
| Net investment gain             | 6,867              | 2,747              | 9,614           |
| Endowments, end of year         | \$ 311,905         | \$ 148,303         | \$ 460,208      |

Details of year-end balances are as follows:

| Book Value                                        | Book Value                |                   |                                 |                                   |                     | Fair Market Value |
|---------------------------------------------------|---------------------------|-------------------|---------------------------------|-----------------------------------|---------------------|-------------------|
|                                                   | Balance Beginning of Year | Net Contributions | Recapitalized Investment Income | Allocation of Net Investment Gain | Balance End of Year |                   |
| Faculty, departmental, and other specific purpose | \$ 151,122                | \$ 11,251         | \$ 1,883                        | \$ 3,380                          | \$ 167,636          | \$ 200,504        |
| General endowment                                 | 65,024                    | (230)             | (1,756)                         | 1,789                             | 64,827              | 98,047            |
| Student assistance                                | 199,658                   | 6,759             | 1,397                           | 4,101                             | 211,915             | 252,239           |
| Research                                          | 14,864                    | 37                | 585                             | 344                               | 15,830              | 23,339            |
|                                                   | \$ 430,668                | \$ 17,817         | \$ 2,109                        | \$ 9,614                          | \$ 460,208          | \$ 574,129        |

Queen's University at Kingston

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 13**

**INTERNALLY RESTRICTED NET ASSETS**

|                                                                                                   |                   |                   |
|---------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Details of year-end balances are as follows:                                                      | 2006              | 2005              |
| Operating Fund:                                                                                   |                   |                   |
| Purchase commitments                                                                              | \$ 1,537          | \$ 1,410          |
| Capital projects                                                                                  | 27,511            | 14,983            |
| Carryforward of unexpended budget allocations to faculties,<br>libraries and administrative units | 42,268            | 31,253            |
| Employee future benefits and pension                                                              | 5,000             | 3,500             |
| Uninsured property losses                                                                         | 740               | 660               |
|                                                                                                   | <u>77,056</u>     | <u>51,806</u>     |
| Ancillary enterprises:                                                                            |                   |                   |
| Major repairs and renovations                                                                     | 10,251            | 9,159             |
|                                                                                                   | <u>10,251</u>     | <u>9,159</u>      |
| Restricted fund:                                                                                  |                   |                   |
| Unspent departmental donations and other income                                                   | 52,508            | 48,765            |
| Unspent research funds                                                                            | 29,588            | 29,135            |
|                                                                                                   | <u>82,096</u>     | <u>77,900</u>     |
|                                                                                                   | <u>\$ 169,403</u> | <u>\$ 138,865</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 14**

**NET CHANGE IN NON-CASH WORKING CAPITAL**

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

|                                          |                    |                   |
|------------------------------------------|--------------------|-------------------|
|                                          | 2006               | 2005              |
| Net change in non-cash working capital:  |                    |                   |
| Accounts receivable                      | \$ (13,150)        | \$ 803            |
| Prepaid expenses                         | (227)              | (915)             |
| Accounts payable and accrued liabilities | 8,761              | (1,467)           |
| Deferred revenue                         | (8,728)            | (5,904)           |
|                                          | <u>\$ (13,344)</u> | <u>\$ (7,483)</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 15**

**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. 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, 2005, the latest financial statements available, CURIE had a surplus of \$11.1 million (2004 – \$6.0 million), of which the University's pro rata share is approximately 3.26% (2004 – 3.19%) 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 16**

**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.

At April 30, 2006, the University has recorded \$2,552 (2005 – \$1,335) as the accrued portion of the \$10,700 unfunded liability.

The University contributed \$17,030 (2005 – \$13,958) to the pension plan during the year 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        |
| <u>Plan deficit</u>        | <u>\$ 10,700</u> |

The next valuation of the pension plan is anticipated to be no later than February 28, 2007.

Queen's University at Kingston

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 17**

**EMPLOYEE FUTURE BENEFITS**

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 prepared as at January 1, 2006. The next valuation of the plan is expected to be as of January 1, 2009.

At April 30, 2006, the University's accrued benefit liability relating to the employee future benefits plan is \$45,986 (2005 – \$43,282).

|                                       | 2006      | 2005      |
|---------------------------------------|-----------|-----------|
| Accrued benefit obligation            | \$ 49,272 | \$ 45,892 |
| Unamortized net actuarial gain (loss) | (3,286)   | (2,610)   |
| Unamortized past service costs        | 0         | 0         |
| Employee future benefits liability    | \$ 45,986 | \$ 43,282 |

Included in the consolidated statement of revenue and expense is an annual expense in the amount of \$4,051 (2005 – \$4,538) 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 2006, the University contributed \$1,347 (2005 – \$1,294) to cover pay-as-you-go disbursements incurred during the year for these employee future benefits.

The significant actuarial assumptions adopted in estimating the University's accrued benefit obligation are as follows (weighted-average assumptions):

|                               | Employee Future Benefits Plan |
|-------------------------------|-------------------------------|
| Discount rate                 | 5.25% to 5.75%                |
| Rate of compensation increase | 0.00% to 4.50%                |
| Medical cost increases:       |                               |
| Drug                          | 4.50% to 8.00%                |
| Other medical                 | 4.50%                         |
| Dental                        | 4.50% to 7.00%                |
| Health care trend rate        | 4.50% to 8.00%                |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2006 (\$000's omitted)

## NOTE 18

## 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:

|                                     | 2006           |                   | 2005           |                   |
|-------------------------------------|----------------|-------------------|----------------|-------------------|
|                                     | Carrying Value | Fair Market Value | Carrying Value | Fair Market Value |
| Investments                         | \$ 683,163     | \$819,129         | \$666,476      | \$761,894         |
| Long-term debt                      | \$ 5,784       | \$ 6,090          | \$ 6,120       | \$ 6,687          |
| Series A senior unsecured debenture | \$ 90,000      | \$105,275         | \$ 90,000      | \$101,643         |

## (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:

|                            | Notional Value | 2006                   | Notional Value | 2005                   |
|----------------------------|----------------|------------------------|----------------|------------------------|
|                            |                | Unrealized Gain (Loss) |                | Unrealized Gain (Loss) |
| Forward currency contracts |                |                        |                |                        |
| - U.S. dollars             | \$130,742      | \$ 3,816               | \$ 105,795     | \$ (2,824)             |
| - U.K. sterling            | \$ 19,175      | \$ (728)               | \$ 4,531       | \$ 270                 |
| - Other                    | \$ 32,842      | \$ (173)               | \$ 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, 2006, the University was exposed to interest rate risk as follows:

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

Queen's University at Kingston

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Year ended April 30, 2006 (\$000's omitted)

**NOTE 19**

**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, 2006. Operating grants received from the Ministry represent approximately 50% of operating fund revenue and 20% of total revenue for the University.

**NOTE 20**

**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, 2006, 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 21**

**COMMITMENTS**

The University has issued letters of credit of \$292 primarily for capital construction and has guaranteed an operating line of credit with a bank of \$1,000.

**NOTE 22**

**ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)**

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

The University has recorded the following amounts under phase 1 of the program:

(for the year ended April 30)

|                                                    | 2006      | 2005      |
|----------------------------------------------------|-----------|-----------|
| Endowment Capital:                                 |           |           |
| Opening balance                                    | \$ 72,007 | \$ 72,157 |
| Capitalized funds expended in the year             | (123)     | (150)     |
| Endowment fund balance at end of year              | \$ 71,884 | \$ 72,007 |
| Expendable Funds:                                  |           |           |
| Opening balance                                    | \$ 428    | \$ 566    |
| Investment income                                  | 3,597     | 3,678     |
| Bursaries awarded                                  | (3,720)   | (3,966)   |
| Capitalized funds expended in the year             | 123       | 150       |
| Carryforward expendable funds available for awards | \$ 428    | \$ 428    |
| Number of bursaries awarded                        | 1,099     | 1,103     |

The market value of the OSOTF phase 1 endowment as at April 30, 2006 was \$90,672 (2005 – \$84,669)

NOTE 22 CONTINUED ON PAGE 74

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2006 (\$000's omitted)

## NOTE 22 CONTINUED

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

|                                                                      | OSOTF II  | OTSS     | 2006 Total | 2005 Total |
|----------------------------------------------------------------------|-----------|----------|------------|------------|
| Endowment Capital:                                                   |           |          |            |            |
| Opening balance                                                      | \$ 11,917 | \$ 0     | \$ 11,917  | \$ 3,998   |
| Reclassification between programs                                    | (190)     | 190      | 0          | 0          |
| Donations received                                                   | 0         | 1,831    | 1,831      | 4,208      |
| Government matching received                                         | 0         | 1,811    | 1,811      | 4,308      |
| Government matching receivable                                       | 0         | 210      | 210        | 0          |
| Government matching received for previously matched University funds | (190)     | 0        | (190)      | 0          |
| Funds advanced by University pending receipt of government matching  | 0         | 0        | 0          | (654)      |
| Other                                                                | (1)       | 0        | (1)        | 0          |
| Expendable funds capitalized in the year                             | 111       | 0        | 111        | 57         |
| Endowment fund balance at end of year                                | \$ 11,647 | \$ 4,042 | \$ 15,689  | \$ 11,917  |
| Expendable Funds:                                                    |           |          |            |            |
| Opening balance                                                      | \$ 27     | \$ 0     | \$ 27      | \$ 27      |
| Donations received                                                   | 2         | 0        | 2          | 12         |
| Investment income                                                    | 531       | (12)     | 519        | 165        |
| Bursaries awarded                                                    | (311)     | 0        | (311)      | (93)       |
| Expendable funds capitalized in the year                             | (111)     | 0        | (111)      | (57)       |
| Carryforward expendable funds available for awards                   | \$ 138    | \$ (12)  | \$ 126     | \$ 27      |
| Number of bursaries awarded                                          | 164       | 0        | 164        | 72         |

The market value of the OSOTF phase 2 endowment as at March 31, 2006 was \$17,345 (2005 – \$12,463).

## NOTE 23

## 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 \$170 (2005 – \$260), 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 \$90 (2005 – \$82) is reported in the capital fund. The University's share of the Parking Commission's excess of revenue over expense is \$498 (2005 – \$455) 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) Investment in Cogeneration Facility

Queen's University has entered into a joint venture with Kingston General Hospital for the construction and operation of a Cogeneration facility. The purpose of the facility is to produce electricity and steam. The University's proportionate share of the joint venture is 60% and Kingston General Hospital's proportionate share is 40%. The Cogeneration facility is currently under construction and is expected to cost \$25,000. The cost of construction to April 30, 2006 is \$18,909 and is reflected in the consolidated statement of financial position. The operations of the Cogeneration facility are expected to commence in summer 2006.

## (c) 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, 2006 was \$1,163 (2005 – \$824). The University provides an annual contribution of \$197 to fund operating costs of McGill-Queen's University Press.

## NOTE 24

## COMPARATIVE FIGURES

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

## NOTE 25

## SUBSEQUENT EVENTS

The University has received donated artwork with an appraised value of approximately \$8,858 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 \$13 thousand (before the employee future benefits expense of \$2.7 million) in 2005-06 increasing the accumulated operating surplus to \$2.1 million. Total operating revenue increased by \$18.4 million. Tuition fees were frozen during 2005-06 and enrolment was slightly ahead of plan which generated a positive fee variance of \$0.9 million. Investment income was ahead of budget by \$1 million, as a consequence of the University increasing the proportion of long term investments in the past year. Unfilled positions led to salary savings and contributed toward the fringe benefits savings. Utility savings were realized through electrical rebates. Supplies and miscellaneous savings were generated by planned contingencies intended for strategic investments. Other expenses were consistent with budget.

**HEALTH SCIENCES**

The Faculty of Health Sciences received \$79 million from the Ministry of Health and Long-Term Care in 2005-06 under the Alternative Funding Plan (AFP) to support its mission of clinical service, education and research. In addition, the Faculty of Health Sciences received a \$22.7 million allocation from University operations to fund medical students and students in the Basic Health Sciences not funded by the AFP.

**ANCILLARY ENTERPRISES**

Revenue from ancillary enterprises amounted to \$90.9 million in 2005-06. Apartment and Housing repaid the balance of an outstanding mortgage which generated an excess of expense over revenue of \$1.8 million. The Donald Gordon Centre loss of \$0.2 million was generated after an annual principal and interest repayment of \$1 million on the renovation loan and after an annual contribution of \$50,000 to a deferred maintenance fund. The Computer Store, Parking, Residences, Continuing Education and QCED all exceeded breakeven targets.

**RESEARCH**

Research funding in 2005-06 at Queen's was \$157 million (before deferrals) versus \$141 million in 2004-05. The increase in research funding resulted from major infrastructure projects.

**ENDOWMENTS**

The endowment fund had a one year gross return of 12.7% (year ended March 31, 2006). This return is below the benchmark gross return of 14.0% for the same period. Longer term results have been strong. Specifically, over the 10 year period ending March 31, 2006, the endowment had an annualized return of 10.9%; this return is 2.3% above the annualized benchmark return for the same period.

**CAPITAL**

In 2006, two important projects were brought close to completion, including the renewal of Gordon Hall (\$15 million), and the development of a Cogeneration facility (jointly owned by the University – \$15 million, and Kingston General Hospital – \$10 million). Planning and pre-construction expenditure continued in relation to the Queen's Centre project, the most significant capital project ever undertaken by the University. Fundraising for this project has begun, with construction of Phase 1 planned for late 2006 (subject to Board approval).

**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, 2006 with comparative figures for 2005

(\$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      | Health Sciences | Ancillary Enterprises | Capital         | Subtotal        | Trust         | Research       | Endowment     | Investment in Capital Assets | Internally Restricted | Total 2006     | Total 2005     |
|------------------------------------------------------|----------------|-----------------|-----------------------|-----------------|-----------------|---------------|----------------|---------------|------------------------------|-----------------------|----------------|----------------|
| <b>REVENUE</b>                                       |                |                 |                       |                 |                 |               |                |               |                              |                       |                |                |
| Grants and Contracts                                 | 140,200        | 101,633         | 0                     | (11,791)        | 230,042         | 15,993        | 140,826        | 0             | 0                            | 0                     | 386,861        | 355,969        |
| Fees                                                 | 108,308        | 915             | 0                     | 0               | 109,223         | 0             | 0              | 0             | 0                            | 0                     | 109,223        | 105,502        |
| Investment Income                                    | 6,506          | (3)             | 0                     | 1,932           | 8,435           | 25,357        | 354            | 4,355         | 0                            | 0                     | 38,501         | 43,221         |
| Donations                                            | 2,671          | 346             | 0                     | (3)             | 3,014           | 7,057         | 134            | 1,154         | 0                            | 0                     | 11,359         | 26,009         |
| Ancillary Sales of Service and Products              | 0              | 0               | 90,891                | 0               | 90,891          | 0             | 0              | 0             | 0                            | 0                     | 90,891         | 85,304         |
| Other Income                                         | 6,537          | 1,096           | 0                     | 329             | 7,962           | 8,373         | 1,725          | 694           | 0                            | 0                     | 18,754         | 15,838         |
| Amortization of Deferred Capital Contributions       | 0              | 0               | 0                     | 22,550          | 22,550          | 0             | 0              | 0             | 0                            | 0                     | 22,550         | 21,441         |
| <b>Total Revenue</b>                                 | <b>264,222</b> | <b>103,987</b>  | <b>90,891</b>         | <b>13,017</b>   | <b>472,117</b>  | <b>56,780</b> | <b>143,039</b> | <b>6,203</b>  | <b>0</b>                     | <b>0</b>              | <b>678,139</b> | <b>653,284</b> |
| <b>EXPENSE</b>                                       |                |                 |                       |                 |                 |               |                |               |                              |                       |                |                |
| Salaries                                             | 147,201        | 29,911          | 17,259                | 0               | 194,371         | 19,904        | 53,403         | 0             | 0                            | 0                     | 267,678        | 254,573        |
| Clinical members fees                                | 0              | 55,806          | 0                     | 0               | 55,806          | 0             | 0              | 0             | 0                            | 0                     | 55,806         | 55,467         |
| Benefits                                             | 26,289         | 4,472           | 2,293                 | 0               | 33,054          | 3,023         | 7,445          | 0             | 0                            | 0                     | 43,522         | 41,079         |
| Employee Future Benefits, cash basis                 | 1,347          | 0               | 0                     | 0               | 1,347           | 0             | 0              | 0             | 0                            | 0                     | 1,347          | 1,294          |
| Employee Future Benefits, accrual basis              | 2,704          | 0               | 0                     | 0               | 2,704           | 0             | 0              | 0             | 0                            | 0                     | 2,704          | 3,244          |
| Supplies and Miscellaneous                           | 15,985         | 3,539           | 53,885                | (4,703)         | 68,706          | 13,037        | 50,989         | 0             | 0                            | 0                     | 132,732        | 121,053        |
| Minor Equipment and Furnishings                      | 6,462          | 1,055           | 3,082                 | (20,063)        | (9,464)         | 2,474         | 27,409         | 0             | 0                            | 0                     | 20,419         | 33,573         |
| Student Assistance                                   | 24,111         | 119             | 7                     | 0               | 24,237          | 14,405        | 696            | 0             | 0                            | 0                     | 39,338         | 39,244         |
| Utilities                                            | 12,063         | 42              | 4,397                 | (1,164)         | 15,338          | 203           | 1              | 0             | 0                            | 0                     | 15,542         | 14,239         |
| Renovations and Alterations                          | 7,800          | 1,968           | 1,736                 | (2,974)         | 8,530           | 479           | 1,087          | 0             | 0                            | 0                     | 10,096         | 5,841          |
| Library Acquisitions                                 | 9,657          | 6               | 2                     | (10,440)        | (775)           | 626           | 149            | 0             | 0                            | 0                     | 0              | 0              |
| Amortization of Capital Assets                       | 0              | 0               | 343                   | 41,982          | 42,325          | 0             | 0              | 0             | 0                            | 0                     | 42,325         | 39,389         |
| Interest on Long-term Debt                           | 740            | 0               | 6,056                 | (1,439)         | 5,357           | 0             | 0              | 0             | 0                            | 0                     | 5,357          | 5,394          |
| <b>Total Expense</b>                                 | <b>254,359</b> | <b>96,918</b>   | <b>89,060</b>         | <b>1,199</b>    | <b>441,536</b>  | <b>54,151</b> | <b>141,179</b> | <b>0</b>      | <b>0</b>                     | <b>0</b>              | <b>636,866</b> | <b>614,390</b> |
| Excess of Revenue over Expense                       | 9,863          | 7,069           | 1,831                 | 11,818          | 30,581          | 2,629         | 1,860          | 6,203         | 0                            | 0                     | 41,273         | 38,894         |
| Endowment Contribution                               | 0              | 0               | 0                     | 0               | 0               | 0             | 0              | 23,337        | 0                            | 0                     | 23,337         | 31,984         |
| Allocation from Net Investment in Capital Assets     | 0              | (7,000)         | 0                     | (12,725)        | (19,725)        | 0             | (1,408)        | 0             | 21,133                       | 0                     | 0              | 0              |
| Contributions for Assets Not Subject to Amortization | 0              | 0               | 0                     | 0               | 0               | 0             | 0              | 0             | 0                            | 0                     | 0              | 231            |
| Transfer from (to) Appropriations                    | (12,554)       | 142             | (2,544)               | (12,501)        | (27,457)        | (2,629)       | (452)          | 0             | 0                            | 30,538                | 0              | 0              |
| <b>Net Change in Fund Balance</b>                    | <b>(2,691)</b> | <b>211</b>      | <b>(713)</b>          | <b>(13,408)</b> | <b>(16,601)</b> | <b>0</b>      | <b>0</b>       | <b>29,540</b> | <b>21,133</b>                | <b>30,538</b>         | <b>64,610</b>  | <b>71,109</b>  |
| Fund Balance, beginning of year                      | (41,244)       | (129)           | (13,118)              | (30,573)        | (85,064)        | 0             | 0              | 430,668       | 107,347                      | 138,865               | 591,816        | 520,707        |
| Fund Balance, end of year                            | (43,935)       | 82              | (13,831)              | (43,981)        | (101,665)       | 0             | 0              | 460,208       | 128,480                      | 169,403               | 656,426        | 591,816        |

## APPENDIX 2

Revenue and Expense for the Year Ended April 30, 2006 with comparative figures for 2005

(\$000's omitted and unaudited)

### Highlights of Operating Fund Revenue and Expenses

|                |                                                                                       | 2005-06    |            |            | 2004-05    |
|----------------|---------------------------------------------------------------------------------------|------------|------------|------------|------------|
|                |                                                                                       | Budget     | Actual     | Difference | Actual     |
| <b>REVENUE</b> |                                                                                       |            |            |            |            |
|                | Provincial government grants                                                          | \$ 135,161 | \$ 133,078 | \$ (2,083) | \$ 120,708 |
|                | Federal government grant                                                              | 6,828      | 7,122      | 294        | 7,008      |
|                | Fees                                                                                  | 107,411    | 108,308    | 897        | 104,674    |
|                | Investment income                                                                     | 5,487      | 6,506      | 1,019      | 6,225      |
|                | Donations                                                                             | 1,336      | 2,671      | 1,335      | 1,678      |
|                | Other                                                                                 | 6,101      | 6,537      | 436        | 5,572      |
|                |                                                                                       | 262,324    | 264,222    | 1,898      | 245,865    |
| <b>EXPENSE</b> |                                                                                       |            |            |            |            |
|                | Salaries                                                                              | 149,671    | 147,201    | (2,470)    | 139,842    |
|                | Benefits                                                                              | 28,473     | 27,636     | (837)      | 26,041     |
|                | Supplies and miscellaneous                                                            | 21,967     | 15,985     | (5,982)    | 17,979     |
|                | Minor equipment and furnishings                                                       | 7,018      | 6,462      | (556)      | 8,673      |
|                | Student assistance                                                                    | 24,113     | 24,111     | (2)        | 23,227     |
|                | Utilities                                                                             | 12,860     | 12,063     | (797)      | 11,208     |
|                | Renovations and alterations                                                           | 7,745      | 7,800      | 55         | 4,483      |
|                | Library acquisitions                                                                  | 9,737      | 9,657      | (80)       | 8,711      |
|                | Interest                                                                              | 740        | 740        | 0          | 751        |
|                |                                                                                       | 262,324    | 251,655    | (10,669)   | 240,915    |
|                | Net change in fund balance before transfers                                           |            | 12,567     | 12,567     | 4,950      |
|                | Net transfers to appropriated surplus                                                 |            | (12,554)   | (12,554)   | (4,343)    |
|                | Annual operating surplus, before employee future benefits expense                     |            | 13         | 13         | 607        |
|                | Accumulated operating surplus, start of year, before employee future benefits expense |            | 2,038      |            | 1,431      |
|                | Accumulated operating surplus, end of year, before employee future benefits expense   |            | \$ 2,051   |            | \$ 2,038   |

The format of the operating budget approved by the Board of Trustees in May 2005 has been modified in this statement to conform to the format of operating revenues and expenses in Appendix 1 of the Annual Report. This format conforms to that of the Consolidated Statement of Revenue and Expense of the Audited Financial Statements.

This highlight summary does not reflect the reporting of employee future benefits expense described in Note 17 to the Consolidated Financial Statements.

The total accumulated deficit of \$43,935 (2005 – \$41,244) reflects the accrued liability of \$45,986 (2005 – \$43,282) for employee future benefits.

# APPENDIX 3

Ancillary Enterprises Revenue and Expense for the Year Ended April 30, 2006 with comparative figures for 2005  
(\$000's omitted and unaudited)

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

|                                                          | Apartment<br>And<br>Housing | Conference | Computer<br>Store | Parking | Residence<br>And Food<br>Services | Continuing<br>Education | ISC     | PARTEQ  | QCED  | Other | Total<br>2006 | Total<br>2005 |
|----------------------------------------------------------|-----------------------------|------------|-------------------|---------|-----------------------------------|-------------------------|---------|---------|-------|-------|---------------|---------------|
| <b>REVENUE</b>                                           | 4,659                       | 3,455      | 3,157             | 2,032   | 39,052                            | 27,581                  | 6,855   | 3,647   | 369   | 84    | 90,891        | 85,304        |
| <b>EXPENSE</b>                                           |                             |            |                   |         |                                   |                         |         |         |       |       |               |               |
| Salaries and Benefits                                    | 765                         | 0          | 193               | 348     | 6,084                             | 6,587                   | 3,513   | 1,269   | 174   | 619   | 19,552        | 18,559        |
| Minor Equipment and Furnishings                          | 38                          | 19         | 0                 | 122     | 2,030                             | 300                     | 313     | 0       | 0     | 260   | 3,082         | 1,959         |
| Utilities                                                | 565                         | 223        | 0                 | 69      | 3,182                             | 0                       | 358     | 0       | 0     | 0     | 4,397         | 4,058         |
| Principal and Interest                                   | 2,321                       | 1,000      | 0                 | 117     | 7,105                             | 0                       | 0       | 0       | 0     | 0     | 10,543        | 8,552         |
| Taxes                                                    | 706                         | 21         | 0                 | 6       | 43                                | 0                       | 0       | 0       | 0     | 0     | 776           | 714           |
| External Contracts                                       | 25                          | 1,175      | 0                 | 93      | 14,017                            | 0                       | 726     | 0       | 0     | 211   | 16,247        | 15,547        |
| Repair and Alterations                                   | 136                         | 259        | 0                 | 20      | 1,116                             | 0                       | 205     | 0       | 0     | 0     | 1,736         | 1,644         |
| Supplies and Miscellaneous Expenses                      | 1,899                       | 953        | 2,938             | 701     | 4,609                             | 18,326                  | 1,586   | 2,373   | 179   | (837) | 32,727        | 33,064        |
| Total Expense                                            | 6,455                       | 3,650      | 3,131             | 1,476   | 38,186                            | 25,213                  | 6,701   | 3,642   | 353   | 253   | 89,060        | 84,097        |
| Excess of Revenue over Expense<br>(Expense over Revenue) | (1,796)                     | (195)      | 26                | 556     | 866                               | 2,368                   | 154     | 5       | 16    | (169) | 1,831         | 1,207         |
| Transfer (to) from Appropriations                        | 100                         | 61         | (26)              | (556)   | (866)                             | (2,368)                 | 942     | 0       | 0     | 169   | (2,544)       | (1,342)       |
| Net Change                                               | (1,696)                     | (134)      | 0                 | 0       | 0                                 | 0                       | 1,096   | 5       | 16    | 0     | (713)         | (135)         |
| Surplus/(Deficit), beginning of year                     | 2,082                       | (5,669)    | 0                 | 699     | (231)                             | 0                       | (5,814) | (3,054) | (843) | (288) | (13,118)      | (12,983)      |
| Surplus/(Deficit), end of year                           | 386                         | (5,803)    | 0                 | 699     | (231)                             | 0                       | (4,718) | (3,049) | (827) | (288) | (13,831)      | (13,118)      |

# APPENDIX 4

Statement of Unrestricted Net Assets for the Year Ended April 30, 2006 with comparative figures for 2005

(\$000's omitted and unaudited)

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

|                                                              | 2006         | 2005        |
|--------------------------------------------------------------|--------------|-------------|
| Operating Fund:                                              |              |             |
| Accumulated surplus, before employee future benefits expense | \$ 2,051     | \$ 2,038    |
| Accrued liability for employee future benefits               | (45,986)     | (43,282)    |
|                                                              | (43,935)     | (41,244)    |
| Health Sciences                                              | 82           | (129)       |
| Ancillary enterprises                                        | (13,831)     | (13,118)    |
| Capital projects:                                            |              |             |
| Herstmonceux                                                 | (7,893)      | (8,143)     |
| Biosciences                                                  | (1,721)      | (2,038)     |
| Clergy Street properties                                     | (1,170)      | (1,305)     |
| Goodes Hall                                                  | (3,192)      | (3,301)     |
| Macdonald Hall                                               | (1,405)      | (2,094)     |
| New electric substation                                      | (6,506)      | (6,480)     |
| Cogeneration facility                                        | (9,399)      | (1,886)     |
| The Queen's Centre project                                   | (8,312)      | 0           |
| Other                                                        | (4,383)      | (5,326)     |
|                                                              | (43,981)     | (30,573)    |
| Total                                                        | \$ (101,665) | \$ (85,064) |

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 (\$7,893), Biosciences (\$1,721), "New electric substation" (\$6,506) and "Cogeneration facility" (\$9,399) are being recovered by a combination of annual allocations from the Operating Fund and the collection of outstanding pledges. The \$1,170 capital project reported as "Clergy Street properties" and the \$4,383 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 statement of revenue and expense.

**Capital Assets** consist of land, buildings, equipment, 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 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 13 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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## 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.

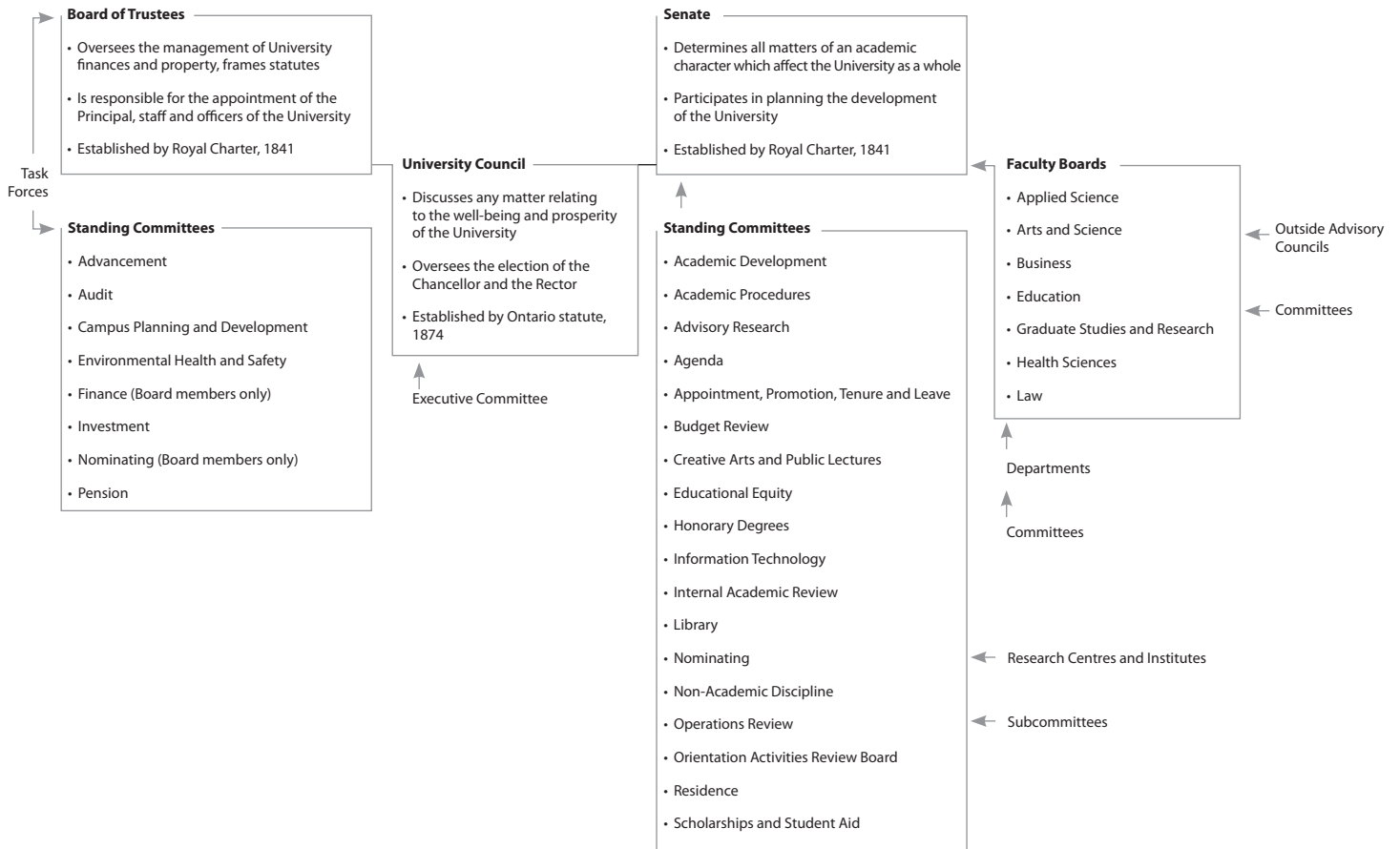
The Senate is responsible for determining all matters of academic character affecting the University as a whole, including student discipline. It shares responsibility with the Board of Trustees for appointing the Principal. The Senate has 71 members: 16 ex-officio and 55 elected. The Senate functions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



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 Mr. Steve Yovetich B.Sc./B.P.H.E.'93, M.S.Ed.'95, M.B.A.'03 candidate

ORGANIZATIONAL CHART OF QUEEN'S UNIVERSITY 2005-06

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

## SENIOR OFFICERS OF QUEEN'S UNIVERSITY 2005-06

### CHANCELLOR

Mr. A. Charles Baillie

### PRINCIPAL AND VICE-CHANCELLOR

Dr. Karen Hitchcock

### VICE-PRINCIPALS

Dr. Patrick Deane (Academic)

Mr. George Hood (Advancement)

Mr. Roderick Morrison (Human Resources)

Dr. Kerry Rowe (Research)

Mr. Andrew Simpson (Operations and Finance)

### ASSOCIATE VICE-PRINCIPALS

Ms. Sandra Crocker (Research)

Dr. John Dixon (Academic)

Mr. Daniel Hogg (Finance) and CFO

Dr. Jason Laker (Student Affairs) – effective July 1, 2006

Mr. Tom Morrow (Operations and Facilities)

Mr. Ray Satterthwaite (Advancement)

### DEANS

Dr. Roland Boegman – Acting (School of Graduate Studies) – to June 30, 2006

Dr. Rosa Bruno-Jofré (Faculty of Education)

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

Dr. Janice Deakin (School of Graduate Studies) – effective July 1, 2006

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

Dr. Thomas Harris (Faculty of Applied Science)

Dr. Jason Laker (Student Affairs) – effective July 1, 2006

Dr. Alistair Maclean (Faculty of Arts and Science) – effective July 1, 2006

Dr. David M. Saunders (School of Business)

Dr. Robert Silverman (Faculty of Arts and Science) – to June 30, 2006

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) – to August 31, 2006

Mr. Paul Banfield (University Archivist)

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. Trevor Clark (Planned Giving)

Mr. Chris Conway (Institutional Research and Planning)

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) to August 31, 2006

Mr. Ken Low (Financial Systems and Operations)

Ms. Jeanne Ma (Campus Planning)

Mr. Patrick McNeill (Principal's Office)

Dr. Joy Mighty (Centre for Teaching and Learning)

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

## 2005-06 TEACHING AWARDS

### UNIVERSITY WIDE

#### **Alumni Award for Excellence in Teaching (Alumni Affairs) 2006**

Richard Jackson, Business

#### **Christopher Knapper Award for Excellence in Teaching Assistance (Alma Mater Society) 2005/06**

Anita Krebs, Microbiology and Immunology  
Stephen Larin, Political Studies  
Perrie Faye O'Tierney, Anatomy and Cell Biology  
Bonnie Chaban, Microbiology and Immunology  
Marie Rambough, Nursing  
Marc Laflamme, Geology  
Phillippe Rizek, Anatomy and Cell Biology

#### **Frank Knox Award (Alma Mater Society) 2005/06**

Robert Morrison, English  
Tom Simko, Mechanical and Materials Engineering

#### **The Chancellor A. Charles Baillie Teaching Award (University Wide)**

### APPLIED SCIENCE

#### **Applied Science First Year Teaching and Learning Award (Applied Science)**

##### **Fall 2005**

Bill Newstead, Chemistry

##### **Winter 2006**

Tom Simko, Mechanical and Materials Engineering

#### **Education Catalyst Award (Chemical Engineering) 2005/06**

James Hayami

#### **Civil Engineering Teaching Assistant Award (Civil Engineering)**

##### **Fall 2005**

Michael Melaney

##### **Winter 2006**

Jan Bielenberg

#### **Civil Engineering Teaching Award (Civil Engineering) 2005/06**

Amir Fam, Civil Engineering

#### **Electrical and Computer Engineering Teaching Award (Electrical and Computer Engineering) 2005/06**

Il-min Kim, 2nd year winner  
Ahmad Afsahi, 3rd year winner  
Li Shang, 4th year winner

#### **Teaching Assistant Award (Electrical and Computer Engineering) 2005/06**

John Lam, 2nd year winner  
Ryan Grant, 3rd year winner  
Jeff Leuschner, 4th year winner

#### **Golden Apple Award (Engineering Society) 2005/06**

Martin Guay, Chemical Engineering  
Tom Simko, Mechanical and Materials Engineering  
David Mody, Chemical Engineering  
David Strong, Applied Sciences  
Paul Roman, Business

#### **Bronze Wrench (Mechanical Engineering Club) 2005/06**

Jonathan Vandersteen, 2nd year winner  
Frank Secretain, 3rd year winner  
Alex Bellemare-Davis, 3rd year winner  
Nicholas Cristello, 4th year winner

#### **Silver Wrench (Mechanical Engineering Club) 2005/06**

Keith Pilkey  
Tom Simko

### ARTS AND SCIENCE

#### **W.J. Barnes Teaching Excellence Award for Arts and Science Undergraduate Society (Arts and Science Undergraduate Society) 2005/06**

Robert Morrison, English  
Adam Chippindale, Biology

#### **Biology Award for Excellence (Demonstrators) (Biology) 2005/06**

Gary Armstrong

#### **Biology Departmental Student Council Award for Excellence in Teaching (Biology) 2005/06**

Adam Chippindale

#### **School of Environmental Studies Student's Choice Professor of the Year Award (School of Environmental Studies Department Student Council)**

Dale Kristensen

#### **School of Environmental Studies Student's Choice Teaching Assistant of the Year Award (School of Environmental Studies Department Student Council)**

Deviah Aiama

#### **Excellence in Teaching Assistance (Computing and Information Science) 2005/06**

Kathryn Duffy

**Howard Staveley Teaching Award  
(Computing and Information Science) 2005/06**

Hagit Shatkay  
Honourable Mention: Selim G Akl

**Department of Drama's Faculty Award of Excellence  
(Drama) 2005/06**

Michelle Newman

**Geography DSC Award for Excellence in Teaching Assistance  
(Geography) 2005/06**

Jacob Hammond

**Julian Szeicz Award for Excellence in Teaching  
(Geography) 2005/06**

Gerry Barber

**All Chemistry awards confidential til after September 8th**

**Undergraduate Award for Excellence in Teaching Physics  
(Physics) 2005/06**

James Fraser

**Graduate Teaching Award in Psychology  
(Psychology) 2005/06**

Jill Jacobson

**Teaching Assistant Prize in Psychology  
(Psychology) 2005/06**

Jennifer Passey

**Undergraduate Teaching Award in Psychology  
(Psychology) 2005/06**

Kate Harkness

**BUSINESS**

**Commerce '89 Professor-Student Life Award  
(Business) 2005/06**

David McConomy

**Commerce Society Teaching Award  
(Business) 2005/06**

David McConomy

**MBA for Science and Technology Instructor of the Year Award  
(Business) 2005/06**

John Moore

**EDUCATION**

**Golden Apple Award  
(Education) 2005/06**

Flemming Kress  
Cathy Christie

**HEALTH SCIENCES**

**Faculty of Health Sciences Education Award  
(Health Sciences) 2005/06**

Nancy Martin, Microbiology and Immunology  
Dianne Delva, Family Medicine  
David Hurlbut, Pathology and Molecular Medicine  
Steven Smith, Biochemistry

**Clinical Skills Teachers in the School of Medicine  
Award for Excellence in Teaching  
(School of Medicine) 2005/06**

Nancy Carr, Kingston Community, Phase I  
David Walker, Medicine, Phase I  
Ronald Wigle, Kingston Community, Phase I  
Eric Prost, Psychiatry Resident, Phase I  
Cherie Hiscock-Jones, Psychiatry, Phase I  
Neil Hobbs, Family Medicine, Phase I  
Rob Tanzola, Anesthesiology, Phase I  
Linda O'Connor, Kingston Community, Phase I  
Sue Chamberlain, Obstetrics and Gynaecology, Phase I  
Cathy McLellan, Medicine, Phase IIA  
Louise Rang, Emergency Medicine, Phase IIA  
Anthony Sanfilippo, Cardiology, Phase IIA  
Peter Froud, Oncology/Hematology, Phase IIA  
Gord Jones, Emergency Medicine, Phase IIA  
Armita Rahmani, Kingston Community, Phase IIA  
Linda O'Connor, Kingston Community, Phase IIA  
Ronald Wigle, Kingston Community, Phase IIA  
Sue Chamberlain, Obstetrics and Gynaecology, Phase IIA  
Arawn Therrien, Kingston Community, Phase IIB  
Darren Beiko, Urology, Phase IIB  
Mike Cummings, Anesthesiology, Phase IIB  
Beth Rubenstein, Kingston Community, Phase IIB  
Aubrey Groll, Medicine, Phase IIB  
Ian Sempowski, Family Medicine, Phase IIB  
Bruce Cload, Emergency Medicine Resident, Phase IIC  
Waitak Kong, Medicine, Phase IIC  
Conrad Watters, Surgery, Phase IIC  
Ursula McGarry, Kingston Community, Phase IIC  
Kari Sampsel, Emergency Medicine, Phase IIC  
Ian Sempowski, Family Medicine, Phase IIC  
Ross Morton, Medicine, Phase IIE  
Chris Simpson, Medicine, Phase IIE  
Sudeep Gill, Medicine, Phase IIE  
Gerry Evans, Medicine, Phase IIE  
John Matthews, Medicine, Phase IIE  
Dale Mercer, Surgery, Phase IIE  
Dieter Jalink, Surgery, Phase IIE  
Dimitri Petsikas, Surgery, Phase IIE  
Lindsay Patterson, Anesthesiology, Phase IIE  
Heather Onyett, Pediatrics, Phase IIE  
Frances Crawford, Emergency Medicine, Phase IIE  
Bob McGraw, Emergency Medicine, Phase IIE  
Terry O'Brien, Emergency Medicine, Phase IIE  
Jun Kawakami, Urology, Phase IIE  
Darren Beiko, Urology, Phase IIE  
Neil Hobbs, Family Medicine, Phase IIE  
Dianne Delva, Family Medicine, Phase IIE  
Walt Rosser, Family Medicine, Phase IIE  
Karen Schultz, Family Medicine, Phase IIE

**PAIRO Excellence in Clinical Teaching Award  
(School of Medicine) 2005/06**

Michael Brundage, Oncology

**Phase IIA Musculoskeletal (MSK) Course Award  
(School of Medicine) 2005/06**

Tan Towheed, Rheumatology

**Phase III Surgery Teaching Award  
(School of Medicine) 2005/06**

Ralph George, General Surgery

**W. Ford Connell Award for Excellence in Teaching  
(School of Medicine) 2005/06**

Michelle Gibson, Geriatrics

**Nursing '84 Award for Excellence in Clinical Teaching  
(School of Nursing) 2005/06**

Ruth Doran

**Reddick Award for Excellence in Nursing Education  
(School of Nursing) 2005/06**

Lewis Tomalty, 1st year winner  
Susan Laschinger, 2nd year winner  
Belinda Dundon, 3rd year winner  
Catherine Perkin, 4th year winner

**Blue Star Award for Teaching Excellence  
(School of Rehabilitation Therapy 2006)**

Murray Tough  
Terry Krupa

LAW

**Law Student Society (Sessional) Special Lecturer Award  
(Law)**

**Fall 2005**

Linda Crush

**Winter 2006**

Mary-Jo Maur

**Law Student Society Teaching Excellence Award  
(Law)**

**Fall 2005**

Donald Stuart

**Winter 2006**

Allan Manson

SCHOOL OF KINESIOLOGY AND HEALTH STUDIES  
(Formerly Physical And Health Education)

**Physical and Health Education Student Association (PHESA)  
Teaching Award  
(Physical and Health Education) 2006**

Pat Costigan, Academics  
Harold Parsons, Activities

**ALUMNI AWARDS**

**The Alumni Achievement Award**

Dr. Frank D. Newell, Meds'46

**The Herbert J. Hamilton Award**

Tyler Forkes, Arts/PHE'86, Ed'87

**The Excellence in Teaching Award**

Richard Jackson, School of Business

**One to Watch Award**

Lindsey Higgs, Arts'04

**Alumni Humanitarian Award**

Anil Patel, Artsci'98; Simon Foster, Arts'97;  
Nick Maiese, Art'97; Andrew Klingel, Com'98

**Mentorship Award**

Andrew Boggs, Arts'96

**Outstanding Student Award**

John-Andre Pankiw-Petty, Artsci'06

**Alumni Association Grants & Loans Student Advisory Council**

Agnes Etherington Art Centre, Calcutta Rescue Kingston,  
HIV/AIDS Regional Services, The Tea Room, Chat Program,  
Explore, Ontario Public Interest Group Kingston (OPIRG),  
The Peer Connection Project Working Group

**BRANCH AWARDS**

**The John Orr Award**

Donald Elliott

**The John B. Stirling Montreal Medal**

Al Hyland, Sc'61

**The Agnes Benidickson Award**

Jake Warren, Arts'41, LLD'74

**The Grunnan Onarach**

Douglas Cryderman (2004)

**The Padre Lavery Award**

Bob Pritchard, Sc'64

**The Jim Bennett Achievement Award**

Mr. Kim Donovan

**The Johnson Award**

Grant Bartlett

**VOLUNTEER AWARDS**

**The Marsha Lampman Award**

George Toller, Arts'49 (Ottawa Branch)  
and Joyi Wei, Sc'94 (Calgary Branch)

**Rising Star Award**

Sarah Renaud, Artsci'96 (Toronto Branch)  
Event of the Year Ottawa Branch for their participation  
in the Dragon Boat Festival.

## QUEEN'S SPECIAL RECOGNITION FOR STAFF AWARDS RECIPIENTS

### 2005

Lee Atkinson  
(Drama)

Janet Cowperthwaite  
(University Secretariat)

Jill Moore  
(Psychology)

Diane Nolting  
(Health Counselling and Disability Services)

Teresa Smith  
(Classics)

Tom Bradshaw, Dave Dove, Ben Hall, Richard Linley  
and Gary Powley (School of Computing Team)

## THE COLOUR AWARDS

THE QUEEN'S ATHLETICS AND RECREATION  
DEPARTMENT MAJOR AWARDS FOR 2005

### **HE '55 Alumnae Trophy (Top Female Athlete)**

Jenny Hogsden – Women's Rowing

### **Jenkins Trophy (Top Male Athlete)**

Jon Martin – Track and Field – Long Jump

### **The Marion Ross Trophy (Ind. Sport – Women's)**

Katy Perry – Women's Swimming

### **The Jack Jarvis Trophy (Ind. Sport – Men's)**

Bill Woods – Track and Field team captain

### **Award of Merit (Team Sport – Women's)**

Kate Chambers – Women's Soccer

### **Jim Tait Award (Team Sport – Men's)**

Kiel Perching – Men's Rugby

### **Alfie Pierce Trophy (Outstanding Rookie Female)**

Victoria Kaufmann – Women's Hockey

### **Alfie Pierce Trophy (Outstanding Rookie – Male)**

Danny Brannagan – Football

### **Michael Rodden Award**

Dr. Bob Pickering – inducted into the Queen's Football Hall of Fame

### **Hal Dunlop Award**

Jennifer Walsh – trainer to the Men's Hockey and Men's Rugby Teams.

## SNAPSHOTS OF NEW CAPITAL/MAJOR CONSTRUCTION AND RENOVATIONS



### Botterell Hall Addition

**Project Cost:**

\$14,000,000

**Features:**

Complete the remaining floors of the Botterell Hall Annex Addition (levels 5 to 9 plus penthouse).

**Architects:**

Stantec Architects / Shoalts and Zaback Architects

**General Contractor:**

Not yet awarded

**Status:**

Contract documents in preparation. Construction expected to start in early 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 Kinesiology and Health Studies facilities. To include new student life facilities.

**Architects:**

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. Sitework begun Summer 2006.

### Richardson Hall Renovation

**Project Cost:**

\$12,000,000

**Features:**

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

**Architects:**

Griffiths Rankin Cook Architects/Gansen Lindsay Design Consultants Inc.

**General Contractor:**

Not yet awarded

**Status:**

Planning/Concept stage



### University Avenue Project

**Project Cost:**

Estimated cost \$6,720,000

**Features:**

More accessible public street for pedestrians, cyclists and vehicles. Roadway will be replaced, sidewalk widened, with a new line of street trees in spacious lawns.

**Architects:**

du Toit Allsopp Hillier (urban design and landscape architecture), Carl Bray and Associates Ltd. (heritage), the Ventin Group Architects (heritage architecture), McCormick Rankin Corporation (engineering and cost control), Richard Ubbens and Peter Simon (urban forestry), and Gabriel/design (lighting).

**General Contractor:**

Not yet awarded

**Status:**

Anticipated construction to start Spring 2007



# 8

## 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*, 1991-2005 publications, and *Maclean's* Survey Data 1991-2005 (distributed by AUCC)
- E** Natural Sciences and Engineering Research Council of Canada – Steacie Fellowships
- F** PARTEQ Research and Development Innovations
- G** Queen's University, various internal documents
- H** Statistics Canada, Salaries and salary scales of full-time teaching staff at Canadian Universities
- I** Canada's Innovation Leaders, a Research Infosource Inc. Supplement (Canada's Top 50 Research Universities, Nov 4, 2005), based on 2004-05 data

