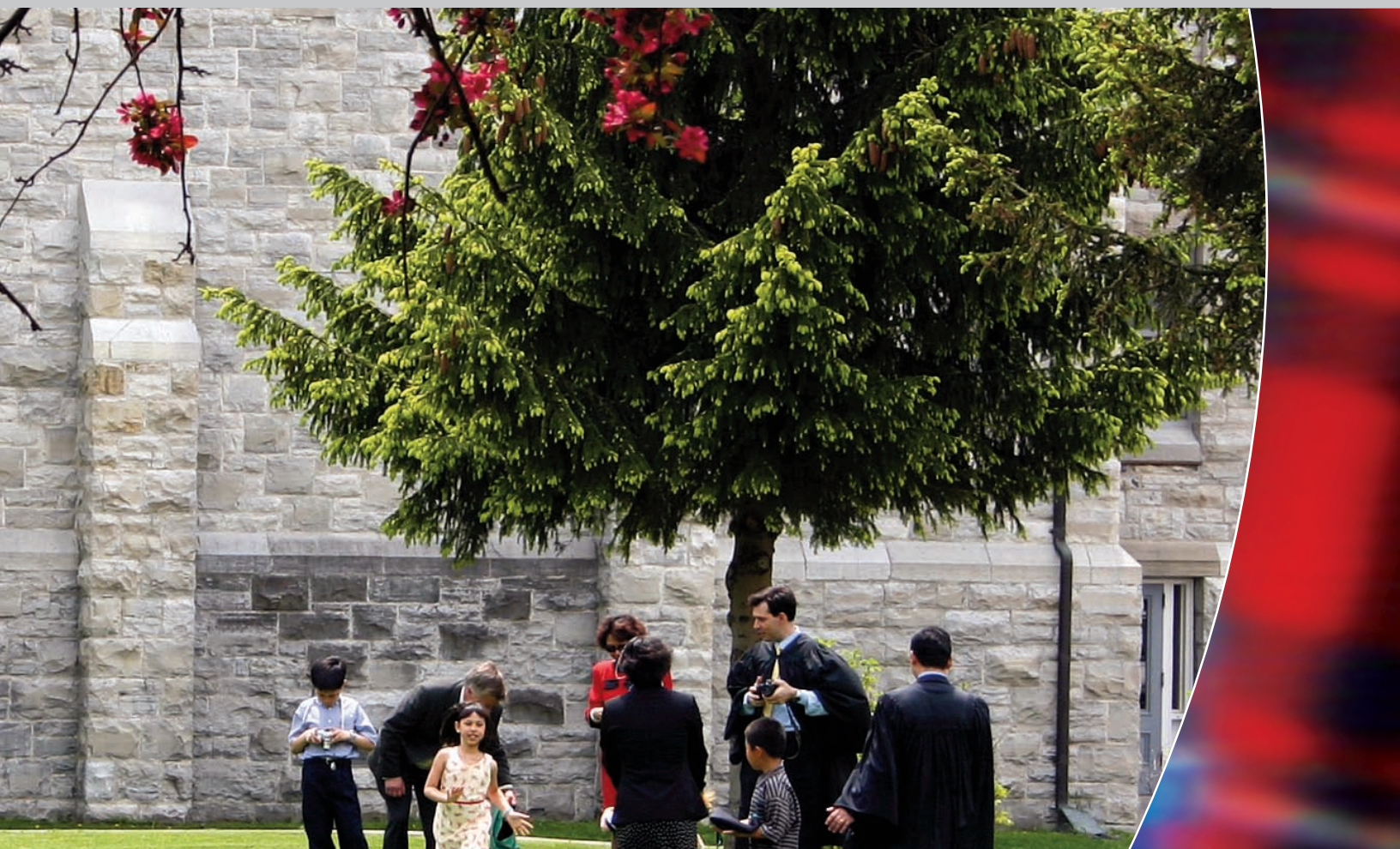


QUEEN'S UNIVERSITY ANNUAL REPORT 2007



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Queen's University is committed to contributing to a sustainable global environment.

ENGAGING THE WORLD: QUEEN'S IN 2007 AND BEYOND



Over the course of its history, Queen's University has evolved and developed in response to the needs of its students and its many communities. The University has remained true to its core mission of expanding the intellectual horizons of its students in an environment of discovery, freedom of inquiry and sensitivity to the needs of society.

QUEEN'S STRATEGIC GOALS

GOAL ONE

Build on undergraduate and professional program strengths to provide a distinctive and sought-after educational experience

GOAL TWO

Strengthen research and graduate programs in strategic areas

GOAL THREE

Enhance Queen's distinctive environment for learning

GOAL FOUR

Enhance Queen's distinctive role as a national resource

GOAL FIVE

Deepen Queen's international engagement

GOAL SIX

Build Queen's profile and strengthen relationships with external constituencies to advance institutional goals

GOAL SEVEN

Acquire and manage resources strategically to achieve institutional goals

QUEEN'S UNIVERSITY MISSION

The University will build on the strength that is Queen's – students, faculty, staff and alumni – to be among the best 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 its graduates to the community, the nation and the community of nations.

QUEEN'S UNIVERSITY VISION

Enhancing institutional engagement – with its students and with the society that supports it – defines the vision for Queen's University:

Queen's University will be recognized as an innovative, inclusive and rigorous community of learning and discovery that is committed to serving as a national resource for the betterment of our global society.

Our activities over the past several years have moved us forward in terms of meeting our goals; however, much is yet to be done. This Report will be devoted to describing the results of our efforts over the past year in this direction, as well as the challenges of the next ten years.

QUEEN'S VALUES AND PRINCIPLES

- Freedom of Inquiry and Exchange of Ideas
- Academic Excellence and Innovation
- Engagement with our Students
- Diversity and Equity within our Community
- Distinctiveness
- Social Responsibility
- Open, Accountable Governance

LOOKING AHEAD

In the years ahead, Queen's will continue to be dedicated to shaping the lives of its students and to contributing to the life of this country and beyond. Queen's must also continue to be an institution that renews and reinvents itself in response to the changing environment and changing circumstances. The development of *The Queen's Strategic Plan: Engaging the World*, reflects our commitment to this ongoing process of renewal.

QUEEN'S BY THE NUMBERS

ENROLMENT (FALL 2006)

Undergraduate (<i>full-time, excludes Theology, Post-Grad Meds, School of English</i>)	13,789
Graduate (<i>full-time, excludes Theology, Post-Grad Meds, School of English</i>)	2,904
Other (<i>includes part-time and any exclusions in the above figures</i>)	3,873
Grand Total	20,566

International/Visa Students (included in above figures)

Undergraduate (<i>full-time only, excludes Theology, Post-Grad Meds, and School of English</i>)	588
Graduate (<i>full-time only, excludes Theology, Post-Grad Meds, and School of English</i>)	415
Grand Total	1,003

Source: OCUA Data Files

FACULTY AND STAFF (FALL 2006)

FACULTY	
Full-time, excluding clinical medicine	831
Full-time clinical medicine	244
Other teachers and researchers (primarily part-time)	1,299
STAFF	
Operating budget funded	1,807
Other funding including research	665
STUDENTS	1,840
Grand total	6,686

REVENUE BY BUSINESS SEGMENT 2006-07 (\$ THOUSAND)

Operating	\$ 285,597
Health Sciences	\$ 113,678
Ancillary	\$ 92,459
Capital	\$ 11,509
Trust	\$ 75,742
Research	\$ 140,360
Endowment	\$ 13,901
Total Revenue	\$ 733,246

Faculties and Schools

Faculty of Applied Science
Faculty of Arts and Science
School of Business
Faculty of Education
School of Graduate Studies and Research
Faculty of Health Sciences (<i>includes Schools of Medicine, Nursing, and Rehabilitation Therapy</i>)
Faculty of Law
Queen's Theological College (<i>affiliate</i>)

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ENGAGING THE WORLD: 2006-07 IN REVIEW 1



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MESSAGE FROM THE CHAIR OF THE BOARD OF TRUSTEES

This has been a rich and eventful year for Queen's. Some of the most notable developments for 2006-07 will have a transformational and lasting impact on the life of the University.

With the unanimous adoption of Queen's Strategic Plan, *Engaging the World* by both the Board of Trustees and Senate, the University embraced a set of goals and values aimed at strengthening the institution's international scope and impact and enhancing our distinctive learning and research environment. The culmination of a broad and extensive consultation process, the new plan is informed by the ideas and ideals of Queen's diverse extended community and is an important milestone in the evolution of the institution.

Queen's also embarked on a major and multifaceted program of physical renewal. As a university that aspires to remain at the leading edge of Canadian institutions and recognizes that learning extends well beyond the classroom, we must be prepared to make imaginative and strategic investments in our campus. Construction began this year on the Queen's Centre, the most ambitious and far-reaching project of all. The new recreational, athletic and student life Centre will double the capacity of current facilities and dramatically alter the University's physical, cultural and intellectual landscape. This has been the product of many years of careful planning and review by the Board of Trustees and we are confident that this will contribute significantly to the ability of the University to meet its goals.

We have also made significant progress toward the establishment of a major new research and innovation centre aimed at developing new cleaner technologies for building a stronger economy. The Advanced Research and Innovation Institute, which has received a \$21 million grant from the Ontario government, will bring together scientists from industry and academia to collaborate on bio-products research and move new technologies to market more quickly.

The financial strains facing Queen's and other Canadian universities are significant. We are able to report, however, that Queen's achieved a balanced budget again this year despite the challenges of maintaining quality when funding remains at levels that do not adequately compensate for inflationary increases in institutional costs. It's clear that we must be diligent in identifying new private-sector partnerships. We must also continue to impress upon both the Ontario and federal governments the pivotal role they continue to play in ensuring Canadian universities such as Queen's are able to maintain a reputation for excellence and attract best faculty and students from around the world.

At a time of increasing international competitiveness amongst universities, we will also be relying on our generous benefactors as never before. We are deeply grateful for past contributions and all the associated benefits that have flowed to our students and our researchers.

It has been a great pleasure and honour to work with so many members of the Queen's community this year in striving to provide the best possible university experience for our students. To my colleagues on the Board of Trustees, I would like to say how much I value your contributions and look forward to working with many of you again next year.



William L. Young
Chair, Board of Trustees



MESSAGE FROM THE PRINCIPAL

Background

In last year's Message, I described our progress toward development of a Strategic Plan for Queen's. This year saw this process come to fruition with the unanimous adoption by both Senate and the Board of Trustees of the final document, entitled *Engaging the World*. The Strategic Plan will become the framework within which major deliberations and decisions on institutional direction will take place over the next decade. Implementation will be assisted by annual operational plans that include specific initiatives to address each of the goals and we will assess our progress through a variety of institutional measures. As always, the Annual Report will highlight the accomplishments of the preceding year as well as laying out areas of attention for the future.

This year's Annual Report reflects the framework of the Strategic Plan by its focus on a number of key issues: students at both the graduate and undergraduate levels; faculty recruitment, research and teaching; development of the broader learning environment at Queen's; bridges to the local, national and international contexts; support for the people of Queen's in their work environment and in their daily lives; proactive communications and outreach; and, finally, prudent management and development of our resources and infrastructure.

Earlier this year, in preparing my annual State of the University Address to University Council, I was struck by the breadth and depth of what the faculty, staff and students of Queen's are accomplishing on a daily basis, and by the literally hundreds of exciting initiatives going on in our academic units, classrooms, offices, laboratories, libraries and residences, as well as in the local community and beyond. In light of this level of activity, it is well to remember that this Annual Report represents only a sampling of all that has happened at Queen's over the past year.

Students

It has become increasingly clear that the demand for a more highly-educated population is continuing to grow and that the need for advanced study and research is on the rise. In light of this, we have given considerable thought to the composition of our student population and have chosen in the years ahead to maintain undergraduate enrolment at its current level while gradually increasing graduate enrolment. At the same time, we have sought to enhance our financial support for students. Scholarships for our highest-achieving students have been increased in value, and financial aid for students has been improved. Indeed, student assistance at Queen's as a percentage of operating revenue remains one of the highest in Canada. We have also worked to increase the diversity of our student population: our program to target 'first-generation students', the first in their family to attend university, has been broadened, and our initiatives in support of Aboriginal students, students from other regions of Canada, and international students have all received special attention.

Learning Environment

We have also worked to enhance the broader learning environment at Queen's, both on and off campus. The new Learning Commons in Stauffer Library has received very positive reviews, a new Emerging Technologies Centre has been opened, and Queen's has joined the New Media Consortium. Inquiry-based approaches to learning, where students participate actively in defining the direction of their studies, received an important boost when the first Inquiry@Queen's conference was held in early 2007, and further support was put in place in support of 'capstone experiences' which allow upper-year students to work closely with faculty members on individual or group research. A review of the Athletics and Recreation programs has also been completed and will be discussed in the months ahead.

At the same time, recognizing that a university education does not occur in isolation, we have put in place a number of programs designed to enhance our students' interaction with the local community. A Civic Responsibility Award has been created, a Community Outreach Program set up, and a Leadership



Development Program initiated for first-year students. When combined with the more than 500 active student clubs on campus and the more than 2,000 student volunteers each year, these provide mechanisms for our students to put their learning into practice and to begin fulfilling their roles as active and committed citizens.

The planned gradual growth of our graduate student population is also underway. Hand-in-hand with the increase in numbers has been a focus on involving graduate students more deeply in the research enterprise, and providing them with better training in their role as Teaching Assistants. Newly-emerging interdisciplinary research areas such as Neuroscience and Public Health have been targeted for faculty hiring, growth in graduate student numbers, and program creation.

Studies such as the National Survey of Student Engagement (NSSE) show that while Queen's does extremely well compared to its peers in areas such as "level of academic challenge" and "supportive campus environment", we, like all other Canadian universities, do less well than some of our American peers in the areas of "student-faculty interaction" and "opportunities for active and collaborative learning". Some of this can be addressed by pedagogical innovation such as teaching and learning initiatives like those described above, but it is well-recognized that the student-faculty ratio is also a contributing factor. Like its Ontario peers, Queen's suffered from years of underfunding and saw its faculty cohort diminish in number at the same time as its student population was growing. We have begun to turn this around: in 2006-07, all retiring tenure-track faculty positions are slated to be filled and approximately 15 new positions were created. Growth in this area is crucial, but given the current level of government funding, it will be slow and must be strategic.

Faculty Recruitment

As it seeks to build faculty numbers, Queen's is competing with many other universities for top-ranked new faculty. A measure of our success is provided by the ten Early Researcher Awards won by Queen's faculty. Other programs such as the Canada and Ontario Research Chairs and Queen's own Chancellor's Research Awards provide another measure of progress. Collectively, our faculty have excelled: for the past four years, Queen's faculty have led the nation in the number of national research awards per full-time faculty. Particularly noteworthy this year: the Queen's-led Sudbury Neutrino Observatory (SNO) won the inaugural John C. Polanyi Award and Queen's physicist Art McDonald won the prestigious Benjamin Franklin Medal in Physics.

Another element of our approach to faculty development lies in the proactive development of new research areas such as Population and Public Health. Investments by the University in the Multidisciplinary Programming Fund and the Centre for Neuroscience have been complemented by government support such as the provincial government's award of \$21 million in support of the Advanced Research and Innovation Institute (ARII), designed to enhance links between university research and industry. Queen's own PARTEQ has seen its spin-off companies attract more than \$700 million in investment since 1987 (\$166 million in 2006 alone) while they have generated nearly 600 jobs. PARTEQ's activities will be further expanded following receipt of a grant of \$3.1 million to enable it to expand its services across Ontario.

National and International Initiatives

Queen's has long been seen as a national university. In 2006-07, more than a fifth of our students came from provinces outside Ontario and we are seeking to expand this number by means of targeted recruiting efforts. At the same time, the University and its members have a long history of contribution to national agendas and issues. To take but two examples, the School of Medicine has helped to provide health support in Northern Ontario for over four decades, while more recently, Queen's researcher Wendy Craig has helped lead the PREVNet initiative to combat childhood bullying. Looking to the future, the Population and Public Health Initiative will play a key role in the development of expertise to combat problems such as pandemics and health care delivery. At the individual level, members of the Queen's community continue to assume key roles in national institutions: in 2006 former Principal Bill Leggett was named Chair of the Board of Directors of the Canada Foundation for Innovation, and a number of Queen's faculty members were named to the Order of Canada.

Beyond national borders, Queen's has increasingly worked to develop international relationships and is adding to its current 110 bilateral exchange agreements. Queen's 'outposts' can now be found in Shanghai and Dubai, as well as at the International Study Centre in the UK. The introduction this year of International Graduate Student Awards of \$5,000 per student will help to offset the cost of studying here for foreign students. Initiatives are also underway at the Faculty level: the Arts and Science Dean's International Awards will assist both Queen's students and others to profit from an

international experience, and the School of Business can now boast that 65% of its students benefit from an exchange experience abroad. Student exchanges go hand in hand with research partnerships and other projects. Of particular note: Queen's medical teams have worked in the Balkans for the past 13 years, the Social Programs Evaluation Group has worked in Central America and Palestine since 1998, and the Centre for the Study of Democracy has researched questions of governance, democratic reform and public administration in many countries.

Queen's People

The quality of a university is dependent on the quality of its people. This year has seen a number of noteworthy initiatives on the personnel front, including a health-risk survey, a Healthy U Wellness Fair and website, and the first steps in an employee engagement survey with a view to making Queen's one of Canada's employers of choice. Discussions with employee groups continue regarding new pension valuations.

Infrastructure, Planning and Management

The rise in our student population over the past decades has led to a critical shortage of space. Over the past several years, we have begun to address this issue. Any visitor to our campus in the past year will have been struck by the breadth of building and renovation activity. To name but a few: the Gordon Hall student services building renovation has been completed, allowing for the first time 'one-stop-shopping' for students dealing with the Registrar, Student Awards, Career Planning, and several other services; work has begun on the Queen's Centre, the largest project of its kind in the Canadian university system, which will provide much-needed social and athletic facilities; and finally, generous donations have allowed us to proceed with the renovation of University Avenue and to move forward in planning for an Arts Campus, including a concert hall, which will benefit both the University and the local community.

In an environment of constrained government funding, contributions by alumni and other benefactors take on added importance. Queen's has been fortunate to have loyal alumni and friends. In 2006-07, the total of donations to the University exceeded \$35 million. Such generosity calls for prudent management in return. We have risen to the challenge: this year has seen another balanced budget. As a result, Queen's continues to enjoy an AA+ rating from Standard and Poors for its financial management. As we move forward, the newly-opened cogeneration facility, the hiring of an 'energy engineer' and other sustainability initiatives will ensure that the University reduces both its environmental footprint and its costs. At the same time, planning for an Enterprise Resource Planning System will enhance our ability to manage information, and work on the University's network infrastructure is on schedule.

In Summary

Clearly, we have much to be proud of. As always, I wish to express my sincere thanks to the faculty, staff and students who have worked so hard to make Queen's the special place we all treasure, and to the Board of Trustees, whose commitment and stewardship have meant so much to the entire Queen's community. Yet, there is much left to be done. We will face a number of crucial challenges in the years ahead. In the aftermath of the Ontario Postsecondary Education Review, Ontario universities have seen increases in their level of provincial funding; however, the influx of new students into the Ontario university system in the last several years has meant that much of this funding has gone to support growth in numbers, leaving unresolved issues of quality. Unfortunately, despite the funding increases, Ontario remains last among the provinces in per capita funding for postsecondary education. Federal funding for research has increased, but often for targeted initiatives. In the months and years ahead, we will need to be proactive in highlighting our strengths and explaining our needs. We will need to strengthen our partnerships with our students, faculty, staff, alumni, friends, and with the various levels of government and industry. In so doing, we can continue to fulfill our mandate of service to our fellow citizens both locally, provincially, nationally, and internationally.



Karen R. Hitchcock, PhD
Principal and Vice-Chancellor

OUR STUDENTS 2



- 10 Undergraduates
- 13 Graduate Students
- 14 International Students

OUR STUDENTS

In today's intensely competitive environment, there is no end to the options available to the best students. As institutions vie to attract these top achievers, Queen's has placed its strategic emphasis on maintaining a competitive advantage in the quality of our students. Queen's has long been a magnet for exceptional students, and we are actively building on that reputation through increased student financial assistance and targeted recruitment efforts.

Our decision in 2005 to increase graduate enrolment and programming and to support and advance our research intensity, continues to direct many new initiatives.

Recent developments also reflect the continued value Queen's places on remaining an accessible and diverse community of learning. We have held firm on our commitment to needs-based assistance even as we have increased merit-based financial awards, to retain our competitive position. Our recruitment strategies are informed by an imperative to reach international students, students from outside Ontario, Aboriginal students and first-generation students who have the potential to be the first in their families to attend university.

The University has met its enrolment targets and projections in most programs. The Enrolment Plan approved by Senate in March 2006 projected total full-time enrolment to remain relatively flat at the 2005 level, with a slight decrease in undergraduate enrolment offset by an increase in graduate student enrolment. By November, total full-time enrolment was 60 students fewer than 2005, with a net decrease in undergraduate enrolment of 182 students and an increase in graduate enrolment of 123 students. Our total full-time enrolment of 16,693 is on target.

UNDERGRADUATES

This has been a successful recruiting year, with increases in both the number of applications and in the overall average entering grade of full-time first-year students. More than 23,500 applications were received for 3,217 full-time spaces available in direct-entry undergraduate programs and 3,120 first year students were enrolled, including 136 at the International Study Centre.

The overall entering average of the first-year class was 88 per cent, one of the highest among Canadian universities. A slight decline in the recent past in the number of first-year students with averages greater than 90 per cent was reversed by means of a new program of merit-based scholarships. The percentages of these top students now exceed those seen in 2001.

Enrolment targets for most undergraduate programs were achieved, with the exception of the Bachelor of Science program, which fell approximately nine percent short of the planned intake. Further research and analysis is underway with respect to the students who did not register. Results of this research will be used in future planning to reverse this shortfall.

Total undergraduate enrolment of 11,951 met planned projections, and represented a decline of 182 students, 164 within the Faculty of Arts and Science.

Application demand for 2007 admission to direct-entry undergraduate programs continues to be strong among Ontario high school students as well as students from outside Ontario and Canada. The most notable increases are in Applied Science and Nursing, with continuing increases in demand for Commerce and a surge in applications for the two new programs in Physical and Health Education and Kinesiology. Although application numbers are still considered preliminary for the 2007-08 academic year, the total applicant pool is expected to comprise more than 25,000 applications for approximately 3,200 undergraduate spaces.

Financial Assistance

We allocated additional resources to expand and enhance our program entrance scholarships, enabling us to compete successfully for the most talented applicants, while remaining fully committed to our needs-based financial assistance.

Queen's continues to maintain one of the country's highest percentages of operating revenue expended on student financial assistance. This is central to our commitment to remaining accessible to all academically competitive students, to enhancing diversity in the

student body and to supporting excellence. Queen's disbursed more than \$48 million in 2006-07 to undergraduate and graduate students. The total disbursement includes more than \$7 million of federal and provincial funding awarded to graduate students in recognition of excellence and outstanding achievement. In addition to the financial assistance Queen's is able to disburse on behalf of the University, the government and other external agencies, and our donors, undergraduate students directly received almost \$1 million in external awards. The year ended April 30, 2007, saw an overall increase in funds disbursed through Queen's of more than \$8 million, attributed primarily to the opportunity to invest funds unspent the previous year as a result of a positive change in government student financial assistance policy, a significant increase in external graduate scholarships reflecting the quality of our graduate students, and the impact of the growth in graduate enrolment and associated funding.

We have increased the value of major scholarships, and now provide an entrance scholarship to all students admitted with an average of 90 percent or greater. These

measures have contributed to increasing acceptance rates among students with records of high academic achievement.

Queen's has also increased the value and number of its top-tier undergraduate scholarships, the Chancellor's Awards. In the 2006-07 academic year, we selected 58 new students who applied to Queen's with more than a 90 per cent average and a record of accomplishments in community service and leadership. The Chancellor's Award now provides \$36,000 over four years.

We also increased the number of Principal's Scholarships awarded, and this year selected 219 students with average over 95 per cent to receive \$10,000 over two years. Excellence Scholarships, at \$2,500 each, went to 910 students with averages over 90 per cent.

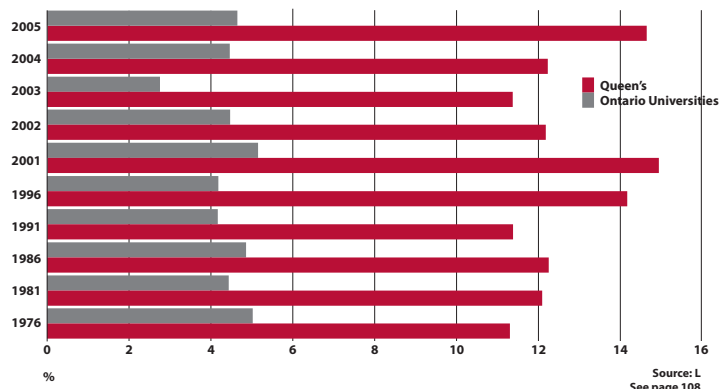
Undergraduate Recruitment

We are expanding the University Experience Program for first-generation students. The Program reaches out to students who would be the first member of their family to attend university and therefore are much less likely to participate and succeed in university due to

Student Awards and Accomplishments

- Recent graduate Sana Halwani received a \$20,000 Action Canada Fellowship for outstanding leadership initiative and commitment to Canada.
- The 2007 Queen's Entrepreneurs' Competition was won by Sami Torbey (Computer Engineering) and Mike Kulesza (Electrical Engineering) for building a better heart monitor and forming a start-up company.
- The Student Civic Responsibility Awards were presented to three students: Ryan Quinlan-Keech, Aislinn McCarry and Melanie Bedore, by members of Queen's and the Kingston community, for projects involving local beautification projects, contributions to town-gown relations, and work with the local John Howard Society to support the north end community.
- The 66th Andrina McCulloch Public Speaking Competition was won by Nathaniel Erskine-Smith (Political Studies).
- Monica Walker, a Queen's Commerce student, won first place in 'Canada's Next Top Ad Exec,' a national university competition that challenges students to present their best experiential marketing campaigns.
- Mireille Gomes (Biomedical Computing) won the Ontario Medal for Young Volunteers for her work on promoting biomedical computing among students and high-school girls through conferences and mentoring workshops, as well as other community volunteering.
- MBA student, Sushee Perumal, won Kingston's First Capital Challenge new Venture Competition and \$50,000 to start a new Kingston-based personal flight service (Jet Direct).
- 132 Queen's students and local residents shaved their heads for Queen's Helping Hands, raising more than \$32,000 for cancer research.
- Samantha Marin (ArtsSci'06) won Class Medal for the highest mark in Third-level Biomedical Sciences from the University of St. Andrew's in Scotland, while studying there as an exchange student.
- Jenny Hogsden was awarded the PHE '55 Alumnae Trophy (Top Female Athlete) for her consistent success in Athletics at Queen's. Over the past three years, she has earned five OUA gold medals and has also captured two golds and two silvers at the Canadian University Rowing Championships.

PERCENT OF 1ST YEAR STUDENTS FROM PROVINCES OTHER THAN ONTARIO

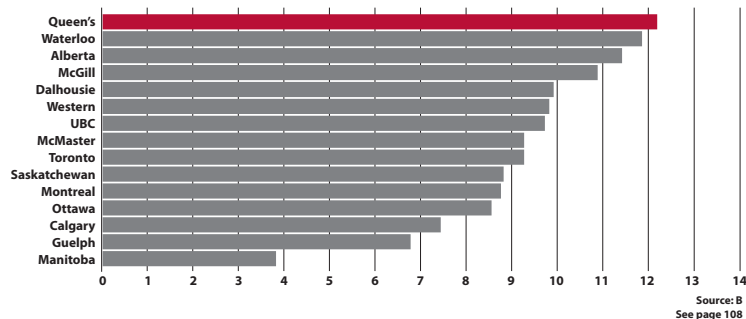


FULL-TIME ENROLMENT BY GEOGRAPHIC REGION 2006-07

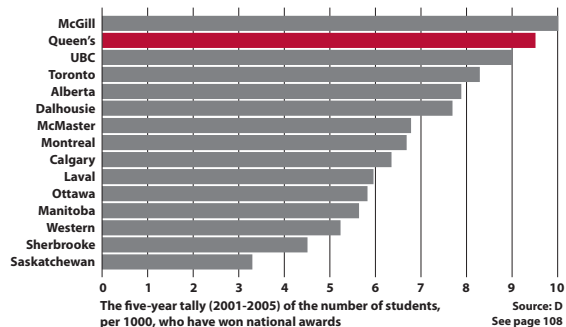
Geographic Region	Number	Geographic Region	Number
Asia	471	North America – Bermuda	20
Australia and New Zealand	35	North America – Canada	15,274
Caribbean	57	North America – USA	472
Central America	19	Northern Europe	155
Central Asia	89	South America	32
Central Europe	75	South East Asia	54
Middle East	202	Southern Africa	66
Northern Africa	38	Southern Europe	30
Not Specified	79		

Source: G
See page 108

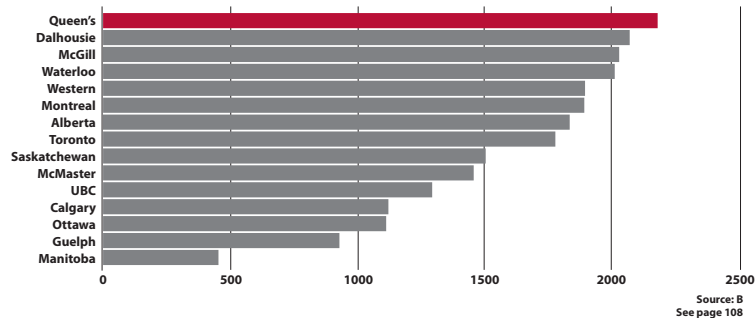
SCHOLARSHIPS AND BURSARY FUNDING AS A PERCENTAGE OF OPERATING BUDGET (CAUBO 2005-06)



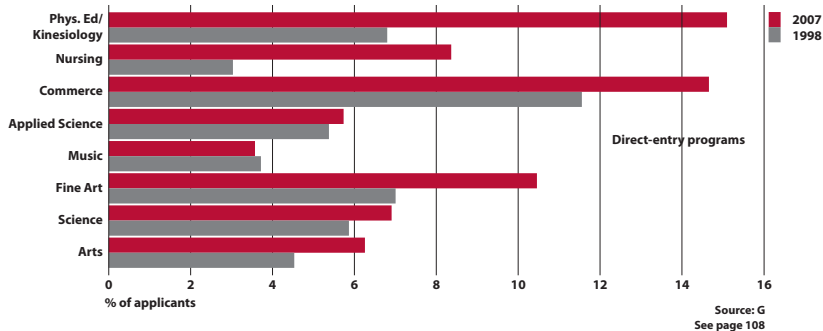
STUDENTS WHO HAVE WON NATIONAL AWARDS 2001-2005



SCHOLARSHIPS AND BURSARY FUNDING EXPRESSED AS \$ PER STUDENT ENROLLED (CAUBO 2005-06)



UNDERGRADUATE APPLICANTS PER AVAILABLE SPACE 1998 – 2007



insufficient family support, or a lack of awareness. Last year the pilot program targeted schools in inner-city Toronto and rural Eastern Ontario, and in the coming year will include as well schools in Ottawa, other Eastern Ontario rural communities and local First Nations communities. The program was successful in building Queen's profile among this group of prospective students and will continue to be part of our strategy to build a more diverse student population.

GRADUATE STUDENTS

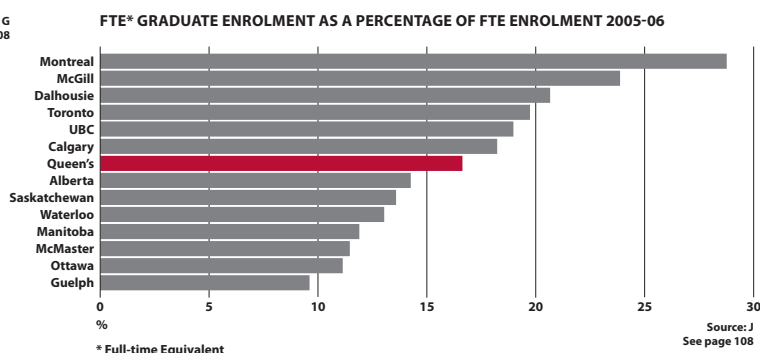
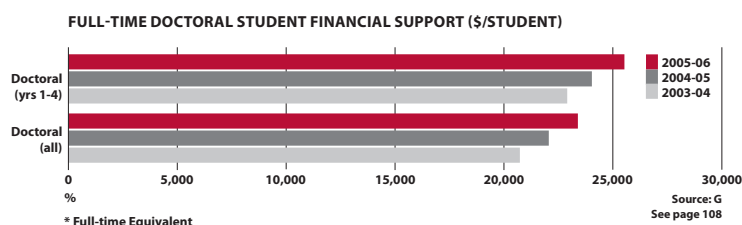
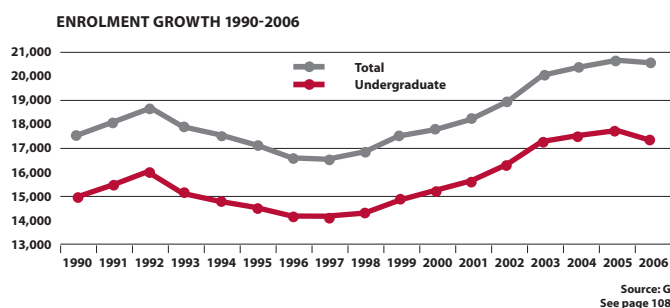
Queen's University is undergoing a period of intense recruitment in graduate studies. This is a result of the Ontario government's initiative to expand the number of graduate students in the province, combined with the graduation this spring of the majority of Ontario's 'double cohort' students. In response to these circumstances, Queen's has introduced a number of new initiatives, including new recruitment practices, new funding for recruitment and for student funding packages, and a new allocation of funds to Faculty Offices aimed at supporting graduate education, programs and students.

Increasing graduate enrolment also supports our mission as a research-intensive university, and addresses the nation-wide need for a more highly educated

population to enhance Canadian competitiveness. Overall, Queen's has moved to increase graduate enrolment while stabilizing undergraduate enrolment. However, as at most other universities in Ontario, enrolment in the School of Graduate Studies and Research fell somewhat short of planned growth this year. While the Enrolment Plan projected an increase of 160 full-time students over 2005, the actual increase by November was 123. This includes an increase of 87 students eligible for funding under the guidelines of the government's graduate-expansion funding model.

Enrolment in Queen's professional programs is on target. The development of graduate and professional programs is progressing well in areas where Queen's has existing research and program strengths. These include population and public health, development studies, anatomical sciences, cultural studies, neuroscience, and global management. Cross-disciplinary programs in these and other areas of research strength are proving attractive to graduate students, as evidenced, for example, by the steadily increasing numbers of graduate students involved in the Centre for Neuroscience Studies and the Queen's-RMC Geo-Engineering Centre. Queen's will continue to develop these and many other multidisciplinary initiatives, such as the planned new School of Population and Public Health.

OUR STUDENTS: BUILDING GRADUATE ENROLMENT



Financial Assistance

Queen's continues to expand its support for graduate students. Beginning September 2007, all incoming students holding Tri-Council awards from the Canadian Institutes of Health Research (CIHR), National Sciences and Engineering Research Council (NSERC), and the Social Sciences and Humanities Research Council (SSHRC) will receive an automatic top-up payment of \$5,000 for the first year of graduate study.

The introduction of the new International Entrance Award, which provides \$5,000 to new international graduate students enrolling effective September 2007, is expected to increase our ability to attract and admit these qualified students. Over a four-year period, this award program will help compensate for the financial burden experienced by international students as a consequence of differential tuition fees (domestic versus international).

Graduate Recruitment

Our graduate recruitment strategy builds on strong relationships with faculty, students, alumni and friends of Queen's to attract more students from both outside Ontario and outside Canada. This campaign includes new marketing resources, such as a prospectus profiling all graduate programs which will be ready for distribution in fall 2007, increasing attendance at graduate recruitment fairs, and improved financial support for campus visits by applicants.

INTERNATIONAL STUDENTS

At Queen's, the enrolment of international students on student visas grew slightly from 2005. In 2006, international students made up 4.3 per cent of the undergraduate full-time enrolment (4 per cent in 2005), and 14.8 per cent of the graduate full-time enrolment (14 per cent in 2005). Students at Queen's on international student visas represent a wide diversity of backgrounds, originating from 98 countries around the world. International graduate students represent 72 different countries.

International Recruitment

Queen's has recently placed a representative in Shanghai, China who will, among other initiatives, work to increase our recruitment of students from China. Similar initiatives are being discussed for Hong Kong, India and the Middle East. We are also exploring targeted recruitment efforts in the U.K. and United States, particularly the northeastern seaboard.

LOOKING AHEAD

Early indications are extremely positive for the 2007-08 entering class as well. The number of applications for undergraduate study continues to climb, as has the overall average entering grade of full-time first year students. Application numbers are also up for graduate programs, largely due to an increase in international applications.

Looking into 2008 and beyond, the University Registrar will also proceed with a transition to a new student information system in concert with the University's plans to replace the overall administrative system.



One Stop Student Services

The newly renovated Gordon Hall opened in June, and its popularity among students has already become well established. As a one-stop centre for student services, it brings the Office of the University Registrar, Career Services, Graduate Studies and Research, and Student Affairs together for the first time under one roof, complete with modern efficiencies and period charm. The \$15-million renovation of the 1922 limestone building took two years to complete.

OUR TEACHING AND LEARNING ENVIRONMENT 3



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OUR TEACHING AND LEARNING ENVIRONMENT: IN CLASS AND BEYOND

Queen's takes to heart the widely held consensus among graduates that they learned as much outside of class at university as in class. Enriching personal experience and development outside of class continues to be a key priority for Queen's through extracurricular involvement, volunteerism, and increased campus diversity.

Offering students the best possible learning experience requires a constant process of enhancing our programs, our faculty complement, our teaching methods and our technology. Listening to what students say, through exit polls and surveys, is guiding Queen's in many new initiatives in active and collaborative learning, such as the promotion of undergraduate research and inquiry-based learning. Amid concerns that the current teaching evaluation system may inhibit innovation in teaching, a joint university-faculty association committee is exploring new ways to evaluate teaching. In the spring, more than 8,000 students participated in a pilot questionnaire in this area.

SUPPORTING ACADEMIC PROGRAMS OF DISTINCTION

A student excels only by way of a superb academic program, and Queen's is committed to maintaining the strength of this foundation, even as it holds undergraduate enrolment levels steady and expands its graduate programs. This expansion is an important step toward building the research-intensive character of the University and enriching the learning environment. However, we believe we can achieve not only a balance, but also a symbiosis between undergraduate and graduate programs. Enhancing our graduate activities both supports research efforts and benefits undergraduate programs by providing a high-quality pool of teaching assistants. These assistants will play a significant role in the move to more inquiry-based learning in undergraduate programs.

FACULTY RECRUITMENT

Exceptional faculty who excel at both teaching and research are intrinsic to the Queen's experience. Even though it is the established leader in the number of national research awards per full-time faculty, ranking first among Canadian universities for the past four years on this measure, Queen's still has to compete for high quality faculty members. This competition is only escalating with the increasing number of retirements from the baby boomer generation. Replacement hires were more than double from the last year. There continue to be concerted efforts to increase the number of new faculty hires in strategic areas. Our recruitment plans for the coming years will be aggressive, although partially contingent on the commitment and support of provincial funding, philanthropy for endowed chairs, and more private-sector collaboration.



Some faculty researchers are more actively involving students in their labs. For example, the founder of Queen's Facility for Isotope Research, Kurt Kyser (Geology), employs several undergraduates in a lab that houses some of the most technologically advanced equipment in Canada. Each student chooses a research project and can directly access the facility's analytical equipment to complete their investigations. Professor Kyser's colleague, Vicki Remenda, Queen's Chair in University Teaching and Learning, uses the Kingston area's extensive wetlands as a natural laboratory where students combine multidisciplinary learning with scientific inquiry.

LOOKING AHEAD

A focus on areas of strategic research strength continue to guide our hiring strategy. This is in turn influenced by the growth of and demand for graduate programs by the provincial and federal governments. These efforts include 40 new faculty hired in the Faculty of Arts and Science during the past two years, and 21 new faculty hires planned for the School of Business over the next five years.

Six faculty hires have been allocated to areas of research supporting work at the new Advanced Research and Innovation Institute and several faculty hires are being considered to support existing expertise in the area of population and public health.

THE TEACHING ENVIRONMENT

Queen's continues to excel in providing students with a challenging and supportive learning environment. The National Survey of Student Engagement (NSSE) shows that our students reported above-average levels of satisfaction in the two categories of "level of academic challenge" and "supportive campus environment", placing Queen's ahead of all other Ontario universities. Like other Ontario universities in this survey, however, Queen's must work harder to improve its record in areas such as "student-faculty interaction", and "opportunities for active and collaborative learning". These NSSE results are believed to be influenced by two key factors: one is

the relatively high student-faculty ratio, which remains a fact of university life in Ontario, and the other is the nature of our curricula. Any real progress in these areas will depend on how successful universities are in advocating for additional government funding to support further increases in faculty numbers. The nature and quality of our curricula and teaching are fortunately under our direct control and we have already introduced many initiatives to develop opportunities for active and collaborative learning.

Active Learning

We are increasing the involvement of undergraduates in research, both in working alongside faculty and through independent projects, as a means to make them fully engaged and active participants in their learning.

Incorporating opportunities for active research into the undergraduate curriculum also serves the purpose of introducing students to the possibility of graduate study and extends the reach of our efforts to recruit more graduate students. Queen's also held the first Inquiry@Queen's conference in March 2007 at which undergraduate students from many disciplines came together to showcase their undergraduate research work. As well, plans are underway to integrate community-based fieldwork into appropriate courses.



Faculty Development

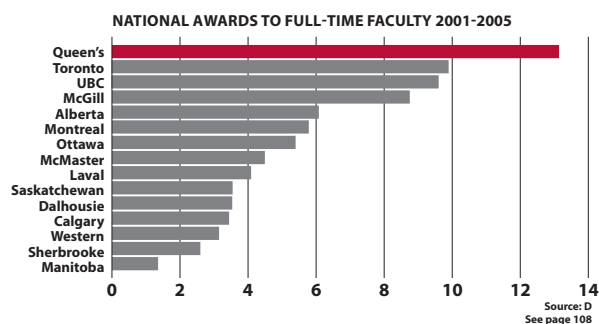
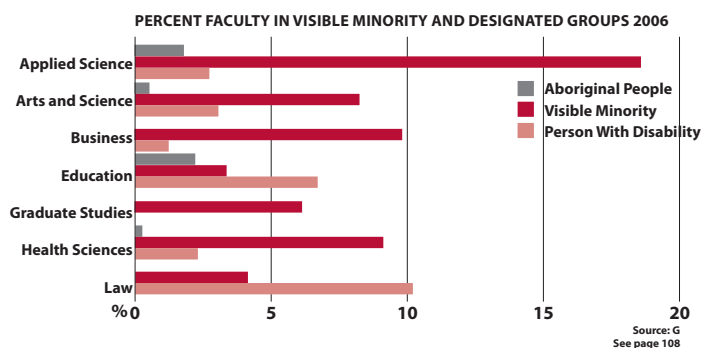
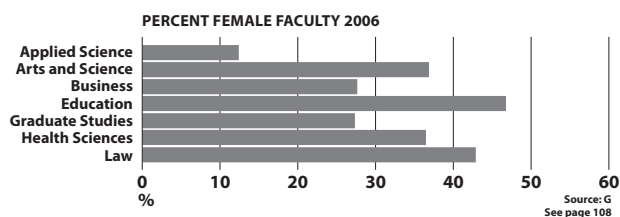
Effective teaching is central to the University's mission, reputation and ability to attract top students. Queen's continues to expand its many faculty development programs and services through the Centre for Teaching and Learning (CTL), a recognized leader in Canada in the scholarship of teaching and learning. More than 2,000 individuals took part in a range of learning initiatives in the past year. These activities are geared to support faculty at every stage of their careers. In addition to workshops, online forums, and customized consultations, the CTL frequently collaborates with Faculties, Library Support and IT Services to enhance teaching and learning opportunities and resources. The CTL also collaborated in the development of a number of new courses in 2006, including the one-year Focus on Diversity program. A graduate-level course on Ethics is being piloted in the fall.

The profile of the CTL's groundbreaking work last year in establishing a series of courses on graduate

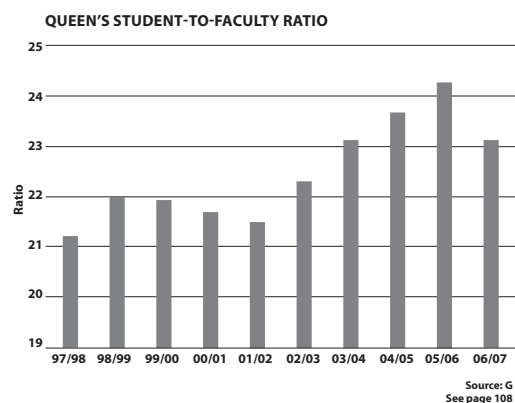
supervision has also been enhanced with an inaugural faculty award for excellence in graduate supervision.

The CTL also played a leadership role in the formation of the new Ontario Universities Council on E-Learning, which provides leadership across Ontario in developing e-learning enhancements to student engagement and learning.

In April 2007, Queen's opened an Emerging Technology Centre (ETC) to provide a showcase of multimedia resources for the Queen's community. With its high-end multimedia work stations, the Centre functions as an evaluation, research and development space for emerging technologies, and serves as a gathering place for faculty, staff, and students looking to enhance their academic projects or try out new technologies to increase the quality of teaching and learning. The ETC is a member of the New Media Consortium, an international group of organizations dedicated to the exploration and use of new media and technology.



Five year tally (2001-05) of the number of full-time faculty (per 1000) who have won national awards



Programs and Curricula

New program development continues with an eye to reinforcing our current and developing strengths, deepening international engagement, serving societal needs nationally, and broadening the diversity and cultural reach of our pedagogy.

A full accreditation review of all engineering programs has resulted in curriculum changes for 2007-08, and a new course in social justice has been introduced. As an example, Civil Engineering conducted a complete overhaul of its curriculum in 2006-07 to make it more relevant and applicable to the changing needs of society. The new Department of Global Development Studies has expanded in response to increasing student interest, and it now will offer major, minor and medial degrees.

LOOKING AHEAD

Queen's continues to experiment with new interactive classroom technologies, such as Personal Response Systems or "clickers", which instantly allow a professor to gather class feedback. These new technologies have been introduced to help create a more engaged learning environment, especially in larger classes. As well, the Faculty of Arts and Science is expanding opportunities for students to pursue concluding achievements or "capstone" learning experiences in upper years, such as theses, major research papers, and work experience.



Diversity Initiatives

- Queen's University Association of Queer Employees (QUAQE), believed to be the first of its kind at a Canadian university.
- Established Faculty-Student Mentorship Program for Self-Identified Racialized Students.
- Establishment of a cross-cultural advisor with Health, Counselling and Disability Services to support student-staff efforts to promote cross-cultural dialogue.
- Creation of a new International Student Advisor position under the Academic Affairs Commission.
- The *Get Real* program for Peer Educators in residences to help develop a safer community for racialized group members through residence programming.
- Production by the Human Rights Office of a new web-based multicultural calendar with information on all faith requirements.
- Upgrades and enhancements to the Robert Sutherland Room in the John Deutsch University Centre, named for Queen's first benefactor. The room now features display cases with information on Sutherland and on cultural diversity.
- Addition to the JDUC of a dedicated space to more effectively meet the spiritual practice needs of campus worshipping communities.
- Establishment of an advisory working group "Enhancing Diversity at Queen's".
- Public seminar on native practices and beliefs and Aboriginal symposium on Race, Identity and the Law held at the Aboriginal Centre.
- The Queen's University International Centre and five other student services to offer Diversity Training. These information sessions and workshops are geared toward Canadian and international students and focused on fundamental matters of social identity such as mental health, diversity at Queen's, and human rights issues.

ENHANCING THE BROADER LEARNING ENVIRONMENT: OUTSIDE THE CLASSROOM

Over the past year Queen's has been actively exploiting opportunities for learning outside the classroom through many initiatives. Some involve bricks and mortar, and temporarily, the dust and noise of construction on major projects in the heart of campus, notably the Queen's Centre, which will greatly enhance athletic and social networking opportunities.

On March 2, 2007, Queen's broke ground on Phase One of the \$230-million student and athletics centre, the largest construction project in the University's history, which will more than double the capacity of Queen's current athletic and student life facilities. Phase One will see the construction of an aquatic centre, varsity gymnasium, fitness and weight centre and a new home for the School of Kinesiology and Health Studies. These facilities will be operational in September 2009.

Other developments are having a quieter but equally noteworthy impact on the Queen's community, such as the expansion of opportunities for student leadership on campus and beyond. Queen's students have a long tradition of service to the local community and the country. This year, the University established the Queen's University Civic Responsibility Award as a means to acknowledge formally the exceptional efforts of individual students.

There are more than 500 active student clubs on campus and the number is growing, with many of the newest clubs focusing on global volunteerism and overseas projects, such as Students Against Indifference.

Queen's has also launched a Leadership Development Program to contribute to the development of students as leaders. The program for first-year students is led by

upper-year student leaders, faculty and staff. The Leadership Development Program model has also begun in residence in 2006-07 and will increasingly be extended each year to eventually include all 3,500 students and dons (Student Residence Leaders) living in residence.

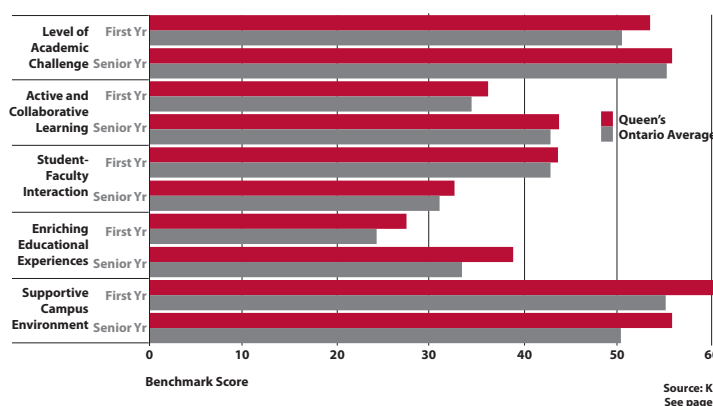
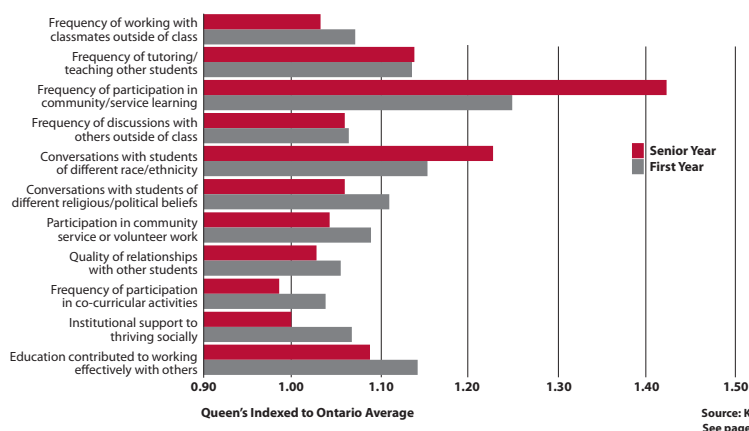
Student Support on and off Campus

Queen's is constantly seeking new ways to help students succeed. These will grow in range and flexibility as we welcome students from increasingly diverse backgrounds, not just those from different countries and cultures, but students who vary by socio-economic background, marital status, religious belief, sexual orientation, life stage and family circumstances.

As an example, Queen's is embarking on a Campus Support Initiative to enhance success in study at Queen's among students with special needs and those from under-represented groups. The program's mandate includes expanding opportunities for employers to recruit from Aboriginal, disabled and visible minority students, offering diversity training for students working with under-represented groups, mentoring for Aboriginal students, increasing investment in adaptive technology and accommodations for the disabled (such as a computer exam lab), and increasing participation in education-abroad programs to better equip students with international and multicultural perspectives.

Queen's has also taken steps to increase support for students living off-campus. The Community

NATIONAL SURVEY OF STUDENT ENGAGEMENT 2006 BENCHMARKS: STUDENT SOCIAL INTERACTION MEASURES – QUEEN'S VS ONTARIO AVERAGE



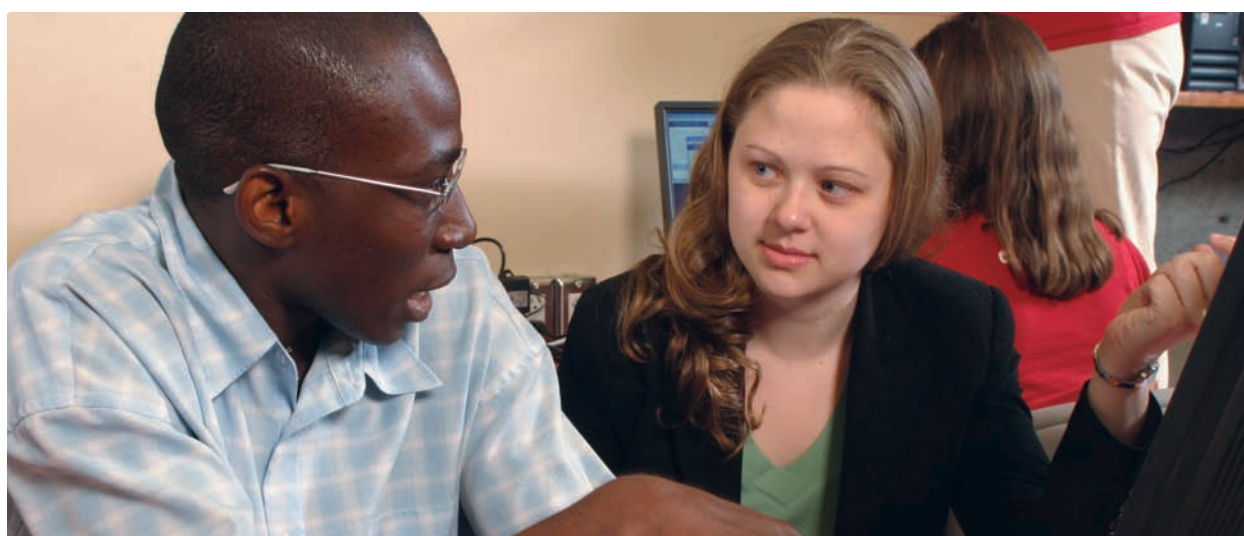
Outreach Program and its newly hired coordinator started up in October 2006, and a former private home in the heart of the student neighborhood is to become the Student Community Outreach Centre, scheduled to open on September 20, 2007. It will provide a range of services including support groups for commuting students and student parents to help them connect with the campus community and the city.

Diversity

Queen's believes that diversity within a group provides greater and more equitable learning opportunities for its members and has taken to heart recent studies that suggest that there is more work to be done to enhance diversity among our faculty, staff and students. Over the past 12 months, many proposals and initiatives have been brought forward to help make Queen's a more

diverse, inclusive, and welcoming community for all. The theme at the this year's spring University Council meeting was Engaging a Diverse World: the Student Experience at Queen's. The program focused on achieving an accurate picture of the state of affairs at Queen's with respect to a range of diversity issues and on soliciting input and advice from councillors based on their own experience of such issues in other contexts.

Some change towards achieving more diversity has come quickly, such as improvements in campus services to help students from diverse backgrounds achieve success. Other systemic changes will be planned and carried out carefully, such as reviewing elements of our teaching, curriculum and evaluation to determine where there may be obstacles to full participation. To assist in this a Diversity Advisor and an Academic Integrity Advisor to the Vice-Principal Academic will be appointed in 2007-08.



New Programs

- BSc in Kinesiology
- BSc (Honours) with a subject of specialization in Life Sciences, Cardiorespiratory stream and Neurosciences stream
- BSc, SSP in Life Sciences, Cardiorespiratory stream

Expanding Programs

- New Department of Global Development Studies (formerly Development Studies Program)

Undergraduate Programs being considered:

- Middle Eastern Studies
- Indigenous Studies

New Graduate Programs

- Master of Management in Global Management
- Master of Management in Accounting
- Master of Nursing (Nurse Practitioner), and PhD in Nursing
- PhD in Law

New Graduate Programs Under Development

- Aboriginal and World Indigenous Educational Studies Masters Program (Education)
- Master of Public Health (Multi-Faculty)
- Graduate Programs in Cultural Studies, Nanotechnology, Jewish Studies
- Women's Studies

LOOKING AHEAD

In 2007, Queen's will fill a new position, Coordinator of Community Service Learning, to develop and provide support services for community service-learning programs across the University. These programs will combine community service with academic coursework, and provide opportunities for students to connect theory and practice, while addressing critical social issues in the community. The exchange of knowledge with community partners will also create mutually beneficial learning and build healthy town-gown relations. Service-learning programs will also offer faculty the opportunity to explore connections linking academic knowledge, the curriculum and social issues. The Centre for Teaching and Learning and Student Affairs will co-manage these programs in order to achieve a

balanced blend of curricular and co-curricular activities.

Sports and recreation have always played a big part in the student experience at Queen's. To enhance this tradition – building on it for a new generation of Queen's students – a thorough internal review of the Athletics and Recreation department was conducted in 2006-07. The review includes recommendations on the organizational structure and financing of Athletics and Recreation, the University's Campus Recreation and Sports Clubs, and Inter-university Athletics. Significant changes have been proposed in a number of areas, including funding, fees and the number of inter-university athletic teams Queen's should support. Final decisions on the recommendations are expected by December 31, 2007.



Academic Highlights

- The Alumni Award for Excellence in Teaching (Alumni Affairs) was awarded to Patrick Oosthuizen, Mechanical Engineering
- The Chancellor A. Charles Baillie Teaching Award was awarded to Ron Easteal, Anatomy and Cell Biology
- Queen's MBA was ranked first for the second time in a row by Business Week's influential biannual ranking of MBA programs outside the U.S.
- Professor Jacalyn Duffin, Medicine, was ranked among the Top Ten in TVO's 2007 Best Lecturer Competition.
- Professors John Smol (Biology) and Mark Rosenberg (Geography) won the Inaugural SGSR Award for Excellence in Graduate Student Supervision.
- Professor Vicki Remenda (Geological Sciences and Geological Engineering) was appointed as the third Queen's Chair in Teaching and Learning.
- Art McDonald, Professor and Director of Queen's-led Sudbury Neutrino Observatory, Daria Haust, Adjunct Professor, Pathology and Molecular Medicine and Emeritus Professor William Marshal, Psychology were appointed as Officers of the Order of Canada.
- Janice Deakin, Dean of the SGSR, was inducted into the Kingston and District Sports Hall of Fame.
- Peter Taylor (Mathematics) was awarded the 2006 Adrien Pouliot Award for outstanding contributions to the teaching and learning of mathematics in Canada.

OUR RESEARCH ENVIRONMENT 4



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- 24 Partnering in Research
- 25 Attracting and Retaining Top Researchers
- 26 Bringing Discoveries to Market

Dr. Wendy Craig
Department of Psychology, Queen's University
Co-Director, PREVNet
(Promoting Relationships and
Eliminating Violence)
SSHRC/Ontario Mental Health Foundation/
Hospital for Sick Children Foundation
CIHR Career Award
CIHR Net Grant Award

OUR RESEARCH ENVIRONMENT

INVESTING IN INNOVATION

Queen's is making progress toward its goal of achieving international distinction in selected areas of research. We are enhancing our role in discovery across the disciplines, and increasing the impact and reach of our researchers through cross-border and cross-faculty partnerships.

Both the federal and provincial governments are also pursuing a strategy of designating more funding to specific research areas and have made it clear they will lean toward supporting research that is closely linked to such outcomes as economic growth. Queen's has significant strength in a number of these key areas, including health sciences, energy, the environment, and information and communications technologies. Consequently, our faculty have seen considerable success in attracting financial support over the past year in this new funding environment.

Overall the amount of funding received increased to \$188 million in 2006-07, from \$157 million the previous year. Queen's ranks eighth in research intensity out of the top 50 research universities in Canada. We rank tenth in funding awarded by the Social Sciences and Humanities Research Council, and sixth in funding given by the Natural Sciences and Engineering Research Council and the Canadian Institutes of Health Research. Perhaps the truest measure of research excellence and talent at Queen's is the number of national research awards per full-time faculty. Against this measure of quality, we have been the leader amongst all other Canadian universities for the past four years.

Despite extensive advocacy by the Association of Universities and Colleges of Canada, the federal government has proposed only minor increases in research funding for the three granting councils. Fortunately, substantial new funds for the modernization of research infrastructure were provided to the Canada Foundation for Innovation (CFI). In fall 2006, for example, CFI awarded more than \$7 million to Queen's Centre for Neuroscience Studies to develop new tools for assessing and treating brain disorders such as Attention Deficit Hyperactivity Disorder (ADHD). The new funding from CFI will enable the Centre to continue to expand its facilities to better support research and teaching, and to continue to advance understanding of neurological and psychiatric disorders that afflict hundreds of thousands of Canadians and their families.

PARTNERING IN RESEARCH

The Office of the Vice-Principal (Research) has taken a multidisciplinary and strategic approach to the development of large research projects, with excellent results. Queen's is increasingly partnering with groups outside the University as a means to advance our scientific and technological expertise while also providing an opportunity for valuable interactions with the private sector.

The Ontario government strongly endorsed this partnership approach in March 2007 when it announced \$21 million in funding for our new Advanced Research and Innovation Institute (ARII). The centre will foster private-public collaboration by housing together both Queen's researchers and small and mid-sized businesses. Serving as a regional hub for research and innovation, the Centre will focus on innovations in energy and

environmental technologies, including bio-processing and bio-materials, launching new technologies to market faster, and providing the infrastructure required to anchor promising enterprises in the region.

Another Queen's research partnership with industry, the Ontario Fuel Cell Research and Innovation Network (OFCRIN), received \$5.4 million from the Ontario government to develop new materials and manufacturing methods for fuel cells – a clean energy technology that can produce electrical power from a wide range of fuel sources. Based at Queen's, OFCRIN brings together researchers from eight universities and 12 industry partners.

Queen's has also made its own substantial financial commitments to research initiatives, investing \$9 million in the Centre for Neuroscience studies. The Centre has built a leading, multidisciplinary research program

involving 15 departments, and now attracts a growing number of top graduates. Funding by the Canada Foundation for Innovation has since allowed the University to recover most of its initial investment in the Centre. Still, such cross-faculty research projects are sometimes challenging to organize and administer. The Office of the Vice-Principal (Academic) has taken steps to facilitate these complex initiatives through the establishment of a multidisciplinary Programming Fund. It balances support for both traditional academic departments and new multidisciplinary ventures by compensating departments when faculty members participate in multidisciplinary research projects.

ATTRACTING AND RETAINING TOP RESEARCHERS

Federal and provincial financing of research chairs continues to provide key support to Queen's efforts to attract and retain top researchers. In 2006-07, the University

was able to attract researchers from the United States, Germany, Scotland, and France and from across Canada to assume Canada Research Chairs and Ontario Research Chairs.

The provincial government's Early Researcher Awards, won by 10 of our promising young professors last fall, have also been instrumental in helping encourage and retain talented early-career academics. Queen's also supports emerging research leadership through its Chancellor's Research Awards, valued at \$50,000 each. In 2007, these were awarded to five promising researchers, working in such diverse areas as mercury contamination in fish, commercial sport culture, and tissue engineering. Endowments from private individuals also provided substantial assistance for research support in the geography and economics departments. For example, Queen's Geography professor Dr. Robert Gilbert donated \$1.26 million to establish a post-doctoral fellowship in the Geography Department.

Research Awards and Accomplishments

- Scientists from the Queen's University-led Sudbury Neutrino Observatory (SNO) have had a banner year, winning the inaugural annual \$250,000 John C. Polanyi Award from the Natural Sciences and Engineering Research Council, and the Discovery Award from ORION (Ontario Research and Innovation Optical Network).
- SNO's Director, Queen's physicist Art McDonald won the Benjamin Franklin Medal in Physics, one of the world's longstanding and most prestigious comprehensive science awards, in recognition of his role in groundbreaking discoveries about the nature of matter and the structure of the universe.
- Anne Croy, Canada Research Chair in Reproduction, Development and Sexual Function received a Munsgaard-Blackwell Award for outstanding publication in the field of reproduction immunology from the American Society for Reproductive Immunology.
- Physician and Queen's researcher Joe Pater, Director of the National Cancer Institute of Canada Clinical Trials Group, received the R.M. Taylor Award, the country's most prestigious award for service in the fight against cancer.
- Nikolaus Troje became the first psychologist to receive a prestigious Steacie Memorial Fellowship from the Natural Sciences and Engineering Research Council, recognizing his leading research on visual perception by humans and animals.
- Sociology professor David Lyon was named a 2007 Killam Research Fellow for his work studying the information society and globalization. As Director of the University's Surveillance Project and Queen's Research Chair in Sociology, his team studies how corporations and governments handle and share personal information.
- Four Queen's researchers, including three faculty members, were chosen in June 2006 to pursue their research as visiting chairs at U.S. universities under the Fulbright Canada – U.S. Exchange program. Queen's also hosted a prominent American Fulbright scholar.
- Dr. Christine Overall (Philosophy) received the Royal Society's Abbyann D. Lynch Medal in Bioethics.
- Queen's received three new Canada Research Chairs in 2007, for research areas involving greenhouse gases, "dark matter", and the fight against cancer.

BRINGING DISCOVERIES TO MARKET

PARTEQ Innovations, Queen's technology transfer office, reported a number of key milestones in the development of university-generated innovations in 2006-07. A promising drug for the treatment of Secondary A Amyloidosis, a fatal, incurable disease, has been submitted for approval to the FDA; Levulan™, an FDA-approved treatment for precancerous skin lesions, is now being distributed in Central and South America and Asia; and Cytochroma, Inc. began Phase II trials for its psoriasis drug candidate. Environmental technologies also made significant strides.

A Queen's-developed solar hot water heating system became the first in North America to receive Canadian Standards Association certification; Performance Plants Inc. raised a record-breaking \$12 million in investment and secured new partners for its drought-resistant plant technologies; and a rapid, automated bacteria detection technology for water systems is currently in use in field trials involving municipal, commercial and research applications.

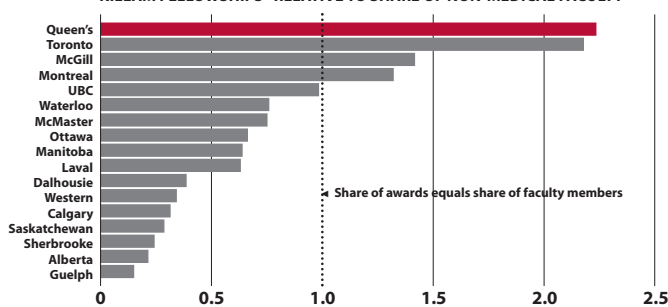
The year 2006 was also a strong year for spin-off companies, which raised \$166 million in investment. Since 1987, PARTEQ startup and spin-off companies have attracted more than \$700 million in investment, and have generated nearly 600 jobs. Licensing and royalty streams from PARTEQ's activities have yielded more than \$39 million. Of that amount, \$13.8 million was returned to Queen's and \$10.3 million was returned to inventors, with the remainder funding commercialization operations.

A significant development this year was funding of \$3.1 million from the Ontario Research Commercialization Program to enhance PARTEQ's commercialization capacity, including expanding its services across Ontario, managing funds to develop promising technologies, and working with entrepreneurial and industry groups across the southeastern Lake Ontario region to build local receptor capacity for innovative technologies.

Research Funding Highlights

- Queen's researchers involved in projects ranging from the development of applications for secure data transmission to addressing sustainability issues facing Canada's water resources were awarded close to \$900,000 from the Canada Foundation for Innovation (CFI) Leaders Opportunity Fund.
- Projects ranging from residential sorting in urban China to ethics and environmental responsibility were among 14 Queen's research projects receiving a total of \$837,000 in 2007 Social Sciences and Humanities Research Council Standard Research Grants.
- 27 Queen's research projects received \$7.1 million in funding from CIHR. Queen's ground-breaking research on the prevalence of autism in children was among these recipients.
- The Disraeli Project – a Queen's research unit engaged in collecting, editing and publishing the complete correspondence of Benjamin Disraeli, a Victorian novelist and British prime minister – was awarded a grant of \$526,000 by The Andrew W. Mellon Foundation of New York.
- Seventy-three Queen's research projects received \$3.3 million from the Social Sciences and Humanities Research Council of Canada through the Canada Graduate Scholarships program.
- Researchers studying fetal alcohol disorders, chemotherapy resistant tumors, and tissue-engineered cartilage were among 12 Queen's projects to receive a total of \$6.3 million from the Canadian Institutes of Health Research (CIHR).
- The High Performance Computing Virtual Laboratory (HPCVL), Canada's most powerful high performance secure computing facility, was awarded \$11.5 million from the Ontario Research Fund to support up to 1,600 researchers over the next five years. Based at Queen's, HPCVL is a consortium of five universities and two colleges.
- Queen's researchers received 68 Discovery grants worth \$23.4 million from the Natural Sciences and Engineering Research Council (NSERC), which spans a wide spectrum of disciplines from fine art to leading-edge physics. This represents an 88 per cent success rate in grant applications.

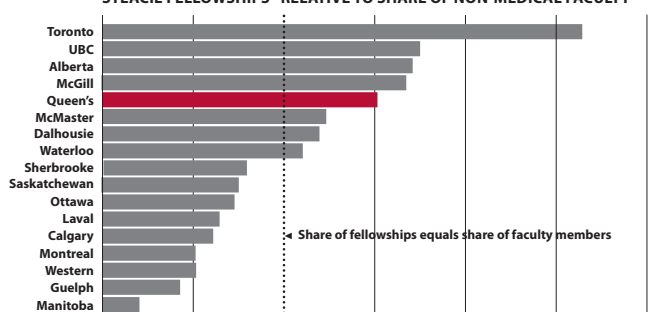
KILLAM FELLOWSHIPS* RELATIVE TO SHARE OF NON-MEDICAL FACULTY**



* Killam Fellowships 1968-2006
**Full-time faculty 2004-05 and 2005-06

Source: A, H
See page 108

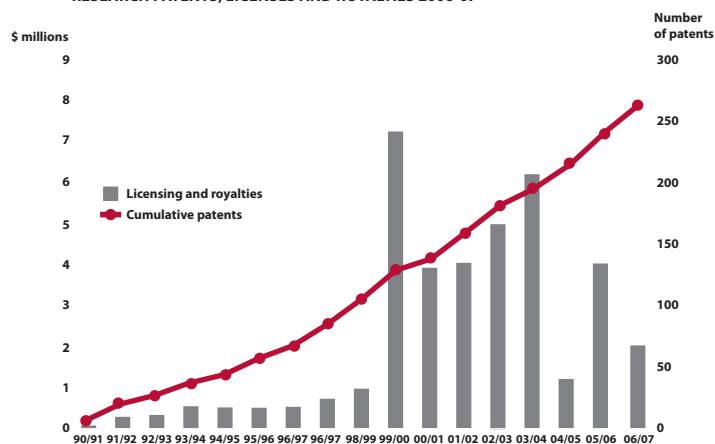
STEACIE FELLOWSHIPS* RELATIVE TO SHARE OF NON-MEDICAL FACULTY**



* Steacie Fellowships 1964-2006
**Full-time faculty 2004-05 and 2005-06

Source: E, H
See page 108

RESEARCH PATENTS, LICENSES AND ROYALTIES 2006-07



Source: F, G
See page 108

PARTEQ HIGHLIGHTS 2006-07

- Invention disclosures: 61 (2005-06: 63)
- Total patent applications: 82 (2005-06: 131)
- Patents issued: 15 (2005-06: 26)

CANADA'S TOP 10 RESEARCH UNIVERSITIES 2006 – RESEARCH INTENSITY RANKINGS

Rank	University	\$ Per Full-Time Faculty (\$000)	2005 Sponsored Research Income (\$000)	% Change 2004-05
1	McMaster University	\$308.3	\$ 344,979	40.1 %
2	University of Toronto	\$298.3	\$ 708,642	13.6 %
3	McGill University	\$286.6	\$ 423,051	-22.2 %
4	Institut national de la recherche scientifique	\$281.6	\$ 41,392	-20.7 %
5	University of Alberta	\$260.4	\$ 396,867	10.2 %
6	University of Ottawa	\$237.9	\$ 238,370	25.2 %
7	Université de Montréal	\$231.9	\$ 429,286	-3.8 %
8	Queen's University	\$197.9	\$155,512	-11.0 %
9	University of British Columbia	\$191.8	\$ 359,544	-1.0 %
10	University of Calgary	\$178.5	\$ 271,513	8.0 %

Source: I
See page 108

INTERNATIONAL ENGAGEMENT 5



- 29 Students
- 29 Teaching and Learning
- 30 Partnerships
- 31 Research
- 32 Alumni

Queen's medical student, Siobhan Mark
Queen's Caring Partners International,
Matangwe Health Clinic, Western Kenya
May 2006

INTERNATIONAL ENGAGEMENT

Over the past decades, higher education has become increasingly globalized, from faculty and student recruitment to questions and concerns that arise in teaching and research. Queen's is responding to this changing environment by working to ensure that all of our students develop both knowledge of and appreciation for international contexts in their field of study.

This commitment to world-wide engagement to Queen's is guiding initiatives in administration, recruitment, curriculum and programming, institutional partnering, and research. The University has invested more resources for international initiatives in the Office of the Vice-Principal (Academic) and reorganized priorities to allow the Associate Vice-Principal (Academic and International) to devote half his time to international engagement. In the Faculty of Arts and Science, the newly established Associate Dean (International) will also increase support for international programs at Queen's. Key initiatives have included expanding English as a Second Language programs at the School of English, increasing options and student involvement in study abroad programs, and enhancing opportunities at the International Study Centre at Herstmonceux, England (Queen's UK Campus).

In late 2006, schools, faculties and service areas from across the University came together to form the Queen's University International Programs Committee, to exchange information and inspiration, particularly on the promotion of student mobility through exchange programs.

STUDENTS

As of the 2007-08 academic year, a new \$5,000 International Graduate Student Entrance Award will ensure that international graduate students will pay the same tuition rates as Canadian students. This will enhance our ability to recruit outstanding international students to our graduate program.

The Faculty of Arts and Science established International Awards in February 2007 to support students in the Faculty who are participating in study abroad programs, or international students at a recognized exchange partner institution who are planning to come to Queen's. The awards are worth up to \$5,000 per term of study.

Queen's is steadily adding to its current roster of 100 bilateral exchange agreements with universities outside Canada, with approximately 25 more in negotiation. Queen's participates in consortial agreements among a number of Ontario universities and universities in the Rhone-Alps region of Europe, and the Baden-Württemberg regions of southern Germany.

TEACHING AND LEARNING

Queen's is steadily increasing the international content of its curriculum. The Faculty of Arts and Sciences is currently developing programs in Cultural Studies and Middle Eastern Studies.

Students have increasing study-abroad options. A term or a year overseas is the norm for most students in some programs. For example, 65 per cent of students at the School of Business complete a term or a year of study abroad, and many MBA students are required to complete a Global Business Project as part of their studies. In addition, international practicum opportunities are now available in the Faculty of Education.

In September, the Queen's University International Centre sponsored the "Crossing Borders" Work/Study Abroad Fair, in collaboration with Career Services and the Society for Graduate and Professional Students. Representatives from over 40 work, study, and volunteer abroad programs attended.

PARTNERSHIPS

In May 2006, Queen's became the first Canadian business school to open an executive education presence in Dubai, United Arab Emirates. Beginning this fall, it will offer courses for managers in professional development in collaboration with the Dubai International Finance Centre.

This year also marks the first graduating class of the Cornell-Queen's MBA program, which brings some of the best business teaching in North America together by videoconferencing and residential sessions at both institutions.

The China-Queen's Liaison Office, to be established in Shanghai and based at Fudan University in 2007, will have a full-time Queen's staff representative. The office will work to recruit Chinese secondary school students for degree programs at Queen's, explore and develop opportunities for collaborative research and faculty exchanges with Fudan and other Chinese universities, and build an ongoing relationship with the growing number of Queen's alumni in the Shanghai area.

The Centre for Neuroscience Studies exchange program between Queen's and the University of Western Australia

will allow graduate students (and possibly some undergraduates) from each institution to spend time on the other campus and participate in research.

Queen's and the SRM Institute for Science and Technology in Chennai, India are currently collaborating on projects in population and public health, alternative energy and nanotechnology. The two institutions signed a Memorandum of Agreement in June 2006.

RESEARCH

It takes time for our research teams to build relationships and networks in the countries where they work, but the results compound over the years. Where funding permits, Queen's has stayed for the long haul.

Our people have worked in the Balkans for 13 years, furthering primary health-care reform, helping establish a family medicine education residency program, and developing treatment and rehabilitation systems for the disabled, including numerous landmine victims.

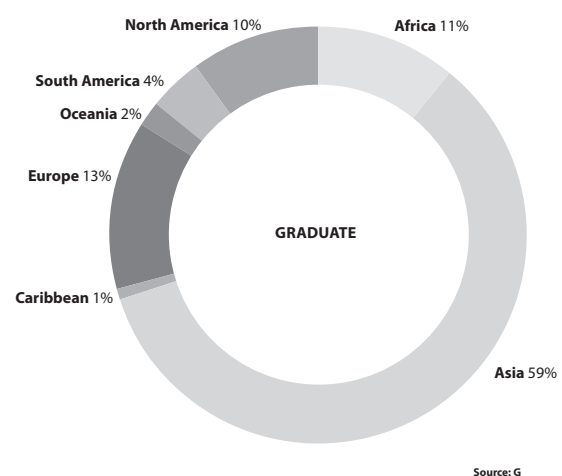
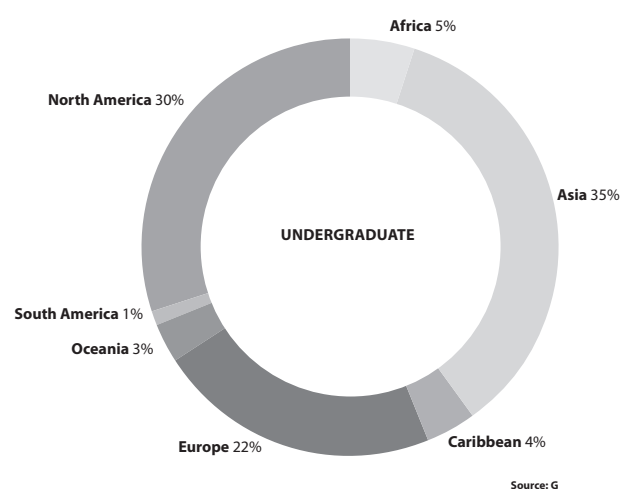
International Highlights

- Queen's partners with the University of the West Indies in Jamaica to foster international teaching relationships and focus attention on eye care in developing countries.
- Peter Katzmarzyk, School of Kinesiology & Health Studies, and a team of researchers from Queen's and the University of Guadalajara, Mexico are awarded \$1.6 million over four years to study childhood obesity in Mexico through the federal government's Global Health Research Initiative.
- Scott Lamoureux, Geography, receives an International Polar Year grant for \$670,000 to study the effects of climate change.
- Tom Axworthy, Centre for the Study of Democracy, receives \$150,000 from the International Development Research Centre to continue a comparative analysis of ten countries transitioning to democracy. The current grant focuses on Costa Rica, Liberia, and Palestine.
- Fuel Cell Research Centre team visits International Institutes of Technology in Mumbai and Delhi, India, and the SRM Institute for Science and Technology in Chennai, India.
- Brant Peppley, head of Fuel Cell Research Centre, joins Government of Canada Science and Technology mission to China to discuss alternative energy.
- Jon Pharoah, Fuel Cell Research Centre joins Government of Canada Science and Technology Mission to Brazil on Alternative Energy.
- Southern Africa Migration Project is awarded \$800,000 to monitor trade in southern Africa.
- Larry O'Farrell, Professor in Drama Education, is awarded the first UNESCO Chair in Arts and Learning, for an international research and development project on e-learning for teacher education in drama and theatre education.
- Two projects related to Tsunami relief and re-building in Sri Lanka are funded by CIDA.

Major continuing research includes:

- Centre for the Study of Democracy: Researches governance, democratic reform and public administration around the globe. Studies nearing completion in 2007-08 include democratic transitioning in Israel, limiting military interference in Costa Rica, elections and repatriation in Liberia, Palestine's democratic election of Hamas, and the role of India's Diaspora in Canada. Over 5 projects and \$3 million in funding since 2000.
- International Centre for the Advancement of Community Based Rehabilitation (ICACBR): Disability, rehabilitation, health reform, governance, landmine victim assistance, post conflict and post-tsunami reconstruction and assistive devices. Over 15 projects and \$30 million in funding since 1992.
- Social Programs Evaluation Group: Community based rehabilitation, children in conflict, landmine victim assistance in Central America and Palestine. Over 5 projects and \$4.5 million in funding since 1998.
- Southern African Migration Centre: Migration, HIV/AIDS, Food Security. Over 10 projects and \$8 million in funding since 1994.
- Dr. Geoffrey Hodgetts (Family Medicine) World Bank funded family medicine project in Bosnia and Herzegovina. This \$5.2 million project is to train family doctors in Bosnia and Herzegovina and builds upon Dr. Hodgetts 10-year development project in the Balkans funded by the Canadian International Development Agency.

REGIONS OF CITIZENSHIP OF INTERNATIONAL STUDENTS



ALUMNI

Queen's is working to maintain and build ties with a growing number of overseas alumni, particularly in Asia. Our recently hired representative, to be based out of our new office at Fudan University in Shanghai, China, is expected to be of invaluable assistance in this regard.

International alumni are key to our efforts to increase Queen's profile to help recruit more international faculty and students and develop new research and faculty collaborations.

Alumni branches continue to expand their involvement in the area of international student recruitment. Many branches, from Hong Kong and the United Kingdom to Boston, Philadelphia and San Francisco, are now hosting Countdown to Queen's events, where new Queen's-bound students and families are invited to meet and

connect with alumni and students in their hometowns before departing for Kingston. Alumni branches have also been instrumental in hosting the Principal during her outreach missions over the past year across Canada, the United Kingdom, Europe and the United States.

LOOKING AHEAD

Curriculum

Two new consortia exchange agreements involving Queen's are in the planning stages. They would provide exchange opportunities between Ontario universities and a number of institutions in the Maharashtra-Goa regions of India and between 12 Canadian and 13 Japanese universities. The province has provided financial support for the former.



Business School Goes Global

- In 2006-07, Queen's saw the highest ever percentage of third-year Commerce students spending a term abroad. At 65 per cent, this is also the highest percentage of students going away on optional exchange of any business school in Canada.
- The School continues to add to the current list of 46 partner schools which host its students. About 100 exchange students from 36 different universities in 20 countries came to study at Queen's School of Business in the fall of 2006.
- The Bachelor of Commerce exchange program had an all-time high of 346 outgoing and incoming students in 2006-07.
- The new Master of Global Management Program, the first of its kind in Canada, launched in fall 2007. It requires students to go on exchange to one of over a dozen partner universities for half of the 12-month, full-time program.
- In March 2007, seven students from the redesigned full-time MBA Program left on that program's first exchange to study at either the Indian School of Business in Hyderabad, India – the first such exchange with that country – or the University of Mannheim in Germany.
- The Executive MBA program is also going global by offering an optional international exchange component as part of the program's newly restructured curriculum. Currently, Executive MBA students have the opportunity to study at internationally recognized partner schools such as Instituto Panamericano de alta Dirección de Empresa (IPADE) in Mexico. Other partnerships are being explored in China and Europe.

QUEEN'S AS A NATIONAL RESOURCE 6



Queen's Project on International Development (QPID)
Baker Lake, Nunavut, Canada

QUEEN'S AS A NATIONAL RESOURCE

Queen's strong tradition of public service in Canada and internationally is well known, as is our commitment to providing leadership on issues of public policy. Our programs and depth of expertise in areas such as health sciences, law, business, engineering, education, political sciences, policy studies and economics continue to be a valuable resource for the country and the world. Our faculty are continually sought out by media across the country to provide commentary and analysis on important issues of the day as well as expert courtroom testimony. Queen's faculty also provide leadership through involvement in organizations beyond the campus. Our research works to make Canadians healthier and more productive, our roads, mines and bridges safer, our environment cleaner, and our governments and schools more effective. When we see opportunities to share our know-how with other countries we do so, as in the case of the international work of the Queen's-led Ethnicity and Democratic Governance Project, which leverages Canadian successes in governing multicultural populations to help other countries develop practical tools and strategies for working through ethno-cultural conflicts.

As a national university, Queen's attracts students from across the country. Our commitment to building an academic community that is representative of all parts of the country is evident in our recruitment strategy, which places a priority on attracting students from outside Ontario. The University also works to identify and remove barriers faced by qualified students. Through the current expansion of our first-generation program, Queen's is increasing its outreach to talented high-school students who have the potential to be the first in their family to attend university.

In both teaching and research, we continue to bring to the forefront the questions and issues that are of particular concern to Canada and Canadians.

Canada's need to develop more capacity for research in public health, for example, is fueling Queen's current development of a School of Public Health and related research, through the newly established Centre for Population and Public Health degree programs.

Leadership roles beyond campus

- Brant Peppley (ChemEng), Director of the Queens-RMC Fuel Cell Research Centre, recently began a three-year term on the Ontario Research Fund Advisory Board in 2006.
- Gary Trotter (Law) was appointed to the Ontario Court of Justice in 2006.
- Mining Engineering professor Ugis Bickis, an expert in occupational hygiene and human health risk assessment, has been asked by World Health Organization to assist in international planning for the next potential flu pandemic.
- Wendy Craig (Psychology) is leading a group called PREVNet, which is developing a national strategy on bullying.
- The Ontario Hospital Association appointed Dr. Dick Zoutman (Pathology and Molecular Medicine, Community Health and Epidemiology) to help Ontario hospitals prepare for the next pandemic.
- Joy Mighty, Director of the Queen's Centre for Teaching and Learning, was elected President of the Society for Teaching and Learning in Higher Education.
- Chancellor Charles Baillie was appointed an Officer to the Order of Canada in recognition of his outstanding achievement and service in industry, commerce, and business.
- John Rae, former Chair of Queen's Board of Trustees, was appointed an Officer of the Order of Canada in recognition of his outstanding voluntary services.
- William Marshall, an emeritus professor in Psychology at Queen's, was appointed an Officer of the Order of Canada for his contributions to the Social Sciences.
- Physicist Art McDonald, Director of the Queen's-led Sudbury Neutrino Observatory, was appointed an Officer of the Order of Canada in recognition of his lifetime scientific contributions in the field of astrophysics.
- Elizabeth Eisenhauer, Queen's University Oncology Professor, was appointed President of the National Cancer Institute of Canada in 2006.
- Former Principal William Leggett became Chair of the Board of Directors for the Canada Foundation for Innovation.
- Ray Satterthwaite, Queen's Associate VP (Advancement), was appointed President of the Canadian Council for the Advancement of Education (CCAEE).

Canadian-centered Initiatives

Queen's School of Medicine is in its 43rd year of supporting a range of health services to the people in the James Bay community of Moose Factory, partnering with its regional hospital to provide assistance and expertise in more than 20 medical specialties, while providing invaluable experience for Queen's medical residents and students.

The Centre for the Study of Democracy has spent more than a decade studying various aspects of democracy and governance in Canada and abroad. A current major initiative focuses on emergency

management and building world-class research and professional development programs to enable decision-makers to implement plans to protect society, the environment, and our democratic values in threatening situations. Other ongoing studies at the centre include a comparative study on resources available to Canadian MPs, the US Congress and other national legislatures, and an investigation of methods for improving the performance of the Canadian public sector based on comparative research from other Commonwealth countries.

National Highlights

- Queen's leads a panel investigating and providing recommendations to the province on well water safety and sustainability.
- Principal Karen Hitchcock is leading a consortium of research universities to develop a national strategy for public health in Canada.
- Professor Martha Bailey (Faculty of Law) co-authors Status of Women report on polygamy.
- Samantha King (Kinesiology and Health Studies) presents new research in her book, *Pink Ribbons Inc. – Breast Cancer and the Politics of Philanthropy*, which questions the effectiveness of corporately funded efforts to raise money for breast-cancer research.
- Don Klinger (Education) is lead author of a major study of the relationship between school library resources and student performance, which provides evidence that the presence of trained library staff improves student achievement in Ontario schools.
- A study by researchers from Queen's and Kingston General Hospital suggests that patients who exercise on a stationary bike during dialysis show better results in clearing toxins and increasing overall stamina.
- Researchers in the Department of Kinesiology and Health Studies develop new criteria to identify teenagers with abnormal blood cholesterol levels, which increase their risk of developing heart disease.
- Canada's "points system" attracts a higher percentage of skilled workers than the U.S., according to research by Economics professor Charles Beach, who presented his findings to a U.S. Senate committee.
- Close to 6,000 teachers throughout Ontario and in other provinces upgrade their skills through the Faculty of Education's growing and highly popular electronic continuing education program.
- Queen's librarians continue development of partnerships between the Bracken Health Science Library and health services providers in southeastern Ontario.
- Queen's is leading a three-year project (2006-09) funded by the Canadian Institutes of Health Research to develop community-based interventions for dealing with Fetal Alcohol Syndrome. The project involves Aboriginal decision-makers, UBC, McMaster, Lakehead and the University of Wisconsin.
- The Centre for Obesity Research and Education is working to bring together regional and provincial public-health care representatives with experts at the University to translate scientific information to make it more accessible and easily understood by health care professionals, educators, and the public in general.

SUPPORTING AN ENVIRONMENT OF EXCELLENCE 7



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SUPPORTING AN ENVIRONMENT OF EXCELLENCE

Strategically acquiring and managing resources in all forms is fundamental to Queen's ability to reach its goals. The finalization of the Strategic Plan late in 2006 has led to a number of internal reviews and initiatives to help keep our faculty and staff engaged and satisfied, our relations with government proactive, our sources of revenue diversified, and our fiscal environment stable, transparent and accountable. These tasks require leading-edge organizational systems and planning, and comprehensive communication efforts to build bridges with external constituencies such as our alumni and the local community.

OUR PEOPLE

The University's 2007-08 operating budget provides for a 5.2 percent increase (\$11.5 million) in funding for salary and benefits for faculty and staff, as Queen's seeks to stay competitive in the job market.

With talent scarcity projected to continue well into the future, it is critical that Queen's understands what it takes to attract and retain the people needed for success. An examination of all Human Resources policies and procedures is underway across the University to ensure our practices advance the goal of becoming an employer of choice, as measured by external employer-rating scales. The University has also partnered with Hewitt Associates, one of Canada's most prestigious human resource consulting firms. Hewitt Associates conducted a pilot engagement survey in June 2007 on what is important to employees in their work environment. The results of the survey in the fall of 2007 will indicate to leaders at all levels of the University what employees feel are our core strengths and what areas to focus on to improve and enhance the work experience here at Queen's. Human Resources will use these results to review human resources related policies and practices to ensure that the University's people practices support and enhance employee satisfaction and Queen's reputation as a great place to work.

The 2006 restructuring of the Human Resources department has permitted a more holistic approach to ensuring that the people of Queen's have new opportunities

for professional growth in an environment sensitive to their needs and capabilities.

In keeping with its increasing focus on employee health and wellness, Human Resources organized the Healthy U Wellness Fair for all employees, to showcase the range of services available to them on campus and in the community – from ergonomic assessments on workstations to a variety of lunchtime exercise programs. These initiatives are part of a larger plan to centralize health, wellness and accommodation services for all employee groups.

About 650 employees have completed a health-risk appraisal survey and consultants will present the results, as well as suggestions for responsive initiatives, to Human Resources administration this fall.

Queen's completed five labour agreements with employee groups, three of which are four-year agreements, and discussions are continuing with these groups regarding issues arising from new pension valuations. The University also struck new rate agreements with its health- and life-insurance carrier, allowing for reductions in rates for many employees. As part of our efforts toward becoming a nationally ranked employer of choice, leadership competencies have been created as a basis for career development and succession planning among staff. This new system is also expected to serve as a base for development of a parallel academic leadership model.

CAMPUS REVITALIZATION

Queen's has embarked upon one of the most significant periods of campus development in its history. The massive Queen's Centre project officially broke ground on March 2, 2007. The \$230-million complex is designed to be a hub of social, academic and athletic activity at the heart of campus and it is expected to transform our distinctive broader learning environment over the next 10 years. Clearing the site, including the demolition of houses and relocation of underground services, began in the spring of 2007, with the demolition of the Jock Harty Arena scheduled for summer 2007. The new Phase 1 facilities are scheduled to be occupied in September 2009.

In April an \$8.7 million landscaping facelift for University Avenue, the main campus boulevard, began, with funding generously provided by Patrick McNally and John McGibbon. The one-kilometre roadway will be narrowed to create more space for people and greenery. The construction of a \$34.7 million underground parking garage topped by an artificial running track and playing field began in the summer of 2007. Its 570-car capacity is expected to relieve the chronic parking shortage on campus, and provide all-weather outdoor athletic facilities. The \$15 million renovation of Gordon Hall/Gordon Annex was completed in June 2006, consolidating the University Registrar and various student services in one location.

In addition:

- A \$2.5 million renovation was completed in June 2006 to accommodate space needs at the High Performance Computing Virtual Laboratory – part of a Canada Foundation for Innovation (CFI) grant.
- A \$2.6 million upgrade of food-service facilities in the Victoria Hall residence was completed in August 2006.
- A \$12.25 million renovation of senior administration space at Richardson Hall is underway and scheduled for completion in fall 2008.
- A \$5.8 million redevelopment of McNeill House is the first phase of the redevelopment of the residence buildings, which is slated for completion in time for

the arrival of new residents in September 2007. Phase One will then continue with Morris, Jean Royce, Leonard and Gordon-Brockington. The renovations will create more accessible, upgraded fixtures, and new bedroom furniture and more contemporary, multi-functional common spaces, significantly improving the functionality of the existing facilities, 75% of which are at least 40 years old.

- In 2006, Queen's purchased a three-acre parcel of waterfront land from the City of Kingston. The purchase was made possible by a large gift from Queen's benefactors Alfred and Isabel Bader, and gives the University a place to develop a much needed Arts Campus. In June 2006, Queen's commissioned the project to the firm of Snohetta and EMA Architects, which is currently designing the World Trade Centre Memorial Museum Pavilion in New York. Construction is expected to begin late this summer or early fall of 2008, with completion targeted for the summer of 2010.

The University also continues to proactively negotiate for land acquisition to the west of campus to ensure that future needs for new facilities can be accommodated.

Planning is underway for major re-development at Richardson Stadium as part of "The Fields and Stadium Project."

DEVELOPING NEW REVENUE SOURCES

Despite the province's *Reaching Higher* funding program, Ontario continues to rank last among the provinces in terms of provincial operating grants per capita to universities. Current funding does not cover the cost of inflation, and it would take an additional \$950 million annually to reach the 2004-05 average funding level of the other provinces, according to the Council of Ontario Universities.

Given the challenging fiscal climate, the University must increasingly rely on philanthropy and advocacy to ensure it can maintain and advance the quality of the learning environment and the margin of excellence

required to compete for choice students and faculty. In response to this challenge, the Office of Advancement established the Queen's Partnership Program, which provides a policy framework for the University to work with a limited number of select companies to explore customized programs of maximum benefit to Queen's. These programs could involve preferred vendor programs, product integration, on-campus retail locations and associated branding. Advancement is currently working with several organizations to evaluate potential opportunities.

At the same time, effective advocacy for increased provincial funding to cover operating costs as well as costs associated with infrastructure and deferred maintenance remains a priority. In August 2006, Principal Hitchcock established a government relations office and Sean Conway was appointed Queen's University's Special Advisor to the Principal for External Relations. He brings invaluable experience and expertise to the role. A Queen's alumnus, a veteran of the Ontario legislature and former cabinet minister under Premier David Peterson, Mr. Conway has been the Director of Queen's University's Institute of Intergovernmental Relations in the School of Policy Studies since 2005.

ALUMNI RELATIONS AND FUNDRAISING

Active fundraising raised \$39.96 million as of April 30, 2007.

The Annual Giving program brought in \$5.6 million, a 12% increase over last year, with the majority of funds being raised through phone and mail programs under the "Think Big" campaign. Almost half of these funds (43%) were directed to the Queen's Annual Fund, which supports many campus priority needs, including student financial aid, libraries, and technology upgrades. A further 31% was allocated to faculties and the remainder to named student awards and bursaries, as well as facilities and student services.

The Annual Giving program continues to provide excellent potential for future revenue growth. Although such contributions are vitally important to Queen's, current surveys show that most Queen's graduates do not believe that Queen's needs their donations. These attitudes change when alumni become more engaged with their university and improve their understanding of the significance of their ongoing financial support. In response to this challenge, Alumni Relations and Annual Giving representatives have begun working with student leaders at the Alma Mater Society on initiatives designed to help current students understand their roles and volunteer opportunities as future alumni.

Donor Highlights

- Due to the generosity of Drs. Alfred and Isabel Bader, Queen's has purchased the land formerly known as the Tett Centre to create an Arts Campus.
- The John Weatherall Visiting Scholar Fund in Economics was established by a \$4 million pledge from the Jim Pattison Foundation to bring leading economists from universities around the world to visit Queen's for periods of between one week and one year.
- The McGeachy Family Equipment Fund was established by Mr. Donald McGeachy to provide funding to the Department of Mechanical and Materials Engineering (MEE) to purchase new equipment and renew or replace aging equipment.
- Mrs. Edna and the late Mr. Ernest Johnson, loyal Alumni and friends of Queen's, established a Chair in Ophthalmology which is now complete.
- A \$1 million U.S. pledge from long-time Queen's University benefactor, the Melvin R. Goodes Family Foundation, is the basis for an award enabling two eligible students from Hamilton's Westdale Secondary School to attend Queen's University each year – just as Mel Goodes himself did in the 1950s.
- Robert Gilbert, a geography professor for the past 31 years, donated \$1.26 million to establish a post-doctoral fellowship in the Department of Geography.
- Continuing support from Mr. John McGibbon, a dedicated Commerce Alum, sustains the Rehabilitation of University Avenue originally initiated through the generous support of Mr. Patrick McNally.

Queen's created the Alumni Education Services Unit in 2005 to offer alumni and other friends a diverse range of educational experiences both on- and off-campus, in person and online. The unit arranges focused group travel and learning experiences involving faculty with expertise in the area or focus of the trip. This is also a reflection of renewed efforts to ensure that the University remains relevant and useful to alumni throughout their lives. For example, a new educational and community outreach event, dubbed "Mini U", to be held over a weekend in May 2008, has the University hosting both alumni and local citizens over two days of stimulating cultural and intellectual events.

When it comes to supporting current and potential Queen's students, alumni gestures of personal support are legion, from that of the small German branch which raises funds to help defray an exchange student's costs, to the Kingston branch which hosted a holiday reception in December for international students staying on campus over the Christmas break.

This year there were 53 class-giving campaigns, spearheaded by alumni volunteers. They raised over \$800,000 for a variety of uses – from student aid and scholarships to lab equipment and broader learning initiatives. Revenues resulting from online giving increased \$118,478 (61%) over the previous fiscal year, showing the increasing propensity of our alumni to give through this convenient channel.

The goal of doubling Annual Giving in five years is now one of the Office of Advancement's major objectives.

LIBRARIES

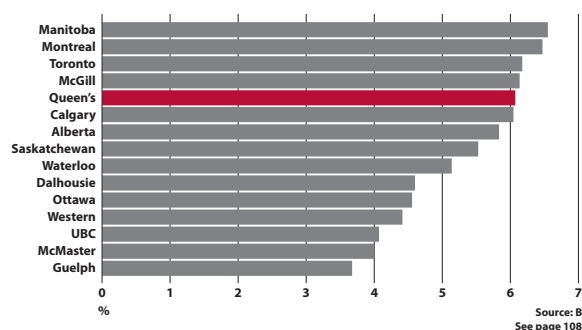
Many of the major new initiatives undertaken by Queen's Library are intended to support the expansion of inquiry-based learning across all faculties.

In recent years, the University has been revamping library services from a student perspective, breaking down traditional department boundaries and creating an integrated learning experience. A prime example was the \$1.5 million Phase One of the Queen's Learning Commons (QLC), which opened in the fall of 2005. More than 150 state-of-the-art desktop computers give entry to an enriched learning environment on the ground floor of Queen's largest library. Designed to support students through the entire learning process, this space houses Library Services and Information and Technology Services, Learning Strategies Development and the Writing Centre.

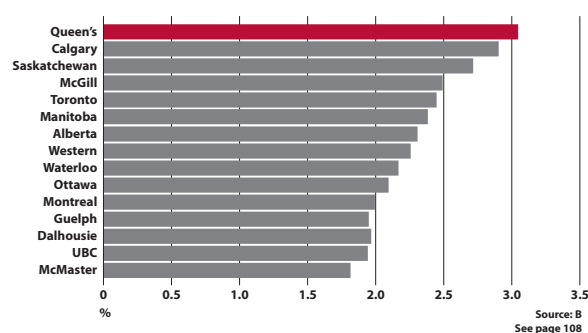
As part of Phase Two of the QLC project, the Library is now expanding digital and print collections to support undergraduate teaching and research and has moved the Adaptive Technology Centre, with its special equipment and support for disabled students, to a highly accessible and visible location just inside the library's main entrance. This will enable all students to benefit from the consolidated services of the Learning Commons while creating greater awareness of disability issues.

Library resources have been key to the development of the first annual Inquiry@Queen's Undergraduate Research Conference, held at the Learning Commons at Stauffer Library in March. The Library is now home to a new Inquiry@Queen's journal for student research publications as preparations proceed for next year's conference.

LIBRARY FUNDING AS A PERCENTAGE
OF OPERATING REVENUE 2005-06



LIBRARY ACQUISITION FUNDING AS A
PERCENTAGE OF OPERATING REVENUE 2005-06



Construction is expected to be completed this fall on the new Library Café, located in the main entrance rotunda of Stauffer Library. It will feature booth seating and wireless internet, giving busy students a comfortable environment in which to study or relax. Stauffer Library also continues to collaborate with the Centre for Teaching and Learning and IT Services to provide a comprehensive range of teaching and learning support.

As a means of increasing their cross-cultural skills and awareness, library staff have undergone training workshops led by the Queen's University International Centre (QUIC). More international students are being hired as casual assistants, and discussions are underway with the School of English about possible initiatives to help develop their students' information literacy skills. Library staff are working with the Faculty of Graduate Studies and Research to develop an electronic theses service and to integrate library content and search tools into research and graduate students' on-line environments.

ENGAGING OUR LOCAL COMMUNITY

A great deal of effort on the part of students, local alumni, community volunteers and the administration was rewarded last fall when Queen's succeeded in toning down the unsanctioned street parties during its annual Homecoming weekend celebration, and as a result holding a safe and successful Homecoming celebration.

Incidents encountered during the 2005 Homecoming had significantly strained relations with the local community. Since then, many students have been demonstrating a strong sense of civic responsibility by volunteering in the community and working to improve

relations between students and residents in the student village around campus.

In April 2007 the inaugural Student Civic Responsibility Award was awarded to three students nominated jointly by members of Queen's and the Kingston community, for projects involving local beautification projects, contributions to town-gown relations, and work with the local John Howard Society. As well, the Town-Gown and Community Outreach Coordinators collaborated with local agencies and officials from the City of Kingston to improve move-out practices in the student neighbourhoods. Over 900 door-knob flyers outlining a checklist of disposable items and contacts for local charities were distributed in the student areas, along with 300 exam packs that included donation bags for the Salvation Army's clothing drive. The Salvation Army also parked a truck in Victoria Park on April 30th and May 1st to collect "gently used" items. A letter distributed to 1,500 property owners in the student neighbourhood reminding landlords of City bylaws and providing homeowners with a phone number to report violations of these bylaws. These initiatives are all part of the University's commitment to work with the City, the AMS, and with other community partners to implement the recommendations of the Principal's Task Force on Community Relations.

Another recent initiative by the University to build town-gown goodwill is the Queen's University Student Community Relations and Civic Responsibility Fund. Four projects were chosen in the spring of 2007 to receive funding, including conferences on leadership and social indifference, an art mural on the wooden-panel barriers around the Queen's Centre construction



site, an after-school arts and drama program for children, and landscape beautification work.

More than 105 community leaders attended a community breakfast to hear Principal Hitchcock discuss implications of Queen's Strategic Plan for Kingston. The "Queen's-Kingston Community Breakfast", held quarterly in Kingston, has been a well-attended event, building relationships, networking, and shared understanding between Queen's and its many community partners.

Queen's has purchased a former family home in the heart of the student neighborhood at 11 Aberdeen Street to establish a new Student Community Outreach Centre. The house will keep its homey feel but will have increased space for student and community-centered programming. Student interest will play a large role in determining the types of programs and resources available at the house, which are expected to include social events for student parents, club meeting space, potluck dinners with neighbours, and a commuter lounge.

"Queen's and the Community", a four-part speaker series, brought community speakers from Kingston non-profit groups to campus for discussions around matters of environmental engagement, health and social action. The first "Our Town" event, held in March 2006, brought students in Residence together with student and permanent residents of the Union/Albert-Albert/Birch neighbourhood for a community dinner in Leonard Hall Cafeteria. Future events will target other neighbourhoods around the campus.

BUILDING OUR INSTITUTIONAL PROFILE

Our efforts to further enhance and raise our institutional profile intensified in 2006-07. We introduced a number of new and innovative marketing and communications initiatives this year in support of raising the University's profile both nationally and internationally.

- In November 2006 Queen's became the only Canadian university in a group of 15 leading American institutions, such as Stanford and MIT, to be listed on Apple's iTunes public website through iTunes U, an initiative launched in June. Queen's debut proved popular, with nearly 22,000 hits to the Queen's iTunes U website and

approximately 10,000 content downloads since November 2006. Content includes public lectures, convocation addresses, videos of campus life and programs, previews of alumni magazines, historical content from Queen's Archives and athletic video highlights of the Queen's Golden Gaels.

- A clearly integrated and cohesive brand presence and message has been implemented across all of the University's marketing communications in support of the Queen's Strategic Plan.
- New on-line versions of the *Alumni Review* were launched this year. Two versions are now available, a completely accessible HTML version as well as a more dynamic Flash-based edition. Queen's is the first university in Canada to make both these versions of its magazine available.
- A Queen's Media Fellowship program on climate change was developed. Entitled *Six Degrees of Separation*, it brought 12 national science and environmental journalists together with leading Queen's faculty as an educational and relationship-building opportunity.
- Queen's was approved for membership in the New Media Consortium, an international not-for-profit group of 200 colleges, universities, museums, corporations and other learning-focused organizations dedicated to the exploration and use of new media and new technologies.
- Three communications initiatives were recognized in two separate competitions: the U.S.-based Council for Advancement and Support of Education's (CASE) Circle of Excellence Awards and the Canadian Council for the Advancement of Education's (CCAE) Prix D'Excellence. The Homecoming poster campaign developed for 2006 received both gold and silver medals, "Queen's on iTunesU" received a gold, and the "Queen's Centre: The dream takes shape" an institutional promotion piece, was honoured with a bronze medal. CASE and CCAE awards are handed out annually to recognize outstanding achievements in alumni affairs, public affairs, development, student recruitment and overall institutional advancement.

INFRASTRUCTURE AND SUSTAINABILITY

Queen's is capitalizing on advances in technology to strengthen its capabilities in the areas of teaching and learning, research, and administration of the University.

Last fall, Queen's began preparations for replacing its legacy administrative systems with a modern, integrated solution for student, human resource, payroll and financial information systems. The introduction of this Enterprise Resource Planning (ERP) system has the goal of enhancing organizational effectiveness for students, staff and faculty. A Project Director was hired last winter and the University expects to be reviewing proposals from software vendor companies throughout the fall. Selection of a system will follow extensive consultation throughout the University, and a purchasing decision is expected in spring 2008. The system will be phased in over the next five years.

Other improvements in information technology in the past year include upgrades to the email systems to provide faster, more reliable and secure service with larger mail storage capacity. In addition, a new campus standard was established for secure wireless technology and much of the existing infrastructure has been converted to the new system.



Exciting new developments in IT for the next year include the introduction of a new web environment that integrates web based services customized to the role of the individual (MyQueen's Portal). Additional services will be introduced with the development of the portal. Other developments include expansion of wireless network access throughout campus with emphasis on teaching and learning spaces. Classrooms will continue to receive attention in the audio visual space with the continued expansion of electronic equipment, including two new video-conferencing facilities opening in September 2007.

Queen's is also focused on information systems security and has created and filled the new position of Information Systems Security Manager, to ensure proper supports are put in place to enhance the privacy and integrity of the University's electronic information.

On the sustainability front, Queen's is going well beyond its blue-box programs: It is currently establishing a sustainability office to coordinate and facilitate sustainability initiatives across campus. Appointments are expected to be made over the summer.

Sustainability Highlights

- Queen's recently became one of only a handful of Canadian universities to employ its own energy engineer, who will develop an energy plan for campus building to monitor energy use and suggest retrofits.
- The University's Cogeneration Facility was connected to the power grid and began generating power in September 2006. The \$25 million project is a joint Queen's University/Kingston General Hospital facility. Two gas-fired turbines were installed in the Central Heating Plant, generating electricity to reduce utility costs and recovering waste heat. It will ensure that University's assets are adequately protected during periods of prolonged power outage.
- The installation of \$335,000 worth of lighting retrofits has been completed, and is expected to shave \$100,000 a year off the University's utility bill.

EQUITY INITIATIVES

The Office of the University Advisor on Equity has hired an Equity Officer to enhance the delivery of equity training to faculty-hiring committees, including the development of training aimed at the needs of student committee members. The new officer will also track compliance and respond in cases of non-compliance, further develop on-line training resources, and help in the reporting of data on retention rates of designated group members such as Aboriginal and minority-group faculty.

In partnership with the Faculty Association, the University has also undertaken an Employment Systems Review for all employee groups covered by the faculty agreement to examine policies and practices. This will determine what barriers exist to employment opportunities for groups designated in the agreement. This review will examine recruitment, hiring, training, promotion, accommodation, and termination with a view to identifying and eliminating systemic biases and barriers. A consultant to conduct the review was hired in 2007.

ACCOUNTABILITY AND CONTROL

The University has retained its AA+ credit rating from Standard and Poor's, reflecting the firm's expectation that the University's debt burden will remain low by peer comparison. This is one of the highest credit ratings among Canadian universities.

Queen's has been highly rated for public accountability by the Canadian University Accountability Survey and we remain committed to the public disclosure of information.

Amendments to the province's Freedom of Information and Protection of Privacy Act (FIPPA) have been implemented and 25 staff members have been trained to act as resource people for FIPPA.

Queen's has also joined with 17 other Ontario universities in developing and compiling data to create an on-line bank of comparative information called Common University Data Ontario (CUDO). This resource covers enrolment, entering averages, student satisfaction, tuition and fees, number of teaching faculty, class sizes, research awards granted, graduation and employment rates by program, and more. CUDO was developed by the Council of Ontario Universities after a dozen universities, including Queen's, withdrew from the annual *Maclean's* survey of Canadian universities over concerns about the methodology used by *Maclean's*

in their rankings. The common data initiative is a complement to the extensive information that Ontario's universities already offer to the public.

The Office of Institutional Research and Planning has increased access to information through consolidation and presentation of a wide range of data on its website, and has fulfilled its commitment to post all of its results from the National Survey of Student Engagement.

The Queen's Board of Trustees moved this spring to divest both the University's Pooled Endowment Fund and Pooled Investment Fund of PetroChina and China Petroleum stocks in light of the crisis in Darfur. Both companies are seen as supporting a government regime that continues to support genocidal acts in the Darfur region.

The University continues to proactively engage in emergency preparedness planning. It now has a website where it updates the campus community on its influenza pandemic planning, and provides information on prevention practices, new cases of avian influenza, travel alerts and related links.

Other emergency planning initiatives involve the community. Police, for example, now have electronic access to blueprints for all campus buildings.

LOOKING AHEAD

Provincial allocations, while increasing, do not cover inflation, let alone the new quality initiatives envisioned by the Multi-Year Agreements required by Ontario's *Reaching Higher* Plan.

Provincial funding commitments are, in fact, less clear now given the trend toward the creation of one-time funding envelopes for special initiatives, with allocations being announced as late as two weeks before the close of the fiscal year.

While the new tuition framework introduced in 2006 does provide for some predictability of revenues, planning around provincial allocations will continue to be a challenge given such delayed allocation and shifting allocation methodologies.

Queen's is preparing an annual operating plan that will enable us to link resource allocation decisions directly to specified, measurable objectives in support of the Strategic Plan goals.

FINANCIAL RESULTS 8



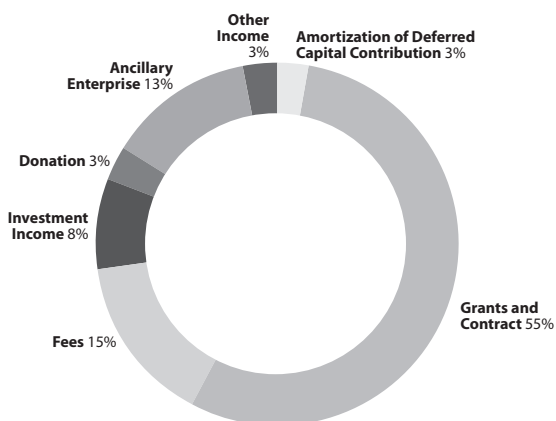
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THE FINANCIAL YEAR 2006-07 IN REVIEW

(MAY 1, 2006 TO APRIL 30, 2007)

FINANCIAL HIGHLIGHTS

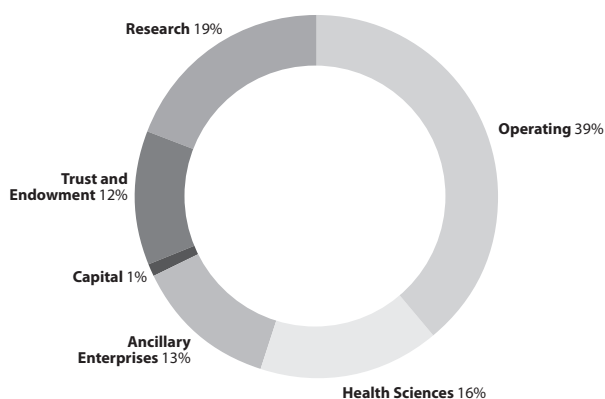
Total University Revenue by Source \$733 Million (2005-06 – \$678 Million)



Total University revenue increased by \$55 million (8.0%) to \$733 million compared to 2005-06. The major revenue increases were in Grants and Contracts (\$21 million – provincial government grants (\$13.8 million) and Health Sciences (\$9.5 million)), Investment Income (\$17.9 million), Donations (\$9.1 million) and Tuition Fees (\$3.9 million). Grants and contracts of \$408 million represent 55% of the University's total sources of revenue. Grants provide financial support and often have some restrictions attached. Included are government operating grants of \$155 million, Health Sciences grants of \$111 million and Research grants of \$104 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 \$31 million.

(For a comprehensive breakdown, see Appendix 1)

Total University Revenue by Fund \$733 Million (2005-06 – \$678 Million)

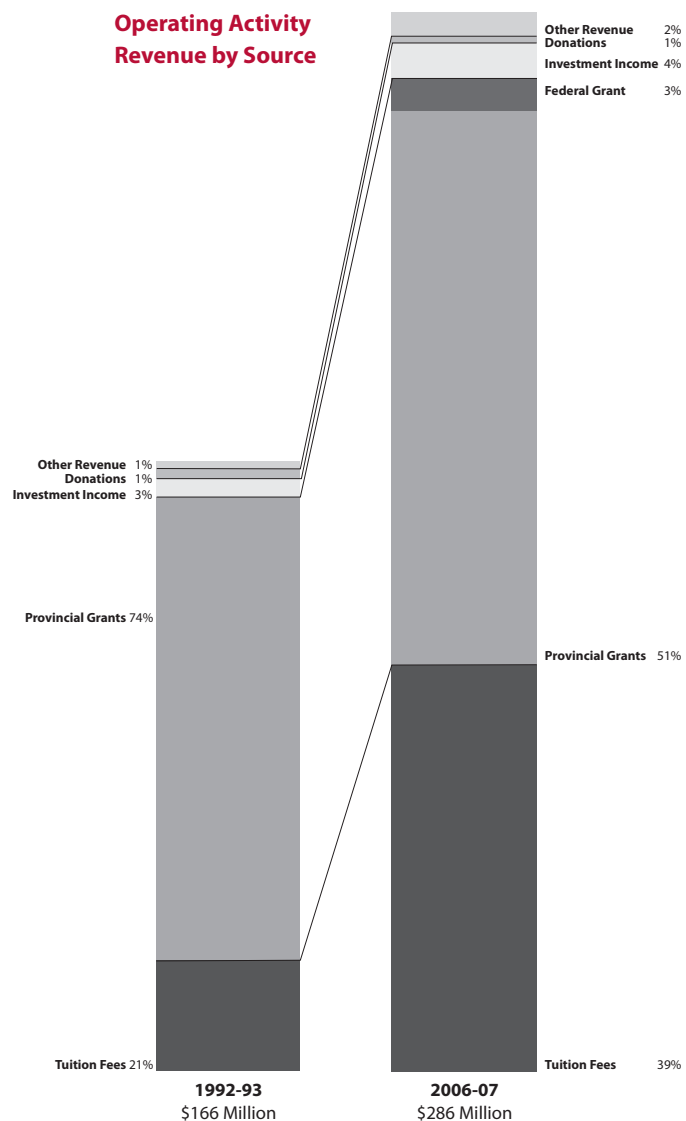


Consolidated operations of the University include Operating, Health Sciences, Ancillary Enterprises, Capital, Trust and Endowment, and Research activities.

The University's Operating activity, for example, accounts for 39% of the University's total revenue. Operating revenue, totaling \$286 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



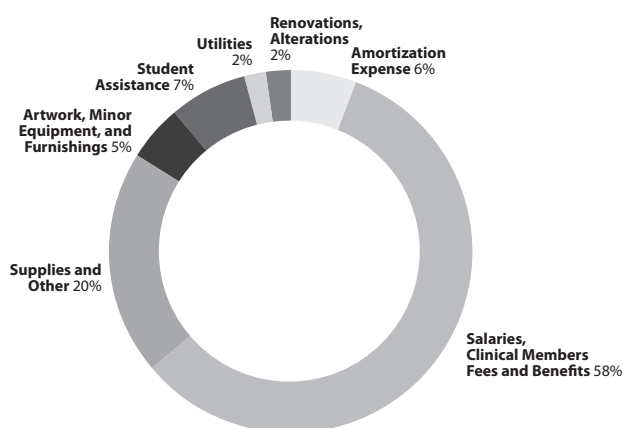
The Operating fund finances the core academic and administrative support activities of the University. Operating fund revenue is primarily composed of provincial government operating grants (51%) and tuition fees (39%).

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, by federal government grants in support of the indirect costs of research and by increased investment income.

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. However, future provincial funding must also provide for inflation if the gains being made from this new investment are to be protected.

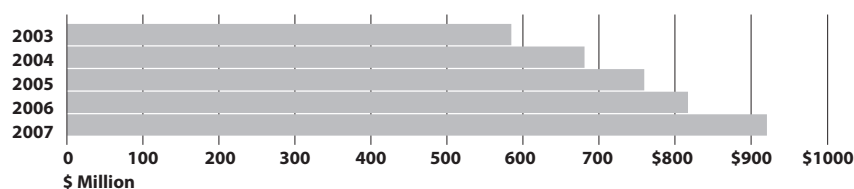
Total University Expense by Type
\$695 Million (2005-06 – \$637 Million)



Total expenses increased \$58 million (9.1%) to \$695 million as compared to the previous year. Major areas of increase were in: Salaries, Clinical Members Fees and Benefits (\$26.3 million); Artwork, Minor Equipment and Furnishings (\$13.4 million); and Student Assistance (\$8.8 million). Over half (58%) of the University's resources are spent on salaries and benefits which totaled \$400 million during 2006-07, an increase of 7.0% 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, 2007
(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 \$924 million, an increase of \$105 million (12.8%) during 2006-07. The increase in 2006-07 results from a combination of donations and investment returns.

(For more information regarding book and market values, see Note 17 of the Notes to Consolidated Financial Statements.)

SUMMARY OF ACTUAL RESULTS FOR 2006-07

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 (\$286 million) represents 39% 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 \$4.8 million (before employee future benefits expense), increasing the accumulated operating surplus (before employee future benefits expense) to \$6.9 million (from \$2.1 million in 2005-06).

REVENUES

In 2006-07, provincial government operating funding was \$146.9 million (up from \$133.1 million in 2005-06, an increase of \$13.8 million or 10.4%). Changes in 2006-07 government funding are summarized in Table 1. The provincial government announced its *Reaching Higher* plan for postsecondary education as part of the May 2005 budget. The *Reaching Higher* investments are to be used for improving access and quality in postsecondary education, and creating better facilities. Postsecondary institutions are accountable for achieving these objectives. During 2006-07 the government introduced Multi-Year Accountability agreements (MYA) and multi-year funding allocations, recognizing that the university sector needs funding stability and predictability in order to achieve the goals articulated by the government. Queen's MYA, submitted in November 2006, describes a number of initiatives related to curriculum, services, human resources and technology outlining targets and identifies the indicators Queen's will use to measure progress. These initiatives would not be possible without the Quality Improvement Fund.

Uncertainty regarding government funding poses significant challenges. The two most significant provincial government grants in 2006-07 were graduate expansion funding and Quality Improvement Funding. The most challenging issue related to provincial grant projections is the uncertainty the University faces as a result of delayed announcements from the province and shifting distribution methodologies. In 2006-07, Queen's funding for the fiscal year was disclosed and distributed only a few weeks prior to year end. In addition, the government created a number of new funding envelopes and many of the allocations from these envelopes were one-time only funding. Allocations to universities were based on mechanisms different from the traditional "shares" method. Although we received far more cash funding than anticipated, we have no assurance as to the level of continuing funding going forward. These actions do not provide the stability and predictability of funding required in order to achieve the government's goals.

During 2006-07 the federal government flowed \$390 million to Ontario in support of postsecondary education. Queen's share of this funding was \$12 million, the majority of which will actually be spent during fiscal 2007-08. Queen's has set aside \$6 million of this funding to bridge the University budget to 2008-09 when the federal government's plan to address the fiscal imbalance issue may provide provinces and territories with significantly more resources to invest in postsecondary education.

TABLE 1
Provincial Government Operating Funding
(000's omitted)

	Budget 2006-07	Actual 2006-07	Actual 2005-06
Base Operating Grant	\$ 111,247	\$ 110,920	\$ 110,910
Quality Assurance Fund	4,352	4,352	4,352
Quality Improvement Fund	8,300	6,648	4,500
Tuition Freeze Compensation	6,259	6,100	6,259
Graduate Expansion	8,525	6,620	5,325
Enrolment Based Grants	21,003	21,062	18,797
Performance Fund	1,946	1,982	1,946
Research Performance Fund	1,500	1,132	1,527
Renovation Fund	1,826	1,658	1,825
Municipal Tax Grant	1,256	1,293	1,256
MTCU OTO year end allocation	0	13,000	0
Clinical Education	0	458	0
Other	745	792	884
Total Provincial Funding	166,959	176,017	157,581
Less: Allocation to Capital	(1,826)	(1,658)	(1,825)
Less: Allocation of Faculty of Health Sciences	(27,451)	(27,451)	(22,678)
Total Provincial Funding per Appendix 2	\$ 137,682	\$ 146,908	\$ 133,078

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

- MTCU One Time Only (OTO) – Several “one time only” unrestricted funds flowed from MTCU at year end, much of which was not expected by universities. Additionally, base funding that we had been forecasting did not materialize. The final result is a healthy bottom line for 2006-07 (\$10.9 million surplus before accrual for post employment benefits) with base funding deficiencies moving forward to 2007-08 (\$3.6 million). Our ability to effectively plan is made difficult by funding announcements made so late in the fiscal year. Provincial operating grants are under target by \$3.7 million, primarily as a result of graduate enrolment being lower than plan (\$2 million) and by a shortfall in expected quality improvement funding (\$1.7 million). The most challenging issue related to provincial grant projections was the uncertainty we faced until a few weeks prior to year end. The government created a number of new funding envelopes and many of the allocations from these envelopes were one-time only funding. Allocations to universities were based on mechanisms different from the traditional “shares” method. Queen's planned on a base increase of \$4.4 million for quality and per student funding in 2006-07. We now expect to receive \$2.2 million, however, only \$0.8 million of this amount will be base funding, leaving a base shortfall of \$3.6 million moving into 2007-08.
- On the cash side, Queen's received several unexpected, unrestricted transfers from the government. The year end allocations totaled \$16.5 million, comprised of a transfer of \$13 million of unrestricted cash, \$2.1 million for graduate student endowment, and a number of smaller transfers.
- The Quality Assurance Fund (QAF) is fixed at the 2003-04 funding level of \$4.3 million. The QAF program was cancelled by the provincial government in 2004-05 and replaced in 2005-06 by the Quality Improvement Fund.
- The May 2005 provincial budget allocated resources for a “Quality Improvement Fund”. Queen's share of the funding in 2005-06 was \$4.5 million, with a projected increase of \$3.8 million for 2006-07, for a total budget of \$8.3 million. The funding that flowed to Queen's for Quality Improvement in 2006-07 was actually \$6.6 million, with only \$0.5 million in “base” funding, the remaining \$1.6 million of the increase flowing as a one time only (OTO) allocation. This left the University with a base funding shortfall of \$3.3 million moving into 2007-08.

For 2007-08 the University expects to receive \$6.9 million in quality funding (a budget decrease of \$1.4 million, an actual increase of \$0.2 million over 2006-07 which reflects the government's 2006-07 year end allocation decisions, netted against an assumed \$1 million increase in quality funding).

- 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). There have been minor adjustments to the grant allocation and the University expects this grant to continue at the current level of \$6.1 million. In March 2006, the provincial government announced the details of its new tuition policy framework, which lifted the previously imposed tuition freeze. The Ontario government's tuition framework will, for the duration of the *Reaching Higher* plan (2006-07 to 2009-10), provide students with an indication of the maximum tuition increases they might expect over that period. In May 2006, Queen's received Board of Trustees' approval for specific increases to be applied to the 2006-2007 and 2007-2008 academic years.
- Graduate enrolment was lower than planned resulting in a \$1.9 million shortfall in enrolment based grant. Queen's expects to receive an additional \$2.7 million in funding in 2007-08 from graduate growth.
- Enrolment based grants include: funding for growth in 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. During 2006-07 Queen's received \$21.1 million related to growth funding which was on target with an increase of \$2.3 million over 2005-06.
- 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 2006-07, the province changed the allocation mechanism and is now attaching the grants to direct research support. This grant will continue to decline over the next few years, but will be recovered through internal overhead charges.
- 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 \$145 million. The base annual grant for deferred maintenance from the government is \$1.6 million. The University currently allocates an additional \$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 agencies¹. Federal government grants in support of the indirect costs of research were \$1.1 million greater than budget due to a \$40 million increase in the pool of funds available. The University expects to receive \$8.7 million in 2007-08. This funding represents an investment of approximately 25% of the federal tri-council research grants coming to the University and is used to support the indirect costs associated with that research.

Other revenues were on target relative to budget.

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

Expenses

A combination of increases in compensation and the number of employees contributed to the salary increase of 9.6%. Temporarily unfilled positions led to salary savings of \$1.1 million being realized on a total salary budget of \$165 million. Utility savings against budget were realized on the electricity side from combined effect of lower than expected electricity rates, a cooler summer and a warmer winter than planned. Supplies and miscellaneous expense include numerous accounts such as legal fees, insurance, travel, professional fees, and external contracts. In total supplies expenses were up \$0.5 million from 2005-06 and over budget in a few areas such as travel, professional fees and external contracts.

Other operating expenses are consistent with budget.

University wide, most expenses were consistent with expectations, with the exception of Artwork, Minor Equipment and Furnishings (\$13.4 million increase), Student Assistance (\$8.8 million increase) and Travel (\$1.7 million). Artwork, Minor Equipment and Furnishings in 2006-07 included \$8.9 million of donated artwork, which is expensed in the year of acquisition. The University is undergoing an intense period of graduate recruitment and has introduced new funding for recruitment and for student funding packages. As a result graduate student assistance increased by \$4.4 million. In order to increase the acceptance rate of undergraduate applicants with high academic achievement records, the University introduced new entrance scholarships and increased the value and number of existing scholarships. These initiatives contributed to the \$4.4 million increase in undergraduate student assistance. Travel expense increase primarily in areas of operating (recruiting/relocation costs) and research (9% increase consistent with 12% increase in revenues).

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

Health Sciences (See Appendix 1)

The Faculty of Health Sciences received \$83 million in 2006-07 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 (\$27.5 million in 2006-07) to fund medical students and students in the Basic Health Sciences (not funded by the AFP).

Ancillary Enterprises (See Appendix 1)

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 \$92.5 million in 2006-07 (\$90.9 million in 2005-06). Apartment and Housing, the Donald Gordon Centre, Parking, Residences, Continuing Education, the ISC and QCED all exceeded breakeven targets.

Final enrolment at ISC for all terms in 2006-07 was 610 against a target of 600. The ISC had an operating surplus of \$0.8 million, which compares very favourably to last year's surplus of \$0.2M and with the previous 5 years when losses averaged \$550 thousand per year.

PARTEQ, the University's technology transfer office, reported a deficiency of revenue over expenses of \$1.5 million on licensing revenues of \$1.0 million. Expenses include \$0.6 million distributed to inventors and \$1.2 million returned to the University. Since inception in 1987, PARTEQ has distributed \$10.3 million to inventors and returned \$13.8 million to the University. \$2.2 million of the \$4.6 million accumulated 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 (See Appendix 1)

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 \$649.5 million (book value of \$514.8 million). Within that total, the University's student assistance endowment, with a market value of \$285.6 million as at April 30, 2007, produces annual income of approximately \$11.6 million. The endowment for faculties and departments has a market value of \$232.4 million producing annual income of \$9.4 million.

The endowment fund had a one year gross return of 13.6% (year ended April 30, 2007). This return is above the benchmark gross return of 11.7% 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, 2007, the endowment had an annualized return of 10.5%. This return is 2 % above the annualized benchmark return for the same period.

Capital (See Appendix 1)

The University has entered a period of significant construction activity. Major construction projects have been completed over the past few years and have significantly enhanced the learning environment, and created the capacity to assimilate the increased enrolment related to the "double cohort". In 2006, two important projects were brought to completion, including the renewal of Gordon Hall (\$15 million), and the development of a Cogeneration facility (jointly owned by the University – 60%, and Kingston General Hospital – 40%). The Board of Trustees have approved a number of significant projects in 2006-07, including Phase I of the Queen's Centre (an incremental \$115 million), the new Tindall Field Car Park (\$34.7 million), the Queen's Centre Car Park (\$9.8 million), the McNeill House Redevelopment Project (\$5.8 million) and an addition to the University Avenue Redevelopment Project (\$2 million incremental).

Additional planning and construction 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 started in late 2006 and estimated for completion in the fall of 2009.

TABLE 2
New Capital/Major Renovation Projects
 (\$000's omitted)

Project	Project Budget ¹ Estimated Cost ²	Funding Sources	Status
Projects Approved:			
Richardson Hall Renovation	\$ 12,250 ^{1,2}	University sources	Expected completion fall 2008
Queen's Centre Project New construction and major renovations 3 phases over 8 years Total estimated cost is \$230 million	\$ 138,750 ^{1,2}	Fundraising and other sources	Phase 1 approved Construction in process.
Residence Redevelopment	\$ 5,750 ^{1,2}	Residence sources	McNeil House being renovated in summer 2007
University Avenue	\$ 8,700 ^{1,2}	Donors, City of Kingston, University sources	Expected completion fall 2007
Parking Structure – Tindall	\$ 34,700 ^{1,2}	User fees	Expected completion fall 2008
Parking Structure – Queen's Centre	\$ 9,800 ^{1,2}	User fees	Expected completion fall 2009
Fleming Annex Renovations	\$ 2,123 ^{1,2}	University sources	Expected completion fall 2007
Planning Funds Approved			
Stadium and Fields	\$ 400 ¹	Fundraising and other sources	Preliminary planning
Music Recital Hall	\$ 2,100 ¹	Fundraising	Preliminary planning
Goodes Hall Expansion	\$ 300 ¹	Fundraising and other sources	Preliminary planning
Advanced Research and Innovation Institute/Technology Park	\$ 200 ¹	Government and University sources	Will seek Board approval fall 2007

¹ The amounts reported have been approved by the Board of Trustees.

² Total estimated cost of project

RESEARCH

TABLE 3

Research Funding (before deferrals)
(000's omitted)

	2007	2006	2005	2004	2003
Federal					
SSHRC	\$ 6,094	\$ 5,209	\$ 4,598	\$ 4,340	\$ 3,083
NSERC	30,392	21,105	23,002	24,621	21,136
CIHR	19,222	17,015	16,026	14,656	13,366
CFI	7,835	13,097	5,935	17,768	14,246
Other	4,733	6,414	7,372	9,895	7,112
	68,276	62,840	56,933	71,280	58,943
Provincial					
ORF-RE, OIT, MRI, ERA	10,815	7,726	5,646	20,103	15,186
ARII Project from MRI	21,000				
Other Ontario Ministries	8,710	3,060	4,818	2,626	3,110
Other					
Corporate	30,739	38,562	29,531	24,080	24,295
Foundations and Associations	22,182	22,471	21,797	21,254	22,580
Other	9,225	6,012	6,735	11,555	8,942
Total	170,947	140,671	125,460	150,898	133,056
Indirect Cost Grants (included in Operating revenue)					
FICR	8,252	7,122	7,008	6,584	6,155
RPF	1,132	1,527	1,625	1,697	2,521
ROIE	2,310	2,300	2,359	2,300	2,257
	11,694	10,949	10,992	10,581	10,933
NSERC GRAD Fellowships	2,572	2,206	2,357	2,282	1,963
SSHRC GRAD Fellowships	3,207	2,775	2,153	1,577	1,061
	5,779	4,981	4,510	3,859	3,024
Total	\$ 188,420	\$ 156,601	\$ 140,962	\$ 165,338	\$ 147,013

Legend:

ARII	Advanced Research and Innovation Institute
CFI	Canada Foundation for Innovation
CIHR	Canadian Institutes of Health Research
ERA	Early Researcher Awards
FICR	Federal Indirect Costs of Research
MRI	Ministry of Research and Innovation
NSERC	Natural Sciences and Engineering Research Council of Canada
OIT	Ontario Innovation Trust
ORF-RE	Ontario Research Fund – Research Excellence
ROIE	Research Operating Infrastructure Envelope
RPF	Research Performance Fund
SSHRC	Social Sciences and Humanities Research Council of Canada

Research funding in 2006-07 at Queen's was \$188 million (before deferrals) versus \$157 million in 2005-06 (see Table 3). The increase in research funding resulted from funding of \$21 million received from the provincial government in support of the Advanced Research and Innovation Institute, as well as increases in the value of NSERC grants received.

The commercialization of Queen's research continues to generate economic benefits. Since 1987 more than \$700 million has been invested in PARTEQ spin-off and startup companies, and nearly 600 jobs have been created. Licensing and royalty streams from PARTEQ's activities have yielded more than \$39 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 \$13.8 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.

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 2006-07, 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 (shared with UBC).

Conclusion

The University achieved a positive financial outcome in the 2006-07 year. The additional funding received from the provincial government late in the fiscal year contributed to the positive financial outcome. The University continued with graduate growth and faculty recruitment initiatives.

Research funding increased \$32 million (20%) over 2005-06, which includes a \$21 million contribution from the province to the Advanced Research and Innovation Institute (ARII). This increased funding reflects the very strong achievements of Queen's researchers.

The University's ancillary operations continued their strong performance and ended the year with positive results 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

SUMMARY

The University has a number of fiscal concerns as it looks to the future. The immanent pressures faced by the institution include the following:

- Government funding
- Compensation increases
- Pension contributions
- Capital funding requirements

Government Funding – While the University is grateful for the commitment the Province has made to postsecondary education, recent government actions of converting required base funding to one-time only funding and postponing funding decisions until year end create considerable uncertainty and significant challenges. Provincial operating grants are not sufficient to cover inflationary increases, leaving limited opportunity for much needed quality improvements. Funding for deferred maintenance continues to be a concern as it is inadequate to protect against escalating growth of this issue in the future without significantly increased funding today.

Compensation increases – Annual compensation increases required to remain competitive in the marketplace are not sustainable in the medium-term without inflationary increased funding from the government. The University continues to explore other avenues of non-traditional funding to help close the gap.

Pension contributions – As noted later in the document, the pension deficit has grown from \$10.7 million to \$40.5 million in the most recent actuarial valuation. Significant additional contributions are required to retire this deficit over the next 15 years. These will impair our ability to invest in other initiatives in the future.

Capital funding requirements – Government capital funding, for building infrastructure, is not sufficient to deal with the backlog of maintenance needs and demand for more modern academic facilities. The need for campus revitalization and creation of new academic space will place both operating and capital pressure on the University. Queen's is currently working on a long-term capital plan which will address both our future capital, and consequently operating needs.

The pressures noted above are significant. In order to address their impact on the future of the institution, we are embarking on a multi-year planning process that will provide a roadmap to meet our strategic priorities while simultaneously providing for our fiscal stability and allowing the institution to address its academic mandate.

Details

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 Activity

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 has set a policy framework for tuition fees that limits annual increases to 5% across the institution. These two sources of revenue represent approximately 91% of the University's Operating fund revenue and are beyond the University's direct control.

While the Academic operations of the University are supported by many activities, the following four expense categories represent 90% of operating expenditures: compensation, student assistance, utilities and library acquisitions. These four primary expenses are essential to achieving our academic mission. A typical student spends four years on our campus meaning our "business cycle" is not one year, but four years. We need funding commitments that will allow us to provide the essential functions required to support that student for the duration of their educational experience at Queen's.

A troubling development is the action by the government in 2006-07 to provide funding as one-time only funding when institutions are seeking levels of funding that contain certainty and will allow us to invest in ongoing quality initiatives rather than one-time programs. Many funding decisions were delayed until year end, which causes even greater uncertainty.

The institution also continues to advocate for increased funding for inflationary costs and deferred maintenance, not just for itself, but for the system as a whole. Ontario continues to rank last amongst the provinces in terms of provincial operating grants per capita. Welcome news in this regard 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 are accountable for achieving these objectives.

Key among the government's 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. The government has also committed to contribute towards physical space needs of graduate expansion through a capital grant, to be flowed to institutions over 20 years, based on annual eligible enrolment of funded graduates.

Federal Government Funding

In its Budget 2007, the federal government provided an additional \$85 million of funding for the 3 federal research granting agencies, an average increase of 5.3%. The budget allocated an additional \$15 million to the Indirect Costs Program, an increase of 5%, which means the effective rate of compensation for indirect costs will decrease. An additional \$510 million for Canada Foundation for Innovation will enable it to undertake another major competition before 2010. The government sees at least \$70 million of this amount being distributed to research institutions in 2008-09.

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. While the government increased funding of the indirect costs of research by \$15 million (5%), through Budget 2007, the increase did not keep pace with the increase in tri-council funding. Queen's share of this funding was \$8.3 million for 2006-07 and is expected to be \$8.7 million in 2007-08. 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 is undergoing a period of intense recruitment in graduate studies, pursuing its long-term strategy of increasing the total number of students in graduate studies and thereby increasing the ratio of graduate to undergraduate students. Increasing our graduate enrolment also supports our strategic goal of strengthening research and graduate programs. The Ontario government is supporting a substantial increase in graduate enrolment in the province through additional operating and capital funds. 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 also 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

The University is entering the second year of the government's tuition policy framework, a plan that features a multi-year framework that is regulated and predictable, and is linked to improvements in both quality and access. The new framework provides some flexibility for universities in terms of tuition increases² 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 and improvements in quality.

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.

2 For 2004-05 and 2005-06, Ontario universities had been under a tuition freeze imposed by the Province.

TABLE 4**Gifts and Partnership Revenue Received**

(\$000's omitted)

	2006-07	2005-06	2004-05	2003-04	2002-03*
Major Gifts (cash)	\$14,498	\$12,940	\$12,148	\$17,050	\$14,491
Major Gifts (in kind)	10,823	888	11,751	14,839	959
Annual Gifts	5,587	4,991	4,969	5,940	5,395
Planned Gifts	4,979	9,282	11,603	6,766	9,961
Sub-total	35,887	28,101	40,471	44,595	30,806
Partnership Revenue	4,078	3,429			
TOTAL	\$39,965	\$31,530	\$40,471	\$44,595	\$30,806

*Final year of the Campaign for Queens

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 (for example corporate sponsorships of University hosted events). Advancement will continue to develop partnership revenue to further increase this non-traditional philanthropic revenue stream in support of the University's strategic objectives.

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 \$649.5 million fair market value (\$514.8 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 of the Board of Trustees. The market value of the PIF is currently \$197.7 million (book value of \$167.0 million).

Research Activity

Research activity at Queen's has doubled in the past six years. The additional costs to universities that accompany such an unprecedented growth in research funding were partially offset by increases to the federal government's Indirect Costs of Research Program. Budget 2007 announced another minor increase to that budget. This increased investment represents an important step in the right direction toward achieving sufficient funding.

Both the federal and provincial governments are pursuing a strategy of designating more funding to specific research areas, and have made it clear that they will lean toward supporting research that is closely linked to outcomes such as economic growth. Queen's has significant strength in a number of areas that support these desired outcomes.

The Ontario government continues to be highly supportive of growth in graduate and research programs and has set a target for increasing graduate enrollment by 14,000 students. It has set aside \$220 million annually through 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 confirmed their support of Queen's strategic direction with a special \$21.0 million grant to be used to fund the Advanced Research and Innovation Institute. The development of this Institute and related Technology Park will attract additional research and commercialization opportunities to Queen's and the Kingston area in the years ahead.

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 \$194 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 \$9.0 million each year. The requirement to offer competitive compensation packages in order to attract and retain faculty and staff cause significant upward pressure on the compensation budget. Compensation increases that exceed the rate of revenue growth are not sustainable in the long-run and the University will have to assess the viability of this practice.

The Ontario government eliminated mandatory retirement in October 2006. Queen's adopted elimination of mandatory retirement effective May 1, 2006. There could 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.

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, 2010

Part of the University's benefit package includes continuation of forms of health and life insurance coverage upon retirement. As at April 30, 2007, the University's obligation relating to the employee future benefits plan is estimated to be \$50 million, an increase of \$4 million (8.7%) over 2005-06. The increase is due to a combination of demographics of the current active/retiree group and increasing medical benefit costs.

Pension Contributions

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 returns over 6%, and pensions are guaranteed not to reduce.

Based on the actuarial valuation completed on February 28, 2007, the unfunded position of the plan has grown to \$40.5 million. A number of factors have influenced this rise in the unfunded position from the previous unfunded amount of \$10.7 million. Chief amongst the factors is the mortality experience of the plan (i.e. plan members are living longer than originally assumed). The impact of this unfunded position is that incremental additional payments of approximately \$3.0 million over the amount currently budgeted for this expense component will be required for the next 15 years. This additional funding requirement will put additional pressure on the Operating budget of the institution into the future.

The University is concerned that future exposure relating to the pension plan may jeopardize the institution's ability to deliver on its academic mandate. To this end, discussions are ongoing with employee groups to find a solution to prevent the current situation from deteriorating further.

Campus Infrastructure

The University has embarked on its most aggressive construction campaign to date. The Queen's Centre project is the largest construction project in the history of the institution. The budget for the three phases of the project is \$230 million. The Board of Trustees has approved \$138.8 million of funding to complete Phase I of the project. A significant portion of the overall project is expected to come from philanthropic sources. Cash inflow from these philanthropic sources will lag behind the cash outlay required for the construction of Phase I of the project. Additional pressure will be put on the Operating budget of the University if the lag is greater than anticipated or if the fundraising is not as successful as forecast.

There are two significant expansions of car parking that have been approved by the Board of Trustees. These are the Tindall Field Parking Structure (\$34.7million) and the Queen's Centre Parking Structure (\$9.8 million). Both of these structures will be funded from the Parking Ancillary unit through increased parking fee revenue.

Other projects referred to in Table 2 are generally funded through University sources or fundraising.

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 \$145 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 University anticipates the requirement for external financing of these capital projects.

The University has set aside a deferred maintenance fund of \$5.8 million annually in 2007-08. This fund will be used to cover the highest priority needs; however, it is not expected that this fund will be available to cover the costs of modernizing facilities. Additional government funding in this area is required in the near-term to ensure the University's programs and initiatives are not put at risk in the future. The deferred maintenance backlog is not reflected in the University's financial statements as it is not a liability or commitment for accounting purposes.

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 was commissioned in October 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 critical to 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 that reports to the Audit Committee of the Board of Trustees;
- an active and on-going involvement of its external auditor, KPMG_{LLP}, who is very familiar with the institution and with financial reporting, control and risk exposure matters, particularly for non-profit organizations in higher education;
- considerable focus from both the University 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 and appropriateness 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; and
- an Environmental Health and Safety 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, 2007

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, 2007 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, 2007 have been reported on by KPMG_{LLP}, Chartered Accountants, the auditors appointed by the Board of Trustees. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.



Principal and Vice-Chancellor
July 3, 2007



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, 2007 and the consolidated statements of operations and changes in unrestricted net assets, 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Accountants, Licensed Public Accountants
Kingston, Canada
July 3, 2007

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended April 30, 2007, with comparative figures for 2006 (\$000's omitted)

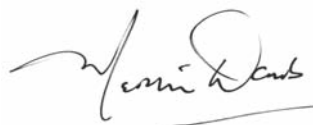
ASSETS	2007	2006
Cash	\$ 46,662	\$ 23,859
Accounts receivable	44,523	36,693
Prepaid expenses	6,186	6,921
	<u>97,371</u>	<u>67,473</u>
Investments (market value 2007 – \$924,178; 2006 – \$819,129)	754,551	683,163
Deferred expenses (note 3)	4,893	5,088
Capital assets (notes 4 and 5)	477,871	477,560
	<u>1,334,686</u>	<u>1,233,284</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	58,850	56,756
Employee future benefits liability (note 16)	50,017	45,986
Deferred revenue (note 6)	131,225	128,241
Deferred capital contributions (note 7)	264,342	250,091
Long-term debt (note 8)	3,981	5,784
Series A senior unsecured debenture (note 9)	90,000	90,000
	<u>598,415</u>	<u>576,858</u>
Net Assets		
Investment in capital assets (note 10)	143,825	128,480
Endowments (note 11)	514,824	460,208
Internally restricted (note 12)	188,452	169,403
Unrestricted	(110,830)	(101,665)
	<u>736,271</u>	<u>656,426</u>
	<u>\$ 1,334,686</u>	<u>\$ 1,233,284</u>

See accompanying notes to consolidated financial statements.

Contingent liabilities (notes 14 and 19)

Commitments (note 5 and 20)

Approved by the Board of Trustees


William L. Young
Trustee

Merv Daub
Trustee

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

Year ended April 30, 2007, with comparative figures for 2006 (\$000's omitted)

REVENUE	2007	2006
Grants and contracts	\$ 408,080	\$ 386,861
Fees	113,143	109,223
Investment income	56,422	38,501
Donations	20,465	11,359
Ancillary sales of service and products	92,459	90,891
Other	20,310	18,754
Amortization of deferred capital contributions	22,367	22,550
	<u>733,246</u>	<u>678,139</u>
EXPENSE		
Salaries	284,816	270,166
Clinical members fees	62,429	55,806
Benefits	47,032	43,522
Employee future benefits (note 16)	5,520	4,051
Supplies	74,770	71,983
Artwork, minor equipment and furnishings	33,799	20,419
Externally contracted services	23,233	21,678
Student assistance	48,148	39,338
Travel	16,823	15,123
Utilities	16,611	15,542
Renovations and alterations	11,503	10,096
Interest on long-term debt	5,287	5,357
Amortization of capital assets	43,713	42,325
Other	21,118	21,460
	<u>694,802</u>	<u>636,866</u>
Excess of revenue over expense	38,444	41,273
Uses of excess of revenue over expense:		
Increase in net assets invested in capital assets	(14,659)	(21,133)
Transfers to internally restricted endowments	(13,901)	(6,203)
Transfers to internally restricted net assets	(19,049)	(30,538)
	<u>(47,609)</u>	<u>(57,874)</u>
Increase in unrestricted net assets	(9,165)	(16,601)
Unrestricted net assets, beginning of the year	(101,665)	(85,064)
Unrestricted net assets, end of year	<u>\$ (110,830)</u>	<u>\$ (101,665)</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30, 2007, with comparative figures for 2006 (\$000's omitted)

	Investment in Capital Assets	Endowments	Internally Restricted	Unrestricted	Total 2007	Total 2006
Net assets, beginning of year	\$ 128,480	\$ 460,208	\$ 169,403	\$ (101,665)	\$ 656,426	\$ 591,816
Excess of revenue over expense (note 10)	(21,346)			59,790	38,444	41,273
Change in internally restricted net assets			19,049	(19,049)	0	0
Net change in investment in capital assets (note 10)	36,005			(36,005)	0	0
Contribution for assets not subject to amortization (note 10)	686				686	0
Investment gain credited directly to endowments (note 11)		18,264			18,264	6,867
Investment income credited directly to endowments (note 11)		(103)			(103)	501
Internally endowed contributions (note 11)		13,901		(13,901)	0	0
Endowment contributions (note 11)		22,554			22,554	15,969
Net assets, end of year	\$ 143,825	\$ 514,824	\$ 188,452	\$ (110,830)	\$ 736,271	\$ 656,426

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30, 2007, with comparative figures for 2006 (\$000's omitted)

OPERATING ACTIVITIES:	2007	2006
Excess of revenue over expense	\$ 38,444	\$ 41,273
Add non-cash items:		
Amortization of capital assets	43,713	42,325
Amortization of deferred capital contributions	(22,367)	(22,550)
Decrease in deferred expenses	195	440
Increase in employee future benefits liability	4,031	2,704
Net change in non-cash working capital (note 13)	(2,017)	(14,291)
Cash provided by operating activities	61,999	(49,901)
Investing and Financing Activities:		
Net change in investments	(71,388)	(16,687)
Purchase of capital assets	(44,035)	(78,064)
Disposal of capital assets	11	1
Repayment of long-term debt	(1,803)	(336)
Contributions received for capital purposes	11,433	34,488
Unspent contributions received for capital purposes	25,871	947
Endowment contributions and investment income reported as direct increase in net asset	40,715	23,337
Cash used in investing and financing activities	(39,196)	(36,314)
Net increase in cash	22,803	13,587
Cash, beginning of year	23,859	10,272
Cash, end of year	\$ 46,662	\$ 23,859

See accompanying notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$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 subsidiary of the University. QCED Inc. was formed for the purposes of building on the knowledge base of Queen's School of Business to develop and deliver knowledge to small and medium-sized enterprises to foster success in this sector. QCED Inc. also supports academic research activities within Queen's University and within this sector.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$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
Cogeneration facility	20 years
Equipment and furnishings	5 years
Library acquisitions	5 years
Leasehold improvements	Term of lease

The 2007 financial statements include 20 years of library acquisitions and related amortization.

(e) Construction in process

Costs of construction in process 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 14,169 objects and was insured with a market value of \$55,000 at April 30, 2007. The collection is fully insured through a fine arts policy. During the year ended April 30, 2007, the University acquired 93 pieces of artwork. Of these, 83 pieces were donated with a total appraised value of \$9,485, 4 pieces were donated pending appraisals, and 6 pieces were purchased at a cost of \$51.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 2 (continued)

(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.

(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 \$24,380 at April 30, 2007, and is expected to be received as follows:

	2007
2007-08	\$ 11,144
2008-09	5,051
2009-10	3,292
Subsequent years	4,893
Outstanding pledges as at April 30, 2007	<u>\$ 24,380</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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 3**DEFERRED EXPENSES**

Deferred expenses are debenture costs associated with the issue of Series A senior unsecured debentures in November 2002 at a total expenditure of \$5,870. These costs are amortized against capital funds through the fiscal year 2031-32.

NOTE 4**CAPITAL ASSETS**

Capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value 2007	Net Book Value 2006
Land	\$ 27,540	\$ 0	\$ 27,540	\$ 26,298
Buildings	556,978	(213,443)	343,535	331,515
Leasehold improvements	2,638	(377)	2,261	0
Equipment and furnishings	116,441	(75,578)	40,863	45,912
Cogeneration facility	13,916	(464)	13,452	0
Library acquisitions	136,511	(116,128)	20,383	19,822
Construction in process	29,837	0	29,837	54,013
	<u>\$ 883,861</u>	<u>\$ (405,990)</u>	<u>\$ 477,871</u>	<u>\$ 477,560</u>

Cost and accumulated amortization as of April 30, 2006 were \$862,775 and \$385,215 respectively.

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

	2007	2006
Balance, beginning of year	\$ 477,560	\$ 441,822
Purchase of capital assets funded by deferred capital contributions	12,022	34,488
Purchase of capital assets financed internally	29,220	37,854
Purchase of capital assets financed by long-term debt	841	729
Purchase of capital assets financed by short-term liabilities	1,594	4,993
Capital assets donated to the University	358	0
Write down and disposal of capital assets:		
Cost	(22,949)	(14,546)
Accumulated amortization	22,938	14,545
Amortization of capital assets	(43,713)	(42,325)
Balance, end of year	<u>\$ 477,871</u>	<u>\$ 477,560</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 5

COMMITMENTS TO COMPLETE CONTRACTED CONSTRUCTION IN PROCESS

As at April 30, 2007, the estimated cost to complete construction in process for the extension of facilities is approximately \$25,826. These costs will be financed by a combination of gifts, grants, ancillary income, and allocations from operations.

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

	2007
The Queen's Centre	\$ 11,833
Residence Redevelopment (McNeill House)	3,578
New Electric Substation	101
Botterell Hall addition	462
Richardson Hall renovation	299
Cogeneration Facility	217
Rehabilitate University Avenue	7,224
Tindall Field and parking structure	596
Fleming Annex renovations	1,437
Gordon Hall/Annex	79
	\$ 25,826

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 6**DEFERRED REVENUE**

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

	2007	2006
Research funds	\$ 71,892	\$ 62,734
Trust funds	29,956	31,154
Capital funds	5,525	10,300
Student fees	13,328	12,614
Gift annuities	9,270	9,908
Other	1,254	1,531
	<u>\$ 131,225</u>	<u>\$ 128,241</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.

Capital 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 7**DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred capital contributions balance are as follows:

	2007	2006
Balance, beginning of year	\$ 250,091	\$ 237,206
Less amortization of deferred capital contributions	(22,367)	(22,550)
Capital contributions for land credited directly to net assets	(686)	0
Add contributions received for capital purposes	11,433	34,488
Unamortized capital contributions used to purchase assets	238,471	249,144
Unspent contributions received for capital purposes	25,871	947
Balance, end of year	<u>\$ 264,342</u>	<u>\$ 250,091</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 8**LONG-TERM DEBT**

As at April 30, 2007, the University has principal outstanding of \$3,981 (2006 – \$5,784) on long-term debt. Principal and interest repayments on long-term debt are recovered annually from ancillary enterprises.

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

	Maturity in Fiscal Year Ending	Interest Rate	Annual Payment (Principal and Interest)	Principal Outstanding
Canada Mortgage and Housing Corporation	2017	5.38%	\$ 263	\$ 1,930
Ontario Housing Corporation	2009	10.31%	178	1,731
Royal Bank	2007	8.31%	223	0
SMS Canada	2011	0.00%	101	320
			<u>\$ 765</u>	<u>\$ 3,981</u>

(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
2008	\$ 262
2009	\$ 2,000
2010	\$ 280
2011	\$ 206
2012	\$ 198

NOTE 9**SERIES A SENIOR UNSECURED DEBENTURE**

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

Purpose	Amount
New Residences 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
	<u>\$ 89,816</u>

The University pays annual interest of \$5,490.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 10**INVESTMENT IN CAPITAL ASSETS**

The investment in capital assets consists of the following:

	2007	2006
Capital assets	\$ 477,871	\$ 477,560
Less amounts financed by:		
Accounts payable	(1,594)	(4,993)
Long-term debt and debenture	(93,981)	(94,943)
Deferred capital contributions	(238,471)	(249,144)
Balance, end of year	\$ 143,825	\$ 128,480

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

	2007	2006
Excess of expenses over revenue:		
Amortization of deferred contributions	\$ 22,367	\$ 22,550
Amortization of capital assets	(43,713)	(42,325)
	(21,346)	(19,775)
Net change in investment in capital assets:		
Purchase of capital assets	43,349	78,064
Amounts funded by:		
Accounts payable	(1,594)	(4,993)
Long-term debt and debenture	(841)	(729)
Deferred capital contributions	(11,694)	(34,488)
Repayment of debt:		
Accounts payable	4,993	2,719
Long-term debt	1,803	336
Net write down and disposal of capital assets	(11)	(1)
	36,005	40,908
Contributions for assets not subject to amortization	686	0
Change in investment in capital assets	\$ 15,345	\$ 21,133

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 11**ENDOWMENTS**

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 operations and changes in unrestricted net assts. 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	\$ 311,905	\$ 148,303	\$ 460,208
Net contributions	22,554	2,168	24,722
Recapitalized investment income	(103)	2,067	1,964
Net investment gain	18,264	9,666	27,930
Endowments, end of year	\$ 352,620	\$ 162,204	\$ 514,824

Details of year end balances are as follows:

	Book Value					
	Balance Beginning of Year	Net Contributions	Recapitalized Investment Income	Allocation of Net Investment Gain	Balance End of Year	Fair Market Value
Faculty, departmental, and other specific purpose	\$167,636	\$ 12,876	\$ 1,512	\$ 9,056	\$191,080	\$ 232,422
General endowment	64,827	58	(1,318)	7,223	70,790	109,138
Student assistance	211,915	11,674	1,759	10,770	236,118	285,558
Research	15,830	114	11	881	16,836	22,408
	\$460,208	\$ 24,722	\$ 1,964	\$ 27,930	\$514,824	\$ 649,526

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 12**INTERNALLY RESTRICTED NET ASSETS**

Details of year end balances are as follows:

	2007	2006
Operating fund:		
Purchase commitments	\$ 1,074	\$ 1,478
Capital projects	26,256	27,511
Carry forward of unexpended budget allocations to faculties, libraries and administrative units	35,719	37,843
Carry forward of future budget allocation	6,000	0
Employee future benefits and pension	6,500	5,000
Uninsured property losses	820	740
	<u>76,369</u>	<u>72,572</u>
Health Sciences		
Purchase commitments	402	59
Carry forward of unexpended budget allocations to faculty	10,635	4,425
	<u>11,037</u>	<u>4,484</u>
Ancillary enterprises:		
Major repairs and renovations	11,769	10,251
	<u>11,769</u>	<u>10,251</u>
Restricted fund:		
Unspent departmental donations and other income	58,155	52,508
Unspent research funds	31,122	29,588
	<u>89,277</u>	<u>82,096</u>
	<u>\$ 188,452</u>	<u>\$ 169,403</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, Health Sciences 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 13**NET CHANGE IN NON-CASH WORKING CAPITAL**

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

	2007	2006
Net change in non-cash working capital:		
Accounts receivable	\$ (7,830)	\$ (13,150)
Prepaid expenses	735	(227)
Accounts payable and accrued liabilities	2,094	8,761
Deferred revenue	2,984	(9,675)
	<u>\$ (2,017)</u>	<u>\$ (14,291)</u>

NOTE 14**INSURANCE**

The University is a member of the Canadian University Reciprocal Insurance Exchange (CURIE). CURIE insures general liability, university property and errors and omissions. Annual premiums paid by the University are determined by the CURIE Board. 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, 2006, the latest financial statements available, CURIE had a surplus of \$16.5 million (2005 – \$11.2 million), of which the University's pro rata share is approximately 3.25% (2005 – 3.26%) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 15

PENSION PLAN

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

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

The most recent valuation of the plan, as at February 28, 2007, shows contributions from the University as follows: (1) Money Purchase – 6.49% of pensionable payroll; (2) Defined Benefit (Minimum Guarantee) – 1.53% of pensionable payroll; and (3) Special Payments – 1.91% of pensionable payroll (to amortize the plan deficit).

The actuarial valuation determined that the plan had a \$40,507 unfunded liability (\$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 \$4,235 per year (1.91% of current estimated payroll) for 15 years.

At April 30, 2007, the University has recorded \$4,777 (2006 – \$2,552) as the accrued portion of the \$40,507 unfunded liability.

The University contributed \$18,175 (2006 – \$17,030) to the pension plan during the year and this outlay is included in the consolidated statement of operations and changes in the unrestricted net assets as an annual expense.

A summary of the financial status of the plan as at February 28, 2007 is as follows:

Accrued benefit obligation	\$ 1,483,770
Fair value of plan assets	1,443,263
Plan deficit	\$ 40,507

The next actuarial valuation of the pension plan will be on or prior to February 28, 2010.

The significant actuarial assumptions adopted in measuring the University's accrued pension obligation are as follows:

Discount rate	6.1% (6.5% in 2004)
Expected long-term rate of return on plan assets	6.1% (6.5% in 2004)
Rate of compensation increase	4.5% (4.5% in 2004)
Non-reduction reserve	2.5% (2.5% in 2004)
Mortality	Customized table reflecting pan experience

The most significant factors that have led to the growth in the unfunded position are the following:

Lower pensioner mortality – There has been lower pensioner mortality than had been assumed in the 2004 valuation, generating a loss in the current valuation. Valuation mortality tables have been further strengthened at February 28, 2007 to account for this reduced mortality experience.

Change in discount rate assumption – The discount rate assumption has been lowered from 6.5% to 6.1%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 16**EMPLOYEE FUTURE BENEFITS**

The University provides medical, dental and life insurance benefits to eligible active and retired employees subject to negotiated co-sharing arrangements. 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, 2007. The next valuation of the plan is expected to be as of January 1, 2009.

At April 30, 2007, the University's accrued benefit liability relating to the employee future benefits plan is \$50,017 (2006 – \$45,986).

	2007	2006
Accrued benefit obligation	\$ 56,906	\$ 49,272
Unamortized net actuarial gain (loss)	(6,889)	(3,286)
Unamortized past service costs	0	0
Employee future benefits liability	\$ 50,017	\$ 45,986

Included in the consolidated statement of operations and changes in unrestricted net assets is an annual expense in the amount of \$5,520 (2006 – \$4,051) 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 2007, the University contributed \$1,489 (2006 – \$1,347) 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	4.80% to 5.40%
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 7.20%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 17**FINANCIAL INSTRUMENTS**

(a) Fair market values

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

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

	2007		2006	
	Carrying Value	Fair Market Value	Carrying Value	Fair Market Value
Investments	\$ 754,551	\$ 924,178	\$ 683,163	\$ 819,129
Long-term debt	\$ 3,981	\$ 4,236	\$ 5,784	\$ 6,090
Series A senior unsecured debenture	\$ 90,000	\$ 110,549	\$ 90,000	\$ 105,275

(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:

	2007		2006	
	Notional Value	Unrealized Gain	Notional Value	Unrealized Gain (Loss)
Forward currency contracts				
– U.S. dollars	\$ 123,634	\$ 7,243	\$ 130,742	\$ 3,816
– U.K. sterling	\$ 17,906	\$ 755	\$ 19,175	\$ (728)
– Other	\$ 52,000	\$ 1,974	\$ 32,842	\$ (173)

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, 2007, the University was exposed to interest rate risk as follows:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 18**MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES FUNDING**

The University receives an operating grant from the Province of Ontario in accordance with budget arrangements established by the Ministry of Training, Colleges and Universities. These financial statements reflect funding arrangements approved by the Ministry with respect to the year ended April 30, 2007. Operating grants received from the Ministry represent approximately 51% of operating fund revenue and 20% of total revenue for the University.

NOTE 19**LITIGATION**

The nature of the University's activities are such that there may be litigation pending or in prospect at any time. With respect to claims at April 30, 2007, administration believes that the University has valid defenses and that appropriate insurance coverage is in place wherever it is possible to do so. In the event any claims are successful, administration believes that such claims are not expected to have a material effect on the University's financial position. No provision has been accrued in these financial statements in respect of the above litigation.

NOTE 20**COMMITMENTS**

The University has issued letters of credit of \$328 primarily for capital construction and has guaranteed an operating line of credit with a bank of \$1,000.

NOTE 21**ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)**

Under terms of agreement with the Ministry of Training, Colleges and Universities, separate note disclosure or separate audited year end reports are required to comply with reporting requirements.

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)

	2007	2006
Endowment Capital:		
Opening balance	\$ 71,884	\$ 72,007
Capitalized funds expended in the year	(296)	(123)
Endowment fund balance at end of year	\$ 71,588	\$ 71,884
Expendable Funds:		
Opening balance	\$ 428	\$ 428
Investment income	3,668	3,597
Bursaries awarded	(3,964)	(3,720)
Capitalized funds expended in the year	296	123
Expendable funds available for awards	\$ 428	\$ 428
Number of bursaries awarded	1,119	1,099

The market value of the OSOTF phase 1 endowment as at April 30, 2007 was \$98,742 (2006 – \$90,672).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 21 (continued)**ONTARIO STUDENT OPPORTUNITY TRUST FUND (OSOTF) AND ONTARIO TRUST FOR STUDENT SUPPORT (OTSS)**

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

(for the year ended March 31)

			2007	2006
	OSOTF II	OTSS	Total	Total
Endowment Funds:				
Opening balance	\$ 11,647	\$ 4,042	\$ 15,689	\$ 11,917
Donations received	0	3,244	3,244	1,831
Government matching received	0	1,786	1,786	1,811
Interim match provided from University funds	0	1,459	1,459	210
Government matching received for previously matched University funds	0	0	0	(190)
Other	0	1	1	(1)
Expendable funds capitalized in the year	188	58	246	111
Endowment capital	\$ 11,835	\$ 10,590	\$ 22,425	\$ 15,689
Expendable Funds:				
Opening balance	\$ 138	\$ (12)	\$ 126	\$ 27
Donations received	0	6	6	2
Investment income	524	161	685	519
Bursaries awarded	(408)	(126)	(534)	(311)
Expendable funds capitalized in the year	(188)	(58)	(246)	(111)
Expendable funds available for awards	\$ 66	\$ (29)	\$ 37	\$ 126
Number of bursaries awarded	204	62	266	164

The market value of the OSOTF phase 2 endowment as at March 31, 2007 was \$25,895 (2006 – \$17,345).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended April 30, 2007 (\$000's omitted)

NOTE 22

RELATED ENTITIES

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

(a) Investment in Parking Commission

Queen's University has entered into a long-term agreement, as equal partner with Kingston General Hospital, for the operations of the Parking Commission. The University's capital investment in the partnership is \$71 (2006 – \$170), 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 \$99 (2006 – \$90) is reported in the capital fund. The University's share of the Parking Commission's excess of revenue over expense is \$508 (2006 – \$498) 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 (KGH) for the construction and operation of a cogeneration facility governed by a Management Board consisting of representatives of Queen's and KGH. 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 University's capital investment in the joint venture is \$13,916. This capital investment is repaid from the operating fund over a twenty-five year period ending April 30, 2031. The University's share of the cogeneration facility's excess of expense over revenue is \$297, reported in the operating fund.

(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, 2007 was \$1,216 (2006 – \$1,234). The University provides an annual contribution of \$350 to fund operating costs of McGill-Queen's University Press.

NOTE 23

COMPARATIVE FIGURES

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

NOTE 24

SUBSEQUENT EVENTS

The University has purchased property for approximately \$3,000 subsequent to year end.

INTRODUCTION TO THE APPENDICES

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

The Operating fund (\$286 million) represents 39% 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 \$4.8 million (before employee future benefits expense), increasing the accumulated operating surplus (before employee future benefits expense) to \$6.9 million.

HEALTH SCIENCES

The Faculty of Health Sciences received \$83 million from the Ministry of Health and Long-Term Care in 2006-07 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 \$27.5 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 \$92.5 million in 2006-07 (\$90.9 million in 2005-06). Apartment and Housing, the Donald Gordon Centre, Parking, Residences, Continuing Education, the ISC and QCED all exceeded breakeven targets.

RESEARCH

Research funding in 2006-07 at Queen's was \$188 million (before deferrals) versus \$157 million in 2005-06. The increase in research funding resulted from funding of \$21 million received from the provincial government in support of the Advanced Research and Innovation Institute, as well as increases in the value of NSERC grants received.

ENDOWMENTS

The endowment fund had a one year gross return of 13.6% (year ended April 30, 2007). This return is above the benchmark gross return of 11.7% 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, 2007, the endowment had an annualized return of 10.5%; this return is 2% above the annualized benchmark return for the same period.

CAPITAL

In 2006-07, two important projects were brought to completion – the renewal of Gordon Hall (\$15 million), and the development of a cogeneration facility (jointly owned by the University \$15 million budget and Kingston General Hospital \$10 million budget). The Board of Trustees has approved a number of significant projects, including Phase 1 of the Queen's Centre (an incremental \$115 million), the new Tindall Field car park (\$34.7 million), the Queen's Centre car park (\$9.8 million), the McNeill House redevelopment project (\$5.8 million), and an addition to the University Avenue redevelopment project (\$2 million incremental).

CONCLUSION

The University achieved a positive financial outcome in the 2006-07 year. The additional funding received from the provincial government late in the fiscal year contributed to the positive financial outcome. The University continued with graduate growth and faculty recruitment initiatives.

Research funding increased \$32 million (20%) over 2005-06, which includes a \$21 million contribution from the province to the Advanced Research and Innovation Institute (ARII). This increased funding reflects the very strong achievements of Queen's researchers.

The University's ancillary operations continued their strong performance and ended the year with positive results overall.

APPENDIX 1

Statement of Changes in Fund Balances for the Year Ended April 30, 2007 with comparative figures for 2006 (\$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 2007	Total 2006
REVENUE												
Grants and Contracts	155,160	111,188	0	(10,762)	255,586	17,067	135,427	0	0	0	408,080	386,861
Fees	112,502	641	0	0	113,143	0	0	0	0	0	113,143	109,223
Investment Income	10,136	0	0	98	10,234	31,891	2,564	11,733	0	0	56,422	38,501
Donations	1,286	667	0	(4)	1,949	17,476	278	762	0	0	20,465	11,359
Ancillary Sales of Service and Products	0	0	92,459	0	92,459	0	0	0	0	0	92,459	90,891
Other Income	6,513	1,182	0	(190)	7,505	9,308	2,091	1,406	0	0	20,310	18,754
Amortization of Deferred Capital Contributions	0	0	0	22,367	22,367	0	0	0	0	0	22,367	22,550
Total Revenue	285,597	113,678	92,459	11,509	503,243	75,742	140,360	13,901	0	0	733,246	678,139
EXPENSE												
Salaries	164,026	30,851	18,060	0	212,937	20,249	51,630	0	0	0	284,816	270,166
Clinical members fees	0	62,429	0	0	62,429	0	0	0	0	0	62,429	55,806
Benefits	29,037	4,921	2,566	0	36,524	3,284	7,224	0	0	0	47,032	43,522
Employee Future Benefits, cash basis	1,489	0	0	0	1,489	0	0	0	0	0	1,489	1,347
Employee Future Benefits, accrual basis	4,031	0	0	0	4,031	0	0	0	0	0	4,031	2,704
Supplies and Miscellaneous	13,958	3,527	51,855	(3,346)	65,994	15,868	54,082	0	0	0	135,944	130,244
Artwork, Minor Equipment and Furnishings	7,769	1,092	1,811	(12,279)	(1,607)	11,613	23,793	0	0	0	33,799	20,419
Student Assistance	26,105	98	100	0	26,303	20,847	998	0	0	0	48,148	39,338
Utilities	13,739	79	4,546	(1,904)	16,460	146	5	0	0	0	16,611	15,542
Renovations and Alterations	8,009	1,189	1,241	(4,423)	6,016	4,565	922	0	0	0	11,503	10,096
Library Acquisitions	9,805	8	2	(10,516)	(701)	528	173	0	0	0	0	0
Amortization of Capital Assets	0	0	480	43,233	43,713	0	0	0	0	0	43,713	42,325
Interest on Long Term Debt	729	0	5,766	(1,208)	5,287	0	0	0	0	0	5,287	5,357
Total Expense	278,697	104,194	86,427	9,557	478,875	77,100	138,827	0	0	0	694,802	636,866
Excess of Revenue over Expense (Expense over Revenue)	6,900	9,484	6,032	1,952	24,368	(1,358)	1,533	13,901	0	0	38,444	41,273
Endowment Contribution	0	0	0		0	0	0	40,715	0	0	40,715	23,337
Allocation from Net Investment in Capital Assets	0	0	0	(14,659)	(14,659)	0	0	0	14,659	0	0	0
Contributions for Assets Not Subject to Amortization	0	0	0	0	0	0	0	0	686	0	686	0
Transfer from (to) Appropriations	(6,124)	(9,476)	(4,529)	1,255	(18,874)	1,358	(1,533)	0	0	19,049	0	0
Net Change in Fund Balance	776	8	1,503	(11,452)	(9,165)	0	0	54,616	15,345	19,049	79,845	64,610
Fund Balance, beginning of year	(43,935)	82	(13,831)	(43,981)	(101,665)	0	0	460,208	128,480	169,403	656,426	591,816
Fund Balance, end of year	(43,159)	90	(12,328)	(55,433)	(110,830)	0	0	514,824	143,825	188,452	736,271	656,426

APPENDIX 2

Revenue and Expense for the Year Ended April 30, 2007 with comparative figures for 2006 (\$000's omitted and unaudited)

Highlights of Operating Fund Revenue and Expenses

	Budget	2006-07 Actual	Difference	2005-06 Actual
REVENUE				
Provincial government grants	\$137,682	\$ 146,908	\$ 9,226	\$ 133,078
Federal government grant	7,130	8,252	1,122	7,122
Fees	112,284	112,502	218	108,308
Investment income	9,522	10,136	614	6,506
Donations	1,545	1,286	(259)	2,671
Other	6,111	6,513	402	6,537
	274,274	285,597	11,323	264,222
EXPENSES				
Salaries	165,125	164,026	(1,099)	149,689
Benefits	30,305	30,526	221	27,636
Supplies and miscellaneous	11,971	13,958	1,987	13,497
Minor equipment and furnishings	7,109	7,769	660	6,462
Student assistance	25,725	26,105	380	24,111
Utilities	15,719	13,739	(1,980)	12,063
Renovations and alterations	7,831	8,009	178	7,800
Library acquisitions	9,760	9,805	45	9,657
Interest	729	729	0	740
	274,274	274,666	392	251,655
Net change in fund balance before transfers		10,931	10,931	12,567
Net transfers to appropriated surplus		(6,124)	(6,124)	(12,554)
Annual operating surplus, before employee future benefits expense		4,807	4,807	13
Accumulated operating surplus, start of year, before employee future benefits expense		2,051		2,038
Accumulated operating surplus, end of year, before employee future benefits expense		\$ 6,858		\$ 2,051

The format of the operating budget approved by the Board of Trustees in May 2006 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 Operations and Changes in Unrestricted Net Assets of the Audited Financial Statements.

This highlight summary does not reflect the reporting of employee future benefits expense described in Note 16 to the Consolidated Financial Statements. The total accumulated deficit of \$43,159 (2006 – \$43,935) reflects the accrued liability of \$50,017 (2006 – \$45,986) for employee future benefits.

APPENDIX 3

Ancillary Enterprises Revenue and Expense for the Year Ended April 30, 2007 with comparative figures for 2006 (\$000's omitted and unaudited)

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

	Apartment and Housing	Conference	Computer Store	Parking	Residence and Food Services	Continuing Education	ISC	PARTEQ	QCED	Other	Total 2007	Total 2006
REVENUE	4,868	3,976	2,672	2,241	38,709	30,447	7,298	1,502	657	89	92,459	90,891
EXPENSE												
Salaries and Benefits	768	0	165	313	6,518	6,932	3,638	1,506	125	661	20,626	19,552
Minor Equipment and Furnishings	53	25	11	159	1,006	233	38	0	0	286	1,811	3,082
Utilities	605	209	0	68	3,270	0	394	0	0	0	4,546	4,397
Principal and Interest	111	1,000	0	117	7,148	0	0	0	0	0	8,376	10,543
Taxes	705	8	0	4	0	0	0	0	0	0	717	776
External Contracts	25	1,276	0	99	14,689	0	709	0	0	197	16,995	16,247
Repairs and Alterations	213	111	0	54	101	5	757	0	0	0	1,241	1,736
Supplies and Miscellaneous	1,858	1,223	2,526	735	4,908	19,150	926	1,509	212	(932)	32,115	32,727
Total Expense	4,338	3,852	2,702	1,549	37,640	26,320	6,462	3,015	337	212	86,427	89,060
Excess of Revenue over Expense												
(Expense over Revenue)	530	124	(30)	692	1,069	4,127	836	(1,513)	320	(123)	6,032	1,831
Transfer (to) from Appropriation	138	0	30	(692)	(1,069)	(4,127)	1,043	0	0	148	(4,529)	(2,544)
Net Change	668	124	0	0	0	0	1,879	(1,513)	320	25	1,503	(713)
Surplus/(Deficit), beginning of year	386	(5,803)	0	699	(231)	0	(4,718)	(3,049)	(827)	(288)	(13,831)	(13,118)
Surplus/(Deficit), end of year	1,054	(5,679)	0	699	(231)	0	(2,839)	(4,562)	(507)	(263)	(12,328)	(13,831)

APPENDIX 4

Statement of Unrestricted Net Assets for the Year Ended April 30, 2007 with comparative figures for 2006 (\$000's omitted and unaudited)

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

	2007	2006
Operating fund:		
Accumulated surplus, before employee future benefits expense	\$ 6,858	\$ 2,051
Accrued liability for employee future benefits	(50,017)	(45,986)
	(43,159)	(43,935)
Health Sciences	90	82
Ancillary enterprises	(12,328)	(13,831)
Capital projects:		
Herstmonceux	(7,643)	(7,893)
Biosciences	(1,403)	(1,721)
Clergy Street properties	(1,022)	(1,170)
Goodes Hall	(2,821)	(3,192)
Gordon Hall	(2,278)	(81)
Macdonald Hall	(1,024)	(1,405)
New electric substation	(6,424)	(6,506)
Cogeneration facility	(13,647)	(9,399)
The Queen's Centre	(13,216)	(8,312)
Residence and Food Service Project	(1,751)	0
Other	(4,204)	(4,302)
	(55,433)	(43,981)
Total	\$ (110,830)	\$ (101,665)

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, Biosciences, "New electric substation", Gordon Hall and "Cogeneration facility" are being recovered by a combination of annual allocations from the operating fund and the collection of outstanding pledges. Capital projects reported as "Clergy Street properties", "Residence and Food Service Project", and "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. The Queen's Centre Project will be recovered from fundraising and other sources.

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 and 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 Operations and Changes in Unrestricted Net Assets .

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

Deferred Capital Contributions represent donations 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 operations and changes in unrestricted net assets. Restricted contributions for the purchase of capital assets that will not be amortized (i.e. land) are shown as a direct increase in net assets (investment in capital assets).

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

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

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".

GOVERNANCE AND OTHER INFORMATION 9



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THE 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.

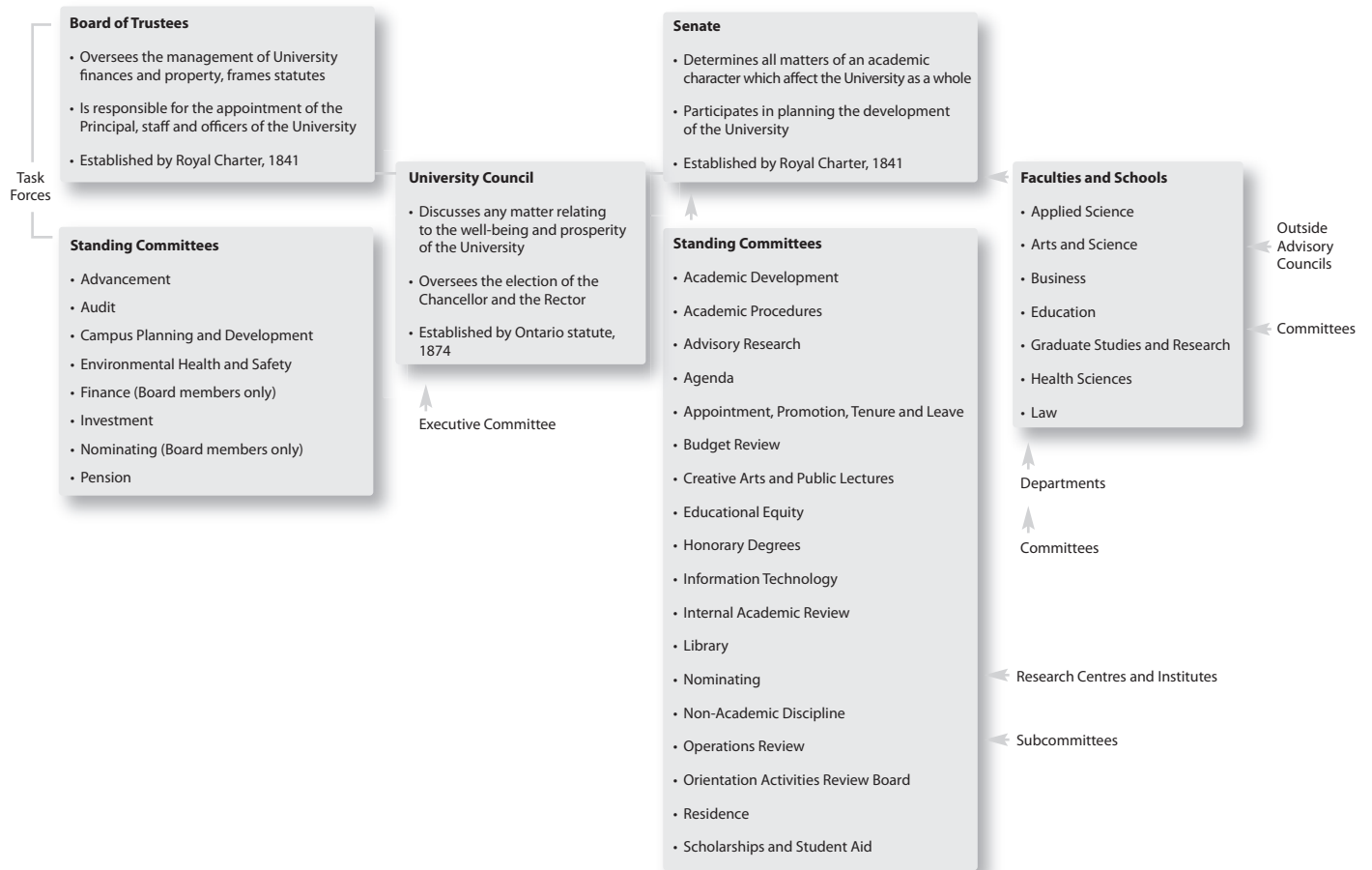
The Board of Trustees is responsible for the overall operations of the University, including overseeing financial matters, property, the appointment of Vice-Principals and, in conjunction with the Senate, the appointment of the Principal. The Board of Trustees has 44 members: three ex-officio, one appointed 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 is a composite of the Board of Trustees, Senate, and an equal member of elected graduates.

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

THE GOVERNANCE OF QUEEN'S UNIVERSITY



SENATE 2006-07

Dr. James F. Archibald	Dr. Bernard H. Kueper
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Ms. Lynn Freeman	Mr. Stephen Strong
Mr. James Graham	Prof. Malcolm Thorburn
Ms. Anne Graham	Ms. Mireille Tremblay
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Ms. Michelle Heffernan	Dr. Lesly Wade-Woolley
Dr. Karen R. Hitchcock (<i>Chair</i>)	Dr. David M. C. Walker
Dr. John Holmes	Ms. Jennifer Wang
Ms. Linda Horton	Dr. Ralph Whitney
Dr. Adnan Husain	Mr. Peter Wieczorek
Ms. Quynh Huynh	Mr. Maciej Wieczorek
Professor Larissa Katz	Mr. Paul Wiens
Dr. Barbara Kisilevsky	Dr. Louise Winn
Mr. David Kramer	Professor Jan Winton

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Karen R. Hitchcock
Principal and Vice-Chancellor

Georgina Moore University Secretariat	Patrick Deane Vice-Principal (Academic)	George Hood (to December 31, 2006) Vice-Principal (Advancement)	Roderick Morrison Vice-Principal (Human Resources)	Andrew Simpson Vice-Principal (Operations and Finance)	Kerry Rowe Vice-Principal (Research)
	Faculty of Applied Science Faculty of Arts and Science School of Business Faculty of Education School of Graduate Studies and Research Faculty of Health Sciences Faculty of Law Agnes Etherington Art Centre Centre for Teaching and Learning Faculty Recruitment and Support Program Faculty Relations Institutional Research and Planning International Initiatives International Study Centre (Herstmonceux) McGill-Queen's Press Performing Arts Office Queen's Quarterly Student Affairs University Archives University Libraries University Registrar Writing Centre	David J. Mitchell (as of September 1, 2007) Development and Business Relations Major Gifts Planned Giving Corporations and Foundations Ultimate Gifts Area Partnership Program Alumni Relations and Annual Giving Queen's University Alumni Association (QUAA) Alumni Benefits, Programs and Services Student Team on Alumni Relations (STAR) Queen's Annual Appeals Marketing and Communications Communications and Public Affairs University Marketing Advancement Services Gift Services Advancement Technology Services Prospect Research and Constituent Data	Human Rights Office University Advisor on Equity Employee Relations Organizational Development Health and Wellness Program Compensation and Benefits Human Resources Information Systems	Financial Services Risk Management and Audit Services Procurement Services Investment Services and Treasury Budget and Planning Information Technology Services Human Services Campus Security Environmental Health and Safety Operations and Facilities Campus Planning Physical Plant Services Printing and Materials Distribution Queen's Centre	Animal Care eQuip! Task Force PARTEQ Research Services Research Centres and Institutes Centre for Study of Democracy SNO Better Beginnings South African Research Centre Centre for Neurosciences HPCVL GeoEngineering Centre at Queen's and RMC HMRC Centre for Water and the Environment (Camm)

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Mr. A. Charles Baillie

Principal And Vice-Chancellor

Dr. Karen Hitchcock

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Dr. Patrick Deane (Academic)

Mr. George Hood (Advancement) until December 31, 2006

Mr. David Mitchell (Advancement) effective September 1, 2007

Mr. Roderick Morrison (Human Resources)

Dr. Kerry Rowe (Research)

Mr. Andrew Simpson (Operations and Finance)

Associate Vice-Principals

Ms. Ann Browne (Facilities) effective October 10, 2006

Ms. Sandra Crocker (Research)

Dr. John Dixon (Academic/International)

Mr. Daniel Hogg (Finance) and CFO

Dr. Jason Laker (Student Affairs)

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Dr. Kimberly Woodhouse (Faculty of Applied Science) effective July 1, 2007

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Dr. David Walker (Faculty of Health Sciences)

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KPMG LLP

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Cunningham, Swan, Carty, Little & Bonham LLP

Teaching Awards

UNIVERSITY WIDE AWARDS

Alumni Award for Excellence in Teaching

(Alumni Affairs)

Patrick Oosthuizen, Mechanical Engineering

Chancellor A. Charles Baillie Teaching Award

(Centre for Teaching and Learning)

Ron Easteal, Anatomy and Cell Biology

Christopher Knapper Award of Excellence in Teaching Assistance

(Alma Mater Society)

Karen Cocq, Development Studies

Paul Kim, Biochemistry

Frank Knox Award

(Alma Mater Society)

Olga Malyshko, Music

Dina Georgis, Women's Studies

Society of Graduate and Professional Students Teaching Assistant/Teaching Fellow Excellence Award

(Society of Graduate and Professional Students)

Wynne Jordan, Religious Studies

Award for Excellence in Graduate Student Supervision

(School of Graduate Studies and Research)

winner's name not released until September

APPLIED SCIENCE

Applied Science First Year Teaching and Learning Award

(Faculty of Applied Science)

Fall

winner's name not yet released

Winter

winner's name not yet released

Education Catalyst Award

(Chemical Engineering)

Nicolas Hudon

Civil Engineering Teaching Assistant Award

(Civil Engineering)

Fall

Michael Brown

Christopher Hannon

Winter

Hart Honickman

Civil Engineering Teaching Award

(Civil Engineering)

Colin MacDougall

Electrical and Computer Engineering Teaching Award

(Electrical and Computer Engineering)

2nd year

Shahram Yousefi

3rd year

Stan Simmons

4th year

Keyvan Hashtrudi-Zaad

Teacher Assistant Award

(Electrical and Computer Engineering)

2nd year

Babak Taati

3rd year

Ryan Grant

4th year

Tiago Falk

Golden Apple Award

(Engineering Society)

Jim Lee, Geological Engineering

Luke Bisby, Civil Engineering

Renee Stephen, Integrated Learning Centre

Educational Excellence Teaching Assistant Award

(Engineering Society)

Nicolas Hudon

Silver Wrench

(Mechanical Engineering Club)

2nd year

Keith Pilkey

2nd year

Tom Simko

3rd year

Ron Anderson

4th year

Urs Wyss

Bronze Wrench

(Mechanical Engineering Club)

2006/2007

2nd year

Charlie Cooney

3rd year

Frank Secretain

4th year

Amanda Knutson

APPLIED SCIENCE AND ARTS AND SCIENCE

William Patrick Doolan Award

(Chemistry)

winner's name not released until September

Merck Frosst Canada Teaching Assistant Award

(Chemistry)

winner's name not released until September

Varian Teaching Assistant Award

(Chemistry)

winner's name not released until September

Fisher Scientific Teaching Award

(Chemistry)

winner's name not released until September

David Thomas Teaching Assistant Award

(Chemistry)

winner's name not released until September

Din Lal Teaching Assistant Award

(Chemistry)

winner's name not released until September

Graduating Class Award for Excellence in Teaching Chemistry

(Chemistry)

winner's name not released until September

W. A. Gorman Teaching Assistant Award

(Geological Sciences and Geological Engineering)

Matt Lato

ARTS AND SCIENCE

W.J. Barnes Teaching Excellence Award for

Arts and Science Undergraduate Society

(Arts and Science Undergraduate Society)

winner's name not yet released

Biology Department Student Council Award of Excellence in Teaching

(Biology)

Christoph Richter

Biology Award for Excellence (Demonstrators)

(Biology)

Richard Morrow

School of Environmental Studies Students

Choice Teaching Assistant Award

(School of Environmental Studies Department Student Council)

Chris Canning

School of Environmental Studies

Student's Choice Professor of the Year Award

(School of Environmental Studies Department Student Council)

Gary VanLoon, Chemistry

School of Music Award for Excellence in Teaching

(School of Music)

Greg Runions

Honourable Mention

Laurel Parsons

Howard Staveley Teaching Award

(School of Computing)

Selim Akl

Honourable Mention

Margaret Lamb

Excellence in Teaching Assistance

(School of Computing)

Mehdi Moradi

Department of Drama's Faculty Award of Excellence

(Drama)

Natalie Rewa

Geography DSC Award for Excellence in Teaching Assistance

(Geography)

Alana Ramsay

Drew Bednasek

Julian Szeicz Award for Excellence in Teaching

(Geography)

Beverley Mullings

Undergraduate Award for Excellence in Teaching Physics

(Physics)

Geoff Lockwood

Teaching Assistant Prize in Psychology

(Psychology)

Anna Ebel-Lam

Undergraduate Teaching Award in Psychology

(Psychology)

Jill Jacobson

Graduate Teaching Award in Psychology

(Psychology)

Lee Fabrigar

Physical and Health Education Student Association

(PHESA) '88 Teaching Award

(School of Kinesiology and Health Studies)

Academics

Amy Latimer

Activity

Brenda Willis

SCHOOL OF BUSINESS

Commerce Society Teaching Award

Peter Kissick

Queen's MBA Instructor of the Year Award

Clinton Free

Executive MBA Instructor of the Year Award

National Executive MBA

Jay Handelman

Ottawa Executive MBA

Hamish Taylor

Commerce '89 Professor – Student Life Award

Peter Kissick

FACULTY OF EDUCATION

Golden Apple Award

Elsbeth Morgan

Andy Rush

Rose A. Freeman Memorial Award

Heather O'Reilly

FACULTY OF HEALTH SCIENCES

Faculty of Health Sciences Education Award

Myron Szewczuk, Microbiology and Immunology

Brenda Brouwer, Rehabilitation Therapy

Les MacKenzie, Anatomy and Cell Biology

H.F. Pross Educational Technology Award

(School of Medicine)

Announced in September

E-Ward

(Aesculapian Society, School of Medicine)

Craig Goldie

Maxine Clarke

PAIRO Excellence in Clinical Teaching Award

(School of Medicine)

Brian Arthur, Ophthalmology

PAIRO Excellence in Undergraduate Teaching by a Resident

(School of Medicine)

Kyle McKenzie, Pediatrics

W. Ford Connell Award for Excellence in Teaching

(School of Medicine)

Susan Moffatt, Respiratory and Critical Care

Phase III Teaching Award

(Department of Surgery)

winner's name not yet released

Phase IIA Musculoskeletal (MSK) Course Award

(Department of Surgery)

Lindsay Davidson, Pediatric Orthopaedics

Aesculapian Lectureship Award

(School of Medicine)

Phase I

Conrad Reifel

Phase IIA

John Matthews

Lewis Tomalty

Phase IIB

Michel Melanson

Jim Owen

Phase IIC

Sue Moffatt

Rachel Pilkey

Phase IIE

Robyn Houlden

Greg Davies

Clinical Skills Teachers in the School of Medicine Award of Excellence in Teaching

(School of Medicine)

Phase 1

Isaac Dwosh, Rheumatology

Peter Froud, Oncology

Linda O'Connor, Family Medicine

Peggy Robertson, Family Medicine

Ron Wigle, Medicine

Phase 2A

Jim Biagi, Medicine

Danielle Blouin, Emergency Medicine

Peter Froud, Oncology

Linda O'Connor, Family Medicine

Peggy Robertson, Family Medicine

Tony Sanfilippo, Cardiology

Gerry Adams, Cardiology

Louise Rang, Emergency Medicine

Phase 2B

Ruth Dubin, Family Medicine

Michael Cummings, Anesthesiology

Darren Beiko, Urology

Paul Dungey, Emergency Medicine

Jun Kawakami, Urology

Phase 2C

Ruth Dubin, Family Medicine

Ken Edwards, Emergency Medicine

Jun Kawakami, Urology

Chris Parker, Respiratory and Critical Care

Arawn Therrien, Family Medicine

Phase 2E

Jim Biagi, Medicine

Sudeep Gill, Geriatrics

Hugh MacDonald, Surgery

Dale Mercer, Surgery

Glorianne Ropchan, Cardiology

Sarah Gower, Family Medicine

Karen Schultz, Family Medicine

Lindsey Patterson, Anesthesiology

Gord Jones, Emergency Medicine

Fran Crawford, Emergency Medicine

Chris Justinich, Pediatrics

John Smythe, Pediatrics

Michael Storr, Pediatrics

Darren Beiko, Urology

Karen Graham, Emergency Medicine

Jim Landine, Emergency Medicine

SCHOOL OF NURSING

Nursing '84 Award for Excellence in Clinical Teaching

Laurie Kerr

Reddick Award for Excellence in Nursing Education

1st year

Lewis Tomalty

2nd year

Emily Collins

3rd year

Jocelyn Matthewman

4th year

Cheryl Pulling

SCHOOL OF REHABILITATION THERAPY

Blue Star Award for Teaching Excellence

Physical Therapy Program

Stéphanie Madill

Occupational Therapy Program

Terry Krupa

FACULTY OF LAW

Law Student Society Teaching Excellence Award

Fall

Stanley Corbett

Winter

Sharryn Aiken

Law Student Society Specialty Lecturer Award

Fall

Cynthia Tape

Winter

David Stratus

Queen's University Alumni Awards 2007

Alumni Achievement Award

Ronald McCallum, LL.M.'74

Herbert J. Hamilton Award

Dan Rees, Com.'92, Artsci.'03

Excellence in Teaching Award

Patrick Oosthuizen

Mechanical & Materials Engineering

One to Watch Award

Aaron Pereira, Artsci.'04

Alumni Humanitarian Award

Ben Peterson, Artsci.'99, Actsci.'00

Mentorship Award

Michael O'Connor, Sc.'68, PhD.'76, DSc.'92

Outstanding Student Award

John (Connor) Langford, Sc.'08

VOLUNTEER AWARDS 2007

Marsha Lampman

Sophie Sommerer, Sc.'98

Ernie Jury, Sc.'55, MBA.'62

Rising Star

Sarah Langstaff, PhD.'98

Event of the Year

Mary L. Reed, Artsci.'84

Arizona Branch for "Afternoon
at the Desert Botanical Garden"

ALUMNI BRANCH AWARDS 2007

Calgary Branch**The Johnson Award**

Jim Dinning, Com.'74, MPA.'77

Kingston Branch**Jim Bennett Achievement Award**

Venicio Rebello, Artsci.'82

Brian Cookman

Padre Laverty Award

Bob Burnside, Sc.'56

Ottawa Branch**Agnes Benidickson Award**

George Toller, Arts.'49

Toronto Branch**John Orr Award**

Bill McLatchie

Queen's University Alumni Awards 2006

Alumni Achievement Award

Frank D. Newell, Meds'46

Herbert J. Hamilton Award

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

Excellence in Teaching Award

Richard Jackson, MBA'71
School of Business

One to Watch Award

Lindsey Higgs, Artsci'04

Alumni Humanitarian Award

The Framework Foundation
Anil Patel, Artsci'98
Simon Foster, Artsci'97
Nick Maiese, Artsci'97
Andrew Klingel, Com'98

Mentorship Award

Andrew Boggs, Artsci'96

Outstanding Student Award

John-Andrew Pankiw-Petty, Artsci'06

VOLUNTEER AWARDS 2006

Marsha Lampman

Mary L. Reed, Artsci'84
Andy King, Artsci'95, Sc'95

Rising Star

Allison Moore, Com'04

Event of the Year

Toronto Branch
John Orr Award Dinner and Dance 2005

ALUMNI BRANCH AWARDS

Calgary Branch

The Johnson Award

Kathleen Sendall, Sc'77

Kingston Branch

Jim Bennett Achievement Award

Kim Donovan

Padre Laverty Award

Bob Pritchard, Sc'64

Ottawa Branch

Grunnan Onarach Award

Raquel Fragoso Peters, Artsci'93
John Oliver, Sc'56

Toronto Branch

John Orr Award

David Whiting, Sc'65

The Colour Awards (Athletics)

PHE' 55 Alumnae Trophy (Top Female Athlete)

Eilish McConville – Women's Soccer

Jenkins Trophy (Top Male Athlete)

Steve Willis – Men's Volleyball

Award of Merit (Team Sport – Women's)

Erin Bailey – Women's Rugby

Jim Tait Award (Team Sport – Men's)

Brad Smith – Football

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

Rachel Coens – Figure Skating

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

Simon Gowdy – Rowing

Alfie Pierce Trophy (Outstanding Rookie Female)

Elizabeth Kench – Hockey

Alfie Pierce Trophy (Outstanding Rookie Male)

Ryan Gibb – Hockey

Hal Dunlop Award

Rob Millington – Men's Basketball
Richard Rotenberg – Men's Hockey

Michael Rodden Award

John McFarlane – Former Chair of Athletics and Recreation

SOURCES OF INFORMATION 10



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*, 1991-2006 publications
- 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, 2006), based on 2005-06 data
- J** AUCC
- K** National Survey of Student Engagement (2006)
- L** Ontario Universities Application Centre, Admissions Data System Report



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