Annual Financial Report

QUEEN'S UNIVERSITY AT KINGSTON
ANNUAL FINANCIAL REPORT
APRIL 30, 2023

INDEX

Queen’s University is facing financial challenges, given the significant impacts of the provincially mandated 2019 tuition fee cut and subsequent freeze for Ontario students, the reduction in international enrolment post-pandemic and the cap on provincial funding for domestic students, along with inflationary pressures. As noted in previous years, annual investment returns reflect the volatility in financial markets. The $15.6 million surplus in the current year is primarily a result of stronger investment returns, which rebounded from $12.8 million in 2021-22 to $84.4 million in 2022-23. As reported in the consolidated statement of financial position, internally restricted net assets, which are a reflection of the financial flexibility of the institution, declined by $43.5 million in 2022-23. These balances are expected to be drawn down further in 2023-24 based on the significant projected operating budget deficit. The use of these reserves for on-going operational expenditures is not sustainable. To protect its academic mission while advancing its strategic priorities, the University will be implementing cost saving measures.

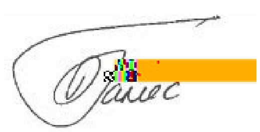
Despite ongoing financial challenges, several successes throughout the past year are noteworthy. In June of 2023, Queen’s secured its best performance to date in the Time Higher Education (THE) Impact Rankings placing third globally and first in North America in the annual global rankings that assess universities’ performance in advancing the United Nations’ 17 Sustainable Development Goals (SDGs).

In April 2023, Queen’s University published its inaugural Responsible Investing Annual Report, which indicated a 5 per cent reduction in the carbon footprint of Pooled Endowment Fund investments from December 2021 to December 2022. As a result, the carbon footprint is now 12 per cent lower than that of the global benchmark index.

In terms of capital investments, the University achieved a significant milestone when it began construction on the John Deutsch University Centre in May 2022. Funded largely by students over a period of 30 years, when reopened in 2024, the renovated space will feature accessible, sustainable, and inclusive spaces for students to learn, socialize, and study. In September 2022 Queen’s welcomed students to its newest LEED Gold 334-bed student residence named Endaayaan–Tkanónsote in recognition of the region’s Anishinaabe and Haudenosaunee Indigenous communities.

The recent AA rating issued by Morningstar DBRS and the AA+ rating issued by Standard and Poors each provide an independent and objective assessment of the University’s strong overall financial performance. Exceptional student demand, effective management practices, and the University’s strong academic profile were all cited as strengths contributing to a consistently strong balance sheet. With this in mind, we will navigate our current fiscal challenges by leveraging our strengths through continued and ongoing engagement with our community. Aligned with our Vision – “

” - together we will accomplish the hard work that will be required to move beyond our current fiscal challenges and remain a strong institution “For the Future”.



Donna Janiec, FCPA, FCA
Vice-Principal (Finance & Administration)

THE YEAR IN REVIEW

In 2022-23 the University completed the year with a surplus of $15.6 million, driven primarily by positive investment returns and ancillary operations returning to pre-pandemic service levels.

REVENUES

At a glance….
Total revenues increaseomp

For-Credit Tuition fees

For-credit tuition fees are fees charged on courses offered for academic courses towards a degree program. For-credit tuition revenue decreased by $7.5 million (2.0 %) to $372.5 million in 2022-23. International student enrolment declines contributed to decreased international for-credit tuition revenue of $6.0 million. International students pay higher tuition fees

Research grants and contracts

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

Research grant and contract revenues received by funder is presented in the chart to the right. This chart is presented on a cash basis before any adjustment for funds deferred for spending in future years.

Ancillary revenues

Ancillary operations include business units that provide goods and services to the University community. These units are expected to cover their full operating costs and may also defray general operating expenditures. The table to the right provides a breakdown of revenues in the Ancillary fund by ancillary operations. Ancillary revenue increased in 2022-23 due to the opening of the Endaayaan – Tkanónsote residence combined with the loosening of pandemic restrictions resulting in increased capacity in the residence buiAandidbxcr w ph wnbx s e easer a

Investment income

The Board of Trustees has overall responsibility for the management of investment funds at the University and has appointed an Investment Committee to help ensure its investment responsibilities are met. Both the Pooled Endowment Fund (PEF) and the Pooled Investment Fund are invested in accordance with a Board-approved Statement of Investment Policies and Procedures, which establishes risk and return objectives for each Fund, as well as a Responsible Investing Policy. Over the last year the Investment Committee has made considerable progress on its responsible investing initiatives, including implementing meaningful portfolio decarbonization, publishing the University's inaugural Responsible Investing Annual Report, and hosting a responsible investing town hall. Additional information on Responsible Investing at Queen's can be found on the Investment Services website.

Given the nature of the funds' medium- and long-term objectives, there can be considerable volatility in investment retur [illegible] n

EXPENSES

At a glance…
Total expenses increased by

SALARIES AND BENEFITS

Employee Group	**Unit / Association**	**Contract effective until**
Academic Assistants	USW 2010-01	August 2023
Allied Health Care Professionals (Family Health Team)	OPSEU 452	June 2022
General Support Staff	USW 2010	December 2024
Graduate Teaching Assistants and Teaching Fellows	PSAC 901, Unit 1	April 2024
Kingston Heating & Maintenance Workers	CUPE 229	June 2024
Kingston Technicians	CUPE 254	June 2024
Library Technicians	CUPE 1302	June 2024
Post-Doctoral Fellows	PSAC 901, Unit 2	June 2023
Queen’s University Faculty Association	QUFA	June 2025
Registered Nurses and Nurse Practitioners (Family Health Team)	ONA 67	March 2021

CAPITAL PROJECTS

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CONSOLIDAT

THE CONSOLIDATED STATEMENT OF OPERATIONS BY FUND

April 30, 2023
(Thousands of dollars)

The table below presents the activities of the University by fund, for the year ended April 30, 2023, and supplements the information presented in the financial statements.

	Operating	Ancillaries	Trust and Endowment	Research	Capital	Consolidated Entities	Total 2023
REVENUES							
Grants and contracts	234,403	-	23,016	178,059	(4,365)	-	431,113
Student fees	429,723	-	-	-	-	-	429,723
Sales of service and products	10,778	95,912	-	-	-	9,265	115,955
Investment income	40,539	-	37,238	1,969	4,294	352	84,392
Amortization of deferred capital contributions	-	-	-	-	25,039	293	25,332
Other	18,956	-	-	3,454	285	502	23,197
Donations	1,580	-	14,490	-	-	-	16,070
	735,979	95,912	74,744	183,482	25,253	10,412	1,125,782
EXPENSES							
Salaries and benefits	492,992	10,961	21,430	69,102	-	6,712	601,197
Supplies and services	128,414	3,755	12,980	60,690	(23,782)	(9,969)	172,088
Student assistance	42,266	-	32,934	19,884	-	-	95,084
Externally contracted services	13,667	30,227	1,934	30,944	-	35	76,807
Amortization of capital assets	-	-	-	-	49,711	1,789	51,500
Renovations and alterations	19,695	10,543	351	522	14,404	71	45,586
Utilities, taxes and insurance	23,163		-				

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The administration has prepared the accompanying consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Chartered Professional Accountants of Canada. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments were employed. The administration believes the consolidated financial statements present fairly the University's financial position as at April 30, 2023 and the results of its operations for the year then ended.

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

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

The consolidated financial statements for the year ended April 30, 2023 have been reported on by KPMG LLP, Chartered Professional Accountants, the independent auditors appointed by the Board of Trustees. The independent auditors' report outlines the scope of their audit and their opinion on the consolidated financial statements.

Dr. Patrick Deane
Principal and Vice-Chancellor

Donna Janiec, FCPA, FCA
Vice-Principal (Finance & Administration)

INDEPENDENT AUDITOR'S REPORT

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

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

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Queen’s University at Kingston’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Queen’s University at Kingston’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

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

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended April 30, 2023
(Thousands of dollars)

		2023		2022
REVENUES				
Grants and contracts	$	431,113	$	425,672
Student fees		429,723		429,267
Sales of service and products		115,955		86,566
Investment income (note 6)		84,392		12,810
Amortization of deferred capital contributions (note 11)		25,332		

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30, 2023
(Thousands of dollars)

	Endowments	Invested in capital assets	Internally restricted	Unrestricted	**Total 2023**	**Total 2022**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30, 2023
(Thousands of dollars)

	2023	2022
OPERATING ACTIVITIES:		
Excess / (deficiency) of revenues over expenses	$ 15,604	$ (3,285)
Add / (deduct) non-cash items:		
Amortization of deferred capital contributions	(25,332)	(25,315)
Amortization of capital assets	51,500	45,764
Unrealized (gain) / loss on investments (note 6c)	(28,121)	78,588
Employee future benefits	8,042	6,469
Net change in non-cash working capital (note 16)	20,460	(8,549)
Cash provided by operating activities	42,153	93,672
INVESTING ACTIVITIES:		
Net change in loans receivable	200	187
Net change in investments	(56,942)	(75,459)
Purchases (net of disposals) of capital assets	(63,626)	(91,371)
Net change in investments reported as a direct increase / (decrease) in net assets	7,816	(19,120)
Cash used in investing activities	(112,552)	(185,763)
FINANCING ACTIVITIES:		
Repayment of long-term debt	(4,338)	(4,209)
Contributions received for capital purposes	22,037	12,882
Contributions reported as direct increase in net assets	31,357	35,996
Cash provided by financing activities	49,056	44,669
Net decrease in cash	(21,343)	(47,422)
Cash, beginning of year	118,185	165,607
Cash, end of year	$ 96,842	$ 118,185

See accompanying notes to consolidated financial statements.

1. AUTHORITY

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

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

Other financial instruments, including accounts receivable, accounts payable and debt are recorded at fair value upon initial recognition, which represents cost, and are subsequently recorded at cost, net of any provisions for impairment.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition. Financing costs are amortized using the amortized cost method.

(d) Capital assets and net assets invested in capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution.

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

Capital assets and intangible assets are assessed at each statement of financial position date for full or partial impairment. Refer to Note 7 for current year assessments.

Amortization is provided on a straight line basis over the estimated useful life of the asset. When components of a

(e) Employee future benefit plans

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

(h) Translation of foreign currency

Transactions denominated in foreign currencies are accounted for at the exchange rate in effect at the date of the transaction. At year end, monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the rates of exchange prevailing at the statement of financial position date. The resulting gains and losses are included in other revenue.

(i) Contributed services

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The cost that would otherwise be involved with these contributed services is not recognized in the financial statements.

(j) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

3. CHANGE IN ACCOUNTING POLICY

The University has adopted the amendments made to , which are effective for financial statements for fiscal years beginning on or after January 1, 2022. The amendments require those defined benefit plans for which there is no legislative, regulatory or contractual requirement to prepare an actuarial valuation for funding purposes to be measured as of the statement of financial position date using an actuarial valuation for accounting purposes.

The cumulative effect of applying the amendment is recorded in opening net assets at the date that the amendments are first applied.

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of balances receivable for research projects and trade accounts receivable, including tuition net of an allowance for doubtful accounts of $3,736 (2022 - $3,807).

Pledges receivable, since not legally enforceable, are recorded as revenue on a cash basis and accordingly are not recognized as assets in the financial statements. The total amount of pledges outstanding and the expected year of collection are as follows:

Fiscal year		
2024	$	24,142
2025		19,017
2026		15,695
2027		8,973
2028		1,286
Thereafter		1,970
	$	71,083

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

5. LOANS RECEIVABLE

Loans receivable is comprised of a loan to the Kingston Health Sciences Centre / Queen’s Parking Commission (the "Parking Commission") in the amount of $1,940 (2022 - $2,140). The loan to the Parking Commission bears interest at 6 per cent per annum and matures in October 2030.

6. INVESTMENTS AND INVESTMENT INCOME

(a) Investments

Fair value details of investments are as follows:

		2023		2022
Current				
Short-term	$	208,002	$	204,918
Non-current				
Pooled Endowment Fund		1,456,850		1,408,881
Pooled Investment Fund		563,093		537,221
Other		127,117		118,979
		2,147,060		2,065,081
Total investments	$	2,355,062	$	2,269,999

Derivative financial instruments, as disclosed in Note 17 are included in non-current investments.

The Pooled Investment Fund consists mainly of the University's working capital for operations.

(b) Uncalled commitments

As at April 30, 2023, a portion of the University’s investment portfolio is invested in private funds managed by third-party managers (“the manager”). These private funds typically take the form of limited partnerships managed by a General Partner. The legal terms and conditions of these private u [illegible] ted [illegible]

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

10. DEFERRED REVENUE AND CONTRIBUTIONS

	2023	2022
Research funds	$ 229,273	$ 220,665
Trust funds	111,821	86,443
Student fees	34,437	39,077
Capital funds	10,242	10,688
Other	20,318	14,198
Gift annuities	1,341	1,513
	$ 407,432	$ 372,584

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

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

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

Capital funds are the unexpended portion of funds restricted for future capital expenditures.

Other deferred revenue primarily represents deferred government funding that relates to the next fiscal year.

Under the now suspended gift annuity program, a donor was able to gift an amount to the University and receive a tax preferred life annuity in return. The annuity capital reverts to the University on the death of the donor. The deferred revenue portion represents the current residual value of the donor's gift, net of the present value of future annuity payments.

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of

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

12. LONG-TERM DEBT

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

	Maturity in Fiscal Year Ending	Interest Rate	2023 Principal Outstanding	2022 Principal Outstanding
Amortizing unsecured bank loan maturing November 1, 2030	2031	Variable	$ 39,533	$ 44,072
Series A senior unsecured bullet debenture maturing on November 19, 2032	2033	6.10%	90,000	90,000
Senior unsecured bullet debenture maturing April 1, 2040	2040	5.09%	75,000	75,000
Senior unsecured bullet debenture maturing June 1, 2040	2041	5.10%	50,000	50,000
Series B senior unsecured bullet debenture maturing April 27, 2060	2060	2.89%	125,000	125,000
			379,533	384,072
Unamortized transaction costs/bond discount			(2,726)	(2,927)
			376,807	381,145
Less current portion			(4,471)	(4,338)
			$ 372,336	$ 376,807

The University has established sinking funds to provide funds to repay the Series A senior unsecured debenture maturing on November 19, 2032, the senior unsecured debentures maturing on April 1, 2040 and June 1, 2040 and the Series B senior unsecured debenture maturing on April 27, 2060. The sinking fund for the Series A debenture is fully funded. At

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

	2023	2022

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

15. INTERNALLY RESTRICTED NET ASSETS

Details of year-end balances are as follows:

		2023		2022
Operating contingencies	$	136,718	$	167,069
Unspent research funds		75,167		73,887
Internally financed capital projects		(46,326)		(74,196)
Sinking funds		122,183		111,563
Capital reserves		164,187		193,858
Employee future benefits				
Employee future benefits deficit		(124,287)		(95,788)
Pension reserve		61,981		56,777
	$	389,623	$	433,170

In order to encourage judicious expenditure of funds, the University's policy permits operating and ancillary units to carry forward unexpended budget allocations, unrestricted donations and investment income to the succeeding years as operating contingencies. These funds are held to protect against possible adverse operating circumstances such as changes to student enrolment, investment return fluctuations and salary cost escalations.

Unspent research funds are primarily overheads or internally funded research grants, which are reserved to support future research activities and commitments.

Internally financed capital projects are temporarily financed with internal funds until other committed sources are received, which include any combination of donations, grants or budget allocations.

Sinking funds have been established to fund the principal repayments of the bullet debentures held by the University, as disclosed in recne

(b) Financial risk

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

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

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

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

Credit risk is the risk of financial loss to the University if a counterparty to a financial instrument fails to meet its contractual obligation. The University is exposed to credit risk with respect to its accounts receivable and investments. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts (Note 4). The University's investments must adhere to minimum quality standard ratings as stipulated in the SIP&P.

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

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

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

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

Externally restricted endowments, as described in Note 14, include monies provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund (OSOTF) and Ontario Trust for Student Support (OTSS) matching programs to award student aid as a result of raising an equal amount of endowed donations.

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

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

	2023	2022
Endowment Funds:		
Opening balance	$ 68,198	$ 68,871
Transfer from expendable funds	-	(673)
Endowment capital	$ 68,198	$ 68,198
Expendable Funds:		
Opening balance	$ 1,577	$ 428
Investment income	5,244	5,064
Bursaries awarded	(6,747)	(4,588)
Transfer to endowment funds	-	673
Expendable funds available for awards	$ 74	$ 1,577
Number of bursaries awarded	1,667	1,606

The market value of the OSOTF phase 1 endowment fund at April 30, 2023 is $130,548 (2022 - $129,583).

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

(for the year ended March 31)	OSOTF II	OTSS	2023 Total	2022 Total	
Endowment Funds:					
Opening balance	$ 12,542	$ 38,149	$ 50,691	$ 48,619	
Donations received	-	-	-	1,658	
Transfer from expendable funds	53	438	491	414491	41

(d) McGill-Queen's University Press

(f) TRIUMF Inc.

The University is a member, with thirteen other universities, of the joint venture, TRIUMF Inc., Canada's national laboratory for particle and nuclear physics located on the University of British Columbia (UBC) campus. TRIUMF Inc. is a registered charity and not-for-profit corporation incorporated under the laws of Canada and each university has an undivided 1 / 14 interest. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants and the University has made no direct financial

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

(c) SNOLAB - Asset retirement obligation

As stipulated within the Constitution for SNOLAB, this joint-venture research project's assets and liabilities are to be divided among the member institutions. The agreements also indicate decommissioning costs for the former Sudbury Neutrino Observatory as well as SNOLAB facility expansions are the responsibility of member institutions based on their proportionate share.

Currently, new experiments are being developed using the facility. There are no immediate plans for decommissioning of the facilities or a reasonable estimate of when such decommissioning may occur.

(d) TRIUMF - Asset retirement obligation

The members of TRIUMF and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has complied with federal legislation by putting in place a decommissioning plan, including a funding plan. This decommissioning plan does not require any payments from the members. All decommissioning costs are expensed in the period in which the costs are incurred.

(e) Capital commitments

As of April 30, 2023 the estimated cost to complete construction in process for the extension of facilities is approximately $78,730 (2022 - $36,174). These costs will be financed by a combination of debt, gifts, grants, and allocations from operations.

The University leases premises and equipment. The remaining aggregate minimum rental payments under operating leases are as follows:

Fiscal year		
2024	$	3,316
2025		2,349
2026		2,028
2027		1,876
2028		1,000
Total thereafter		954
	$	11,523

(f) Other

In addition to the capital commitments disclosed in Note 20(e), the University has issued letters of credit of $2,285 (2022 - $1,580) primarily for capital construction and has guaranteed an operating line of credit of $5,000 (2022 - $2,500) for Elentra.

(g) Pension obligations

As stated in Note 13(a), the University remains responsible to fund any pre-conversion net pension obligations (determined based on the UPP's actuarial assumptions) related to service costs up to the transition date of July 1, 2021. Based on the most recent actuarial valuation performed as at January 1, 2022, the UPP had a pension surplus and as such the University does not have a pre-conversion pension obligation at this time. The pension obligation for pre-conversion service may fluctuate in the future based on changes to the UPP's actuarial assumptions and for changes in experience in future periods. The pre-conversion pension obligation would continue to be the responsibility of the University to fund for the first 10 years starting July 1, 2021, after which the responsibility for such changes becomes gradual ṃǑ Ǝom