The following table shows the detailed breakdown of the Shared Service Allocations and projections shown above: -2 /TD 80MC 580ts 2 >7 /TDffBD6$

Queen's University at Kingston

2014-15 Shared Services Budget Allocations (000,000's)

	Approved Budget 2014-15	Projected Actuals 2014-15	Variance
Shared Services			

The following table shows the Capital Allocations from the Operating Budget.

Queen's University		

Expenditures
Under the new budget model all tuition and grant revenues are attributed directly to the Faculties and Schools, which means the higher than projected tuition and grant revenues have a direct effect on Faculty and School allocations. All research overhead is attributed to Faculties and Schools, so the reduction in revenue from this source will also be borne by Faculties and Schools.

Shared Services are showing higher than projected expenditures of $300K. This is due to an increase in legal costs for certification of Graduate TA's.

To date expenses on utilities expenses are tracking within budget.

Indirect costs to external entities have decreased because the hospitals' share of tri-council grants has come in lower than budget. The total grant to Queen's has remained unchanged, which means that the Faculties and Schools are now receiving a higher allocation than was originally budgeted.

Flow-through expenses net of recoveries are lower than was originally budgeted because of higher than expected ancillary overhead recoveries and lower flow-through revenues.

Operating Budget Surplus (or Deficit)
Current projections continue to show a balanced budget. The most significant risks to this projection are the possibility of discounting on Undergraduate Accessibility Grant funding and utilities costs exceeding the budget costs because of colder than normal winter temperatures.

The budget approved by the Board reflects the in-year revenue and expenses or budget allocations. Many units are planning total expenditures that are higher than their budget allocation, with the additional expenditures being funded by prior-year reserves (carry-forwards). The originally approved budget projected reserves being drawn down by $7.5M, but the revised projection is for $9.5M because of unplanned renovation and construction costs in the Faculty of Law and unplanned expenditures in the Faculty of Health Sciences on construction costs and the support of additional academic and research initiatives. In addition, a planned reduction in the value of Excellence scholarships was not implemented because of the associated risk, which led to higher than budgeted expenditures on scholarships. These increases in expenses are currently being offset by a larger surplus than planned in Queen's School of Business as a result of higher than planned enrolments and reduced expenditures on graduate student support because enrolment targets were not met.

The budgeted drawdown of the Employee Future Benefits and Cash reserve is unchanged at $0.2M. This drawdown of cash is furthermore explicitly matched to one-time expenses.

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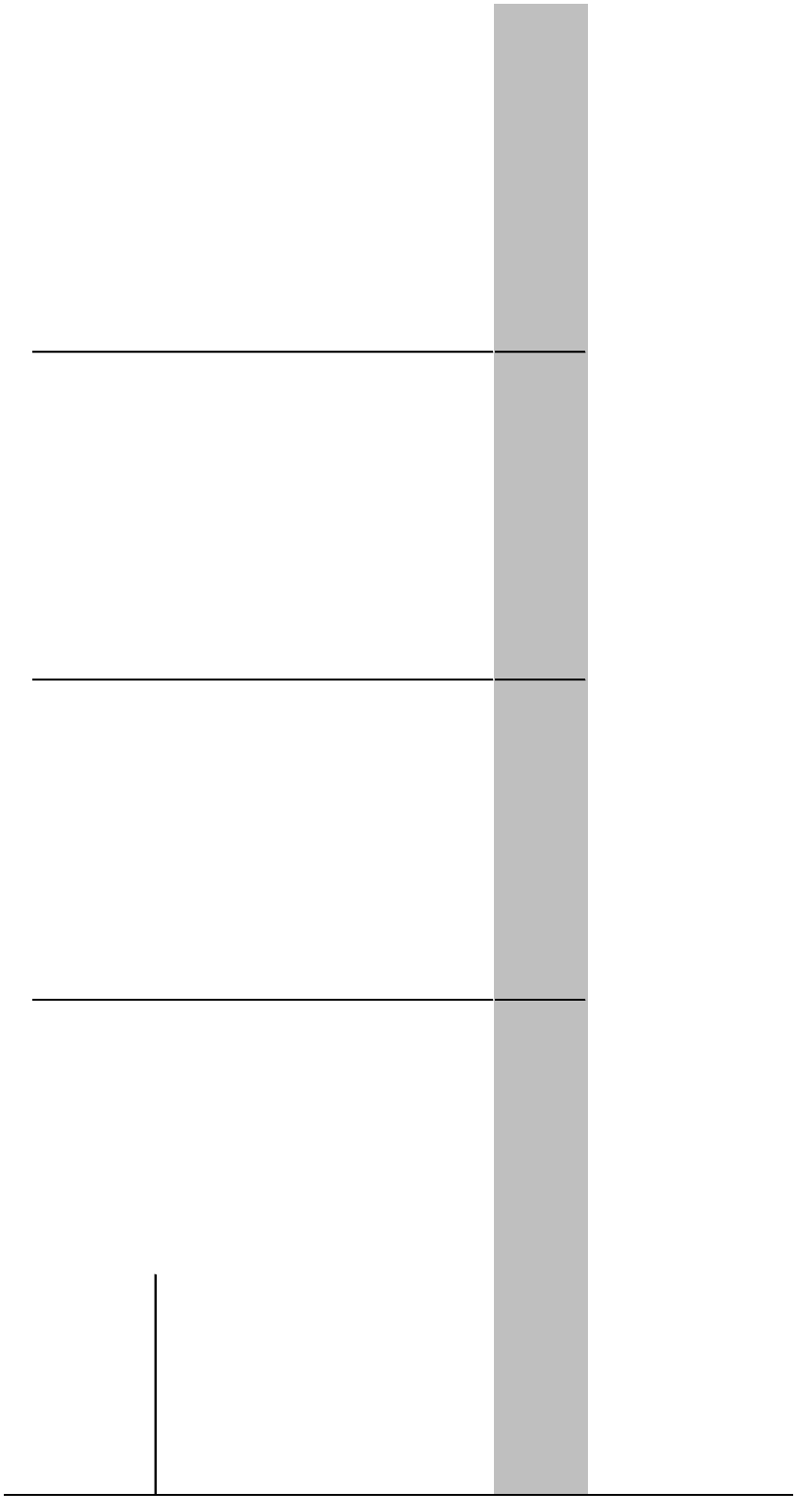

2014-15 Consolidated Entities Financial Report (000's)						
	PARTEQ Consolidated			QCED Inc.		
	Budget	Projected	Variance Surplus (deficit)	Budget	Projected	Variance Surplus (deficit)
REVENUE	3,726	5,488	1,762	799	489	(310)
EXPENDITURE						
Salaries & Benefits	1,406	1,408	2	194	194	-
External Contracts	146	99	(47)	523	261	(262)
Utilities	-	-	-	-	-	-
Repairs & Alter.	-	-	-	-	-	-
Interest & Bank Charges	114	115	1	-	-	-
Supplies & Misc.	2,195	3,852	1,657	58	8	(50)
Deferred Maintenance	-	-	-	-	-	-
Total Expenditures	3,861	5,474	1,613	775	463	(312)
SURPLUS (DEFICIT)	(135)	14	149	24	26	2

Note: The Bader International Study Centre is a consolidated entity but under the New Budget model its academic operations are now included as a faculty in the operating budget.

III: Pension Plan

The University is required to file a pension plan valuation as of August 31, 2014. The pension committee of the Board of Trustees discussed valuation assumptions at their meeting in September and will be presented with the preliminary valuation results at the December meeting. This will inform special payments effective September 1, 2015. The valuation must be filed by May 2015.

The August 31, 2013 updated pension plan valuation resulted in a going concern deficit of $164.0M on a smoothed basis, and a solvency deficit of $291.8M.

The 2014-15 budget includes the required going concern payments of $14.4 million which commenced on September 1, 2012, and are based on an August 31, 2011 going-concern deficit of $126.4 million on a smoothed basis. The University is currently in Stage I solvency relief, and will apply for Stage II solvency relief in January 2015. Stage II relief allows the solvency deficit to be amortized over 10 years instead of 5. Recent changes to the Pension Benefits Act in Ontario provide universities with a further choice to amortize the solvency deficit over the 10 year period, or take advantage of an additional 3 year extension to pension solvency relief and amortize the solvency deficit over the remaining 7 years of Stage II relief. The university continues to explore options relating to a Jointly Sponsored Pension

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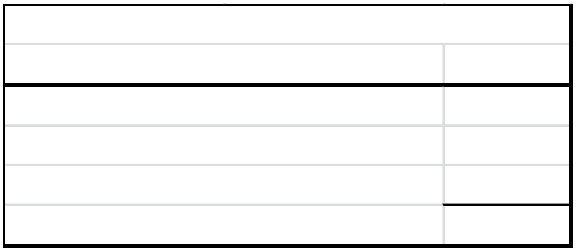
The table below provides information on projects where the Board approved planning funds to investigate potential capital projects.

Project- planning funds ($000's)	Planning funds approved to Sep '14	Expenditures to Sep '14	Funding to Sep '14	Net Cash Position
Teaching Space Complex	620	634	620	(14)
Engineering Building	300	312	4,754	4,442
Total	920	946	5,374	4,428

Deferred Maintenance:

A Facilities Condition Audit was conducted in 2010 for all Ontario Universities so that the data could be stored in a common database. The data is updated to provide for inflationary increases offset by Eef003 Tw 20.651 0 Td[(f)2 T31 (6)]TJll1 (y)-4 (in((p)2 (d)2 (a(d)2 ((at)- (y)-4w(e)-6 (2-3 (d)2 (aat)-3 (a i)-1 (u)04 Tcl1.2e)-



VI: Debt and Liquidity

Debt
Balances at September 30, 2014:

Debt Portfolio			
Issue	**$ Millions**	**Rate**	**Maturity**
Series A Senior unsecured debenture	$ 90.0	6.100%	2032
CMHC Residences loans	$ 0.5	5.375%	2016
Infrastructure Ontario Senior unsecured debenture	$ 75.0	5.090%	2040
Infrastructure Ontario Senior unsecured debenture	$ 50.0	5.100%	2040
Bank of Montreal (floating rate amortizing loan & interest rate swap)	$ 30.0	3.180%	2030
Total	$ 245.5		

*A further $40M will be drawn on this facility in 2015-16

In October 2013 the Board approved a revised Debt Management Policy. The ratios in the policy are as follows:

1) Viability Ratio:	**2) Debt Burden Ratio:**
Unrestricted Net Assets	Annual Interest Cost + Annual Debt Principal
+ Internally Restricted Net Assets	Total Operating Expenses
+ Internally Restricted Endowments	- Amortization of Capital Assets
Total University External Debt	+ Annual Debt Principal

* Excluding liabilities associated with employee future benefits and including deferred contributions.

Board Debt Management Policy		**Apr. 30, 2013**	**Apr. 30, 2014**
Viability Ratio (1)		1.80	1.97
Debt Burden Ratio (2)	3.25%	2.60%	2.59%

The University is within the established parameters of both the Viabili