

Financial Statements of

**UNIVERSITY OF KING'S  
COLLEGE**

Year ended March 31, 2026



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of University of King's College

### ***Opinion***

We have audited the financial statements of University of King's College (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026 and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***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 the College'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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

## ***Auditor's 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 auditor's 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 the 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 the College'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 the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Halifax, Canada

June 25, 2026

# UNIVERSITY OF KING'S COLLEGE

## Statement of Financial Position

March 31, 2026, with comparative information for 2025

	2026	2025
<b>Assets</b>		
Current assets:		
Cash	\$ 1,168,298	\$ 1,177,579
Accounts receivable (note 4)	200,370	283,500
Prepaid expenses	262,592	225,287
	<u>1,631,260</u>	<u>1,686,366</u>
Investments (note 5)	55,784,478	53,472,560
Capital assets (note 6)	24,671,602	25,456,277
	<u>\$ 82,087,340</u>	<u>\$ 80,615,203</u>

## Liabilities, Deferred Contributions and Net Assets

### Current liabilities:

Accounts payable and accrued liabilities (note 7)	\$ 3,664,558	\$ 3,538,001
Deferred revenue	2,335,407	2,119,927
Current portion of long-term debt (note 8)	735,000	715,000
	<u>6,734,965</u>	<u>6,372,928</u>
Long-term debt (note 8, 16)	9,455,000	10,190,000
Due to University of King's College Alumni Association	899,898	866,537
Deferred capital contributions (note 9)	10,397,293	10,031,330
Net assets:		
Capital fund	4,419,824	4,855,464
Endowment fund (note 10)	46,655,842	43,971,022
Operating fund - internally restricted	6,325,861	6,324,501
Operating fund - unrestricted	(2,801,343)	(1,996,579)
	<u>54,600,184</u>	<u>53,154,408</u>

Commitments and contingent liability (note 13)

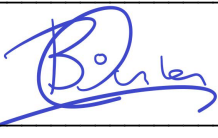
\$ 82,087,340   \$ 80,615,203

See accompanying notes to financial statements.

Approved on behalf of the Board:



\_\_\_\_\_  
President



\_\_\_\_\_  
Treasurer

# UNIVERSITY OF KING'S COLLEGE

## Statement of Operations

Year ended March 31, 2026, with comparative information for 2025

	Capital Fund	Externally Restricted	Operating Fund		2026 Total	2025 Total
			Internally Restricted	Unrestricted		
<b>Revenue:</b>						
Provincial government grant	\$ -	\$ -	\$ -	\$ 8,953,759	\$ 8,953,759	\$ 8,778,195
Student academic fees (note 12)	-	-	-	8,882,148	8,882,148	9,660,399
Student residence fees	-	-	-	2,223,131	2,223,131	2,179,769
Student ancillary fees	-	-	-	1,333,245	1,333,245	1,209,357
Investment income (note 11)	-	86,183	-	2,038,017	2,124,200	2,158,054
Sale of goods and services	-	-	-	783,557	783,557	710,414
Gifts (note 3)	-	445,945	-	570,808	1,016,753	756,465
Other grants	-	247,072	-	66,239	313,311	351,897
Amortization of deferred capital contributions	424,076	-	-	-	424,076	422,009
	424,076	779,200	-	24,850,904	26,054,180	26,226,559
<b>Expenses:</b>						
Academic (note 12)	-	201,470	-	7,625,173	7,826,643	8,106,458
Advancement office	-	69,513	-	879,890	949,403	893,502
Allotment to Dalhousie University (note 12)	-	-	-	4,623,582	4,623,582	4,344,556
Athletics	-	5,649	-	811,835	817,484	808,325
Bursar's office/Human resources	-	-	-	831,755	831,755	763,142
Community supports	-	10,578	-	514,200	524,778	346,107
Divinity, chapel and music	-	139,524	-	311,859	451,383	412,488
Enrolment and student life office Registrar, recruitment, and marketing	-	-	-	1,779,355	1,779,355	1,687,812
Residence and other student services	-	-	-	784,917	784,917	983,195
Facility operations including conference services	-	8,483	-	2,424,235	2,432,718	2,462,239
General college administration	-	-	-	626,250	626,250	530,896
Library	-	168,962	-	468,684	637,646	541,065
President's office	-	29,385	-	657,412	686,797	631,484
Vice President's office	-	42,866	-	322,899	365,765	369,605
Amortization of capital assets	1,179,509	-	-	-	1,179,509	1,203,369
Investment management fees	-	42,920	-	248,118	291,038	266,670
Interest and service charges	-	-	-	436,668	436,668	500,960
Scholarships, awards and bursaries	-	32,401	-	1,477,992	1,510,393	1,645,856
Utilities, taxes and insurance	-	-	-	708,500	708,500	678,312
Legal claims (note 13)	-	-	-	-	-	(300,000)
	1,179,509	751,751	-	25,533,324	27,464,584	26,876,041
Excess of revenue over expenses before adjustments	(755,433)	27,449	-	(682,420)	(1,410,404)	(649,482)
Increase/(decrease) in fair value of non-endowment investments	-	-	54,925	-	54,925	187,150
(Deficiency) excess of revenue over expenses	\$ (755,433)	\$ 27,449	\$ 54,925	\$ (682,420)	\$ (1,355,479)	\$ (462,332)

See accompanying notes to financial statements.

# UNIVERSITY OF KING'S COLLEGE

## Statement of Changes in Net Assets

Year ended March 31, 2026, with comparative information for 2025

	Capital Fund	Endowment Fund	Externally Restricted	Operating Fund		2026 Total	2025 Total
				Internally Restricted	Unrestricted		
Balance, beginning of year	\$ 4,855,464	\$ 43,971,022	\$ -	\$ 6,324,501	\$ (1,996,579)	\$ 53,154,408	\$ 47,150,800
Excess (deficiency) of revenues over expenses	(755,433)	-	27,449	54,925	(682,420)	(1,355,479)	(462,332)
Endowment contributions (note 3)	-	671,515	-	-	-	671,515	3,473,631
Income net of transfers (note 11)	-	1,264,122	-	116,435	-	1,380,557	1,641,891
Fair value adjustment of investments	-	749,183	-	-	-	749,183	1,350,418
Investment in capital assets	(395,207)	-	-	-	395,207	-	-
Financing of capital assets	715,000	-	-	-	(715,000)	-	-
Transfer	-	-	(27,449)	(170,000)	197,449	-	-
<b>Balance, end of year</b>	<b>\$ 4,419,824</b>	<b>\$ 46,655,842</b>	<b>\$ -</b>	<b>\$ 6,325,861</b>	<b>\$ (2,801,343)</b>	<b>\$ 54,600,184</b>	<b>\$ 53,154,408</b>

See accompanying notes to financial statements.

# UNIVERSITY OF KING'S COLLEGE

## Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used for):		
Operating activities:		
Excess of expenses over revenue	\$ (1,355,479)	\$ (462,332)
Items not affecting cash:		
Amortization of capital assets	1,179,509	1,203,369
Amortization of deferred capital contributions	(424,076)	(422,009)
(Increase)/decrease in fair value of non-endowment investments	(54,925)	(187,150)
(Increase)/decrease in non-cash working capital	387,862	1,084,366
	(267,109)	1,216,244
Investing activities:		
Net realized capital gains	(1,291,002)	(563,863)
Proceeds on disposal of investments	2,595,988	2,636,422
Purchase of investments	(2,800,694)	(7,413,892)
Investment assets due to Alumni Association	33,361	126,740
(Increase)/decrease in fair value of Alumni Association investments	(12,102)	(110,495)
Purchase of capital assets	(394,834)	(1,058,286)
	(1,869,283)	(6,383,374)
Financing activities:		
Contributions relating to endowments deferred during the year	671,515	3,473,631
Endowment expenditure of capital for specified purposes	1,380,557	1,641,891
Contributions related to capital assets deferred during the year	790,039	833,476
Principal payments on long-term debt	(715,000)	(689,000)
	2,127,111	5,259,998
Net (decrease) increase in cash	(9,281)	92,868
Cash, beginning of year	1,177,579	1,084,711
Cash, end of year	\$ 1,168,298	\$ 1,177,579

See accompanying notes to financial statements.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements

Year ended March 31, 2026

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## 1. Purpose of the organization:

University of King's College (the "University"), founded in 1789, was granted a Royal Charter in 1802 by King George III and continues to operate under the authority of the statutes of Nova Scotia.

The University is a registered charity and therefore exempt from the payment of income tax under section 149 of the Income Tax Act.

## 2. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* which includes the significant accounting policies summarized below:

(a) Fund accounting:

The University maintains its accounts in accordance with the fund accounting method in order to ensure observance of restrictions, if any, placed on the resources made available to it. Resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

i) The Operating Fund accounts for the University's program delivery, service and administrative activities. The fund is further divided into the Unrestricted Operating Fund and the Internally Restricted Operating Fund.

The Unrestricted Operating Fund accounts for the University's primary function of instruction, including academic, support services, administrative services, facilities management and other operating activities. It also accounts for ancillary operations that provide goods and services to the University community, which are supplementary to the functions of instruction, research and service.

The Internally Restricted Operating Fund accounts for money internally designated for specific projects and/or purposes.

ii) The Capital Fund accounts for the acquisition of and major renovations or improvements to capital assets.

iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

iv) The Externally Restricted Fund accounts for money externally designated for specific projects and/or purposes.

(b) Cash:

Cash includes cash on hand with financial institutions.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 2. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized.

Amortization is recorded on a straight-line basis over the assets' estimated useful lives, which are as follows:

Asset	Rate
Buildings	40 years
Computers and electronic equipment	3 - 5 years
Furniture and equipment	5 - 25 years
Energy efficiency hardware	15 years
Library books	10 years

Capital assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

### (d) Employee benefit plans:

The employees of the University participate in the Public Service Superannuation Plan ("PSSP"), a contributor pension plan administered by Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on the length of service and earnings. The University is not obligated for any unfunded liability, nor is the University entitled to any surplus that may arise in the PSSP. Employer contributions are recognized as an expense in the period.

### (e) Derivatives:

The University enters into interest rate swaps with a chartered bank to reduce interest rate exposure associated with the impact of fluctuating interest rates on its long-term debt. The swaps have the effect of converting the floating rate of interest on the debt to a fixed rate. It is the University's policy not to use derivative financial instruments for trading or speculative purposes.

The University designates its interest rate swaps as cash flow hedges of specifically identified debt instruments. The swap agreements are effective hedges, both at maturity and over the term of the agreements, since the term to maturity, the notional principal amount and the interest rate of the swap agreements all match the terms of the debt instrument being hedged. The swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based. The payments are recorded as an adjustment of the interest expense on the hedged debt instrument.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

In the event that the interest rate swap agreement is terminated or ceases to be effective in part or in whole prior to maturity, any associated realized or unrealized gain or loss would be recognized in the period in which the underlying hedged transaction is recognized. In the event the designated hedged debt instrument is extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss is recognized in income.

### (f) Revenue recognition:

The University receives grants and donations from a number of different sources to cover operating, research and capital expenditures. The operating portion of the grants is recorded as revenue in the period to which it relates. The capital portion of grants is recorded as a deferred contribution and is amortized into revenue at a rate corresponding with the amortization rate of the related capital assets.

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.

The University follows the deferral method of accounting for contributions, which includes:

- Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.
- Endowment contributions and the proportion of income earned on externally restricted endowments which is recapitalized are recognized as a direct increase in endowment net assets.
- Revenue from student academic fees, student residence fees, athletic, application and course fees and sales of goods and services are recognized when the services are provided or the goods are sold.

### (g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in these financial statements.

### (h) Collections:

The University Library contains a rare books collection made up of printed books, and medieval and renaissance manuscripts which was accumulated through donation between 1872 and 1985. In fiscal 2000, the University adopted *Section 4441 Collections held by not-for-profit organizations*, however, since the fair value was not assessed at the time of donation, the Collection is recorded at a nominal cost.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 2. Significant accounting policies (continued):

### (i) Investments:

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as any investments in debt or equity securities that the University designated to be measured at fair value. Such designation must be made when the investment is initially recognized. This designation is irrevocable. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred. The University holds investments in a pooled balanced fund, equities, and pooled alternative funds (“alternatives”) and records these at fair value. The change in fair value year-over-year is reflected in the Statement of Operations for restricted investments and an adjustment to endowed investments in the Statement of Changes in Net Assets.

The value of private investments (“alternatives”), which comprise private externally managed co-mingled funds with underlying investments in commercial mortgages, real estate assets and infrastructure assets, are determined based on the valuations provided by the external investment managers of the fund. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

### (j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of capital assets and investment values. Actual results could differ from those estimates.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

### 3. Gifts:

Contributions received, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized and are reported as gifts in the statement of operations.

Endowment contributions received are recognized as a direct increase in endowment net assets and are reported as gifts on the statement of changes in net assets.

Pledges of donations to be received in future years are not recorded in the financial statements. The total amount pledged in the year ended March 31, 2026 but not yet received was \$3,118,600 (2025 - \$2,415,000).

During the year \$1,688,268 (2025 - \$4,230,096) was reported as follows:

	2026	2025
Statement of operations:		
Revenue: Gifts	\$ 1,016,753	\$ 756,465
Statement of changes in net assets:		
Endowment contributions	671,515	3,473,631
<b>Total gifts</b>	<b>\$ 1,688,268</b>	<b>\$ 4,230,096</b>

### 4. Accounts receivable:

	2026	2025
Dalhousie University	\$ 45,137	\$ 43,822
Harmonized sales taxes	39,377	53,704
Other receivables	115,856	185,974
<b>Total accounts receivable</b>	<b>\$ 200,370</b>	<b>\$ 283,500</b>

Students have the option of paying their fees at either King's or Dalhousie University.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 5. Investments:

Investments are comprised of units in pooled funds and are stated at fair value. Fair value is defined as the unit values supplied by the pooled fund administrator, which represents the University's proportionate share of underlying net assets at fair value. The fund manager operates within asset mix guidelines developed and monitored by the Investment Committee of the Board of Governors. At March 31, 2026 the composition of underlying assets was as follows: Canadian equities 15% (2025 – 15%), foreign equities 36% (2025 – 35%), fixed income 26% (2025– 27%), cash 3% (2025 – 4%), alternative investments 20% (2025 – 19%). Included in investments is \$46,655,842 (2025 - \$43,971,022) related to the endowment fund, \$6,322,861 (2025 - \$6,324,501) related to internally restricted operating funds.

On March 28, 2024, the investment assets of the University of King's College Alumni Association were transferred to the University's professional investment manager. An investment management agreement was signed on January 11, 2024 to delegate the responsibility for oversight and administration to the University of the Alumni Association's investment assets. All future investment income on these designated investments, including gains and losses on these investments are attributable back to the Alumni Association. The value of the investments and the accumulated income is shown as a liability on the University's statement of financial position.

## 6. Capital assets:

	2026		2025	
	Cost	Accumulated Amortization	Net Book value	Net Book value
Land	\$ 200,000	\$ –	\$ 200,000	\$ 200,000
Buildings	38,393,601	15,426,022	22,967,579	23,635,899
Computers and electronic equipment	718,173	566,690	151,483	155,156
Energy efficiency hardware	1,387,263	768,602	618,661	711,145
Furniture and equipment	3,702,221	3,078,930	623,291	624,968
Library books	2,018,734	1,908,146	110,588	129,109
	<u>\$46,419,992</u>	<u>\$21,748,390</u>	<u>\$24,671,602</u>	<u>\$25,456,277</u>

## 7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,139 (2025 – \$6,256) which includes amounts payable for HST.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

## 8. Long-term debt:

	2026	2025
Unsecured fixed term loan, with interest effectively fixed at 3.39% through a 20-year interest rate swap, payable in monthly instalments of approximately \$29,600, including interest, due January, 2034	\$ 2,482,000	\$ 2,757,000
Unsecured fixed term loan, with interest effectively fixed at 3.23% through a 20-year interest rate swap, payable in monthly instalments of approximately \$8,700, including interest, due November, 2035	880,000	953,000
Unsecured fixed term loan, with interest effectively fixed at 2.63% through a 20-year interest rate swap, payable in monthly instalments of approximately \$10,000, including interest, due October, 2036	1,132,000	1,224,000
Unsecured fixed term loan, with interest effectively fixed at 3.64% through a 20-year interest rate swap, payable in quarterly instalments of approximately \$36,000, including interest, due May, 2038	1,415,000	1,505,000
Unsecured fixed term loan, with interest effectively fixed at 3.71% through a 20-year interest rate swap, payable in quarterly instalments of approximately \$42,000, including interest, due November, 2042	4,281,000	4,466,000
	<u>10,190,000</u>	<u>10,905,000</u>
Current portion of long-term debt	735,000	715,000
	<u>\$ 9,455,000</u>	<u>\$ 10,190,000</u>

Principal due within each of the next five years is approximately as follows:

2027	735,000
2028	762,000
2029	788,000
2030	815,000
2031	<u>841,000</u>

The University uses interest rate swaps to manage interest rate risk. The interest rates stated above are the effective rates on the swap agreements related to the underlying debt.

The University has an operating line of credit of \$2,000,000 available to assist with operations. Interest is payable at the bank's prime lending rate less 0.25%. The current balance of the operating line of credit is reflected in current liabilities. At year end the balance was nil (2025 - nil).

Subsequent to year end, the University refinanced its existing long-term debt. Refer to note 16 for further details.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 9. Deferred capital contributions:

	2026	2025
Balance, beginning of year	\$ 10,031,330	\$ 9,619,863
Contributions received during the year	790,039	833,476
Amounts recognized as revenue in the year	(424,076)	(422,009)
	<u>\$ 10,397,293</u>	<u>\$ 10,031,330</u>

## 10. Endowment fund:

Endowment principal consists of restricted donations to the University, the original investment of which is required to be maintained in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donor. The University's income protection policy stipulates that, over time, the economic value of the endowment must be protected by limiting the amount of income that may be expended and reinvesting unexpended income. Application of this policy increases the endowment principal over time with some of the investment income set aside annually through the capitalization of investment income.

## 11. Investment income:

During the year the University earned \$3,658,839 (2025 - \$3,035,306) of investment income, consisting of \$2,367,837 (2025 - \$2,471,443) of interest and dividends and \$1,291,002 (2025 - \$563,863) of net realized gains on disposal of investments. An amount of \$1,374,484 of accumulated earnings was retained in the endowment fund (2025 - \$722,048) for total investment income of \$2,124,200 (2025 - \$2,158,054).

## 12. Allotment to Dalhousie University – financial transfer agreement:

As in prior years, the University of King's College (the "University") makes payments to Dalhousie University ("Dalhousie") under a financial transfer agreement. This agreement governs fiscal transfers between the two institutions with respect to instructional costs within the Joint College of Arts and Science. Under its terms, these payments compensate Dalhousie for providing indirect services to which King's students are entitled on the same basis as Dalhousie students.

Effective April 1, 2025, the University and Dalhousie executed a new financial transfer agreement, replacing the previous agreement dated 1985.

Under the revised agreement:

- Certain revenues previously recognized by the University as Student Academic Fees are now settled through the financial transfer process. These amounts are included in the annual allotment calculation and reflected as a reduction of the Allotment to Dalhousie expense in the subsequent fiscal year, as the transfer invoice is issued one year in arrears.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 12. Allotment to Dalhousie University – financial transfer agreement (continued):

- These amounts primarily relate to tuition for Dalhousie students enrolled in King's Journalism courses and King's summer courses.
- Similarly, the University receives tuition related to King's students enrolled in Dalhousie summer courses through this process.
- The prior agreement treated Journalism and summer tuition differently from Arts and Science tuition. Under the new agreement, all programs and academic terms are treated on a consistent basis.
- As a result of these changes, certain amounts previously reported as Student Academic Fees are now reflected through the allotment mechanism, resulting in a reduction in Student Academic Fees revenue in the Statement of Operations.

In addition:

- The basis for recognizing Carnegie Professor costs has changed. Under the previous agreement, the University received a credit for the Arts teaching portion of Carnegie Professors' workload (historically approximately two-thirds).
- Under the new agreement, the University is credited for 100% of the salaries and benefits of Carnegie Professors.
- This change is reflected as a reduction in Academic expenses in the Statement of Operations.

The new agreement also improves the precision of the allotment calculation by:

- Basing allocations on actual course registrations rather than full-time equivalent enrolment estimates; and
- Eliminating historical adjustments related to grants and amalgamation.

The following balances are included in the financial statements at year-end:

	2026	2025
Accounts receivable	\$ 45,137	\$ 43,822
Accounts payable and accrued liabilities	1,182,103	797,751

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 13. Commitments and contingent liability:

The University is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE") self-insurance program. Accordingly, the University is subject to risk for a proportionate share of insurance losses experienced by CURIE members. Each CURIE member is required to participate for a minimum of five years. This long-term period creates an environment for CURIE where financial risk can be spread over time as well as among subscribers.

As of December 31, 2025, CURIE had total assets of \$280,898,551 (2024 - \$256,292,952) and an accumulated surplus of \$133,885,561 (2024 - \$130,336,783) of which the University's pro-rata share is approximately 0.15% on an ongoing basis.

In the event premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

In March 2022, the University received formal notice of an action against the University. During 2023-24 the University settled with claimants for a total cost to the University of \$1,405,134. In 2024-25, the University received \$300,000 in contributions towards these costs.

In the normal course of operations, the University may be subject to claims against the University. The University does not currently have claims against it that it feels will result in any losses to the University and therefore no amounts have been accrued for such losses in these statements.

## 14. Financial instruments and risk management activities:

Risk management relates to the understanding and active management of risks associated with all areas of the University's activities and the associated operating environment. Investments are primarily exposed to interest rate, market, credit and liquidity risks while long-term debt is exposed to interest rate risk.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 14. Financial instruments and risk management activities (continued):

The University has formal policies and procedures that establish target asset mix for investments. The University's investment policies also require diversification of investments within categories and set limits on exposure to individual investments and credit quality. Further, the University uses interest rate swaps to hedge interest rate risk on long-term debt.

### (a) Interest rate risk:

The University is exposed to interest rate risk on its fixed interest rate financial instruments. The value of fixed income securities will generally rise if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the value of equity securities.

The University is exposed to interest rate risk on long-term debt, which it manages through the use of interest rate swap agreements. Interest rate swaps allow the University to raise long-term borrowing at floating rates and effectively swap them into fixed rates that are lower than those available to the University if fixed rate borrowings were made directly. Under the interest rate swaps, the University agrees with the counterparty to exchange, at specific intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the notional amount.

At March 31, 2026, the interest rate swap contracts have a fair value of \$344,043 more (2025 - \$117,117 more) than the recorded value.

At March 31, 2026, interest rate swaps outstanding have a notional value of \$10,190,000 (2025 - \$10,905,000) and are designated as hedges for accounting purposes, which results in interest expense related to the long-term debt to be recorded in the financial statements at the hedged rates rather than at the contractual interest rates.

The interest rate swap contracts result in the University securing long-term fixed interest rates in the range of 1.69% to 2.76% (2025 – 1.69% to 2.76%) (see notes 8 and 16).

### (b) Market risk:

The risks associated with the pooled funds are the risks associated with the securities in which the pooled funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The market risk of the University has increased over the prior year as continuing Global conflict continues to have an impact on markets. The University manages this risk through controls to monitor and limit concentration levels.

### (c) Credit risk:

The University is exposed to credit risk on its fixed income investments as a default by the bond issuer would cause a financial loss for the University. The credit risk of the University has not changed over the prior year. The University mitigates this risk by restricting fixed income investments to instruments with high quality credit ratings assigned by a well-recognized credit agency, and by limiting exposure to individual investments.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 14. Financial instruments and risk management activities (continued):

### (d) Liquidity risk:

Liquidity risk is the risk that the University will not be able to meet a demand for cash or fund its obligations as they come due. The liquidity risk of the University has not changed over the prior year. The University meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

## 15. Collections:

Permanent collections include that portion of library assets considered to have permanent value, such as museum specimens, archival materials, rare books and works of art. The collections include some 25,000 volumes of rare books including medieval and renaissance manuscripts, incunabula (fifteenth-century printed books) and thousands of sixteenth-, seventeenth- and especially eighteenth-century volumes, the University archives, which contain the official records of the University as well as documents from the early history of the Anglican Church in Canada, and manuscripts of literary figures associated with King's and the Weldon Collection of Loyalist China, brought to Nova Scotia and New Brunswick by the early settlers, and notably eighteenth-century Chinese Export porcelain. These collections, all of which have been donated, have not been recorded as assets.

## 16. Subsequent events:

On May 28, 2026, the University refinanced its existing long-term debt. As part of this refinancing, all existing debt obligations were consolidated into a single debt facility.

The new debt facility has a 5-year interest rate swap term with a 20-year amortization period. The indicative interest rate is 3.29%, comprising a swap rate of 2.35% and a credit spread of 0.94%.

The University increased its operating line of credit of \$2,000,000 to \$3,000,000 available to assist with operations. Interest is payable at the bank's prime lending rate less 0.25%.

Principal due within each of the next five years is approximately as follows:

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2027	334,000
2028	370,000
2029	383,000
2030	396,000
2031	410,000

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The first payment under the new agreement is due on June 28, 2026.

# UNIVERSITY OF KING'S COLLEGE

Notes to Financial Statements (continued)

Year ended March 31, 2026

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## 17. Comparative figures:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.