



University of King's College

## Management's Discussion and Analysis (MD&A)

For the year ended March 31<sup>st</sup>, 2026

### **Part A - Comparison of the Financial Results for fiscal 2025/26 with fiscal 2024/25 (refer to the audited financial statements)**

#### **Statement of Operations**

The audited Statement of Operations presents the revenues and expenses for all King's funds for the year ended March 31, 2026. These include:

1. Operating Fund (unrestricted and internally restricted)
2. Externally Restricted Fund
3. Capital Fund

For 2025/26, King's recorded a consolidated **deficit of \$1.355 million**, an increase of \$893,000 from the prior year deficit of \$462,000.

The increase in the deficit is primarily attributable to three factors: lower enrolment, enrolment-driven impacts under the new financial transfer agreement with Dalhousie, and the absence of one-time revenue recognized in the prior year. Enrolment declined by 26 students, reducing tuition revenue by approximately **\$256,000**. The net impact associated with the Dalhousie agreement of approximately **\$242,000** reflects higher enrolment of King's students at Dalhousie, equivalent to approximately 30 additional students taught year-over-year, under the new full cost-based model. While this resulted in a higher net transfer in the current year, the new agreement is expected to be more favourable to King's overall compared to the previous formula. In addition, the prior year included **\$300,000** in contributions toward legal costs that did not recur in 2025/26.

A key driver of the overall result is the unrestricted operating fund, which moved from a **surplus of \$127,000 in 2024/25 to a deficit of \$682,000 in 2025/26**. Excluding the \$300,000 legal contributions received in the prior year, the unrestricted operating result for 2024/25 would have been a deficit of approximately \$173,000.

On an internal (cash) basis, King's recorded an **operating cash deficit of \$1.350 million**. This differs from the audited results primarily due to cash items such as capital expenditures funded from operations and required principal repayments on long-term debt. A reconciliation is provided in Part B of this document.

Total revenue across all funds decreased by **\$172,000 (0.7%)**, from \$26.2 million to \$26.1 million. Total expenses (excluding legal claim contributions) increased by **\$289,000 (1.1%)**, from \$27.2 million to \$27.5 million. In addition, the increase in the fair value of non-endowment investments declined by \$132,000 year-over-year. On a comparable basis (excluding legal claim items), the net deficit increased by approximately \$593,000.

## **Revenue**

### **Provincial Government Grant**

Provincial operating grants increased by **\$176,000 (2.0%)**, in accordance with the 2025–2027 bilateral agreement with the Province of Nova Scotia.

### **Student Academic Fees**

Student academic fees decreased by **\$778,000 (8.1%)**, primarily due changes in the presentation and timing of certain revenues under the new financial transfer agreement with Dalhousie (discussed below under Expenses), as well as lower year-over-year enrolment, partially offset by tuition rate increases.

Total student headcount declined by 26 students (2.6%) compared with the prior year.

Tuition changes for 2025/26 included:

- Undergraduate Arts and Science: 0% (frozen under bilateral agreement)
- Bachelor of Journalism (four-year and one-year): 0%
- Master of Journalism: +2%
- Master of Fine Arts: +2%
- International tuition: +6% (tuition guarantee), +10% (international differential)
- Introduction of a \$10,000 international student mobility waiver for all full-time international students

International enrolment continued to be affected by federal limits on study permits. Enrolment declined by nine students year-over-year; however, when including Master of Journalism students who began in the winter term, the net decline was four students. Prior to these federal changes, King's averaged approximately 45 international students annually.

Despite lower enrolment, international tuition revenue increased due to rate increases and differential fee adjustments. To remain competitive with peer institutions, King’s introduced the mobility waiver, which will increase to \$12,000 in 2026/27.

Enrolment	(Using October 15 statistics)	2025/26	2024/25	Difference	% Change
<b>Headcount</b>	Full time	961	989	-28	-2.8%
	Part time	28	26	2	7.7%
	<b>Total</b>	<b>989</b>	<b>1015</b>	<b>-26</b>	<b>-2.6%</b>
	International included above*	15	24	-9	-37.5%
<b>FTE by Program</b>	FYP (Foundation Year Program)	188	213	-25	-11.7%
	BA (Bachelor of Arts)/BM (Bachelor of Music)	478	485	-7	-1.4%
	BSC (Bachelor of Science)	127	127	0	0.0%
	BJH (Bachelor of Journalism Honours)	52	47	5	10.6%
	BJ (Bachelor of Journalism 1-year)	7	10	-3	-30.0%
	MJ (Master of Journalism)	16	12	4	33.3%
	MFA (Master of Fine Arts)	101	102	-1	-1.0%
	<b>Total FTEs</b>	<b>969</b>	<b>996</b>	<b>-27</b>	<b>-2.7%</b>
	International included above*	15	24	-9	-37.5%

\*There were 20 in the winter semester as MJ students can begin the program in the winter.

Nova Scotia International Student Program (NSISP) enrolment is excluded as they pay domestic tuition rates.

Tuition by program is presented in the table below. Variations reflect changes in enrolment (as shown above), tuition rate adjustments, and the impact of the new financial transfer agreement with Dalhousie (discussed under Expenses).

Program	2025/26	2024/25	Difference	% Change
Arts & Science	\$6,955,000	\$6,957,000	-\$2,000	0.0%
Journalism (4-year and 1-year BJ)*	483,000	1,137,000	-\$654,000	-57.5%
Master of Journalism (MJ)	126,000	103,000	\$23,000	22.3%
Master of Fine Arts (MFA)	971,000	954,000	\$17,000	1.8%
International Differential Fee	560,000	541,000	\$19,000	3.5%
Continuing Education	81,000	56,000	\$25,000	44.6%
Tuition Waivers	(294,000)	(88,000)	-\$206,000	234.1%
<b>Total student academic fees</b>	<b>\$8,882,000</b>	<b>\$9,660,000</b>	<b>-\$778,000</b>	<b>-8.1%</b>

\*Does not represent a loss of tuition but a deferral to the following year to the Allotment to Dalhousie line.

### Student Residence Fees

Residence revenue increased by **\$43,000 (2.0%)**, consisting of:

- \$40,000 increase in residence room revenue
- \$3,000 increase in meal plan commission

Capacity declined slightly to 263 beds (from 271), and fewer students occupied residence at move-in. However, a **3% increase in room rates** (with Cochran Bay held flat) offset this decline.

Residence Occupancy	2025/26	2024/25	Difference	% Change
Total beds (excluding deans, dons)*	266.0	268.0	(2.0)	-0.7%
Beds converted to junior don suites	(3.0)	(3.0)	-	0.0%
Maximum operational number of beds	263.0	265.0	(2.0)	-0.8%
Deduct: Unavailable bed (accessible room)	(1.0)	-	(1.0)	0.0%
Deduct: Unavailable single room (for storage)	(1.0)	-	(1.0)	0.0%
Add: Temporary beds created (large singles to doubles)	2.0	6.0	(4.0)	-66.7%
Beds available	263.0	271.0	(8.0)	-3.0%
Beds vacant on move-in day	-	-	-	100.0%
Beds occupied on move-in day	<b>263.0</b>	<b>271.0</b>	<b>(8.0)</b>	<b>-3.0%</b>
Fall withdrawals	(4.0)	(4.0)	-	0.0%
Winter withdrawals (count as half for financial purposes)	(3.0)	(3.0)	-	0.0%
<b>Total beds occupied (financial) end of academic year</b>	<b>256.0</b>	<b>264.0</b>	<b>(8.0)</b>	<b>-3.0%</b>
<b>Total beds occupied (physical) end of academic year</b>	<b>253.0</b>	<b>249.0</b>	<b>4.0</b>	<b>1.6%</b>
Occupancy rate as % of permanent beds (excl withdrawals)	100.0%	102.3%	-2.3%	-2.2%
Occupancy rate as % of permanent beds (incl withdrawals)	96.2%	94.0%	2.2%	2.4%
Occupancy rate as % of available beds (excl withdrawals)	100.0%	100.0%	0.0%	0.0%
Occupancy rate as % of available beds (incl withdrawals)	96.2%	91.9%	4.3%	4.7%

\* A room reconciliation was performed in the summer of 2025, it was determined that the total number of beds is 266 rather than 268.

Meal plan volumes decreased due to lower occupancy, but fee increases of 3.8% and attainment of the maximum **14% commission rate** (260+ plans) supported revenue.

Meal Plans	2025/26	2024/25	Difference	% Change
7-Day All Day Dining	164	174	-10	-6%
5-Day All Day Dining	4	2	2	100%
Meal Plan 14 (including 12 dons/jr dons)	77	81	-4	-5%
Meal Plan 10	27	27	0	0%
<b>Total</b>	<b>272</b>	<b>284</b>	<b>-12</b>	<b>-4%</b>

## Student Ancillary Fees

Ancillary fees increased by **\$124,000 (10.2%)**, reflecting:

- A 2% fee increase (\$13,000), partially offset by lower enrolment
- \$110,000 in revenue from the biennial Berlin study abroad program

## Gifts

Gift revenue increased by **\$260,000 (34.4%)**, primarily due to a restricted gift supporting two contract positions in the library.

## Expenses

### Salaries and Benefits

Salaries and benefits increased by **\$75,000 (0.6%)**. Salary increases arising from negotiated adjustments were largely offset by savings from a hiring freeze (five positions not replaced) and cost recoveries under the new Dalhousie financial transfer agreement.

Compensation changes included:

- 3.25% increase for faculty (DFA scale) effective July 1, 2025
- 3.25% increase for UKCTA faculty and Senior Fellows plus an increase in base salaries
- 2% increase for staff
- Step increases for eligible employees

### **Academic Expenses**

Academic expenses decreased by **\$280,000 (3.4%)**, comprising:

- Salaries: decrease of \$316,000 (4.8%)
- Operating costs: increase of \$36,000 (2.5%)

While salary rates increased, total salary expense declined due to cost recoveries under the Dalhousie agreement.

### **Allotment to Dalhousie**

Increased by **\$279,000 (6.4%)** over the prior year, reflecting higher enrolment of King's students at Dalhousie under the full cost-based financial transfer model introduced April 1, 2025.

The new agreement does not increase overall system costs but changes how revenues and expenses are allocated between the two institutions based on actual enrolment and full cost recovery principles.

The new agreement replaces the 1985 arrangement with a full cost-based methodology for teaching and services, under which each university is charged or credited based on prior-year enrolment (full course equivalents, or FCEs) at Dalhousie's full cost of delivery, including research and indirect costs. The model also removes historical adjustments embedded in the previous agreement.

A key structural change is the consistent treatment of all programs and semesters. Under the previous agreement, the Journalism program and summer teaching were excluded, with tuition retained by the institution delivering the instruction. Under the new agreement, these activities are included in the transfer calculation. As a result, revenue associated with Dalhousie students enrolled in King's Journalism and summer courses is no longer recorded as academic fees but instead flows through the financial transfer (Allotment) in the following fiscal year.

The agreement also provides full cost recovery for Carnegie faculty positions. King's now receives credit for 100% of salary and benefit costs (compared to approximately two-thirds previously), with these costs incorporated into the overall cost base used to determine per-FCE teaching rates.

The new agreement is expected to be more favourable to King's than the previous agreement; however, year-to-year results will vary based on relative enrolment patterns between the two institutions. Based on current projections, applying the previous agreement to the 2026/27 budget would result in a projected deficit approximately \$450,000 higher than under the new agreement.

Financial statement impacts of these changes include:

- **Student academic fees decreased by \$522,000**, reflecting the reclassification of certain revenues (primarily Journalism and summer teaching) to the financial transfer framework, partially offset by revenues from King's students enrolled in Dalhousie summer courses (impacting both the arts & science and journalism tuition lines in the table on page 3).
- **Salaries and benefits decreased by \$559,000**, reflecting full recovery of Carnegie faculty costs under the agreement.
- **Allotment to Dalhousie increased by \$279,000**, driven primarily by higher enrolment at Dalhousie, equivalent to approximately 30 additional King's students taught year-over-year, and the application of full cost rates. The invoice is one year in arrears and King's total headcount in 2024/25 reached 1,015 students, the first time enrolment exceeded 1,000 students since 2015/16.

### **Community Supports and Residence**

Community Supports expenses increased by **\$179,000 (51.7%)** over the prior year, while Residence expenses decreased by **\$198,000 (20.1%)**. These variances primarily reflect organizational changes in staffing. The Student Support Advisor position was transferred from the Residence department to the newly established Community Supports area, now led by a Director of Community Supports. In the prior year, this function was supported on an interim basis by an equity officer. In addition, two Residence positions were consolidated into one, resulting in further cost savings within Residence.

### **Scholarships, Awards and Bursaries**

Expenses decreased by \$135,000 (8.2%), consistent with lower enrolment.

## **Statement of Financial Position**

### **Working Capital**

The working capital deficit increased by **\$417,000**, from \$4.7 million to \$5.1 million, reflecting timing differences between current assets and liabilities, including higher deferred revenue balances at year-end.

## Investment Assets

Investment assets increased by **\$2.3 million (4.3%)**, from \$53.5 million to \$55.8 million. This reflects investment income, unrealized gains, and donations, partially offset by portfolio draws, management fees, and lower cash balances.

## Capital Assets

Capital assets decreased by **\$785,000 (3.1%)**, reflecting amortization exceeding annual capital additions. Additions of \$395,000 primarily relate to the Southeast Corner project.

## Long-Term Debt

Long-term debt decreased by **\$715,000 (6.6%)**, reflecting scheduled principal repayments.

## Deferred Capital Contributions

Deferred capital contributions increased by **\$366,000 (3.6%)**, to \$10.4 million. Contributions of \$790,000 were partially offset by amortization of \$424,000.

Of the \$790,000 received, \$512,000 were gifts designated to initiatives under the Welcoming: The Future King's campaign. The funding priorities of this campaign are empowering student success and access, expanding and diversifying the educational experience, and enhancing excellence and the cultural life of King's.

## Statement of Cash Flows

Investing activities reflect portfolio transactions and capital expenditures.

Financing activities include endowment donations, capital contributions, investment income (net of draw and fees), and debt repayments.

Endowment contributions were \$2.8 million lower than in the prior year, which had included several significant one-time gifts. These included a \$1.0 million gift from the Joyce Family Foundation in support of student bursaries and \$2.25 million (of a \$3.5 million commitment) from AMS Healthcare and the J&W Murphy Foundation to establish the Roper-Hannah Chair in the History of Healthcare and Health Equity in 2024/25. A further \$500,000 related to the Roper-Hannah Chair was received in 2025/26, with the remaining balance expected in 2026/27. The position is anticipated to be filled in 2026/27.

Net investment income (investment income minus the 4.75% draw and management fees) was \$261,000 lower year-over-year.

## Part B – Reconciliation of Internal Financial Statements to Audited Financial Statements

2025/26

<b>Operating cash deficit per internal financial statements*</b>	<b>\$ (1,350,000)</b>
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Add/deduct:

Principal repayments on long-term debt	715,000
Capital assets purchased through operations	122,000
Use of internally restricted funds**	(170,000)

<b>Unrestricted operating fund deficit per audited financial statements</b>	<b>(683,000)</b>
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Restricted funds:

Capital fund	(755,000)
Internally restricted operating fund	55,000
Externally restricted fund	28,000

<b>Deficit per audited financial statements (all funds)</b>	<b>\$ (1,355,000)</b>
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\* The annual King's operating budget is prepared on a cash basis while the audited financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. Because some items are treated differently in these two formats, this shows where those differences are recorded and reconciles the two.

\*\*Consisting of \$100,000 for Framework for Strategic Investments and Indigenous initiatives plus \$70,000 for the former Enhanced Voluntary Retirement Program (EVRP).