

A CLOSER LOOK: 2023-2024
STRUCTURE FINANCE GROWTH



CHANGE ROOM #2

Established 114 years ago, Appleby College is committed to developing leaders of integrity through the support of our exceptional community of students, parents, alumni, parents of alumni, and employees. This edition of *A Closer Look* offers an overview of the school's 2023-24 structure and finances, with the aim to address some of the questions you may have. Looking ahead, we are actively exploring ways to address longer-term challenges related to financial sustainability and our mission. As highlighted in *Beacon Appleby – Our Strategic Vision*, this includes expanding educational opportunities to a broader group of adjacent students and families, in alignment with Appleby's mission and philosophy. To support this, we continue to explore opportunities to significantly diversify our revenue streams, thereby reducing reliance on tuition fees and strengthening our financial foundation.

Who owns Appleby College?

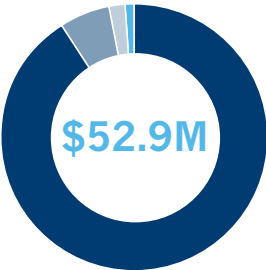
Appleby College was incorporated in 1911 as a not-for-profit charity by an Act of the Province of Ontario and is a registered charitable organization. Appleby is governed by a volunteer Board of Governors composed of alumni, current and past parents, and business and community leaders. Our Governors ensure that Appleby remains focused on its mission. We have no shareholders or

owners, so all funds are reinvested for the benefits of our educational purpose.

The Principal reports to the Board. Appleby's financial year corresponds to the academic year, with a fiscal year-end of June 30. This edition of *A Closer Look* covers financial results that correspond to the fiscal year ended June 30, 2024.

KEY 2023-24 FINANCIAL INFORMATION

ANNUAL REVENUE



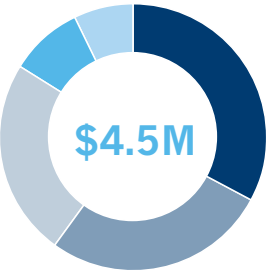
- Tuition **91%**
- Ancillary Programmes **6%**
- Foundation Grant **2%**
- Donations for Operating Purposes **1%**

OPERATING EXPENSES



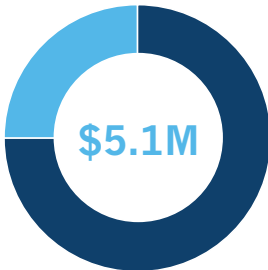
- Salaries and Benefits **60%**
- Programmes **16%**
- Financial Assistance **10%**
- Facilities and Contract Services **8%**
- Other **6%**

CAPITAL EXPENDITURES



- Other Renovations and Maintenance **33%**
- Cockwell Hall Planning **27%**
- Chemistry Labs **24%**
- Boarding & Faculty Housing **9%**
- Technology **7%**

FINANCIAL ASSISTANCE SUPPORTED BY



- Operating Budget **75%**
- Endowment **25%**

APPLEBY COLLEGE 2023-24 BOARD OF GOVERNORS

CHAIR OF THE BOARD
Joanne McLaughlin

HONOURARY CHAIR OF THE BOARD
Aubrey Baillie '63

VICE CHAIR OF THE BOARD
Bill Benson '79

TREASURER & CHAIR, FINANCE COMMITTEE
Vik Sachdev

SECRETARY & CHAIR, GOVERNANCE COMMITTEE
Janice Madon

CHAIR, ADVANCEMENT COMMITTEE
Jas Brar '98

CHAIR, PROPERTY COMMITTEE
Wayne Carson

CHAIR, RISK COMMITTEE
Andrew Cockwell '93

BOARD MEMBERS
Burhana Bello-Ayorinde
Alexandra Blum
Shen Goh '91
Chris Govan
Steven Latimer
Dante Morra '91
Jane Ngobia
Cheryl Smith

CHAIR, APPLEBY COLLEGE FOUNDATION
Geoff Spidle '87*

PRESIDENT, ALUMNI ASSOCIATION
Cameron Hurst '94*

PRESIDENT, PARENTS' ASSOCIATION
Elena Dannikova*

PRINCIPAL
Innes van Nostrand*

*Ex-Officio



Why does Appleby need philanthropic support?

At Appleby, we are committed to continuously improving the breadth of experience for our students as we strive to keep annual tuition increases to a minimum while continuing to invest in programmes, people and facilities. We fund the school's programmes through a mix of tuition fees, ancillary activities, grants from The Appleby College Foundation and philanthropic gifts. Cash receipts support operating and capital expenditures, debt repayment and the maintenance of adequate cash reserves to ensure that we are financially stable even in challenging times.

Appleby today generates revenues annually of over \$52 million. During the 2023-24 school year, we furthered the advancement of innovative enhancements and new initiatives in the areas of Programme, Culture, People & Community, and Business Model & Impact as set out in *Beacon Appleby – Our Strategic Vision* to further strengthen Appleby as a world leader in education. This includes focus on three key priorities: Cockwell Hall, Wellbeing and Financial Assistance.

COCKWELL HALL

At the heart of Cockwell Hall is the building's innovative learning environment, which includes a state-of-the-art innovation and technology lab as well as adaptive classroom spaces and additional boarding rooms. The construction of Cockwell Hall is a transformative investment in the future of education at Appleby. With purposely designed spaces where students can explore and work with emerging technologies, we are empowering them to engage with and succeed in a rapidly changing world.

WELLBEING

Rising mental health challenges demand our immediate attention. Our goal is for every student to graduate with a profound understanding of themselves, strong mental health literacy and effective wellbeing strategies to thrive in a complex world. This vision includes expanding academic support and mental health resources for students, deepening our investment in faculty training and expertise, and providing all students with valuable tools for self-assessment and growth.

FINANCIAL ASSISTANCE

As a school, we believe that financial barriers should never stand in the way of outstanding students accessing an education that empowers them to achieve their full potential. Over the last decade, the demand for needs-based financial assistance has grown by 46 per cent. Our goal is to grow the Appleby College Foundation's \$33.5 million endowment to further assist deserving students and offset operational cost pressures. Despite our ongoing dedication to growing the school's endowment, it continues to remain well below that of many of our peers, as reflected on the following page.

To achieve these key priorities, we require philanthropic support as the cost of these plans exceeds what we can support with our current funding model.

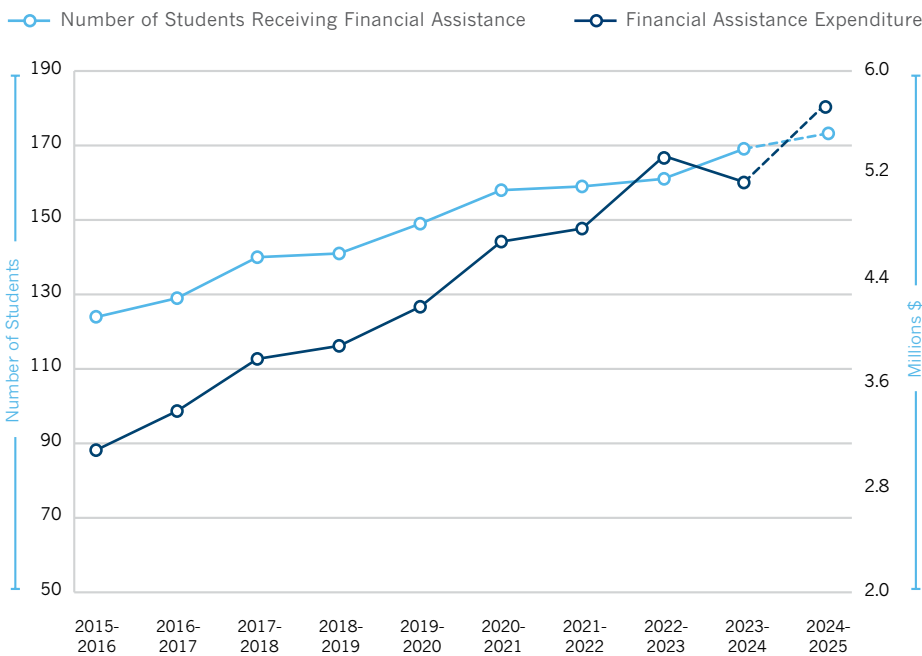
The need for financial assistance

A vibrant and talented student body from diverse backgrounds is a defining feature of exceptional schools, enriching the educational experience for everyone. At Appleby, we embrace this ideal by fostering a diverse socioeconomic community, made possible through needs-based bursaries, loans and merit scholarships. In 2023-24, 169 of our students benefited from financial assistance. We continue to work towards our goal of 25 per cent.

Unlike many leading independent schools, a significant portion of our financial assistance – approximately 75 per cent – is funded directly through the school’s operating budget. This stems from our relatively modest endowment, which currently contributes 25 per cent to financial assistance. Looking ahead, it is our goal for an increasing proportion of financial assistance to come from donations and endowment growth, ensuring the sustainability and expansion of this vital programme.

Over 90 per cent of our financial assistance is provided through bursaries, with the remainder allocated through loans and scholarships. This includes two of the school’s hallmark programmes – the Centennial Scholars Programme and Global Access Programme, which offer needs-based full support to recipients, including tuition costs, incidental fees and boarding costs.

FINANCIAL ASSISTANCE

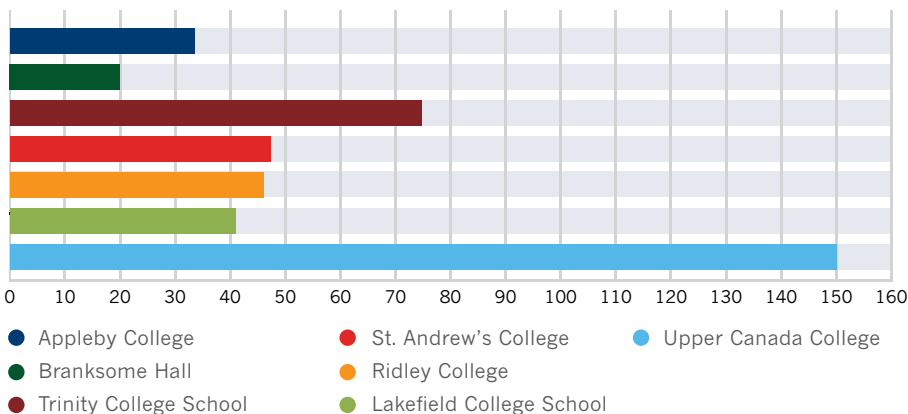


CENTENNIAL SCHOLARS PROGRAMME

Over the past 12 years, Appleby has worked with various community organizations as part of its Centennial Scholars Programme, which provides full support to outstanding local students who are truly exceptional but experience life challenges and financial barriers to education. Since the programme was first started, the school has supported 52 students (34 alumni and 18 current students). The average cost per Centennial Scholar in 2023-24 was \$55,537.

INDEPENDENT SCHOOL ENDOWMENT SIZE

2024 Endowment numbers listed in CAD\$ (Millions)



Sources: branksome.on.ca, lcs.on.ca, ridleycollege.com, sac.on.ca, tcs.on.ca, ucc.on.ca

GLOBAL ACCESS PROGRAMME

For the past 16 years, Appleby has welcomed students from around the globe through the school’s Global Access Programme. To date, Appleby has hosted 14 students and today works with Assist Scholars – a non-profit organization that matches academically talented, multilingual international students with North American independent secondary schools for a one-year stay, helping build diplomatic relationships and cultural understanding.

How much do student fees contribute to Appleby's operating budget?

As a not-for-profit charity, the school's main revenue source is tuition fees, which are used entirely to finance the school's operating costs including school programmes, employee salaries and benefits, and financial assistance, in addition to costs associated with technology and travel in support of the school's Global Experiential Learning programme.

In 2023-24, 91 per cent of revenues were generated by tuition, followed by revenues from ancillary activities (camps and other summer programmes and rentals), and a grant from The Appleby College Foundation.

Fee income for 2023-24 totalled \$48 million. These revenues must cover operating expenses and offset investments in capital infrastructure.

Our largest operating expense is our investment in people, and reflects an educational philosophy grounded in outstanding teaching. We offer an enriching and innovative educational and co-curricular programme which is best achieved with low student-to-teacher ratios in the classroom, and exceptional faculty, supported by strong professional development. In 2023-24, our budget for salaries and benefits totalled over \$29 million. Each year, we must also invest in maintaining our facilities, technology and equipment infrastructure as well as providing our students with an exceptional education experience through ongoing investment in school programming. In 2023-24, we invested \$4.5 million in capital infrastructure including expenses associated with the planning of Cockwell Hall, Boarding Life faculty housing needs, expansion of the

chemistry and design labs and enhancing the school's physics, biology and environmental science labs, as well as continued investment in technology.

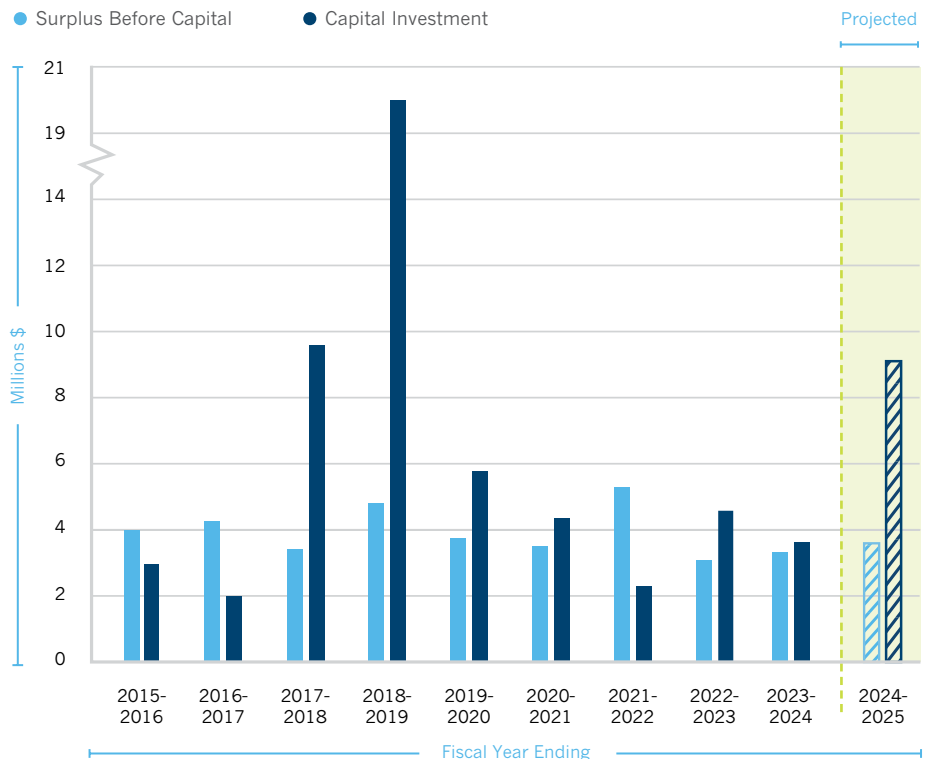
As set out in *Beacon Appleby*, the school continues to explore ways in which we can reduce our reliance on tuition fees, both in terms of revenue enhancements and cost reductions. We continue to diversify our revenue base and are exploring further opportunities in this area. This includes investment in the organic growth of existing programmes like Appleby Camps and the Summer Academy; by piloting and testing new ventures and initiatives that will expand both the school's offering and its footprint; and through the exploration of acquisitions.

Does Appleby maintain an operating surplus?

Appleby operates in an efficient and prudent financial manner, employing best business practices. Our annual budgets are set with a view to the longer term and we plan for operating surpluses to partially fund capital initiatives, repay bank debt and ensure adequate cash reserves to safeguard financial stability through challenging periods.

Our operating surplus before capital amortization and financing remained steady in 2023-24. This surplus will fund planned investments in the school's strategic initiatives coupled with the impact of higher inflation. Looking forward we anticipate the need to return to annual surpluses in the range of \$5 million annually with the bank debt associated with Cockwell Hall.

OPERATING SURPLUS & CAPITAL INVESTMENT





How does Appleby generate additional revenue?

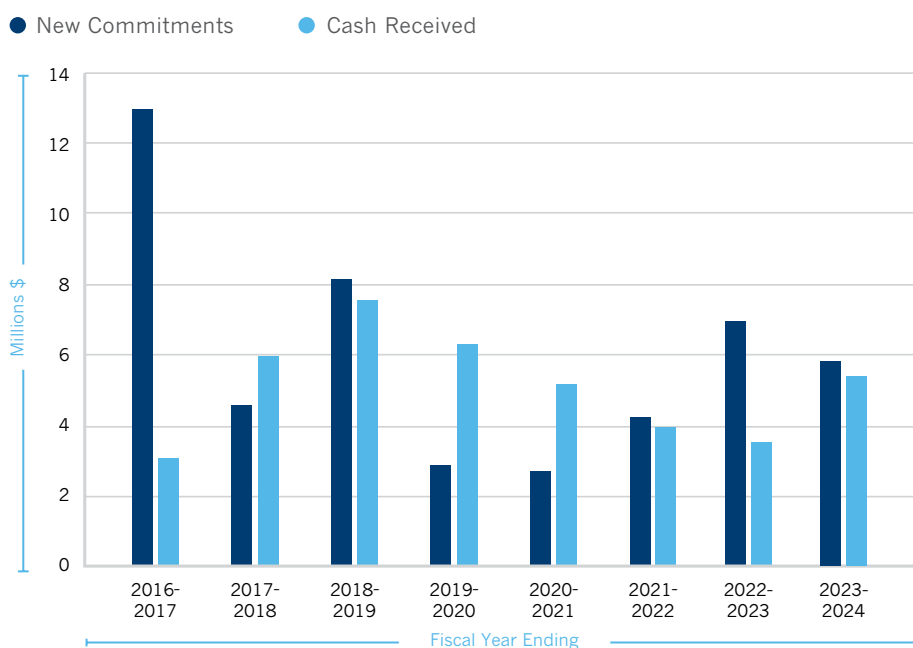
Appleby relies on multiple funding sources, including tuition fees, grants from The Appleby College Foundation, philanthropic gifts and income from ancillary activities.

We understand that the cost of education represents a significant financial commitment for families. As a school, we are dedicated to managing tuition fee increases responsibly, aligning them with our ongoing efforts to control operating and capital expenditures while continuing to provide an exceptional educational experience for our students.

Philanthropic gifts are a vital source of funding, directly supporting the school's mission and positively shaping the lives of our students. Donations through Major Gifts and the Appleby Fund are directed toward three key areas: operating revenue, capital projects and The Appleby College Foundation. In 2023-24, we welcomed over 600 donors, receiving approximately \$5.8 million in new commitments and \$5.4 million in receipted gifts.

The Appleby College Foundation's endowed funds currently provide

NEW COMMITMENTS & RECEIPTED GIVING BY YEAR



grants exceeding \$1.3 million annually. These grants, derived from earnings on invested endowed funds, primarily support our financial assistance programme. Philanthropic gifts designated to grow the endowment will ensure growth of the Appleby College

Foundation's asset base, and thereby its annual grant to the school. This will reduce reliance on the operating budget, which currently covers approximately 75 per cent of our financial assistance programme.

What is The Appleby College Foundation?

Established in 1959, The Appleby College Foundation is a registered charity, governed by its own board of trustees, to which the school's endowed funds are entrusted to be invested appropriately and disbursed to Appleby for specific purposes.

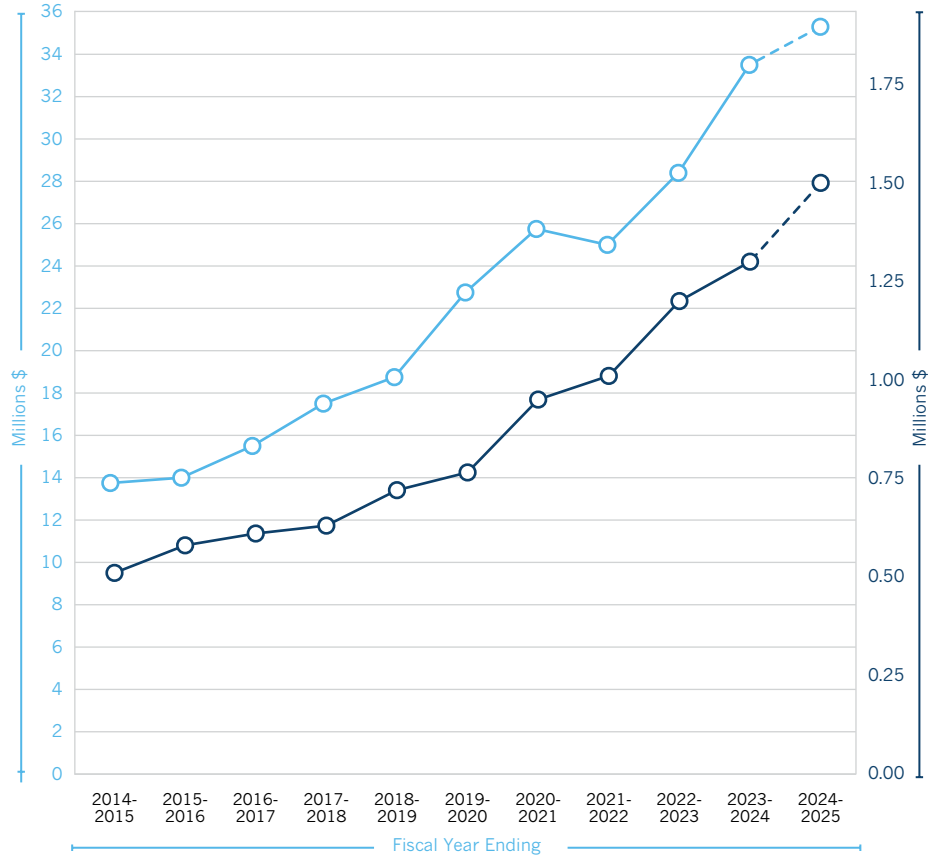
The Foundation's principal purpose is to support and encourage education at Appleby by receiving, investing, stewarding and disbursing Appleby's endowed funds. While working to increase the capital value of the school's endowment, each year, the Foundation directs a grant to Appleby for the financial assistance programme, merit-based entrance scholarships, prizes and awards, and supplementary funding to support opportunities for faculty to develop and pilot innovative and special programmes.

The Foundation disburses five per cent of its assets to the school each year. Annual growth of the endowment has averaged 7 per cent over the past decade. The Foundation's endowed fund was valued at more than \$33 million at June 30, 2024, an increase over prior year of more than five million as a result of improved market conditions and resulting investment returns.

An Appleby education would be out of reach for many, were it not for the support provided by the Foundation. By the end of fiscal year 2024, the school extended more than \$5 million in financial assistance to 169 students. Philanthropic gifts designated to increasing the size of Appleby's endowment ensure continued growth of the Foundation's asset base, and thereby its annual grant to Appleby as well as decreased reliance on the school's operating budget to fund student financial assistance.

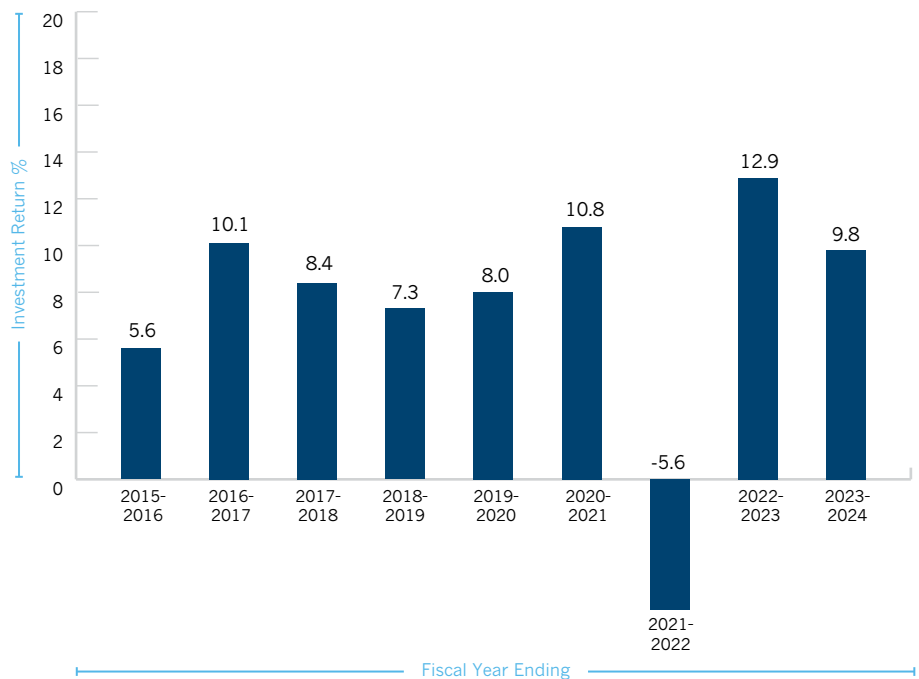
APPLEBY COLLEGE FOUNDATION

○ Foundation Assets ○ Grant to Appleby College



AVERAGE ANNUAL RETURN ON INVESTMENT (%)

* Pre-audit





HELMET
MUST BE
WORN
AT ALL TIMES
ON ICE



Appleby College, 540 Lakeshore Road West, Oakville, Ontario, Canada L6K 3P1
www.appleby.on.ca