



# A CLOSER LOOK: 2016

STRUCTURE FINANCE GROWTH

Appleby College has grown over its 106 years to become a leading Canadian educational institution, with decades of innovative teaching behind us and thousands of prominent alumni now spanning the globe.

We believe that it is part of our mission to make an Appleby education accessible and available to outstanding students from diverse socioeconomic and cultural backgrounds, irrespective of their financial means. Today's student population is a rich tapestry representing both our Canadian and the global demographic, and we continue to set a high priority to grow our endowment to ensure financial support for all qualified applicants.

Appleby College today is a testament to the foresight of our founders and the generosity of generations of alumni, parents and friends.

*A Closer Look* provides an overview of Appleby's current structure and finances, and seeks to answer some of the questions you may have as we focus on achieving goals set out in the strategic plan launched in July 2015.

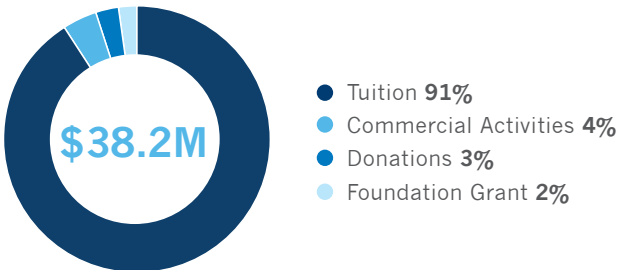
## Who owns Appleby College?

Appleby College was incorporated in 1911 as a not-for-profit organization 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, business and community leaders. Our Governors ensure that Appleby remains focused on its mission. Unlike some private schools in our community, we have no shareholders or owners. The Principal reports to the Board.

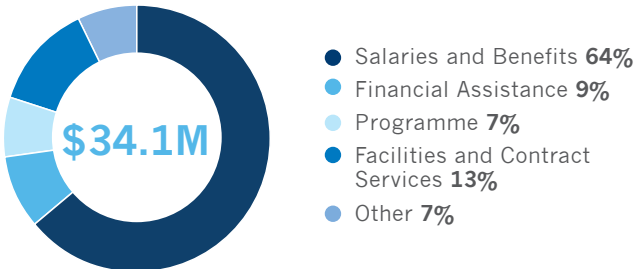
Appleby's financial year corresponds to the academic year, with a fiscal year end of June 30th. This edition of *A Closer Look* covers financial results that correspond to the fiscal year ended June 30, 2016.

## KEY 2015-2016 FINANCIAL INFORMATION

### ANNUAL REVENUE



### OPERATING EXPENSES



### CAPITAL EXPENDITURES



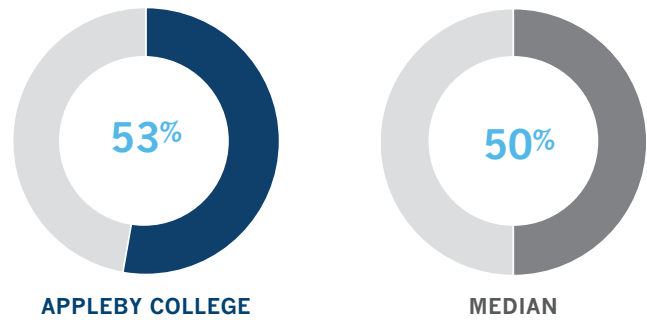
## How much do student fees contribute to Appleby's operating budget?

Over 90 per cent of our revenues are generated by tuition. In 2015-2016 fee income totalled \$38.2 million. The other revenues come from a growing commercial activities portfolio inclusive of facility rentals, camps, and summer programmes, grant funding from the endowment held by The Appleby College Foundation, and philanthropic gifts. These revenues must cover operating expenses and offset investments in capital infrastructure.

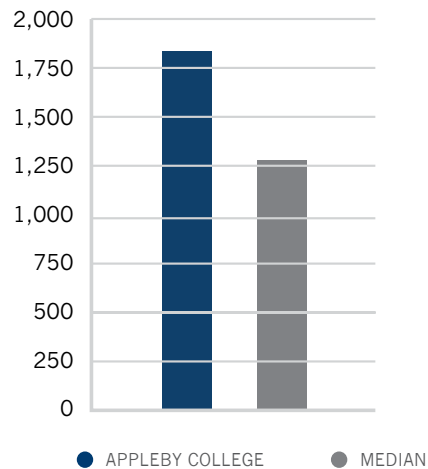
Our largest operating expense is our investment in people, and reflects an educational philosophy grounded in outstanding teaching. We offer an enriching and innovative educational and co-curricular programme which is best achieved with low student-to-teacher ratios in the classroom, and exceptional faculty, supported by strong professional development.

Each year, we must also invest in maintaining our facilities, technology, and equipment infrastructure. In fact, as a leader in innovation amongst independent schools, four per cent of Appleby's total operating expense is technology-related with an average annual spend of \$2,820 per student. In 2016 we invested \$2.0 million in capital expenditures, which included initial work on the Barr Commons renovations and the A.W.B. Alumni Centre for Athletics and Student Life.

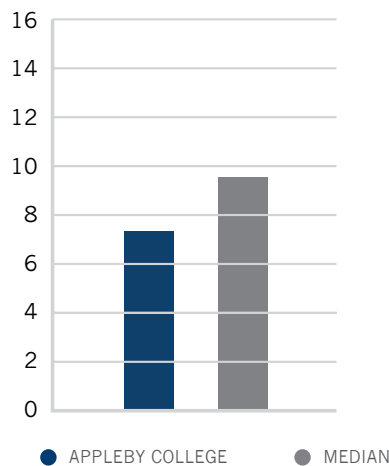
### TEACHING SALARIES as a % of the total salary budget



### PROFESSIONAL DEVELOPMENT EXPENSE PER FTE



### STUDENT-TO-TEACHER RATIO

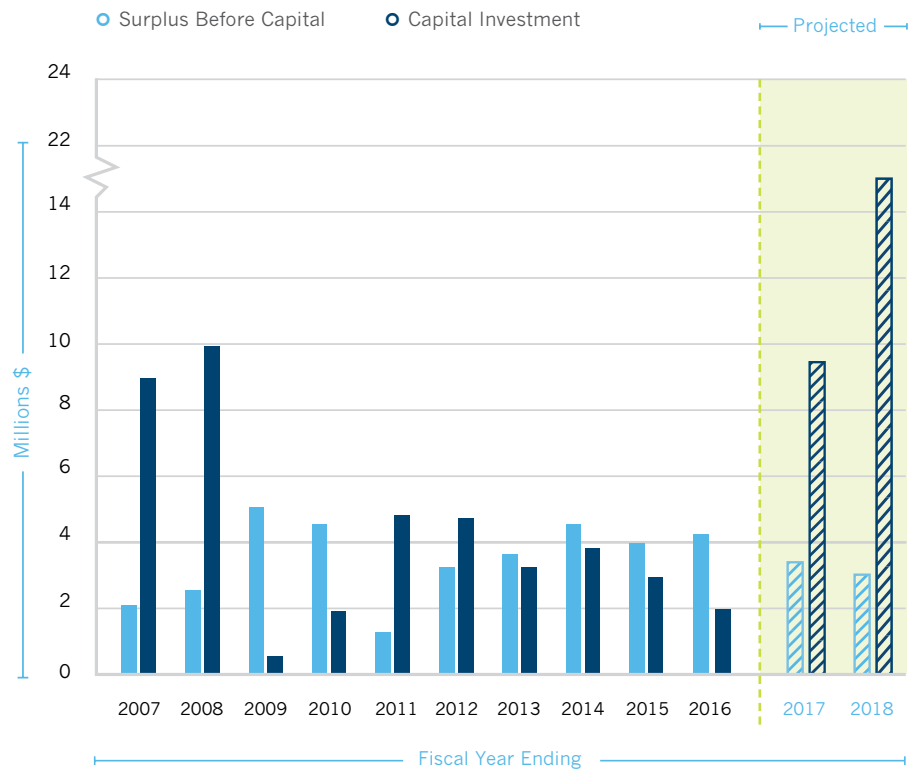


The above key performance indicators compare the results of Appleby College and the median values of select Canadian independent peer schools based on CAIS 2016 benchmarking data.

## Why 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. In fiscal 2015-2016, operating surplus before capital amortization and financing costs was \$4.1 million. This surplus will fund planned investment in technology and new facilities such as the Design Lab, turf field and the A.W.B. Alumni Centre for Athletics and Student Life.

### OPERATING SURPLUS & CAPITAL INVESTMENT



## How does Appleby generate additional revenue?

Appleby relies on four major funding streams: tuition fees, commercial activities, donations and grants from The Appleby College Foundation.

Tuition fee revenue is limited by our optimal enrollment of approximately 760 students. The school is sensitive to ensuring that tuition, and increases to tuition are moderate, as we appreciate that the cost of an Appleby education is a significant investment. We believe in the value of an Appleby education and want to ensure it is accessible to exceptional students, regardless of financial status. In light of this, we're working to expand our financial assistance programme, so that between 20 and 25 per cent of students will receive some form of financial support by 2021.

Income from commercial activities has been strategically increasing. Our world-class facilities are rented when not required for school programmes. We've also developed and operate a variety of well-recognized summer programmes, both recreational and academically focused. This growth, however, is limited by facility capacity and availability.

Throughout the school's history, there have been times that support from the Appleby community has been key to our growth.

Donations are a key source of funding for Appleby. Programmes such as Major Gifts and the Appleby Fund play an important role in furthering the school's mission and in shaping

the lives of our students, supporting important initiatives such as financial assistance and capital projects, and help to drive and support innovative programme development and delivery.

Grants from endowed funds in The Appleby College Foundation now provide Appleby approximately \$600,000 per year. These grants are funded by earnings from invested endowed funds, and primarily support the financial assistance programme. Philanthropic gifts designated to increasing the size of Appleby's endowment will ensure growth of the Foundation's asset base, and thereby its annual grant to Appleby College. This will result in decreased reliance on the school's operating budget to fund student financial assistance.

We have benefitted greatly from the generosity of our community in the past. Yet this support has come from a relatively small proportion of our alumni and parents. This is an area where we seek to improve engagement and broaden awareness and support across our community of the vital importance of philanthropy for our continued success.

### FUNDRAISING RESULTS: JULY 2015 TO OCTOBER 2017

(Millions \$)



● RAISED TO DATE

Since July 2015, and as of October 2017, more than \$24 million has been raised to help further two key strategic goals: increasing student financial assistance and in support of the construction of the A.W.B. Alumni Centre for Athletics and Student Life.

## Why does Appleby need philanthropic support?

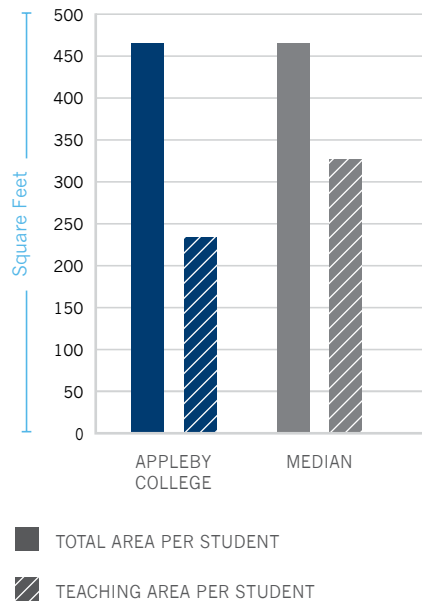
By many measures we are prosperous. We operate well-maintained buildings on the beautiful lakeshore campus, generate revenues annually of \$38 million and have an endowment of almost \$16 million. This endowment contributes to the total revenue of Appleby College, but it is well below that of peer schools nationally and internationally.

A world-class education requires exceptional faculty, programmes and facilities, and there is always more we wish to offer our students. We have a long-range plan for campus development, great ambitions for our financial assistance programme and are constantly developing our educational programme. However, the

cost of these plans exceeds what we can afford with our current funding model. To achieve these aspirations, we require philanthropic support. We have embarked on the largest construction project in Appleby's 106-year history with the building of the A.W.B. Alumni Centre for Athletics and Student Life. With the support of the Appleby community, the building is scheduled to open in late 2018, and is designed to transform Appleby's capacity for indoor athletics, training programmes, student health, classroom and performance space.

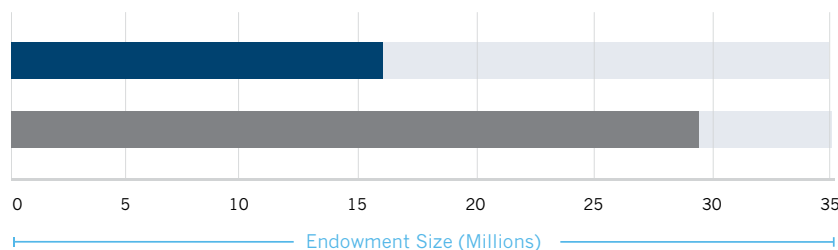
### TOTAL AREA PER STUDENT VS TEACHING AREA PER STUDENT

(June 2016)



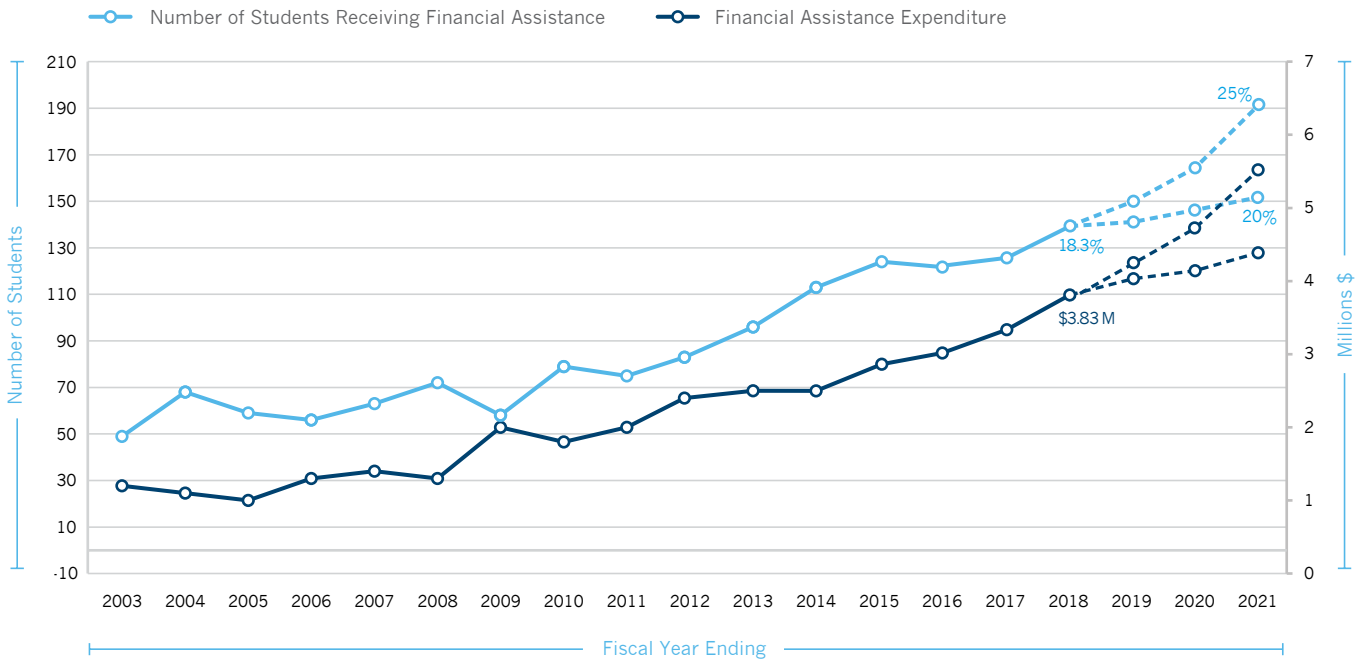
### INDEPENDENT SCHOOL ENDOWMENT SIZE

\* 2016 Endowment numbers listed in CAD\$



■ APPLEBY COLLEGE    ■ MEDIAN

## FINANCIAL ASSISTANCE



## Why is financial assistance for students important?

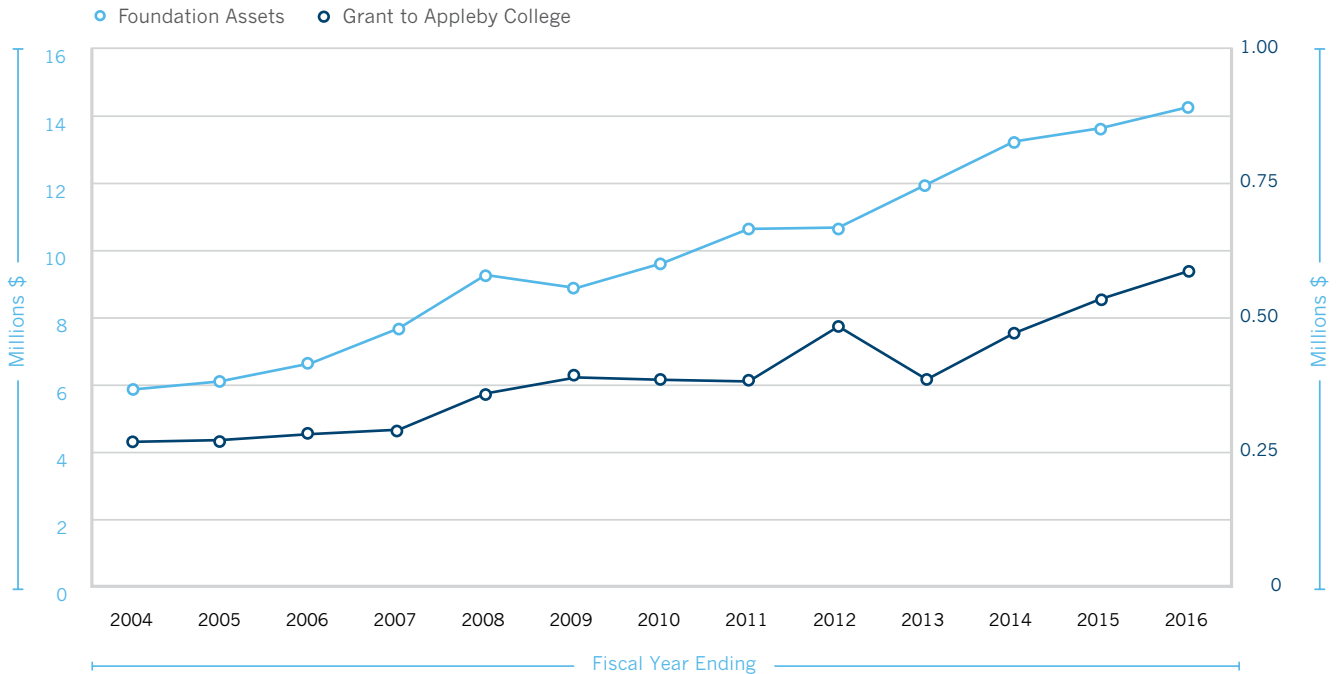
We believe it is part of our mission to make an Appleby education available to outstanding students from diverse socioeconomic and cultural backgrounds. We work hard to identify students who would benefit from an Appleby education and who would contribute to school life. Providing financial assistance to those children benefits them, their families, and the entire school community.

Financial assistance allows us to bring exceptional students to Appleby. It allows us to admit great scholars, talented musicians, gifted athletes and high achievers in a wide range of endeavours. Most importantly, financial assistance allows us to bring great, well-rounded contributors to the Appleby experience, creating a wonderfully diverse and talented community which is of benefit to all our students.

Appleby offers a combination of need-based bursaries, loans and merit scholarships. In addition, our need-based Centennial Scholars programme provides funding that covers the full cost of attending Appleby, awarded to students entering Middle School and continuing through to graduation. In fact, our 2017-2018 school year will see a full complement of Centennial Scholars at each grade level.

Compared to other leading independent schools, Appleby College funds less of its financial assistance from philanthropy. This is a consequence of our relatively small endowment and lower levels of gift support. It is our goal for an increasing proportion of financial assistance to come from donations and endowment, ensuring the sustainability and future growth of this key deliverable.

## APPLEBY COLLEGE FOUNDATION



## What is The Appleby College Foundation?

In 1959 Appleby established a registered charitable foundation to hold and manage endowment funds. The Appleby College Foundation is a separate, legally-incorporated organization, and is governed by a volunteer Board of Trustees. As of November 2017, Appleby's endowment is approaching \$16 million. These funds have accumulated from a combination of donations and earnings generated through investment returns. Some of the funds held by the Foundation are restricted for specific uses (usually bursaries and scholarships). The Foundation disburses on average 4.5 per cent of its assets to the College each year. Annual growth of the endowment has averaged 9 per cent over the past decade.

Last year we also saw a significant change made in the stewardship of the Foundation's investments. After an 18-month review managed by the Foundation's Investment Committee, the decision was made to transition the Foundation's assets to an outsourced investment management model. The Foundation looks forward to sharing more information on the works of the Foundation in the near future.

