



2023-2024 ANNUAL REPORT

The University Club of Toronto

PLEASE JOIN US FOR THE 2023/24 ANNUAL GENERAL MEETING

Voting members* are invited to attend the Annual General Meeting of the University Club of Toronto taking place in the Main Lounge at the Club on

WEDNESDAY, NOVEMBER 6, 2023 at 5:30PM

RSVP is required. If you are unable to attend in person but would like to follow proceedings virtually, please contact the Front Desk team to receive the Zoom meeting details. Please indicate how you will attend in advance via e-mail at rsvp@uclubtoronto.com.

If you cannot attend in person you can follow along on Zoom but if you wish to vote you must do so in advance by proxy with a submission deadline of 5pm on November 5th, the day prior to the meeting.

A special dinner will be available following the event.

Please note: Under the Club's By-laws, a voting member is a Resident, Non-Resident or Overseas member, or any current member who has previously been a Resident, Non-Resident or Overseas member. Spouses, Associates, Honorary, Law Clerks and University Presidents are Patrons and as such are not entitled to vote.

Notice of the Annual & A General Meeting of the Members of the University Club of Toronto

NOTICE IS HEREBY GIVEN THAT the 116th Annual Meeting and a General Meeting of the Members of the University Club of Toronto (the "Club") will be held at the Club and available to follow electronically by Zoom video conference on November 6th, 2024 at 5:30pm.

The purposes of the meeting are:

- To receive and approve the minutes of the 115th Annual Meeting of the Club held on October 24th, 2023. A full copy of the minutes is available online by logging in to the members' section of the Club website.
- To receive the written report of the President;
- To receive and consider the audited Financial Statements of the Club for the year ended June 30, 2024, a copy of which is attached with the Treasurer's Report;
- To receive and consider increases to the initiation fee schedule for 2025 and the consolidation of fee categories;
- To appoint auditors and to authorize the directors to fix their remuneration;
- To receive the report of the Strategic Planning Committee together with a copy of the abbreviated Business Model;
- To elect three directors to the Board to hold office until the third annual meeting after such election;
- To transact such other business as may properly come before the meeting.

Votes on motions will be taken by show of hand from voting members physically present in the room at the meeting or by proxy vote in advance with a deadline for submissions to: GM@UClubToronto.com by 5:00pm EDT on the day before the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

David Zimmer, Secretary

Dated at Toronto, October 6th, 2024

PLEASE SEE ATTACHED FOR
PROXY SOLICITED BY MANAGEMENT



JOHN ROOK

A Letter from the President

Fellow members:

Included in your information package is a copy of each of the Report of the Strategic Planning Committee and the Reimagined Business Model or plan that the Board approved at its September meeting. The plan is focused on growing the club and returning it to profitability.

While we have made considerable progress in arresting a decline in the club's fortunes, it became apparent that more work was required. Accordingly, the board established a committee to consider updating the reimagination plan that we adopted in 2021. The committee considered several different scenarios that are summarized in the covering memorandum, and recommended we adopt the multi-pronged strategy that will improve the member experience and enhance our ability to support third party events. We will present a summary of the report and recommendations at the Annual General Meeting.

Central to the success of the plan is the ongoing support of our members. I am pleased to report that the members have responded to our request for financial

support and that as of the date of this report, we have secured additional funding from the members of more than \$1.0 million.

Based on the early success of our request for additional financial support from the members, we will implement the plan in stages over the next three years, with necessary modifications should circumstances require it. We anticipate the members will begin to observe changes in the clubhouse in the new year.

Following the Annual General Meeting, the board of directors will elect a new president. I want to thank the management and staff for their dedication and hard work on behalf of the club as well as the board and the members for your support. This has been an exciting and rewarding experience. I remain confident that the club will grow and prosper.

Sincerely,
John Rook

Treasurer's Report

To the Members of the University Club of Toronto:

As Treasurer, and on behalf of the Finance Committee and the Board of Directors, I am pleased to present to the Membership of the Club my Report, the Auditor's Report and the accompanying Financial Statements for the fiscal year ended June 30, 2024.

First, I would like to thank our Financial Officer, Sarah Freeman, for her contributions and hard work managing the Club's operations and related financial affairs. Her detailed knowledge of the Club's operations is of great value to both the Finance Committee and the Board of Directors and ensures that we have a good sense of where the finances stand throughout the year. This year in particular, she developed an exhaustive number of financial projections which helped guide our decision making as we charted a way forward.

Second, I would like to thank our Chief Reimagination Officer, Philip Ireland, for his support, guidance and advice. While the Finance Committee is largely focused on the raw numbers, Philip provides a more visionary perspective when dealing with certain issues that have helped the Committee consider a broader perspective when making decisions.

I would also like to recognize and thank the members of the Finance Committee for their continued dedication and hard work and acknowledge the Board and the other Committees of the Board for their support and co-operation over the past

year. I would also like to thank the staff for presenting the Club to Members and guests so positively.

This year was always going to be a difficult year financially, but added negative surprises conspired to make it even more challenging. However, despite the disappointing news, many positive trends began to take shape later in the fiscal year. What the operational numbers do not tell is that the fiscal year ended with much positive momentum indicating that the next fiscal year would show substantial improvement.

"Below the Line"

Many years ago, we changed the format of the Statement of General Operations to show income before amortization as well as the final net income or loss. This was because amortization of capital assets does not affect the cash flow of our operations despite being a current expense. Also, loss on disposal of capital assets and the change in present value of the promissory notes issued upon payment in full of the levy in 2020/21 are 'below the line' items as they do not directly affect the cash flow from the Club's operations.

The Year in Review

The 2023-2024 fiscal year was one of difficulty. The year began with the budget projecting operating losses of just over \$900,000 and ended with an actual operating loss of over \$1.1 million, before amortization. In the summer of 2023 we were faced with the need to replace the roof and HVAC systems connected to the bedrooms as well as install a new HVAC system for the main dining room. This significant capital project required us to accrue for more debt than would otherwise have happened, leading to

higher than expected borrowing costs.

And the year brought more physical challenges to the Club. The Bar had to be closed for the month of January due to an unexpected flood from the dishwasher in the kitchen. The damage not only resulted in unbudgeted repair costs, it required the Bar to move to the Annex, which impinged on our ability to use it for private function purposes. In addition, the City of Toronto began a long construction project right outside the front door of the Club, reducing access to the Club from University Avenue, creating an eyesore in front of the façade, and often creating noise which made the Library and President Suite unusable.

Function revenues started the year sluggishly and the second quarter, which includes the Holiday Season, saw fewer and smaller bookings. In addition, the second quarter also saw a large, sudden spike in outside labour costs which undermined our margins on functions that had been priced and quoted months earlier. Not only were revenues down, but margins were squeezed. However, function bookings began to pick up in early 2024 for the fiscal year 2024-25. As of late September 2024, we had 63 functions booked with paid deposits compared to 42 at the same time the previous year. The new bookings also appear to be, on the whole, larger functions than were booked the previous year.

On the bedroom revenue front, the year started slowly, with the bedrooms closed for weeks to do work on the roof and HVAC. That was followed by a muted TIFF due to the writers' strike when we are usually at peak occupancy. This was then followed by a sluggish second quarter and first 2 months of the third quarter. By the end of February, bedroom

revenue and profit were well behind budget. However, the final third of the fiscal year saw the bedroom revenues beat budget in each month and, as a result of the excellent last 4 months, bedroom revenues comfortably exceeded budget and were in the black.

In order to try and offset some of these issues, the Finance Committee began working with management on margin issues regarding dining, including portion sizing and pricing to try and make the dining function more profitable. This will continue as we move forward. The Committee also has begun addressing cost controls, where possible, in an effort to keep some of our expenses in check. Both these issues are matters of ongoing interest to the Committee and will be monitored and, when necessary, revisited.

Membership

In my previous tenure as Treasurer, I made a point of addressing the membership issue in my reports and I am doing so again now. That is because it is crucial not only to the character of the Club but also to its future financial health. A greater number of new members, especially resident members, means stronger operational results. More importantly, increased membership also means a healthier Club atmosphere – more member usage, more activity in the building and better attendance at events. The more members we have in the Club using the facilities, the more 'alive' the place feels.

With respect to membership, we had a mixed year. The membership goal at the start of the fiscal year was 100 new members. Despite the excellent efforts of Anne's team, the final total of new members for the fiscal year was 63. However, this was the first time

since the last membership campaign that the membership has grown year over year and is 3 times the number of new members we attracted pre-COVID in any non-campaign year. Finally, there seemed to be momentum regarding membership, with activity accelerating as the year progressed. That has continued with 16 members (full and provisional) and 3 law clerks being approved in September alone.

In the final part of the fiscal year, the Finance Committee moved to support the work of Anne Vranic and her membership efforts. In response to requests for policy changes, the Finance Committee recommended to the Board that the gym section fee be removed and that all members, as of January 1, 2025 have access to the gym. The Committee also decided to end the separate Art Fee as of January 1, 2025.

In addition to those items, we also recommended that the membership categories for initiation purposes be simplified; initiation fees be increased based on amounts suggested by management; the student membership category not be offered in the future and the requirements for Senior membership be changed to 25 years of membership plus age 75 (the previous threshold had been age 65).

Results from Operations

Total revenue from departments increased by \$341,124 (about 21%) from the previous year to \$1,968,145.

Wage costs increased over the previous year, but were stable as a percentage of gross revenues at 88%. Supply costs also increased in real terms and increased as a percentage of revenues from 20% to 22%. This resulted in a departmental

loss of (\$280,115) for the year, or (14%) of revenues (compared with a 2023/2024 loss of (\$263,354) or (16%) of revenues).

Membership Fees

Total membership fee revenue increased by \$89,163 or 16.4% to \$629,986. This was a solid increase but was behind budget.

Initiation fee revenue was also up over last year by \$55,258 or 134.7% due to the success of the membership team. While an excellent increase, it was behind budget.

Expenses

Operating expenses increased by about \$766,867 over last year.

Most expense categories increased this past fiscal year. Salaries, Wages and Benefits, General & Administration Expenses and Costs of Borrowing saw the largest increases in terms of actual dollars. Each one of these expense areas increased by a minimum of \$115,000 from the previous fiscal year, with Salaries, Wages and Benefits leading the way, reflecting what was now a full year for the additions to the management team that affected only part of the previous year.

Net Operating Income

The Club had a net operating loss of (\$1,142,978) (before below the line items), compared with an operating loss of (\$901,162) the previous year. With 'below the line' items added, the Club had a net loss of \$1,368,800 compared to a loss of (\$1,059,485) for 2022/2023.

The Club's Balance Sheet

The total value of the Club's assets increased to \$3,684,505. Capital projects such as the roof and HVAC were responsible for the addition of

\$627,475 invested in capital assets. The value of the Club's liabilities increased to \$6,223,965 primarily due to an increase in member loans of close to \$1 million as well as increases to bank debt, accounts payable and deferred revenue.

Outlook for the Future

The operating loss for this fiscal year is extremely difficult but was not unexpected given that post-COVID recovery has been slow and uneven as well as unpredictable. However, we have reasons to be optimistic. In among the poor fiscal results from last year are a number of positive signs that indicate a corner may have turned. The bedroom results for the last four months were all excellent – sufficient to erase the poorer results up until February to the point that bedroom revenues comfortably exceeded budget. Function bookings began to pick up later in the fiscal year, leading to substantially increased bookings so far for the new fiscal year. And, while membership numbers fell short of budget, they were solid and picked up momentum as the year came to a close. This momentum appears to have continued into September of this fiscal year with a large membership intake.

From an operations perspective, one of the main tasks is to increase sales so that wage costs as a percentage of gross revenues decline from a current 88% to around 50%. While this can be done on both sides of the balance sheet, the preferred approach is to emphasize the growth of revenue from both membership related fees and our most profitable departments to achieve this.

Until the membership numbers can be dramatically improved over the next three years, we will need to continue to aggressively boost function usage (both

member and non-member) and bedroom usage. Not only must membership focus on addition, it must also increase retention rates so that total (net) membership numbers grow at a healthy pace.

An excellent and well-thought-out Strategic Plan is in place to be executed over the next 3 years. It recognizes the centrality of membership while leveraging as much as possible our largest spaces to boost function revenues. We must commit ourselves to continue the substantial growth of our membership base as well as increasing our function revenue. Only with a much larger membership will we be able to view non-membership revenue as a nice addition to the operating statement as opposed to an absolute necessity.

This continues to be our great challenge going forward.

Respectfully Submitted,
John C. M. Sayers, Treasurer

**SEE ATTACHED
AUDITOR'S REPORT**

Membership Report 2023/24

MEMBERSHIP	START OF YEAR <small>Actual July 1, 2022</small>	NEW MEMBERS <small>In process or finalized</small>	ADD <small>Reinstate</small>	LESS <small>Death</small>	LESS <small>Termination</small>	+/- <small>Transfers</small>	END OF YEAR <small>As of June 30, 2024</small>
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MEMBERS & PROVISIONAL

ROTATIONAL RESIDENT	1						1
RESIDENT 45+	72	6			-7	-3	68
RESIDENT 35-44	18	5			-1	-3	19
RESIDENT 34 & Under	4	4			-2	3	9
STUDENT	3						3
SENIOR	29		2		-1	1	31
NON-RES North America	109	10	2	-2	-5	8	122
OVERSEAS	18	2	2		-2	1	21
PARTIAL NON-RES	2	1					3
HONORARY LIFE	19			-3	-1	5	20
PROVISIONAL/DEFERRED	16	28			-17	-13	14
TOTAL PAYING	291	56	6	-5	-36	-1	311

PATRONS

PENDING/SUSPENDED	0						0
ASSOCIATE*	16	2		-2		1	17
HONORARY	16	3			-2		17
PRES.UNIVERSITY	33						33
LAW CLERKS	6	8			-6		8
NON-PAYING	71	13	0	-2	-8	1	75

MEMBERSHIP	362	69	6	-7	-44	0	386
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The University Club of Toronto

2025 Initiation Fee Categories

CLASS OF FEE	EXISTING INITIATION	RECOMMENDED INITIATION	% INCREASE
RESIDENT 45-69 yrs	\$5,000	\$7,000	40%
RESIDENT 70 yrs+	\$3,000	\$3,500	17%
RESIDENT 35-44 yrs	\$2,500	\$2,750	10%
RESIDENT 34 & Under	\$1,500	\$1,500	0%
STUDENT full time under 32 yrs	\$1,500	leave those in it grandfathered until graduation; new come under the Resident 34 & Under	eliminate the category
PARTIAL NON-RESIDENT (working in GTA up to a maximum yearly average of 2 days per week)	\$2,500 (\$1,500 for age 70+ or 32<)	\$3,500 (no age break)	40%
NON-RESIDENT	\$2,500 (\$1,500 for age 70+ or 32<)	\$3,500 (no age break)	40%
OVERSEAS	\$2,500 (\$1,500 for age 70+ or 32<)	\$3,500 (no age break)	40%
ROTATIONAL RESIDENT (available for Association heads, NGOs and Not for profits where the membership can be transferred to the new incumbent with a \$500 transfer fee)	\$6,500	\$8,500	31%

***Discounts:** Initiation fees for family of members are 50% of the regular rate (extended to all family members). Group discount for specified associations is 50%.

Spouse: Membership grants automatic privileges of use of the Club's facilities by the members' spouse without an additional annual fee, with the exception of the sports membership which is based on a per person fee.

Taxes: All Fees are subject to 13% HST

A **Resident** member lives and/or works within 40 km of the Club house.

A **Rotational** member is a Resident member who works with a not for profit or association which has the additional right to change executives who hold the term of membership. They pay a higher initiation fee once and thereafter pay a transfer fee to change the membership to the new incumbent. All rights are the same as a Resident member.

A **Non-Resident** works and lives at least 40 km from the Club house.

Overseas lives/works outside of US and Canada.

Report of the Strategic Planning Committee to the Annual Meeting of Members of the University Club of

INTRODUCTION

This is the report of the Strategic Planning Committee struck in 2023 by the Board of Directors of the University Club.

The members of the Committee are:

- Peter Griffin - Chair
- John Sayers - Vice Chair
- Anne Ullman
- Patricia Jackson
- Sean Lawrence
- Lionel Tupman
- Ex-officio, John Rook - President

BACKGROUND

The Committee has conducted a series of meetings, solicited input from its various members, interacted with the Finance Committee, took the benefit of the advice and input of Philip Ireland and staff and presents these observations and recommendations for the benefit of the Board and, ultimately, the membership at the Annual General Meeting.

The Club has had a history of various strategic initiatives in order to chart its future. We have had the benefit of that earlier work in the preparation of this report.

Most fundamentally, the Club has faced the impact of the pandemic, changing demographics and preferences of potential members in a way which has challenged its membership and revenue growth.

The Club has historically looked at various options:

1. **Maintain the status quo.** The conclusion of the Committee is that that is not an ultimately sustainable approach.
2. **Merge with another club.** The Club's exploration of alternatives demonstrates that none are viable.
3. **Sell major assets.** As a first alternative to financing, this can be controversial and would require a more careful study focused on the nature of those assets and their management.

4. **Sell the building and move.** While financially viable, the loss of the Club facilities would remove a substantial draw for potential members and remove the heart of what makes the Club.
5. **Renovate the building and improve facilities.** On its own, not found to be viable without the benefit of, and clear linkage to, operating success.
6. **Re-develop the site, including partial demolition of the building.** This alternative did not find favour with membership in 2021-2022. Without a viable operating and business plan, it is high risk proposition. especially so deteriorating condominium development market years since 2022.
7. **Sell the assets and dissolve.** Your Committee believes that with right strategy this is unnecessary.

So, how do we carry forward?

The key to the successful future of the Club is to implement a multi-pronged approach which creates and enhances the opportunity for significant membership growth in the context of the sustainable business plan. No strategy will be successful unless it focuses on as direct a route as possible to a sustainable business model. The sustainable business model, in turn, necessitates adapting the Club to the membership of tomorrow to achieve that result.

Key in turn to a sustainable business plan is adequate funding to assure the current and future viability of the Club. This requires the ongoing support of Canadian Western Bank and a robust program of increasing member loans so that we are successful.

The Strategic Plan has evolved through the assistance of our Chief Reimagination Officer, Mr. Philip Ireland, and the staff of the Club as embodied in the attached document.

Our recommendation is that we focus on the four pillars of strategic planning:

1. Membership Plan
2. Operating Plan
3. Physical Plan
4. Fiscal Model

contained in this Report. The pillars are interdependent, each supporting the other, although reimagined spaces form the heart of the strategy. The operating plan and physical plan are closely related and travel together in the attachment.

The reimagined model concentrates members services on the main floor and private events on the second floor. This will create an attractive members-only space to support our membership strategy and an events-driven space to support a healthier financial position moving forward, while at the same time ensuring main floor spaces support members. As commitments unfold, use of second floor space by members remains an element by way of Club events and member usage consistent with

The operating plan and physical plan have the goal of enhancing the attractiveness of the Club to the generation of members that the Club needs to attract, while configuring the Club premises to ensure that the types of services that existing members enjoy are preserved and enhanced.

FISCAL MODEL

In making this recommendation the Strategic Planning Committee has focused on methods of financing execution of the Plan. As the Plan rolls out over its roughly 36 month horizon, the expected point of returning to profitability is fiscal 2027.

Continued support of Canadian Western Bank is essential to the Plan. We continue to work with the Bank for its ongoing support. The present amount of the bank line is \$2.6 million on a line of credit of \$4 million.

In moving forward, the Committee considered potential capital raising through:

1. Arranging to lever the equity value of the land and premises by way of a transaction structured with a real estate market participant, reflecting in part the potential to redevelop the site if the Club were to cease operations in the future in consideration for a significant loan to fund the Plan. Such a loan would contain a buyout feature which would, if the strategic plan is successful, enable the Club to retire the arrangements and avoid any further obligation to the lender. Both in a deteriorating marketplace and the need to establish a successful strategic plan no matter what approach is taken to the future of the Club, the conclusion reached after exploring its potential terms with the real financing advisor, is that this alternative is too complex, expensive and is fraught with execution risk;
2. Member loans. The continued arrangements with CWB and in advancing this program would require a commitment from members to see this process through. As part and parcel of that, an attractive member loan program would be designed to raise an additional \$2-3 million to fund our way through the life of the Plan. With the remaining equity in the value of the land and premises, such a loan is made at an attractive rate for the lender/member and bears the prospect of ultimate repayment if the Plan did not work through to a successful conclusion;
3. The outright sale of Club assets including the potential downstream sale of pieces of art. This seems premature to consider, but is something which the Board of Directors should strike an appropriate task force to examine as to potential in the context of the overall management of Club assets, including its art collection.

There can be no doubt that the current business model and lack of adequate financing spells a diminished horizon for the Club. A financial snapshot of both balance sheet and current and projected deficits is in the attached Overview of the Reimagined Business Model. The snapshot includes the effects of the new member loan program and assumes its success and continuing CWB support. Monies raised by members, beyond what it spent for capital projects, will be used to reduce the CWB debt. The loan program will also increase the amount of interest payable. This is because the longer-term loans carry a higher interest rate than the current CWB loan

with the specific intent of attracting 'long' money to the program.

The recommendation of the Committee is for an attractive member loan program to be put in place so that we are self-financing on a basis which maximizes the potential for a successful outcome at a manageable financial risk.

Features of this Plan include:

- (a) Loans in two maturities, two years and five years non-redeemable;
- (b) Interest at 5.75% for a two year term and 7.00% for a five year term;
- (c) Minimum investment \$10,000;
- (d) Offered rates remain steady and available until approximately October 31, 2024 when the rates will be adjusted, based on any movement in bank prime rates;
- (e) Further commitments based on the prevailing bank rates.

The participation of the members of the Club in the member loan program is essential to both securing an ongoing commitment from Canadian Western Bank and ensuring adequate capital to create the Club necessary to our future. As one would expect, Canadian Western Bank should be reluctant to be the sole entity committing its equity to the support of the Club where the members, the true equity holders, do not.

The choice is relatively stark.

We as members need to support the Club in a material way. The first million dollars of new member loans and loan forgiveness funds the first three projects listed on page 22 of the Overview of the Reimagined Business Model attached which are the essential first moves in bringing the Club forward to increased membership and profitability.

SEE ATTACHED
ABBREVIATED REIMAGINED BUSINESS MODEL

Report of the Governance & Nominations Committee to the Annual General Meeting

The Governance and Nominations Committee is responsible for advising the Board on matters relating to the effective governance of the Club and for ensuring that qualified candidates are available to fill vacancies on the Board and its committees.

The terms of three directors are to expire on the date of the 2024 AGM: Bryan Davies, Jeff Haylock and Trisha Jackson (who filled a vacancy for the balance of a term). In accordance with Club policy, Mr. Davies and Ms. Jackson are eligible to serve an additional three-year term which the Committee recommends. Mr. Haylock has served the normal maximum of two terms and will consequently be retiring from the Board.

After due consideration, the Committee is pleased to nominate the following members to the Board:

- Bryan Davies for a three-year term
- Trisha Jackson for a three-year term
- Anne Ullman for a three-year term

I would like to thank the members of the committee, Peter Blaiklock, Peter Griffin, Michael Haddad, Jeff Haylock, Ross Peebles, John Rook, David Zimmer and Philip Ireland for their support and wise counsel.



ANNE ULLMAN

Anne is a graduate of McGill University and Queen's University Law School. She first practiced law as a corporate and commercial litigator and then became General Counsel and Secretary for a publicly traded technology company. She was called to the bar in both Ontario and British Columbia.

After practicing law, Anne served on the Boards of the Toronto Botanical Gardens and Trails Youth Initiatives and co-chaired the Canadian Art Foundation. In addition, she has sat on numerous committees (finance, strategy, fundraising and governance) within many diverse organizations including the Art Gallery of Ontario and McGill University.

Anne is a member of Partners in Art, the Women's Initiative (AGO), the Caledon Ski Club and the Granite Club.

Anne joined the University Club in 2022 but has had the privilege of attending the club with friends for over 35 years. She sits on the Art Committee and the Strategic Development Committee at the Club.

She lives in Toronto with her husband, Lawrence, and their two children, Alexandra and Jonathan.



BRYAN DAVIES

Bryan has had extensive financial sector and governance experience in both the private and public sectors and has served on several private and publicly traded corporate boards. Currently, he is Vice Chair of Metrolinx, a board member of the Building Ontario Fund and a member of Council of the Registered Insurance Brokers of Ontario (RIBO).

Over the course of his varied career, he held a number of Deputy Ministerial positions in the Government of Ontario, including as Deputy Treasurer and Deputy Minister of Economics, served as Vice President of Business Affairs at the University of Toronto and held the position of Senior Vice President of Regulatory Affairs for Royal Bank Financial Group. He has served on various charitable and non-for-profit boards in the education and heritage fields.

Bryan is a graduate of the University of Toronto and of Queen's University and his distinguished public sector leadership was recognized by the Institute of Public Administration of Canada which awarded him the 2010 Vanier Medal.

Bryan has been a member of the University Club of Toronto for almost thirty years.



TRISHA JACKSON

Patricia D S Jackson LSM brings to her practice as an arbitrator and mediator her many years of experience as one of Canada's senior litigators, known for highly sophisticated advocacy defending clients' interests in disputes at all levels of complexity. She has been a senior counsel with a broad practice in court, arbitration and before administrative tribunals.

As a senior trial and appellate counsel, Trisha has appeared in every level of court in Ontario and in many other provinces, in the Federal Court of Canada, and many times in the Supreme Court of Canada. She was awarded the Law Society Medal by the Law Society of Ontario in 2009, and the Ontario Bar Association's Award for Excellence in Civil Litigation in 2015.

Trisha was first introduced to the club on September 12, 1981 when she and her husband, Ramsay Derry, who had decided on relatively short notice to get married, were able to persuade the Club (to which his father, Duncan Derry, belonged) to allow them to take over the whole to celebrate their wedding. Trisha joined the Club shortly after the Club began accepting women members.



THE CLUB WHERE YOU BELONG

UNIVERSITY CLUB OF TORONTO
Annual Meeting of Members | November 6th, 2024

Proxy Solicited by Management

I, _____, being a voting member of the University Club of Toronto (the "Club"), hereby appoint the Secretary of the Club, David Zimmer, or his appointee at the meeting, **or the following member**, _____, **as my proxy**, to attend and vote or to abstain from voting for me and in my name at the **annual meeting** of Members of the Club to be held on **Wednesday, November 6th, 2024** and at any adjournments thereof, at which I am not personally in attendance, upon any ballot that may be called for, and upon the following matters:

1. FOR ____ or AGAINST ____ or ____ ABSTAINING FROM the appointment of Klasner & Solomon as Auditors of the Club.
2. FOR ____ or AGAINST ____ changes to the Club's Initiation Fee Schedule
3. The election of directors to the Board

OPTION A: voting for or against the management slate of nominees endorsed by the Governance and Nominations Committee and recommended by the Board

FOR ____ or AGAINST ____ or ____ ABSTAINING FROM the election of the slate of nominees as directors for the terms specified

OR

OPTION B: voting for the nominees individually by placing an X against the nominee's name.

Bryan Davies	_____ for a three-year term	____ ABSTAIN
Patricia Jackson	_____ for a three-year term	____ ABSTAIN
Anne Ullman	_____ for a three-year term	____ ABSTAIN

4. Such other business as may properly come before the meeting or any adjournments thereof, including any amendments or variations of the matters referred to above, with respect to which this Proxy is confirming discretionary authority to the above named to vote on such business, amendments or variations in accordance with the best judgment of such person.

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT OF THE CLUB. **A MEMBER HAS THE RIGHT TO APPOINT A PERSON, OTHER THAN THE NOMINEES DESIGNATED ABOVE, TO REPRESENT THE MEMBER AND TO ATTEND AND ACT FOR THE MEMBER AT THE MEETING AND MAY EXERCISE SUCH RIGHT BY INSERTING THE NAME OF SUCH NOMINEE IN THE SPACE PROVIDED ABOVE FOR THAT PURPOSE.**

DATED this _____ day of _____, 2024.

Name, address, and account number of the Voting Member:

NAME: _____

ADDRESS: _____

MEMBER ACCOUNT: _____

SIGNATURE OF VOTING MEMBER _____

Note:

1. Where the Member specifies his/her preference respecting any of the matters set out in items 1-4 above, the vote represented by this Proxy shall be in accordance with the Members' preference. Where no

preference is specified regarding items 1-4 above, the proxy nominee is instructed to vote the interest represented by this proxy in favour of the relevant matter.

2. In Item 3 of this Proxy (Election of Directors) a vote under **both** Option A and Option B **WILL SPOIL AND VOID** the Proxy with respect to that Item.

SUBMISSION OF PROXY:

Please complete this form, sign and date it and return it to the Club Office by no later than **5:00PM on November 5th, 2024**. The form **may be scanned and e-mailed to sarahfreeman@UClubToronto.com**, **returned in person, or** mailed to **The University Club of Toronto**, 380 University Avenue, Toronto, Ontario M5G 1R6.

THE UNIVERSITY CLUB OF TORONTO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**THE UNIVERSITY CLUB OF TORONTO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Changes in Members' Equity	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
Schedule A - Departmental Operations	15

KLASNER, SOLOMON AND PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE UNIVERSITY CLUB OF TORONTO

Opinion

We have audited the financial statements of The University Club of Toronto (the "Club"), which comprise the statement of financial position as at June 30, 2024, and the statements of operations, changes in members' equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Club as at June 30, 2024, and its results of operations and its cash flows for the year 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 report. We are independent of the Club 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club'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

KLASNER, SOLOMON AND PARTNERS LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

be expected to influence the economic decisions of users taken on the basis of these 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 Club'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 Club'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 Club 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.

We 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.



Markham, Canada
October 22, 2024


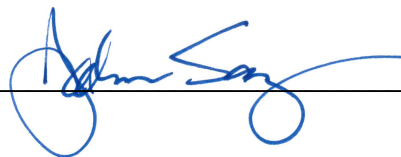
Chartered Professional Accountants
Licensed Public Accountants

THE UNIVERSITY CLUB OF TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	2024	2023
ASSETS		
Current		
Accounts receivable (note 3)	\$ 217,554	\$ 232,654
Inventories	194,849	213,743
Prepaid expenses	120,215	104,116
	532,618	550,513
Capital assets (note 4)	2,488,716	2,046,877
Works of art	663,171	660,021
	\$ 3,684,505	\$ 3,257,411
LIABILITIES		
Current		
Bank indebtedness (note 5)	\$ 2,623,655	\$ 2,229,633
Accounts payable and accrued liabilities (note 6)	689,691	426,547
Deferred revenue (note 7)	462,207	357,824
Member loans (note 8)	-	614,106
	3,775,553	3,628,110
Member loans (note 8)	1,613,466	-
Promissory notes (note 9)	834,946	799,961
	6,223,965	4,428,071
MEMBERS' EQUITY		
Invested in capital assets	455,964	14,125
Invested in and restricted for works of art	674,581	671,431
Internally restricted for capital purposes		
- Gordon Waldie Fund	10,000	10,000
Accumulated deficit	(3,680,005)	(1,866,216)
	(2,539,460)	(1,170,660)
	\$ 3,684,505	\$ 3,257,411

The accompanying notes form an integral part of these financial statements.

Approved by the Board

 Director
  Director

THE UNIVERSITY CLUB OF TORONTO
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Invested in capital assets	Invested in and restricted for works of art	Internally restricted for capital purposes- Gordon Waldie Fund	Accumulated deficit	Total 2024	Total 2023
Balance, beginning of year	\$ 14,125	\$ 671,431	\$ 10,000	\$(1,866,216)	\$(1,170,660)	\$ (106,675)
Net operating loss	-	-	-	(1,368,800)	(1,368,800)	(1,059,485)
Contributions for works of art	-	3,150	-	(3,150)	-	9,080
Insurance - works of art	-	-	-	-	-	(13,580)
Amortization	(185,636)	-	-	185,636	-	-
Invested in capital assets	627,475	-	-	(627,475)	-	-
Balance, end of year	\$ 455,964	\$ 674,581	\$ 10,000	\$(3,680,005)	\$(2,539,460)	\$(1,170,660)

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY CLUB OF TORONTO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Revenue		
Departmental operations (Schedule A)	\$ 1,968,145	\$ 1,627,021
Annual membership fees	629,986	540,823
Facilities fees	200,933	167,209
Initiation fees	96,258	41,000
Sundry	28,067	24,871
Restoration building fund fees	60,823	58,237
	2,984,212	2,459,161
Expenses		
Departmental operations (Schedule A)		
Salaries, wages and benefits	1,483,881	1,266,354
Supply cost	425,000	327,615
Utilities	235,791	217,051
Other expenses	61,858	40,142
Property tax	41,730	39,213
Other operations		
Salaries, wages and benefits (note 11)	995,825	854,622
General and administrative	322,623	207,954
Cost of borrowing (note 5 and 8)	265,945	130,288
Building and equipment maintenance	164,250	162,747
Insurance	99,427	85,237
Laundry and house supplies	30,860	29,100
	4,127,190	3,360,323
Net operating loss before amortization and other income	(1,142,978)	(901,162)
Amortization	(185,636)	(144,932)
Gain on issuance of promissory notes (note 9)	-	25,300
Accreted interest on promissory notes	(40,186)	(38,691)
Net operating loss	\$ (1,368,800)	\$ (1,059,485)

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY CLUB OF TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Cash flows from operating activities:		
Net operating loss	\$ (1,368,800)	\$ (1,059,485)
Items not affecting cash:		
Amortization	185,636	144,932
Gain on issuance of promissory notes	-	(25,300)
Accrued interest payable on member loans	-	26,605
Accreted interest on promissory notes	40,186	38,691
	(1,142,978)	(874,557)
Changes in non-cash working capital		
Accounts receivable	15,100	(51,955)
Inventories	18,894	(11,471)
Prepaid expenses	(16,099)	(18,725)
Accounts payable and accrued liabilities	263,144	63,934
Deferred revenue	104,383	67,746
	385,422	49,529
Cash flows used in operating activities	(757,556)	(825,028)
Cash flows from investing activities:		
Purchase of capital assets	(627,475)	(113,613)
Purchase of works of art	(3,150)	-
Contributions for works of art	-	9,080
Expenditure related to works of art	-	(13,580)
Cash flows used in investing activities	(630,625)	(118,113)
Financing activities:		
Bank indebtedness	394,022	810,988
Promissory notes	(5,201)	58,414
Net proceeds of member loans	999,360	-
Cash flows provided by financing activities	1,388,181	869,402
Net decrease in cash during the year	-	(73,739)
Cash, beginning of year	-	73,739
Cash, end of year	\$ -	\$ -

The accompanying notes form an integral part of these financial statements.

THE UNIVERSITY CLUB OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. Purpose of the Club

The University Club of Toronto (the "Club") was incorporated (by letters patent dated March 26, 1912) as a non-share capital, not-for-profit organization. The objectives of the Club are to promote friendship among its members and to provide and operate facilities for their pleasure and congenial association. The Club is exempt from income tax under Section 149(1)(l) of the Income Tax Act, except for interest income.

2. Summary of accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for non-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, estimates of net realizable value of inventories, useful lives of long-lived assets, accrued liabilities, impairment assessments of long-lived assets, the allocation of expenses to the various departments and financial instruments. Actual results could differ from these estimates.

Members' Equity

Members' equity comprises:

a) Invested in capital assets

Members' equity invested in capital assets represented the net book value of capital assets (excluding works of art), less any indebtedness thereon.

b) Invested in and restricted for works of art

Members' equity invested in and restricted for works of art represents the carrying value of the Club's art collection together with the balance of cash contributions received for works of art, but not yet disbursed.

c) Internally restricted for capital purposes

The Board of Directors (the "Board") of the Club can internally restrict net assets to be held for specific purposes. These internally restricted amounts are not available for other purposes without the approval of the Board.

Gordon Waldie Fund

In 1999, the Club received a bequest from Gordon Waldie, a long-standing member. In keeping with the wishes of his family, the Board has transferred the bequest to the Gordon Waldie Fund, to be used for capital purposes, specifically, the building and improvements.

THE UNIVERSITY CLUB OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of accounting policies (continued)

d) Accumulated deficit

The accumulated deficit is a result of the Club's operations and is charged with transfers to internally restricted funds for acquisitions of capital assets and mortgage principal repayments (not otherwise funded) as approved by the Board.

In order to minimize debt carrying costs, the Board has authorized the use of the restricted funds to finance investments in capital assets.

e) Restoration building fund

In 2007, the memberships agreed to implement an annual Restoration Building Fund fee. The fee was specifically designated to cover the costs of servicing debt incurred for capital purposes and to cover the cost of new capital projects. The membership agreed to the establishment of the fund in order to ensure that sufficient funds were available to make the repayments on the credit facility assumed to fund the Centennial Restoration Project. Any use of the proceeds of the fund outside of the designated use requires membership approval. Monies may be accumulated in the fund so long as they are eventually used for one of the designated purposes. At year end, the Restoration Building Fund has a balance of \$Nil (2023 - \$Nil). In 2024, Restoration Building Fund fees received were fully utilized for credit facility payments and capital projects during the year.

Revenue Recognition

Initiation fees are recognized as revenue at the time a member is billed.

Annual membership and Restoration Building Fund fees are recorded as revenue in the fiscal year to which they relate. Deferred revenue represents that portion of annual membership and Restoration Building Fund fees charged to members' accounts prior to the fiscal year end of the Club that are applicable to the period of July 1 to December 31 of the subsequent fiscal year.

Revenue from departmental operations and Members' service charge revenue is recognized in the period in which the related service is provided.

Function rooms and equipment rental income (facilities fees), included in food departmental operations, is recorded in the period in which the rental relates.

Voluntary contributions received from members for works of art are recorded as a direct increase in members' equity in the year the contribution is received.

Members contribute numerous hours of service each year to the Club. These contributed services are not recognized in the financial statements because of the difficulty in assessing their value.

Government grants and sundry revenue are accounted for as revenue when earned.

THE UNIVERSITY CLUB OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2. Summary of accounting policies (continued)

Measurement of financial instruments

The Club considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Club's financial instruments comprise cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, promissory notes and member loans.

Financial assets and liabilities are initially recorded at their fair value. The Club subsequently measures all its financial assets and liabilities at amortized costs.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the statement of operations. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Inventories

The cost of inventory comprises the purchase price and other costs directly attributable to its acquisition. Inventory is stated at the lower of cost and net realizable value and relieved from inventory on a first in, first out basis. Net realized value is the estimated selling price, in the ordinary course of business, less the estimated costs necessary to make the sale.

Inventory is adjusted to net realizable value when the cost of inventory is estimated to be unrecoverable. The amount of any write-down of inventory to net realizable value and all losses of inventory are recognized as an expense in the period the write-down occurs.

Capital assets

Purchased capital assets are recorded at cost and contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided for on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Rate
Building and improvements	40 years, or over the estimated useful lives of the improvements, if shorter
Furniture and equipment	3 to 15 years

**THE UNIVERSITY CLUB OF TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. Summary of accounting policies (continued)

Impairment of long-lived assets

The Club's long-lived assets consist of capital assets and works of art. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Works of art

Works of art purchased and contributed since January 1989 are recorded at either cost or the fair market value at the date of contribution. Works of art purchased and contributed prior to January 1989 are recorded at no value. Amortization is not provided for as works of art have cultural and historical value that the Club is committed to preserving.

Allocation of expenses

The Club incurs property taxes, utilities and salaries, wages and benefits expenses that are integral to carrying out the departmental operations. The Club allocates property taxes and utilities expenses to departmental operations based on the square footage of the various departments. Salaries, wages and benefits expenses are allocated to departmental operations based on the time spent servicing the operations of the various departments.

3. Accounts receivable

Accounts receivable are comprised of the following:

	2024	2023
Accounts receivable	\$ 269,134	\$ 283,768
Allowance for doubtful accounts	(51,580)	(51,114)
	\$ 217,554	\$ 232,654

**THE UNIVERSITY CLUB OF TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

4. Capital assets

	Cost	Accumulated Amortization	2024 Net	2023 Net
Land	\$ 26,060	\$ -	\$ 26,060	\$ 26,060
Building and improvements	4,477,685	2,379,386	2,098,299	1,838,075
Furniture and equipment	1,836,028	1,471,671	364,357	182,742
	\$ 6,339,773	\$ 3,851,057	\$ 2,488,716	\$ 2,046,877

5. Bank indebtedness

The Club has an authorized demand operating loan facility of \$4,000,000 bearing interest at the bank's prime rate plus 0.15% per annum. As at June 30, 2024, the Club had utilized \$2,623,655 (2023 - \$2,229,633) of the facility. The operating line of credit is secured by a general security agreement covering all assets of the Club excluding works of arts and a demand collateral mortgage first charge in the amount of \$10,000,000 on real property.

As at June 30, 2024, the Club was not in compliance with certain covenants required under the terms of the banking agreement.

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2024	2023
Accounts payable	\$ 596,335	\$ 391,408
Government remittance	93,356	35,139
	\$ 689,691	\$ 426,547

**THE UNIVERSITY CLUB OF TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

7. Deferred revenue

	2024	2023
Annual membership fees	\$ 241,367	\$ 215,534
Fitness and squash fees	14,216	16,325
Function deposits and prepayments	206,624	125,965
	\$ 462,207	\$ 357,824

8. Member loans

	2024	2023
Loan payable to members, is unsecured and bears interest at 7.1% per annum payable annually and principal repayable at maturity between September 2025 to January 2026.	\$ 954,054	\$ -
Loan payable to members, is unsecured and bears interest at 6% per annum payable annually and principal repayable at maturity between September 2028 to July 2029.	659,412	-
Loan payable to members, is unsecured and bears interest at 5% per annum payable annually and principal repayable at maturity on June 1, 2024.	-	614,106
	1,613,466	614,106
Less: current portion	-	(614,106)
	\$ 1,613,466	\$ -

Interest expense of \$84,246 (2023 - \$27,845) was incurred on the member loans.

The principal repayments due in subsequent years are as follows:

2025	\$ -
2026	954,054
2027	-
2028	-
2029 and subsequent year	659,412
	\$ 1,613,466

THE UNIVERSITY CLUB OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

9. Promissory notes

At a special meeting of members' held on April 8, 2021, the membership approved an assessment to fund the Club operations and commence a Reimagination and Redevelopment Project. The assessment amounts levied varied between \$7,500 for Resident 45+ and \$5,000 or \$3,500 for other member categories. The assessment could be paid in one lump sum with a discount or in installments. Interest free promissory notes for the assessment amounts paid were issued to members with full payment as at June 30, 2024, maturing on December 31, 2031 or earlier at the Club's option.

The Club is accounting for the promissory notes as a financial liability and has initially recognized the notes at fair value. The initial fair value is equal to the value of the discounted cash flows using discount rate of 6.95% (for notes issued on or prior to June 30, 2022 - 5%) and no new issue in the current fiscal year. As a result, the Club recorded a gain on the date of issuance of \$nil (2023 - \$25,300). The initial fair value of the promissory notes will be accreted to their face value over the term at an interest rate of 6.95% and 5% for notes issued in the 2023 fiscal year and on or prior to 2022 fiscal years.

As at June 30, 2024, the funds received were \$1,164,447 (2023 - \$1,171,947).

10. Financial instruments

The Club is exposed to different types of risks in the normal course of operations. The following analysis provides a measure of the club's risk exposure and concentrations at the balance sheet date.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Club's main credit risks relate to its accounts receivable. The Club reduces its exposure to credit risk by assessing credit on a regular basis.

(ii) Liquidity risk

Liquidity risk is the risk that the Club will encounter difficulty in meeting the obligations associated with its financial liabilities. The Club is exposed to liquidity risk mainly in respect of its bank indebtedness, accounts payable and accrued liabilities, member loans and promissory notes.

The Club manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable future financial obligations. The Club also ensures that it has appropriate financing in place through an operating line of credit.

(iii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Club is exposed to interest rate risk related to its credit facility agreement where the credit facility has the interest rate tied to the lending bank's prime lending rate. The Club manages interest rate risk by monitoring its cash flow and taking action as necessary to maintain an appropriate balance.

**THE UNIVERSITY CLUB OF TORONTO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

11. Pension plan

The Club has a defined contribution pension plan that covers substantially all full-time employees. Contributions to the plan are based on matching 100% of a participant's contributions to a maxim of 5% of earnings. For 2024, the pension expense was \$63,529 (2023 - \$50,620) and is included in wages and benefits in other operations.

THE UNIVERSITY CLUB OF TORONTO
SCHEDULE A - DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Food		Beverage		Bedrooms		Fitness and squash		Total	
June 30, 2024										
Revenue	\$1,079,166	100%	\$ 359,055	100%	\$ 498,498	100%	\$ 31,426	100%	\$1,968,145	100%
Expenses										
Salaries, wages and benefits	947,046	88%	122,546	34%	383,319	77%	30,970	98%	1,483,881	75%
Supply cost	270,270	25%	151,993	42%	-	- %	2,737	9%	425,000	22%
Utilities	97,725	9%	46,022	13%	46,022	9%	46,022	146%	235,791	12%
Other expenses	24,655	2%	3,091	1%	32,518	6%	1,594	5%	61,858	3%
Property taxes	16,692	2%	8,346	2%	8,346	2%	8,346	27%	41,730	2%
	1,356,388	126%	331,998	92%	470,205	94%	89,669	285%	2,248,260	114%
Net contribution	\$(277,222)	(26)%	\$ 27,057	8 %	\$ 28,293	6%	\$(58,243)	(185)%	\$(280,115)	(14)%

June 30, 2023

Revenue	\$ 891,584	100%	\$ 278,053	100%	\$ 421,545	100%	\$ 35,839	100%	\$1,627,021	100%
Expenses										
Salaries, wages and benefits	784,490	88%	115,352	42%	337,427	80%	29,085	81%	1,266,354	78%
Supply cost	214,998	24%	109,462	39%	-	- %	3,155	9%	327,615	20%
Utilities	90,259	10%	42,264	15%	42,264	10%	42,264	118%	217,051	13%
Other expenses	20,150	2%	2,422	1%	12,523	3%	5,047	14%	40,142	3%
Property taxes	15,685	2%	7,843	3%	7,843	2%	7,842	22%	39,213	2%
	1,125,582	126%	277,343	100%	400,057	95%	87,393	244%	1,890,375	116%
Net contribution	\$(233,998)	(26)%	\$ 710	- %	\$ 21,488	5%	\$(51,554)	(144)%	\$(263,354)	(16)%

A REIMAGINED BUSINESS MODEL 2024

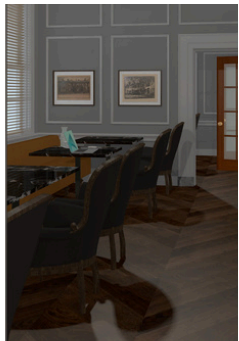
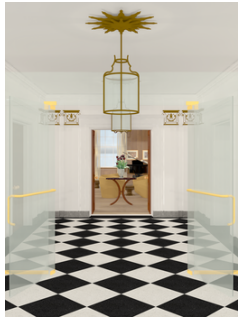
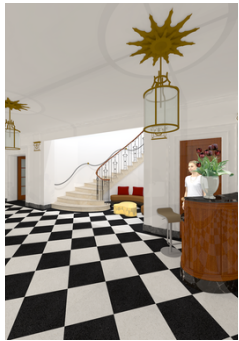
An Overview

THE UNIVERSITY CLUB OF
TORONTO



TABLE OF CONTENTS

- 1. Membership Plan 5
- 2. Operating Plan 8
Business Rationale 9
- 3. Physical Plan 11
- 4. Fiscal Model 23



The reimagined business model is a three-year or more strategic plan designed to gradually move the Club toward profitability in phases while increasing revenues and driving membership growth. To do so will require bold moves. The previous business model was reactive, responding to decreased demand with cuts and compromises to the integrity of our heritage building and the high standard of services and amenities members expect. This model is proactive, building the institution through capital projects that members will seek to be a part of, thus creating the demand.

The report includes a Membership Plan, Operating Plan, Physical Plan, and Fiscal Model and focuses on three strategic pillars: Membership, Finance, and Reimagined Spaces. The three pillars are interdependent, each supporting the other, though Reimagined Spaces is the heart of the strategy. The Reimagined model concentrates member services on the main floor and private events on the

second. The intention is to create an attractive, members-only space to support our membership strategy. The events-driven space will support a healthier financial position for the Club moving forward.

FISCAL MODEL

The Fiscal Model's focus is to source the capital for these improvements and to provide working capital. The necessary target amount ranges between \$2 and \$3 million. Capital funding, upon approval by the board and membership, will be realized cooperatively through the injection of member loans and existing credit line with Canada Western Bank. Self-financing of the proposed capital plan by way of an attractive Member Loan Programme is essential. The programme maximizes the potential for a successful outcome at a manageable financial risk. Strategic sales of assets as a further downstream resort should be explored as to feasibility consistent with the execution of the Plan, though it will only be



considered as an additional source of funding if deemed necessary. However, no decisions on asset sales would be made without further consultation with the membership.

With respect to capital expenditures, our first priority is to reinvigorate the main floor. The first projects are the Cooperative Workspace and/or Concierge Station. Repurposing and reimagining the Member's Lounge and the Bar are top priorities and are seen as most impactful in terms of their determined ability to increase sales and new growth.

PHYSICAL & OPERATING PLAN

The redesignation of spaces for events is not a new concept but one that has proven to be a financial turning point for other clubs and restaurants, as discussed in the business rationale found later in this report. The rationale illustrates how the largest areas of other clubhouses, areas with the greatest potential for events business, were previously only used as members' à la carte venues. In each instance, this squeezed the club financially. These examples of spaces being successfully re-designated demonstrate that such change works. As such, we will be leveraging the second floor to its maximum potential for rental dollars while honouring the traditional events and special dinners consistent with that. The intention is not to exclude members, but to blend member use with maximization of revenue-producing opportunities.

Concentrating primary services for members on one floor will create a livelier atmosphere. Rather than restricting members, everything will be at their disposal on the main level, while legacy events will continue to be honoured in our private event spaces. It is the members' club, and member events will be operated to generate a profit. On the second floor,

the Library, Annex, and Ballroom will be available for events of 20 to 100 guests and generate ample rental fees and food and beverage revenue.

MEMBERSHIP PLAN

The proposed changes will create a more cohesive, accessible member experience on the main level and allow members consistent lunch and evening service, setting the stage for membership growth and development. As outlined in the Membership Plan, we have reviewed feedback from new and prospective members and found our current spaces and amenities to be a pain point. The proposed changes are welcomed.

Positively, we are seeing growth in new membership, notably in the under-35 and over-50 age categories, as a result of our recruitment strategy. The team's proactive outreach to neighbouring offices and local groups, including the Advocates' Society and Healthcare Event Coordinators Collective, as well as participation in Doors Open Toronto and our hosting of Toronto Life's TIFF party, are garnering the Club renewed exposure and interest.

What follows is a strategic map and living document that will be updated based on future discussions and feedback from the Strategic Planning Committee. It serves as an overview of the reimagined model; it is both a proposal for a club that accommodates traditional usage, dining and events by members and reinvigorates the larger spaces primarily, but not exclusively, for events so as to enhance and ensure as far as possible the future of our club. Today's members require a sustainable business model, which, in turn, requires making decisions that meet the needs of tomorrow's members. This, we believe, is the business model that will ensure a future for the University Club of Toronto.



Reimagined Business Model



OUR VISION

The University Club of Toronto's board and management are committed to growing our membership, ensuring financial stability, promoting member engagement, and creating a clubhouse with updated amenities that meet the needs of our future membership while retaining the Club's heritage aesthetic, artistic roots, and current member usage.



1

Membership Plan



Membership is the keystone of our three-year plan and the financial speculations made in this reimagined model are based on certain assumptions. One, as refined by Membership Director, Anne Vranic, alongside finance, is that we sign 125 new members next year (2025) and then another 150 the following year (2026). Looking at our current membership, these are the numbers that we have to hit today. However, because of provisionals, the average age of our current membership, and the life and lifestyle of the membership in general, these figures are continuously being refined.

MEMBERSHIP TARGETS:

Projected & Target New Member Numbers:

- June 30, 2024 – 63 new members (achieved)
- June 30, 2025 – 125 new members
- June 30, 2026 – 150 new members
- June 30, 2027 – 175 new members

Targets Demographics:

- Young professionals (35 & Under)
- Goal: 30 per fiscal
- Female professionals
- Industry leaders

MEMBERSHIP CAMPAIGN STRATEGY

2024-2027

To reach our membership targets for fiscal year 2024/2025, the Club's membership team has been proactively targeting professionals working and living in Toronto. Our primary market lies within a two-block radius of the clubhouse, and we have visited every address to introduce ourselves and build awareness and positive relations for the Club.

We have also opened an outdoor patio at the back entrance of the Club. This has been well received by members and, when we are competing with restaurants during warmer weather, offers them a reason to dine at the Club and enjoy patio season.

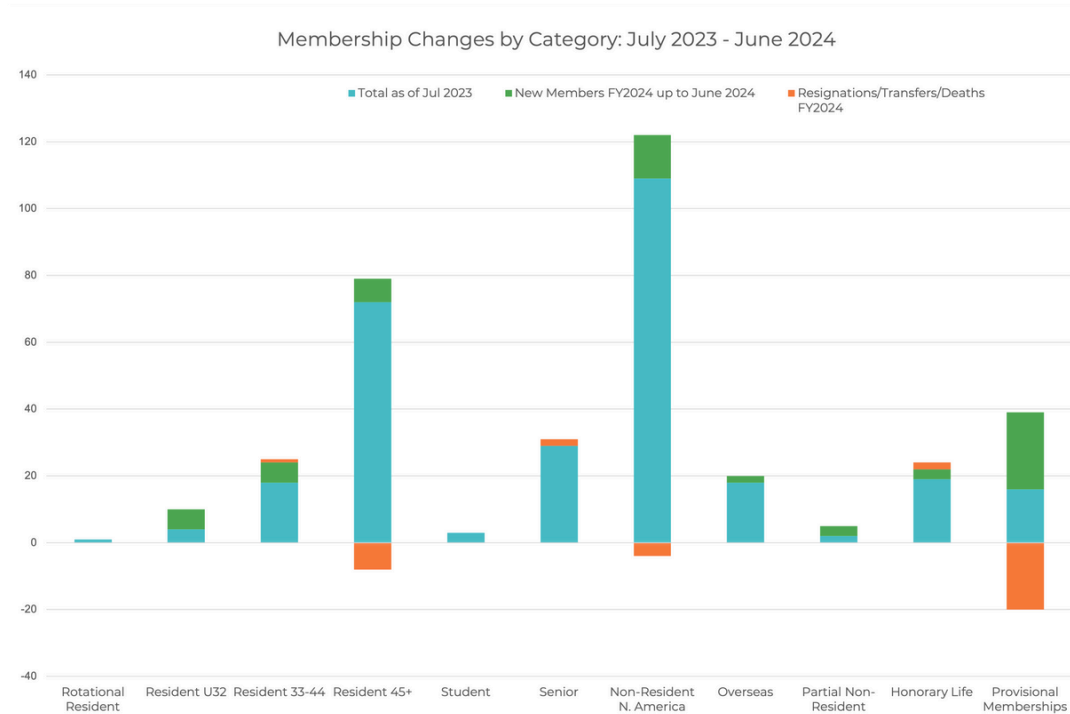
As we refine our membership campaign strategy for the next three years, we are analyzing both the trends (by age, category and industry) in our own historical member acquisition data as well as those of others in the club industry.



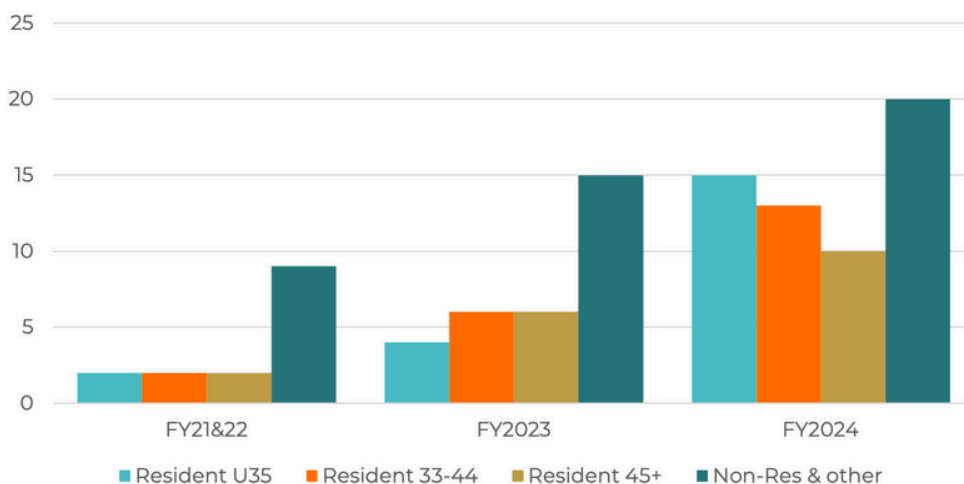
MEMBERSHIP GROWTH

2020-2024 COMPARISON & ANALYSIS

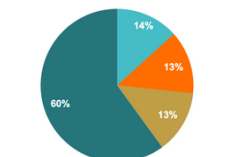
Post-pandemic, we are gradually seeing an increase in both Resident and Non-Resident members. Positively, there is a visible growth trend in Resident memberships across all age categories, which is expected to outpace the combined growth of Non-Resident and other membership categories and make up the larger proportion of new members.



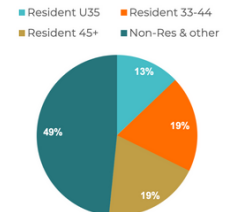
Number of New Member by Category*
*Provisional Members included in respective resident categories



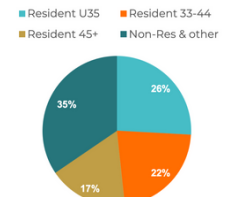
FY21&22



FY2023



FY2024



2 Operating Plan



The Operating Plan is concerned with reimagining the usage of our rooms to maximize usage and better realize the second floor as a revenue centre for private events. The redesignation of the second floor as primarily an in-demand private events-focused space has a proof-of-concept realized in other city clubs and hospitality venues.

PRIVATE EVENTS: POTENTIAL CLIENTS

Our membership and events team are continuously engaged with current and potential corporate clients who might host events at the University Club of Toronto and who could benefit from the availability of spaces opened up by this new model.

POTENTIAL CLIENTS

- UHN - various departments
- UofT - medical departments
- SickKids Foundation
- PDAC events
- Criminal Lawyers' Association
- Law Society of Ontario

RECENT CONNECTIONS

- The Advocates' Society
- Scotiabank
- McCarthy Tetrault
- MCC Destination Management
- BDC Travel Meetings and Events
- Grant Thornton LLP
- DMZ Startup Incubator
- Fidelity Investments Canada
- Deloitte

BUSINESS RATIONALE

The reimagination and redesignation of spaces in private clubs is not a new concept, but one that has proven to be a financial turning point. This section provides examples of clubs that have bucked tradition in favour of change.

At both The Vancouver Club and the London Club, members were previously using the largest areas of these respective clubhouses, areas with the greatest potential for events business, as à la carte venues. In London, luncheon and dinner services were moved to the front salon area, opening up the ballroom area for more business and providing a reliable, dedicated space for member dining, in turn increasing revenues and a sense of activity in both spaces.

In Vancouver, the Grand Ballroom, which can seat over 180 people, was being used for lunch and dinner five days a week in 2002. Though a loyal group of members dined there every lunch hour and every evening, it was usually 80% empty, and, at times, there were as few as six people occupying a small geographic area of this grand space. Despite the nostalgia for the room as it stood, the club of yesterday would never be the club of tomorrow. Sales were channelled into smaller rooms, and significant events were relegated to weekends, constricting potential revenue. Once the board was convinced, the space was released, and formal dining moved to a smaller area, the Club saw a marked transition from a negative to a positive financial position. The Ballroom, which is now used for private as well as member events, such as the Christmas buffets,

special wine dinners and legacy events, continues to be the primary source of profitability for the club. Considering available historical data, these changes have had a lasting positive impact on the club's financial position. From 2006 to 2019 (excluding pandemic years), total revenue before dues increased from \$5,027,869 to \$13,652,415, a growth of 171.6% or an average of 13.2% annually. Food and beverage revenue specifically, which includes à la carte dining as well as member and private events, rose from \$8,446,453 in 2014 to \$11,807,150 in 2019, a growth of 39.8% or 7.96% annually.

The Manitoba Club, whose current building dates to 1905, underwent a comparable reorganization of spaces as that proposed for the University Club. It dedicated 100% of the second floor to event space and the main floor 100% to member dining (with two small private rooms). The change generated a booming wedding and events business, making it a top destination in the city, while continuing to attract a diverse and full membership roster. 24% of private clubs surveyed by the Club Management Association of Canada in 2023 attributed a portion of their positive financial expectations to non-member revenue.

Similarly, a 2017 article* in Restaurant Business asks, "Why are so many restaurants turning into private event spaces?" Restauranters in New York and Chicago had added or converted spaces into private dining, citing low profit margins and high labour and food costs associated with à la carte dining as

* "Why are so many restaurants turning into private event spaces?", Cobe, P. (2017, Oct. 18). Restaurant Business. Why are so many restaurants turning into private event spaces? <https://www.restaurantbusinessonline.com/financing/why-are-so-many-restaurants-turning-private-event-spaces>

factors. One Off Hospitality in Chicago found that with private events, labour was cut by 40-50% and the kitchen was running at 25% food costs or lower. This allows the organization to operate at a higher profit margin, off-setting regular dining margins.

OUR CASE

The same is true about how we divide the resources in the University Club presently. By running à la carte dining and private events simultaneously out of the Library and Member's Lounge, respectively, rather than one or the other, we have the potential to be more efficient with our labour, notably kitchen labour, and food costs.

It is important to consider existing pain points with our current model of a shared space for member dining and events. Lack of consistency, both for members and private events. Members deserve a dining room where they can reliably book a table for lunches and dinners 5 days a week. Membership and events need a space they can reliably book for private events without displacing and competing with member dining. We should not be in a position where we have to turn down a profitable event or bump members'

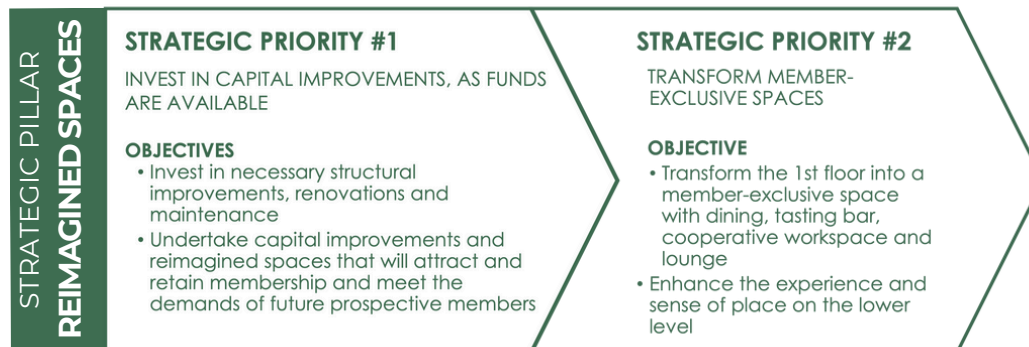
dinner reservations on a Friday night because they are in competition. Yet, this is the position the Club is currently in. There is a cultural difference between dining, events, and meetings. With our current model, we encounter members dining in the Library distracted by events and loud music spilling out from the ballroom. This intersection of events is in cultural opposition to the intimate dining experience members should otherwise expect if the first floor was focused on member amenities and the second was dedicated to private events.

Looking at the historic usage of our building, change is not new. The Library was converted into an à la carte dining room from its historic library usage. As with The Vancouver Club, one walks into the dining room on a Tuesday evening, and there are two or so tables. The Club feels cavernous, and the energy lagging. While sensitive to the fact that this is an emotional issue for members, the Club has reached the point where the present model is not going to generate sufficient revenue to sustain it moving forward. It is good real estate, which we should be charging for where we can attract business.



3

Physical Plan



Reimagined Spaces

Stepping through the front door, a new Lawren Harris Lounge is to your left, and a lively atmosphere is created the moment you enter the building. The bar will be transformed into an attractive and buzzing lounge and wine-tasting room. On the north side of the building, where the Upper Canada and Lower Canada rooms are situated, will reside the cooperative workspace. The main level will also include an accessible sales office for membership and wine sales, as well as the updated Fitzgerald meeting room. Most notably, the Members' Lounge will be transformed into an upscale dining room finished with hardwood floors, comfortable seating, and elegant tables in front of our beautiful fireplace, all highlighted by the *Group of Seven* collection. The transformation will breathe new life into the space and elevate our dining experience.

****The renderings included in this plan are for the purpose of envisioning the potential of these spaces and are not intended to be final designs. Further, no attempt has been made to suggest or dictate the placement sites of the Club's art collection in the reimagined spaces.***

Main Floor

FRONT ENTRANCE

Looking forward to 2026, the façade of the Club will be adorned with landscaped gardens, attractive lighting, and polished copper presenting a visible, encouraging, and welcoming entrance for our loyal and prospective members. The back entrance access will continue to be available, mimicking the front and brought to life with a summer patio.

Entering the Club, the main hallway will lead members to the members-only main level.

REIMAGINED CONCIERGE SALES OFFICE & FOYER

Members will be greeted by a friendly face from a new concierge desk situated in the lobby. It will be built outside of the present phone booth, in the hall, so the first point of contact for arriving members and guests will be the visibly present concierge team.



The current concierge office will be transformed into a sales office and coffee bar coffee with freshly pulled espresso and breakfast treats for hotel guests leaving and travelling to the airport.



Lobby Seating at Staircase



VESTIBULE & HONOUR WALL

The vestibule area will feature an honour wall for members who have made donations to the Club and for members, especially those who paid the levy during the pandemic and who have forgiven their loans. It will forever carry the names of the members who helped us through this challenging transition and will continue to highlight their generous contributions

THE LAWREN HARRIS LOUNGE

This dedicated lounge set to the left of the entryway will have coffee and tea, reading material, a serviced bar and a cocktail menu. It will serve as a waiting area and a quieter space with a combination of modern and contemporary seating.



THE FITZGERALD ROOM

Outfitted with a modern board table, large screen, and up-to-date IT equipment, the Fitzgerald room will serve as a permanent meeting space available for members. Sponsored meetings can pre-order breakfast, snacks, lunch or dinner as part of their agenda.

WINE BAR & TASTING LOUNGE

The current bar will be converted into an upscale wine bar, tasting lounge, and entertainment area for members. Furniture will be converted to create intimate areas for individual members or groups to sit, connect, and celebrate. The room will be available for sports games, impromptu concerts, and wine, Scotch, and spirits tastings. Members will be able to have their wine sent up from the cellar or bring in a special bottle to enjoy in this newly enlivened space.



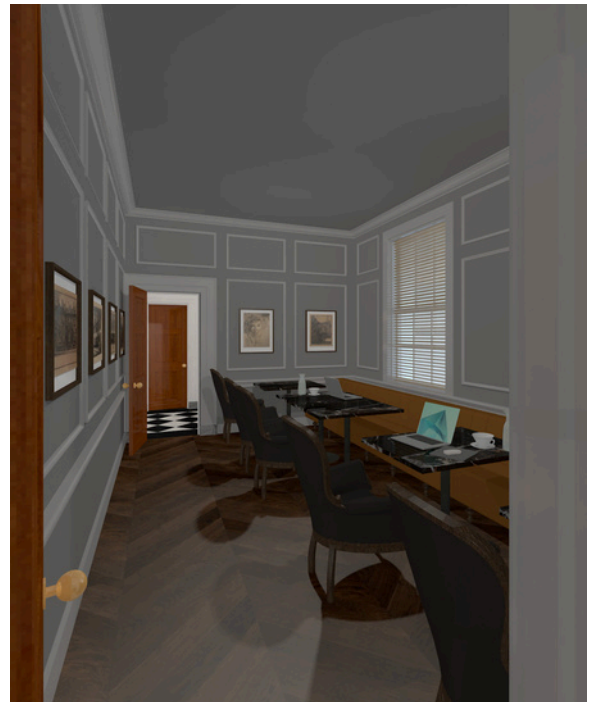
THE MEMBERS' LOUNGE

Reconceptualized into a high-end bistro with seating for 30 at modern Provençal-style tables and a curved Ralph Lauren-inspired leather sofa in front of the roaring fire. The Members' Lounge will feature exposed hardwood floors and updated lighting against the backdrop of our timeless art collection. This will be the most reimagined area of the Club.



REIMAGINED COOPERATIVE WORKSPACE

The Upper and Lower Canada rooms will serve as active coworking spaces for our members, with new flooring and millwork and high-speed wifi to keep members connected for a remote workday.



Lower Level / Basement

The lower level will be accessible by the stairs near the Concierge area, the elevator, and the rear entrance of the Club. It will house an improved coat check area, upgraded guest washrooms, access for members and potential members to the wine cellar with our sommelier, and temperature-controlled wine lockers. The gym area will be private to members with special access codes.

THE CENTRAL LOUNGE

The lounge will be upgraded with sports, broadcasting, music, beer, fresh fruit, daily bottles of water and coffee to go, and other offerings. The room will feel alive and welcoming, with the gym manager and gym trainers visible, accessible, and responsive to members' needs.

THE GYM

A core amenity for our club, the gym is a primary service used by members, both new and senior alike. The gym programme will focus on strength and wellness and will expand to relevant demand. Access from the rear entrance will be facilitated with designated access cards. Gym equipment will be updated and repaired as necessary, along with further upgrades to the showers, steam room, countertops, and amenities for our members. The squash court will be reconditioned and upgraded, and the present manager's office will be converted into a refurbished observation lounge overlooking the court for members who wish to watch others play. To increase usage, the gym fee will be eliminated as of January 1, 2025.



SUB-BASEMENT

The sub-basement area, in the short term, will be repainted and refitted with inexpensive but attractive light fixtures. Going down the hallway, the steps and walls will be repainted, and some of the weaker areas will be replaced and repaired.

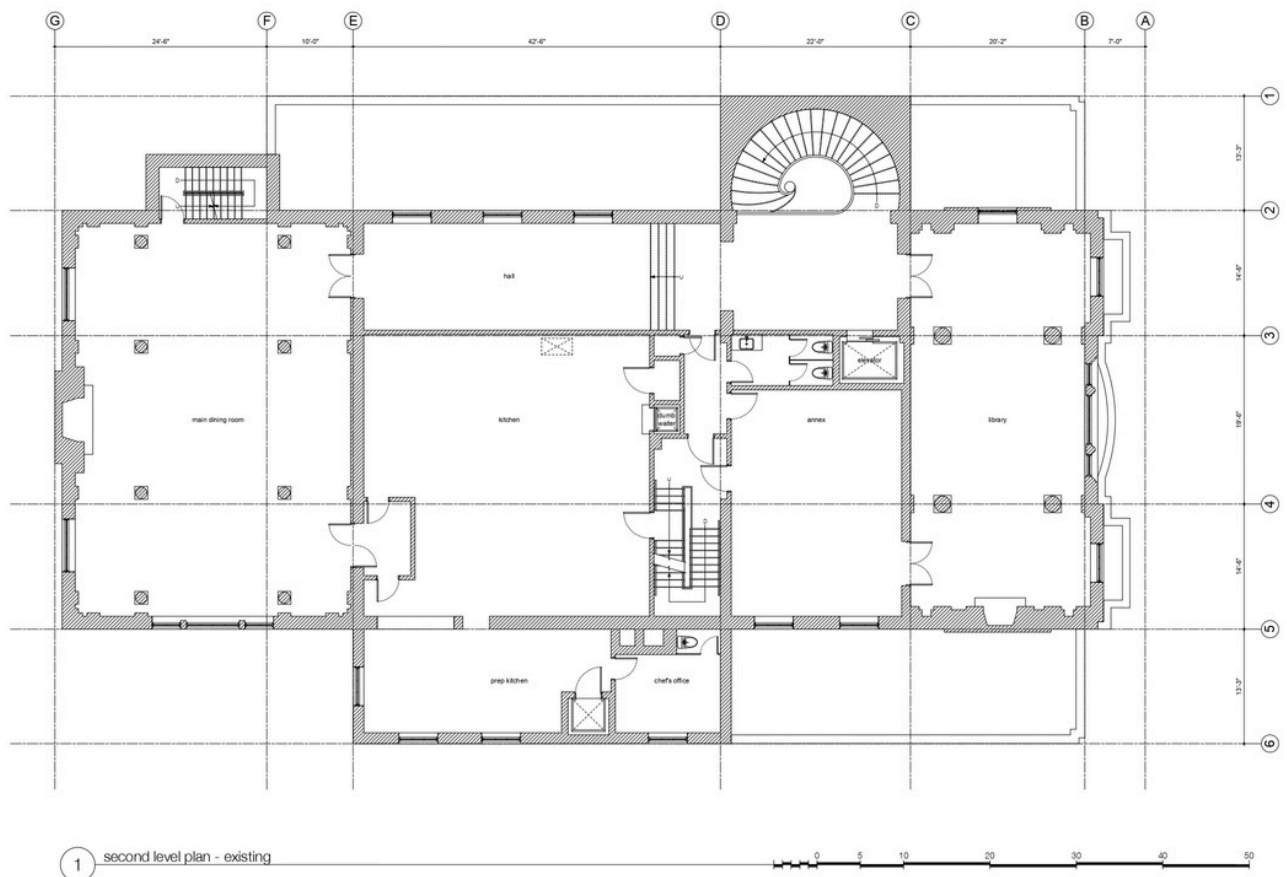
WINE CELLAR

The wine cellar is envisioned as a space where members can both keep a personal collection of their favourite wines and enjoy them in a comfortable and social setting. The present cellar will undergo a change in design where the large glass window that currently divides the space from the lower level lounge will be replaced by French doors. The space will be accessible for members who have rented wine storage lockers, for a monthly or annual fee. Members will then be able to fill their lockers with inventory that we presently carry, new wines that we are bringing in monthly and yearly, or special wines from their personal collection for a decanting fee. Included in the locker fee, members will also gain access to the exclusive tasting or decanting area.



Second Floor

The major change in this concept is allowing the sales team to sell the Library, Annex and Ballroom without the restriction of constant à la carte dining for the members. From morning to evening, the freeing of these stunning, otherwise underutilized spaces can contribute substantially to the bottom line of the Club. This reimagined model simply makes these spaces more available to the private event revenue stream. Legacy events in the Club, such as Easter, Mother's Day, and the Christmas buffet, will continue to be hosted. All the rooms will still be available for members to rent for special occasions, and they will be given priority and a special member rate. In turn, this will encourage parties interested in working with the Club to consider membership.



THE LIBRARY

While currently underused as a dining room relative to the cost of labour, there is potential to book the room for a rental fee of \$1200-\$2000 before food and beverage service.

Conversely, weddings and successful weekday events, such as the Ralph Lauren dinner, demonstrate the value and attractiveness of the space for private events.



THE ANNEX

Private and easy to access from the kitchen, we can continue to use this space for our VQA wine dinners. Currently, the Annex works in a pinch for members and guests who need a quick meeting, but it has the potential for more frequent bookings.

THE BALLROOM

As we have seen now that the floors are exposed, the Ballroom remains one of the best surprises for the community looking to host private events and weddings. Similar to the Library, there is potential to charge a substantial rental fee of \$2500 to \$4000 based on day and usage.

Third Floor

BEDROOMS

Bedrooms should be safe, clean, and well-appointed with a comfortable bed, soft sheets, pillows, and blankets, a TV and fast, reliable Internet, hot running showers with fresh showerheads, and an array of amenities and offerings to make every guest's stay first class. A designated pet-friendly room or two accommodates well-behaved furry friends and service animals.

Similar to other city clubs surveyed across Canada*, the UCT expects to see continued higher usage levels for overnight accommodation over the next three years compared to the previous two.

**The Club Management Association of Canada (CMAC) and 59club Canada are leaders in club member clubs, both nationally and internationally. Relevant industry insights from their respective 2023 Canadian club surveys were compared with UCT's membership and operating data and support the recommendations proposed in this plan.*



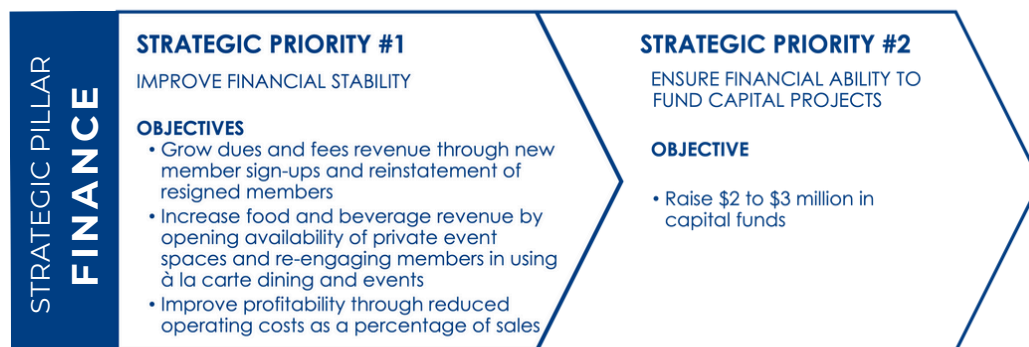
CAPITAL PROJECTS: ESTIMATES OF PROPOSED WORK UNDER THE REIMAGINED BUSINESS MODEL

Prioritized by the perceived impact on revenue and membership growth, the first 3 projects are anticipated to have the biggest return.

Priority	Room	Sq. ft.	Expected Work	Budget Range
1	Bar + Servery (behind bar access to dumb waiter)	1,200	refinished flooring (wood), new flooring in servery + back bar (tile), millwork (including whisky lockers), mouldings and trim, kitchen/bar equipment, furnishings, lighting + other electrical, window coverings, paint	\$300,000 to \$325,000
2	Members' Lounge	1,450	flooring (refinish existing wood or new carpet), re-condition existing millwork, furnishings, lighting + other electrical, paint	\$250,000 to \$300,000
3	Cooperative Workspace & Back Entrance Patio (Upper & Lower Canada Rooms)	365	new flooring (wood), new millwork (banquette seating), mouldings and trim, furnishings, lighting + other electrical, window coverings, paint	\$50,000 to \$150,000
4	Concierge Sales Office	165	new flooring (stone), millwork, mouldings and trim, furnishings, plumbing (for espresso machine + sink), lighting + other electrical, window coverings, paint	\$45,000 to \$55,000
	Concierge Station	35	new millwork, storage shelving, electrical, paint (desk/podium + adjacent luggage room)	\$15,000 to \$20,000
5	Lower Level & Gym		stairway to sub-basement, updated lighting, floor surface, squash court	\$65,000 to \$95,000
6	Wine Cellar		wood panelling, French doors, millwork for wine lockers, lighting + other electrical	\$130,000
7	Lobby Seating at the Staircase		new furnishings	\$8,000 to \$10,000
8	Fitzgerald Room	520	new flooring (carpet), furnishings (?), lighting + other electrical, wall coverings + paint(move ice machine)	\$20,000 to \$50,000
9	Private Dining Room (Eastern Room)	135	new flooring (wood), furnishings, lighting + other electrical, window coverings, wall coverings + paint	\$20,000 to \$25,000
10	Lawren Harris Lounge (Harris Room + President's Suite)	930	new flooring (carpet), furnishings, general lighting and lamps, window coverings, wall coverings + paint, re-frame artwork (?)	\$125,000 to \$175,000
	TOTAL Estimated Cost*			± \$1,028,000 to \$1,335,000

**These are preliminary estimates and not a quote.*

4 Fiscal Model



FISCAL PATHWAY

The main goal of the Strategic Plan is to place the Club on a path to profitability. In fiscal year 2023/24, the Club lost just over \$1.1 million before amortization. The goal of the Strategic Plan is to place the Club in a profitable situation by fiscal year 2026/27. The fiscal pathway being charted sees a loss in fiscal 2024/25 and 2025/26 before returning to profitability. It is important to understand that the pathway is evolving. As the year progresses, the assumptions we have made will be tested, and the projections revised to reflect the unfolding reality.

REVENUE ASSUMPTIONS

We have assumed approximately 20% growth in Food and Beverage revenue, spread across increased member usage; growth in large private functions (over \$18,000); and continued growth in smaller functions and the occasional film location booking. The last item is unpredictable, but we have a history of being used as a film set.

In terms of bedroom usage, we are projecting a steady increase from 50% to 70% occupancy as well as an increase in the average room night rate.

These assumptions are aggressive, but they are not unattainable. Increased exposure and advertising will assist in growing these revenue centres. Increased membership will also increase our internal ability to grow

revenue. In addition, the capital projects, especially the first three, will provide important support for these assumptions (and this will be addressed below). Finally, additional policies are being considered that could boost our revenue growth from these sources.

THREE YEAR PROJECTIONS

	BUDGET			
	Adjusted borrowing cost			
	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
Annual Dues	\$629,986	\$834,128	\$1,026,984	\$1,259,620
Initiation Fees	\$96,258	\$282,813	\$334,375	\$385,938
Building Fund Fees	\$60,823	\$79,000	\$94,180	\$111,688
Art Fund Fees	\$12,710			
Departments Sales				
Food & Beverage	\$1,492,535	\$1,830,971	\$2,154,440	\$2,538,330
Lodging	\$498,498	\$599,534	\$706,056	\$798,386
Sports*	\$31,759	\$15,000	\$0	\$0
Total Department Revenue	\$2,022,792	\$2,445,506	\$2,860,496	\$3,336,716
Other Revenue	\$215,732	\$282,184	\$336,299	\$401,121
Total Revenue	\$3,038,301	\$3,923,630	\$4,652,334	\$5,495,083
Department Costs	\$2,302,349	\$2,603,762	\$2,927,092	\$3,301,226
Admin Wages/Employee benefits	\$989,283	\$1,016,542	\$1,075,104	\$1,145,858
General Admin	\$269,593	\$196,395	\$202,257	\$208,354
Insurance	\$99,427	\$102,960	\$107,078	\$111,362
Legal/Audit	\$59,456	\$31,720	\$32,989	\$34,308
General Maintenance	\$164,250	\$156,469	\$163,108	\$169,492
Bank Charges	\$30,974	\$31,691	\$34,609	\$37,808
Borrowing Costs	\$265,945	\$396,160	\$417,200	\$410,600
Total Expense	\$4,181,277	\$4,535,699	\$4,959,436	\$5,419,008
Profit/Loss on Operations before amortisation	-\$1,142,976	-\$612,069	-\$307,102	\$76,075

F&B sales based on 20% growth each year	projected F24			
Full Buyout Weddings \$18k+/100+ people	11	16	19	23
Revenue from weddings of 100+	\$198,000	\$288,000	\$342,000	\$414,000
Revenue from other Functions/film	\$680,200	\$872,766	\$969,212	\$1,063,795
Members events & Regular Dining	\$681,800	\$389,482	\$491,831	\$622,976
	incl above	\$280,723	\$351,397	\$437,558
	\$1,560,000	\$1,830,971	\$2,154,440	\$2,538,330
<i>Included above are function room rentals/films</i>	<i>\$388,400</i>	<i>\$427,255</i>	<i>\$469,981</i>	<i>\$516,979</i>

Bedroom occupancy increasing from 50% to 70% by year 3

COST ASSUMPTIONS

The main assumption around costs is our ability to lower a number of costs that are within our control by about 10% for the coming year and control future growth of those costs in the years ahead. This initial reduction can be met with more rigorous cost controls followed by a modest, controlled increase in costs. These costs include items such as office, software, printing, and postage, and will employ stricter control of some wages.

The following costs have been cut by 10%

Office, Membership/Marketing and House Salaries and employer costs

Dining wages declined from 49% of food revenue to 43%

Pension Plan remittances

Software costs

Postage & Delivery

Printing

Painting & Repairs

(the remainder of Maintenance costs remain intact since they will go up with more usage)

Borrowing now assumes \$ 1 million in new loans in each of F25, F26, and F27, with the first \$ 1 million going to pay for capital projects and subsequent loans, helping to decrease the LOC.

New loans average 7% in F25, 6% in F26, and 5.5% in F27. Loans pre-June/24 avg 6.7%, and LOC avg 6.8% in F25 and 6% thereafter. The total debt load in F27 assumes a portion of member loans will be used to pay down the LOC. At the end of F27, member loans would be approximately \$4.6 million and the LOC approximately \$2 million.

LOAN ASSUMPTIONS

This pathway assumes a member loan program that is successful enough to pay for both the capital costs of the strategic plan and the operation losses over the next two years. For the sake of the model, we are assuming that the loan program will raise an additional \$1 million per year for each of the next three years. We have assumed an interest rate on the new member loans of 7% for this fiscal year and interest rates of 6% and 5.5% for each of the subsequent two years. As loans come in, these numbers can be refined.

We have also assumed a full rollover rate for the current member loans coming due in 2025. During the coming fiscal year, the Finance Committee will be looking at policies to encourage members to roll over their loans and, ideally, convert them from short to long-term loans. While the interest rate on longer-term loans will be higher, it is preferred to have 'longer' money so that we are consistently profitable before the loans come due.

This rate of member loan uptake will reduce our reliance on the CWB operating line in the current fiscal year and will allow us to reduce our draw on the CWB line by 2026/27 at the latest.

Finally, the member loan program, as assumed, will add \$3 million of debt to the balance sheet (less any reduction in the CWB operating line from its current level) by the end of the three-year period. Once the Club is consistently profitable, a long-term debt reduction program can be undertaken.

MEMBERSHIP ASSUMPTIONS

One of the key assumptions regarding the long-term health of the Club is membership. In fiscal year 2023/24, we welcomed 63 new members. The numbers for new members and total membership for fiscal years 2024/25 to 2026/27 inclusive are:

New Memberships	60	125	150	175
of which half are Provisional with a conversion rate of 50%			(Membership Team Target is 150 in F25)	
Regular Attrition is 10%				
Total paying membership	324	385	459	544

Initiation fees rates are increased by a minimum 10% from July 1 2024

Annual Dues are increasing 8% (instead of 5%) to cover the sports fees which are eliminated from calendar year 2025

The total membership numbers in the second row reflect the assumptions being made regarding attrition in each year. While meeting our guideposts on all revenue streams and cost controls are critical, membership is the lynchpin for success. It drives annual fee and initiation fee revenues and usage revenues; and membership is a key source of private event bookings. Membership growth also drives increased activity, making it easier to recruit new members.

CAPITAL PROJECTS

Finally, built into these projections is the underlying assumption that over the course of this three-year period, the capital projects related to the Strategic Plan will be completed. These are important for both attracting and retaining members as well as growing the private function business.

The first three items (highlighted in blue) have been identified by management as the ones that will best increase our revenue growth. Item three, the creation of a dedicated co-operative workspace, is aimed at retaining members and attracting new members. As more people work without a fixed office space or work from an office fewer days per week, there is an increasing request from members to have a place to work temporarily. This item was explicitly identified by new and prospective members as something they are looking for. Experience from The Vancouver Club does indicate high usage of such a space.

These projects will be approved individually as funding is obtained for them through member loans or member donations and will be completed in a manner that minimizes the impact on members and other users of the Club. Because of this, we cannot now provide a construction schedule showing the timing of each project.

But these projects need to be funded. The support of the membership is vital in providing the funds necessary to undertake these projects so we can stay on the fiscal pathway we are laying out.

BALANCE SHEET

THE UNIVERSITY CLUB OF TORONTO STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	2024	2023
ASSETS		
Current		
Accounts receivable	\$ 217,554	\$ 232,654
Inventories	194,849	213,743
Prepaid expenses	120,215	104,116
	532,618	550,513
Capital assets	2,488,716	2,046,877
Works of art	663,171	660,021
	\$ 3,684,505	\$ 3,257,411
LIABILITIES		
Current		
Bank indebtedness	\$ 2,623,655	\$ 2,229,633
Accounts payable and accrued liabilities	689,691	426,547
Deferred revenue	462,207	357,824
Member loans	-	614,106
	3,775,553	3,628,110
Member loans	1,613,466	-
Promissory notes	834,946	799,961
	6,223,965	4,428,071
MEMBERS' EQUITY		
Invested in capital assets	455,964	14,125
Invested in and restricted for works of art	674,581	671,431
Internally restricted for capital purposes		
- Gordon Waldie Fund	10,000	10,000
Accumulated deficit	(3,680,005)	(1,866,216)
	(2,539,460)	(1,170,660)
	\$ 3,684,505	\$ 3,257,411

NOTE RE FUTURE BALANCE SHEET PROJECTIONS: Within the first two years of the three year horizon we expect a combination of loans and bank borrowing to increase by up to \$3 million to cover the cost of capital improvements and operating deficits to reach our breakeven in operations by year three.

MEMBER LOAN PROGRAMME & DONATIONS

We think each member could select one of the following to make a real contribution to our future – this could be an option for two or more of our youngest members (the Under 35s) where they could get together to contribute if it is beyond individual capability and we invite you to keep that thought in mind.

MEMBER LOAN PROGRAMME

We are offering a very favourable rate on our member loans made prior to September 30th of this year. We have two tiers of lending. We have a two-year term at 5.75% and 7.00% for a five-year term. The minimum loan amount is \$10,000 per individual loan.

The rate will be adjusted a little lower after a date in the fall of 2024 to be fixed by the Board, recognizing that there has been another rate adjustment by the Bank of Canada in the intervening period.

Features of this programme include :

1. Loans in two maturities, two years and five years non-redeemable;
2. Interest at 5.75% for a two-year term and 7.00% for a five-year term;
3. Minimum investment of \$10,000;
4. Offered rates remain steady and available until a set date when the rates will be adjusted based on any movement in bank prime rates;
5. Further commitments will be based on the prevailing bank rates.

NAMING OPPORTUNITY

The capital projects included on page 22 will be undertaken within our three-year plan. We plan to put up a plaque in the vestibule to recognize the \$10k+ contribution of any individual members who elect to make a donation to support a room that is being renovated.

FORGIVENESS OF THE PROMISSORY NOTE

Members who supported the Club through Covid and paid the levy might consider forgiving their note that was issued upon payment in full of the levy. This will have the very helpful benefit of lowering the liabilities on our balance sheet, which would certainly show our bankers that members are fully invested in securing our future.