

St. Clement's School
2020 Annual General Meeting – October 21, 2020
Treasurer's Report

The past number of months have presented us all with many challenges. The onset of COVID in March has required all of us to adjust and make sacrifices to protect our most vulnerable and our broader communities. By all accounts, this will continue for the foreseeable future. Martha and her team have done a tremendous job reacting to the rapidly evolving situation to provide the best possible learning environment for our girls and I want to commend them on their effort and dedication in dealing with the pandemic to date.

The School has received an unqualified audit opinion on its financial statements for the fiscal year ended July 31, 2020 from the School's independent external auditor, Hogg, Shain & Scheck. The financial statements have been approved by the Board of Governors. Following my comments, I will be asking for a resolution to receive the financial statements, as approved by the Board, and presented here tonight.

The School's results of operations and financial position continue to be strong with a 2019-20 fiscal year excess of revenue over expenses of \$750,000 while maintaining a strong, debt-free liquidity position ending the fiscal year with \$23.3 million of cash and investments on hand.

Key financial highlights from the financial statements for the year ended July 31, 2020 are as follows:

Statement of Operations

Total revenues for the year were approximately \$16.9 million, comprised of the following significant items:

- Tuition of approximately \$14.0 million from the 455 students who attended SCS for the full year and one student for a partial year;
- Acceptance fees of \$600,000 from 75 new students;
- Donation revenue of approximately \$1.32 million (including the Powell Trust) which includes specific donations towards the costs of the ongoing development of the Campus Master Plan ("CMP"); and
- Investment income of approximately \$981,000 offset, in part, by unrealized, non-cash losses on investments of \$774,000 due to the recent market volatility caused by the pandemic.

Expenses were approximately \$16.2 million, comprised of the following significant items:

- Salaries and benefits for the School's employees are the most significant individual expense, totalling approximately \$11.4 million for the year;
- Administrative expenses were \$1.6 million which includes approximately \$491,000 in costs associated with the ongoing work of our CMP which, as noted above, have been covered by specific donations;
- Facilities operations and maintenance expenses were \$692,000 and included the cost of new furniture for the new Grade 1 classroom; and
- Financial assistance of \$721,000 for 29 students receiving varying levels of financial assistance demonstrating our continued commitment to support "mission-fit" qualified students.

The excess of revenues over expenses reported in the current fiscal year also exceeded the budget for the year. The key drivers of the favourable variance to budget were:

- Higher realized investment income by \$731,000 resulting from stronger investment returns due, in part, to the rebalancing of the investment portfolio that was implemented in 2017-18 and the conservative view taken when budgeting for investment income on an annual basis when setting the tuition levels;
- Higher donations of \$485,000 due primarily to the recognition of donations towards the CMP and donations from the Parents' Association;
- Lower salaries and benefits costs of \$242,000 due to changes in the tenure mix of faculty and operations staff and the impact of government pandemic-related wage subsidies; and
- Lower program materials and facilities operations expenses due to the early closure of the school last March.

These above favourable variances were offset with additional spending on information technology requirements to support the roll-out of online learning in March when the pandemic was declared and lower tuition revenue due to the slight shortfall from budgeted enrollment of 460.

Statement of Financial Position

The Statement of Financial Position continues to reflect a stable, strong balance sheet and the School remains debt-free.

The School's net assets as at July 31, 2020 were approximately \$19.7 million, up from \$18.9 million in the prior year.

As at July 31, 2020, the School had cash and investments totaling approximately \$23.3 million, up from \$18.7 million in the prior year. The significant increase in our cash and investment position resulted primarily from the surplus of revenue over expenses in the current year and the receipt of additional donations of approximately \$3.2 million related to the CMP which have been recorded as deferred capital contributions on the statement of financial position and will be recognized over time as the CMP progresses.

Donations continue to be a vital component of the funding of the School's enriched program as currently tuition and acceptance fees alone do not cover our annual operating expenses. The Advancement team continues to focus on ways to enhance our fundraising efforts and, notwithstanding the disruptions caused by the pandemic in the latter part of the fiscal year, raised a total of approximately \$829,000 plus recognized an additional \$491,000 in previously raised donations related to the CMP in addition to the \$3.2 million of additional CMP donations noted earlier.

We continue to be committed to driving the CMP forward and realizing on the exciting vision for the School to create a new and vibrant learning environment to support our current and future students while maintaining the unique aspects of our culture and commitment to academic excellence. The pandemic has delayed our formal launch of the CMP and the related fundraising. It also resulted in the deferral of the rooftop revitalization project that was originally scheduled for this past summer. However, we continue to advance the project and planning so that we are in the best position possible to move ahead when the uncertainty of the pandemic subsides.

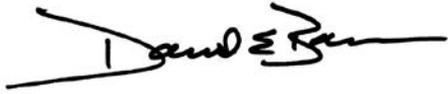
The Finance and Investment Committees are working closely together to continue to consider the long-term financial needs of the School. The strong financial position and historical prudence in managing the School's financial resources have provided us with a solid foundation as evidenced by our ability to respond to the pandemic.

Enrolment levels, tuition and acceptance fees remain key variables in determining the annual budget. The Finance Committee and the Board consider carefully the coming year's operating requirements as well as longer term funding needs to sustain the building and facilities and support the School's Strategic Plan and its programs when setting the tuition levels. We are carefully monitoring the financial impacts of the ongoing pandemic on the current fiscal year and are looking ahead, as best possible, to future financial impacts as we plan for the 2021-22 school year. Despite the uncertainties we are all dealing with, we remain confident that the solid financial footing of the School will sustain us through these challenge times.

The Board would like to thank Carol Ann Millington and her Finance team for their continued excellence in overseeing the financial affairs of the School in what has been a tremendously challenging time.

In addition, I'd like to thank my fellow members of the Finance and Investment Committees for their ongoing efforts and commitment to ensuring that the School maintains its strong financial position. I'd like to thank Brian Denega in particular as he steps down as Board Chair following this Annual General Meeting. Brian was instrumental in me becoming involved with the Board and Finance Committee and his support and friendship over the past number of years has been invaluable and greatly appreciated.

All of which is respectfully submitted,

A handwritten signature in black ink, appearing to read "David Bacon". The signature is stylized with a large, sweeping initial "D" and a long horizontal line extending to the right.

David Bacon, Treasurer