

## St. Clement's School

2017 Annual General Meeting – October 25, 2017

### Treasurer's Report

The School's results of operations and financial position continue to be strong with a 2016-2017 fiscal year excess of revenue over expenses of \$221,000 and a strong debt-free liquidity position.

The School has received an unqualified audit opinion on its financial statements for the fiscal year ended July 31, 2017 from the School's independent external auditor. The financial statements have been approved by the Board of Governors.

Key financial highlights from the financial statements for the year ended July 31, 2017 include the following:

#### Statement of Operations

1. Total Revenues for the year were approximately \$15.6 million, comprised of the following significant items:
  - Tuition of approximately \$13.2 million from the 461 students who attended SCS for the full year and the 6 students who attended for part of the year;
  - Acceptance fees of \$570,500 from 79 new students and 3 students who registered but did not attend;
  - Donation revenue of approximately \$732,000 (including the Powell Trust);
  - Investment income of approximately \$305,000.
2. Expenses were approximately \$15.4 million, comprised of the following significant items:
  - Salaries and Benefits for the School's employees are the most significant individual expense, totalling approximately \$10.9 million for the year;
  - Facilities and Operations Expenses were \$1.0 million, up approximately \$219,000 from the prior year due to roof repairs that were completed during the year.
  - Overall the remaining expense categories were relatively flat.
3. As previously noted, the actual excess of revenues over expenses exceeded budget for the year.

The key drivers of the favourable variance to the budget were:

- Higher than budgeted Investment income by \$155,000 resulting from stronger investment returns;
- Increased level of Donations by \$67,000 compared to budget; and

- Lower Benefits costs of \$220,000 due primarily to a pension plan credit resulting from the death of one of the plan members.

The above favourable variances were offset by the unbudgeted cost of approximately \$256,000 for the roof repairs.

### **Statement of Financial Position**

4. The Statement of Financial Position reflects a stable, healthy balance sheet and the School remains debt-free.
5. The School's net assets as at July 31, 2017 were approximately \$17.5 million, up from \$17.1 million in the prior year.
  - As at July 31, 2017, the School had cash and investments totaling approximately \$15.3 million, up from \$14.3 million in the prior year.
  - In addition to the Donations received from the Annual Fund and the Powell Trust, the School received \$504,000 in Endowment and deferred contributions; these donations contributed to the School's year end cash position.
  - The Investment Committee oversees and monitors the investment of these resources in compliance with the School's investment policy which was reviewed in depth and updated by the Investment Committee in the current year. The key principals of the updated investment policy are designed to:
    - Ensure that the School remains financially healthy with a strong liquidity position;
    - Maintain the School's ability to fund its scholarship, academic and co-curricular programs;
    - Protect the School's endowment and other long term funds; and
    - Protect the School's purchasing power by generating long-term capital appreciation of the investment resources.

Tuition levels and acceptance fees are the key variables in determining the annual budget. The Finance Committee and the Board consider carefully the coming year's operating requirements as well as the longer term funding needs to sustain the building and facilities and support the School's Strategic Plan and its programs. Areas like investment income are inherently difficult to predict and the Finance Committee and Board take a conservative view of the level of investment income in any given year when setting the tuition levels and the annual budget. Donations are a vital component of the funding of the School's enriched program. The Advancement team continues to explore ways to enhance its

fundraising efforts including a renewed focus on Alumnae donations and the introduction of a planned giving program this past year.

Overall, the financial statements reflect solid results for the year, with operating results in line with expectations, and a healthy financial position that provides the School with a strong foundation to build upon as we launch our new Strategic Plan while continuing our long-standing commitment to academic excellence and honouring the tradition of our unique and nurturing community.

I would like to thank Carol Ann Millington and her Finance team for their continued excellence in overseeing the financial affairs of the School. In addition, I'd like to thank the members of the Finance Committee and in particular the Investment Committee members for their significant contributions this past year in connection with updating the School's Investment Policy.

All of which is respectfully submitted,

David Bacon, Treasurer