

## **St. Clement's School Treasurer's Report – October 25, 2023**

I am pleased to present the Treasurer's Report for the fiscal year ended July 31, 2023.

We have made considerable progress this past year on advancing the Campus Master Plan with the construction of the Western expansion well on its way towards completion for early 2024. We were also able to complete the rooftop upgrades and some of the renovations within the existing portions of the School that have allowed the students and staff to experience some of the benefits coming with the final project. Our Advancement team continues to make progress on the Trailblazer Campaign in support of the expansion, having raised \$16.7 million to date. With strong momentum and excitement about the new expansion, we believe we are well positioned to achieve, and even exceed our \$18.0 million target.

The School has received an unqualified audit opinion on its financial statements for the fiscal year ended July 31, 2023 from the School's independent external auditor, Hogg, Shain & Scheck. The Board of Governors have approved the financial statements. Following my comments here tonight, I will be asking for resolutions to receive the financial statements, as approved by the Board, and presented here tonight and to renew the appointment of Hogg, Shain & Scheck as auditors.

The School's results of operations and financial position continue to be strong with a 2022-23 fiscal year excess of revenue over expenses from operations of \$1.2 million, in line with the prior year. We continue to maintain a strong liquidity position ending the fiscal year with \$25.8 million of cash and investments on hand and unused lines of credit of \$5.0 million established to support the construction of the Western expansion.

### **Statement of Operations**

Key financial highlights from the Statement of Operations for the year ended July 31, 2023 are as follows:

Total Revenues for the year were approximately \$19.4 million up from \$18.4 million in the prior year driven by higher enrollment, increased tuition, and higher investment income. Revenues are comprised of the following significant items:

- Tuition of approximately \$16.1 million from the 467 students who attended SCS for the full year;
- Acceptance fees of \$723,000 from 85 new students;
- Donation revenue of approximately \$675,000; and
- Investment income of approximately \$1,040,000.

Total Expenses for the year were approximately \$18.2 million, up from \$17.2 million in the prior year driven primarily by one-time costs driving higher general and administrative and facilities expenses and the full year impact of interest expense incurred on the long-term debt secured to support the purchase of the playground in January 2022.

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Expenses are comprised of the following significant items:

- Salaries and benefits for the School's employees are the most significant individual expense, totalling approximately \$12.8 million;
- Facilities operations and maintenance expenses were \$1.0 million; and
- Financial assistance of \$816,000 for 28 students receiving varying levels of financial assistance demonstrating our continued commitment to support "mission-fit" qualified students.

Volatility continued in the financial markets in 2023 and we experienced a positive swing in the year resulting in an unrealized gain of \$975,000 in the year, as compared to a \$1.6 million unrealized loss in the prior year on the mark to market fair value of our investments. We recognize that we will experience market volatility from time-to-time, and we remain confident in our long-term investment policy and strategy that is currently in place.

The excess of revenues over expenses from operations of \$1.2 million reported in the current fiscal year also exceeded the annual budget. The key drivers of the favourable variance to budget were:

- Higher investment income of \$369,000, in part, as a result of the conservative view taken when budgeting for investment income on an annual basis when setting the tuition levels;
- Higher enrollment levels of 467 students as compared to budget level of 460 resulting in a favourable variance on tuition and acceptance fees of \$286,000; and
- Lower program and advancement expenses of \$370,000 related to the timing of various Advancement events and lower spending in certain programs and IT consulting costs.

### **Statement of Financial Position**

We continue to maintain a stable, strong balance sheet with the School's net assets as at July 31, 2023 of approximately \$25.2 million, up from \$23.3 million in the prior year.

As at July 31, 2023, the School had cash and investments totaling approximately \$25.8 million, down from \$31.0 million in the prior year.

The decrease in our cash and investment position resulted primarily from the use of cash of \$14.3 million related to the construction of the Western expansion, offset by \$2.4 million in additional donations to the Trailblazer campaign and timing of payments and holdbacks related to the construction. Trailblazer Donations are recorded as deferred capital contributions on the statement of financial position and recognized over time as the construction progresses. In the current year, the School amended its credit agreements with its lender to secure an additional \$5.0 million revolving construction credit line which will be utilized to fund the construction.

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The importance of financial support for the school continues to be important. We are grateful for the support received to date for the Trailblazer campaign, having raised \$16.7 million towards our \$18.0 million goal. We require continued support within our community who have yet to give and our broader SCS community of alums, past parents, and friends to come together to achieve, and even exceed our goal.


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 Annual Fund is a key component of our annual budget for the school. Enrolment levels, tuition and acceptance fees remain key variables in determining the annual budget. The Finance Committee and the Board carefully consider the coming year's operating requirements as well as longer term funding needs to sustain the building and facilities and our programs when setting the tuition levels.

The Board and the Finance Committee members would like to thank Carol Ann Millington and her Finance team for their continued dedication in guiding the financial performance of the School.

As this is my last Annual General Meeting as Treasurer, I would also like to take a moment to thank all past and present members of the Finance Committee that I served with. The dedication, partnership, and professionalism that you brought to the Committee over the years was greatly appreciated.

I would also like to thank Bill Mackenzie for his thoughtful leadership and guidance as Chair of the Investment Committee for the past number of years, as he steps down from the Chair role this year. Bill's contributions to guiding our investments were an integral part of positioning the School to be able to execute on our Campus Master Plan. Lastly, I would like to thank Tim Deacon, who has agreed to serve as Treasurer and Chair of the Finance Committee as I step down. I have no doubt the School and the Finance Committee will be well served under Tim's leadership, and I wish him and the Committee well as they continue to successfully guide the School's financial performance.

All of which is respectfully submitted,



David Bacon  
Treasurer