

## **Treasurer's Report October 26, 2022**

I would like to start by thanking everyone for joining us this evening and I am pleased to present the Treasurer's Report for the fiscal year ended July 31, 2022.

My focus tonight will be on the financial performance of the school for this past fiscal year. The School's strong financial position, built up over many years of sound financial discipline, and the recent success and efforts of our advancement team in driving our Trailblazer Campaign to raising over \$15.5 million to date, have set the foundation for the School to be able to pursue various elements of our Campus Master Plan this past year. We were able to expand the footprint of the school with the purchase of the Eglinton Orange Hall playground land and facilities to the south, complete our rooftop upgrades and commence construction of our Western expansion.

The School has received an unqualified audit opinion on its financial statements for the fiscal year ended July 31, 2022 from the School's independent external auditor. The financial statements have been approved by the Board of Governors. Following my comments, 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 2021-22 fiscal year excess of revenue over expenses from operations of \$1.2 million and we continue to maintain a strong liquidity position ending the fiscal year with \$31.0 million of cash and investments on hand.

Key financial highlights from the Statement of Operations for the year ended July 31, 2022, are as follows:

### **Statement of Operations**

Total Revenues for the year were approximately \$18.4 million up from \$17.5 million in the prior year driven by higher enrollment and increased tuition and higher investment income. Revenues are comprised of the following significant items:

- Tuition of approximately \$15.1 million from the 458 students who attended SCS for the full year;
- Acceptance fees of \$731,000 from 86 new students;
- Donation revenue of approximately \$723,000; and
- Investment income of approximately \$869,000.

Total Expenses for the year were approximately \$17.2 million, up from \$16.5 million in the prior year driven by higher salaries and benefits and \$187,000 of interest expense incurred on the long-term debt secured to support the purchase of the playground in January 2022.

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 \$871,000 which includes costs associated with COVID related expenditures for personal protective equipment and infection prevention equipment;
- Financial assistance of \$776,000 for 28 students receiving varying levels of financial assistance demonstrating our continued commitment to support "mission-fit" qualified students; and
- Interest Expense of \$187,000 related to the long-term debt secured to support the purchase of the playground.

Given the volatility experienced in the financial markets in 2022 we recorded a \$1.6 million unrealized loss on the mark to market fair value of our investments as at July 31, 2022. We recognize that market volatility will be experienced 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 \$269,000, 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 sundry income of \$325,000 related to the resumption of our after-school programs and payment received from the adjacent Madison development related to a construction management cooperation agreement;
- Lower program materials expenses of \$127,000 related to timing of the resumption of regular school programming activities and timing of IT purchases; and
- Lower facilities and operations expenses of \$121,000 due to the timing of the level of school activities in the early part of the year and the related reduced maintenance, facilities and utilities costs.

### **Statement of Financial Position**

We continue to reflect a stable, strong balance sheet with the School's net assets as at July 31, 2022 at approximately \$23.3 million, in line with prior year of \$23.6 million. As at July 31, 2022, the School had cash and investments totaling approximately \$31.0 million, up from \$29.9 million in the prior year.

The increase in our cash and investment position resulted primarily from \$2.9 million in donations related to the CMP, up from \$1.1 million in the prior year. CMP donations are recorded as deferred capital contributions on the statement of financial position and recognized over time as the CMP progresses.

The increase in donations was offset by the purchase of the playground and the related costs of \$9.4 million less the \$9.0 million long-term bank loan to support the purchase. The School entered into agreements with its lender at the time of securing the long-term bank loan to fix the interest rate which provides certainty for the School on its financing costs during the term of the loan.

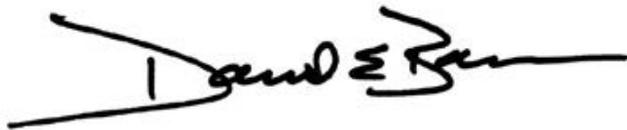
The importance of financial support for the school is ever more important as we continue our Trailblazer Campaign to support the Western expansion of the school. We are grateful for the support received to date, having raised \$15.5 million towards our \$18.0 million goal, but we require those within our community who have yet to give and our broader SCS community of alums, past parents and friends to come together to achieve our goal and beyond.

As we have historically communicated, 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. 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 support the School's Strategic Plan and its programs when setting the tuition levels.

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

I'd like to also 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 and the additional efforts from many members required to execute on the various elements of our campus expansion.

All of which is respectfully submitted,

A handwritten signature in black ink, appearing to read "David Bacon". The signature is fluid and cursive, with a long horizontal line extending to the right.

David Bacon  
Treasurer