

St. Clement's School
2018 Annual General Meeting – October 24, 2018

Treasurer's Report

The School's results of operations and financial position continue to be strong with a 2017-2018 fiscal year excess of revenue over expenses of \$144,000 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, 2018 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, 2018, are as follows:

Statement of Operations

Total Revenues for the year were approximately \$16.7 million, comprised of the following significant items:

- Tuition of approximately \$13.4 million from the 457 students who attended SCS for the full year and the 4 students who attended for part of the year;
- Acceptance fees of \$508,000 from approximately 70 new students;
- Donation revenue of approximately \$1.18 million (including the Powell Trust) which includes a specific donation towards the costs of the development of the Campus Master Plan ("CMP"); and
- Investment income of approximately \$455,000.

Expenses were approximately \$16.5 million, comprised of the following significant items:

- Salaries and Benefits for the School's employees are the most significant individual expense, totalling approximately \$11.3 million for the year;

- Administrative Expenses were \$1.44 million which includes approximately \$288,000 in costs associated with the ongoing work with various consultants in developing detailed and thoughtful alternatives with respect to our CMP which, as noted earlier, have been covered by a specific donation to fund these costs;
- Facilities Operations and Maintenance Expenses were \$1.27 million which includes costs associated with the Library and Junior School classroom renovations; and
- Financial Assistance of \$733,000 provided to more than 30 students demonstrating our continued commitment to providing financial assistance to “mission-fit” qualified students.

As previously noted, the actual excess of revenues over expenses exceeded budget for the year. The key drivers of the favourable variances to budget were:

- Higher than budgeted realized Investment income by \$305,000 resulting from stronger investment returns;
- Increased level of Donations by \$406,000 compared to budget – principally due to the specific donation towards the CMP; and
- Lower Benefits costs of \$93,000 due primarily to a reduction in the pension plan contribution rates with the Ontario Teachers' Pension Plan.

The above favourable variances to budget were offset by the following unfavourable variances:

- Lower tuition revenues of \$293,000 as a result of lower than budgeted enrolment;
- Increased facilities costs of \$533,000 in connection with the Library and Junior School classroom renovations; and

- \$288,000 in costs associated with the ongoing work in connection with the CMP.

Statement of Financial Position

The Statement of Financial Position reflects a stable, healthy balance sheet and the School remains debt-free.

The School's net assets as at July 31, 2018 were approximately \$17.7 million, up from \$17.5 million in the prior year.

As at July 31, 2018, the School had cash and investments totaling approximately \$16.5 million, up from \$15.3 million in the prior year. The increase in our cash and investment position resulted primarily from increased levels of investment income and investment gains and increased donations.

As we noted in the prior year Treasurer's Report, the Investment Committee oversees and monitors the investment of these resources in compliance with the School's investment policy. During the current year we continued to execute on the shift in our investment mix in accordance with the Investment policy developed and adopted in the prior year which, in part, has contributed to the higher level of investment income and assets in the current year.

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 the 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.

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 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 all of our annual operating expenses. The Advancement team continues to focus on ways to enhance our fundraising efforts including a renewed focus on Alumnae donations, the introduction of a planned giving program and introducing new fundraising events with this year's Gala in April 2019.

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 continue to execute our Strategic Plan and focus on the development of our Campus Master Plan.

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 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.

All of which is respectfully submitted,

David Bacon, Treasurer