

**St. Clement's School**  
**2021 Annual General Meeting – October 20, 2021**  
**Treasurer's Report**

I'd like to start by recognizing the ongoing efforts and commitment that Martha, our staff and administrative teams have consistently demonstrated through the challenges of the past year. We are all grateful for being able to re-open the School this September to in person learning and recognize the contributions of our broader school community in following protocols to keep our students and staff safe enabling us to have our students and faculty back in person.

The focus of the Treasurer's Report will be on the financial performance of the school for this past fiscal year which ended on July 31, 2021. The School's strong financial position, built up over many years of sound financial discipline, sees us in the fortunate position to be able to continue to invest in the additional staffing and resources needed to provide a safe school environment while continuing to deliver the high standards of academic programming, albeit in new ways, to our girls. It also affords us the opportunity to pursue key strategic elements of our long-term Campus Master Plan ("CMP").

The School has received an unqualified audit opinion on its financial statements for the fiscal year ended July 31, 2021 from the School's independent external auditor, Hogg, Shain & Sheck. 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.

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The School's results of operations and financial position continue to be strong with a 2020-21 fiscal year excess of revenue over expenses from operations of \$1.0M and we continue to maintain a strong liquidity position ending the fiscal year with \$29.9 million of cash and investments on hand.

Key financial highlights from the financial statements for the year ended July 31, 2021, are as follows:

**Statement of Operations**

Total Revenues for the year were approximately \$17.5 million, comprised of the following significant items:

- Tuition of approximately \$14.6 million from the 455 students who attended SCS for the full year and two students for a partial year;
- Acceptance fees of \$667,000 from 78 new students;
- Donation revenue of approximately \$858,000 which includes specific donations towards the costs of the ongoing development of the Campus Master Plan ("CMP"); and
- Investment income of approximately \$662,000

Total Expenses for the year 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 \$12.3 million for the year which includes the costs for elevated staffing levels to facilitate COVID-related cohorting and programming measures;
- Administrative expenses were \$1.1 million which includes approximately \$200,000 in costs associated with the ongoing work

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of our CMP which, as noted above, have been covered by specific donations;

- Facilities operations and maintenance expenses were \$849,000 which includes costs associated with COVID related expenditures for personal protective equipment and other related infection and prevention equipment; and
- Financial assistance of \$837,000 for 30 students receiving varying levels of financial assistance demonstrating our continued commitment to support “mission-fit” qualified students.

The excess of revenues over expenses from operations of \$1.0 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 \$262,000, 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 donations of \$127,000;
- Lower program expenditures of \$249,000 as a result of school closures during the prior school year, limited many activities and the related expenditures; and
- Lower facilities and operations expenses of \$326,000 due to school closures during the prior school year reducing maintenance and related facilities and utilities costs.

These above favourable variances to the budget were partially offset with additional administration expenses, higher financial assistance needs and a slight shortfall in budgeted enrollment of 460.

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**Statement of Financial Position**

We continue to reflect a stable, strong balance sheet with the School's net assets as at July 31, 2021 were approximately \$23.7 million, up \$3.9 million from the prior year.

As at July 31, 2021, the School had cash and investments totaling approximately \$29.9 million, up from \$23.3 million in the prior year.

The significant increase in our cash and investment position resulted primarily from:

- cash flows from operating activities;
- \$2.4 million in realized gains on our investments in connection with the transition to new investment managers following an in-depth review of our investment managers, led by our Investment Committee;
- \$1.1 million in donations related to the CMP, which are recorded as deferred capital contributions on the statement of financial position, and will be recognized over time as the CMP progresses; and
- \$479,000 in endowment contributions.

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.

We remain 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. We continue to advance the project planning with the City and our architects with the goal of commencing

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construction as early as the Summer of 2022. Our ongoing Trailblazer fundraising initiative in support of the expansion, being led by our advancement team, continues to make significant progress towards our fundraising goals needed to prudently move ahead with the expansion, having secured donations and pledges of more than \$12.8 million to date in support of the expansion.

The Finance and Investment Committees work closely together 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. This history of sound financial decision has positioned us well to be able to move forward with our long-standing goal to acquire the Eglinton Orange Hall playground lands to the south of the school. An opportunity arose in recent months to acquire the land and we entered into an offer of purchase and sale for the property in September. We are currently working through the final stages of the legal process and documentation required to satisfy the conditions contained within the offer to be able to successfully close the purchase in the coming months.

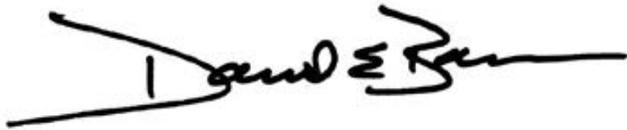
Enrolment levels, tuition and acceptance fees remain key variables in determining the annual budget. The Finance Committee and the Board carefully consider the coming year's operating requirements as well as longer term funding needs to sustain the building and facilities and support the School's Strategic Plan and its programs when setting the tuition levels. Despite recent uncertainties that we have faced with the pandemic, we remain confident in the solid financial footing of the school and our ability to be able to look confidently to the future and capitalize on the exciting prospects of our CMP and the strategic vision for the School.

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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 School through these unprecedented times and ensuring the School remains in a strong financial position.

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 would like to acknowledge the considerable contributions of the Investment Committee, chaired by Bill Mackenzie, for their continued advice and guidance and their significant efforts this year in completing a comprehensive evaluation of our investment managers.

All of which is respectfully submitted,

A handwritten signature in black ink, appearing to read "David Bacon". The signature is stylized with a long horizontal line extending to the left and a flourish at the end.

David Bacon  
Treasurer