



SAGE Annual Financial Report
January - December 2018

The 2018 fiscal year was another year of transition for SAGE. The organization took further steps toward switching its state of incorporation from California to the District of Columbia and also made progress adapting to increased tuition and fees at the University of Guyana (UG). Table 1 shows that SAGE's total assets decreased by approximately \$4,000 in 2018, while net cash flow was also negative with expenses exceeding revenue by approximately \$2,000. These results represent an improvement over fiscal year 2017 and SAGE expects to return to positive cash flow in 2019.

Table 1: Balance Sheet

	<u>1-Jan-18</u>	<u>31-Dec-18</u>	<u>Change</u>
Assets by account			
WF Checking	\$3,760.59	\$7,864.08	\$4,103.49
CapitalOne360 Savings	\$19,433.36	\$12,719.48	-\$6,713.88
PayPal	\$0	\$0	\$0
UG Surplus Account ¹	\$53.25	\$713.31	\$660.06
Accounts Receivable ²	\$2,240.70	\$0	-\$2,240.70
Total Assets	\$25,487.90	\$21,296.87	-\$4,191.03
Assets by restriction type			
Unrestricted Assets	\$18,919.82	\$17,583.01	-\$1,336.81
Restricted Assets	\$6,568.08	\$3,713.86	-\$2,854.22
Total Assets	\$25,487.90	\$21,296.87	-\$4,191.03
Liabilities			
Remaining Scholar Funds Committed	\$31,108.70		
Cash Flow			
Revenue	\$20,417.53		
Expenses	-\$22,566.92		
Net Cash Flow	-\$2,149.39		

Note: All assets are cash assets

¹ SAGE began holding some funds in a surplus balancing account at UG in 2017 to settle small differences between invoices and delivered funds as well as small additional funding requests from scholars. Several deposits were made to this surplus account in 2018 to handle minor student funding requests throughout the year.

² Accounts Receivable reflect donations made prior to the end of the current fiscal year, but not deposited into one of SAGE's accounts until the following fiscal year. Upon depositing in the subsequent fiscal year, the account receivable is deducted from SAGE's assets, but added to SAGE's cash flow as revenue.

SAGE's liabilities all take the form of funds that are committed to future years of scholars' studies. In 2018, total liabilities³ decreased by approximately \$8,000 relative to 2017. This reflects the graduation of several SAGE scholars and more conservative scholar selection in 2018 in response to announced increases in UG tuition.

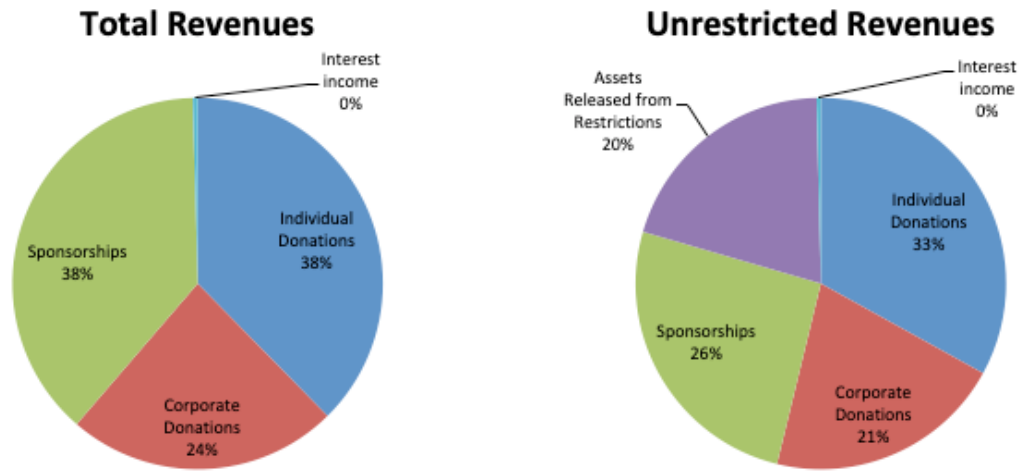
Table 1 also shows changes in unrestricted and restricted asset types that occurred during 2018. Restricted funds are classified as those that have been received from a donor but that are reserved for future tuition payments for a specific scholarship recipient. Unrestricted funds carry no such obligation and are available to be put towards any of SAGE's expenses. The portion of SAGE's assets that are restricted decreased from 25.8% in 2017 to 17.4% in 2018. Conversely, unrestricted revenues increased from 74.2% in 2017 to 82.6% in 2018. With more than 80% of SAGE's assets in the unrestricted category, the organization continues to maintain sufficient financial flexibility in the near term while ensuring funding for future years.

Figure 1 shows a graphical breakdown of SAGE's revenue. Total revenue is displayed on the left, showing all new donations (both restricted and unrestricted) received in 2018. Unrestricted revenue is shown on the right. This removes all monies earmarked for future years of sponsorships, but includes the restricted funds paid in previous years that were released from restrictions to pay scholar funds for 2018. The amount of released funds is labeled "assets released from restrictions".

SAGE earns revenue from three primary sources – individual donations, sponsorships and corporate donations. The largest of these are sponsorships and individual donations, which each make up approximately 38% of total revenue. After increasing in 2017, the share of revenue from sponsorships declined by approximately 16 percentage points in 2018 (38% in 2018 compared to 54% in 2017). SAGE's revenue exhibits a healthy diversification across the different sources, which increases the stability of the organization since it does not rely on a single source for fundraising.

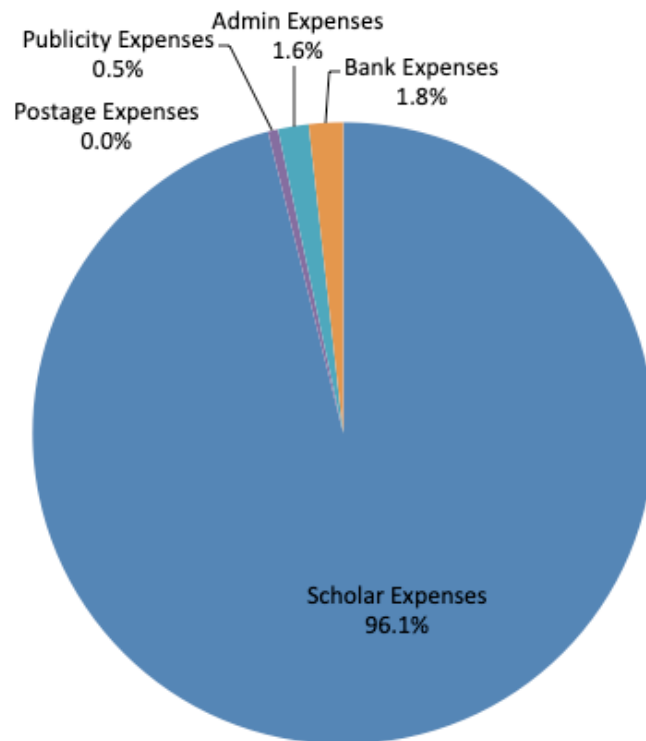
³ Total liabilities include all future tuition payments for currently existing scholars. This amount is calculated using current tuition costs and assumes that all students will complete their degrees on schedule.

Figure 1: 2018 Revenues by Source



A breakdown of SAGE’s expenses for 2018 is shown in Figure 2. Consistent with its history, SAGE continues to maintain low overhead costs with approximately 96% of expenses going directly to scholars’ tuition, housing, or other educational costs. The remaining 4% of expenses went to postage, banking fees, publicity and other administrative costs.⁴

Figure 2: 2018 Expenses by Source



⁴ Beginning in 2018, SAGE explicitly recognizes transaction fees associated with online donations through the SAGE website as bank expenses.

Administrative costs declined in 2018 due to one-time expenses associated with reincorporating as a tax-exempt organization in Washington, DC incurred in 2017. All operations and most financial accounts have successfully been transferred to the DC-incorporated version of SAGE. The SAGE board voted to officially dissolve the California-incorporated corporation in Q4 of 2018 and expects to finish completing the transition during the second quarter of 2019.

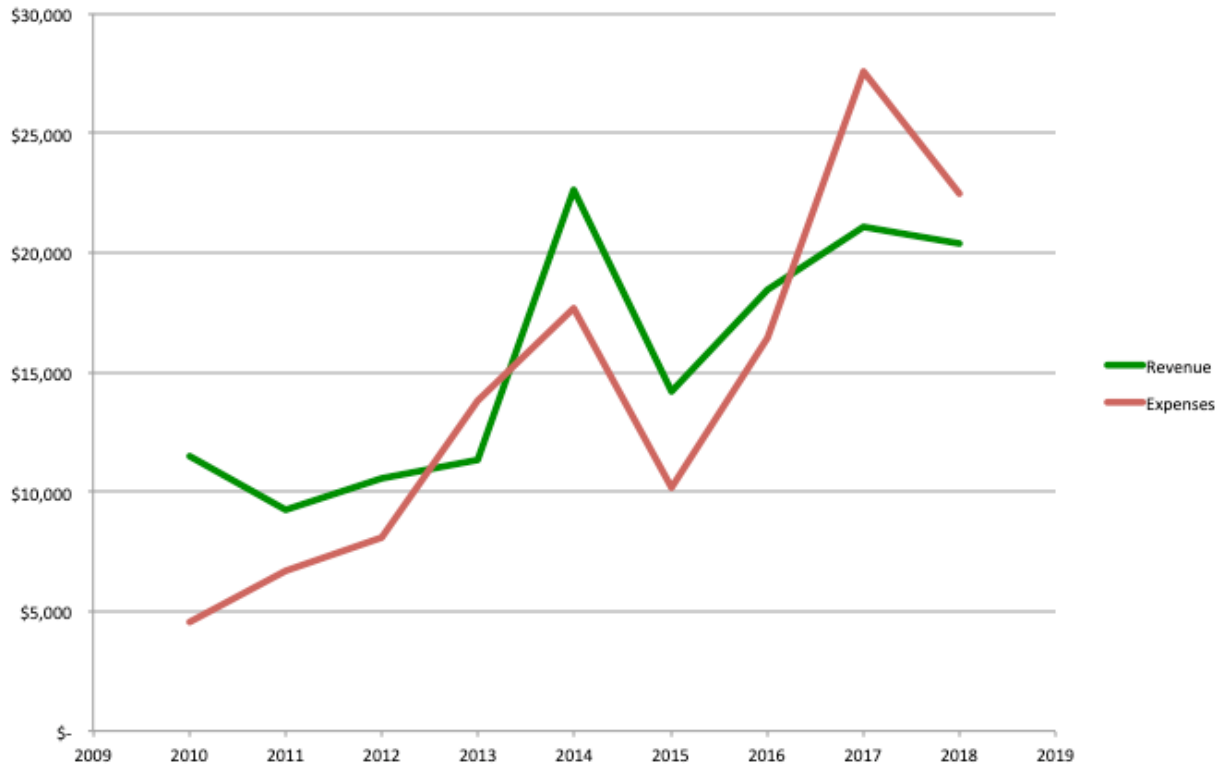
A detailed breakdown of SAGE’s cash flow is shown in Table 2, which shows annual revenues and expenses by sub-category for the past five years. Table 2 shows a negative cash flow of approximately \$2,000, which was driven primarily by tuition and fee increases for existing SAGE scholars similar to 2017.

Table 2: SAGE Annual Revenues and Expenses, 2014-2018

	2014	2015	2016	2017	2018
Revenue					
Individual	\$10,799	\$5,748	\$9,450	\$5,827	\$7,685
Corporate	\$5,199	\$1,215	\$1,524	\$3,572	\$4,837
Sponsorships	\$6,538	\$7,095	\$7,337	\$10,969	\$7,810
Interest	\$102	\$110	\$112	\$113	\$86
Total Revenue	\$22,638	\$14,168	\$18,423	\$20,481	\$20,418
Expenses					
Scholar	\$17,142	\$9,847	\$15,974	\$23,323	\$21,686
Bank Fees	\$129	\$48	\$90	\$135	\$341
Postage Fees	\$128	\$45	\$0	\$135	\$0
Programming	\$120	\$0	\$15	\$670	\$360
Fundraising	\$0	\$215	\$0	\$0	\$0
Publicity	\$177	\$0	\$263	\$193	\$120
Total Expense	\$17,696	\$10,155	\$16,342	\$26,996	\$22,508
Net Revenue	\$4,942	\$4,013	\$2,081	-\$6,515	-\$2,090

On the revenue side, the amount of sponsorships declined modestly in 2018, but remains the second highest amount in any other year in SAGE’s history. The decrease in sponsorships was offset by increases in individual and corporate donations so that total revenue for 2018 held steady relative to 2017. While 2018 is the first time that SAGE’s cash flow has remained negative two years in a row, Figure 3 shows that the gap between revenues and expenses was narrowed compared to 2017. A reduction in expenses during 2018 helped to narrow this gap, as the change in total revenue remained mostly flat compared to the prior year.

Figure 3: Revenue and Expenses Trends, 2010-2018



Returning to positive cash flow is a top priority for SAGE in fiscal year 2019. This will be accomplished by remaining diligent in managing SAGE’s expenses in the face of higher future tuition costs and making a concerted effort to simultaneously increase revenue. SAGE aims to make tangible progress on the revenue side in 2019 by building new relationships within the Guyanese American community to expand SAGE’s donor base and identify new potential sponsors. Furthermore, SAGE’s board unanimously approved an investment policy in 2018 and is working to finalize an investment strategy in Q2 of 2019. SAGE expects to begin investing surplus funds in Q3 of 2019.

This concludes the financial report of the Scholarship for Advanced Guyanese Education for the fiscal year of January through December of 2018. This report was prepared by the SAGE Finance committee from the books and records of the corporation without audit.