



SAGE Annual Financial Report
January - December 2020

The 2020 fiscal year was a difficult year for SAGE in which the organization struggled to earn revenue through the COVID-19 pandemic. Table 1 shows that SAGE’s total assets decreased by approximately \$4,500 in 2020, while net cash flow was the lowest in the SAGE’s history at a loss of approximately \$8,000. These results reverse the gains made in 2019 when SAGE returned to positive net cash flow after two years of negative cash flow in fiscal years 2017 and 2018.

Table 1: Balance Sheet

	<u>1-Jan-20</u>	<u>31-Dec-20</u>	<u>Change</u>
Assets by account			
WF Checking	\$6,234.43	\$4,239.21	-\$1,995.22
CapitalOne360 Savings	\$12,770.37	\$4,128.11	-\$8,642.26
PayPal	\$0	\$152.00	\$152.00
Investment Accounts	\$2,499.74	\$6,259.04	\$3,759.30
UG Surplus Account ¹	\$602.72	\$802.72	\$200.00
Accounts Receivable ²	\$1,000	\$3,000.00	\$2,000.00
Total Assets	\$23,107.26	\$18,581.08	-\$4,526.18
Assets by restriction type			
Unrestricted Assets	\$12,086.66	\$13,585.36	\$1,498.70
Restricted Assets	\$11,020.60	\$4,995.72	-\$6,024.88
Total Assets	\$23,107.26	\$18,581.08	-\$4,526.18
Liabilities			
Remaining Scholar Funds Committed	\$21,783.00		
Cash Flow			
Revenue	\$16,109.67		
Expenses	-\$24,309.58		
Net Cash Flow	-\$8,199.91		

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 and 2019 to handle minor student funding requests throughout the year.

² Accounts Receivable reflect expected sponsor donations that are not made until the following fiscal year as well as 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 2020, total liabilities³ decreased by approximately \$7,000 relative to 2019 as several SAGE scholars graduated. This is a modest decrease after two years of increases in 2018 and 2019, which reflects a continuation of more conservative scholar selection in response to announced increases in UG tuition.

Table 1 also shows changes in unrestricted and restricted asset types that occurred during 2020. 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 51.0% in 2019 to 26.9% in 2020, which is more in line with SAGE's historical average. The return to historical levels of restricted assets as a percentage of the total reflects SAGE's efforts to maintain sufficient financial flexibility in the near term while ensuring funding for future years.

A new row has been added to Table 1 for this year's report to reflect assets held in investment accounts beginning in December 2019. These assets represent the value of SAGE's endowment, which is aimed at creating a long-term sustainable source of funds to help cover yearly operating expenses. SAGE uses surplus cash to invest in a broad portfolio of financial assets per a board-approved investment policy that became effective in October 2018. SAGE began investing in December 2019 into common stocks, index funds, treasury bills, and bonds. The performance goal for the endowment is to attain an average annual real total return (net of investment management fees) of at least 5 percent.

Table 2 shows the assets held by SAGE at the end of fiscal year 2020 along with the performance for each investment. SAGE made monthly investments through July 2020 that constitute an initial \$5,000 total investment, per its board-approved investment strategy. These investments earned income of \$49.77 throughout the year in the form of dividends. The total increase in value for the portfolio of \$1,236.70 represents a gain of 24.6% for the year, which is well above SAGE's target of 5%. These gains were driven primarily by modest investments in cryptocurrencies, which increased in value by approximately 168% between the time of purchase and the end of the year.

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.

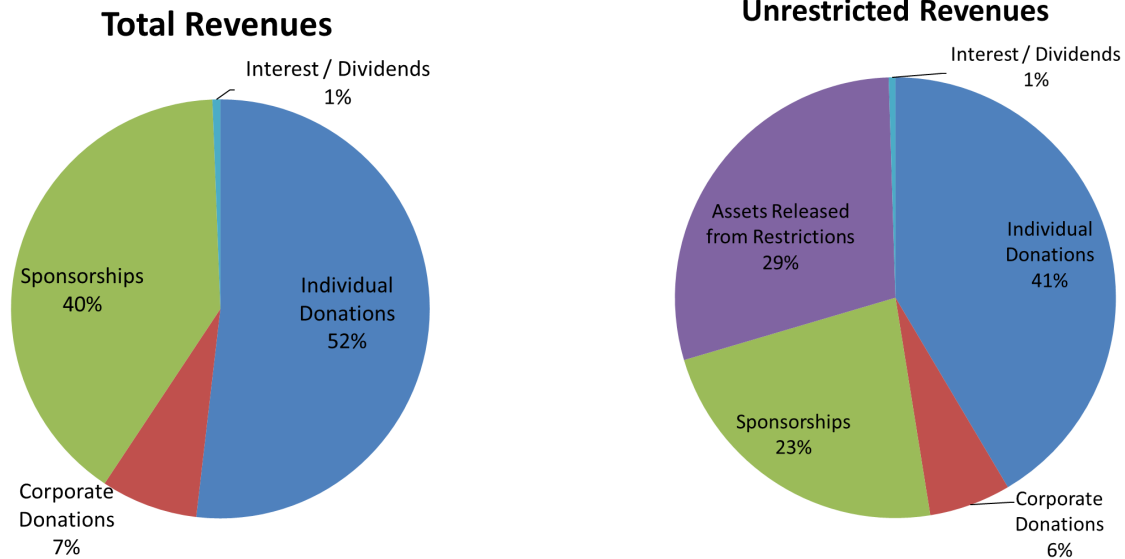
Table 2: SAGE Investment Portfolio

Asset Name	Ticker	Cost Basis	Value 1/1/20	Value 12/31/20	Change 2020	Income Earned 2020	Total Gain/Loss
Fidelity Money Market	SPAXX	N/A	\$1,875.36	\$278.85	-\$1,596.51	\$4.52	N/A
Fidelity Municipal Bond Index	FMBIX	\$503.98	\$62.56	\$509.26	\$446.70	\$0.00	\$5.28
Fidelity Long-Term Treasury	FNBGX	\$515.01	\$61.91	\$501.88	\$439.97	\$14.98	-\$13.13
Fidelity Emerging Markets Index	FPADX	\$508.95	\$62.96	\$606.17	\$543.21	\$8.95	\$97.22
Fidelity Small Cap Index	FSSNX	\$505.18	\$62.21	\$642.69	\$580.48	\$5.18	\$137.51
Fidelity 500 Index	FXAIX	\$505.94	\$62.62	\$581.73	\$519.11	\$5.94	\$75.79
Liveperson	LPSN	\$77.87	\$74.00	\$124.46	\$50.46	\$0.00	\$46.59
Best Buy	BBY	\$153.60	\$0.00	\$200.57	\$200.57	\$3.30	\$46.97
Discovery	DISCA	\$103.56	\$0.00	\$120.36	\$120.36	\$0.00	\$16.80
M&T Bank	MTB	\$171.03	\$169.75	\$129.97	-\$39.78	\$4.41	-\$41.06
Cisco	CSCO	\$114.75	\$0.00	\$134.25	\$134.25	\$0.00	\$19.50
Cambria Tail Risk ETF	TAIL	\$613.97	\$0.00	\$576.40	\$576.40	\$0.29	-\$37.57
Invesco Aerospace Defense ETF	PPA	\$484.60	\$68.37	\$552.16	\$483.79	\$2.20	\$67.56
Chainlink	LINK	\$97.01	\$0.00	\$442.91	\$442.91	\$0.00	\$345.90
EOS	EOS	\$97.01	\$0.00	\$69.01	\$69.01	\$0.00	-\$28.00
Ethereum	ETH	\$97.01	\$0.00	\$439.93	\$439.93	\$0.00	\$342.92
Stellar	XLM	\$97.01	\$0.00	\$217.35	\$217.35	\$0.00	\$120.34
Tezos	XTZ	\$97.01	\$0.00	\$131.09	\$131.09	\$6.09	\$34.08
Total		\$4,743.49	\$2,499.74	\$6,259.04	\$3,759.30	\$55.86	\$1,236.70

Figure 1 shows a graphical breakdown of SAGE’s 2020 revenue. Total revenue is displayed on the left, showing all new donations (both restricted and unrestricted). 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 2020. The amount of released funds is labeled “assets released from restrictions”.

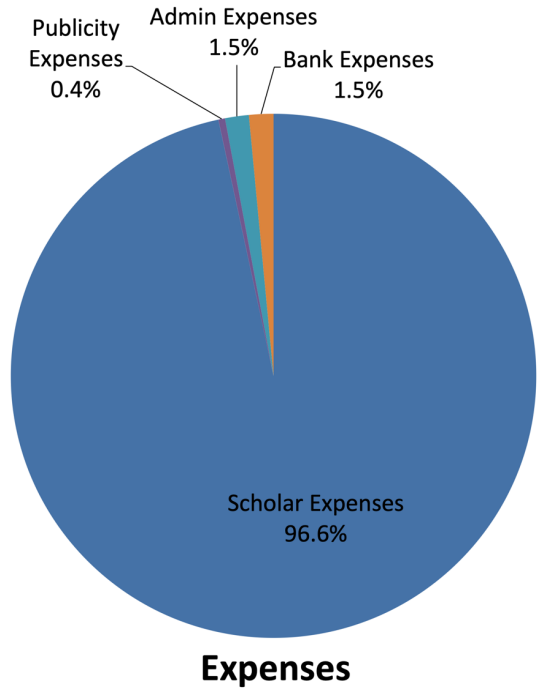
SAGE earns revenue from three primary sources – individual donations, sponsorships and corporate donations. The largest of these for 2020 was individual donations, which made up 52% of SAGE’s total revenue. This is an increase of approximately 45 percentage points compared to 2019, but is a return to SAGE’s historical norm. The 40% share of revenue from sponsorships is also more in line with historical averages after increasing to 82% in 2019. The 2019 numbers were significantly impacted by a very large sponsorship donation that was made as a lump sum. Corporate donations as a share of total revenue decreased from 12% in 2019 to 7% in 2020.

Figure 1: 2020 Revenue by Source



A breakdown of SAGE’s expenses for 2020 is shown in Figure 2. Consistent with its history, SAGE continues to maintain low overhead costs with approximately 97% of expenses going directly to scholars’ tuition, housing, or other educational costs. The remaining expenses consisted of banking fees,⁴ publicity, and other administrative costs.

Figure 2: 2020 SAGE Expenses by Source



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

A detailed breakdown of SAGE’s cash flow is shown in Table 3, which shows annual revenues and expenses by sub-category for the past five years. Table 3 shows a negative cash flow of approximately \$8,000, which was driven by the combination of a significant decline in revenue and modest increase in scholar expenses relative to past years.

Table 3: SAGE Annual Revenues and Expenses, 2016-2020

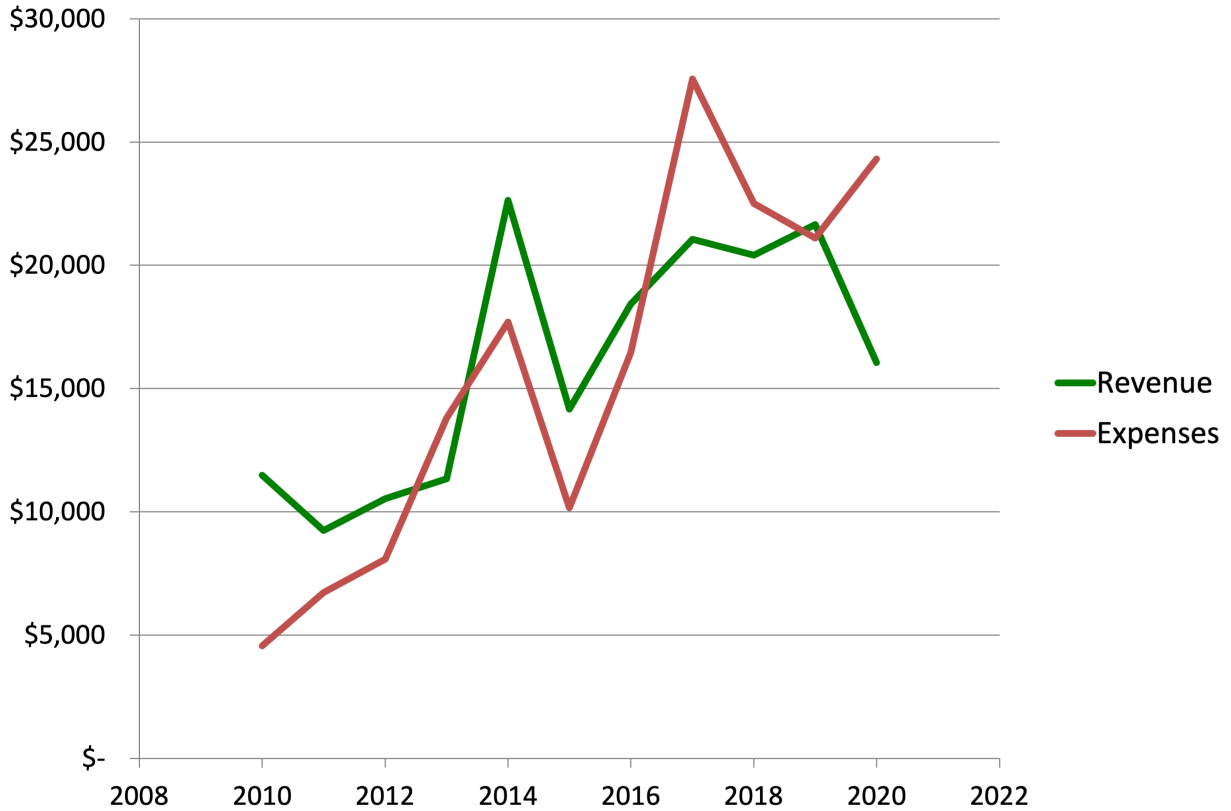
	2016	2017 ⁵	2018	2019	2020
Revenue					
Individual	\$9,450	\$6,409	\$7,685	\$1,175	\$8,352
Corporate	\$1,524	\$3,572	\$4,837	\$2,645	\$1,206
Sponsorships	\$7,337	\$10,969	\$7,810	\$17,789	\$6,454
Interest/Dividends	\$112	\$113	\$86	\$51	\$98
Total Revenue	\$18,423	\$21,062	\$20,418	\$21,660	\$16,110
Expenses					
Scholar	\$15,974	\$25,863	\$21,686	\$20,380	\$23,490
Bank Fees	\$90	\$681	\$341	\$465	\$365
Postage Fees	\$112	\$155	\$0	\$0	\$0
Programming	\$15	\$670	\$360	\$144	\$355
Fundraising	\$0	\$0	\$0	\$0	\$0
Publicity	\$263	\$193	\$120	\$120	\$100
Total Expense	\$16,342	\$27,562	\$22,508	\$21,109	\$24,309
Net Cash Flow	\$2,081	-\$6,500	-\$2,090	\$551	-\$8,200

On the revenue side, the amount coming from sponsorships declined to the lowest amount in the past five years⁶ as did the amount of corporate donations. Individual donations rebounded from 2019 to a level consistent with past years, however it was not enough to prevent total revenue from dropping to the lowest level in the past five years. Exacerbating this issue was the fact that overall expenses increased due to greater sponsor expenses, primarily as a result of providing funds for additional scholar expenses beyond tuition (e.g. housing, transportation, etc.). The SAGE Board considers such expenses on a case-by-case basis taking into account written requests from scholars. SAGE’s expenses for 2020 were the second highest in its history, exceeded only in 2017. Figure 3 shows these trends in the context of SAGE’s full operating history.

⁵ During the preparation of the 2019 report, an error was discovered in the reported revenue and expense amounts for 2017. These errors have been corrected in the data shown here.

⁶ The large decline relative to 2019 was primarily due to a very large \$8,000 sponsorship donation in 2019, as was mentioned earlier in the report.

Figure 3: Revenue and Expenses Trends, 2010-2020



Renewed discipline on the expense side combined with additional fundraising efforts will be necessary for SAGE to return to a positive cash flow in fiscal year 2021, which is a top priority for the organization. SAGE is also in the process of identifying long-run strategic initiatives for the organization, which may result in fundamental changes in operations moving forward.

This concludes the financial report of the Scholarship for Advanced Guyanese Education for the fiscal year of January through December of 2020. This report was prepared by the SAGE Finance Committee from the books and records of the corporation without audit.