

ANNUAL REPORT  
2015-2016  
SHANGHAI  
AMERICAN SCHOOL



Shanghai American School  
An International Community



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# FROM THE BOARD CHAIR AND HEAD OF SCHOOL

We are pleased to present this annual report to our Shanghai American School Association of Parents.

It has been a successful and productive year on many fronts. You will read about highlights of this past year as we continuously seek to improve and provide the very best of a world-class educational program for your daughters and sons.

Our Themes and Priorities: *Building Educational Excellence, Building our Community, and Building for our Future* have provided a vision to help guide our thinking and planning. Our many programs and improvements chronicled in this report serve those broad goals. For example, our revised approach to finding and hiring the very best faculty and our re-designed professional learning program emphasized setting high standards of excellence. We are also invested in new ways of research-tested teaching and learning such as project-based and collaborative learning and creating new teaching spaces, known as “maker spaces,” for design, inquiry, and entrepreneurial learning.

Our Board of Trustees has continued to improve its governance practices for effective school leadership. We have emphasized creation of a culture of trust and working together for the long-term development of the school. Generative, strategic, and fiduciary thinking and planning have given us ways to look more deeply and longer-term at where we are headed as a school. As “trustees” our primary duty is to keep our collective focus on our mission and the future. Quite literally, the Board holds the school “in trust” for future generations.

We believe that over the last three years Shanghai American School has made significant progress in addressing urgent questions of improving educational programs, bringing the community together to work collaboratively, and charting our course for the future. Our WASC reaccreditation in 2014 confirmed that we are on the right track with the goals we are setting for ourselves.

As we look to the future, we are pleased that Marcel Gauthier, Deputy Head of School on our Puxi campus, will assume the position of head of school beginning with the 2016-17 school year. The Board conducted a worldwide search and concluded that our next leader was already here at SAS. Marcel will succeed Richard Mueller who came as our interim head of school for 2013-14 and then agreed to the Board’s offer to lead SAS for an additional two years.

We believe our school’s future is bright. We have a long and proud history, a supportive community, and a solid financial position. Upwards of 3,000 students on our two campuses receive an excellent education every day. We are well positioned to remain known as a leading international school in Shanghai and around the world.

At the same time we face challenges out of which will come opportunities. Enrollment has decreased by about 10% over three years as demographic changes affect our applicant pool. Fewer traditional expatriate families are moving to Shanghai. Competition is increasing as the Shanghai Education Commission licenses more international schools. We are keeping a close eye out for changes in China’s economy affecting the growth in foreign companies’ presence in Shanghai. Also, China’s regulations and policies related to education can change at short notice, requiring us to seek clarity and to find alternative ways to manage our school. For example, visa and work permit policies affecting hiring policy have been variable. We have reduced some faculty and staff positions and tightened our collective belts. However, our primary focus is to continue investment in educational programs to ensure that we remain world class and the first choice for families.

We are fortunate in being able to build better and productive relationships with Shanghai government officials. For example, Huacao town officials, including the vice-mayor for education, have visited our Puxi campus many times. We have worked on such issues as the major tunnel project nearby to reduce impact on the school; possible changes in plot ratio for more flexibility in campus building projects; use of SAS space for specific Huacao educational purposes; and welcomed educational visitors under what officials call the principal and teacher shadowing program.

As we both finish our respective three year tenures as Chair and Head of School, we would like to express our deepest thanks to our colleagues and the broad community for your steadfast support of Shanghai American School. All of us, working together, have set our school on a stable and clear course, namely, offering a wonderful, broad, and stimulating education to the next generation of leaders.

With warm regards,



York-Chi Harder, Chair, Board of Trustees



Richard W. Mueller, Head of School

# 2014-2016 THEMES AND PRIORITIES

## Build educational excellence in learning and teaching so students are challenged to learn to their maximum potential.

How will we do this?

- Operate using our mission and core values to inform our teaching and learning.
- Support students in learning 21st century skills, such as: critical thinking, cross-cultural understanding, communication, creativity and innovation, collaboration, curiosity and risk taking, and digital literacy.
- Support real-life learning as a vehicle for faculty in implementing, research-based and effective teaching and learning practices.
- Improve data collection and assessment to inform teaching and learning.
- Enhance training in differentiation of teaching and learning styles to ensure all students learn to their potential.
- Focus on hiring and retaining an excellent, experienced faculty and staff.
- Create strong teams of administrator and teacher leaders.
- Design and implement a robust, targeted program of professional development for faculty and staff, serving the goals of the school and individuals.

## BUILDING COMMUNITY

### Build a strong community of educators, parents, and students

We will be a professional learning community of educators, parents, and students, supporting excellent learning outcomes and heeding Professor Emeritus at Harvard University Roland Barth's admonition: "The nature of relationships among the adults within a school community has a greater influence on the character and quality of that school and on student accomplishment than anything else." How will we do this?

- Enhance parent education about our SAS mission, core values, education programs and teaching. Answer the question: Why do we do what we do?
- Create collaborative teams of teachers, administrators and parents.
- Bring faculty and staff together—each contributes in support of quality student education.
- Implement practices which bring the community together.

## BUILDING OUR FUTURE

### Plan and build for our future.

We will create the future we want for our students, meeting any challenge and ensuring we remain recognized as one of the very best international schools worldwide. How will we do this?

- Administration to conduct research into trends and developments potentially impacting SAS, from education to enrollment to Shanghai's future development
- Board of Directors to regularly discuss and debate future directions based on research
- Create ad hoc task forces as necessary to include parents and others in the community to provide insights
- Build on our strategic plan implemented in 2011.
- Build and strengthen our relationships with government, business, and other entities in Shanghai.
- Review policies and re-write as necessary to ensure they are strategic in wording and intent. Clearly separate policies from procedures.
- Design and implement updated salary and benefits systems.
- Create a strategic financial plan.
- Review and launch the draft five-year Advancement Plan.
- Continue to improve all SAS facilities and systems which make a critical difference.

# BOARD OF TRUSTEES AND GOOD GOVERNANCE

Clear and efficient Board of Trustees' governance structures and practices are indispensable for effective leadership and thus school success. For the past three years, the Shanghai American School Board of Trustees has committed to the same goal for itself around governance:

## **“Improve and institutionalize a sustainable, positive culture of strategic governance”**

Our accrediting body, the Western Association of Schools and Colleges (WASC), has worked with the Board in recent years to put in place such effective practices. Periodic visits by WASC representatives helped to focus our school's attention. In their 2014 accreditation review, WASC noted our progress and stressed the imperative of inculcating best practices to avoid the pitfalls of the past. The goal is to ensure these practices become part of our culture and continue even with individual changes in Board membership and Head of School leadership.

Good governance is important because it brings clarity to the proper roles of the Board, of an individual trustee, and of the head of school. The Board focuses on maintaining the mission of the school and providing longer-term direction. It is overwhelmingly strategic in what it does. It hires the head of school and holds him or her accountable for providing an excellent educational program, hiring outstanding faculty and staff, and running an efficient, financially responsible school. The Board “holds the school in trust for future generations.” Individual trustees have no specific authority as individuals; they are members of a body which works together and ultimately speaks with one voice.

Important progress in this governance area has been made by SAS in the last three years. The Board Chair has led Board members to focus more on larger and strategic issues. Board members have participated in insightful governance conferences led by well-respected experts. The Board has also worked to build strong relationships with the head of school and the administration team. We have provided orientation and training to potential Board candidates and to new trustees about their proper roles.

With the upcoming change in head of school leadership from Richard W. Mueller to Marcel Gauthier and the changes in Board membership, it is imperative that we continue to create a culture of implementing these **governance best practices**.

The Association of Parents last spring approved the Board-recommended changes to our Articles of Association to help support such good governance practices. The changes were:

- Add two (2) additional appointed Board seats for a total of eleven (11) Board members (6 elected and 5 appointed)
- Allow Board members the option to extend their

term by up to two (2) years, instead of by one (1) year

- Clarify the parents' and the Board's respective rights to remove Board members
- Increase the quorum requirement from seven (7) to eight (8)
- Rename the “Superintendent” title to “Head of School”
- Rename “Board of Directors” to “Board of Trustees”

We are pleased with the Parents' Association approval and believe these changes will be positive for the longer-term success of Shanghai American School.



# LEGAL STATUS UPDATE

As a requirement of the Shanghai Education Commission (SEC), Shanghai American School had been directed to convert its status as a U.S. Consular School to a School for Children of Foreign Nationals (SCFN). The Legal Status Task Force, consisting of SAS Board members and parent volunteers, was created in 2013 to address this requirement and proposed a corporate structure to allow for the school to effectively re-create itself.

The proposed structure consisted of creating a non-profit and non-stock entity in the U.S. that could act as a foreign investor in order to create a Wholly-Foreign Owned Entity (WFOE) in Shanghai, which, in turn, would act as the sponsor in setting up Shanghai American School. This structure was discussed in collaboration with the SEC, who accepted this approach. The entities were created, each with a board that mirrors the existing SAS Board, in order to ensure full alignment of direction. An application to 'create' Shanghai American School was completed in discussion with the SEC and approved in July of 2014.

Following the initial approval by the SEC, the School has worked to submit its application to the Civil Affairs Bureau (CAB) for the registration of Shanghai American School. This included the construction of a set of "CAB Articles" that have been developed to align as much as pos-

sible with the existing SAS Association of Parents' Articles of Association ("School Articles"), while still meeting the regulatory requirements of the CAB and SEC. In this way we hope that this process will have little to no impact on the normal running of the school and will allow us to continue to operate in accordance with best practice for top-tier international schools. While the CAB Articles will become the legally binding articles for SAS, the School Articles will continue to be the guiding document for SAS parents as to the purpose and philosophy for the school, governance structure, and certain operating principles. All parents will agree to be bound by the School Articles upon enrollment and re-enrollment of their student.

The Shanghai American School staff have since needed to amend the CAB Articles to reflect the expansion of the Board by the addition of two appointed members. Following this update, the CAB requested the submission of the application be put on hold until the new members were actually appointed in order to submit the slate of active members with the application. This was completed in February and the application was submitted to the CAB on March 1, 2016. It is expected that the CAB should approve the application by end of May 2016.



# EDUCATIONAL EXCELLENCE

The Shanghai American School educational program provides each student with balanced, deep learning across the subject areas. We provide a rigorous college preparatory program, based on an American core curriculum informed by best practices from around the world. The powerful wording in our Articles of Association guides the design of our program: “The School should provide each student, each day, an exciting and rigorous educational experience designed to build a love of knowledge, scholarship, service, aesthetic appreciation, and good character. The School should provide each student the skills, knowledge, support, and opportunity to excel.” By providing programs so that every student can live our mission and core values, we work to maximize student potential and interest. Extracurricular learning opportunities are a vital part of our education and we work to ensure that students have rich opportunities for intercultural learning.

## CURRICULUM DEVELOPMENT

As a learning organization, we know that students are best served when we continuously evaluate and enhance our curriculum. We believe we must deliver a “guaranteed and viable” curriculum for all students. Our curriculum frameworks are comprised of internationally benchmarked standards that align K-12 student learning objectives.

We follow a review cycle for our curriculum areas to ensure continued reflection and improvement every year. This year, Math and English Language Arts curriculum teams dedicated significant time to planning the implementation of Common Core State Standards, a process that will continue over the next few years. These U.S. based standards establish clear and consistent guidelines for what students should know and be able to do from pre-kindergarten through grade 12.

The Math Common Core State Standards draw on international models for high-level math learning. The standards provide clarity and specificity, rather than broad general statements. Some of the distinctive features of this math curriculum include:

- Deep focus areas: students gain strong foundations, including a solid understanding of concepts, a high degree of procedural skill and fluency, and the ability to apply the math they know to solve problems inside and outside the classroom
- Coherent progressions: learning is carefully connected across grades so that students can build new understanding onto foundations built in previous years
- Rigor: pursue conceptual understanding, procedural skills and fluency, and application with equal intensity; aim of deep, authentic command of mathematical concepts

Similarly, the English Language Common Core State Standards are benchmarked to international standards and provide a rich path to high achievement for our students. Some distinctive features of this curriculum include:

- An integrated model of literacy that connects the processes of communication, including strands for reading writing, speaking, listening, and language.
- The incorporation of research and media skills.
- Regular practice with complex texts, both literary and informational, and their academic language with a strong focus on both literary and informational texts.

In addition to Math and English curriculum planning and implementation, we have continued to implement the Next Generation Science Standards as well as our new Chinese program.

## PROFESSIONAL LEARNING

Professional learning is a vital focus at SAS, to ensure that we continually enhance our ability to reach all of our students and help them maximize their potential. This year, we have taken particular care to keep our professional learning principles at the center of our planning and reflecting:

- Data-driven: Professional learning needs and school-wide goals are defined by and measured against evidence of student learning (action research).
- Research-based: Professional learning builds on successful best practice as demonstrated in professional literature or current research.
- Collaborative: Teams (PLCs) reflect on, share, and sustain professional learning over time.
- Embedded: Professional learning is connected to the daily work of teachers: planning, teaching, and assessing.
- Scaffolded: Teacher leaders initiate and sustain change and sufficient time is dedicated for implementation and evaluation.
- Intentional: Professional learning is driven by the School’s mission and shared across divisions and campuses.

We planned the portfolio of professional development opportunities with these principles in mind. Over the year, we held a variety of workshops and consulting sessions tailored to meet particular professional learning needs across the School. Sessions included:

- Dr. Virginia Rojas worked with teachers and administrators on aspects of differentiation, language learning, and EAL in the mainstream. She also offered a

weekend workshop for our teachers as well as area educators entitled “Developing Language Learners’ Communicative Competence.”

- Dr. Austin Buffum worked with teachers and administrators on developing strong professional learning communities and effective tiered support (a response to innovation).
- Our Math Specialists in International Schools cohort training program is five 3-day workshops set over two years. The program is led by the Office of Overseas Schools consultants Erma Anderson, an Albert Einstein Distinguished Fellow in the U.S. Senate, and Steve Leinwand, the Principal Research Analyst for the American Institutes for Research.
- The Buck Institute provided Project Based Learning (PBL) training sessions offered by Buck Institute National Faculty members, including introductory PBL 101 sessions, as well as follow-up sustained support for previously trained teams.
- A World-class Instructional Design and Assessment (WIDA) workshop with Amy King focused on WIDA model assessment tools and also deepened the understanding of differentiated instruction for EAL students.
- The Orton-Gillingham training program in the Multi-Sensory Education approach provided training to a group of our teachers as well as some teachers from peer schools. This training provided the teachers with additional tools to incorporate into current literacy instruction with strategies to differentiate for students with a variety of abilities.

Faculty members also had opportunities to lead professional learning sessions for both SAS teachers and colleagues from around the region. One example of this was the EARCOS workshops we held on campus. This year, SAS teachers also led sessions on “Designing a Health and Wellness Program to Meet the Unique Needs of the International Student,” “A Proactive Approach to Child Protection in International School,” and “Flourishing in Schools.”

We conducted a survey to allow teachers to reflect on their professional learning opportunities and are reflecting on the responses as we plan for next year.

## COMMUNITY LEARNING

Thanks to the Our Edge for Education campaign, we launched Our Excellence in Education Speaker Series to promote understanding and learning within our community. The funding provided us the opportunity to bring great speakers for several evening community events as well as provided a number of other learning opportunities

with students, teachers, and families on both campuses. In September, we hosted college admissions consultant Daniel Grayson. His community talk was “Behind Closed Doors: An Insider’s Look at Highly Selective Admissions.” In October, we hosted Stanford University marine biologist Dr. Steven Palumbi. His community talk was “The Extreme Life of the Sea.” In November, Dr. Yong Zhao spoke on the topic of “World Class Learners: Educating Creative and Entrepreneurial Students.” In April, we held a morning symposium, featuring key SAS Alumni, entitled “A Shanghai American Education: Our past, present, and future, in China.” Featured talks were by Dr. Carl Scovel ’49, Ms. Betty Barr Wang ’49, Mr. Teddy Heinrichsohn ’49, Laura Harder ’11, and Head of School Richard W. Mueller. Our final event in May will feature Australian conductor Dr. Richard Gill speaking on the value of music education.



# LEARNING SPACE

This year and last year Shanghai American School has made a commitment to transforming traditional learning spaces into dynamic ones, where collaboration, innovation, creativity, design, and interdisciplinary work are the norm. The logic is simple: we want students to think and execute outside of the box and we want our teachers to do the same, so we are creating learning spaces which will invite them to do so.

Some of these spaces have a strong integration with technology. For example, our Puxi Elementary School “Innovation Hub” and the Pudong Middle and High School “Design Lab” are two such spaces. With an open workshop feel, the Pudong Design Lab has 3-D printers and scanners, iPads, a drone workshop, graphic design software, a vinyl cutter, Spheros, and Arduinos. The Puxi Innovation Hub (iHub) is similar in vision but designed for elementary age students, with workstations, computers, robotic kits, BeeBots, electronics components, as well as concrete “hands on” materials to build and create.

The Puxi High School “Center for Inquiry and Design,” slated to be completed in the fall of 2016, is a bold project to transform the second floor of the high school building into a world class learning space to support 21st century science instruction. Every effort has been made to ensure that the entire space invites and inspires a fluid movement between

instruction, collaboration, hands-on and technology-infused applications of learning, lab work, design, and the natural intersection of academic disciplines. Open in concept, aesthetically intentional, conceived of through a rigorous design-thinking process that included multiple stakeholders, the Center for Inquiry and Design will set a standard as a dynamic, contemporary educational arena.

Concurrently, we have also invested in even more diverse kinds of learning spaces. The Pudong campus Performing Arts Center, completed and opened this year, is a world class performance arena with dance, choir, and orchestra studios, a black box theater, and of course a state-of-the-art primary staging area that seats up to 750 individuals.

As we look ahead we will continue to focus on transforming space. For example, this year we engaged in a design thinking project with NoTosh Designs to re-envision our libraries so that we can be more intentional and broad minded as we seek to update our libraries on both campuses. We are also redesigning our Early Childhood wing at the Pudong campus to best support our Reggio Emilia approach to early childhood education.

We know that the spaces in which students learn must tap into our students’ instinct to dream and create. We will continue to shape learning environments to achieve that goal.



# TECHNOLOGY AND LEARNING

At Shanghai American School, we are fortunate to have access to a rich variety of technology resources, spaces, and staff to support the School. This year, Alan Preis joined the school as Director of Technology to oversee and align academic and operational technology teams in support of learning and school operations across both campuses. The entire Technology office has worked together and in collaboration with other school departments to review technology use across the school, identify areas where things are working well, and begin to develop long-term plans to focus on specific areas for improvement.

As part of the work to focus and align the operational and instructional Technology teams, we have re-designed both to maximize their impact on the school. The Technology Resource Facilitator role has been updated to increase its focus on rich technology integration to support and transform learning. The roles, structure, organization, and working locations of our operational technology staff have been revised to maximize support for learning and school operations. Additionally, the PowerSchool engineering team has been integrated into the Technology team. All of these changes have created opportunities for increased collaboration, alignment, process improvement, and focus on the meeting of whole-school needs.

We have implemented new ways to ensure that technology staff are able to best support the school, including the creation of a centralized Technology Support Hub on the Pudong campus that combines the Help Desk, Apple Center, print services, and basic PowerSchool support in one area, and the placement of embedded Help Desk Technicians in the elementary school office and in the secondary library, both on the Puxi campus. A new IT ticketing system was created to improve response times, solutions, and tracking of technical issues for both students and staff, and provides better reporting and analysis to allow us to develop and implement process and system improvements. These and other changes have significantly improved our ability to support students and teachers throughout the School.

This year, a significant focus for the Technology office has been on streamlining school technology systems. This includes making current systems more efficient, such as the implementation of Single-Sign-On to streamline staff, student, and parent logins to multiple systems, as well as a review of the current systems and investigation of possible new platforms. Ongoing research into Learning Management Systems (LMS) will lead to more effective instructional tools for students, faculty, and parents, and the research on improving email, calendar, and document storage will provide a more well-organized digital platforms for faculty and students. We have also completed a thorough review of our IT infrastructure, including wired and wireless networks, servers, devices, and systems on both campuses to identify

and plan opportunities for infrastructure and system improvements over the coming years. Improvements to existing systems include implementation of activity sign-ups and student data tracking in PowerSchool, and the integration of PowerSchool with the school's Enterprise Resource Planning (ERP) system.

The Technology office has played a critical role in major construction projects on both campuses, including the new Performing Arts Center on the Pudong campus and the Center for Inquiry and Design on the Puxi campus, as well as a number of smaller projects, such as the Innovation Hub on the Puxi campus, and the Design Studio and Technology Support Hub, both on the Pudong campus.

The impact of the Technology group extends beyond the school. This year, technology staff represented SAS at several conferences, both in Shanghai and abroad, and the Puxi campus also hosted a gathering of Technology Directors from several Shanghai-area schools.



# QUALITY FACULTY

## RECRUITMENT

In the past two years we have fundamentally changed the way we recruit faculty for Shanghai American School.

Historical practice was—beginning in January—to attend numerous recruitment fairs and secure commitments from as many candidates as possible in order to fill our openings. Unfortunately, this approach allowed little time for us to really study a candidate—or for the candidate to study us. It also compelled weeks of travel and time away from school and meant that pro-active competing schools would secure the best candidates ahead of the fairs before we had even arrived.

Our current practice is to place principals in charge of searching the databases in the fall and reaching out to candidates as openings come up. Across all divisions, principals use research-based interview questions and scenarios that have been aligned and refined to further support schoolwide hiring. Multiple dialogues are held via Skype to truly understand a candidate’s strengths and see if there is a potential match. A full candidate report is generated before any contract is offered in order to understand the quality and fit of that candidate in relation to our needs. No candidate is hired unless that candidate has had multiple “touchpoints” with administrators and faculty, both in dialogue and on paper.

The benefit is that we now have a systematic and verifiable process for identifying the kinds of teachers we are looking for, trusting their efficacy, and securing their commitment early in the hiring season. We now also greatly limit the number of recruitment fairs we attend, with the goal of attendance at a fair being to communicate our brand to potential and future teachers rather than primarily to fill open positions.

## PROFESSIONAL LEARNING

This year, professional learning for teachers at SAS was robust and targeted, with a whole school emphasis placed on several areas: inquiry and project based learning, best practice in assessment, English language acquisition, Common Core implementation, and effective collaborative models to ensure consistency in the delivery of curriculum.

Educational research suggests that the most effective professional learning is onsite, ongoing, nimble, targeted, and measurable in its impact on classroom practice. Therefore, our current practice is to refine our model in this context.

We have hosted experts in the American Common Core, Buck Institute practitioners in project based learning, and Solution Tree representatives to help us establish PLCs (Professional Learning Communities) in selective divisions. We have brought in experts to help us implement American Common Core math standards, standards-based assessments, and EAL (English as Additional Language) instructional strategies. We have also hired teacher-coaches who live and work at SAS and who are able to deliver embedded professional learning right on site in a consistent and versatile way. We continue to partner with Plymouth State University to offer classes here at SAS for teachers focused on attaining a certification or a graduate degree.

SAS continues to live up to its international reputation as an arena where teachers never stop learning, growing, and refining their practice.



# ADVANCEMENT UPDATE

The Institutional Advancement department is focused on supporting the strategic initiatives set forth by Shanghai American School and all aspects related to our identification, such as marketing, communications, community outreach, admissions, and the cultivation and stewardship of our annual giving programs. This past year the Advancement team continued, throughout all of its initiatives, to focus on supporting the School's *Themes and Priorities: Building Educational Excellence, Building our Community, and Building for our Future*.

Marketing maintained its priority of external branding and communications of SAS to local and international markets, while also shifting to a stronger presence on the Internet through local and international websites and blogs. We also activated our official WeChat public account.

The Communications team focused on sharing the news and information with our internal SAS community by collaborating with our school community, such as individual students, faculty and staff, the Office of Educational Programs, student clubs, and our performing arts departments, among others. In addition to the continued enhancement of the school website and the development of internal print materials, the Communications office also focused on increasing the frequency of publishing more content and photography online. This content was created and published on to our website, Facebook, and Instagram, with more than ten different pieces being published every week.

To reach and attract prospective families, the Admission office conducted 28 marketing outreach events this year, including 14 morning coffee and tour events on our campuses, 12 educational fairs, and personal visits to early childhood facilities throughout the city. Two additional events were also held with current families from underrepresented demographic groups to collect market data and to support the growth of these communities at our school. This past year we welcomed over 550 new students and 300 families to our SAS community after supporting over 1,500 inquiries, 1,100 applications, and 1,000 tours of our campuses. Additionally, a large number of student entrance assessments and interviews were administered to an increasingly growing pool of non-native English speaking applicants from around the world.

Development and Alumni Relations hosted several outreach and networking events in Hong Kong, Korea, London, Washington, D.C., Singapore, and Shanghai to connect former SAS students, faculty, and families back to the School.

The office also worked closely with school counselors to support an on-campus alumni event for the high school students. This annual event is organized in partnership with the Shanghai American School Association (SASA), the School's alumni group. Development and Alumni Relations

coordinates with SASA to host a visiting alumni lecturer on our campuses each spring. This year our alumni lecturer, Dr. Carl Scovel '49, spoke with students about overcoming adversity and the experiences of the 'third culture kid.' He also welcomed senior students on the Pudong campus into the alumni association with a special lunch. Additionally, SAS continued the distribution of SASA's quarterly e-newsletter and published the second alumni edition of *The Eagle Review*.

The Development and Alumni Relations office has also continued to focus on increasing the engagement level of our school families with the Our Edge for Excellence annual giving campaign. This year, the Our Edge for Excellence campaign focused on three specific areas of giving—DREAMS (Design, Researching, Engineering, Art, Math, and Science) spaces on both campuses, the continuation of the Excellence in Education Speaker Series, and the establishment of the Artists in Residence program, which will begin next year.



# FINANCIAL UPDATE

Shanghai American School (SAS) is a not-for-profit institution, meaning that every dollar received is invested in the School by providing an excellent education for our students, whether through attracting and retaining highly qualified faculty, staff, and administration, investing in quality instructional resources, providing excellent equipment and world-class technology, or maintaining, renovating, remodeling, and adding to our top-tier facilities. Our Board of Trustees are voluntary members, who receive no financial compensation for their commitment of time and effort – as a non-owned, non-profit entity, there are no shareholders or investors to which a return is paid.

Although our tuition rates are among the most competitive among international schools in Shanghai, SAS continues to provide the most comprehensive educational programs and services, the best facilities, and the most qualified faculty among these schools.

SAS tracks its finances on a non-profit, fund accounting basis, such that recording is made for the School's General Fund, Facilities Fund, and Emergency Fund. The General Fund tracks the ongoing annual financial operations of the school while the Facilities Fund tracks the investment of dedicated revenues into the School's buildings and grounds. The Emergency Fund is designed to build an Emergency Reserve for the management of unforeseen circumstances due to major disruptive events outside the control of the School Board or Administration.

SAS budgets and manages its finances in alignment with the school year cycle, such that financial results are based on the period from August 1 to July 31. Due to the timing of the Annual General Meeting, the results for 2015/16 presented here are therefore on a projected basis through July 31, 2016. Results are also presented here on an accrual accounting basis, although budgeting is done on a balanced-budget, modified-cash basis. Note also that due to the School's legal status conversion process, the functional currency is required to be the Chinese Yuan, so all amounts are stated in RMB.

The following provides a summary of the projected financial results for the 2015/16 school year. Like the previous year, the projected results are influenced by the reality of the shifting market in Shanghai specifically, but also China in general, with actual enrollment being a bit lower than planned, by about 30 students (Budgeted enrollment of 2,950 versus 2,920 actual student count).

## GENERAL FUND PROJECTED RESULTS

The General Fund tuition fee and other student revenues are projected at ¥558M, which is just shy of budget targets by about ¥0.1M. Even though we faced a 1% shortfall in enrollment, and therefore lower tuition fee revenues, the

shortfall is projected to be almost fully offset by increased revenues related to foregone enrollment deposits and tuition fees for students who withdrew with late notice.

Interest income was higher than budget by about ¥4.1M due to active local cash management. Student bus transportation revenues were down by ¥4.2M due to lower ridership numbers (although this is partly offset by lower bus costs), and the School's share of catering proceeds was also down by about ¥1.1M. Other revenues brought in about ¥2.0M more than expected, mostly relating to the School's individual income tax rebate and disposal of obsolete assets, leaving the overall General Fund revenue projection of ¥611M short of target by about ¥2.2M for 2015/16.

General Fund expenses are projected to be about ¥594M. This is below budget by about ¥18M or 3%, which is mostly related to savings in professional learning (by moving to a more embedded approach), bus transportation (see above), and utility costs (due to investments in energy efficiency). The Corporate Income Tax for the General Fund is also projected to be lower than expected by about ¥4M. A pie chart highlighting the major areas of General Fund expenses is also provided on the following page.

The lower than budgeted General Fund expenses are projected to more than cover the revenue shortfall, yielding a projected after-tax surplus of about ¥13M on an accrual accounting basis. This surplus, once finalized, may be transferred to the School's Emergency Fund, subject to Board approval.

## FACILITIES FUND PROJECTED RESULTS

The Facilities Fund receives virtually all of its revenues from tuition and matriculation fees, with roughly ¥100M expected for 2015/16, as well as the annual internal rental charge of ¥1.5M for the SRC staff housing units, for a total Facilities Fund projected revenue of about ¥102M.

These revenues are designated for the support of investment in the School's facilities of which about ¥93M are projected to be spent on a pre-tax cash basis, which represents only about ¥54M on an accrual accounting (depreciation expense) basis. Associated Corporate Income Tax is expected to be about ¥15M, leaving a projected after-tax Facilities Fund accrual surplus of ¥33M (while projecting a cash drawdown of about ¥6M).

This cash drawdown will come from the Facilities Fund Reserve, as per design, in order to continue to support the ongoing reinvestment in the School's facilities and grounds.

## EMERGENCY FUND PROJECTED RESULTS

Per the school's policy, the Emergency Reserve's target value is 20% of the annual General Fund expenses, yielding a

target of ¥119M. The Reserve's value is currently at ¥88M, short of target, such that the General Fund surplus from 2015/16, once finalized, may be transferred to the Emergency Reserve up to the target value. To date, there have been no withdrawals from the Emergency Reserve.

## PROJECTED CONSOLIDATED FINANCIAL POSITION

The School remains in very solid financial position, as witnessed by its projected Balance Sheet below. This is predominantly due to the normal international school cash cycle where a significant portion of fees is paid in advance for the 2016/17 school year (which are billed in advance as unearned revenues), as well as due to the accumulation of prior year surpluses.

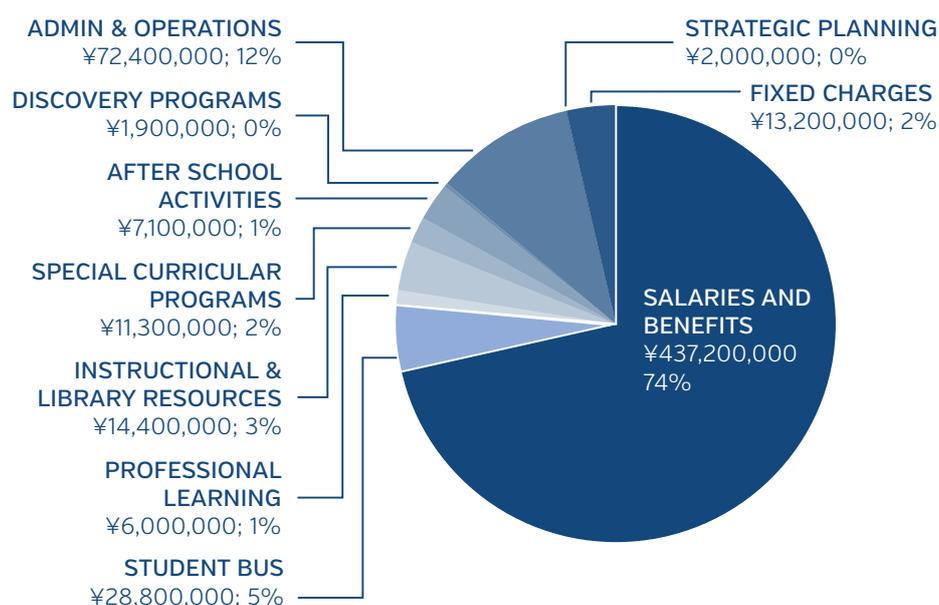
The School's financial assets are predominantly held conservatively as cash or short term investments, for a

projected total of about ¥473M, with Accounts Receivable of about ¥194M representing fees to be collected for the November installment dates. The School's net investment in facilities and equipment is expected to be roughly ¥622M. Other assets of ¥41M include inventory and prepaid expenses (mostly overseas orders for the 2016/17 school year), giving a projected total assets of ¥1,330M.

The School's liabilities consist primarily of unearned fees (for 2016/17) of ¥660M and ¥88M of Accounts Payable and other liabilities. There also remains an outstanding ¥2M of ARAs and Seat Guarantees, giving a projected total liabilities of ¥750M.

The School's projected Net Assets is therefore ¥580M. This represents the highest value since inception while still maintaining healthy cash and short-term investment balances to allow for the ongoing reinvestment in its educational programs and facilities.

### GENERAL FUND EXPENSES by category



### BALANCE SHEET as of July 31, 2016 [projected]

ASSETS		LIABILITIES	
CASH & INVESTMENTS	¥473,000,000	UNEARNED FEES	¥660,000,000
ACCOUNTS RECEIVABLE	¥194,000,000	ACCOUNTS PAYABLE & OTHER LIABILITIES	¥88,000,000
FACILITIES AND EQUIPMENT	¥622,000,000	ARAS/SEAT GUARANTEES	¥2,000,000
OTHER ASSETS	¥41,000,000	<b>TOTAL LIABILITIES</b>	<b>¥750,000,000</b>
<b>TOTAL ASSETS</b>	<b>¥1,330,000,000</b>	NET ASSETS	¥580,000,000
		<b>LIABILITIES AND NET ASSETS</b>	<b>¥1,330,000,000</b>

*Shanghai American School inspires in all students:*

上海美国学校激励并培养所有的学生:

*A **lifelong passion** for learning*

终身学习的热情

*A commitment to act with **integrity** and **compassion***

诚信与仁爱的信念

*The courage to **live their dreams.***

追求梦想的勇气。



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