



SHANGHAI AMERICAN SCHOOL

ANNUAL REPORT

2016-2017

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FROM THE BOARD CHAIR AND HEAD OF SCHOOL

It has been a year of auspicious and productive transition at Shanghai American School. With new leadership, refined educational and operational priorities, and a strong partnership between the Board of Trustees and school administration, SAS is embracing the present moment and solidifying its foundation to remain a flagship in international education.

We started the year by welcoming a new leadership team. Marcel Gauthier began his tenure as Head of School. Emmanuel Bonin took on the role of Deputy Head of School for Educational Programs; George Entwistle and Emily Sargent-Beasley took the helm of the Puxi and Pudong campuses respectively. We also welcomed Kevin Lynch as our new Director of Marketing and Communications and Alice Li-Arndt as our Director of Admissions. With a market study fresh in hand, the team set these first priorities for the year:

- Begin a multi-year effort to ensure the quality and superiority of our academic program.
- Continue to distinguish SAS through its American mission, curriculum and activities.
- Celebrate the successes of SAS with our current families and the community at large.

To lend further substance and strength to our academic program, we have spent the year establishing a plan to ensure strong alignment and focus in our PreK-12 teaching and learning. We first took stock of our program with these inquiries: a faculty climate survey, a review of our EAL programs by an outside consultant, a study of our curricular unity in all subject areas, and a snapshot of the effectiveness of our collaborative practices. The Academic Leadership Team met consistently throughout the year and arrived at several decisions to ensure strong curricular and pedagogical unity within and across divisions: adoption of the professional learning community model for teacher collaboration, adoption of an instructional leadership/coaching model to strengthen teacher support and curricular coherence, and the adoption of Jay McTighe's curriculum blueprint to provide a foundation for PreK-12 alignment. We also began a review of our professional development and evaluation model and plan to refine our approach next year.

This full-year setting of educational priorities was coincidental with the WASC (Western Association of Schools and Colleges) mid-cycle review. Hence we were able to address both the educational recommendations of our accrediting institution as well as our own priorities. The WASC Mid Cycle Report, lauded by the WASC Visiting Team in April as one of the best that they had seen, was shared with the broader SAS community along with the team's commendations and recommendations.

With increased competition from international schools in Shanghai and a decline in enrollment in the past three years, particularly on the Pudong campus, we know that we cannot rest on our laurels. So not only did we focus on the efficacy of our educational program, we also invested in expanding the awareness of our impressive student achievements, both for our current parents and the broader Shanghai community. The "Every Day at SAS" campaign made the spirit of our school come to life. We also shared with the school community a comprehensive college report, prepared by our counselors and principals, as well as consistent news on school events and highlights. We are currently doing a study of our SAS brand to both be true to our mission and brand ourselves effectively in the Shanghai educational market.

One milestone this year was the execution of a facilities master planning process. In partnership with the architectural firm Perkins & Will, we arrived at a vision and a basic plan for enhancing our learning spaces in the years ahead in line with basic needs as well as inspired teaching and learning practices. With limited opportunity for new construction on each campus, we are focused on transformations of space. Examples would be new projects in the Middle School and Upper School Library of the Puxi campus and the High School entrance and common area on the Pudong campus.

A hallmark of our commitment to creating intentional and innovative learning environments was the opening of two new spaces this fall. One is the Center for Inquiry & Design (CID) in the high school of the Puxi campus, an innovative, open concept learning, design and maker space. Another is the Early Childhood Center on the Pudong campus, a purpose-built wing designed to maximize the learning needs of early childhood students. We look forward in the years ahead to further explore projects that enhance the learning experience for each child in line with best practice and 21st century learning priorities.

This year Director of Technology Alan Preis and his team continued the crucial work of unifying and consolidating our technology systems and learning practices. With the adoption of Schoology as our primary learning management system and the move to Microsoft Office 365 to replace our reliance on Google and other systems that do not function well in China, we have made further progress in expanding the potential of our technology resources. Next fall we host at SAS the Learning2Asia conference, which will focus on the opportunities that technology offers in teaching and learning in this era of educational innovation and change.



In the area of Development, we focused on two primary fundraising projects in Our Edge for Excellence campaign: Artists in Residence and SAS TV, a project designed to make SAS events available online. With direction by Crickett Kasper, our Director of Development, we raised over 2.5 Million RMB, a record high for our development effort at SAS. We also hosted SAS's first cross-campus Gala for the Arts fund-raising event, which brought supporters of SAS from both sides of the river together to enjoy student performances, bid on donated auction items and student art, and celebrate our school spirit. With strategic support from the Board of Trustees, we look forward to expanding our fundraising efforts in the years ahead.

One change in our operations this year was the introduction of a split "college" and "guidance" counseling model. With the increasing competitiveness of selective college admissions and our student and parents' hopes remaining high, we knew we needed to position our counselors to focus their efforts in either the social-emotional or the college admissions domain. The hiring on each campus of our first Directors of College Counseling, who will begin their tenure in 2017-18, marked a concrete step in this transition. We look forward in 2017-18 to the full implementation of our new model, with enhanced delivery in parent education, student support, relationship-building with target schools, and advocacy in the admissions process.

At the start of the school year, the Board of Trustees and the Head of School set as an important goal the continued collaboration that had been established during Richard Mueller's tenure. In the context of this partnership, the Trustees continued their work of establishing strategic goals to further delineate the role of the Board and the role of school administration. The school and the Board also worked to strengthen through its committee work the foundations for oversight and accountability that are essential for effective governance. With the adding of two appointed positions

in the spring of 2016, this was the first year that the Board operated as an eleven member body consisting of six elected members, four board appointed members, and one Consultant appointee. The strengthening of a "hybrid" board (both elected and appointed) has allowed the SAS Board to be more intentional in seeking out skill sets and backgrounds to support strategic deliberations and oversight.

There is much to celebrate at Shanghai American School. But primary is the work our teachers do to support our students in their learning and growth. Guiding, coaching, mentoring, and counseling, our SAS teachers and staff commit each day to achieving our mission of instilling a lifelong passion for learning. Much appreciation as well to our Board of Trustees, who have committed hours and hours of their time to ensuring that SAS remains an arena for a world-class education. And finally, appreciation to our PTSA volunteers and leaders on each campus, who work to support the school in myriad ways through their perspective, time, and generosity.

We hope this report gives you a lens into the accomplishments of this year. Although a year of transition, it has also been a year of stability. We celebrate the SAS community and look forward to the good work ahead!

With warm regards,

York-Chi Harder, Chair, Board of Trustees

Marcel G. Gauthier, Head of School

EDUCATIONAL EXCELLENCE

The Shanghai American School educational program provides each student with a rigorous, balanced, and enriching learning experience. At every grade level, teams of expert educators work collaboratively to support individual learners in their academic trajectory, in line with the mandate of our Articles of Association: “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”. Our mission and core values drive the design of our program, as demonstrated through our focus on balancing academic rigor with social-emotional well-being.

CURRICULUM

Curriculum is the accessible and understandable plan that brings coherency to, and enhances success in, each student’s learning journey at SAS and beyond. This year, our school renewed its commitment to developing and sustaining a vertically aligned, guaranteed, and viable curriculum.

This included important steps toward adopting external internationally-benchmarked sets of standards in each subject area. As a result, starting in 2017-18, the following standards will be either fully or gradually implemented:

- **English Language Arts:** Common Core State Standards
- **Mathematics:** Common Core State Standards
- **Sciences:** Next Generation Science Standards
- **Social Studies:** College, Career, and Civic Life (C3) Framework for Social Studies State Standards
- **Chinese and Global Languages:** American Council on the Teaching of Foreign Languages Proficiency Guidelines
- **Visual and Performing Arts:** National Core Arts Standards
- **Physical Education:** National PE Standards (SHAPE)

We are also constantly reflecting on how our English as an Additional Language (EAL), Technology, Counseling and Library standards are embedded in the curriculum to best meet our student needs.

Our curriculum culminates in the world-renowned externally assessed International Baccalaureate Diploma Programme and Advanced Placement program.

INNOVATION

A solid curriculum provides the blueprint to a consistent and meaningful learning experience. A commitment to innovative approaches to teaching and learning helps ensure we are constantly creating the future of learning and preparing our students for a radically different world. This commitment translates into actual physical learning spaces that transform the daily educational experience.

The complete remodeling of the Early Childhood Center (PreK-K) on Pudong, completed in the summer of 2016, reflects environmental design elements that encourage interaction and inquiry of the youngest of our learners. The learning spaces offer flexibility and relevance, allowing students to view their space from their personal vantage point and allowing the teachers to transform this space in ways that encourage authentic investigation. Additionally, this space includes a Teaching Kitchen. And while this kitchen is used primarily by the elementary, it is frequented by middle and high school classes. The Teaching Kitchen, in just one year, has become a community hub.

The new design studios and makerspaces at both Pudong and Puxi campuses have emerged from a curriculum-based, design oriented approach to education. This approach focuses on promoting critical thinking, hands on learning, and interdisciplinary approaches between science, technology, engineering, arts, and design. These new spaces have provided an opportunity for students to bridge the gap between the digital and physical worlds. Ensuing projects result in stronger interdisciplinary connections, because the driving questions require students to make those links in order to develop a hypothesis or a solution.

Opened at the beginning of the academic year, the new Center for Inquiry & Design in the High School on the Puxi campus is a purpose-built learning environment for interdisciplinary and innovative education. The Center includes an interdisciplinary science laboratory and a makerspace which allows multi-faceted opportunities for students to design and create. It also includes a state-of-the-art space to host the Innovation Institute. Developed to be both flexible and adaptable to need, the diverse learning spaces in the Center provide innovative and effective tools for an age-appropriate education that guides students through a learning process of inquiring, designing, and “making”.

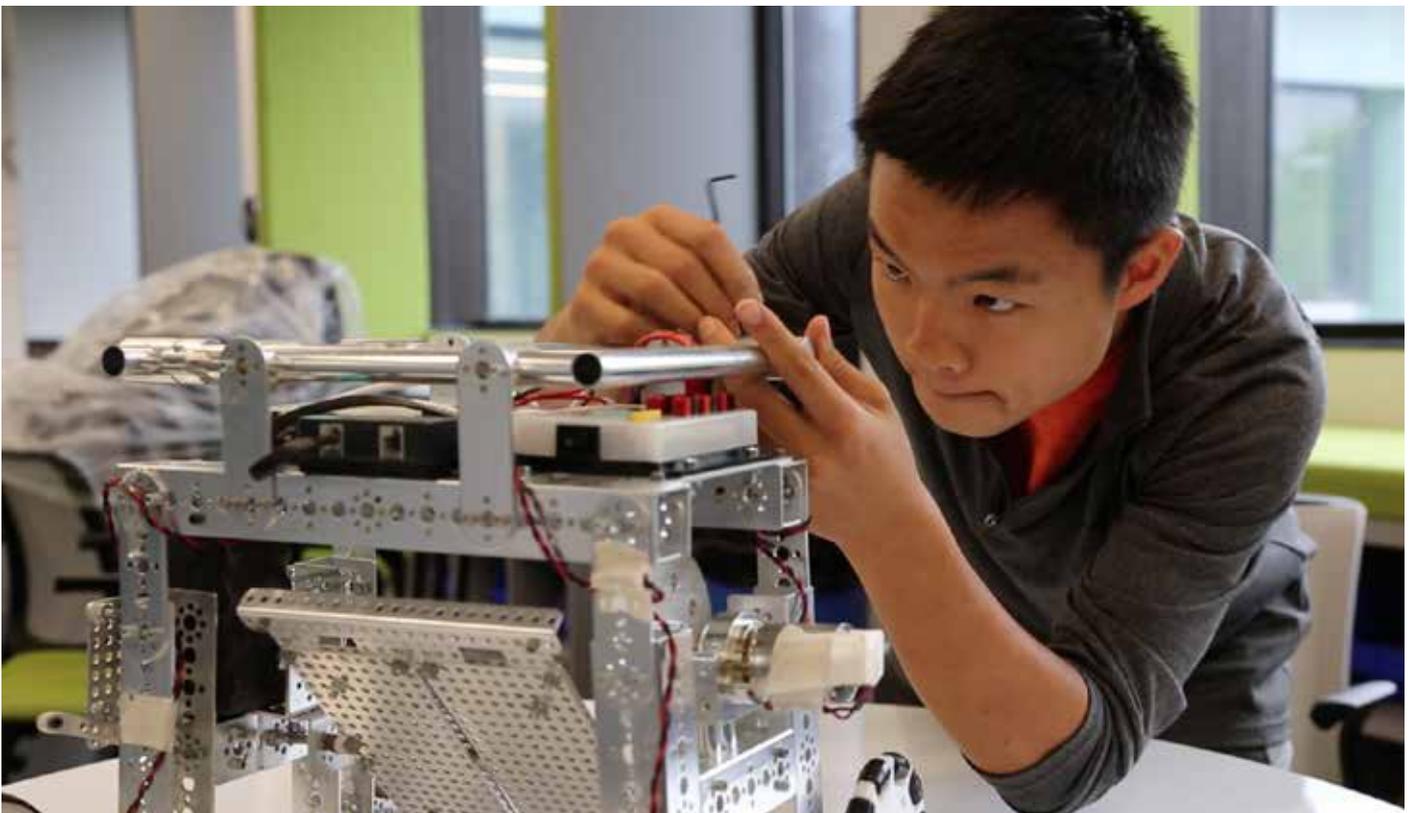
PROFESSIONAL LEARNING

Investing in building our staff capacity makes a direct impact on our students' experience in the classroom. At SAS, we follow research-based best practice and guidelines of authentic professional learning. Professional learning is authentic when ongoing, active, social, and related to the practice of teaching. In order to meet these criteria, professional learning must happen in the workplace and inform ongoing professional conversations between teachers. SAS is currently focusing on creating collaborative teacher teams, using the framework of professional learning communities. We hosted an extensive three-day Professional Learning Communities Institute in September 2016, attended by a vast majority of our faculty, that laid the foundations for our commitment to professional learning communities schoolwide.

How does collaborative work impact students' outcomes and experience? By looking together at authentic student work, teachers align their practices, share and learn from their peers, and make sure they have the same expectations and strive for similar outcomes. Teachers are no longer solo

practitioners operating in isolation from one another. They go back to their classes better equipped to help students meet their full potential.

SAS also invests significantly in building relationships with education consultants who visit the school, its classrooms, and give workshops on a regular basis. We recently welcomed extensive consultancies on Mathematics and our English as an Additional Language (EAL) program. This approach allows for continuous professional learning and helps cohorts of teachers contextualize and apply new learning in our classrooms. Nonetheless, SAS still sends teams of teachers to some of the best professional learning opportunities offered in our networks, including Advanced Placement (AP) and International Baccalaureate (IB) workshops. There, teachers gain valuable insights in the latest findings of educational research and practice and exchange with an extended community of educators. They also sometimes present as speakers or trainers and contribute to spreading the word of excellence in education at SAS.



FACILITIES

Shanghai American School continues to lead the way with state of the art facilities that include the CID (Center of Inquiry & Design) which opened its doors to students in the fall semester of 2016 with a flexible, open classroom design that promotes collaboration, interaction and curiosity between multiple disciplines including science, art and engineering.

In the CID students can flow between areas that have been purposely designed to support the seven key types of spaces of 21st century learning and instruction. These spaces include watching spaces, data spaces, performance spaces, publishing spaces, group spaces and participation spaces. Within these spaces students and teachers alike can find movable furniture that adapts to support multiple learning environments and allow for student work and ideas to be generated and displayed on almost every surface of the room. In addition these spaces are digitally connected to allow for seamless integration of technology that meets the needs of both student and teacher alike.

A key element of CID are the maker and fab lab spaces which combine both digital and physical tools that allow students to directly work through the design, prototype, redesign, repeat process. These areas include state of the art digital design software, 3D printers, a laser cutter, plasma cutter, drill presses, table saws as well as various hand tools that allows students to literally bring their creations to life.

On the Pudong campus the newly completed Early Childhood Center (ECC), provides a completely reconfigured and modern classroom design with larger PreK and Kindergarten classrooms that connect directly to adjacent project areas, separated by retractable walls, that allow teach-

ers to greatly increase the size and scale of the projects the students are able to dream up and create. In addition to the increased classroom sizes and project areas, each classroom is immediately connected to outdoor learning spaces where students can flow between indoor and outdoor environments to allow them almost uninhibited connectivity between classroom and nature. This design approach truly completes the pedagogical concept of bringing the outdoors inside.

In a continued effort to be a leader in world-class facilities, at the beginning of this year we embarked on the process of developing a facilities master plan which will focus on the strategic direction of the two campuses in relation to major facility construction and renovation over the next ten years. This plan will form the roadmap for the school to execute the vision of transforming the current learning spaces into a 21st century academic model.

As part of this process numerous factors have been considered such as enrollment levels, curriculum direction, teaching spaces, wayfinding, landscape development, as well as indoor and outdoor learning and common spaces. The final product will be a living document that will serve as a blueprint for the long term direction and prosperity of the school and its students.

Major projects that will take place in the short term (summer 2017) to support the master plan and enable the success of the upper library transformation on the Puxi campus (summer 2018) include the construction of a new admissions center and conference hub in the upper cafeteria. In addition, a state-of-the-art athletic trainer and activities suite to support the campuses expansive athletics and activities programing will be completed.

On the Pudong campus we will redevelop the High School entry and add a connector to link the Elementary School to the main street corridor which is the main thoroughfare of the campus.

The High School entry will be transformed into an open and vibrant student commons area that will promote collaboration and provide a direct connection between students, administration and counselors, with the final product being a world class space that invites students to connect, present and share learning between the campuses.

The Pudong main street connector will provide a vital link to the Elementary School that will create a greater sense of unity between all divisions. In addition the connector is designed to have a whimsical feel that transports you to the elementary division including display spaces for student work and a “pause spot” that allows for students, faculty and parents to truly experience a day at SAS.

At SAS we understand that the school’s facilities are influencers of future practice and will continue to keep this concept at the forefront of our design methodology as we create, transform, and construct new spaces for the current, as well as the future, learners of the school.



TECHNOLOGY

At Shanghai American School, our operational and instructional technology teams work closely together and collaborate with staff across other departments to ensure that technology supports and enhances student learning and school operations.

A major focus this year has been on consolidating and streamlining systems, processes, and staffing. After an extensive evaluation process last year, we standardized on Schoology for our Learning Management System, providing one place for students, teachers, and parents to access course information and learning resources. While each division implemented different Schoology features at a pace to suit the needs of that division, teachers in all six divisions are regularly using Schoology for course updates and announcements, and many are also taking advantage of other features, including resource sharing, calendars, uploading student work, and online assessments. We anticipate that Schoology use across the school will continue to become more consistent as each division adopts additional features of the learning platform.

This year we also implemented Microsoft Office 365 to provide one common system for email, calendars, productivity software, and collaboration for students and staff across the school. As with Schoology, divisions adopted Office 365 at different paces, and we anticipate returning in the Fall with all staff and nearly all students actively using the platform.

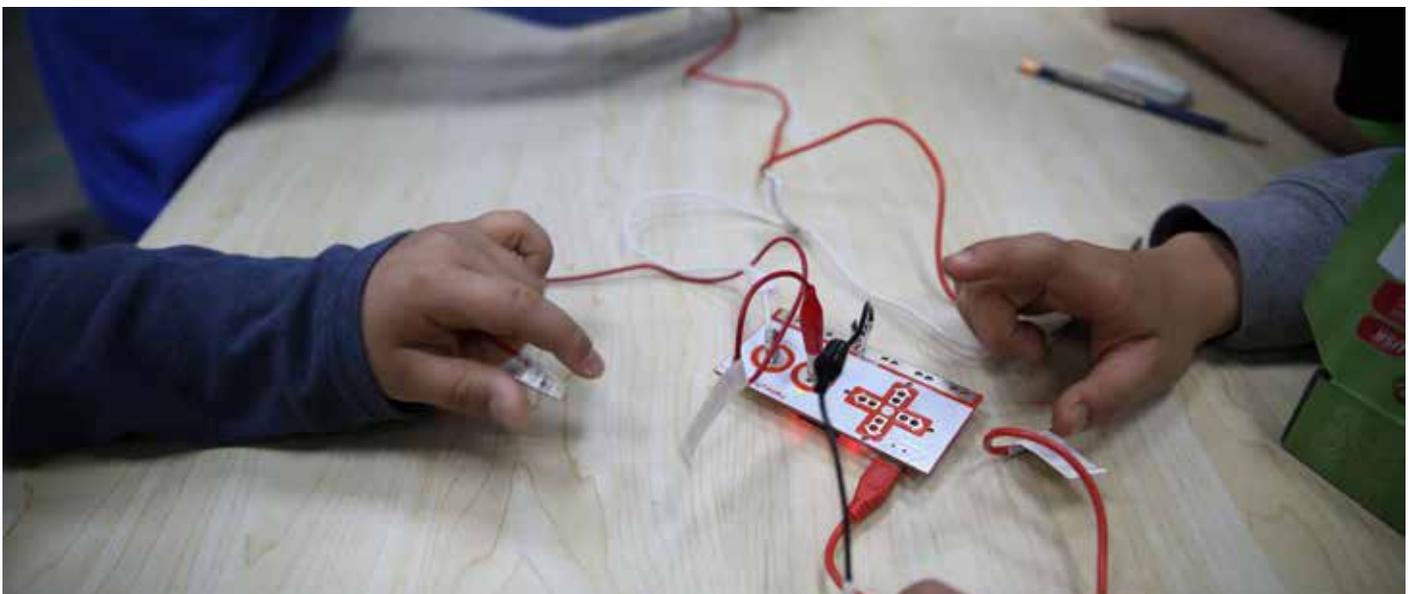
Much of our work focuses on identifying opportunities to use technology to improve learning. This year, Technology Coaches from both campuses collaborated on research and unpacking of the recently-revised International Society for Technology in Education (ISTE) Standards. This work will be the foundation for developing a more robust, systematic approach to integrating technology throughout teaching and

learning at our school. We also collaborated with and hosted visitors from other schools across Asia and in other parts of the world to share best practices and learn from colleagues.

Technology Coaches from both campuses were involved in helping to design professional learning opportunities for SAS teachers, including revising our New Faculty Orientation to put an increased focus on hands-on learning on school systems, as well as staff professional development sessions throughout the year on Schoology, Office 365, and a variety of other topics. Operational technology staff were also engaged in developing and delivering professional development, including Office 365 training for support staff and internal technology team professional development sessions on system administration, mobile device management, and supporting Schoology for teachers, students, and parents.

One of our most significant responsibilities is maintaining existing learning spaces and designing and developing future ones. In addition to day-to-day support of technology systems across both campuses, technology staff played a critical role in campus master planning, as well as designing technology infrastructure for future building projects on both campuses.

Last Spring, we learned that Shanghai American School will be hosting the Learning2Asia conference in November 2017. The conference, which began as Learning2 ten years ago in Shanghai, has since been hosted on several continents. Learning2's tenth anniversary return to Shanghai highlights SAS as a leader among schools in Asia and around the world. Operational technology staff, Technology Coaches, Educational Programs staff, and teachers from both campuses have been collaborating closely on planning to ensure that next year's conference is a success.



ADMISSIONS

The 2016-17 school year marked the return of the Office of Admission as a separate support office after three years under the helm of Institutional Advancement. The Director of Admissions role was reinstated and a direct reporting line to the Head of School was established. This restructure was deemed necessary to better respond to the rapidly changing international school environment in Shanghai. As the chief revenue office for Shanghai American School (SAS), it brings focus to the importance of this function to the success and sustainability of the institution.

The Office of Admission has evolved over the years from simply processing student applications to strategically managing enrollment. This includes not only systematically recruiting students but also collecting trend data and communicating community feedback to appropriate stakeholders. This transformation into enrollment management entails close partnerships with senior leadership for enrollment budgeting as well as finding, selecting, onboarding, and keeping mission-aligned students at SAS.

The Office of Admission identified five priorities at the beginning of this school year to better support the school's mission and expected outcomes:

- 1) continue to shift the culture of Admission to one of welcome and customer experience, not just processing
- 2) collect and produce greater data and analytics to inform senior leadership on enrollment trends
- 3) streamline processes to improve the application and enrollment experience of families
- 4) work more collaboratively with internal stakeholders such as academic leadership, Finance, Marketing and the parent community (PTSA)
- 5) expand outreach efforts to connect with more prospective families

On this last point Admission has initiated or engaged in close to 30 outreach events this year, including, but not limited to:

- Monthly visitor days for prospective parents, "Coffee and Tours"
- Attendance at the school's International Fair and Fall Carnival
- Extensive kindergarten outreach
- SAS parent community cookie exchanges
- Bring a Friend to School Day

The fruit of these collaborative outreach efforts has been the highest level of applications for the following school year in five years. In particular, record number of applications were seen for the early childhood years, in part to the growing number of increasingly wealthy, locally based and foreign passport holding families. This trend has increased the number of applications from native Chinese speaking families which has led to necessary reflection and focus on how best to serve the school's changing population. In addition, with the decline in western expats coming to China, more applications are coming from those attending a different international school in Shanghai rather overseas.

By and large, families are attracted to SAS because of our outstanding reputation and strong academics and outcomes. Most of our students are US college bound and therefore, their families believe that the student experience at SAS will effectively prepare them for their next educational chapter.

Enrollment in 2016-17 at its peak was nearly 2,900, the projected budget for the year. A long-term ideal enrollment that is achievable, sustainable and mission-aligned continues to be discussed.



DEVELOPMENT AND ALUMNI RELATIONS

DEVELOPMENT

This year's fundraising efforts focused on the Arts at Shanghai American School. It is the ninth year of our annual campaign, Our Edge for Excellence, and we set our most ambitious goal to date at 3 Million RMB in support of two projects: the Artists in Residence program and SAS TV. Funding from the Campaign will also support the enrichment of the Artists in Residence program by allowing us to host more painters, dancers, actors, and professional artists to inspire and instruct our students. SAS TV is a new program that will empower our students to capture, broadcast, and livestream the many performances, events, and competitions that happen at SAS every day. The campaign is providing the technology and equipment to support the program on both our campuses beginning next Fall.

As of May 5, we have raised more than 2.5 Million RMB toward our goal. This is the largest amount we have ever raised as a community for our school and we are grateful for such generous and supportive parents, faculty, alumni, and friends.

This year we also hosted our first Gala for the Arts to build support for the Arts and celebrate our talented students. This special evening was held on March 11 at the Portman Ritz-Carlton and featured student performances from both campuses and a silent auction of student art, special experiences, and luxury items donated by our community on both sides of the river. The event raised more than 348,000 RMB for Our Edge for Excellence.

Another first will take place at the end of May on the Puxi campus when the SAS Student Innovator Award will be presented in the high school. This award will inspire students to reach beyond the curriculum and regular classwork to investigate real problems and create meaningful solutions by providing annual student grants to support high-level work on innovative projects. This award has been made possible by a gift from The Qian Family.

ALUMNI RELATIONS

The Alumni remain the pride of Shanghai American School. With graduates and former students spanning the globe and generations, we strive to bring our alumni together around their common bond: SAS. This year we established a reunion program, celebrating Ten Year Reunion for the Class of 2006 in September. This tradition will continue with the Class of 2007 next fall as part of the inaugural Founders' Week celebrations. We also hosted three regional events: Thanksgiving in New York City, a Winter gathering in Shanghai, and a reception in Seoul, Korea. All three events

were well-attended and helped extend our alumni network. At the final event, we launched our new alumni app, 1912. This digital tool will help our Eagles connect professionally and socially through the power of LinkedIn. SAS is one of the first international schools to use such an app in our region. We look forward to continuing to engage our alumni of all ages with the help of 1912.

Our 1949 era alumni (SASA) gathered in Michigan this May to reconnect with each other and reminisce on their time in China. Head of School, Marcel Gauthier, visited with them in Ann Arbor and presented on his vision for the future of SAS and the plans for the coming Founders' Week celebrations. Mr. Gauthier also updated SASA on our Archive Project, sharing that a dedicated space for the School's archival materials are included in the library renovations on the Puxi campus. Many of our SASA members and their families have donated letters, memorabilia, photographs, and objects to the SAS Archive Project. The Archive is open for donations from all SAS friends and families and will serve as a showcase and depository of our history for years to come.



MARKETING AND COMMUNICATIONS

It has been an eventful year in Marketing and Communications. This is a reflection of the school's commitment to focus on marketing.

Obviously, this focus was born out of an increased competitive environment amongst international schools in Shanghai. But it was also born out of the observation that at Shanghai American School, we have a much better story than we're telling. While our task is nowhere complete, the early results are promising. The efforts have had a positive impact on our prospective families as well as our current faculty, staff, and community – an important factor considering the significant role that word of mouth plays in the selection of a school.

These results have largely been achieved by executing a short-term plan to celebrate the amazing successes that happen every day here at SAS.

"Every Day at SAS" was launched in October with a video introducing the campaign. It soon became the school's most viewed video in history, with over 25,000 views. The campaign also included ads, in-school signage, magazines, and social media posts which emphasized our five content pillars – academics, activities, culture, facilities, and outcomes. The theme also worked its way into recruiting efforts, with a booklet asking our teachers to describe their best day of teaching at SAS.

The cornerstone of the campaign was a video that truly brought the premise of the campaign to life: "One Day at SAS". This video captured all the amazing things that happened on our two beautiful campuses in one single day. Footage was shot by professionals, faculty, and students. And the music was composed by Matthew Tung '17 and performed by students as well. With over 40,000 views within the first 24 hours, the video became the most watched video in school history (breaking the 2-month old mark). It went on to garner over 100,000 views – all without any paid promotion.

Other measurable results include our fan bases on Facebook and WeChat, which continue to grow organically as well. Facebook has grown to over 5,000 fans, and WeChat now has over 6,000 followers. Both had less than 4,000 at the beginning of the school year. Our website was given a minimal facelift in October, with an update of the most-viewed pages (mostly related to admissions). In spite of these limited improvements, we experienced a huge surge in website traffic, averaging a monthly increase of over 50% year over year. In August, we were just over half the traffic of our peer schools. By April, our monthly traffic exceeded our peer group average for the first time.

We also successfully partnered with Admissions, Development and Alumni Relations, and a slew of other stakeholders across both campuses.

What's most exciting, however, are the pieces we've put into place for the coming years. This year, we executed a long-term review of our brand identity, and are in the midst of creating a visual lexicon that better supports the story of our school – our history, our people, and our broad confluence of cultural influences both East and West. This brand identity will help place Shanghai American School where it belongs – at the forefront of international schools in Asia.

We look forward to 2017-18 already.



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 or 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 2016-17 presented here are therefore on a projected basis through July 31, 2017. Results are also presented here on an accrual accounting basis, although budgeting is done on a balanced-budget, modified-cash basis. Note also that all amounts are stated in RMB.

The following provides a summary of the projected financial results for the 2016-17 school year. Like prior 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 40 students (Budgeted enrollment of 2,900 versus 2,857 actual student count).

GENERAL FUND PROJECTED RESULTS

General Fund tuition fee and other student revenues are projected at ¥577M, which is below budget by about ¥2.7M. Even though we faced a 1.5% shortfall in enrollment and therefore lower tuition fee revenues, the shortfall is offset by increased revenues from forfeited enrollment deposits for late notice withdrawals, and higher than budgeted application fees due to substantively higher than expected levels of applicants.

Interest income is expected higher than budget by about ¥7.6M on an earned basis, due to continued active local cash management. Student Bus Transportation revenues were down by ¥3.9M due to lower ridership (offset by lower Bus Costs due to this service being self-funded), and the school's share of Catering Proceeds was also down by about ¥1.3M. Cancellation of the summer school for 2017 will result in loss of ¥3.3M in revenues (but also no related costs). Other revenues brought in about ¥10.7M better than budget, mostly relating to the school's Individual Income Tax rebate and disposal of obsolete assets, leaving the overall General Fund revenue projection of ¥638M better than target by about ¥7.0M for 2016-17.

General Fund expenses are projected to be about ¥609M. This is below budget by about ¥12M or 2%, which is mostly related to general savings in compensation costs of ¥4.0M (<1% of category), and ¥4.6M in Materials & Supplies. Contracted Services also returned savings of ¥2.6M, mostly gained during renegotiation of insurance policies. The Corporate Income Tax for the General Fund is also projected to be lower than expected by about ¥3.5M, although offset by adjustments of roughly ¥6.0M. 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 combine with the higher than budgeted General Fund revenues to yield a projected after-tax, General Fund surplus of about ¥17M (2.7%) on a cash budget basis, which equates to roughly a ¥13M surplus 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 2016-17, 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 ¥95M are projected to be spent on a pre-tax cash basis, which represents only about ¥73M on an accrual accounting (depreciation expense) basis. Associated Corporate Income Tax is expected to be about ¥7M, leaving a projected after-tax Facilities Fund accrual surplus of ¥22M (while projecting a cash drawdown of about ¥0.4M).

This minor 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 ¥124M. The Reserve's value is currently at ¥88M, short of target, such that the General Fund surplus from 2016-17, 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 2017-18 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 ¥472M, with Accounts Receivable of about ¥236M representing fees to be collected for the November installment dates. The school's net investment in Facilities and Equipment is expected to be roughly ¥586M. Other Assets of ¥59M include inventory and prepaid expenses (mostly overseas orders for the 2017-18 school year), giving a projected Total Assets of ¥1,353M.

The school's liabilities consist primarily of unearned fees (for 2017-18) of ¥692M and ¥89M of Accounts Payable and Other Liabilities. There also remains an outstanding ¥2M of ARAs and Seat Guarantees, giving a projected Total Liabilities of ¥783M.

The school's projected Net Assets is therefore ¥570M. This represents the highest value since inception (after taking into account the creation of the Educational Excellence Trust Fund) while still maintaining healthy cash and short-term investment balances to allow for the ongoing reinvestment in its educational programs and facilities.

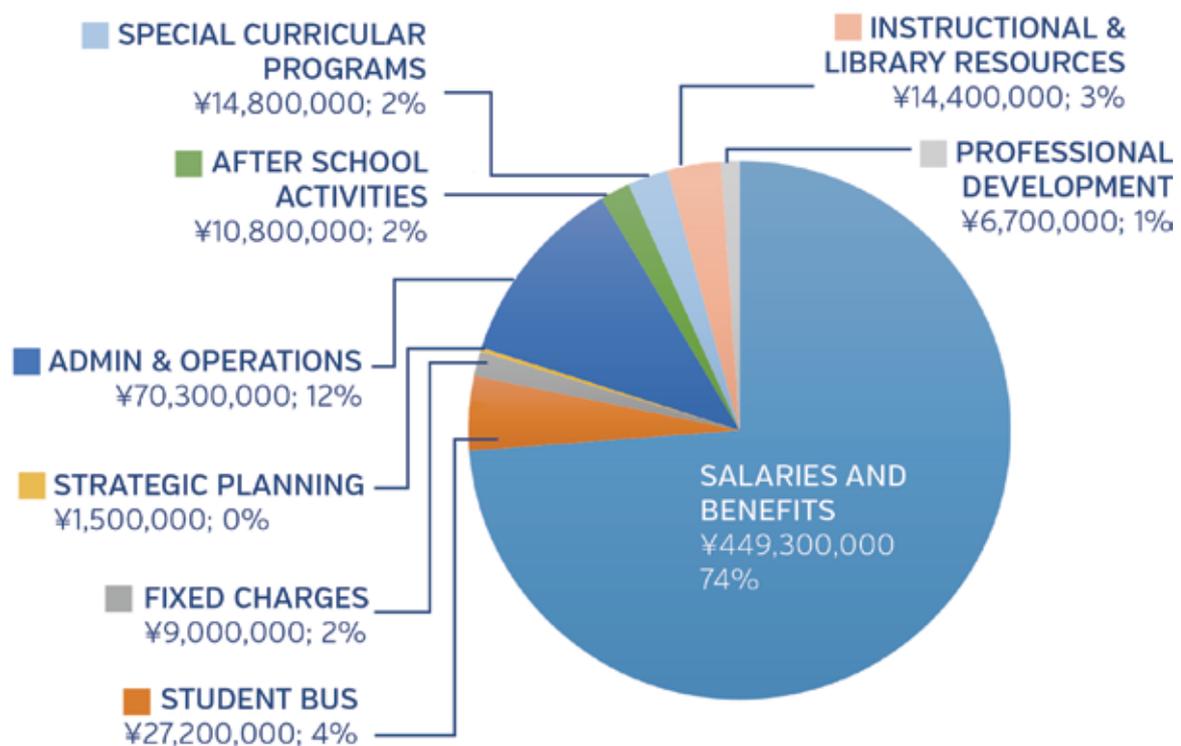
PROJECTED FINANCIAL POSITION, as of July 31, 2017

ASSETS		RMB	LIABILITIES		RMB
Cash & Investments	¥	472,000,000	Unearned Fees	¥	692,000,000
Accounts Receivable	¥	236,000,000	Accounts Payable & Other Liabilities	¥	89,000,000
Facilities & Equipment	¥	586,000,000	ARAs & Seat Guarantees	¥	2,000,000
Other Assets	¥	59,000,000			
			Total Liabilities	¥	783,000,000
Total Assets	¥	1,353,000,000			
			Net Assets	¥	570,000,000
			Total Liabilities & Net Assets	¥	1,353,000,000

GENERAL FUND PROJECTED EXPENDITURE BREAKDOWN, as of July 31, 2017

Salaries and Benefits	449,300,000	73.8%
Student Bus	27,200,000	4.5%
Fixed Charges	9,000,000	1.5%
Strategic Planning	1,500,000	0.2%
Admin & Operations	70,300,000	11.5%
After School Activities	10,800,000	1.8%
Special Curricular Programs	14,800,000	2.4%
Instructional & Library	19,400,000	3.2%
Professional Development	6,700,000	1.1%
Total	609,000,000	100%

PROJECTED 2016-17 GENERAL FUND EXPENDITURES, as of July 31, 2017



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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