



**George Stevens Academy Board of Trustees
2019-2020 Treasurer's Report**

November 16, 2020

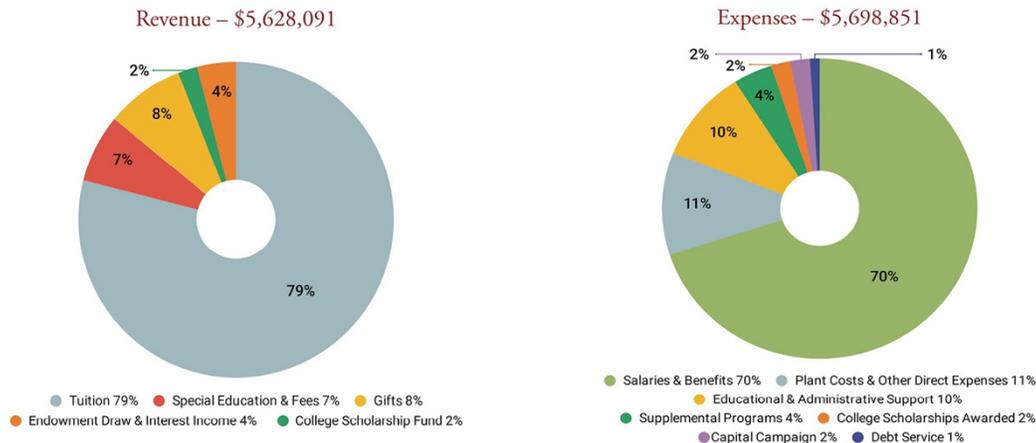
Dear GSA Family,

I welcome all of you to this financial update of George Stevens Academy.

Many of you are alumni and parents of past and current students. Some are friends and supporters, while others are connected through their businesses or merely Eagles fans who enjoy student music performances and athletic events. But most importantly, we are all citizens in this beloved area of coastal Maine that benefit from an excellent education system. We all know how important GSA is to the vibrancy and economic success of our community. In fact, many families choose to live in this area primarily because of the quality of both the elementary and secondary education system.

The GSA Board of Trustees, recognizing the critical importance of sharing financial information with stakeholders across the community, spent much of 2019-20 providing even greater transparency with regard to the school's financial position and future plans. This report summarizes our major goals and the progress we made on each:

- **Preparation of a five-year cash flow forecast.** The accounting firm of Berry Dunn was retained to assist in the preparation of the forecasting model and to complete the 2020 academic year annual audit. Both of those assignments have been completed and provided, in detail, to the sending town school boards and select boards for reference and further discussion.
- **Quantification of the supplemental tuition request for the sending towns.**
 - Another key focus area for the GSA Board was to address the overall gap between tuition and expenses. The Maine Department of Education mandatory tuition, referred to as the MAT, does not account for the full cost of secondary education. The cost of a GSA education, including salaries and benefits, educational and administrative support, and plant costs for the 297 local students attending the Day Program in 2020 was \$13,798 per student. The MAT tuition received from the sending towns was \$12,036 per student. The resulting deficit of \$1,762 per student was covered by a surplus in boarding tuition revenue, annual fundraising of \$414,918, and endowment income and interest of \$241,041.
 - GSA was able to keep the cost per student at \$13,798 through unsustainable cuts made last year. Adding these cuts back in, plus deferred maintenance needs, results in a gap of about \$2,500 between the MAT and the actual cost to educate our local students.
 - The unaudited cash flow deficit for 2019-2020 was \$70,760 before the PPP Loan and Cares Act funds, which provided sufficient additional funds to cover total operating expenses as well as a reserve for an expected deficit in the 2020-2021 academic year. A breakdown of the revenues and expenses follows. (Unaudited and from the June 30, 2020, cash flow statement.)



- Formation of the Blue Hill Peninsula Secondary Education Financial Advisory Committee.** The Financial Planning Advisory Committee was created to support and strengthen the relationship between the sending towns and the Academy. This committee will hold its first meeting this calendar year, and we look forward to many fruitful deliberations from this committee in the months and years to come.
- Review of the Boarding Program.** GSA Boarding Program has recently been under economic pressure due to competitive education factors and worldwide political tension. The financial challenge for this program has been accelerated this year due to pandemic restrictions on travel and visa approvals. Tuition income from this program declined from \$1,106,292 in 2019 to \$851,154 in 2020. All of these factors have necessitated a full review of the Boarding Program, which is currently underway.

The 2020-2021 school year has brought with it some unexpected consequences as a result of the COVID-19 pandemic, which has and will continue to have a significant negative impact on the finances of GSA. Fortunately, the Academy has received financial support from the federal Paycheck Protection Plan of \$732,120 and is eligible for Cares Act funds totaling \$344,742 to defray some of the additional expenses brought on by the pandemic. The generosity of many donors has covered expenses above and beyond what this federal support has been able to provide.

On behalf of the Academy’s Board of Trustees, we are extremely grateful for the role that philanthropy has played in helping further the school’s mission during this tough time. Support of the GSA Fund grew by 17% in 2019-2020. Our forthcoming 2020 Annual Report will celebrate all who supported the school with a gift last year, including a new group of donors who became founding members of the 1898 Society by providing leadership gifts of \$1,000 or more.

Now more than ever, our ultimate success will depend upon the strong union we forge with sending towns and the support of our alumni, current and former parents, faculty, staff, and friends. Put simply, the GSA experience would not be possible without the “generous helping” of so many people.

I send you our best wishes for safety and good health throughout the fall and the coming year. I join students and faculty in thanking you and all the citizens of the Blue Hill Peninsula for your ongoing dedication and support.

Jim Crawford, Treasurer