

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 26, 2018

REQUEST DATE: January 31, 2018

Last grant acknowledgement: Yes

Program Area: Public Affairs/Society Benefit

APPLICANT:

Intercollegiate Studies Institute, Inc.
F.M. Kirby Campus
3901 Centerville Road
Wilmington, DE 19807-1938

CONTACT: Mr. Charlie Copeland, President

PHONE: 302-652-4600

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$215,000 **NATURE OF REQUEST:** Toward The 300 Campaign

GRANT HISTORY

LAST GRANT DATE: 4/28/2017 **LAST GRANT AMOUNT:** \$150,000 **AFS DATE:** 3/16/2018

2012	\$215,000	4/29/2012	For: Collegiate Network program-\$35,000
2013	\$215,000	4/29/2013	
2014	\$215,000	4/14/2014	
2015	\$215,000	4/13/2015	
2017	\$150,000	4/28/2017	

No request received in 2016 – FMKF skip year.

DLK COMMENTS: See financial analysis.

WHB COMMENTS: Thanks to the capable management and leadership of Chris Long, who succeeded longtime President, Ken Cribb, ISI returned to fiscal stability in 2014-2015, which current President, Charlie Copeland has sustained. In many ways, ISI fell victim to “founder’s syndrome,” as Ken served as President 1989 to 2011 – a very long run.

We have never really saw *Campaign 300* literature, but we are familiar with the “campaign,” which appears to be on track. That said, we are certainly not going to bump our support back to 2015, especially in light of the KA and frankly, a less “conservative” (with a lower case “c”) mien among the current FMKF Board of Directors. With respect to that, AKH might take umbrage at the references to events transpiring at WF with respect to the *Wake Forest Review*, the “negative” exchanges surrounding the Koch Foundation funding of the Eudaimonia Institute, and the riff created in the subsequent debate and eventual outcome. The most important aspect of that episode was that an exchange of ideas took place resulting in a decision to remain open, as opposed to an arbitrary ruling to appease one side at the expense of the other.

When I visited ISI last year, Copeland and Joshua Owens spent a great deal of time presenting the Philosophy, Politics and Economics (PPE) Program, an interdisciplinary, cost-effective, and flexible online credential in PPE. Wake Forest and Duke had been intimately involved in this

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initiative, especially Jim Otteson, Director of the Eudaimonia Institute at Wake, so I am surprised the request omits any reference.

While I remain impressed with the vast majority of ISI's programs and loyal to the FMK Center reflecting extraordinary generosity, it may be time to think about further reducing support going forward.

SDK COMMENTS: Good, concise proposal and, in my opinion, has presented the Wake Forest situation with a somewhat balanced perspective via their website. We should get AKH's input on Otteson at some point, too.

I have had virtually no contact with Copeland since Chris Long left. Not sure if that is my lack of effort to reach out or theirs/his. In any case, they have quite the Board and strong support, and we backed them well during those lean years to get to this point. So I think, directionally, WHB is spot on and despite our target of \$150K this year, I recommend we drop to \$135K this year and eventually move to \$100K (and be much closer to a Young America's Foundation level of funding). If this grant is approved, let's then communicate verbally the above; not a negative reflection on their work. In fact, perhaps I should make this call and have a chat with Copeland.

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FM KIRBY FOUNDATION Financial Statement Analysis

Grantee Name:	Intercollegiate Studies Institute, Inc.	Date:	3/20/2018
Prepared By:	DLK		
Grant Request Amt.	\$ 215,000	Type of Financial Report Submitted	Audit
Recommended Amt.	\$ 150,000	Period Covered in Financial Report	FYE 6/30/17
Board Approved Amt.			
Audit Firm	Baker Tilly Virchow Krause, LLP	Date of Report Issuance	3/16/2018 (9 mos. After FY end)
Opinion	Present fairly		
Basis of Acctg.	GAAP		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	14.49	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 6,589,929
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Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	6/30/2017	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 5,999,736.00	82%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 709,470.00	10%	
C. Fundraising	\$ 567,576.00	8%	
D. Total Expenses	\$ 7,276,782.00	100%	

Comments/ Notes:

The FY2018 expense budget is forecasting a 4% increase with increases in curriculum development, ISI societies and lectures, and debates expense. Revenues are budgeted with a \$114K increase over 2017, a 1.3% increase. Grants and contributions revenue is forecasted with a \$225K increase, while Liberty Fund sponsored seminars are down \$148K. The budget forecasts an operating surplus of \$237K vs. \$385.6K in 2017.

ISI had an operating surplus of \$5.2M as of June 30, 2017, with revenues up \$3.5M or 38% over 2016. Significant growth in contributions accounted for the bulk of the increase. Program expenses decreased by \$321K, primarily due to reduced conference and national student journalism expenses. Support expenses decreased by \$77K.

ISI's investments totaled \$5.5M as of June 30, 2017 (versus \$4.7M prior year). They have an additional \$148K in charitable remainder trust. Endowment assets totaled \$2.4M. All in all, I see no red flags as a result of my review.

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DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$135,000**
- Hold for Board Review
- Insert Information:
- Other:

Initials: IDL

Date: 3/20/18

Check #: _____

Date: _____