

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: October 31, 2019

REQUEST DATE: October 7, 2019

Last grant acknowledgement: Yes

Program Area: Education

APPLICANT:

Wyoming Seminary
201 North Sprague Avenue
Kingston, PA 18704-3593

CONTACT: Mr. John H. Shafer, Vice President of Advancement

PHONE: 570-283-2140

PAYEE OTHER THAN ADDRESSEE: The Wyoming Seminary of the Susquehanna Annual Conference of the United Methodist Church

AMOUNT REQUESTED: \$200,000 **NATURE OF REQUEST:** Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund

GRANT HISTORY

LAST GRANT DATE: 12/10/2018 **LAST GRANT AMOUNT:** \$100,000 **AFS DATE:** 11/2/2018

2010	\$6,000,000	9/17/2010	Toward the creation & construction of the Allan P. and Marian Sutherland Kirby Center for Creative Arts-\$1,500,000 from the RFD account plus \$6,000,000 payable between 2010 and 2014
2015	\$100,000	12/11/2015	To establish the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund, along with all funds in the Reserved for Future Decision Fund
2016	\$100,000	12/8/2016	Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund
2017	\$100,000	12/8/2017	Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund
2018	\$100,000	12/10/2018	Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund

DLK COMMENTS: Financial analysis attached.

JJK COMMENTS: By 2020, Wyoming Seminary will crest the \$1M mark on the endowment, which, according to their plan, will allow them to begin to responsibly “takedown” in support of the Kirby Center’s maintenance. The stated goal of reaching \$4M, though, still seems far away, given that there are no other contributors to this endowment. (N.B.: SDK urged some caution with beginning to “takedown” once \$1M is reached. Perhaps we should discuss with Shafer after grant is issued?)

The facility appears to get ample use from both guest stars and students alike, and it is a living embodiment of the school’s commitment to the arts, which is clearly evidenced in the pages of the *Wyoming Seminary Journal*.

APPLICANT: Wyoming Seminary

Speaking of the *Journal*, I am impressed with how long “Sem” has been at the vanguard of education innovation and reform, particularly as one of the oldest coeducational boarding schools. Not to mention the possible distinction of being host to the first football game played at night, under the lights!

According to the touch from April 2019, Vice President of Advancement John Shafer is expected to retire in 2021. Given the rave reviews he has gotten from the FMKF team, I would be curious if he (or the school) has a successor in mind yet.

In keeping with previous years, and our goal to help them achieve a \$1M endowment for the Kirby Center, I believe \$100K is the right number here.

SDK COMMENTS: Financial aid figure continues to impress me.

Good stewardship from John Shafer throughout the year. Just this past month he updated me on the Lafayette-Wyoming Seminary Scholarship/Football program. As the sole contributor to the Kirby Center endowment, I just don't see us going higher than \$100K annually, and I don't think Shafer expects any more than that, unless the team disagrees. **(JJK/DLK: Agreed.)**

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Wyoming Seminary	Date:	<u>10/18/2019</u>
Prepared By:	DLK		
Grant Request Amt.	\$ <u>200,000</u>	Type of Financial Report Submitted	<u>Audit</u>
Budgeted Amt.	\$ <u>100,000</u>	Period Covered in Financial Report	<u>FYE 6/30/18</u>
Audit Firm	<u>Baker Tilly</u>	Date of Report Issuance	<u>11/2/2018</u>
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	10.78	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 43,666,594
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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	6/30/2018	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 10,956,329.00	51%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 9,540,291.00	45%	
C. Fundraising	\$ 779,227.00	4%	
D. Total Expenses	\$ 21,275,847.00	100%	

* TWS has operation and plant maintenance under mngmt/general

Comments/ Notes:

Budget: The FY2020 budget is projecting a \$767K operating surplus vs \$639K for FY2019. After transfer expenses, the budget projects a net deficit of \$55K versus a deficit of \$75K for FY2019. Total revenues are budgeted to increase by \$900K (5%). Net tuition is budgeted to increase by 3.5% and financial aid grants equate to 37.7% of gross tuition and fees. Program expenses are budgeted to remain relatively flat (2%) while supporting services expenses grow by \$582K (7%).

Audit: There was a \$1.9M surplus as of June 30, 2018 vs a \$3.9M surplus for 2017, with a large downward swing in endowment income (\$1.6M), the value of beneficial interest in perpetual trusts (\$250K) and increased expenses (\$653K). Financial aid was 38.6% of gross tuition and fees. The Seminary had investments totaling \$67.0M (including \$9.3M beneficial interest in perpetual trusts and \$726K split interest agreements) as of June 30, 2018. \$23.0M of the Seminary's investments are alternatives (private equity, hedge funds, real estate). The Seminary's endowment totaled \$66.3M as of June 30, 2018. Seminary has two unsecured lines of credit with \$5M available. As of June 30, 2018, there were borrowings of \$1.6M. Seminary also has two bonds payables. Both agreements now have fixed rates. Bonds payable total \$13.1M as of June 30, 2018. It appears that Seminary has resolved 2017's violation of one of the financial covenants for the bond issues. There are no red flags as a result of my review.

APPLICANT: Wyoming Seminary

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$100,000**
- Hold for Board Review
- Insert Information: **Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund**
- Other:

Initials: *rdl*

Date: 10/31/19

Check #: _____

Date: _____