

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 20, 2020

REQUEST DATE: September 22, 2020

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: 12/16/2019

LAST GRANT AMOUNT: \$100,000

FYE DATE: 6/30/2019

AFS DATE: 11/8/2019

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
2019	\$100,000	12/16/2019	Toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund

DLK COMMENTS: Financial analysis attached.

ECC COMMENTS: Wyoming Seminary reopened after Labor Day after a relatively quiet spring and summer sessions. Students were given the choice of in-person or virtual classes and over 80% of the student body opted for in-person instruction. They have been using the Allan P. and Marian Sutherland Kirby Center for Creative Arts to allow for socially-distanced class space and hope to open it to limited performances later in the school year.

As of June 30, 2020, the Kirby Center for Create Arts Endowment Fund had a market value of \$1,049,596 (with a beginning value of \$934,681.20 on June 30, 2019, plus FMKF’s \$100K 2019 grant, and a \$14,915.22 gain, meaning that the original threshold agreement of \$1 million has been formally achieved. This request is then for a grant in the range of \$200K to begin the second phase of meeting the ultimate objective range of \$4M “to fully support and maintain this facility in the

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years to come.” We have budgeted \$100K, which I am comfortable staying at for this year, but am open to justification for a bump up given the request.

JJK COMMENTS: Good to see that the Kirby Center was able to be repurposed for socially-distanced learning experiences.

Of note: as I reviewed the Sem website, I learned that they have joined a group called Round Square, which is a “vibrant connected network of 200 like-minded schools in 50 counties.” Round Square schools “share a commitment to character education and experiential learning built around six themes – International Understanding, Democracy, Environmental Stewardship, Adventure, Leadership, and Service.” Sem is the only school in PA that is part of the Round Square network. Participation in Round Square will give Sem students opportunities for service projects, international student exchanges, and conferences; faculty will have opportunities to exchange best practices with other educators around the globe. It would be great to hear how their experience with this has been, when we next speak to leadership at Sem.

Unlike DA and some other institutions, it appears enrollment might be down a bit, given that gross tuition is projected to decline by \$795K. Like many other educational institutions, WS lost some revenue too (\$400K) with lack of summer programs.

Thus, I recommend \$100K toward the Allan P. and Marian Sutherland Kirby Center for Creative Arts Endowment Fund and \$50K in one-time support towards the Shafer Alumni House.

SDK COMMENTS: I think staying at \$100k for the Kirby endowment makes sense, even while the current value of \$1.1mm remains way too low for a facility at the Kirby Center.

I would like to see us participate in the special initiative to renovate and name the Shafer Alumni House. This is to honor John Shafer, VP of Advancement, and his 48 years when he retires this coming June. The project cost is \$500k and they have raised over \$250k. I suggest \$50k (although I had thought of \$46k, but that is probably too corny). **JJK:** Agreed.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:
Prepared By:

Wyoming Seminary
 DLK

Date:

9/23/2020

Grant Request Amt.
Budgeted Amt.

\$ 200,000
 \$ 100,000

Type of Financial Report Submitted
Period Covered in Financial Report

Audit

FYE 6/30/19

Audit Firm
Opinion
Basis of Acctg.

Baker Tilly
 Present fairly
 GAAP

Date of Report Issuance

11/2/2019

Let's move to Jan requ

Current Ratio (Liquidity Ratio/Working Capital Ratio)

6.35

Amount of Unrestricted Net Assets (Operating Reserve)

\$ 43,695,

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	6/30/2019	%
A. Academic/Student Programs	\$ 10,223,017	46%
B. Auxiliary	\$ 1,546,541	7%
C. Institutional Support	\$ 4,194,764	19%
D. Operations/Maintenance	\$ 6,408,690	29%
E. Total Expenses	\$ 22,373,012	100%

Must Read Financial Statement Notes

Ideally program expenses should be at least 70% of total budget.

Comments/ Notes:

Budget: The FY21 budget is projecting a \$394K operating deficit vs \$880K deficit for FY20. After transfer expenses, the budget projects a net def of \$1.3M versus a deficit of \$1.7M for FY20. Total revenues are budgeted to decline by \$1.4M (7%). Net tuition is budgeted to decline by 7%, with total financial aid growing from 39.8% to 41.7% and gross tuition declining by \$795K (4%). The loss of summer 2020 program revenue (in FY21 figures) accounts for an additional \$400K loss. Program expenses are budgeted to decline by \$680K (4%) and supporting services expenses by \$1 (13%).

Audit: There was a \$2.3M surplus as of June 30, 2019 vs a \$2.0M surplus for 2018. Total revenues grew by \$1.3M (6%), with increases in net tuition \$693K (5%), contributions \$407K (11%) and endowment income \$1.1M (70%). A decline in the value of beneficial interests in perpetual trusts of \$489K (192%) partially offset the increases. Financial aid was 38% of gross tuition and fees. The Seminary has a 34% allowance for doubtful accounts on students accounts receivable (which may indicate the diversity in economic backgrounds of its students). The Seminary had investments totaling \$70.3M (including \$9.1M beneficial interest in perpetual trusts and \$698K split interest agreements) as of June 30, 2019. \$24.2M of the Seminary investments are alternatives (private equity, hedge funds, real estate). The Seminary's endowment totaled \$69.6M as of June 30, 2019. Seminary has two unsecured lines of credit with \$5M available. As of June 30, 2019, there were borrowings of \$3.9M. Seminary also has two bonds payable. Both agreements now have fixed rates. Bonds payable total \$12.0M as of June 30, 2019. 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.

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DISPOSITION:

- Declination
 - Hold for review on/about:
 - Approval for: **\$150,000**
 - Hold for Board Review
 - Insert Information: **Toward the Allan P. and Marian Sutherland Kirby Center For Creative Arts Endowment Fund-\$100,000; for one-time support of the Shafer Alumni House-\$50,000**
- Kudos to John H. Schafer.**
- Other:

Initials: ide Date: 11/23/78
Check #: _____ Date: _____