

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 15, 2021

REQUEST DATE: February 4, 2021

Last grant acknowledgement: Yes

Program Area: Education

APPLICANT:

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

CONTACT: Ms. Nina G. Simoncavage, Vice President of Advancement

PHONE: 570-270-2150

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: 12/14/2020

LAST GRANT AMOUNT: \$150,000

FYE DATE: 6/30/2020

AFS DATE: 12/15/2020

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
2020	\$150,000	12/14/2020	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

DLK COMMENTS: Financial analysis attached.

ECC COMMENTS: As the request puts it, the Allan P. and Marian Sutherland Kirby Center for Creative Arts has acted as a “beacon for the arts in Northeastern Pennsylvania” over the past school year, as well as a facility large enough on campus to allow for socially distanced academic teaching spaces after Wyoming Seminary reopened after Labor Day.

The KCCA Endowment Fund, as of December 31, 2020, was at \$1,364,802. This represents a 30% increase over prior year. In an effort to begin the second phase of meeting the \$4M objective, they have requested \$200K, though I am inclined to recommend the targeted \$100K, especially after last year’s one-time increase. (To that point, no update on the Shafer Alumni House in this request. Has anyone heard any updates?)

APPLICANT: Wyoming Seminary

Finally, I love this reference in the request to Wyoming Seminary's motto: "Verum, Pulchrum, Bonum" or "truth, beauty, goodness." Quite complementary to the Kirby's own "facta non verba!"

JJK COMMENTS: Given that 80% of Sem students have chosen to return to campus, I am surprised to not see any major increases in expenses (for PPE, etc.) in the budget. How are they doing this? I am rather surprised the number is as high as 80% considering how Sem students come from 18 states and 28 countries. Given how global the student population is, I would have thought that travel restrictions might have driven down in-person learning numbers.

But the Kirby Center for the Creative Arts is a good example of how the school has flexibly addressed pandemic education, as it sounds as if the large space in the center currently plays host right now to properly distanced classrooms, as we have seen in a number of our education grantees. Let us hope the arts can return full force in the 2021-2022 academic year.

I see the summer programs continues to take a hit, having previously brought in over \$400K in revenue, and now conservatively budgeted for \$60K in FY21 and \$110K in FY22. It appears that Sem projects modest positive growth in enrollment in FY22.

I recommend the budgeted \$100K. While the \$4M in endowment funds remains the goal, we need not rush getting there, given many other demands this year.

SDK COMMENTS: To ECC's comment about Shafer Alumni, I imagine John largely wrote this request and they are probably keeping it a bit of a mystery until they can "deliver and announce."

To JJK's point about PPE, I don't disagree, but FYI, the residential program is only for the upper school campus and believe that the majority (about 300 out of 470 upper class students) are local. It is not even clear to me that foreign students were/are largely in attendance in 2020-21.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Wyoming Seminary	Date:	<u>2/18/2021</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>FY 6/30/20</u>
Audit Firm	<u>Baker Tilly</u>	Date of Report Issuance	<u>12/15/2020</u>
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	13.47	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 41,338,875
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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	6/30/2020	%	Must Read Financial Statement Notes
A. Academic/Student Programs	\$ 9,994,945	45%	Ideally program expenses should be at least 70% of total budget.
B. Auxiliary	\$ 1,165,134	5%	
C. Institutional Support	\$ 4,651,182	21%	
D. Operations/Maintenance	\$ 6,224,369	28%	
E. Total Expenses	<u>\$ 22,035,630</u>	<u>100%</u>	

Pulled from Note 15 on Audit

Comments/ Notes:

Budget: The FY22 budget is projecting a \$884K operating surplus vs a \$452K operating deficit for FY21. After transfer expenses, the budget projects a net surplus of \$51K versus a deficit of \$1.3M for FY21. Total revenues are budgeted to grow by \$2.0M (12%). Net tuition is budgeted to grow by 16%, with total financial aid decreasing from 42.3% to 38.5% and gross tuition growing by \$1.9M (9%). Summer 2021 program revenue is growing by \$51K but is still one-quarter of what it was in FY20. Program expenses are budgeted to grow by \$590K (6%) and supporting services expenses by \$81K (1%).

Audit: There was a \$3.3M deficit as of June 30, 2020 vs a \$2.3M surplus as of June 30, 2019. Total revenues declined by \$6.0M (24%), with decreases in net tuition \$1.4M (9%), contributions \$1.1M (26%) and endowment income in excess of spending policy \$3.7M (143%). Financial aid was 38% of gross tuition and fees. The Seminary issued \$1.3M in room/board refunds as a result of the pandemic. The School has resumed in-person instruction for the 2020-2021 school year. The Seminary has a 56% allowance for doubtful accounts on students accounts receivable (which may indicate the diversity in economic backgrounds of its students). In April 2020, the School received a \$2.5M PPP loan under the provisions of the CARES Act. The Seminary had investments totaling \$69.7M (including \$8.9M beneficial interest in perpetual trusts and \$698K split interest agreements) as of June 30, 2020. \$26.1M of the Seminary's investments are alternatives (private equity, hedge funds, real estate). The Seminary's endowment totaled \$69.0M as of June 30, 2020. The School has two unsecured lines of credit with \$5M available. As of June 30, 2020, there were borrowings of \$1.8M. Seminary also has two bonds payables. Both agreements now have fixed rates. Bonds payable total \$11.5M as of June 30, 2020. In December 2020, the School entered into a secured \$3.5M demand line of credit with a private financial services firm. The line is collateralized by an assignment of fixed income and other marketable securities managed and held in custody by the firm. The value must equal or exceed 110% of any advances. There are no red flags as a result of my review.

