

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 22, 2022

REQUEST DATE: July 21, 2022

Last grant acknowledgment: Yes

Program Area: Education

APPLICANT:

Student U
The W.G. Pearson Center
600 E. Umstead Street
Durham, NC 27701

CONTACT: Ms. Michelle Price, Executive Director

PHONE: 919-267-3958

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$120,000 **NATURE OF REQUEST:** For general operating support - \$60,000; toward the commissary kitchen in Student U's W.G. Pearson Center - \$60,000

GRANT HISTORY

SUPPORT: 2010 - 2021 **# OF GRANTS:** 12 **TOTAL DOLLARS:** \$375,000

LAST GRANT DATE: 12/17/2021

LAST GRANT AMOUNT: \$60,000

FYE DATE: 12/31/21

AFS DATE: 11/1/2022

2017	\$40,000	6/30/2017
2018	\$40,000	9/28/2018
2019	\$40,000	10/31/2019
2020	\$50,000	10/30/2020
2021	\$60,000	12/17/2021

AKH, LHV and AHF endorsements received.

DLK COMMENTS: Financial analysis attached.

ECP COMMENTS: In FY22, Student U is seeking a \$120K grant - \$60K for general operations and \$60K towards the renovation and launch of a commissary kitchen at the W.G. Pearson Center (Center).

Before jumping into programmatic updates, a quick note regarding staffing. Student U welcomed Michelle Price as its new Executive Director in September 2022. Price most recently served as the Vice President for Student Supports at Communities in Schools of North Carolina, and prior to that role, she served as the Program Director for the Project LIFT Learning Community at Communities in Schools of Charlotte. She has extensive nonprofit experience, a passion for supporting students and families, and a strong focus on equity-centered leadership, which will help Student U to drive an even greater impact for Durham students and their families.

APPLICANT: Student U

Student U is a community organization that uses the power of education, advocacy, and leadership to build a just and equitable Durham. Since 2010, FMKF has approved 12 grants totaling \$375K in support of Student U's mission to empower and equip first-generation college students in Durham Public Schools. Since its founding, Student U has grown from serving 150 middle school students to serving 550 from 6th grade through college graduation annually, plus their families and educators. They do this with a full-time staff of 20 professionals, over 100 educators and part-time staff, and over 100 volunteers annually. Major programs include the middle and high school summer academy, college advisement, school year tutoring and academic remediation, and support services. As of June 2022, 100% of Student U students from the classes of 2014-2022 graduated from high school and 53 have graduated from college, with dozens of others completing their postsecondary opportunity of choice. Student U's efforts go beyond its own students and their families, touching the 32K students in Durham Public Schools through trainings and teacher education.

Past support from FMKF has allowed Student U to respond nimbly to the needs of its students and community, including launching a Learning Center that allowed 110 Durham Public School families to access financial assistance and online learning during the pandemic. Additionally, unrestricted funds allowed Student U to continue and expand robust mental health and emergency support services, including hiring a Family Engagement Coordinator in 2021 to oversee the 14 families/students receiving services at any given time, services which currently have a waitlist. In total, 31 students have received mental health services since January. Student U has also seen an increased demand for emergency support funds for families. In 2021, they distributed \$10,614 and have disbursed \$16,452 in 2022 thus far. With an ongoing organizational focus on mental health services and family emergency support, Student U has set the following goals for the 2022-2023 school year: to distribute \$14K in family support funding and to serve 40 students through mental health counseling and coordination.

One of the more exciting programmatic developments from the past year has been the completion of a full 5-week anti-racist, culturally relevant, and academically rigorous summer academy curriculum for middle and high school students. Student U recruited a team of 13 experienced educators from the Durham community to build a new curriculum, with 28 units of instruction that span all four core content areas. The curriculum allows teachers to track students' progress and comprehension and includes daily lesson plans and classroom materials. Over the course of the next 12 months, Student U will scale the curriculum by collecting data to evaluate its effectiveness and revising to implement feedback. This is another wonderful example of how Student U is responsive to the needs and input of its community. Student U is in the process of exploring licensing and dissemination opportunities for the curriculum, which could potentially lead to another source of earned income for the organization.

In 2017, Student U purchased the historic W.G. Pearson Elementary School building. Located in the Hayti area of Durham, the Center's purchase has allowed Student U to enhance and expand its programming, to improve educational outcomes for Durham students. As the managing entity of the 55K square foot Center, Student U rents space to values-aligned organizations and makes various multipurpose spaces available to the local community. One of the more prominent multipurpose spaces is the kitchen, which at 1,550 square feet is greatly underutilized in its current form – a de facto storage/junk room. When Student U first purchased the building, a task force led community sessions to make recommendations for usage and renovation. Those sessions made it clear that the community desired a space to gather, work, and play together safely. One specific idea emerged that would advance those goals – a kitchen renovation (**JJK: I don't quite see how**

APPLICANT: Student U

the kitchen as it is planned out now responds to this community input about gathering and playing. I suppose it depends on the degree to which the community is invited for meals or farmers' markets). Student U is preparing to embark upon this ambitious project, which will result in a commercial-grade commissary kitchen to feed students and local families and provide culinary career pathways for black and brown Durham entrepreneurs. The kitchen will be supplied with fresh produce from Student U's onsite garden, will be equipped with cold storage, and will have the potential to distribute produce to the community through a weekly Farmers' Market.

At first glance, running a commissary kitchen out of the Center may seem like mission drift, but when one considers that Student U's mission is rooted in uplifting communities, not just individual students, the why of it all seems much clearer. Student U takes a whole-families approach to its programming, which means that they consider everything that affects a student's ability to show up fully and reach their potential. Since Hayti community members experience higher rates of crime and poverty and lower access to healthy foods than the average Durham citizen, the kitchen will be a means to uplift them by increasing food accessibility and security, developing opportunities for culinary skill-building and training, and growing the local economy with more support for culinary businesses. Student U plans to partner with a culinary collective of businesses that are food-justice-oriented and will rent out the space affordably and equitably, prioritizing black and brown entrepreneurs from the Hayti community. The collective will help Student U to manage the space, as they have extensive roots in the community, including organizing for equitable food systems. It is worth noting that the kitchen renovation will not be the first time Student U has used space in the Center to feed its local community. During the pandemic, Durham Feast used the cafeteria to distribute food, including produce from Student U's garden. **(JJK: Good point.)**

The initial \$1.2M capital campaign for the kitchen renovation has been fully funded and then some! Student U secured an \$800K lead gift from the Kenan Trust (\$400K + a \$400K match) with the remainder funded by Durham City's American Rescue Plan funds, expected to be finalized at \$840K. This brings the total fundraising number to \$1.64M, which should cover increased costs due to supply chain demands and labor shortages that have occurred since the initial estimate. Student U will also incur additional costs to bring the kitchen up to commercial standards, hence the \$60K campaign ask before FMKF today. These include employing a part-time kitchen manager, one-time and ongoing supply purchases, installing a security system with keypads for authorized entry, and purchasing scheduling software for tenants to reserve commissary timeslots. Durham-based CT Wilson Construction will oversee the renovation. The floor plan has been finalized, but a lease has not yet been signed with the collective. Final permits are expected to be issued by the City of Durham in January, with renovations starting soon after. Based on current timelines for delivery of all necessary equipment and inspections with the health department, the kitchen is anticipated to be "move-in ready" in May 2023. The kitchen is estimated to bring in \$36K of annual revenue from the lease with the collective, which should sustain its general operating expenses. Student U also anticipates there will be additional time and space available for other groups and entrepreneurs to access, which would lead to additional funding.

I firmly believe if Student U can handle the purchase and renovation of the larger Center without incurring any debt, they can pull off this kitchen renovation **(JJK: Also a great point)**. I recommend the \$120K as requested – \$60K for general operations and \$60K towards the kitchen renovation.

JJK COMMENTS: What a thorough, eloquent, and well-done proposal. One of the best I have read this year. The professionalism here comports with what we saw on our October site visit to

APPLICANT: Student U

Student U, which ECP had called “one of the most efficiently run site visits I have attended in my decade of working in philanthropy.” I felt the same way!

Student U took on the risk and potential reward of moving into the expansive W. G. Pearson Center, a former school. I am sure there were many naysayers who said the facility was much bigger than they need, that it would be a never-ending struggle of management and upkeep that would distract Student U from their mission. Student U made the case that the Center could be a non-profit hub, a community organization where cross-pollination of ideas could fertilize new programs. Indeed, that is happening today; for example, the tenant organization “we are” is helping to shape the curriculum of Student U’s Summer Academy. So, while I do have some reservations about this kitchen project (I have trouble seeing how a still rather small kitchen can do all that they are hoping it will do), Student U has clearly demonstrated a certain operational excellence across the board. Considering Amy Salo’s expertise is in operations (and that she oversaw the renovation of the rest of the center), I am glad to know that she is back in the COO role and can oversee this project. All that said, we should continue to check in on this and not shy away from asking some tough questions.

I recommend \$60K towards general operations and \$60K towards the kitchen renovation project.

APPLICANT: Student U

FM KIRBY FOUNDATION

Financial Statement Analysis

Grantee Name:	Student U	Date:	11/17/2022
Prepared By:	DLK		
Grant Request Amt.	\$ 120,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 110,000	Period Covered in Financial Report	12/31/2021
Audit Firm	Steward Ingram & Cooper PLLC	Date of Report Issuance	11/1/2022
Opinion	Present fairly		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	97.81	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 7,873,404

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	12/31/2021	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 2,409,786	82%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 268,677	9%	
C. Fundraising	\$ 266,320	9%	
D. Total Expenses	\$ 2,944,783	100%	

Comments/ Notes:

2022 Budget - The 2022 budget projects a surplus of \$113K vs a surplus of \$1.0M for 2021 (unaudited). Revenues are budgeted to decline by \$619K (16%), with foundation giving down \$953K (46%) and corporate and individual giving up by \$102K (25%) and \$265K (195%), respectively. Total expenses are budgeted to grow by \$311K (11%), primarily in student support services (up \$339K/ 72%). Student U's request for \$120K in support equates to 11% of budgeted Foundation giving.

2021 Audit- Student U had a surplus of \$2.0M for 2021 vs a surplus of \$316K for 2020. Total revenue grew \$2.6M (89%) over 2021, primarily in foundation and other grants monies. Government grants accounted for 16% of the Organization's total support and revenue. Program expenses grew \$707K (41%), while supporting services declined \$87K (14%). The W. G. Pearson Center accounted for 12.5% of the total program expenditures. The organization has healthy liquidity. The Organization advanced \$5.6M to the Self-Help Ventures Fund to assist in financing the purchase and renovation of a commercial property in Durham. It currently leases the acquired and renovated property from an entity affiliated with the Fund. In 2021, the Organization was notified that its PPP loan of \$336.8K (2020) was forgiven. The Organization has a \$300K operating line of credit agreement. The Organization did not receive any advances under this agreement in 2021 and the line of credit had a zero balance as of December 31, 2021. There were no red flags as a result of my review.

APPLICANT: Student U

DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$120,000**
- Hold for Board Review
- Insert Information: **Toward the W.G. Pearson Center kitchen-\$60,000**
- Other:

Initials: JK Date: 11/28/22
Check #: _____ Date: _____