

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 17, 2023

REQUEST DATE: February 28, 2023

Last grant acknowledgment: 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. John A. Burtka IV, President & CEO

PHONE: 302-652-4600

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$175,000

NATURE OF REQUEST: For ISI core programs

GRANT HISTORY

SUPPORT: 1978 - 2022 **# OF GRANTS:** 45

TOTAL DOLLARS: \$5,688,500

LAST GRANT DATE: 5/2/2022

LAST GRANT AMOUNT: \$120,000

FYE DATE: 6/30/2022

AFS DATE: 1/27/2023

2018	\$135,000	4/23/2018	
2019	\$125,000	4/15/2019	
2020	\$120,000	4/29/2020	
2021	\$120,000	5/3/2021	
2022	\$120,000	5/2/2022	General Operating Support

DLK COMMENTS: Financial analysis attached.

ECP COMMENTS: In FY23, Intercollegiate Studies Institute seeks a \$175K general operating grant. A lengthy submission from ISI, including multiple attachments with their Fellow’s bios. I am glad JJK and I recently had the chance to meet with John Burtka in person, as I found that meeting somewhat more informative than the request, which was a bit dry. That said, the request clearly shows an organization in growth mode, and I anticipate we will receive a campaign request next fiscal year in support of that growth.

ISI was founded in the 1950s to promote an understanding amongst college students of the economic, political, and ethical values that sustain a free and humane society. To quote the request, “ISI is fundamentally an educational organization that teaches the ideas, deeds, and creeds that have shaped the American ethos and continue to shape it today.” Programs are meant to nurture an appreciation of our nation’s founding principles – limited government, individual liberty, free markets, personal responsibility, etc. – and fill a void of conservative thought in higher education (even going so far as to describe themselves as a “counter-university”). Core programs include campus-based societies, regional conferences, seminars, and lectures, publications, undergraduate and graduate internships and fellowships, and alumni networking and conferences. ISI’s goals for its core programs in the 2023-2024 academic year are threefold: 1) increase nationwide student membership from 12,047 to 15,000; 2) hold 150 lectures, debates, and conferences; and 3) increase

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the number of campus societies from 175 to 185. To meet these ambitious goals, they have brought on three new program officers, who will travel the country to scale up ISI's footprint; expanded program offerings; and expanded their headquarters (more on this below).

Since ISI's FY22 request, the organization increased its network of publications to 82 with over 3,000 student journalists and members and grew its readership to over 2 million. In the 2023-2024 academic year, they plan to increase the network to 90 publications and find at least 20 placements for student journalists at leading media outlets. They now have over 4,000 faculty members teaching at nearly 1,100 universities and colleges and have accepted 50 Honors Scholars and 15 Graduate Fellows studying for PhDs in fields ranging from political theory and philosophy to history and musicology. ISI does not see itself as a pipeline for developing Republican voters, but rather as a promoter of honest, intellectual discourse. I believe this is clearest at the Graduate Fellow level, where most are studying the humanities and pursuing research that is un-political in nature. Each year they receive 100-120 applications, which are narrowed down to 15 by staff and a panel of 5 to 6 faculty judges from across the country. Fellowship awards range from \$15,000 to \$5,000.

ISI prides itself on creating a vibrant community of like-minded students and scholars, where relationships and camaraderie keep participants engaged beyond programming. They have added online programming, including webinars and conferences, held one-day mini-conferences at locations convenient to multiple schools, and launched a podcast, *Conservative Conversations with ISI* to reach a broader audience. This summer, they expect to welcome even more students and alumni to their headquarters, the F. M. Kirby Campus, for the opening of the Bean Building. Thanks to a five million gift from Linda Bean (granddaughter of the L. L. Bean Company founder) ISI is adding an annex to their current structure, which will include a foyer, great hall, kitchen, and alumni hallway, for gatherings of up to 200 people. What they are most excited about is the ability to host more intimate versions of their "Diana Davis Spencer Debate Series" on site, where students will engage in civil discourse and embrace intellectual diversity around a central theme.

In 2023-2024, ISI anticipates increasing its alumni engagement significantly, "to ensure that an ISI education continues long after a student graduates and that a community of conservative intellectuals continues to grow." Designated programming will allow small groups of alumni to gather for weekend-long colloquia facilitated by prominent faculty and return to the F. M. Kirby campus for the annual Homecoming Weekend. They have also launched a twelve-week online course of study designed for early and mid-career professionals which concludes with a capstone trip to Normandy, France, where participants will represent ISI at the "Tocqueville Conversations" event among American and French journalists, thinkers, and leaders. Notable speakers / instructors include Yuval Levin of AEI.

Lastly, ISI will be publishing original books directed toward a non-specialist but well-informed readership and launching a new website for its print circulation *Modern Age*. They intend to use this original content to thoughtfully recruit students by offering it as a premium for becoming new members.

In consideration of FMKF's longstanding relationship with ISI, SDK's enthusiasm for the organization, and their continued growth which will likely lead to a campaign request in FY24, I recommend \$120K as budgeted in FY23.

JJK COMMENTS: I read some of ISI's goals for the year ahead as being modest (but reasonable) in nature. For instance, they are planning for static numbers in FY24 for their lectures and

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conferences (150) and honors scholars (50), and graduate fellows (15). There are planned, modest increases in on-campus societies (185, from 175) and CN newspapers (90, from 80).

Perhaps this is a reflection of something written in the overview of the request, tellingly titled, “Strengthening the Foundations”: “ISI is not in the business of training activists or engaging in direct public policy research or advocacy. Nor is ISI playing a numbers game. Rather, we are committed to providing a deep and ongoing formation in the principles of liberty.” Indeed, in the write-ups of its various alumni, ISI celebrates the myriad achievements of their alumni, whether they go into the military, law school, local government, or academia.

All that said, there has been impressive growth here in the last three years, perhaps catalyzed by the way in which Covid increased ISI’s digital outreach. Whereas, in 2020, ISI had 53 Collegiate Network newspapers and 87 Campus Societies, they have – in just three years – increased those to 90 and 185, respectively.

In 2020, on a site visit, our former contacts spoke about the need to better cultivate alumni relationships; there seems to be some progress in that regard, as mentioned in the request. Firstly, ISI has linked Collegiate Network interns and fellows with very prominent alumni journalists, including Ross Douthat of the *NYT* and Katherine Mangu-Ward, editor-in-chief of *Reason* magazine. Furthermore, ISI held its inaugural alumni weekend colloquium in 2022 in San Antonio Texas, where 12-16 participants gathered to discuss “Big Data and Individual Liberty.” Another important new alumni program is the George Washington Statesmanship Program in Politics, Philosophy, and Economics, which was created “in response to the increasing demand for programing and conservative camaraderie for post—graduate audiences.” The program is a 12-week online course for early to mid-career professionals. The capstone of the program is a trip to Normandy, France, where participants will engage in a conference on Alexis de Tocqueville along with their French counterparts. Notable speakers / instructors include Yuval Levin of AEI.

Clearly, ISI has made good progress in recent years. I hope ISI will remain true to its stated commitment to not “train activists” but provide “deep and ongoing formation in the principles of liberty.” For the most part, the organization seems to do this by offering sober and serious discussion of liberty, political philosophy, and economics.

I recommend \$120K as budgeted.

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FM KIRBY FOUNDATION			
Financial Statement Analysis			
Grantee Name:	Intercollegiate Studies Institute, Inc.	Date:	3/6/2023
Prepared By:	DLK		
Grant Request Amt.	\$ 175,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 120,000	Period Covered in Financial Report	FY 6/30/22
Audit Firm	Baker Tilly US, LLP	Date of Report Issuance	1/7/2023
Opinion	Present fairly		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	10.48	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 15,731,804
<p>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.</p>			
Allocation of Functional Expenses	6/30/2022	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 5,829,983	82%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 651,674	9%	
C. Fundraising	\$ 640,411	9%	
D. Total Expenses	\$ 7,122,068	100%	
Comments/ Notes:			
<p>FY23 Budget: The FY23 projects a deficit of \$101K vs a surplus of \$8.1M for FY22. Revenues are budgeted to decline by \$7.8M (51%), primarily in the grants and contributions line. Program expenses budgeted to increase \$233K (4%) from FY22. Support expenses are budgeted to grow \$142K (14%).</p>			
<p>FY22 Audit: ISI had an operating surplus of \$7.1M for FY22 vs a surplus of \$518K for FY21. Total net assets grew \$5.8M (\$1.0M in unrealized losses on investments) vs \$1.6M for FY21. Revenues grew by \$7.4M (109%), all in the contributions line. The Institute received a \$5M gift from Linda Bean (of LL Bean). Our site visit referenced a \$5M commitment from the Diana Davis Spencer Foundation but I don't know if it was recorded as revenue yet. The audit noted that the Institute received contributions from staff and board members totaling \$2.0M during FY22. Program expenses grew \$1.1M (24%), with growth in all line items except publications/modern age. Support expenses declined \$337K (21%). Operations provided \$1.3M in cash, \$965K was used in investing activities and \$12.7K was utilized to pay down debt. ISI's investments totaled \$6.6M as of June 30, 2022, of which \$3.9M were endowment-related. They have an additional \$20K in charitable remainder trusts. They have \$3.5M available via lines of credit and there were no draws on the loc for the year ended June 30, 2022. One subsequent event was noted: the sale of all unsold, finished book inventory in the Institute's possession for \$425K. I see no red flags as a result of my review.</p>			

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$120,000**
- Hold for Board Review
- Insert Information:
- Other:

Initials: ggk
Check #: _____

Date: 3/29/23
Date: _____