

F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: November 22, 2023
Program Area: Education

REQUEST DATE: October 10, 2023

APPLICANT:

Wake Forest University
P.O. Box 7226
Winston-Salem, NC 27109

CONTACT: Dr. Susan Wente, President

AMOUNT REQUESTED: \$200,000

NATURE OF REQUEST: Support of the Wake Forest Fund-\$25,000; Support of the Office of Personal and Career Development-\$25,000; Support of the Program for Leadership and Character-\$25,000; Reserve for Future Decision-\$125,000

GRANT HISTORY

SUPPORT: 1992-2022

OF APPROVED GRANTS: 33

TOTAL DOLLARS: \$12,625,000

LAST GRANT DATE: 12/12/2022

LAST GRANT AMOUNT: \$200,000

FYE DATE: 06/30

AFS DATE: 11/7/23

Year Approved	Approved Amount	Approval Date	Grant Purpose
2022	\$200,000	12/12/2022	Toward the Wake Forest Fund-\$25,000; toward the Office of Personal and Career Development-\$25,000; toward the Program for Leadership and Character-\$25,000; Reserve for Future Decision-\$125,000
2021	\$300,000	05/03/2021	Toward COVID relief funds-\$250,000; toward the Wake Forest Fund-\$25,000; toward the Program for Leadership and Character-\$25,000
2020	\$50,000	03/31/2020	Crisis Response Fund-\$25,000; The Wake Forest Fund-\$25,000
2019	\$250,000	12/16/2019	Toward the proposed Academic Commons project (Changed to Reserve for Future Decision in 2022)
2019	\$25,000	11/27/2019	The Wake Forest Fund

ENDORSEE: Alice K. Horton, Ashley H. Freedman, and Ward K. Horton

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HELEN BENSON COMMENTS: See financial analysis.

EMILY PRINCE COMMENTS: Since 1992, FMKF has approved thirty-three grants totaling \$12.625M in support of Wake Forest University (WFU) and its various initiatives. Areas of support have included the Wake Forest Fund; various endowments and fellowships; the Calloway School of Business and its new building Kirby Hall; and Covid relief and crisis response funds. In FY23, FMKF is considering \$25K in support of the Wake Forest Fund, \$25K for the Office of Personal and Career Development, \$25K for the Program for Leadership and Character, and \$125K RFD, for a total of \$200K.

In May of this year, WFU celebrated the graduation of the Class of 2023. This cohort of students' first year on campus was suddenly and fully disrupted by the onset of the Covid-19 pandemic. They departed campus in March 2020 with complete uncertainty of what was to follow. FMKF's financial support was critical in the success of this class and those who followed, as WFU overhauled protocols and safety systems to safely return students to campus. The resilience of those students as they persevered throughout their college careers is a true cause for celebration, and representative of why FMKF and the Kirby family alumni continue to invest in WFU and its mission.

Over 5,400 undergraduates enrolled at WFU in the 2022-23 academic year, for a total enrollment of nearly 9K including graduate and professional schools. WFU received over 17,000 first-year admission applications in 2022, with 1,379 new students ultimately enrolled. Undergraduates choose from among fifty majors and sixty minors and are encouraged to pursue an academic study-abroad experience. In the 2022-23 academic year, eleven undergraduates were awarded major national scholarships and awards, including the Fulbright Scholarship, Goldwater Scholarship, Schwarzman Scholarship, Rhodes Scholarship, Pulitzer Center Fellowship, and National Science Foundation grants. WFU students don't just work hard, they play hard too, with a record total of 317 student-athletes – 70% of all athletes – earning a place on the Atlantic Coast Conference Honor roll while reaching historic success on the field including an NCAA Championship in women's golf and ACC Championships in multiple sports. WFU is committed to ensuring that all its students can access a world-class education, whether it leads to a Fulbright, an NCAA Championship, or something in between. The Wake Forest Fund fills the void between where tuition dollars end and student financial aid, faculty development, facilities renovation, and emerging programs begin. A contribution to the Wake Forest Fund ensures WFU has the resources to respond to critical student and operating needs today, while planning for WFU's future.

As WFU looks ahead to its 200th anniversary in 2034, President Susan Wente and Provost Michele Gillespie are laying the groundwork for a clear vision and direction in furtherance of WFU's *Pro Humanitate* mission, one which calls on students and faculty to use their knowledge, talents, and compassion to better the lives of others. On a practical level, this includes sharing their strategic framework, "Framing our Future." Framing our Future is WFU's collective vision, formed through conversations with more than one thousand faculty, staff, alumni, parents, and friends from summer 2022 through summer 2023. Though we had seen the framework's thematic goals in last year's submission, the full framework wasn't released publicly until August 2023. The framework is meant to provide structure to make decisions regarding where to invest and to enable decisive

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responses to the changing needs of students and society. The framework's three thematic goals are: 1) to be a lifelong learning community that calls all to develop their full potential to contribute in a diverse and complex world. 2) to foster a community of inquiry through research, scholarship, and creative work that transcends boundaries to address the challenges facing humanity and our world. 3) to build meaningful, mutual partnerships to honor our commitment to the wellbeing of our local, regional, and global communities. Coinciding with the release of the framework were the announcement of several new leaders at the cabinet level, who will help WFU to chart its course and address the complex issues currently facing higher education. These appointees include new Deans Jackie Krasas in the College and Graduate School of Arts and Sciences, Andy Klein in the School of Law, and Corey Walker in the School of Divinity. Other notable leadership positions filled in 2023 were Vice President and General Counsel and Executive Vice President and Chief Financial Officer. And lastly, on the leadership front, AKH completed her 6th board term in June and moved to Life Trustee status, WFU's version of emerita. While she no longer votes, she participates in everything else, including subcommittee work, and will continue to be a strong voice in the school's leadership.

Somewhat disappointingly, the Scales Art Center was not identified in the framework as a major capital project priority. However, President Wentz has communicated that a renovation is on the horizon, and family alumni plan to continue advocating on behalf of the space. Perhaps contributing to the RFD might help tip Scales into a higher priority, but if that does not happen, there are other important projects identified in the framework to which the funds could be directed, such as: increased financial aid and scholarship support; creating additional student pathways and programs, particularly around experiential learning; enhancing research excellence; and other critical capital projects. In the meantime, an additional RFD allocation in FY23 will allow WFU and FMKF to have a more substantial amount set aside for when the time comes to act on shared capital priorities.

Other areas of note in FY23 are The Program for Leadership and Character and The Office of Personal and Career Development (OPCD). The Program for Leadership and Character inspires, educates, and empowers leaders of character to serve humanity. Through innovative teaching, creative programming, and cutting-edge research, WFU is fostering an inclusive culture of leadership and character amongst its student body. The program recently received a \$30.7M grant from the Lilly Endowment to support its work as well as to extend its impact nationwide by helping other colleges and universities to develop and strengthen their own character education initiatives. While the Program for Leadership and Character is developing student leaders, the goal of OPCD is to provide those student leaders with the tools and confidence to navigate the often-daunting path from college to career. OPCD seeks to inspire, challenge, and prepare all students to find positions that reflect their values and lead to meaningful lives. Here, students, parents, and alumni can access mentoring, networking opportunities, learn about the relationship between majors and careers, and more. It is exciting to see how much WFU is investing in its students to ensure that they aren't just embodying *Pro Humanitate* on campus, but also that they are carrying it out into their homes and into the world. Support of these two programs will ensure that WFU can continue to develop a student body that can serve humanity and catalyze good in society.

I recommend approval of the \$200K, as outlined above.

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JUSTIN J. KICZEK COMMENTS: Having met President Wenthe very early in her tenure at WFU, I am glad to see some of her early ideas – articulated to us in a October 2021 site visit – in the new strategic framework. Namely, at that meeting, she discussed her emphasis on “radical collaboration,” which she was encouraging all departments and programs to consider. Some potential areas for this included departments / programs making joint hirings, developing more interdisciplinary courses and projects; fostering more partnerships with the external community; and better connecting the University’s Downtown and Charlotte campuses. I see traces of this in the framework’s emphasis on “building a community of inquiry” that “transcends boundaries” as well as the construction of “meaningful, mutual partnerships.” Now, it remains to be seen how WFU actually acts on this, but at the very least, projects we support, like the Program for Leadership and Character are examples of WFU’s interdisciplinary excellence.

After consulting with ECP, I recommend that we move WFU to the first quarter of the year, for consideration of the April board meeting (in line with other university support, like Lafayette, Drew, and Duke). The late submission of their audit (in this case, November 21) made it more challenging for us to do a thorough review. Perhaps in the same conversation, I suggest we offer candid feedback on the request narrative, which is underwhelming. There are virtually no details offered on activities and accomplishments of the OPCD and Program for Leadership and Character. Beyond just articulating our own justification, if WFU were more vocal about these programs, we would be better positioned to help connect other grantees and funders to their meritorious programs.

I will also note that Wake does not report on what we currently have, according to their own records, in a Reserved for Future Decision fund. When ECP discusses the feedback above, I encourage her to request a balance. According to my own calculations, it should be \$375,000 at present and \$500,000 if this grant is approved (\$250K from repurposed 2019 grant for Academic Commons project; \$125K in 2022 for RFD; and \$125K in 2023 for RFD).

All this said, WFU is certainly a world-class institution and one that is very meaningful to the Kirby-Horton family. I am certainly a big fan of their Character program and OPCD. I recommend \$200K, as outlined below.

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FM KIRBY FOUNDATION			
Financial Statement Analysis			
Grantee Name:		Date:	11/21/2023
Prepared By:	HVB		
Grant Request Amt.	\$200,000		
Budgeted Amt.	\$200,000	Report Submitted	6/30/2022
		Period Covered	June 30, 2023 and 2022
Audit Firm	KPMG		
Opinion	Unqualified		
Basis of Acctg.	GAAP	Date of Report	11/7/2023
Current Ratio (Liquidity Ratio/Working Capital Ratio)	3.18	Amount of Unrestricted Net Assets (Operating Reserve)	\$872,328 in thousands
<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	6/30/2023	%	
A. Program Service Expenses	\$475,369	89%	Ideally program expenses should be
B. Administration/Other Institutional Support	\$ 57,782	11%	at least 70% of total budget.
D. Total Expenses	\$ 533,151	100%	
<p>* Figures are reflected in thousands. Used Reynolda Campus Financials (Note 16 - Audit); WFUHS is a non-profit and not audited but presented for informational purposes.</p>			
Comments/ Notes:			
FY23 AUDIT:			
<p>The Reynolda campus had an operating excess of \$51.5M and an overall change in net assets of \$60.4M for FY23. Operating Revenues totaled \$589.1M, with student tuition/fees and auxiliary enterprises sales accounting for 52% and 21% of operating revenues respectively. Investment income and contributions added \$70M and \$51M, respectively to revenues. Operating Expenses were \$533.1M, with 89% related to academic, instruction and research expenses. Wake Forest University had investments of \$3.0B as of June 30, 2023. The Reynolda Campus has \$1.1B in Endowment assets of which \$259M are without donor restriction. The Reynolda Campus had notes payable, capital projects and bonds payable totaling \$582.8M as of June 30, 2023. The Reynolda Campus has a \$150M line of credit as part of the University's liquidity management which it has not drawn down on. It also invests cash in excess of daily requirements in short term investments as part of its liquidity management.</p>			
Overall, there were no red flags as a result of my review.			

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$200,000**
- Hold for Board Review
- Payee Other Than Addressee:
- Insert Information: **Support of the Wake Forest Fund-\$25,000; Support of the Office of Personal and Career Development-\$25,000; Support of the Program for Leadership and Character-\$25,000; Reserve for Future Decision-\$125,000**
- Other:

Initials: JK

Date: 11/29/2023

Check #

Date: