

**F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** November 12, 2024

**REQUEST DATE:** October 24, 2024

**Program Area:** Education

**Grant Type:** Board Grant

**APPLICANT:**

Durham Academy, Inc.  
Office of Philanthropy  
3601 Ridge Road  
Durham, NC 27705-5599

**CONTACT:** Mr. Michael Ulku-Steiner, Head of School

**AMOUNT REQUESTED:** \$165,000

**BUDGETED AMOUNT:** \$95,000

**NATURE OF REQUEST:** General Operating Support and Support of Endowment and Program

**GRANT HISTORY**

**SUPPORT:** 1985-2023

**# OF APPROVED GRANTS:** 31

**TOTAL DOLLARS:** \$4,210,000

**LAST GRANT DATE:** 12/08/2023

**LAST GRANT AMOUNT:** \$145,000

**FYE DATE:** 06/30

**AFS DATE:** 10/09/2024

<b>Year Approved</b>	<b>Approved Amount</b>	<b>Approval Date</b>	<b>Grant Purpose</b>
2023	\$145,000	12/08/2023	Durham Academy Fund - \$45,000; Support to establish the F. M. Kirby Foundation Facilities Endowment Fund - \$100,000
2022	\$45,000	11/30/2022	Durham Academy Fund
2021	\$45,000	11/30/2021	Durham Academy Fund
2020	\$20,000	11/30/2020	Durham Academy Fund
2019	\$1,670,000	09/16/2019	Toward A Campaign for Durham Academy- \$412,500 (along with \$350,000 released from RFD fund established in 2018) in 2019 & \$825,000 in 2020 & \$412,500 in 2021 thereby naming Horton Hall (the Middle School Fine Arts and Language Building)

**LAST SITE VISIT DATE:** October 29, 2024

**APPLICANT:** Durham Academy, Inc.

**ENDORSEE:** Laura H. Virkler

**FINANCIAL ANALYSIS COMMENTS:** The FY25 operating budget is projecting a \$1.5M surplus, which will be covered by annual fund contributions. This figure does not represent restricted contributions for capital projects. Overall operating income is expected to increase marginally (3.5%) over the prior year, while tuition and application fee income is expected to rise by nearly 9%. Following tuition, the extended day and summer camp programs represent distant second and third-largest sources of revenue. Expenses are budgeted to increase by 10% thanks to increases across all line items. In FY24, Durham Academy saw a \$3.6M unrestricted surplus and a \$5M total surplus once restricted gifts and investment returns are factored in. Durham Academy achieved their \$1.5M Annual Fund goal in FY24; the 2023 FMKF Annual Fund contribution of \$45K represented 3% of this total. The FY24 audit shows total assets of \$118M, \$41M of which was investments and \$67M of which was property and equipment. At FYE, DA had a cash position of \$5.59M and net assets without donor restrictions totaled \$72.7M. Program services represented 74% of functional expenses. DA had \$29M in financial assets available to meet general expenditure needs within one year. Endowment net assets were \$15.7M at FYE. DA continues to carry significant liabilities (\$7.4M in notes payable and \$13.64M in bonds payable [down from \$15.8M in FY23]) and the organization budgets approximately \$2M for debt service annually. Overall, liabilities have decreased by 9% over the prior year.

**ORGANIZATION DESCRIPTION:** Durham Academy is an independent day school that welcomed 1,252 students from Durham, Chapel Hill and surrounding area in grades Pre-Kindergarten through 12 for the 2024-2025 school year. The school has earned academic accolades as one of the top independent schools in the Southeast, with an enviable reputation for a rigorous and challenging curriculum balanced by a nurturing environment that allows students to grow into independent leaders and thinkers. Co-educational since its founding in 1933 and one of the first schools to integrate in Durham, DA has committed itself at every level, from the boardroom to the classroom, to the dual pursuit of excellence and diversity.

**GINA BEVIGLIA COMMENTS:** In 2024, Durham Academy is seeking a \$165,000 grant: \$50,000 in support of the Annual Fund, \$100,000 in support of the F. M. Kirby Foundation Facilities Endowment Fund, and \$15,000 in support of a civil discourse initiative. I will address each of these requests in turn.

The 2023/24 school year was an exciting and prosperous one for Durham Academy (DA), as the institution made bold new commitments to fostering the intellectual growth of its students. While athletic and community successes abounded, in considering DA's request for Annual Fund support, it seems most pertinent to focus on the new academic strategy the school has embraced. In addition to the extensive information about these curriculum shifts in DA's annual report, we gained some additional color on this strategy from Head of School Michael Ulku-Steiner during our recent site visit to DA. From a broader school-wide perspective, these changes emphasize preparing students for life beyond the classroom, acknowledging that "real life" often values skills and experiences over the accolade-driven focus of traditional educational systems. Instead, DA hopes to better promote skills growth, holistic learning, and enthusiastic engagement with academic passions across all grade levels. In the Lower School, this means a new approach to literacy education that focuses on foundational phonics skills, grammar, and engaging texts. This fall, DA will begin

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utilizing 95 Percent Group's 95 Phonics Core Program for kindergarten through grade four and EL Education's language arts curriculum for first through fourth grades. These programs were selected for their emphasis on mastery over memorization. I found the EL Education's approach to teaching a classroom of students with varying reading proficiencies to be particularly interesting. The texts chosen cover a wide variety of topics that students at each grade level will find both challenging and interesting. Some students may be learning to read, some may be reading to learn, and some may be ready to analyze the text with writing, but the experience of reading the same text will create equity in the classroom without holding anyone back.

In the Middle School, DA hopes that a new shift to competency-based learning will encourage intrinsic motivation within students, while continuing to expose them to rigorous materials. Students will need to demonstrate proficiency in key subject areas and will work with teachers to identify areas for improvement. In this way, students are encouraged to go beyond the bare minimum required to receive a good letter grade, diving deeper into course material and acknowledging when they may not be fully comprehending subject matter. This approach allows for the continuous "leveling up" that being a lifelong learner requires, while allowing students of varying abilities to move at whatever pace is challenging for them.

Finally, the strategic academic shifts occurring in the Upper School are the most significant — and a long time coming. Following a pilot period, DA has stopped offering Advanced Placement (AP) courses in favor of a curriculum that prioritizes depth over breadth. AP courses will be replaced with Advanced (ADV) courses, academically rigorous courses of study that emphasize "global relevance and independent problem solving." This school year, DA is offering 52 ADV courses, with titles such as *Machine Learning and AI*, *Music and Maladies*, *Historical Approaches to Women and Gender*, *Math Modeling*, and *Ancient Technologies*. These courses will still cover the key material across subject areas that students will need to be successful in college and beyond (there are ADV versions of "normal" classes like chemistry and calculus), without the pressure on teachers to fly through an AP curriculum as the exam looms. The annual report includes interviews with students and teachers that have experienced both the AP and ADV systems and their feedback was universally positive. Students enjoy that they can pursue meaningful exploration and research into topics they find personally fascinating (one student did a research project on rice cultivation in Thailand), while teachers enjoy focusing on real-world applications of their course material (like how calculus can be applied in physics or economics).

I find the new academic approach DA is taking across the school, but especially at the Upper School, to be exciting for several reasons. First, the ADV system seems to be a much closer reflection of the type of work students will be asked to do at the college level than the AP courses are. While many students arrive to college having never been asked to synthesize large swaths of material or perform research without heavy-handed guidance, DA graduates will be familiar with and well-suited to complete these kinds of assignments. Second, it seems the competency-based learning and ADV courses are already encouraging a genuine love for lifelong learning in the students who have experienced this type of classroom, and I wonder if these shifts will have the added benefit of preventing students from becoming siloed in their academic interests. Often, a student decides at an early age if he or she is a math/science person, an English/history person, or a music/art person — the message here being that success in one area necessitates failure in another. Perhaps I would not have labelled myself unable to grasp chemistry if my teacher had not felt

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pressure to move through material at a break-neck speed to prepare for the AP exam, and instead had spent more time giving us hands-on science experience. While a shift of this nature is not unprecedented — many elite high schools across the country (like Greens Farms Academy) have not taught the AP curriculum for several years — it seems that it took a considerable amount of reassurance and explanation to get DA parents on board with the idea (**JJK: And it sounds like that process continues**). I give leadership at DA credit for choosing to walk away from the status quo once they realized it was no longer serving students (**JJK: Yes, to that point, I think it's important to acknowledge that there was not just an academic goal with the move "beyond AP," but it was also inspired, as I understand, by wishing to improve students' mental health outcomes, leaning into the *happy* of DA's goal to foster moral, happy, and productive citizens**). We had budgeted \$45,000 for Annual Fund support: \$5,000 for each Kirby/Horton DA alum, current and future. I recommend that we stay the course at \$45,000 for the Annual Fund in 2024.

Established in 2023 with a gift of \$100,000, the F. M. Kirby Foundation Facilities Endowment Fund supports the maintenance of spaces at Durham Academy made possible by past Kirby Foundation/Family generosity: the Kirby-Horton Library, Horton Hall, and the Kirby Gymnasium. Annual maintenance costs for these three facilities range from \$25,000 to \$50,000 annually and include projects such as painting, replacing LED lights, upgrading HVAC systems, and refinishing floors. In the 2023/24 school year, the total maintenance costs in these spaces was higher than average, at \$53,900, due to a costly HVAC replacement in the Kirby-Horton Library. From the request we learn that the goal amount for this endowment is \$750,000; Chris Farr shared that this is an aspirational figure, as it is the endowment total that, at a 4.5% spending policy, would generate enough income to cover the cost of annual maintenance. I also asked Chris if DA had any plans to solicit contributions to this endowment from any other sources. As a general rule, DA only requests endowment contributions from the entities that were integral in the endowment's establishment. In other words, the Kirby Foundation/Family will be the only sources of funding for this endowment. While it might take some time to build up this endowment to the level at which it would generate meaningful income, this strategy is not without precedent. At partner institutions like Wyoming Seminary and The Lawrenceville School, the Foundation has contributed to facilities endowments over the course of many years — sometimes as many as ten. While we were not expecting to meet a \$100,000 endowment request this year, I hope continuing with \$50,000, as budgeted, demonstrates our hope that the Kirby-Horton spaces at DA will remain beautiful and beloved by students for generations to come.

Finally, DA is requesting \$15,000 to support a civil discourse initiative that will promote diversity of thought and inclusive dialogue across their community. This new venture is driven by the recognition that the ability to understand and respect a broad array of viewpoints is necessary in the pursuit of a moral, happy, and productive life. While certainly driven by the current tumultuous political landscape, DA leadership hopes that this initiative will impact the community in a deeper way, effecting classroom discussions and peer-to-peer interactions on a daily basis. DA hopes to engage with Essential Partners, a consultancy group that works with universities, secondary schools, community groups, and businesses to assist them in their productive dialogue journeys. From what I have read, Essential Partners is an impressive organization. Formerly known as the Public Conversations Project, Essential Partners was founded by a family therapist who began her work by researching the dynamics of polarization and convening individuals with oppositional

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viewpoints in an attempt to reduce stereotypes and build relationships. Essential Partners has worked with numerous North Carolina groups in the past, including a project to build trust between Black communities and police in Raleigh. At DA, Essential Partners would train a cohort of 24 students to lead their peers in dialogic, respectful communication. The hope is that a student-led program will build trust and increase participation **(JJK: I have some questions about this strategy. I assume if you are looking to develop student leaders able to lead peers in respectful communications, given the skills that requires, we are likely talking about upper-level high schoolers, who are fast approaching graduation. If that is the case, there is a short shelf life to Essential Partners' work, at least within the confines of DA. I'm a bit puzzled why you would not focus more squarely on training teachers [application does say teachers would also have the opportunity to engage in the training], as they are the ones most responsible in a school setting for fostering healthy dialogue and, given their tenure, would represent, at least to me, a more sustainable way to make this part of DA's culture.)** The budget for this program is \$21,250. While this additional request was unexpected, civil discourse is a priority area for many other Education and Public Affairs grantees and a skill that is needed more than ever. Graduating from an environment that promotes open-mindedness and healthy viewpoint diversity will prepare DA students well for future leadership. With the joint endorsement of LHV, AKH, and AHF, I am in support of \$15,000 for the civil discourse initiative.

In summation, I recommend a grant of \$110,000, as outlined below.

**RECOMMENDATION:** I recommend a grant of \$110,000, payable over 1 year designated as follows:

Support of the Durham Academy Fund - \$45,000

Support of the F. M. Kirby Foundation Facilities Endowment Fund - \$50,000

Support of a civil discourse initiative - \$15,000

**JUSTIN J. KICZEK COMMENTS:** Given the Kirby Family's extensive commitment to DA (which was nicely documented in their report), the continued funding of the maintenance endowment (barring any extraordinary circumstances) seems to be a sensible strategy.

I have found DA's pivot to the "beyond AP" method of learning to be inspiring. Instead of collecting AP scores, students have the opportunity to more deeply explore learning interests and engage in authentic assessments. While I gather this proposed direction was not without controversy or opposition, I for one am supportive of the direction in which Michael, the leadership team, and the Board are seeking to bring the school. In that regard, it appears form follows function across the DA's campus, as they design purposeful spaces for helping students to practice collaboration, develop social-emotional skills, and engage in civic dialogue. This was on great display in our late October 2024 site visit, when we had the opportunity to see civic dialogue and learning in action in Horton Hall. We know the space was designed for multiple functions, one of them being hosting class-wide middle school meetings. On that morning, we had the opportunity to witness the entire 8<sup>th</sup> grade debate a bill allowing the use of personal listening devices that, if passed by the student "house of representatives" could be signed into "law" by Head of Middle School, Jon Meredith. It was an extraordinary moment of students engaging in a true democratic

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process, amending bills, debating finer points of parliamentary procedures, and trying to create change within their community — even if it was just to wear AirPods between classes!

The moment certainly helped drive home not just the centrality that places like Horton Hall play for the DA community; it helped us recognize the power that civic dialogue and learning can play on campus, in helping students learn how to disagree, come to compromise, and effect change. So I am supportive of the recommendation made by GEB, though I still encourage us to ask questions about the sustainability of the Engaging Partners project.

**RECOMMENDATION:** I recommend a grant of \$110,000, payable over 1 year designated as follows:

Support of the Durham Academy Fund - \$45,000

Support of the F. M. Kirby Foundation Facilities Endowment Fund - \$50,000

Support of a civil discourse initiative - \$15,000

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**DISPOSITION:**

- Declination
- Hold for review on/about:
- Approval for: **\$110,000**
- Recommended Grant Payment(s):  
**2024:**  
**2025:**  
**2026:**
- Hold for Board Review: **December 13, 2024**
- Payee Other Than Addressee:
- Other:

Initials:     JJK    

Date: October 24, 2024

Check #                     

Date: