

Comprehensive Financial Management Program For Operating Non-Profits

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PRESENTATION SPEAKERS

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OVERVIEW

Goal.

Introduce a **Comprehensive Endowment Financial Management Program** for optimizing non-profit financial decision making to achieve long term financial sustainability.

Long Term Financial Sustainability:

- A non-profit's endowment is its most important asset in assuring long term financial sustainability

Background of Endowment Financial Management:

- Extensive academic theory in traditional Endowment **Investment** Management
- Limited academic theory in Endowment **Financial** Management
 - Tobin
 - Hopkins/Massy

OVERVIEW

This presentational will:

- Identify financial sustainability headwinds
- Broaden the definition of an endowment and highlight misconceptions
- Address the key financial challenges for non-profits
- Identify crucial financial ratios and critical decision criteria
- Identify steps for developing an endowment
- Introduce a *5 Step Financial Management Program*

Financial Sustainability Headwinds

- All private schools are confronting major economic headwinds
 - Technology limitations
 - Baumol Effect
 - Market limitations
 - Limited student capacity
 - Shrinking candidate base

OVERVIEW

Financial Sustainability Headwinds

- All private schools are confronting major economic headwinds
 - Price Limitations—Tuition Ceilings

Average Inflation and College Tuition Inflation

1978 – 2018

U.S. Department of Labor

College Tuition rose at:

Annual CGR: **6.73%**

Cumulative Growth: **1,375%**

Overall Inflation rose at:

Annual CGR: **3.60%**

Cumulative Growth: **411%**

**College Tuition Rose
More Than
3.34x Inflation**

Financial Sustainability Headwinds

- All private schools are confronting major economic headwinds
 - Adaptive changes
 - New curriculum for 21st century
 - Skills vs. Content
 - New facility needs
 - Determining value proposition
 - Matriculation
 - Preparation for the 21st century

Endowment Misconceptions

TWO COMMON ENDOWMENT MISCONCEPTIONS

Misconception 1:

*Looks can be
deceiving.*

The **sheer size** of a non-profit's **Monetary Endowment** is not the best metric to judge its financial stability.

There is a more accurate measure to show the financial strength of an institution.

Misconception 2:

*What's in a
name?*

Protecting a non-profit's **Monetary Endowment** is essential for long-term financial stability **but**, there are **Other Endowments** that shouldn't be ignored.

What Are The Other Endowments?

THREE TYPES OF ENDOWMENTS

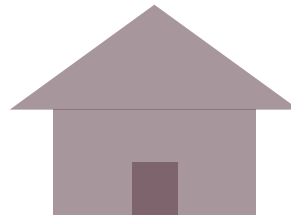
*Good things
come in threes*

An institution's endowment encompasses multiple resources, all critical to its future.

All operating non-profits have **3 types of endowments:**



Monetary
(investment portfolio)
financial assets for
investment and future
use



Physical
(capital assets)
physical plant, property
and programs



Intangible
(operating budget)
skilled staff, quality of
programs, loyal patrons,
and reputations

By sorting the endowments into these three categories it is easier to understand how they interrelate and manage outcomes needed to achieve goals.

The essential task of endowment financial management is to enhance and balance each of the three endowments over time.

An Operating Non-Profit's Two Major Financial Challenges

CHALLENGES TO LONG TERM FINANCIAL STABILITY

*We've got
two problems.*

All operating non-profits confront two challenges to long term financial sustainability.

The Budget Growth Challenge

- Don't spend more than you earn

The Budget Enhancement Challenge

- Don't add projects unless properly funded

THE BUDGET GROWTH CHALLENGE

Don't spend more than you earn.

The Challenge:

- A non-profit must not take from its endowment excessive drawdowns for budget needs which would destroy its long term financial integrity.

The Solution:

- The **Budget Growth Ratio** compares the net growth of the endowment to the growth rate of the operating budget and is an important way to determine if a non-profit is achieving financial sustainability.

THE BUDGET GROWTH CHALLENGE

Don't spend more than you earn.

$$\frac{\text{Endowment Growth (ROR - Payouts + Additions)}}{\text{Growth Rate of Operating Budget}} \geq 1$$

By maintaining a budget growth ratio of greater than 1, the non-profit will assure that the proportionate share of its operating revenues represented by its drawdown is constant over time on a purchasing power basis.

THE BUDGET ENHANCEMENT CHALLENGE

Don't add projects unless properly funded.

The Challenge:

- The second challenge is to assure that a non-profit's capital projects (whether buildings or programs) are successfully funded without losing its long-term financial sustainability.

The Solution:

- The **Endowment Coverage Ratio** is the most accurate measure of an institution's financial strength as it shows the degree to which the endowment is able to fulfill the financial demands placed on it.

THE BUDGET ENHANCEMENT CHALLENGE

Don't add projects unless properly funded.

$$\frac{\text{Monetary Endowment}}{\text{Operating Budget}} = \text{Endowment Coverage Ratio}$$

By maintaining the endowment coverage ratio when new capital projects are undertaken, the non-profit will not diminish its financial integrity.

Strategic Financial Non-Profit Management

A Comprehensive Approach

Determining The Non-Profit's Current Financial Status

FINANCIAL STRENGTH RANKINGS

To determine an institution's true financial strength, calculate its endowment coverage ratio and compare it to its peer group

Sample Large University Endowments

Institution	Operating Budget	Endowment
Harvard University	\$6,455,723,000	\$37,096,474,000
Yale University	\$3,903,898,620	\$27,216,639,000
Stanford University	\$5,797,391,199	\$24,784,943,000
Princeton University	\$2,086,214,000	\$23,353,200,000
MIT	\$3,751,619,000	\$14,832,483,000
University of Pennsylvania	\$6,254,103,000	\$12,213,207,000
Texas A&M University	\$1,584,846,364	\$10,808,501,077
University of Michigan	\$7,387,839,000	\$10,777,563,000
Columbia University	\$4,774,904,153	\$9,996,596,000
University of Notre Dame	\$1,416,150,617	\$9,684,936,000

FINANCIAL STRENGTH RANKINGS

To determine an institution's true financial strength, calculate its endowment coverage ratio and compare it to its peer group

University Endowment Coverage Ratios

Institution	Operating Budget	Endowment	Coverage Ratio
Princeton University	\$2,086,214,000	\$23,353,200,000	11.19
Yale University	\$3,903,898,620	\$27,216,639,000	6.97
University of Notre Dame	\$1,416,150,617	\$9,684,936,000	6.84
Texas A&M University	\$1,584,846,364	\$10,808,501,077	6.82
Harvard University	\$6,455,723,000	\$37,096,474,000	5.74
Stanford University	\$5,797,391,199	\$24,784,943,000	4.28
MIT	\$3,751,619,000	\$14,832,483,000	3.95
Columbia University	\$4,774,904,153	\$9,996,596,000	2.09
University of Pennsylvania	\$6,254,103,000	\$12,213,207,000	1.95
University of Michigan	\$7,387,839,000	\$10,777,563,000	1.46

FINANCIAL STRENGTH RANKINGS

To determine an institution's true financial strength, calculate its endowment coverage ratio and compare it to its peer group

Sample Large Boarding School Endowments

Institution	Operating Budget	Endowment
Phillips Exeter Academy	\$126,325,308	\$1,314,997,478
Phillips Andover Academy	\$131,738,933	\$1,113,151,218
St. Paul's School	\$65,346,618	\$633,333,291
Deerfield Academy	\$67,989,594	\$595,378,477
The Hotchkiss School	\$73,577,217	\$493,806,043
Lawrenceville School	\$85,497,758	\$475,671,199
Culver Academies	\$83,172,105	\$452,390,126
Choate Rosemary Hall	\$88,616,325	\$389,328,192
Groton School	\$49,853,170	\$382,574,956
Peddie School	\$48,027,240	\$344,825,329

FINANCIAL STRENGTH RANKINGS

To determine an institution's true financial strength, calculate its endowment coverage ratio and compare it to its peer group

Boarding School Endowment Coverage Ratios

Institution	Operating Budget	Endowment	Coverage Ratio
Phillips Exeter Academy	\$126,325,308	\$1,314,997,478	10.41
St. Paul's School	\$65,346,618	\$633,333,291	9.69
Deerfield Academy	\$67,989,594	\$595,378,477	8.76
Phillips Andover Academy	\$131,738,933	\$1,113,151,218	8.45
Groton School	\$49,853,170	\$382,574,956	7.67
Peddie School	\$48,027,240	\$344,825,329	7.18
The Hotchkiss School	\$73,577,217	\$493,806,043	6.71
Lawrenceville School	\$85,497,758	\$475,671,199	5.56
Culver Academies	\$83,172,105	\$452,390,126	5.44
Choate Rosemary Hall	\$88,616,325	\$389,328,192	4.39

FINANCIAL STRENGTH RANKINGS

Boarding School Endowment Coverage Ratios Top 10 Coverage Ratios of 15 Largest Boarding School Endowments

Institution	Operating Budget	Endowment	Coverage Ratio
Phillips Exeter Academy	\$126,325,308	\$1,314,997,478	10.41
St. Paul's School	\$65,346,618	\$633,333,291	9.69
Deerfield Academy	\$67,989,594	\$595,378,477	8.76
Phillips Andover Academy	\$131,738,933	\$1,113,151,218	8.45
Groton School	\$49,853,170	\$382,574,956	7.67
Peddie School	\$48,027,240	\$344,825,329	7.18
Mercersburg Academy	\$43,721,862	\$296,651,333	6.78
The Hotchkiss School	\$73,577,217	\$493,806,043	6.71
Woodberry Forest School	\$41,369,151	\$257,761,151	6.23
Lawrenceville School	\$85,497,758	\$475,671,199	5.56

DETERMINATION OF FINANCIAL STRENGTH

Relative Non-Profit Financial Strength Index

Endowment Coverage Ratio Range	Level of Financial Strength	% Operating Budget Paid by Endowment Payout of 5%
1.0x – 4.0 x	Moderate	0 – 20%
4.0x – 8.0 x	Moderately Strong	20 – 40%
8.0x – 12.0x	Strong	40 – 60%
Over 12.0x	Very Strong	60+%

- The higher the percentage of the operating budget paid by the endowment, the less dependent the institution is on external revenue sources. A non-profit institution should establish the largest monetary endowment and highest coverage ratio possible.
- The appropriate level of financial strength varies for each type of non-profit institution.

Steps for Developing an Endowment

STEPS FOR DEVELOPING AN ENDOWMENT

After the Educational Mandate, the most essential department of the school for enduring financial strength is Advancement.

Challenges

- Tuition revenues only cover up to 60% to 80% of a school's operating expenses
- Revenue shortfall typically covered by:
 - Contributions to Annual Fund
 - Outside earned income
and
 - ENDOWMENT DRAWDOWNS

STEPS FOR DEVELOPING AN ENDOWMENT

Approach for Creating and Funding Initial Endowment

Two Approaches:

Allocate Budget Funds

- Designate portion of revenues for operating reserve
- Convert operating reserve funds into investment account
- Convert investment account to Endowment

Board Initiated

- Board proposes an initial endowment drive
- Board contributes funds for establishing endowment campaign
- Board provides giving leadership

STEPS FOR DEVELOPING AN ENDOWMENT

Investing in Advancement Programs The Engine Powering the School's Mission

Successful fundraising ultimately requires a fully integrated effort including:

- Communications
- Research
- Engagement
- Volunteer Management
- Advancement Services
- Personal Solicitation & Stewardship
- Donor Relations

STEPS FOR DEVELOPING AN ENDOWMENT

Investing in Advancement Programs The Engine Powering the School's Mission

Manage the Gift Pipeline:

- Principal Gift Donors
- Major Gift Donors
- Leadership Gift Donors
- Participation Gift Donors

STEPS FOR DEVELOPING AN ENDOWMENT

Investing in Advancement Programs The Engine Powering the School's Mission

Board leadership is essential:

- Leadership in the philanthropic community
- Provide the resources for advancement programs
- Develop benchmarks for return on investment
- Champions for the mission accountable to others

STEPS FOR DEVELOPING AN ENDOWMENT

Creating an Endowment Campaign

Initially may want to utilize a Fundraising Campaign Consultant

Steps for a successful campaign program:

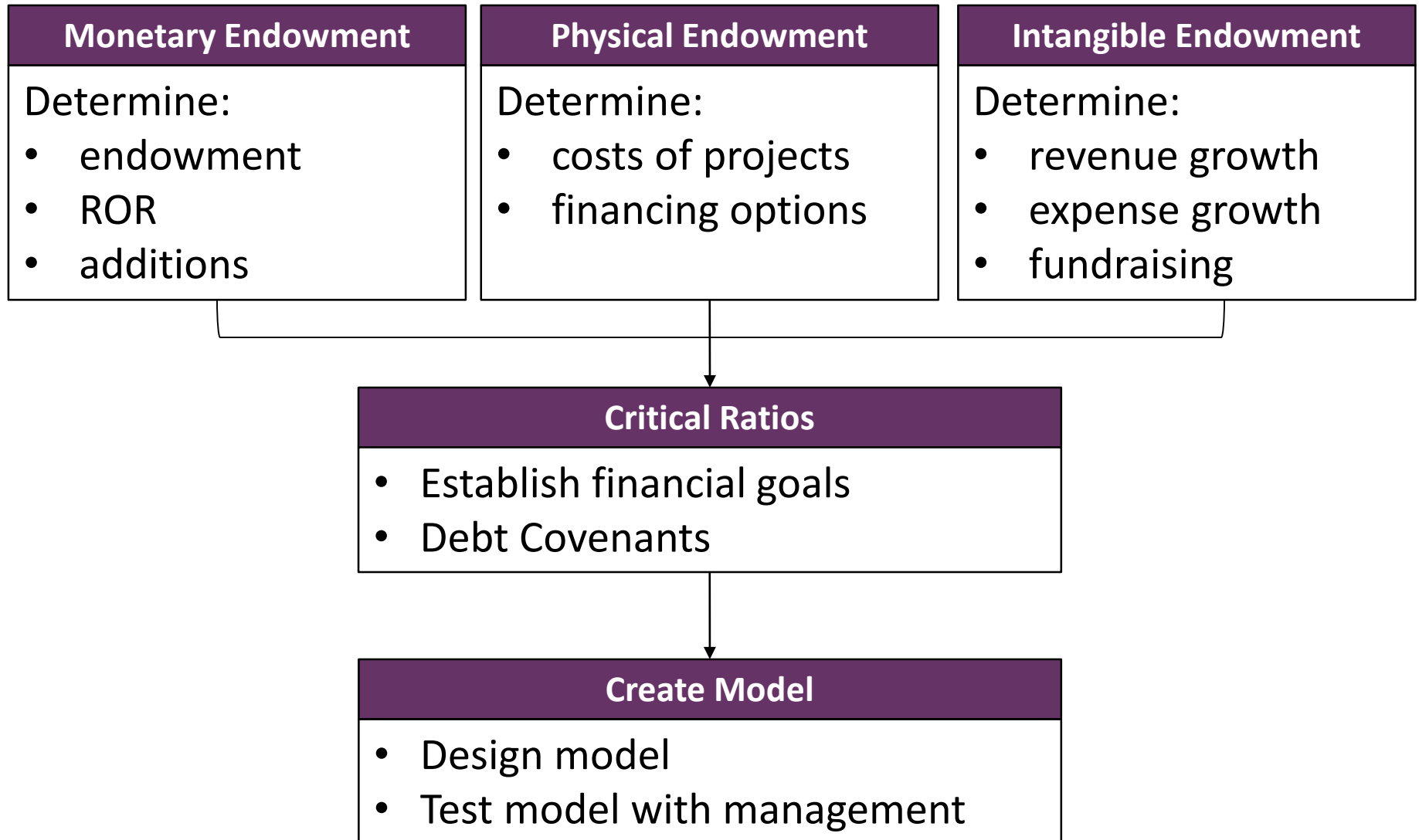
- Identify Campaign Goals
 - Capital Projects
 - Endowment Needs
- Align goals with mission/values of school
- Evaluate fundraising potential
 - Engage prospective donors
- Develop the case for support and gift impact
- Organize effort with:
 - Internal Staff
 - Alumni Volunteers

The Non-Profit Management Program

***“However beautiful the strategy, you should occasionally look at the results.”
-Winston Churchill***

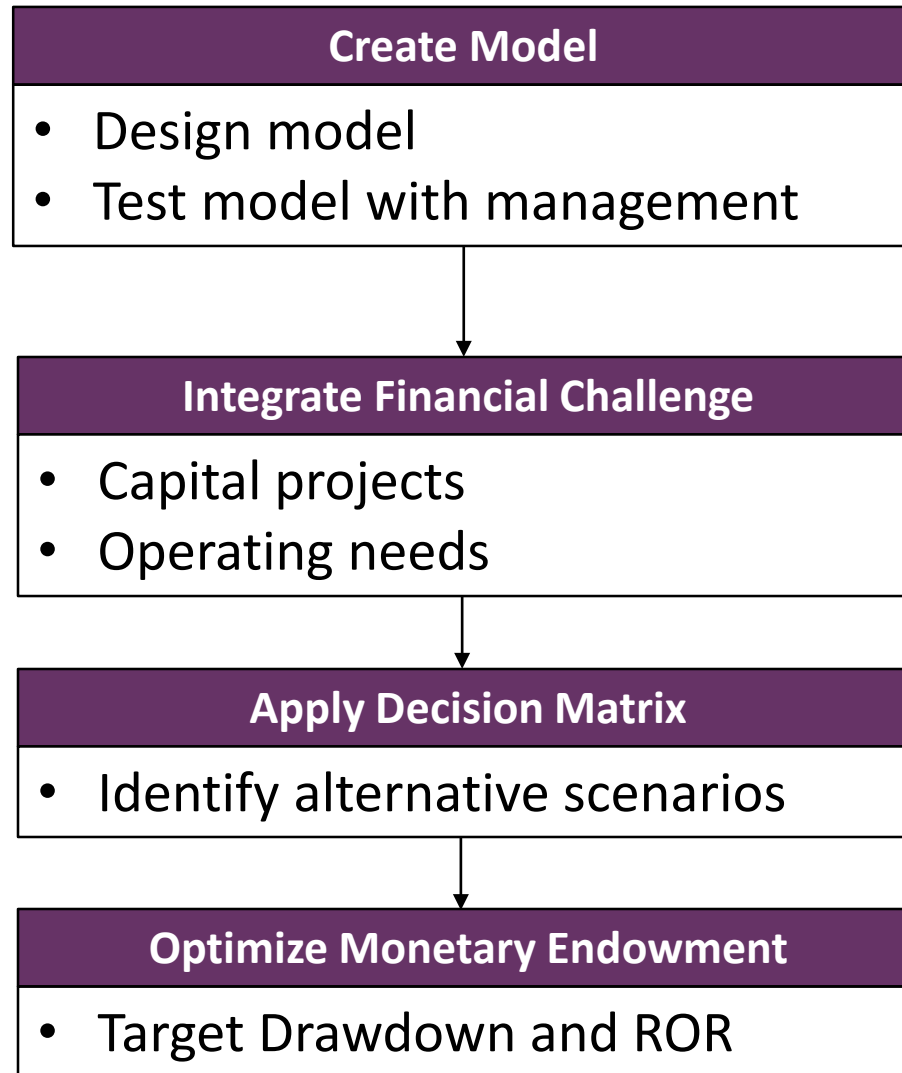
SCOPE OF NON-PROFIT MANAGEMENT PROGRAM

COORDINATION WITH INVESTMENT MANAGEMENT



SCOPE OF NON-PROFIT MANAGEMENT PROGRAM

COORDINATION WITH INVESTMENT MANAGEMENT



Strategic Financial Non-Profit Management

A Comprehensive Approach

Step 1: Capture all Financial Inputs

CAPTURE ALL FINANCIAL INPUTS

STEP 1

To optimize the non-profit's financial strength, boards and management must be able to plan and **model** the course of its financial future over a time horizon of a minimum of 10 years but **hopefully the next 25 years.**

Data Inputs:

Historical and Projected Operating Budget

Fundraising History and Forecast

Historical and Future New Programs

Historical and Future Capital Projects

Historical and Projected Financing

Historical and Projected Endowment Growth

Management Inputs:

Endowment Coverage Ratio

Budget Growth Ratio

Growth Rate of Endowment

Endowment Payout Rate

Growth Rate of Operating Budget

Financing Options

Fundraising Capacity

Strategic Financial Non-Profit Management

A Comprehensive Approach

Step 2: Establishing Financial Goals

ESTABLISHING FINANCIAL GOALS

(SAMPLE INSTITUTION)

STEP 2

Where are you now?

Historical Snapshot

Ten Year Historical Financial Summary
(\$ in 000 except for tuition and average salaries)

	<u>2004</u>	<u>2014</u>	<u>10 Year CAGR*</u>
Operating Budget (Intangible)			
Operating Revenues	\$22,337	\$30,802	3.3%
Operating Expenses	\$22,330	\$30,796	3.3%
Annual Fund	\$1,997	\$2,641	2.8%
Average Salaries	\$52,188	\$67,454	2.6%
Balance Sheet (Physical)			
Total Assets	\$236,644	\$389,797	5.4%
Fixed Assets	\$51,909	\$87,208	5.3%
Endowment (Monetary)			
Endowment	\$155,043	\$244,337⁽¹⁾	4.7%

The Critical Ratios

2014 Budget Growth Ratio			
Formula:	$\frac{\text{Endowment Growth (ROR - Payouts + Additions)}}{\text{Growth Rate of Operating Budget}} \geq 1$		
Calculation:	$\frac{4.7\%}{3.3\%}$	= 1.4	
Result:	1.4 > 1		
Endowment Coverage Ratio (\$ in 000)			
Formula:	$\frac{\text{Endowment}}{\text{Operating Budget}}$		
Calculations:	$\frac{\$155,043}{\$22,330}$	$\frac{\$244,337}{\$30,796}$	
Result:	Endowment Coverage Ratio =	$\frac{2004}{6.9x}$	$\frac{2014}{7.9x}$

(1) Endowment Growth 2004 – 2014: Investment return = 7.9%; Annual drawdown: 4.9%; New Contributions: 1.7%

* Compound Annual Growth Rate

ESTABLISHING FINANCIAL GOALS

(SAMPLE INSTITUTION)

STEP 2

Where do you want to be?

2014 Status	
Budget Growth Ratio	1.4
Endowment Coverage Ratio	7.9x
Investment Return	7.9%
Endowment Growth Rate	4.4%
Endowment	\$244,337
Revenue Growth Rate	3.3%
Expense Growth Rate	3.3%
Annual Fund Growth Rate	2.8%
Salaries Growth Rate	2.6%

Future Goals		
Budget Growth Ratio	Maintain 1.3	
Endowment Coverage Ratio	Above 7.5x	
Investment Return	Below 7.5%	
Endowment Growth Rate	4.0%	
Endowment	2014: \$361,678	2039: \$651,362
Revenue Growth Rate	2.75%	
Expense Growth Rate	3.0%	
Annual Fund Growth Rate	4.0%	
Salaries Growth Rate	4.0%	

Strategic Financial Non-Profit Management

A Comprehensive Approach

Step 3: Create the Model

CREATE THE MODEL

STEP 3

Design and create the model to produce a decision-making framework:

Component Steps
1) Input financial data
2) Input Board's financial goals
3) Create comprehensive financial model
4) Test model with management
5) Integrate Financial Challenge
6) Perform sensitivity analysis
7) Identify optimal alternative scenarios

Strategic Financial Non-Profit Management

A Comprehensive Approach

Step 4: Create the Decision Matrix

CREATE THE DECISION MATRIX

STEP 4

Evaluate alternatives and choose optimal scenario for achieving future budgetary needs, programs or projects.

Four Sample Matrices Summarize:

1) Budget scenarios

2) Program scenarios

3) Project scenarios

4) Fundraising scenarios

Better Board decision making produces long-term financial certainty.

MATRIX FOR ALTERNATIVE BUDGET SCENARIOS

(SAMPLE DECISION MATRIX)

EXAMPLE OF OPERATING CHANGE: ADMINISTRATION WANTS TO RAISE SALARIES BY 5%

Alternative Budget Scenarios (Rate of Growth Assumptions)				
	<u>Target Goals</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Operating Revenues	4%	4%	4%	4%
Operating Expenses	3%	3.5%	3.5%	3.5%
Annual Fund	4%	5%	4%	4.5%
Salaries	4%	5%	5%	5%
Endowment	4%	4%	4.5%	4.5%

Decision Matrix

	Ending Endowment (\$ in 000)			Endowment Coverage Ratio			Budget Growth Ratio ROR			
	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	
	Board's LT Targets	\$244,337	Above \$361,678	Above \$651,362	7.9x	Above 7.5x		7.9%	Below 7.5%	
Alternative Scenarios	Scenario 1	\$244,337	\$328,368	\$593,070	7.9x	7.4x	6.3x	7.9%	8.2%	8.7%
	Scenario 2	\$244,337	\$370,610	\$672,311	7.9x	6.7x	5.9x	7.9%	8.6%	8.9%
	Scenario 3	\$244,337	\$375,420	\$692,482	7.9x	8.2x	8.5x	7.9%	7.4%	7.2%

Optimal

MATRIX FOR ALTERNATIVE BUDGET SCENARIOS

(SAMPLE DECISION MATRIX)

EXAMPLE OF OPERATING CHANGE: ADMINISTRATION WANTS TO ADD NEW “STEM” PROGRAM

Alternative Budget Scenarios (Rate of Growth Assumptions)				
	<u>Target Goals</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Operating Revenues	4%	4%	4%	4%
Operating Expenses	3%	3.25%	3.25%	3.25%
Annual Fund*	4%	4.5%	4%	4.25%
Salaries*	4%	4.25%	4.25%	4.25%
Endowment	4%	4%	4.25%	4.25%

*Additional budget goals to be selected

Decision Matrix

	Ending Endowment (\$ in 000)			Endowment Coverage Ratio			Budget Growth Ratio ROR		
	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039

Board's LT Targets	\$244,337	Above \$361,678	Above \$651,362	7.9x	Above 7.5x	7.9%	Below 7.5%
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Alternative Scenarios	Ending Endowment (\$ in 000)			Endowment Coverage Ratio			Budget Growth Ratio ROR			
	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	
	Scenario 1	\$244,337	\$362,710	\$655,418	7.9x	7.6x	7.7x	7.9%	7.4%	
Scenario 2	\$244,337	\$325,210	\$610,780	7.9x	6.1x	7.0x	7.9%	8.4%	8.8%	
Scenario 3	\$244,337	\$365,818	\$660,211	7.9x	7.6x	7.7x	7.9%	7.3%	7.2%	Optimal

MATRIX FOR ALTERNATIVE CAPITAL PROJECT SCENARIOS

(SAMPLE DECISION MATRIX)

EXAMPLE OF OPERATING CHANGE: ADMINISTRATION SEEKS NEW BUILDING PROJECT

Required Capital Projects Analysis - \$60,000 at Cost (\$ in 000)			
	<u>Fundraising</u>	<u>Pledges</u>	<u>Financing / Terms</u>
Scenario 1A	\$60,000	\$40,000	\$40,000: 3% - 5 Years; No Investment Spread
Scenario 1B	\$60,000	\$40,000	\$40,000: 5% - 30 Years; 2% Investment Spread
Scenario 2A	\$52,500	\$35,000	\$42,500: 3% - 5 Years; No Investment Spread
Scenario 2B	\$52,500	\$35,000	\$42,500: 5% - 30 Years; 2% Investment Spread

Decision Matrix

	Ending Endowment (\$ in 000)			Endowment Coverage Ratio			Budget Growth Ratio ROR			
	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	
	Board's LT Targets	\$244,337	Above \$361,678	Above \$651,362	7.9x	Above 7.5x		7.9%	Below 7.5%	
Scenario 1A	\$244,337	\$395,410	\$672,801	7.9x	7.6x	7.9x	7.9%	7.4%	7.3%	Optimal 1
Scenario 1B	\$244,337	\$406,288	\$710,266	7.9x	8.6x	8.2x	7.9%	7.4%	7.1%	Optimal 2
Scenario 2A	\$244,337	\$358,211	\$645,210	7.9x	7.2x	7.5x	7.9%	8.1%	7.9%	
Scenario 2B	\$244,337	\$381,312	\$684,712	7.9x	8.1x	7.9x	7.9%	7.3%	7.2%	Optimal 3

Alternative
Scenarios

MATRIX FOR ALTERNATIVE BUDGET SCENARIOS

(SAMPLE DECISION MATRIX)

EXAMPLE OF OPERATING CHANGE: ADMINISTRATION WANTS TO ASSESS IMPACT OF \$5 MILLION SCHOLARSHIP DONATION

Alternative Contribution Scenario (Rate of Growth Assumptions)		
	Target Goals	Scenario 1
Operating Revenues	4%	4.2%
Operating Expenses	3%	3.0%
Annual Fund	4%	4.0%
Salaries	4%	4.0%
Endowment	4%	4.1%

Endowment Drawdown: 5%

Minimum Scholarships: 5

Endowment ROR: 7.5%

Decision Matrix

	Ending Endowment (\$ in 000)			Endowment Coverage Ratio			Budget Growth Ratio ROR		
	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039	FY 2014	FY 2024	FY 2039
Board's LT Targets	\$244,337	Above \$361,678	Above \$651,362	7.9x	Above 7.5x		7.9%	Below 7.5%	
Scenario 1	\$244,337	\$371,810	\$667,450	7.9x	8.4x	8.7x	7.9%	7.4%	7.4%
Benefit		\$10,132	\$16,088		0.9x	1.2x		-0.1%	-0.1%

Step 5: Optimize the Monetary Endowment

OPTIMIZE THE MONETARY ENDOWMENT

STEP 5

In designing a program to best achieve the targeted rate of return, the investment advisor must custom tailor and regularly update the investment portfolio.

Factors to Consider:

1) Target ROR and drawdown

2) Investment policy

3) Asset allocation including style and sector weighting

4) Manager selection

5) Thorough and accurate reporting to maintain track record

Implementing prudent investment decisions promotes the long-term financial stability of the endowment.

Strategic Financial Non-Profit Management

A Comprehensive Approach

Variety of Applications

CUSTOMIZABLE BASED ON SPECIFICS OF ANY GIVEN ORGANIZATION

Types of Institutions	Challenges
<ul style="list-style-type: none">○ Educational<ul style="list-style-type: none">• Universities• Private elementary & secondary schools<ul style="list-style-type: none">• Boarding and day schools○ Performing Arts<ul style="list-style-type: none">• Ensemble orchestras• Operas• Dance• Theaters• Facilities and festivals○ Museums○ Think-tanks and research institutes○ Monuments○ Libraries○ Cemeteries	<ul style="list-style-type: none">○ Asset Enhancements<ul style="list-style-type: none">• New facilities<ul style="list-style-type: none">• Buildings• Theaters• Classrooms• Real estate acquisitions• Deferred maintenance / construction○ Program Enhancements<ul style="list-style-type: none">• New educational programs (supplies, teachers, classrooms)• New technological needs• New acquisition fund• New program fund○ Increase Available Financial Aid

Strategic Financial Non-Profit Management

A Comprehensive Approach

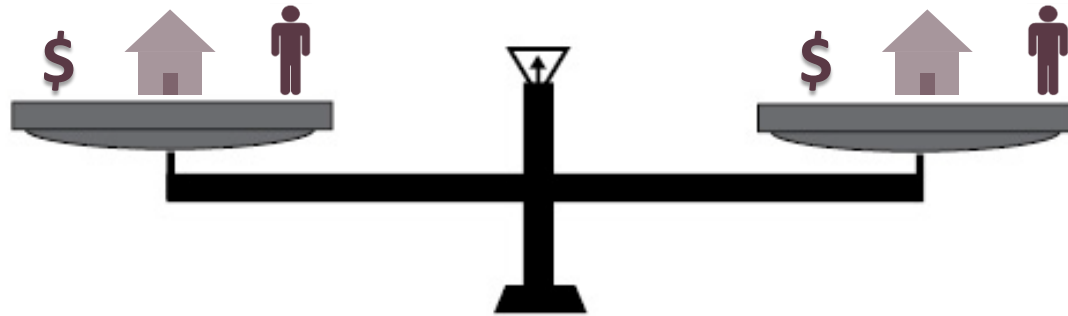
Conclusion

IN CONCLUSION

Utilizing endowment coverage and budget growth ratios makes it possible for the board and management to:

- Have more informed and prudent institutional decision making, balancing the needs of:
 - The Operating Budget
 - The Capital Programs
 - The Endowment
- Strategically plan out the course of the institution over 25+ years. Decisions today preserve choices for tomorrow.

IN CONCLUSION



The Delicate Balance

Prudent and skillful management of all three endowments maximizes institutional strengths and provides clarity to long term objectives.

FOR MORE INFORMATION

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