

Children's School of Science – Finance Committee

1. Update on Financial Position

In general the financial health of CSS is strong. This has been helped by the sale of 3 Water Street and the receipt of a \$50,000 gift. Without the need to invest in the building and the continued strength of our annual Sustaining Fund, we are able to preserve our reserve funds and provide the financial support necessary for our programs. We are also able to provide a 3% increase to our faculty and staff. Below is an update on our current financial position and a proposed budget.

2. Budget Philosophy

In developing a budget for FY12 the Finance Committee took the following approach:

1. Project out and plan for all administrative and operating costs.
2. Plan an increase of staff and faculty salaries at a market rate (3%).
3. Hold tuition constant.
4. Build in funding for the necessary procurement of new and replacement equipment.

3. Proposed Budget

In the proposed budget you will see a projected surplus. This is a result of taking excess operating balances and portfolio returns and adding them to the budget in the manner approved by Board. The Finance Committee reminds the community that we should not spend the surplus unless there is a compelling need.

Children's School of Science – Finance Committee

	2009	2010	2010	2011	2011	2012
INCOME	Actual	Proposed	Actual	Proposed	Actual	Proposed
Tuition/Fees	\$142,100.00	\$137,000.00	\$138,005.00	\$152,500.00	\$150,485.00	\$152,000.00
Tuition assistance	\$1,900.00	\$1,500.00	\$3,500.00	\$2,000.00		\$3,500.00
Scholarships	\$3,980.00	\$6,000.00	\$4,240.00	\$6,000.00		\$5,000.00
Fundraising:						
Fal. Road Race			\$5,783.01	\$3,750.00		\$3,750.00
Pres. & Friends Mem.					\$1,985.00	\$0.00
W/M Fundraising	\$7,287.00	\$7,000.00	\$7,114.41	\$4,800.00		\$5,500.00
Sustaining Fd.	\$28,895.00	\$25,000.00	\$29,905.00	\$26,500.00		\$29,000.00
Grants:	\$0.00	\$0.00		\$0.00		\$0.00
Interest Income:						
Storage: Clowes Fund			\$391.46	\$800.00		\$1,105.00
Scholar: Anon. Donor			\$332.60	\$630.00		\$790.00
Salaries/Tech:Metz						\$500.00
Current Use Investment Income	\$0.00	\$0.00	\$0.00	\$0.00		
Transfer from Reserve						
Royalties	\$0.00	\$0.00	\$39.26	\$0.00		\$0.00
Science Extension	\$610.00	\$900.00	\$531.00	\$550.00		\$500.00
Miscellaneous	\$0.00		\$0.00	\$0.00		\$0.00
Prior Surplus (avg prior 3 yrs)						\$ 6,849.73
TOTALS	\$185,572.00	\$177,400.00	\$189,828.27	\$197,530.00	\$152,470.00	\$208,494.73
Cash Expenses						
Payroll & Tax	\$104,102.65	\$100,000.00	\$99,516.12	\$104,600.00	\$94,652.00	\$102,500.00
Payroll Exp.-Stipends	\$433.14	\$1,100.00	\$433.14	\$700.00		\$500.00
Stipend- non-payroll	\$600.00	\$600.00	\$1,000.00	\$600.00		\$500.00
Tuition Refund	\$800.00	\$600.00	\$1,640.00	\$1,100.00		\$1,000.00
Tuition Assistance	\$1,900.00	\$1,500.00	\$3,500.00	\$2,000.00		\$3,500.00
Scholarships	\$3,980.00	\$6,000.00	\$4,240.00	\$6,000.00		\$5,000.00
Sci. Ext. Expenses	\$0.00	\$500.00	\$134.49	\$100.00		\$150.00
Fundraising:						
Falmouth Road Race			\$150.00		\$850.00	\$850.00
Development		\$0.00		\$450.00		\$400.00
W/M Fundraising	\$1,720.09	\$2,500.00	\$4,310.35	\$3,600.00		\$3,500.00
Accounting	\$5,875.00	\$9,000.00	\$8,260.00	\$6,900.00		\$8,500.00
Advertising	\$0.00	\$100.00	\$0.00	\$0.00		\$100.00
Bank/Credit charges	\$250.91	\$150.00	\$271.34	\$350.00		\$300.00
Lease w/ WHCA:						
Build./Cap.Improv.	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
Rent	\$8,600.00	\$8,800.00	\$8,800.00	\$9,000.00	\$9,000.00	\$9,200.00
WHCA:obligation	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Janitor	\$1,200.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Course Consultation	\$125.00	\$0.00	\$0.00	\$150.00		\$150.00
Contributions: Misc.	\$50.00	\$50.00	\$200.00	\$50.00		\$50.00
Copy Machine	\$921.00	\$930.00	\$639.97	\$950.00	\$798.00	\$800.00
Course Supplies	\$5,625.96	\$3,000.00	\$4,328.09	\$6,000.00		\$5,600.00
Field Trips	\$3,206.00	\$3,100.00	\$2,383.00	\$3,400.00		\$3,200.00
General Supplies	\$2,607.14	\$3,000.00	\$2,381.06	\$3,500.00		\$3,500.00
Health/CPR	\$840.00	\$1,000.00	\$1,210.00	\$1,000.00		\$1,300.00
Honoraria (bells)	\$400.40	\$500.00	\$345.85	\$500.00		\$450.00
Hospitality	\$1,050.29	\$1,200.00	\$1,970.54	\$1,200.00		\$2,000.00
Insurance	\$9,669.00	\$10,000.00	\$13,188.00	\$13,500.00		\$16,000.00
Internet Charges	\$1,349.65	\$1,200.00	\$1,239.40	\$1,500.00		\$1,500.00
Legal Fees	\$0.00	\$100.00	\$771.05	\$650.00		\$250.00
Maint./Repair	\$0.00	\$100.00	\$75.00	\$40.00		\$100.00
Miscellaneous	\$0.00	\$100.00	\$275.12	\$100.00		\$200.00
Non-Profit Tax/Other	\$144.93	\$70.00	\$146.55	\$150.00		\$150.00
Optics	\$0.00	\$1,000.00	\$0.00	\$3,000.00		\$3,000.00
Postage	\$2,426.86	\$3,500.00	\$3,938.46	\$4,700.00		\$4,700.00
Printing Expenses	\$5,658.42	\$5,000.00	\$6,175.62	\$7,000.00		\$7,000.00
Slideshow	\$500.00	\$500.00	\$500.00	\$500.00		\$500.00
Stor. Unit/moving exp.	\$0.00	\$0.00	\$717.15	\$1,510.00		\$1,550.00
Technology	\$2,799.55	\$3,000.00	\$2,731.60	\$3,000.00		\$3,000.00
Telephone/Cell	\$1,611.94	\$1,700.00	\$806.24	\$1,700.00		\$900.00
Conference Calls			\$569.91			\$600.00
Total Cash Expenses	\$174,560.23	\$177,400.00	\$183,865.35	\$197,000.00	\$112,800.00	\$200,000.00
Net Inc Before Dep	\$11,011.77	\$0.00	\$5,962.92	\$530.00	\$39,670.00	\$8,494.73
Non Cash Expenses						
Depreciation	2000	2000	2000	2000	2000	\$ 2,000.00
Total Expenses	\$176,560.23	\$179,400.00	\$185,865.35	\$199,000.00	\$114,800.00	\$202,000.00
Net Income	\$9,011.77	-\$2,000.00	\$3,962.92	-\$1,470.00	\$37,670.00	\$6,494.73

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Reserve Fund

The purpose of the Reserve Fund is:

- To provide a safety net of no less than two years (ideally three years) of operating expenses.
- To provide financial insurance in the event The Woods Hole School is not available for a summer season and the cost of operations becomes significantly more expensive.
- To provide financial assistance to the Operating Budget to smooth out yearly revenue fluctuations and to provide cash for the purchase of capital items.
- To provide a safety net and opportunity net for future generations.

The Reserve Funds are conservatively managed with a primary goal of preserving principle and a secondary goal of generating income and equity growth. Working with investment advisors at Cape Cod 5 the funds are invested as follows: (Please note the figures below do not include the recent \$50,000 gift.)

Reserve Funds - CDs								
<u>CD Purchase 4/29/2011</u>				<u>Interest Earned in 2010 not invested in CD</u>	<u>Interest Earned Jan 2011-April 29, 2011</u>	<u>Interest Earned thru 6/30/11</u>	<u>Projected Amount for remainder of 2011</u>	<u>Projected Jan-December 2012</u>
12 Months	\$34,098.81	0.95%	14%			\$55.70	\$161.92	\$321.20
24 Months	\$55,000.00	1.40%	23%			\$132.13	\$384.56	\$762.85
36 Months	\$72,900.00	2.10%	30%			\$262.10	\$763.60	\$1,514.75
48 Months	\$37,320.00	2.15%	15%	\$332.60	\$97.19	\$137.22	\$399.28	\$792.05
60 Months	<u>\$43,960.00</u>	2.55%	<u>18%</u>	\$391.46	\$114.50	\$131.31	\$557.52	\$1,105.95
Totals	\$243,278.81		100%	\$724.06	\$211.69	\$718.46	\$2,266.88	\$4,496.80

Reserve Funds in Investment Portfolio at 6/30/2011

Cash	\$16,392.53
Fixed Income	\$150,251.27
Equities	\$255,435.38
Accrued Income	\$1,287.33
Total	\$423,366.51

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Investment Portfolio Performance

CHILDRENS SCHOOL OF SCIENCE

CHILDRENS SCHOOL OF SCIENCE (by Account 650185010)

Date Range: 6/1/2005 through 6/30/2011

Class	Benchmark	Portfolio Allocation	6/1/2008 to 6/30/2009 ¹		6/1/2009 to 6/30/2010 ¹		6/1/2010 to 6/30/2011 ¹	
			Class Return	Benchmark Return	Class Return	Benchmark Return	Class Return	Benchmark Return
Cash	Not Applicable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Money Mkts & Equivalents	Lipper Money Market Index	3.87%	1.31%	1.25%	0.08%	0.06%	0.01%	0.03%
Taxable Bonds	Barclays Cap 1-3 Year Govt Index	35.69%	4.13%	4.78%	2.04%	2.50%	1.43%	1.73%
US Equities	Standard & Poor's 500 Stock Index	57.47%	-25.33%	-30.34%	15.11%	13.46%	21.42%	21.83%
International Equities	MSCI EAFE Gross Index	2.96%	-34.18%	-34.33%	11.02%	5.34%	26.41%	27.09%
Total Gross of Fees	Class Blended Benchmark	100.00%	-11.36%	-13.97%	7.81%	7.17%	11.43%	11.50%
Total Net of Fees²	Class Blended Benchmark	100.00%	-12.13%	-13.97%	6.90%	7.17%	10.48%	11.50%

FOOTNOTES:

¹ Annualized Return

² Starting 10/31/2005, management fees have been incorporated into performance calculations.

Historical Investment Portfolio Performance

Children's School of Science		7/1/08-6/30/09	7/1/09-6/30/10	7/1/10-6/30/11
Equities				
	Income	\$4,731.22	\$4,186.95	\$4,684.79
	Appreciation	(\$45,925.00)	\$24,459.00	\$53,532.00
Fixed Income				
	Income	\$8,155.95	\$5,049.86	\$3,579.23
	Appreciation	\$7,407.00	\$3,565.00	\$2,442.00
Fees		(\$3,443.68)	(\$3,545.30)	(\$3,833.83)
Contribution/Withdrawals		(\$30,593.00)	(\$11,726.00)	(\$4,432.00)
Net Gain/- Loss		(\$59,667.51)	\$21,989.51	\$55,972.19
Avg 3 Year				\$6,098.06