



**Meeting of the
Board of Trustees**

**June 9th and 10th, 2023
New York City**

*UWC makes education a force to unite people, nations and cultures
for peace and a sustainable future.*



United World College Campuses

UWC Atlantic 1962

Pearson UWC 1974

UWC South East Asia 1975

Waterford Kambala UWC 1981

UWC Adriatic 1982

UWC-USA 1982

Li Po Chun UWC 1992

Red Cross Nordic UWC 1995

Mahindra UWC 1997

UWC Costa Rica 2006

UWC Mostar 2006

UWC Maastricht 2009

UWC Dilijan 2014

UWC Robert Bosch College 2014

UWC Changshu China 2015

UWC Thailand 2016

UWC ISAK Japan 2017

UWC East Africa 2019



ARMAND HAMMER UNITED WORLD COLLEGE OF THE AMERICAN WEST
NOTICE OF MEETING OF THE BOARD OF DIRECTORS
June 2023

NOTICE is hereby given of a meeting of the Board of Directors of the Armand Hammer United World College of the American West (the “College”) to be held Friday, June 9, 2023, commencing at 1:00pm and continuing on Saturday, June 10, 2023, at 8:30am.

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**BOARD AGENDA
June 9-10, 2023**

**Morgan Lewis & Bockius
101 Park Avenue / New York 10178**

**Friday, June 9, 2023
1:00 PM-6:30 PM EDT**

Zoom Link Join Zoom Meeting <https://princeton.zoom.us/j/3650524952>

Meeting ID: 365 052 4952

One tap mobile

+13126266799,,3650524952# US (Chicago)

+16465588656,,3650524952# US (New York)

Attendees: **Trustees, Committee Members as invited guests, trustee nominees, SLT**

12:00-1:00 **Lunch catered at Morgan Lewis**

1:00-1:30 **Chair: Welcome, Meeting Objectives, Agenda Review, Vote on Trustee Nominees**

1:30-2:15 **President's Report**

2:15-5:45 **Committee Reports**

2:15-3:00 **Education**

3:00-3:45 **Facilities [Facilities Committee Presentation](#)**

3:45-4:00 **Break**



- 4:00-5:00** **Finance [Finance Committee Presentation](#)**
- 5:00-5:45** **Ad Hoc Business Model Committee
[Ad Hoc Business Model Committee Presentation](#)**
- 5:45-6:30** **Executive Session with President**
- 6:45 PM** **Cocktails & Dinner Hosted by Melanie**
14 E 17th St, Apt 8
New York, NY 10003

Saturday, June 10, 2023
9:00 AM-6:00 PM EDT

Zoom Link **Join Zoom Meeting <https://princeton.zoom.us/j/3650524952>**

Meeting ID: 365 052 4952

One tap mobile

+13126266799,,3650524952# US (Chicago)

+16465588656,,3650524952# US (New York)

Attendees: **Trustees, Committee Members as invited guests, trustee nominees, SLT,
Faith Abiodun**

8:00 AM **Breakfast available in conference room at Morgan Lewis**

8:30-9:00 AM **Bylaws Review**

9:00-10:00 AM **Ad Hoc Business Model Committee: Discussion**

10:00-11:00 **Capital Campaign**

11:00-11:30 **Appreciation of outgoing Trustees**



11:30-1:00 PM	Break and Lunch
1:00-2:00 PM	Deep Dive Governance Session I: Governance Intersections Between UWC-USA and UWCI
2:30-4:00 PM	Deep Dive Governance Session II: Board Committees: Roles, Responsibilities, and Opportunities
4:00-4:15	Break
4:15-5:30 PM	Executive Session with President
5:30-6:00 PM	Executive Session without President
6:30-8:00	Informal dinner hosted by Melanie Weston 14 E 17th St, Apt 8 New York, NY 10003



**Minutes of The Armand Hammer United World College
Of the American West (UWC-USA)
Board of Trustees Meeting,
February 10 and 11, 2023**

A meeting of the Board of Trustees of the Armand Hammer United World College of the American West ('UWC-USA') was held at UWC-USA in Montezuma, New Mexico with two sessions, the first beginning at 1:30 pm Mountain Time on February 10th and the second beginning at 9:15 am Mountain Time on February 11, 2023.

Attachments:

1. Agenda: Meeting of the Board of Trustees
2. Board Meeting: Appendices

Aly Kassam-Remtulla presided as Chair.

* * *

On Friday, February 10th, the first session began at 1:30 pm, Mountain Time

Trustees present and constituting a quorum were:

Allan Affeldt
Peter Alderman (AC '91)
Marc Blum*
Klaus Desmet ('88)
Eivind Djupedal*
Thomas Hassan*
Christian Janssen ('88)*
Ben Jones (AC '91)
Aditya Joshi ('91)*
Aly Kassam-Remtulla, Chair ('94)



Preeti Khandelwal (AC '84)*
Victoria Mora, President
John Morris ('85)*
Belinda Nicholson ('88)*
Jonathan Schneider
Subitha Subramanian ('88)
Michael Taylor ('91)
Dominic Garcia *
Marisa Leon ('87) *

Marybeth Kravets and Melanie Weston ('86) expressed their regrets.

Also present by invitation were the following members of the UWC-USA administration and guests of the Trustees

Todd Austin, Interim Associate Head of School
David Ertel, Committee Member, Audit and Risk
Sebastien de Halleux ('96)*, Co-Chair, Campaign Committee and Former Trustee
Mark Hodde ('89), Chief Advancement Officer
Kimi Jackson ('92), Chief Finance and Operations Officer
Piotr Holysz Co-Chair Audit and Risk Committee

* attended via Zoom

Aly Kassam-Remtulla opened the meeting and welcomed the attendees. To start he asked everyone to share something new that they have been up to since the last meeting in October. Aly Kassam-Remtulla reviewed the new "Pre-read" format to be used going forward when sharing meeting materials with the Board so members know what they need to focus on prior to each meeting.

Board Actions:

Board unanimously approved Minutes from October 2022 Board Meeting
Board unanimously approved the resolution to make Steve Dichter a Distinguished Trustee.

Victoria Mora read Article 4 Section 2B from the ByLaws that describes Distinguished Trustees for the Board prior to the vote. The Board will announce the unanimous approval of Steve Dichter as Distinguished Trustee at the evening events at the Castle.



Victoria Mora reminded the Board that there is a list of other Distinguished Trustees on the website.

Action: Submitha Subramanian with the Governance Committee will look for other potential Distinguished Trustees nominees.

President's Report: President Mora delivered the President's report. President Mora began by mentioning what she feels is the most important takeaway, which is that we have regained a state of normalcy for the student experience, and it feels good despite the fact that there is still work to be done in the areas of service and arts and culture. Working at a strategic level with the new smaller SLT and everyone on campus UWC-USA has added depth to programming. The addition of the Interim Associate Head of School role is proving invaluable. After a thorough process, involving the entire campus community, President Mora has selected Andrew Mahlstedt to be the Associate Head of School. Andrew is currently working at UWC International and has seven years experience working at other UWCs that are leaner. He has now met with the Board Chair and Education Committee of the Board. President Mora mentioned that our biggest challenges include a sustainable financial model, as the school is still dealing with the aftermath of the fires and associated insurance claims; turnover in the business office; there is still work to be done on our strategic plan despite making good progress; and lastly there are real challenges associated with the region that include 30% staff turnover annually among other things. The changes in the market have been dramatic and a shift in priorities may be needed considering our projected deficit.

Discussion:

Subitha Subramanian commented that it is good to hear it's a normalish year and Victoria Mora responded that the school will be dealing with the aftermath of the pandemic for years to come in various ways. This is the new normal.

Aly Kassam-Remtulla asked about new strategies UWC-USA might be thinking of adapting in regards to workforce flexibility in this new normal to which Victoria Mora responded that some of our employees are already working remotely, from New Mexico and from other states. But for many of our employees, working at UWC-USA requires relocation to New Mexico and there are challenges for a 24/7 operation to fold in remote/flexible work schedules. UWC-USA is a good employer and offers good benefits and we want to avoid having to piece positions together again (ex. the librarian/dishwasher) because that would be going backwards. The fact is that many of our employees are commuting in from places further out, 45 minutes away or more, and there is a small labor market to choose from.

Subitha Subramanian suggested UWC-USA might be able to identify some functions that could be remote at various levels.

Aly Kassam-Remtulla commented that Stanford University is having similar challenges because



folks cannot afford to live in the Bay Area.

Ben Jones commented that some things might possibly be automated, but this might require the school to pay more.

Aly Kassam-Remtulla questioned if it might be an option for students to do some of the work such as dishwashing for example at lower wages, but there would be the question of work authorization for those on visas and whether some students would even have the bandwidth to work with the rigor of the IB curriculum.

President Mora noted that our students already “pitch in” through various campus ExEds. She also mentioned that the water crisis is yet another issue. The pretreatment technology has helped, but the city is racing to get infrastructure in on the river to protect the reservoir. There is a lot of nervousness over the water situation and many legal and human challenges regarding land and land use. This will be discussed with the Board later.

Audit and Risk: The Audit and Risk Committee Co-Chair Piotr Holysz with Victoria Mora presented the committee report, which was a high level presentation since a deep dive on the subject was planned for Saturday’s agenda. We are behind on two audits, FYE 2021 and FYE 2022. Significant progress has been made on the FYE 2021 and we anticipate it will be complete in late February. The groundwork for the FYE 2022 audit is complete so we can move forward as soon as we have the final number from FYE 2021. We expect to start the FYE 2023 audit on time with the same auditor, although we will go out to bid for the FYE 2024 audit.

Victoria Mora reviewed the Risk slides reporting that the fallout from the fire is still with UWC. Trauma continues and financial issues persist despite having recovered \$1.5 million in claims some \$300K is still outstanding. Impacts on operations continue with limited service providers and deferred maintenance schedules. We are also worried about our insurability following the fires, but the broker thinks we will be insurable though at 25-27% higher rates. Already after the small Petersen fire the year previous to the Hermits Peak Calf Canyon Fire, finding someone to insure us was difficult; we had to move from one insurer to 7, which means we are pursuing claims with 7 different insurers..

Action: Since we may have even fewer options it was suggested that we look at other brokers, including potentially offshore, to see what they say. We might also explore the idea of self-insurance.

Campaign: Sebastien de Halleux, Campaign Co-Chair presented the Capital Campaign Update. The ask is *\$250,000 per year for two years in extraordinary expenditure to support the campaign to raise \$50M.* UWC-USA needs to invest money to make money. Sebastien de Halleux reviewed the campaign teams’ bios because as the saying goes ‘it will take a village’. In addition to Patricia



Bandeira Vieira, the team has grown by one member, Abby Falik, a recognized expert on social innovation, leadership, and the future of education, who was introduced by Shelby Davis. Abby Falik has been named one of America's Top 25 Philanthropy Speakers by The Business of Giving. Sebastien de Halleux reviewed the masterplan that involves investing to transform life on campus into a blueprint for possibility that includes creating a new basecamp by consolidating residential life through a Castle renovation (\$25M), consolidating academic life with a new Academic Quad (\$26M), and investing in sustainable and renewable energy infrastructure, and is enabled by investments made in teachers and programs guiding students from across the world's divides including 20 endowed \$1M scholarships (\$20M), 6 endowed \$1.5M faculty chairs (\$9M), and other smaller projects totalling an additional \$18M. This represents \$100M+ target in investment opportunities versus our needs target in the silent phase of \$50M. As far as campaign structure and progress the critical part is the \$9M new anchor donors because existing donors have signaled their agreement to match it. The aim is to guide donors to highest priorities while planting seeds for the next campaign, which is the campaign's legacy. The means to succeed involve articulating high level messaging so now we are in the process of selecting external partners to put together detailed donor-focused messaging so we can organize materials to support our objective and put long term tools and infrastructure in place. As for the campaign timeline, we are in the exploration phase (the green box on the presentation slide) that involves building a strong team, developing a donor pipeline, and crafting a solid story. Lastly, Sebastien de Halleux reviewed the campaign assessment - Exploration phase, which involves conversion and amplification, and outlined strengths (what is working well), weaknesses (what is working less well), opportunities (beyond our current objectives), and threats (to the success of our campaign). This is a moment of reflection. We have developed a lot of tools so far, but we need to take the next steps to building our toolkit: 1) we need campaign tools, structure and bandwidth in the form of a strategic partner like FBC (\$168K), 2) we need to create video assets (\$30-\$50K), 3) we need print and web donor collaterals (\$10-\$20K), 4) we need institutional capacity (budget TBD), and 5) we need galas and event with key donors (budget TBD). This is a sales function to get capital efforts on an ongoing basis.

Aly Kassam-Remtulla thanked Sebastien de Halleux and the campaign team for volunteering.

Discussion:

Allan Affeldt and Sebastien de Halleux to touch base after the meeting regarding qualified opportunity zone questions and debt financing.

Several board members supported the idea of reusing the video collateral created and to internalizing as much of the creative process as possible.

The campaign team reviewed the library of historical content Mark Hodde provided them and they determined that most of the material was too inward looking so it isn't useful in creating



something for a non-UWC audience. To create emotional connections we have to show the UWC vision.

All were energized by the enthusiasm and commitment of Sebastien de Halleux's presentation.

Board Actions:

Board approved \$500,000 in extraordinary expenditure to support the capital campaign.

o First \$250,000 tranche to be released immediately

o Second \$250,000 tranche to be released June 1, 2024 following due diligence on KPIs developed by the Advancement Committee

[The Board adjourned for a brief 10-minute break from 3:47 to 3:57 Mountain Time.]

Education: Belinda Nicholson presented the Education Committee report with Todd Austin. Belinda Nicholson started and presented the first two parts of the report. The reporting cycles of the committee to the Board are Fall (Academics), Winter (Residential), and Spring (Experiential). The committee has a new member, Catarina Song Chen. Catarina Song Chen lives in Brazil and has experience in fundraising and master planning. The goals of the committee are to 1) create dashboards for the three key areas: Academic, Residential and Experiential using key indicators that are systematic, repeatable and measurable and 2) to align dashboard formats over the next one to two years depending on the indicator and to annually populate them with data. We have made progress toward our goals. The Academic dashboard was presented at the October 2022 board meeting and we will present the first round of data in October 2023. The Residential Life dashboard is still under development and key indicators have been identified. We will assess if any modifications are needed to these key indicators. We are preparing to do our first belonging and inclusion study, which will include implementing a two-part AIM survey from NAIS this spring and a school self-assessment with focused groups. Residential Life will be a feature update at the February Board meeting.

Discussion:

Victoria Mora commented that RCs have improved student life experience and outcomes, and personal devices/social media have an impact. Belinda Nicholson responded students are demanding greater voice and input in this area at the institution. This is what it means to graduate from a mission driven school.

Todd Austin presented the remainder of the Education Committee report beginning with the new educational program design for 2023-2024. The rationale for the program is to further cultivate an institution-wide focus on peace and sustainability. Todd Austin outlined the current concept map for reorganization of program and mission alignment to show how we can integrate



IBDP with student life, which equals residential life. In the first diagram in section III the white blocks represent teaching and learning and the shaded/gray blocks represent where experiential education is happening. There are four signature programs: Arts and Culture, Constructive Engagement; Sustainability, and Wilderness, but we have struggled to achieve greater coherence because people have been doing too many things. A “reimagined” Bartos Institute will be positioned to fulfill its internal and external functions supporting mission based work supported by operations. It will require a return to a dedicated staff position, Director of “Reimagined” Bartos Institute, to lead Bartos in addition to a new Dean of Teaching and Learning position that is focused on driving excellence in teaching and learning across IB subjects and the IB core, as well as a new Dean of Students position that is focused on growth/development and discipline.

Discussion:

Ben Jones commented sustainability isn’t super articulated.

Subitha Subramaniam is struggling with the graphic of the “Reimagined” Bartos Center as it seems to be a complication – another layer of something – an add-on.

Klaus Desmet asked if we are adding positions or also deleting some?

Todd Austin responded that within the context of a school based syllabus we are working with IB to create pilots, which is a place we will start exploring sustainability. We haven’t made an investment in a full Barcos Institute, it is doing things but on the periphery. Bartos has a separate endowment that produces approximately \$60K annually and this structure is proposing a commitment for a new director position and the two Dean positions will result from reorganization. There are potentially some positions that could fall away to fulfill the director position.

Finance: The Finance Committee report was presented by John Morris and Kimi Jackson. John Morris started by providing some context. A year ago UWC-USA embarked on a cost saving program that was successful despite tremendous stresses including the fires, pandemic, and water issues. This fiscal awareness of senior staff and the board was timely as we could not have foreseen the prevailing inflation, but absent a successful Capital Campaign, it is likely that UWC-USA will be facing budget deficits in the near term. These unusual circumstances require deficit financing protocols that will require Board approval. The projected deficit for FY2023 is approximately \$407K, which equates to a run-rate deficit of \$657K and a projected deficit based on the preliminary budget for FY24 of \$1.43M, absent the amount just approved for the Capital Campaign.

Kimi Jackson added that we have recouped \$1.1M in insurance claims, but \$500K are still pending for fire relocation costs. Also while increases are budgeted across most categories, the main



increases were food cost, energy cost, and health & wellness cost inflation; bringing existing faculty to market wage rates, overhaul of IT infrastructure, and investment in Advancement. Therefore, UWC-USA needs to formalize a protocol for funding significant deficits that may be persistent.

John Morris then spoke about the budget modeling portion of the presentation. The Finance Committee, the CFO, and Victoria Mora are working on refurbishing UWC's budget construction and forecasting tools that will allow us to get a better, more realistic view into our five-year fiscal window. A more accurate budget model will allow better understanding of the nature and magnitude of future deficits (T2-T5). This will require a deeper dive to discuss deficit funding options including temporary increases in endowment draw, internal loans from the endowment, external mortgages, and utilization of private and, or, public debt markets.

At the last full Board meeting the Board requested that the Finance Committee review special projects that were presented – field project, Castle consolidation, and water infrastructure – and recommend financing options. The Finance Committee will look at these when the budget model is complete so the presentation on these special projects will be delayed until the next Board meeting as a lot will depend on forecasted deficits and any additional projects. John Morris outlined the two resolutions for addressing this year's and next year's proposed deficits. He said "resolutions are not solutions, they are actions". Solutions will come as we model T2-T5. The Finance Committee will come back to the Board. A mid-year look is vital. We are in better shape now than we would have been if we didn't embark on a cost saving program in T1, as painful as it was. The 2023 resolution needs to be modified given the Board's vote on funding the Capital Campaign (an additional \$250K) so the extraordinary draw from the endowment increases to \$660K from \$410K

Discussion:

The budget deficit is a conservative estimate, it could rise upwards of 1.7M. The Capital Campaign is intended to help with the structural deficit, not just buildings, \$20M is needed to get the deficit down.

Board Actions:

Board approved the Resolution to Fund Projected Deficit for FYE 2023 by majority vote (Michael Taylor was a nay) by means of an extraordinary draw from the endowment of \$660,000 to close the projected deficit for operating budget for FYE 2023 (this includes the extraordinary expenditure to support the campaign).

However, some trustees would like to make a motion that we take a loan from the endowment at 6% interest. Shall we make a motion to do this by email?



Resolution to Fund Projected Deficit for FYE 2023

Whereas the Administration of UWC-USA projects a cash deficit of \$660 thousand for financial year 2023.

Whereas this projection may be affected by ongoing macro economic inflation. Whereas the Board of Trustees acknowledges that this deficit requires Extraordinary Fiscal Measures.

Be it resolved that the Board of Trustees approves an Extraordinary Draw from the Endowment I/A/O \$660 thousand.

Be it further resolved that the UWC-USA Investment Committee is hereby instructed to create the necessary additional liquidity to satisfy the Extraordinary Draw, and to effect a transfer to the school's operating account, the timing of which will be decided in concert with the Associate Head for Finance and Operations and the President. This resolution was duly voted on and approved by the Board of Trustees on this day 10th of February 2023.

*Aly Kassam-Remtulla
Chairman*

Board approved the preliminary operating budget for FYE 2024.

The Board did NOT approve the Resolution to Fund Projected Deficit for FYE2024. Instead, the Chair will appoint an ad hoc committee to review UWC-USA's business model and do the following:

- *Review the five-year operating budget for UWC-USA currently being developed by the Finance Committee and the Associate Head for Finance and Operations.*
- *Propose one or more pathways to a sustainable and balanced budget by FY 2027 (or sooner) that will consider annual increases to our tuition, increases in the number of students and the mix of partial and full-pay students, and other revenue-generating options. The committee's proposal should consider opportunities to reduce expenses, if possible, and should limit endowment draws/loans.*
- *Propose an updated operating budget for FYE 2024 for board approval in June 2023.*
- *The Chair proposes that committee members include: Aditya Joshi (chair), Klaus Desmet, Piotr Holysz, Marybeth Kravets or Belinda Nicholson, John Morris, Victoria Mora, Kimi Jackson, and Todd Austin.*

The Finance Committee presentation ran over time so the Investment Committee report was moved to Saturday's agenda.



[The meeting concluded at approximately 5:40 pm Mountain Time.]

At the conclusion of the meeting, the Trustees attended a student performance and dinner to honor Steve Dichter in the Castle Round Room, 1st Floor followed by a reception at the President's home for Board and SLT.

* * *

On Saturday, February 11th, the second session began at 8:45 am Mountain Time. Trustees present and constituting a quorum were:

Allan Affeldt
Peter Alderman (AC '91)
Marc Blum*
Klaus Desmet ('88)
Eivind Djupedal*
Dominic Garcia*
Thomas Hassan*
Christian Janssen ('88)*
Ben Jones (AC '91)
Aditya Joshi ('91)*
Aly Kassam-Remtulla, Chair ('94)
Preeti Khandelwal (AC '84)*
Marisa Leon ('87)
Victoria Mora, President
John Morris ('85)*
Belinda Nicholson ('88)*
Jonathan Schneider
Subitha Subramanian ('88)
Michael Taylor ('91)
Melanie Weston*

Also present by invitation were the following members of the UWC-USA administration and guests of the Trustees

Todd Austin, Interim Associate Head of School



John Carpenter, Director of Admissions
David Ertel, Committee Member, Audit and Risk
Eugene Garcia, Director of Security
Sebastian de Halleux ('96)*, Co-Chair, Campaign Committee and Former Trustee
Mark Hodde ('89), Chief Advancement Officer
Kimi Jackson ('92), Chief Finance and Operations Officer
Naomi Swinton, Dean of Students
Piotr Holysz

* attended via Zoom

International Endowment: Aly Kassam-Remtulla introduced a preliminary proposal from the UWC International Office to participate in a pooled endowment vehicle combining the endowments of each UWC into a single fund. This fund could use increased scale to leverage investment opportunities and maximize collective returns. Christian Janssen noted that the proposal did not fully explain the investment return track record of the proposed manager or the details of the pool structure and terms. There was general discussion, largely supportive of the concept of a single global endowment to attract additional philanthropy and support the broader UWC movement. Concerns were also raised regarding impact on fundraising in the United States for UWC-USA. Aly Kassam-Remtulla asked that the Trustees consider and choose among four responses: support the proposal as presented, contribute a small amount, consider future participation and decline. After further discussion, the Trustees agreed to delegate the development of an appropriate response to the UWC International Office to Victoria Mora, Christian Janssen and Aly Kassam-Remtulla that reflected the consensus of the Trustees to consider future participation.

Executive Session I: The Trustees, including Victoria Mora, held an executive session beginning at approximately 9:30 am, Mountain Time.

Admissions "Deep Dive": John Carpenter introduced an in-depth analysis and discussion of the UWC-USA admissions process beginning at approximately 11:00 am Mountain Time. The presentation was joined by Beatrice Stern, Pierre van Houte, Anne Isimbi, Jose Cardona, and Ana Sofia Cepeda Diaz, all current students at UWC-USA admitted through the United States admissions process and members of the Student Admissions Advisory Council. Dory Streett, Co-Chair of the United States Selection Committee also joined. John Carpenter began with an overview, explaining that the admissions process was mission driven, in which financial needs could be considered but were not determinative. UWC-USA shared a common admissions cycle with other UWCs and the UWC International Office, and John Carpenter would coordinate directly with admissions officers at these other schools.



John Carpenter described the four pathways to admissions: national committees, the Global Selection Program (GSP), direct admits and head of school discretion (up to 5% of total), along with the six common criteria for admissions. Diving into greater depth, John Carpenter summarized the National Committee nomination process, with individual UWCs providing offers to specific National Committees, indicating financial availability for each offer, and then considering the applicants nominated by each National Committee for a final determination. The GSP process follows similar criteria, but operates outside the National Committee system, and applicants are nominated through a selection process conducted by the UWC International Office; the GSP is intended for applicants who may be unable to access a specific National Committee or do not need financial assistance. The direct entry program is for UWCs that offer education prior to the UWC level and allows students to continue directly into the UWC without additional applications; this program is inapplicable to UWC-USA. Finally, each UWC head of school is able to select up to 5% of the students at their discretion in a program intended for applicants of special interest, such as faculty children, advancement interests or fee-paying students.

John Carpenter then explained the differences between UWC-USA and the other UWCs. Most notably, UWC-USA had more flexibility than many other UWCs in student selection because of its significant scholarship support, resulting in a preference for UWC-USA among many National Committees. Similarly, US students have the benefit of the Davis Scholar Program, though UWC-USA is also able to admit fee-paying students in addition to Davis Scholars.

United States applicants apply through the United States National Committee, which together with UWC-USA has been working hard to increase inquiries and completed applications. In the recent year, there were 1300 inquiries for approximately 60 places. UWC-USA's annual goal is 65 students selected by National Committees, 20 students selected by GSP and 25 places for United States Davis Scholars.

Dory Streett, co-chair of the United States National Committee, proceeded to describe the United States selection process. The Committee consisted of 18 members, half UWC alumni and half persons with admissions backgrounds. In addition to student selection, the United States National Committee also serves as a sounding board for families, manages discipline situations, and promotes applicants to UWC. The time commitment for United States National Committee members is significant, with approximately 40 hours spent reading applications, 12 hours interviewing applicants, eight hours of deliberations and five days spent on campus at UWC-USA. Dory Streett noted that the United States National Committee might not have capacity to manage an expanded applicant pool.

The Student Admissions Advisory Council members then explained their role in promoting UWCs through social media and interaction with applicants and their families. Council members



participated on zoom calls, responded to email inquiries and interacted with applicants at the 'Finalist Weekend' on campus. They also assisted the Admissions Department in preparing marketing materials. Pierre van Houte walked through the specifics of the GSP admissions process and Ana Sofia Cepeda Diaz described the Davis Scholar selection methodology.

Todd Austin followed the Student Admissions Advisory Council presentation with an explication of the tensions inherent in the admissions process. Todd Austin discussed an interest in increasing fee-paying students while also augmenting the numbers of under-represented students of need. Similar tensions arise between strong academic backgrounds and socio-economic diversity. He continued to discuss the financial shortfalls of the Davis Scholar program, only providing \$25,000 per student, and leaving the school to often provide funds to cover such shortfall, and the need to fund Davis Scholars attending other UWCs.

The Trustees joined in a brief general discussion, raising questions about the ultimate goal of the school in terms of scholarship support and sustainability, size of the student body and levers to balance financial needs with these goals.

[The meeting adjourned for lunch at approximately 12:20 pm Mountain Time]

[The meeting reconvened at approximately 2:00 pm Mountain Time]

Risk "Deep Dive": Dean of Students, Director of Security joining. Victoria Mora and Todd Austin presented the Risk Deep Dive PowerPoint presentation.

Victoria Mora explained UWC and UWC-USA inherently lean towards risk taking rather than risk aversion and the school's approach to risk management has followed culture. Historically the school has been more informal and reactive in managing risk. However, following events of the past year, Covid and the wildfires, we know we have to do more in terms of risk management and adopt a new approach as we strengthen our foundation. Victoria Mora outlined the roles and responsibilities of the Board and the School in risk management. The Board's responsibility is oversight of the School's risk management program, approach, and execution including assessing risk tolerance. The School's leadership is responsible for managing and mitigating risk, not eliminating it, and for establishing a risk management program that is understood by all at the school and to establish regular, clear means of communication with the Board. Piotr Hoylsz explained Enterprise Risk Management (ERM). ERM is an institutional approach to identifying, prioritizing, and mitigating against key (enterprise) risks to the school's ability to fulfill its educational mission and achieve its strategic objectives. Enterprise risks fall into four areas: financial risks, operational risks, compliance risks, and reputational risks. To determine enterprise risk we must compare the likelihood rating of an event taking place with the severity or impact rating as outlined in the matrix. This process is somewhat subjective, but it helps to



start prioritizing categories. To start we will focus on Category I risks that are moderate to high probability and moderate to high impact. Once these Category I risks have been identified then we can begin planning and implementing mitigating strategies. Once the mitigation strategies are complete then the final step will be to make sure we are actively monitoring to ensure additional steps are not needed.

Victoria Mora informed the Board that the SLT adopted the current ERM model in 2021 and began to identify risks under each SLT division. An on-site Risk Management Team was convened in 2022 and began to use our ERM rubric. The RM Team includes the Associate Head for Finance & Operations, Director of Security, Human Resources Director, Controller, Communications Director, and Dean of Students. It is co-chaired by the Director of Security and Dean of Students and reports to the SLT. The RM Team meets every two weeks and reports to the SLT monthly. The RM Team has conducted an all employees meeting and a student council is being started. To date, the RM Team has focused primarily on operational risk and has worked on a general assessment, identifying and categorizing key enterprise risks, and determining where we are with mitigation. Financial and reputational risk will be brought online in summer 2023.

Eugene Garcia and Naomi Swinton outlined operational Category I risks, which is our primary focus, related to facilities, program delivery, documentation and communication, health, and external threats that include fire/illness/pandemic, water supply and infrastructure, student services, healthcare cost/employee turnover/IT infrastructure, and percentage of staff commuting from outside Las Vegas.

Eugene then touched upon operational Category II (moderate likelihood/moderate impact) and Category III (low likelihood/low impact) risks.

Vote to approve key features of board oversight of risk management at UWC-USA, UWC-USA's Risk Management Program and approach, and remit of Audit and Risk Committee of the Board

Board Actions:

Board unanimously approved the following in terms of risk management.

In addition, they asked the Audit and Risk Committee to take up the issue of the college's insurability.

Risk Oversight:

A. The Board already approved the new Audit and Risk Committee

B. Proposed Audit and Risk Committee Remit

- 1. Develop a risk tolerance framework, to be approved by the full board, and review framework every three years or as circumstances require*



2. Educate itself three times a year on identified enterprise risks at UWC-USA SLT
3. Advise SLT on its enterprise risk program execution
4. Prepare an annual report for the board on enterprise risk management at UWC-USA
5. Advise on any immediate risks brought forward by the president and the board chair, framing those risks for the board as needed

C. Proposed Risk Oversight Process for Full Board (to discuss and approve)

1. Approve a risk tolerance framework, developed by the Audit and Risk Committee, to be used by the board in assessing risk management at UWC-USA.
2. Receive and discuss annual report from Audit and Risk Committee on enterprise risk at UWC-USA and direct president accordingly
3. Advise on any immediate, real-time enterprise risks brought forward by the Audit and Risk Committee

Matter Arising, Any Other Business: There was no further business.

Executive Session II: The Trustees, including Victoria Mora, held a brief executive session. The second session adjourned at approximately 5:30 pm, Mountain Time. Board agreed that it would not invest resources in the UWC International Endowment at this time.

- o There was broad concern about joining a new venture without proven success being run by a manager without prior experience in endowment management.
- o At the same time, the board did not preclude the possibility of investing some UWC-USA assets in the International Endowment in the future, if the venture proved to be successful in attracting significant investors and/or providing strong rates of return.

Executive Session III: The Trustees, without Victoria Mora, held a brief executive session. The third session adjourned at approximately 6:15 pm, Mountain Time.

[The meeting adjourned at approximately 6:15 pm Mountain Time.]

At the conclusion of the meeting, the Trustees attended a Yule Ball Dinner in the dining hall followed by an informal gathering at the President's home.

President's Executive Summary

- I. **Overview of the past year:** This past year has been very close to "normal" for Montezuma, in the best and most challenging ways. In the best ways, Covid and the fires remained in the rearview mirror. We were able to complete our planning for organization change under our educational program and our excellent Interim Head of School, Todd, was able to make



significant progress in assessing weaknesses, making changes, and preparing for our new Associate Head of School. The importance of this layer of school leadership is clear and I am glad we have been able to implement it following the pandemic delay. IB programming and assessment returned to normal with a timetable that meets our IB hours commitments (90% of recommended). Student experiential and residential programming was robust, including more opportunities for off campus service and activities. Our operations directors and managers worked hard under challenging circumstances. One of the highlights of the year for me was at the senior dinner, where Manuel Valdez, who manages our custodial crew and drives our large buses, was cheered several minutes when it was announced that he would give the toast to second years as part of a new tradition at the second year dinner where students toast faculty and staff and faculty or staff toast the second years. Being in a place where all members of our community are valued and respected makes me proud, and Manuel certainly deserved that acknowledgement.

Among the most challenging aspects of Montezuma “normal” is high turnover. We experienced another tough year (40%), including in the business office, where the instability has had a negative impact on our audits and therefore on our advancement efforts. Happily, Kimi has proven herself more than up to the task. Our food service has struggled to maintain employees and has shown challenged capacity to meet our full needs even given some stellar performers. Our advancement efforts have made good progress against goal in the first year without the Davis Challenge grant despite ongoing challenges with finding staff. Healthcare in Las Vegas continues to fluctuate and we are having challenges meeting the mental health needs of our students, including especially our trans and non-binary students. Faculty and staff have to take additional time away from work to secure health care in Santa Fe and Albuquerque. Perhaps the best news is that the campus community is working well together, including through challenges around staff turnover, program change, and campus disruptions like the student concerns that arose around a racial issue on campus. By “working well together” I mean working within our commitment to constructive engagement, which is truly becoming part of our operational DNA.

- II. **Strategic Priorities for the past year:** Progress on our strategic work has been mixed, with strong progress in some areas and slow progress in others. We will offer a deep dive on strategy in October. Highlights for this past year include:
 - A. **Mission-driven People:** Our new Associate Head is clearly mission-driven and will bring an excellent lens to hiring. Our organizational structure has been finalized per our strategic direction, with roles conceived in light of the team approach we need across educational programming. The comprehensive Employee Lifecycle Plan, which focuses on employees from entry to exit, is now laid out in broad outline



along with guiding principles. Next steps include an audit of what we are doing and a blue sky proposal for what should be included. We have also begun incremental changes impacting the people we bring, e.g., highlighting mission in an “Opportunity Statement” for new openings and reformulated interview questions that reflect our mission-centric commitments and approach. Some of the work to date has included cross-campus working groups led by Todd and including faculty and students.

- B. **Mission-aligned Programs:** Foundationally, we have restructured our educational programming. We will implement basecamp teams next year to support and enhance student experience. Work has begun on education innovation, with a determination to work on a model similar to the one at AC, developed in collaboration with the IB. Mission and place will guide the curriculum.
- C. **Systems:** We’ve implemented a number of systems including in academics, residential life, and operations. We have more to do, but we have made good progress
- D. **Inspiring and Sustainable Campus:** We primarily continue to recover from the fire (e.g., reseeding the field) and to plan, with the Master Planning continuing at a good pace within the constraints of our finances. If we are to make progress on the side of innovation, the board will need to consider trade offs with deferred maintenance. I will be asking the Finance and Facilities Committees to take up this topic.
- E. **Financial Sustainability:** We have updated our budget model and have a better sense of the work we have to do for purposes of long-term financial sustainability. We are clearly not where we need to be, but we have the right people at the table working to meet our challenges and a sound strategy for the campaign that bodes well for the long-term health of the school. The quiet phase of the campaign is progressing, including, zeroing in on a case statement while engaging new, high capacity donors who have now made first and in one case a second gift to the school.

III. **Strategic Priorities for next year:** I will lay out strategic priorities for next year in October. I think, however, that it is worth previewing here some of the most pressing priorities as a way of informing our discussions during the June 2023 board meeting.

- A. **Sustainable business (budget) model:** we will hear from our ad hoc committee that there are no silver bullets and that the main lever we have to pull is a significant tuition increase and more robust increases thereafter. I am looking for a silver bullet and will share where we are with the one I have in mind. Short of that, I have reason to believe that our main consideration as we discuss tuition cost will be our ability to attract partial scholarship students from NCs and through the Davis Scholars program. It will be important to keep this firmly in front of us even as we compare ourselves to other UWCs and anticipate comparisons full pay families may be making.



- B. Campus Capital Improvement Projects: A higher tuition strategy raises the importance of making progress on our campus appearance and function. We need to find ways to address curb appeal (field) and begin the sequencing that will put us in a position to initiate capital projects that will improve the student and employee experience, both key motivators of our many initiatives under our 5 strategic goals. Absent a different option, I will be asking the facilities and finance committee to consider rethinking the allocation of our deferred maintenance budget to begin this work.
- C. Campaign: The importance of the board coming in early and with stretch gifts, and of their role as multipliers by bringing new donors, cannot be overemphasized. We will not succeed without this key piece. The Davises have already asked what our board has been giving. We will be asking each one of our board members to make a stretch gift to the campaign. I pledge to make a stretch gift.
- IV. **Final Report on Annual Priorities:** In addition to progress on the strategic plan, noted above, my main priorities included SLT and preparation for governance meetings to be held in Montezuma in the fall. I will report fully on progress and stalls in the executive session.
- V. Finally, let me record my sincere gratitude to the Board, the SLT, our entire faculty and staff, our students, our alumni, and our local Las Vegas community. I can truly say we have been rowing in the same direction, even if some of that rowing has been and will continue to be upstream. My biggest concern at present is change management and change fatigue among all of us at the school. What gives me confidence is our clear path forward, the good spirit of those continuing, the enthusiasm and ideas of new hires, and the sheer joy I observed at graduation.

Action needed from Board

- Mandate to Finance and Facilities to take up the question of using deferred maintenance/CapEx allocations to jumpstart Castle L 1 and or field, starting in which fiscal year TBD



Interim Associate Head of School Report

- I. Overview:** The Interim Head of School position has allowed us to achieve several things this year. We have established this important position within the school's leadership structure, giving us a step up as Andrew Mahlstedt joins us on June 1 as the Associate Head of School. Among the most important preparations: 1) We have reorganized the educational leadership team under the Associate Head of School. A Dean of Teaching and Learning (new hire) will replace the Dean of Academics, resulting in a new IBDP Coordinator/Workshop Director position and a new CAS director that reports to the Dean. The Dean of Students position has been reorganized as a Dean of Student Life position that will oversee a new Wellness Coordinator. These adjustments create more sustainable roles



and will increase the quality of our attention to student and faculty development within our educational program. By taking advantage of some departures to minimize budget impact, these adjustments have resulted in a net increase of just \$115,000 for the educational division. 2) We have gained a fuller view of the strengths and weaknesses of our academic program. As a result, we have identified additional foundational needs and have begun to address these. Resolving the highest priorities among these prior to August will have great benefit for our students, faculty, and new leadership. 3) Beyond this foundation work, we've continued to make progress on our Innovate for Impact strategy and the Master Plan. Our gains on Innovate for Impact have been modest but clarifying, which should quicken our development of this strategy in the coming year. Our progress on the Master Plan has continued at a good pace within the constraints we face.

II. Admissions:

A. Fall 2023 incoming class

1. The 116 accepted students for Fall 2023 entry come from about 62 different countries and the U.S. Among these students are 26 U.S. Davis scholars, 12 Dare-to-Dream scholars, 2 Rise scholars, and one scholar funded by both Dare-to-Dream and the Afghan Youth Appeal funds made available by the UWC International Office. As a whole, next year's student body will represent more than 90 countries.
2. This cohort includes 9 Global Selection Program (GSP) students. Other full pay students include 17 students who have come through National Committees—16 funded by parents and 1 funded by a National Committee—making the class about 20% full pay students. Compared to last year's entering class, this class will generate \$400,000 more in revenue and require \$215,000 less in school-funded financial aid.

B. Final report on strategic priorities for past year

1. Marketing: our strategy, focused primarily on social media, seems to have paid off this year, with more full pays and a significant increase in U.S. applications. We will continue with the strategy, understanding that increases in tuition may have an impact. Given that our full pays came primarily from sources other than GSP, we will add a second advertisement stream with Study International, which will focus on families looking to pay for unique educational opportunities in targeted countries.
2. Partnerships: We will continue to partner with HR professionals associated with the United Nations organizations (UNESCO, UN, World Bank, Unicef, IOM, etc.). We also continue to explore a renewed partnership with Hugh



O'Brien Youth Leadership (HOBY) and are looking into entering a more formal written MOU for partnership efforts.

Action needed from Board

- Serious consideration of potential impact of tuition increases on recruiting

III. Academics:

A. IB

1. The IB trial exams in March were book-ended by IB arts work. The Dance Concert and the Art Show gave students an opportunity to showcase two years of intensive study to the whole school community while producing works to be submitted to the IB for assessment.
2. The School held its first post-Covid IB examinations, which included changes in IB procedures. The School had the largest number of students with access arrangements (16) in one session, and provided separate rooms for those students who needed special services.
3. On April 19, all first-year students participated in the TOK Exhibition which required them to share personal demonstrations of their chosen knowledge question through the use of meaningful artifacts.
4. The School has resurrected the Extended Essay (EE) work days for first-years the last week of May. This ties in nicely with the addition of the World Studies EE that the school began offering to the class of 2024: 23 students are pursuing WSEEs, mostly combining Group 3 and Group 4 subjects.

B. Anticipated faculty turnover

1. We have completed our hiring for 6 anticipated vacancies next year. These vacancies emerged as 3 teachers resigned their positions, 1 teacher did not receive an invitation to return, one PT position was converted to a FT position, and one interim teacher completed their assignment.

C. Final report on strategic priorities for the past year

1. Systems: The school continues to see additional advantages of PowerSchool as an integrated system that will improve better communication about students across the school. The school continues to assess Schoology to determine if it is the most appropriate Learning Management System.
2. Student Support: The efforts of the Student Success Team led to more proactive engagement with students of concern and resulted in more thorough follow-up with students, teachers, and parents. Building better support systems and collaborative processes will be a focus for next year.



D. Matters Arising for Risk Management

Action needed from Board

- No action - FYI

I. Residential Life:

A. Student Life

1. Safeguarding: We continue to see benefits of the expansion of the number of student RAs to 8 per dorm (1 per 6 students). Half of the RAs participated in a weekend training with the Santa Fe school district Natural Helpers program focusing on peer mentoring and suicide prevention. Regular bag checks following trips to town were implemented to reduce substances on campus.
2. Discipline: Restorative practices are utilized throughout residential life to address a range of issues including roommate disagreements, theft, personal and communal responsibility, substance use, and cross-cultural misunderstandings. Consequences are clearly spelled out in a set of Community Agreements.
3. Wellness: With a return to off-campus activities and fewer disruptions in routine, student wellness improved. Students continue to advocate for more diverse and inclusive mental health resources, which we are addressing with the addition of a Student Wellness Counselor staff position.

B. Spring focus

1. This spring students and residential staff enjoyed dorm dinners, Dorm Fun, and a variety of creative and cross-cultural dorm time activities to complement regular responsibilities for maintaining dorm spaces as a dorm community.
2. Residential life returned to a more typical spring rhythm with a focus on cultural events, important friendships, completing educational program requirements and exam preparation.

C. Final Report on strategic priorities for current year

1. We completed implementation of REACH, our new residential platform. It has been very helpful in improving student location awareness and information coordination. To strengthen and streamline documentation, we will train all faculty to use REACH for pastoral notes.
2. Structured staff on-boarding, supervision, coordination and consistency throughout the residences combined with Inclusion, Diversity, Equity and



Access (IDEA) training and curriculum development has strengthened the foundation for day to day support of students.

D. Matters arising for risk management

1. Healthcare limitations in the area; ongoing management
2. Additional pressure on staff given operations challenges and student needs (e.g., mental health care, refugee case management)

Action needed from Board

- No action - FYI



I. Experiential Education: (Signature Programs)

A. Programming back to normal

1. Project Week brought a welcome opportunity to get off campus and get to know more about the region. For backpacking, hiking and biking, we continue to travel longer distances to make up for reduced access to local trails. Leadership is currently in conversation with the Los Vigiles Land Grant to discuss options closer to home.
2. Three alumni fellows assisted with programming (Bartos, Arts and Culture, SWEET) and contributed significantly to rebuilding campus culture and capacity.
3. We are again partnering with regional schools for service and cultural events.
4. Students competed and advanced in a variety of competitions, including Science and Engineering Fair, Go Make a Difference, Ethics Bowl and NM Poetry Out Loud.

B. Impact of Programming

1. On Students: Students began demonstrating more initiative and commitment to experiential education again following the disruptions of COVID and the evacuation. Portfolios document reflection, integration of the UWC experience, and appreciation for hands-on and collaborative learning.
2. On Community: More robust community engagement is taking hold. UWC students provided tutoring, local school based programming and animal shelter support. Students also researched and presented on [water treatment issues](#) to City Council, participated in wilderness restoration efforts, and hosted a campus fundraiser for Samaritan House for more than 200 guests, raising close to \$10,000 for hunger relief and housing support.

C. Final Report on strategic priorities for current year

1. We completed a rationalization of our offerings and will enter next year with a new experiential education model that distinguishes between experiential “courses” in Arts and Culture, Wilderness and Outdoor Adventure, and Community Engagement and basecamp “teams” that support personal, communal and environmental sustainability on campus.

D. Matters Arising for Risk Management

1. Post-fire farm flooding; mitigation measures are planned.
2. Aging school vehicles; working with transportation.

Action needed from Board

- No action - FYI

II. University Counseling:



A. Updates on the Class of 2023

1. Applications

- a) Students submitted 891 applications; on average each student submitted 9 applications (a 12% reduction over last year).
- b) 226 applications were submitted in the early action/early decision process; student applications were accepted at a rate of 44% and yielded 47 matriculations.
- c) 596 were submitted in the regular decision process; student applications were accepted at a rate of 40% and yielded 55 matriculations.
- d) Our overall acceptance rate of 69% aligns with that UWC average.

2. Matriculations

- a) 102 students have finalized plans to attend university next year.
- b) 4 international students are still awaiting the outcome of their home country university admissions process.
- c) 12 students are planning to enter military service, a gap year or employment.

3. Scholarships

- a) 72 students (60%) are matriculating with full scholarships or full funding for demonstrated need; 68 are Davis Scholars.

B. Final report on strategic priorities for the year

1. We have streamlined processes for teacher references, document requests, and tracking/analysis of student data, allowing us to better incorporate it into student advising and college guidance.
2. We have successfully reinforced UWC's suggested application list limit in order to encourage more intentional applications and a more manageable approach for students and the school.
3. We have added lunch workshops to increase student exposure to important research questions about scholarships, international opportunities, career development, immigration priorities, essays, and technicalities of application portals.

Action needed from Board

- Follow-up conversation with the Education Committee on requested statistical information, role of scholarship/geography/area of study in matriculation data, tracking of alumni pathways to career and graduate degrees and other areas of development.



Associate Head for Finance and Operations Report

- I. **Overview:** Our business operations continue to be challenged by the impact of past turnover and the consequent late audits. The strength of the current team and the progress on the audit since the last meeting bodes well, as does the planning for codifying and streamlining business practices next year. Conversations with the international office regarding a new way of supporting gifts and disbursements to the rest of the movement will be important as we look to make the business office more sustainable. Improved budget modeling and close work between the business office, the president, the treasurer, and the ad hoc business model committee have us much closer to understanding the drivers of our budget and the structural challenges going forward.
- II. **Budgets:**
 - A. FYE 2023 w/key drivers and variances
 1. As of March 31, 2023, our actual expenses this fiscal year were \$11,346,520. If we continue to spend at the same rate for April and May, our total expenses for FYE 2023 will be \$13,615,824. That is \$580,464 more than our budgeted revenue for FYE 2023, which was \$13,035,360. We are comparing expenses to our budgeted revenue because we are still firming up our revenue actuals due to the timing of posting revenue to our books, releasing temporarily restricted funds, and a push to collect tuition in the last two months of the academic year.
 2. Assuming revenue comes in as budgeted, and we continue to spend at the same rate for April and May, we will have a deficit of \$580,464 this fiscal year. That is \$170,464 higher than the \$410,000 deficit we predicted at our February 2023 board meeting. It is possible that we will spend at a lower rate in April and May, given that it was the end of the year. It is unknown how much tuition will remain uncollected by the end of May.
 3. Major variances: Our largest variance, \$478,252, was salaries and benefits. This was generally not due to salary increases or adding more staff. Rather it was due to inaccuracies in the way salaries were budgeted for FYE 2023, as well as increases in health insurance costs. The excess was partly offset because we underspent by \$124,680 in contract labor. We are implementing features of our Payroll platform that will allow us to more accurately project and track the cost of benefits next year. Our insurance cost was more than budgeted, with a variance of \$265,938 through the end of March. This includes our student health insurance as well as our property and liability insurance. We spent more than budgeted on repair and maintenance, with a variance of \$107,844 so far. This is to be expected given the aftermath of the fire. In February we had an inspection by the state fire marshall and we were asked to make a number of repairs on our campus to make it as fire defensible as possible. All of this is at a cost. We had an IB diploma expense of \$98,000 that appears to be unbudgeted. It may be that when the budget was created this was accounted for by an internal adjustment. We are working toward a more comprehensive budget model that will avoid the need for



internal adjustments. We had smaller variances, \$40,000 to \$80,000, for food service, utilities, travel and supplies. This is likely due to inflation. We were able to reduce our food service costs from what we reported at the last board meeting by adjusting the menu and also because we no longer need to use paper products as we had to after the fire and water shortage. The aftermath of the fire also added to our spending in most budget categories. These costs are not yet quantified.

4. Despite our deficit, we are not experiencing a cash flow problem due to enough funds in our operating account. In addition, per the special resolution at the February 2023 board meeting, we transferred \$660,000 into our operating account.
 5. Rather than include the cost of the evacuation and our insurance proceeds in income and expenses, we include them below the line. The evacuation costs were \$1.4 million and so far we have recouped \$1.2 million from insurance. Our insurance company requested additional information about one expense, and the outcome is still pending. Aside from the cost of the evacuation, we had significant additional expenses resulting from the fire and its aftermath. These include repairs to our campus, work performed to make our campus more fire defensible, the cost of disposable products used during the water shortage, etc. This contributes to the higher-than-budgeted repair and maintain expenses. We have retained a legal team to represent us in losses due to the fire, and we hope to recoup these expenses.
- B. Budget for upcoming fiscal year: At the February 2023 board meeting we projected a deficit of \$1,430,602 for FYE 2024. We are now projecting a deficit of \$1,484,718, quite close to the February projection. We decreased the deficit by enrolling more full fee paying students. This was offset by the need to upgrade our IT infrastructure (\$390,000) and begin the process of renewing our fleet (\$300,000). This doesn't include \$250,000 for the capital campaign, per the resolution approved during the February 2023 board meeting.

III. Audit:

- A. Our Controller had just departed at the time we were preparing materials for our February 2023 board meeting. After her departure we learned that our 2021 fiscal audit was in worse condition than we had previously understood. Fortunately, our staff accountant Mike Easley is a CPA and former auditor. He has been promoted to accounting manager, and has made completion of our audits his top priority. Our auditor has confirmed that we've made significant progress since Mike began work on the audit. While the content of the audit was new to him, as he was not with us in 2021, he has the skills to solve the challenges and has been working closely with our auditor to wrap up the audit. As of this writing, we have received draft financials from our auditor and are working to finish wrapping it up in July given the auditor's schedule.



- B. As soon as our 2021 financial audit is complete, we will begin the 2022 audit, much of which is already prepared. We plan to hire our current auditor as a contractor to prepare the 2023 audit and issue an RFP to hire a new auditing firm to complete the 2022 audit. Getting caught up on audits is our top priority. Unfortunately, until the 2021 audit is complete we won't be able to offer a timeline.

IV. Endowment performance and value:

- A. On May 15, 2023, the value of our endowment was \$126,457,463.50, slightly down from \$129.6 million at this time last year. The 5% endowment draw for FYE 2024 will be \$7,028,996.29, compared to \$6,936,001 in FYE 2023. The endowment draw for FYE 2024 is based on the smoothing formula of values on May 31 of 2020, 2021 and 2022.
- B. On May 15, 2023, the value of the Davis Forever Fund was \$266,936,284, up from \$236 million one year ago
- C. Disbursements: We disbursed \$10,000,000 in Dare to Dream disbursements this fiscal year.

V. Operations:

- A. CapEx end current FY, w/key drivers and variances: \$500,000 was budgeted for CapEx for FYE 2023, a reduction from prior years. We completed significant work on carpet replacement, retaining walls, tree trimming, fire suppression systems, accessible doors, residence hall repairs, and a heating unit. Some of our work in this area was driven by the need to make our campus as fire-safe and defensible as possible.
- B. Preliminary CapEx for next year: We budgeted \$1,083,500 for CapEx next year. In addition to regularly needed upgrades, we are requesting \$300,000 to upgrade our fleet and \$390,000 for upgrades to our IT network, which no longer serves our needs. We may also need upgrades to our water system due to post-fire changes to our water quality. We don't yet have estimates for those costs.

VI. Final Report Strategic priorities:

- A. The Associate Head for Finance and Operations has been focused on essential matters including the audit, rebuilding the Business Office, and staffing. Priorities will be developed in consultation with the president for the upcoming year.

VII. Matters arising for risk management:

- A. Fire remains a serious concern. This spring there have been several fires in our vicinity, but fortunately none that became a serious risk for our campus. The quality of our water poses a growing concern for our community. We held an active shooter training and are working to increase safety and security on our campus. We are preparing to open a Director of Operations and Safety position, to report to the Associate Head for Finance and Operations.



Action needed from Board

- Approve proposed budget for 2023-2024



Associate Head for Advancement

I. Overview of fundraising for FYE '23: This is the first year without the benefit of the Davis Family Challenge Grant. A key task of the Advancement team was to sustain and grow the level of funding without the matching gift. Key activities driving the annual fund include the UWC 60th Anniversary Gala in New York that netted \$247,000, a strong Giving Tuesday fundraising effort in December 2022 and a new alumni engagement social media effort rolled-out in April 2023. With one week remaining, we are short of our goal of 100% board participation. To date 18 of 23 board members have supported the annual fund. Total giving by the board is down 20% year-over-year. Aggressive annual fund targets were set in anticipation of the structural deficit and the end of the Davis Family Challenge Grant. We are likely to fall short of the aggressive fundraising targets we set, though we should meet or exceed the budget number for Annual Fund.

- A. Annual Fund (unaudited): As of May 26, 2023, the Annual Fund totaled \$2,040,000 in cash and pledges. Ongoing alumni outreach, communications with past donors, and commitments made by a number of major donors give us optimism that we will be close to budget expectations of \$2,323,131.
- B. Other fundraising (unaudited): In addition to cash gifts, \$55,000 in in-kind contributions were secured. Additional in-kind contributions of more than \$200,000 have been secured for the first quarter of FYE '24 as well as \$135,000 in grant funding.
- C. Projected Fundraising total: Based on patterns of giving from previous years, we anticipate that we will achieve between \$2.25 – 2.3 million for our annual fund (cash and in-kind gifts) on an Advancement goal of \$2,323,131.
- D. Goal/Status: Nearing the end of the fiscal year, the Advancement team is on track to meet budget expectations, sustain and incrementally grow fundraising year-over-year, but fall short of more aggressive fundraising targets.

II. Alumni Relations:

- A. Fundraising: Going into the final month of the fiscal year, alumni engagement has been strong as a result of a social media campaign launched in April. Based on this, we anticipate alumni participation in the annual fund to meet or exceed the 28-30% participation rate we have seen in the last few years.
- B. Programming: Registrations for the annual reunions are strong with nearly 200 participants already committed; We anticipate a full house for the reunion.

III. Communications and Marketing:

- A. Admissions: Marketing efforts in conjunction with the Admissions Department proved successful in increasing the number of applicants (from 220 to 322 – a 46% increase) and helping to achieve targets for the number of fee-paying students.



Increased tuition revenue will also help close the budget deficit.

- B. Social media continues to drive visibility efforts for the school. The number of LinkedIn connections has more than doubled in the last two years. More than 4 million impressions on social media channels drove the increase in applicants to the school, including a significant percentage of students applying after viewing UWC-USA content on TikTok.
- C. Campaign: The campaign case preparation has been ongoing since the last board meeting with the approval of funding for a campaign consultant. An initial draft is expected for review by the Campaign and Advancement Committees by the end of June.

IV. Final report strategic priorities for past year:

- A. Significant progress was made to cultivate donors to the Campaign with 20-30 prospective donors identified for cultivation over the next two quarters. Four prospective donors to the campaign attended the UWC Gala in New York. The committee is anticipating a robust summer and fall schedule with numerous solicitations planned.
- B. Staffing for the comprehensive campaign was a focus to prepare for major fundraising. During the year, a campaign consulting firm, FBC Generosity Experts were retained and work closely with the staff and campaign committee to coordinate and staff the campaign. The campaign case has been a focal point of the early work.
- C. Continued cultivation of the Davis Family has been a key priority. Throughout the year there have been numerous touch points directly with the family, including Shelby and Gale and the next generation, especially with Lanse Davis, as well as with the close advisors, including Phil Geier and Jacob Mnookin.

V. Matters arising for risk management:

- A. Although significant conversations are underway with prospective donors, UWC-USA continues to be dependent on a single donor. With the end of the Davis Family Challenge Grant last year, this risk is reflected in the budget gap.

Action needed from Board

- Full board participation in support of the annual fund.
- Board member commitment to the campaign at a leadership level.
- Introduce potential new donors to the school, strategic partners and/or involvement in stewarding and solicitation of current donors.