

SUGGESTED SOURCES OF FUNDS *continued*

for improving the quality of the education and supporting teacher excellence. We must maintain the highest possible perceived value for the cost.

3. **Annual Fund:** The support of the annual fund is crucial to the operation of the School. The annual fund will produce increased dollar amounts each year. The focus will be on individual gifts (parents, grandparents, and alumni) but will also include corporations, foundations, and associations.
4. **Other income:** Increase income in categories such as summer programs, space rental, and short-term investment income.
5. **Unrestricted endowment:** Use funds available for distribution from unrestricted endowment for operating needs per the Board approved endowment-spending policy. Market planned giving opportunities that may increase unrestricted endowment although some donors may restrict their gifts.
6. **Capital campaign:** Consistent with the Campus Master Plan, initiate a capital campaign to raise funds to build new facilities, to create an endowment to fund the operating cost of the new facilities, and to take advantage of opportunities for strategic acquisitions of property.
7. **Need based financial aid and tuition remission:** Maintain need based financial aid and tuition remission funded by operating dollars between 12% and 13% of tuition revenues.
8. **Control of general expenses:** Continue to monitor meaningful benchmarks that will enable the administration to evaluate and reduce, where possible, the portion of the budget devoted to general expenses.

**STRATEGIC FINANCIAL PLANNING
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CAROLINA
DAY SCHOOL

*Asheville's Premier Comprehensive
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the achievement

CAROLINA DAY SCHOOL

**STRATEGIC
FINANCIAL
PLAN**

2007–2008

The Carolina Day School Strategic Plan 2007-2008 states...

...that we will “create and operate according to a strategic financial plan that enforces the fiscal discipline needed to achieve our goals and that establishes a roadmap for funding annual operating needs, capital needs (including instructional technology, financial aid), and endowment. It should also provide direction for operating and capital reserves to insure the long-term viability of the School.”

THE PLANNING PROCESS

- examined the financial implications of CDS Strategic Plan 2007-2008
- created a most probable set of assumptions about the future financial environment,
- identified the changes needed in our use of available funds,
- developed a set of challenging but realistic financial goals,
- identified the sources and the required funds,
- stated principles that will insure success in reaching the goals, and
- drafted a series of pro-forma financial statements to test the soundness of the plan.

The Plan is not a financial forecast, which is prepared separately each year as a budget for operations.

(Note: The fourth division of the school, the Key School, is not included, except to acknowledge its important contribution to operating revenues since it has developed a separate strategic financial plan)

WORKING ASSUMPTIONS ABOUT THE FUTURE FINANCIAL ENVIRONMENT

1. The Asheville MSA (Metropolitan Statistical Area) has experienced and will continue to experience moderate, gradual economic growth in the next five to ten years.
2. It will be possible to maintain a re-enrollment rate of 90%.
3. Within the Asheville MSA, there will be gradual growth in a variety of sectors of the population, income, and occupational levels, which will ensure an adequate pool of qualified applicants to replace any students who leave CDS and to increase enrollment as suggested in the Strategic Plan 2007-2008.

STRATEGIC PRIORITIES THAT REQUIRE SIGNIFICANT FUNDS

The financial implications of the CDS Strategic Plan 2007-2008 suggest five financial priorities to achieve our Strategic Goals. The goals in each of these areas include

1. **Administrative and instructional compensation package:** The compensation package provided will be adequate to enable the School to recruit and retain the very best possible faculty and administrative staff. Salaries and benefits will be re-assessed regularly relative to this benchmark and will remain competitive with those of other independent schools in the Southeast, and, to the extent possible, with public and independent schools in the Asheville area. The compensation provided should be adequate relative to the cost of living. Maintain a pool of funds for salary adjustments to be administered at the discretion of the Head of School. Increase the amount of funds available for professional development and enrichment programs.

2. **Funding of Debt:** Any debt funded by operating revenue dollars should be a short-term accommodation to allow time to raise the full amount in gifts and pledges.
3. **Reserves:** Maintain accumulated unrestricted reserves at a level of \$500,000. This is the minimum level considered to be adequate to ensure the long-term viability of the School and provide for opportunities such as real estate acquisitions and unanticipated plant and operating needs.
4. **Plant and operating contingency:** Maintain the plant and operating contingency at 1% of total operating revenues.
5. **Capital improvements to support enrollment growth and programs:** A Campus Master Plan was developed in 2005-2006 and approved by the board. The priorities of Phase I of the plan were revised by the board after a fundraising feasibility study was conducted and the plan was reviewed by an architect. The amount and timing of a capital campaign is being determined by the board.

SUGGESTED SOURCES OF FUNDS

The nine sources of funds that will contribute to meeting these priorities with goals for each are

1. **Enrollment:** Increase operating funds by increasing enrollment to a level that will achieve a balance among financial sustainability; racial, cultural and religious diversity; and program excellence while retaining the feel of a close-knit community. Achieve this by restructuring and strengthening the School's admissions and marketing efforts.
2. **Tuition:** Increase tuition revenues primarily by increasing enrollment and, over time, reduce our dependence on tuition rate increases by increasing funds from other sources. While we intend to moderate the rate of tuition increases, we recognize that tuition revenues are the primary source