



ENDOWMENTS AND FOUNDATIONS

Independent Schools Revisited 2023:

A closer look at fundraising and endowments in New York State

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EXECUTIVE SUMMARY

Independent schools are an important part of the educational system in the U.S. Like many nonprofits, they have been flexible and adaptable in recent years as they have dealt with the COVID pandemic, higher inflation, and now a softening economy. Independent schools have also had to respond to some key trends that have been taking place in their sector: flat and declining enrollments in some markets; the need to expand programs and modernize facilities; and rising tuition costs, which impact the affordability for many families as the schools strive to maintain their socio-economic diversity. They operate in a very competitive environment.

At the same time, fundraising and endowment management have continued to be focus areas for many schools. Fundraising is taking on greater importance as some schools have built large development teams and diversified their fundraising strategies to include multiple channels such as major gifts, planned giving, and online giving. School endowments are more important today as they provide essential annual financial support to a school. It is also beneficial to have a quasi-endowment, which may provide for more flexibility. In this study, we introduce the concept of the strategic endowment plan as a way for the schools to build their endowments for the future by taking a holistic approach. Many schools are already following strategies that allow them to grow their endowment beyond the portfolio investment returns, and we share some examples.

We also revisit New York State schools as a fresh approach to our 2014 private school study. We note that the observations from this study of New York State can often be applied to schools and other nonprofits across the nation.

OVERVIEW OF INDEPENDENT SCHOOLS

An independent school, also called a private school, refers to a school that is independent in its governance and finances from the local government. It is typically structured as a nonprofit entity and its funding sources are typically tuition,

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Figure 1

Northeast/Mid-Atlantic independent schools by state, members of the NAIS

State	Total # of independent Schools
New York	203
Massachusetts	126
Pennsylvania	105
Connecticut	69
New Jersey	64
Virginia	73
Maryland	73
Washington, D.C.	25
Maine	20
New Hampshire	20
Vermont	16
Rhode Island	15
Delaware	14
TOTAL	823

Sources: NAIS and NYSAIS data 2022.

contributions, investment earnings, and other sources such as property rentals. There are also for-profit independent schools. The National Association of Independent Schools (NAIS) has over 1,629 member schools (serving more than 696,122 students and 60,146 teachers). In the Northeast/Mid-Atlantic states, there are 823 schools, with New York having 203 schools (see Figure 1). According to the NAIS, these include boarding and day/boarding schools; elementary and secondary schools; boys', girls', and coeducational schools. According to the National Center for Education Statistics, approximately 9% of students in the U.S. attend a pre-K-12 private school.¹ The NAIS reports that the median tuition for day school programs is \$22,214, while the median tuition for boarding schools is \$50,600 for five-day boarding.²

On May 26, 2022, *The New York Times* carried an article titled “College Enrollment Drops, Even as the Pandemic’s Effects Ebb.” The article discussed the worrisome trend for private colleges as they face lower enrollments due to the declining number of graduating high school seniors over the past decade, which is expected to continue, as well as other recent challenges such as COVID. A closer look at the article describes the challenging environment:

“The latest college enrollment figures released on Thursday by the National Student Clearinghouse Research Center indicated that 662,000 fewer students enrolled in the undergraduate programs in spring 2022 than a year earlier, a decline of 4.7%. Graduate and professional student enrollment, which had been a bright spot during the pandemic, also declined 1 percent from last year.” The New York Times, Stephanie Saul, May 26, 2022.³

Many of these trends impacting colleges, including lower enrollment, are also impacting the independent schools in the U.S., which are an important part of our educational system.

A focus on New York State independent schools

There are various types of independent schools such as faith-based schools (e.g., Christo Rey, New York City) and secular schools (Albany Academies). Many of the schools in New York State have long histories and are supported by a strong network of parents and alumni. As mentioned earlier, there are also for-profit independent schools, such as Avenues the World School and Dwight School, both in New York City.

According to the New York State Association of Independent Schools (NYSAIS), there are 203 independent nursery, elementary, and secondary schools enrolling over 80,000 students in New York.⁴ In this research study, we focus on a core group of 119 schools (that provided Form 990 Internal Revenue Service [IRS] Tax Returns and had total revenues over \$5 million) and provide a ranking of the largest by total revenues as shown in Figure 2, with the largest three being Horace Mann School (Bronx), Ethical Culture Fieldston School (Bronx), and the Dalton School (New York City).

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Figure 2

New York school ranking by total reported revenues/enrollments

Rank	School name	Enrollment: # of students	Total revenue
1	Horace Mann School	1,793	\$130,941,444
2	Ethical Cultural Fieldston School	1,856	\$107,394,843
3	Dalton School	1,300	\$90,558,973
4	Windward School	941	\$78,854,750
5	Riverdale Country School	1,200	\$78,624,155
6	Columbia Grammar & Prep School	1,273	\$76,760,684
7	Spence School	725	\$72,675,705
8	United Nations International School	1,550	\$72,296,772
9	Trinity School	960	\$71,767,374
10	Brearley School	768	\$67,256,418
11	Poly Prep County Day School	1,151	\$66,907,657
12	Masters School	694	\$66,700,540
13	Hackley School	840	\$66,402,652
14	Saint Ann's School	1,065	\$65,605,468
15	Episcopal School of NYC	200	\$64,991,222
16	Buckley School	374	\$61,445,519
17	Lycee Francais	1,364	\$61,080,599
18	Packer Collegiate	1,078	\$57,141,449
19	Trevor Day School	788	\$56,868,391
20	Chapin School	810	\$54,418,538

Sources: Most recent IRS Form 990s on Guidestar; Websites; Annual reports; NYSAIS; includes 119 New York independent schools.

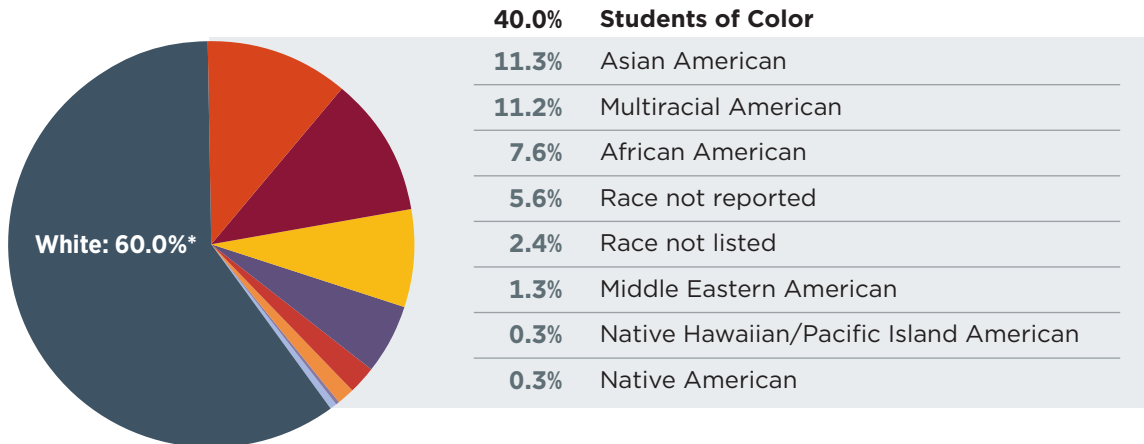
Each region of New York has its own special characteristics. For example, one school commented that Manhattan is different since there are many families who are willing to pay the higher tuition of over \$55,998, the average in New York City according to the NYSAIS, which helps to sustain the strong enrollment growth. Another trustee from a Long Island-based school commented that Long Island is different in that the cost of living is relatively high (e.g., real estate taxes) and that families have to assess the benefits of private schools over the highly regarded public schools such as Cold Spring Harbor High School.

Robert Cordero, CPA, partner at O'Connor Davies, LLP commented that "while some New York City schools are weathering financial and enrollment pressures as is the rest of the country, most schools in the greater New York City area have been at enrollment capacity."

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Figure 3

Demographics of students enrolled, 2022-2023*



* Hispanic students may be from any racial group.

Source: NAIS data 2022-2023.

It is interesting to review the demographic data and observe the changes over the past decades. A closer look at the demographics nationally in Figure 3 shows that the four largest student groups are, for all schools: White American (60.0%), Asian American (11.3%), Multiracial American (11.2%), and African American (7.6%). When we compare this data to the 2001-2002 period, we see that the schools have become more diverse, with students of color increasing from 19% to 36%.⁵

INDEPENDENT SCHOOL TRENDS/CHALLENGES

During the course of our study, we identified three key trends at independent schools, focused on enrollment, campus expansion, and tuition costs:

1. Enrollment continues to be a focus area for private schools

Before COVID, national enrollment trends at independent schools were flat or lower due to the demographic trends of fewer births in the U.S. Some U.S. regions have been impacted more, such as schools in the Northeast and Midwest. COVID has also impacted the enrollment of some schools.

The NAIS commented on the demographic trends in their annual Trendbook and the potential impact on independent school enrollment (Fall 2021).

“The much-anticipated 2020 U.S. census confirms what demographers expected: Between 2010 and 2020, fewer births, more deaths, and uneven immigration contributed to the lowest U.S. population growth since the 1930s... One of the consequences of lower birthrates is the decreasing representation of children in the U.S. population. In 1960, children represented 35.7% of the total population. In 2020, that number was 22.1%.”

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They also went on to review some key metro areas where many independent schools are located and showed how by 2025, Baltimore, Boston, Miami, New York City, Philadelphia, San Francisco, Seattle, and Washington, D.C., may have a record lower share of children than the average for the country as a whole. NAIS mentioned some of the reasons for this trend: Increased education and employment opportunities for women, delays in the average age of marriage and childbearing, and the general aging of the population.⁶ In addition, research provided by Econofact found that the U.S. birthrate has fallen 20% since 2007, following the impact of the Great Recession.⁷

At the same time, COVID also has impacted school enrollment, some with a positive impact while other schools have been hurt by the pandemic. The longer-term impact is still being observed as students return to school. *The Wall Street Journal* commented on the impact of COVID in an article on August 15, 2020, “Some Private Schools Win Families, Others Lose them in Coronavirus Pandemic.” While some private schools see rising enrollment, others may have lost students as families move out of virus hot spots, hit financial troubles, or won’t pay tuition that can top \$45,000 a year with classes that could end up online long term if there is an outbreak.⁸

In February 2022, the National Catholic Education Association (NCEA) reported a 3.8% increase in Catholic school enrollment, the first increase in two decades. However, Catholic school enrollment hit its peak in the early 1960s, when there were over 5.2 million students in Catholic schools. They reported that current enrollment was approximately 1.7 million students in their Data Brief 2021–2022, which has had a significant impact on overall private school enrollment in recent years.

Like the higher ed sector, some private schools have expanded their enrollment within the international market to offset the pressure of declining enrollment. For example, the Emma Willard School of Troy New York comments on its website that 25% of its student body are international students. *“Today approximately 38 countries are represented on the campus, including China, France, Indonesia, Japan, Korea, Mexico, Saudi Arabia, Singapore, Somaliland, Turkey, Vietnam, and Thailand.”*⁹ Overall, the NAIS reported that for 2020–2021, international students were 2.5% of the student body, which compares to 2.1% (2001–2002) and 3.2% (2012–2013). Many of these students pay full tuition to these schools.¹⁰

According to the 2022–2023 NAIS Trendbook:

“A few short years ago, the international student market was booming, driven in large part by demand from China. Even before the pandemic, however, demand was beginning to soften. Then COVID-19 spread around the world in the late winter and spring of 2020. Many countries restricted travel. U.S. embassies and consulates closed, cancelling the interviews required for the F-1 visas used by almost all non-immigrant international students. As a result, international student enrollment in NAIS independent schools dropped significantly between 2019–2020 and 2021–2022.”

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Robert Cordero, CPA, partner at O'Connor Davies, LLP commented:

"All independent schools look to employ the best faculty on the most energy-efficient campus all to provide the best student experience possible. To that end, each independent school should formalize a multi-year strategy of balancing tuition increases and investment return with the growing costs of providing a perceived superior education to its students and the maintenance and expansion of the campus. Recently, I have seen several schools initiate fundraising programs to build and grow their endowments to ensure the long-term security and viability of the school's mission and vision."

2. Schools continue to expand campuses through new capital campaigns

New capital campaigns have helped schools to expand campuses as well as their endowment funds. With enrollments projected to be lower over time, some New York schools have started capital campaigns to expand their facilities to attract students. We note that some schools have added arts/cultural buildings and athletic facilities; these investments help enhance the schools' student experience in a competitive market.

Some of the New York schools have also added an endowment component to their capital campaigns. This trend can be applied to schools across the nation. We noted New York private school capital campaigns in recent years for Calhoun School (NYC), Dalton School (NYC), Greenvale School (Old Brookville), Harlem Academy (NYC), Horace Mann School (Bronx), Emma Willard School (Troy), Nichols School (Buffalo), Albany Academies (Albany), and Millbrook School (Millbrook).

Ann Wendth, chief advancement officer for The Albany Academies, commented on the importance of their endowment and their continued plan to grow it:

"Endowment brings stability to our school to keep up with best practices in education over the long haul. The more we can increase The Albany Academies' endowment, the more effectively we can continue to attract the best and brightest students, and the highest quality faculty, and pursue new and innovative opportunities to meet the needs of our next generation. We are taking a strategic view on how we grow the endowment by complementing the long-term investment performance with ongoing endowment fundraising strategies."

3. Higher tuition costs impact affordability

As private schools continue to expand their campuses, their cost structures also increase, which is one reason tuition has been rising. The NAIS reported that the average day tuition nationally was \$22,214 for 2020–2021, and the average five-day boarding tuition was \$50,600. This compares to \$20,000 and \$46,800 (not adjusted for inflation) for day schools and boarding schools, respectively, for the 2012–2013 period. They also reported that the median percent of students on financial aid was 26.2% and the median financial aid grant per student was \$19,551 for 2020–2021.¹¹ This has made it expensive for many families to afford private schools, especially within the New York City region.

More families are seeking financial aid packages from the schools, which has led these schools to consider increasing their financial aid and scholarship awards. In an article, "Private Schools Lure High-Income Families with Financial Help," *The Wall Street Journal* commented on how more families that have annual incomes of over \$250,000 are seeking financial aid. Some schools have rebranded this financial assistance as "flexible tuition." The article discusses how some schools are becoming more flexible with families with incomes over \$250,000 to help them stay enrolled at the schools.¹²

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Figure 4

New York independent schools fundraising statistics—average per school

Number of students (average/median): 472 / 354 students

Recent annual giving (average/median): \$3,603,476 / \$1,894,629

Recent 5-year giving (average/median): \$3,577,149 / \$2,227,991

Average number of trustees: 19

Overall % listing recurring giving: 54%

% of schools offering a legacy society on their website/% list the benefits of joining the legacy society: 39% / 5%

% of schools offering an endowment option for donors on their website/% of schools providing information on how endowments work: 30% / 4%

Average number of fundraising events: 1.0

Average size development staff: 2.6

Sources: Most recent Form 990s; Websites; Annual reports; NYSAIS; includes 119 independent schools.

As a result of these trends, schools have continued to be focused on fundraising and endowment growth. The annual fund helps bridge the gap between the cost of the education and the tuition charged and is a key focus area. There is also a move at many of the schools to increase their endowment funds and in some cases start to build an endowment. This can lead to a higher level of endowment income (usually 4%–5% of the endowment) back to the school and enhance its financial position.

FUNDRAISING STRATEGIES HAVE BECOME MORE DIVERSIFIED

Fundraising has become a crucial area for most independent schools in the U.S., and many of the 119 schools in New York we studied have diversified fundraising plans in that they offer a number of different ways to support their schools. These schools focus on a variety of donors, including alumni, current parents, former parents, grandparents, staff, friends, trustees, corporations, and foundations. We looked at some popular fundraising channels that private schools are targeting, with a sampling of some of the areas reflected in Figure 4.

Annual fundraising levels: The average annual giving data reflected in Figure 4 shows that the most recent average annual fundraising for the 119 schools was approximately \$3.6 million, which includes the annual fund, special events, and some capital campaign funds; the median annual fundraising was approximately \$1.9 million. This recent annual average was 0.7% higher than the five-year fundraising average.

Average number of trustees: This is an important statistic for the schools since trustees are usually vital donors at the schools, especially for major gifts and the capital campaigns. The average board size is 19 trustees, with Horace Mann School (35), De La Salle Adacemy (34), Dalton (33), and Little Red School House (33) among the largest. Some schools set up a separate foundation, which allows them to have another group of board members that support the school.

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Robert Weston, senior vice president at CCS Fundraising and practice leader for Independent Schools, commented on the importance of growing the endowment:

“The financial realities, rising costs, and a competitive landscape have given rise to an increase in independent school campaigns, particularly ones focused on raising endowment dollars. While capital projects are still an important aspect of school campaigns, COVID played a role in focusing schools on the importance of the financial resilience and the financial resources necessary to weather a challenging time. COVID also reinforced the unique value proposition of an independent school education, and many schools saw a significant increase in enrollment; there also came the request for more financial aid.

Consequently, independent schools are in a fundraising environment where they are more focused on raising endowment dollars to ensure that they can provide access to a more diverse group of students and also be less tuition dependent. A larger endowment also facilitates hiring and retaining a talented faculty and supporting the programs that create a distinct educational experience.”

Online giving: The NAIS noted in its Fall 2021 Trendbook that online giving has been a key trend for the independent schools, with 13.5% of the fundraising coming through the online channel. This is also a trend that is nationwide. One area we reviewed is recurring giving or sustaining member, which is a way for donors to automatically give through their credit card. We found that only 54% of the schools displayed a recurring giving option on their website. Some schools have expanded their recurring option to include monthly, quarterly, etc.

Technology and social media are important trends in education fundraising as more schools are using emails, websites, Facebook pages, and Twitter to get the word out and to raise funds. We offered a webinar on social media on September 14, 2022, that is available for listening by contacting the author. An earlier report by the NAIS discussed the importance of technology and social media and how they are transforming independent school philanthropy.¹³

Planned giving: Planned giving is a key fundraising channel for most schools and becoming more important as our country experiences a great transfer of wealth from the Baby Boomer generation. CCS Fundraising found in their 2021 Philanthropy Pulse report that 56% of nonprofits planned to do more planned giving.¹⁴ Each school offers a different menu of options. Planned giving is also viewed as a way to grow an endowment program over the long term.

The bequest program is the most common option offered in a planned giving program; some believe that 80% of all planned gifts come from bequests. Some schools offer appreciated securities, designations, IRA rollovers, donor advised funds, and gift annuities. Data show that 68% of the schools offer a planned giving program, which is an area for improvement from our 2014 study, which was at 76%.

Legacy programs: We found that only 39% of the schools offer legacy programs, which is a key way for schools to cultivate planned giving donors. This is an area for improvement for many schools. A further review of these programs showed that only 5% mention the benefits of being a member of a legacy program. It is important to develop these benefits.

Endowment offerings: We also reviewed the schools that offered information on their endowment programs by reviewing their websites. We found that while endowments are a focus of many of the schools, only 30% mention this planned giving option on their sites and only 4% provided any details on their endowment options.

Development staff: The staff at many of the schools seems to vary based on the size of the school with the average at 2.6 staff members, with Millbrook School, Fieldston School, and Dalton School having development staffs of 12, 11, and 11, respectively.

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Figure 5

Giving for all schools: NAIS 2021–2022

Profile	2021–2022 Annual fund	Annual fund participation	Capital giving
Median gift by alumni/ae	\$620	8.7%	\$10,595
Median gift by current parents	\$1,358	60.0%	\$15,000
Median gift by parents of alumni/ae	\$996	9.8%	\$11,065
Median gift by faculty/staff	\$166	77.3%	\$330
Median gift by trustees	\$2,137	100%	\$7,778
Median gift by other individuals	\$650	16.3%	\$4,639
Median gift by current grandparents	\$791	14.9%	\$10,000
Median gift by organizations	\$3,773	90%	\$25,097
Median gift by current students	\$34	30.9%	\$79
Median gift by other constituencies	\$1,385	100%	\$13,546

Source: NAIS Facts at a Glance 2021–2022.

Figure 6

New York school ranking on total annual fundraising (K–12)

Rank	School name	\$ Contributions recent year	5-year average
1	Spence School	\$26,393,761	\$14,840,481
2	St. Luke's School	\$23,166,304	\$3,529,997
3	Masters School	\$19,162,255	\$9,401,961
4	Millbrook School	\$16,846,187	\$10,538,773
5	Hackley School	\$15,496,255	\$12,101,953
6	Brearley School	\$14,230,758	\$16,318,208
7	Horace Mann School	\$14,186,250	\$23,754,995
8	Dalton School	\$13,956,618	\$22,011,930
9	Windward School	\$12,198,187	\$7,171,466
10	Trinity School	\$11,505,117	\$12,225,611
11	Chapin School	\$11,033,974	\$15,834,512
12	Saint Ann's School	\$9,821,552	\$6,917,017
13	Shefa School	\$9,447,732	\$3,468,353
14	Harlem Academy	\$9,372,973	\$5,665,720
15	Ethical Cultural Fieldston School	\$8,902,255	\$10,178,344
16	Allen-Stevenson School	\$8,125,948	\$8,763,638
17	Riverdale Country School	\$6,973,537	\$10,582,922
18	Rye Country Day School	\$6,904,715	\$7,260,423
19	Grace Church School	\$6,112,289	\$7,378,717
20	Abraham Joshua Hershel School	\$5,743,680	\$4,810,071

Sources: Most recent IRS Form 990s on Guidestar; Websites; Annual reports; NYSAIS; includes 119 New York independent schools.

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Figure 7

New York independent schools endowment statistics: Average per school

Average investment portfolio	Median investment portfolio	Average permanent restricted endowment percentage on total portfolio/median percentage	% of schools that use alternative investments	# of schools with a separate foundation	% of schools with capital campaigns—past 5 years
\$26,503,064*	\$9,128,099	32% / 26%	27%	11	21%

*\$21,156,900 (prior study)

Sources: Most recent IRS Form 990s; Websites; Annual reports; NYSAIS schools.

Myra McGovern, vice president of Media, NAIS, commented on endowment strategies such as quasi-endowments:

“Early in the pandemic, the financial picture for independent schools was very uncertain. Many schools had to cancel summer camps and other programs that generated auxiliary revenue, but most sought to keep faculty and staff employed. Some schools, worried about their ability to make payroll, applied for PPP loans. In some cases, these schools had large endowments, but they were largely restricted funds that the schools were unable to tap for emergencies. As the 2020–21 school year approached, schools faced even greater needs for flexible reserves as they considered modifications to their physical plants that would enable them to safely return to in-person learning. As a result, some schools that hadn’t had such funds before are now considering board-designated funds, sometimes called quasi-endowments. These funds function like endowments, but the parameters for use are established by the board.”

Family support is important

The giving statistics shown in Figure 5 illustrate the importance of giving by alumni, parents, grandparents, and trustees for both the annual and capital campaigns. According to the NAIS, the median annual fund gift (all schools) is \$620 for alumni/alumnae and \$1,358 for parents.¹⁵ In an article titled “Grandma, My School Wants Your Money,” *The Wall Street Journal* highlighted the importance of grandparents as donors. The article mentioned that many grandparents are part of the aging Baby Boomers and represent a source of wealth, and private schools have become more focused on affluent grandparents. The article also mentioned that some grandparents are volunteering their time as another way to give back.¹⁶

A look at annual giving in New York State

We also provide a ranking of the top 20 schools as far as their recent total annual fundraising results, which is included in Figure 6. The top three include Spence School (NYC), St. Luke’s School (NYC), and Masters School (Dobbs Ferry). These figures include total contributions and may include ongoing capital campaigns.

BUILDING AN ENDOWMENT FOR THE FUTURE

The way a school views its endowment fund is usually a key indicator of success. The schools that focus on growing and managing their endowments understand the important of this resource, since endowments provide an income stream (4%–5% of market value) to the institution. Some of the capital campaigns we reviewed allocate a portion of these new funds to the endowment, and we saw that some smaller schools are planning to start an endowment fund for the future.

Figure 7 provides some insights on the 119 independent schools we reviewed in New York State. The average national investment portfolio (data from IRS Form 990) is approximately \$26.5 million (prior study in 2014 was \$21 million) and the median was \$9.13 million. Myra McGovern, vice president of Media at the NAIS, reports that in 2021–2022, the national median endowment per independent school was \$7,516,268. She states, “New England had the highest median endowment (\$21,466,428), likely because many of the oldest schools in the country are located

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Figure 8

New York school ranking by total investment portfolios/restricted

Rank	School name (Form 990 data)	\$ Portfolio assets (excludes savings)	Permanently restricted portfolio (Schedule D)	Percentage of alternatives to total portfolio	\$ Alternative investments
1	Horace Mann School	\$159,391,668	\$25,453,477 (16%)	21%	\$34,198,725
2	Brearley School	\$140,596,240	\$52,611,934 (37%)	0%	NA
3	St. Bernard's School	\$131,864,279	\$8,558,730 (6%)	53%	\$69,741,230
4	Dalton School	\$110,683,129	\$73,050,865 (66%)	0%	NA
5	Emma Willard School	\$109,842,263	\$63,260,910 (58%)	0%	NA
6	Spence School	\$109,817,217	\$87,117,998 (79%)	26%	\$28,067,570
7	Ethical Fieldson Cultural School	\$108,987,898	\$30,486,558 (28%)	53%	\$57,406,243
8	Episcopal School of NYC	\$103,496,119	\$4,302,892 (4%)	0%	NA
9	Chapin School	\$99,195,178	\$11,903,421 (12%)	0%	NA
10	Hackley School	\$98,391,316	\$19,314,679 (20%)	34%	\$33,326,461
11	Trinity School	\$81,289,069	\$34,592,935 (43%)	21%	\$17,048,085
12	Millbrook School	\$73,671,762	\$36,645,924 (50%)	84%	\$62,104,100
13	Rye Country Day School	\$73,091,236	\$32,045,198 (44%)	7%	\$5,092,567
14	Nightingale-Bamford School	\$69,600,580	\$12,980,508 (19%)	75%	\$52,456,407
15	Collegiate School	\$67,278,533	\$22,457,882 (33%)	0%	NA
16	Masters School	\$66,554,724	\$42,716,202 (64%)	0%	NA
17	Saint David's School	\$66,207,732	\$971,979 (6%)	6%	\$3,858,097
18	Windward School	\$64,993,288	\$6,560,000 (10%)	20%	\$12,755,737
19	Lycee Francais	\$64,417,608	\$8,416,116 (13%)	0%	NA
20	Buckley School	\$61,445,519	\$464,045 (1%)	0%	NA

Sources: Most recent Form 990s; Websites; Annual reports; NYSAIS; includes 119 New York private schools.

in that region and because it is home to many boarding-day schools, which tend to have larger endowments than day schools (\$39,299,086 vs. \$6,007,099). The Southeast had the lowest median endowment (\$4,262,546).”

Restricted endowments: According to our research, the average restricted endowment was \$9.1 million, which on average is about 32% of the total investment portfolio. This figure indicates that many of the schools have benefited from planned giving, such as bequests, which can provide long-term restricted endowment funds. At the same time, it also shows that the schools have unrestricted funds (for example, board designated and quasi-endowment) that provide more flexibility to the school as far as spending goes; they have the flexibility to dip into their unrestricted endowment to spend or use as collateral for borrowings. It is interesting to note the range of restricted endowments (as a percentage of total investments) whereas Spence School had 79% of its funds permanently restricted and St. David's School had only 6% permanently restricted. It is important to have some funds in the quasi-endowment, which may provide for more flexibility.

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Stand-alone foundations: We also found 11 schools utilized separate stand-alone fundraising foundations, which often lead the fundraising efforts and house the endowment funds. Three schools that listed separate foundations on their websites include the Park School of Buffalo (Amherst), Hackley School (Tarrytown), and Chaminade High School (Mineola).

Hope Goldstein, CPA, Nonprofit, Government & Healthcare practice leader at CBIZ Marks Paneth, commented:

“Stand-alone fundraising foundations are typically associated with a school of a religious origin and may still have the association to the entity of origin. Because some organizations are prohibited from giving to a religious organization, schools would be inclined to set up a separate foundation in order to strengthen their fundraising capabilities and not limit any potential donor, including corporations or other entities, from giving to the school. In addition, having a separate foundation to accept contributions may give potential donors the perception of control over their donations and that their contributions are not funding the school’s operating budget. Some for-profit private schools have set up separate foundations to take in donations. Lastly, by establishing a stand-alone foundation, there is more tax compliance scrutiny.”

Asset allocation policies: One key trend that we have been following in the endowment and foundation sector is the increased interest in alternative investments and private markets. We also observed that some independent schools have been allocating to alternative investments. These strategies may potentially manage risk and enhance portfolio returns. Figure 8 shows that some schools have significant allocations to alternative investments, such as Millbrook School (Millbrook), Nightingale-Bamford School (New York City), and St. Bernard’s School (New York City).

Capital campaigns: As part of the trend to build out the schools, we found that 25 of the schools we reviewed have initiated capital campaigns in the past five years. Some schools completed capital campaigns that had some of the funds geared toward the endowment, which included Emma Willard School (Troy), Nichols School of Buffalo (Buffalo), and Saint Ann’s School (Brooklyn).

THE STRATEGIC ENDOWMENT PLAN: TAKING A HOLISTIC APPROACH TO ENDOWMENT/FOUNDATION MANAGEMENT

One key observation from our study is that there has been significant growth at many of the schools in their investment portfolios, which often include both restricted endowment and quasi-endowment. As with all types of public charities, the most successful private schools grow themselves most effectively by focusing on both their fundraising and investing strategies, hand-in-hand. This is crucial because over the next decade, future portfolio returns are expected to be lower than historical returns, which will limit the growth of the investments from an internal

Continued

performance perspective. It will be crucial to look externally to grow the endowment through new gifts. Thus, the fundraising side of the program will have a great impact for endowments/foundations as a key way to grow. For example, planned giving strategies are a very important way to increase endowment/foundation funds.

One way to implement the endowment game plan is the development of a strategic endowment plan. The plan memorializes the history of the current program and the ways to grow the endowment through both fundraising and investment gains. It is important to document these strategies into a strategic endowment plan and monitor its progress. Figure 9 illustrates some endowment strategies we have noted by some schools and why they can be important.

Figure 9

Importance of the strategic endowment plan (SEP) for independent schools—growth strategies in action

Endowment strategy	Why this is important
The school set an endowment goal that is included in the strategic plan	Setting an endowment goal helps the team to strive for an important accomplishment and work together as a team
The school views the endowment as part of its overall assets and not just the restricted assets	It is important to view the endowment as an overall resource that has restricted and unrestricted components. There are benefits to each pool of funds; the quasi-endowment, or board designated endowment, can provide flexibility to the school
The school starts endowment via board designation of assets for seeding of a quasi-endowment	School starts with designation of funds to start the endowment
The school starts endowment with sale of air rights	There are many ways to fund the endowment and this is a key option
The school grows its endowment through the ongoing adds to endowment	A successful endowment is the result of ongoing additions and cultivation
The school has a written policy on unrestricted planned gifts	One of the key ways to grow the endowment is to have a policy as it relates to unrestricted planned gifts
The school has a capital campaign that includes targeted funds for the endowment	A capital campaign can have many objectives, and some schools have used the endowment as one of the goals
The school provides a donor option on its giving page to allow donors to move annual gifts to the endowment	This allows the annual fund donors a way to grow their quasi-endowment through the annual campaign
The school offers special endowment funds named for its staff or recent retirees	This is a creative way to have an option that is related to a key staff person that is connected to the student body
The school utilizes a separate foundation for its fundraising and endowment funds	Some schools use a separate foundation to manage and grow their endowment funds; both nonprofits and for-profit schools can use this option
The school provides details on its endowment payout levels	Some schools provide the payout policy on their site, which can be helpful to donors who are considering a named fund
The school lists the endowment on its website as an optional way to give	This disclosure shows the progress the school is making with its endowment program and also allows for donors to either create their own or add to current endowment
The school provides the endowment options and lists the named funds on its site	This provides a list of the funds and also provides information on the requirements of a named fund
School has an endowment minimum, which allows it to have an efficient endowment process	It's important to have an endowment policy so you can manage the multiple number of endowments that may be formed; the development of the administration and policies is very important for the endowment program

Sources: Most recent IRS Form 990s; Websites; Annual reports; NYSAIS schools.

Continued

Figure 10

Sample strategic endowment plan for endowments and foundations: Questions to ask as you plan your strategy

• **History of the endowment or foundation**

- Why and how was the endowment or foundation started?
- What is the objective of the endowment or foundation?
- What is the asset level goal of the endowment or foundation?

• **Increasing the endowment assets through fundraising**

- What are the different ways to grow the endowment assets?
- How can fundraising benefit an endowment?
- How do peer organizations build their endowments?
- Is the fundraising website reviewed annually?

• **Increasing the endowment assets through investment management**

- What are the growth expectations of the endowment?
- Are these realistic given current markets?
- Has an investment stress test been performed?
- Are the investments on track?
- Does the current asset allocation make sense?

• **Endowment game plan**

- What type of endowment disclosure?
 - Is there a named endowment process?
- Is the advisor providing valued-added services?
- Is there an annual peer analysis to compare the foundation with other similar organizations?
- How often should an RFP be obtained for investment services?
- What are the endowment/foundation trends being followed?

CONCLUSION

We started our journey by providing some insights on independent schools and key trends. Independent schools are an important part of the educational system in the U.S., where they represent approximately 9% of K-12 students. Like all types of nonprofits, many have been flexible and adaptable recently as they have had to deal with COVID, higher inflation, and now a softening economy. We took a closer look at New York independent schools and many of our observations can be applied to schools across the nation.

Independent schools have also had to deal with unique forces taking place in their own sector such as flat and declining enrollments in some markets; ongoing plans to expand programs and facilities; and rising tuition costs, impacting affordability for many families as the schools strive to maintain their socio-economic diversity.

Continued

These trends all point to a more important role for fundraising and endowment management. Schools will need to assess their fundraising plans and staffs and make sure they are offering a diversified program (annual fund, special events, planned giving, communications, etc.) and increasing their donations. The annual fund plays a key role in the finances of the school as it makes up the difference between the cost of the education and the tuition received. They will also need to continue to refine their planned giving offerings along with the way they communicate via their technology platforms (websites, emails, social media, etc.).

Endowments will continue to be a crucial resource for independent schools as well as all nonprofits. Endowments are a key resource in changing times and can provide a cushion. As schools look to the future decade, they may experience lower investment returns. The most successful schools are taking a more holistic approach to the way they grow their endowments. They are focusing on both their fundraising and investing strategies, hand-in-hand. The strategic endowment plan (SEP) is a key planning tool as it helps the school to plan the growth of the endowment through a holistic approach. A best practice would be to memorialize the SEP in writing and to monitor the progress each year; we highlight some examples of questions to ask in the SEP in Figure 10.

Board education on endowments and fundraising is also crucial as boards become more diverse and bring different backgrounds to the table. There may be discussions on topics such as asset allocation, spending, alternative investments, and planned giving options. We have developed an endowment tutorial for boards that provides an overview of endowments and focuses on the different ways to grow the endowment.

It is also important to do a peer review of the school's fundraising and endowment website landing page each year. This helps the school to refine its offering and stay abreast of new fundraising/technology trends. For example, one school has already added important information on the Secure Act 2.0 to its website, which provides additional donor options. Other schools are starting to add information on the benefits of donor advised funds. Some schools should consider adding recurring giving and building legacy societies. Other schools are accepting crypto for donations, and some schools have been building out their profiles on Guidestar.

At Wilmington Trust, we will continue to take a full-service, value-added approach with our work for our clients. The ongoing research and education that we provide to our clients is designed to help them take a more holistic approach to their endowment and fundraising plans in a fast-moving world.

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- Outsourced chief investment officer (OCIO)
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- Custody
- Alternatives and private markets Investing
- Independent school education and research
- Independent school peer review
- Independent school board education

To learn more, visit our dedicated resource for [Endowments and Foundations.](#)

The author would like to say a special thank you to Senior Investment Associate Skai Konyha for her assistance in compiling data for this report.

ABOUT THE AUTHOR

Walter specializes in working with endowments, foundations, and nonprofit organizations to help them grow, evolve, and weather changing financial and economic environments. He works closely with his clients on their investment, philanthropic, endowment management, and planned giving objectives. As director of the Endowments and Foundations Practice for the Wealth markets, Walter is responsible for working with market leaders and wealth advisors in each region to lead the growth of this important business and to create a coordinated and consistent approach to working with our clients. He has also led the firm's Philanthropic Speaker Series events since 2011.

With more than three decades of experience in the financial services industry, much of which focused on nonprofit and institutional clients, Walter has a unique perspective on the changing needs of the endowment and foundation marketplace. He has authored original research that has been covered by the financial press on a number of nonprofit sectors, including health care organizations, community colleges, public libraries, private schools, and religious organizations. Reports include:

[Endowment and Foundations Update: Key 2022 Trends](#)

[Catholic Foundations in the U.S. Revisited](#)

[Community College Foundations Revisited](#)

[Catholic Foundations Continue to Advance in the United States](#)

[Trends in Healthcare Philanthropy and the Use of Separate Foundations](#)

[Fundraising and Endowment Strategies for Independent Schools in New York](#)

[Overview and Insights on Public Library Foundations](#)

Walter holds an MBA from Babson College, a master's degree in philanthropy from New York University, and a bachelor's degree in economics from Bates College. He is a CFA® charterholder and a member of the CFA Institute. He is also a member of the New York Society of Securities Analysts, the Philanthropic Planning Group of Greater New York, and the Healthcare Finance Management Association. Passionate about philanthropy and perpetuating the ability of nonprofits to impact their communities, Walter is a trustee and treasurer of Fisher College (Boston); trustee at the Nancy Woodson Spire Foundation; and served on the Forest Hills Gardens Corp. Finance Committee. He is also an adjunct professor at NYU where he teaches courses in endowment concepts and practices, and philanthropy and fiscal management.

Our National Endowments and Foundations Team assists not-for-profit organizations throughout the Northeast and nationally in working to meet their investment and philanthropic needs. The team can provide value-added services that go beyond the investment relationship, such as an ongoing Philanthropic Speaker Series, nonprofit sector white papers, and specialized peer reviews. They work with the firm's endowment clients either as a full-service investment advisor (Outsourced Chief Investment Officer) or as a single investment solution provider. The team has helped clients complete a competitive analysis (peer review) and strategic endowment plan, which is part of its full-service, value-added approach.

Continued

List of New York State schools in research report

School name	Location	School founded	Latest Form 990 available
Abraham Joshua Hershel School	NYC	1981	6/30/2019
The Albany Academies	Albany	1813	6/30/2019
Allendale Columbia School	Rochester	1890	6/30/2019
Allen-Stevenson School	NYC	1904	6/30/2020
Bay Ridge Prep	Brooklyn	1998	8/31/2020
Berkeley Carroll School	Brooklyn	1982	6/30/2021
Birch Wathen Lenox School	NYC	1991	6/30/2020
Brearley School	NYC	1884	6/30/2020
Browning School	NYC	1888	6/30/2019
Buckley Country Day School	NYC	1923	6/30/2020
Buffalo Seminary	Buffalo	1851	6/30/2021
Calhoun School	NYC	1941	6/30/2019
Chapin School	NYC	1929	6/30/2020
Churchill School	NYC	1972	6/30/2020
City & Country School	NYC	1914	6/30/2019
Collegiate School	NYC	1940	6/30/2020
Columbia Grammar & Prep School	NYC	1964	6/30/2020
Cooke School Institute	NYC	1987	6/30/2020
Cristo Rey New York	NYC	2004	6/30/2020
Dalton School	NYC	1919	6/30/2020
Darrow School	New Lebanon	1932	6/30/2020
De La Salle Academy	NYC	1989	6/30/2019
Doane Stuart School	Rensselaer	1969	6/30/2020
Dutchess Day School	Millbrook	1955	6/30/2019
Dwight School (Foundation)	NYC	1872	6/30/2020
East Woods School (Foundation)	Oyster Bay	1946	6/30/2021
Elmwood Franklin School	Buffalo	1955	6/30/2020
Emma Willard School	Troy	1814	6/30/2019
Episcopal Day School	NYC	1961	6/30/2021
Ethical Cultural Fieldston School	Bronx	1878	6/30/2020
French American School	Larchmont	1980	6/30/2020
Friends Academy	Locust Valley	1877	6/30/2021
Garden School	Garden City	1937	6/30/2019
Gateway School of NY	NYC	1965	6/30/2019
George Jackson Academy	NYC	2003	8/31/2020
German School of NY	White Plains	1980	8/31/2020
Gillen Brewer School	NYC	1993	6/30/2019

Continued

School name	Location	School founded	Latest Form 990 available
The Gow School	South Wales	1926	6/30/2020
Grace Church School	NYC	1894	6/30/2020
Green Vale School	Old Brooksville	1923	6/30/2020
Hackley School	Tarrytown	1899	6/30/2020
Hannah Senesh Community Day School	Brooklyn	1998	6/30/2020
Harley School	Rochester	1924	6/30/2020
Harlem Academy	NYC	2004	6/30/2019
Harley School	Rochester	1917	6/30/2020
Harvey School	Katonah	1916	6/30/2020
Hawthorne Valley School	Ghent	1972	8/31/2020
Hewitt School	NYC	1920	6/30/2019
Hoosac School	Hoosick	1889	6/30/2020
Horace Mann School	Bronx	1887	6/30/2019
Ideal School of Manhattan	NYC	2005	6/30/2019
International Preschools		1963	8/31/2020
Keio Academy	Purchase	1988	6/30/2020
La Scuola D. Italia Guglielmo Marconi	NYC	1977	6/30/2020
Lang School	NYC	2009	6/30/2020
Lawrence Woodmere Academy	Woodmere	1912	6/30/2020
Learningspring School	NYC	2001	6/30/2020
Lexington School for the Deaf	Queens	1864	6/30/2020
Little Red School House	NYC	1921	6/30/2020
Long Island School for Gifted	Huntington Station	1980	6/30/2020
Luria Academy	Brooklyn	2007	6/30/2019
Lycee Francais	NYC	1935	6/30/2019
Manhattan Country Day School	NYC	1966	6/30/2020
Manlius Pebble Hill School	Dewitt	1896	6/30/2020
Maplebrook School	Armenia	1945	6/30/2020
Masters School	Dobbs Ferry	1877	6/30/2021
Metropolitan Montessori School	NYC	1964	6/30/2020
Millbrook School	Millbrook	1932	6/30/2020
Nichols School of Buffalo	Buffalo	1892	6/30/2019
Nightingale-Bamford School	NYC	1920	6/30/2020
Norman Howard School	Rochester	1979	6/30/2020
North Country School	Lake Placid	1958	7/31/2020
North Shore Hebrew Academy	Great Neck	2000	8/31/2021
Northwood School	Lake Placid	1905	6/30/2019
Oliver Scholars Program	NYC	1984	6/30/2019
Packer Collegiate	Brooklyn	1845	6/30/2020
Park School of Buffalo	Snyder	1912	6/30/2019

Continued

School name	Location	School founded	Latest Form 990 available
Parkside School	NYC	1986	6/30/2020
Poly Prep County Day School	Brooklyn	1854	6/30/2020
Portledge School	Poughkeepsie	1965	6/30/2019
Professional Children's School	NYC	1914	6/30/2021
Quad Prep School	NYC	2014	6/30/2020
Rippowam Cisqua School	Bedford	1919	6/30/2019
Riverdale Country School	Riverdale	1930	6/30/2019
Robert Louis Stevenson	NYC	1977	6/30/2020
Rodeph Sholom School	Brooklyn	1972	6/30/2020
Ross School	East Hampton	1993	6/30/2020
Rudolf Steiner School	NYC	1928	6/30/2021
Rye Country Day School	Rye	1936	6/30/2020
Saint Ann's School	Brooklyn	1965	7/31/2020
Saint David's School	NYC	1951	6/30/2020
Shefa School	NYC	2014	6/30/2021
Solomon Schechter Day School of LI	Jericho	1967	7/31/2020
Spence School	NYC	1892	6/30/2020
Speyer Legacy School	NYC	2009	6/30/2020
St. Bernard's School	NYC	1940	6/30/2019
St. Luke's School	NYC	1945	6/30/2021
Staten Island Academy	Staten Island	1908	6/30/2020
Stephen Gaynor Academy	NYC	1962	6/30/2020
Stony Brook School	Stony Brook	1922	6/30/2020
Storm King School	Cornwall on Hudson	1867	6/30/2020
Town School	NYC	1905	6/30/2020
Trevor Day School	NYC	1932	6/30/2021
Trinity Pawling School	NYC	1907	6/30/2020
Trinity School	NYC	1709	6/30/2019
Tuxedo Park School	Tuxedo Park	1900	6/30/2020
United Nations International School	NYC	1947	6/30/2020
Village Community School	NYC	1970	6/30/2020
Vincent Smith School	Port Washington	1924	6/30/2020
Waldorf School of Garden City	Garden City	1947	6/30/2019
Washington Market School	NYC	1976	8/31/2020
West Side Montessori School	NYC	1963	6/30/2020
Windward School	White Plains	1926	6/30/2019
Woodland Montessori School	NYC	1965	6/30/2021
Yeshiva High School	NYC	2003	6/30/2019

Continued

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