

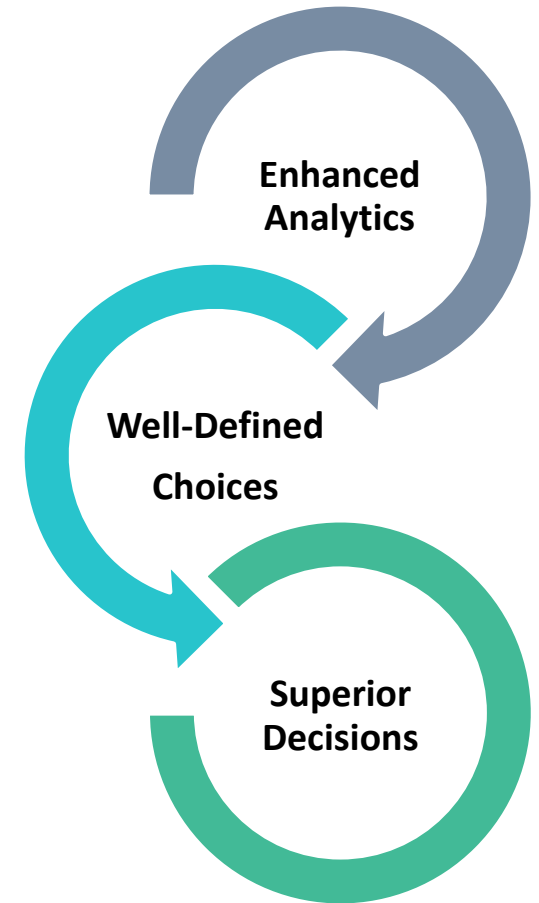
# ACHIEVING LONG-TERM FINANCIAL STABILITY

*(in an increasingly uncertain environment)*

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SOLARIS ADVISORS ENHANCED ENDOWMENT SERVICE  
FOR COLLEGES + SCHOOLS

[solarisgroupllc.com](http://solarisgroupllc.com)



July 2018

**Decisions Today Preserve Choices For Tomorrow**

# THE ROAD TO STABILITY

Today's Challenge

Our Solution

A Clear Direction

Why Solaris?

# ENTERPRISE CHALLENGE

“You’re going to see, over the next five years a real increase in the number of schools in serious trouble.”

-Dr. Richard Vedder, Director of Center for College Affordability and Productivity at Ohio State\*

- CONSERVATOR** {
  - Are you a superior fiduciary of your institution’s endowments?
- BALANCE** {
  - What is your optimal balance of reputational integrity, state of physical plant, financial ballast?
- QUESTIONS** {
  - Are you asking the right questions about programs, financial aid, and philanthropy?
- DECISIONS** {
  - Are those questions leading you to the right decisions?
- INVESTMENTS** {
  - Is your investment policy/asset allocation integrated with your operating performance?

\*(U.S. Colleges Are Separating Into Winners and Losers: WSJ 2/21/18)

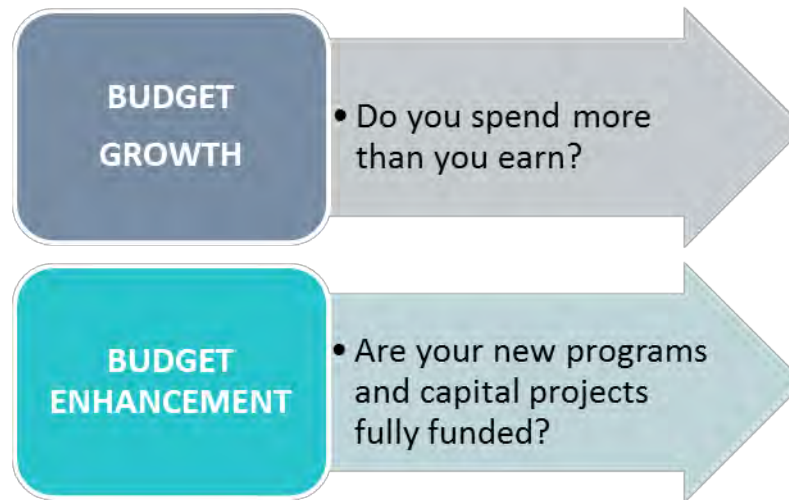
“The inability of small colleges to increase their revenue will result in triple the number of closures in the coming years”

-Inside Higher Ed 2015 (Data from Moody's)\*

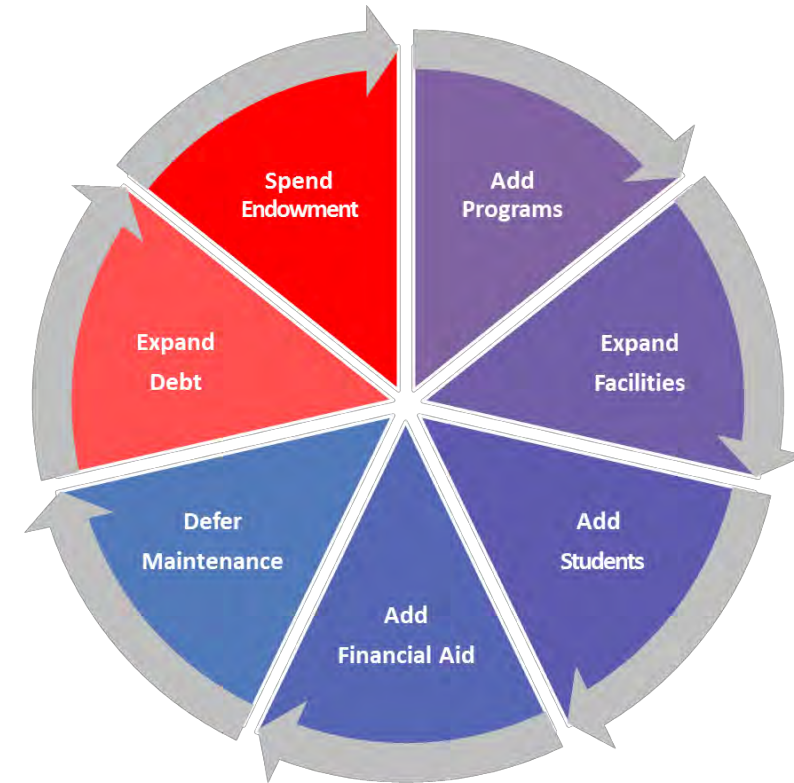
# HISTORIC CYCLE

Basic economics of non-profit management point to seemingly insurmountable hurdles to achieving and sustaining financial success.

## TWO CHALLENGES



## WHEEL OF CHALLENGES



⇓  
**Spend Down**

# A PROACTIVE APPROACH TO FINANCIAL STABILITY

“In this environment, governing boards need to undertake a serious strategic analysis of the strengths and weaknesses of their colleges, looking out over the medium to long term to assess the steps that their institutions will need to take in order to survive.”

-Commonfund Institute, 2017

DECISIONS TODAY PRESERVE CHOICES FOR TOMORROW  
WHERE DO YOU WANT TO GO FROM HERE?

The Solaris Solution:

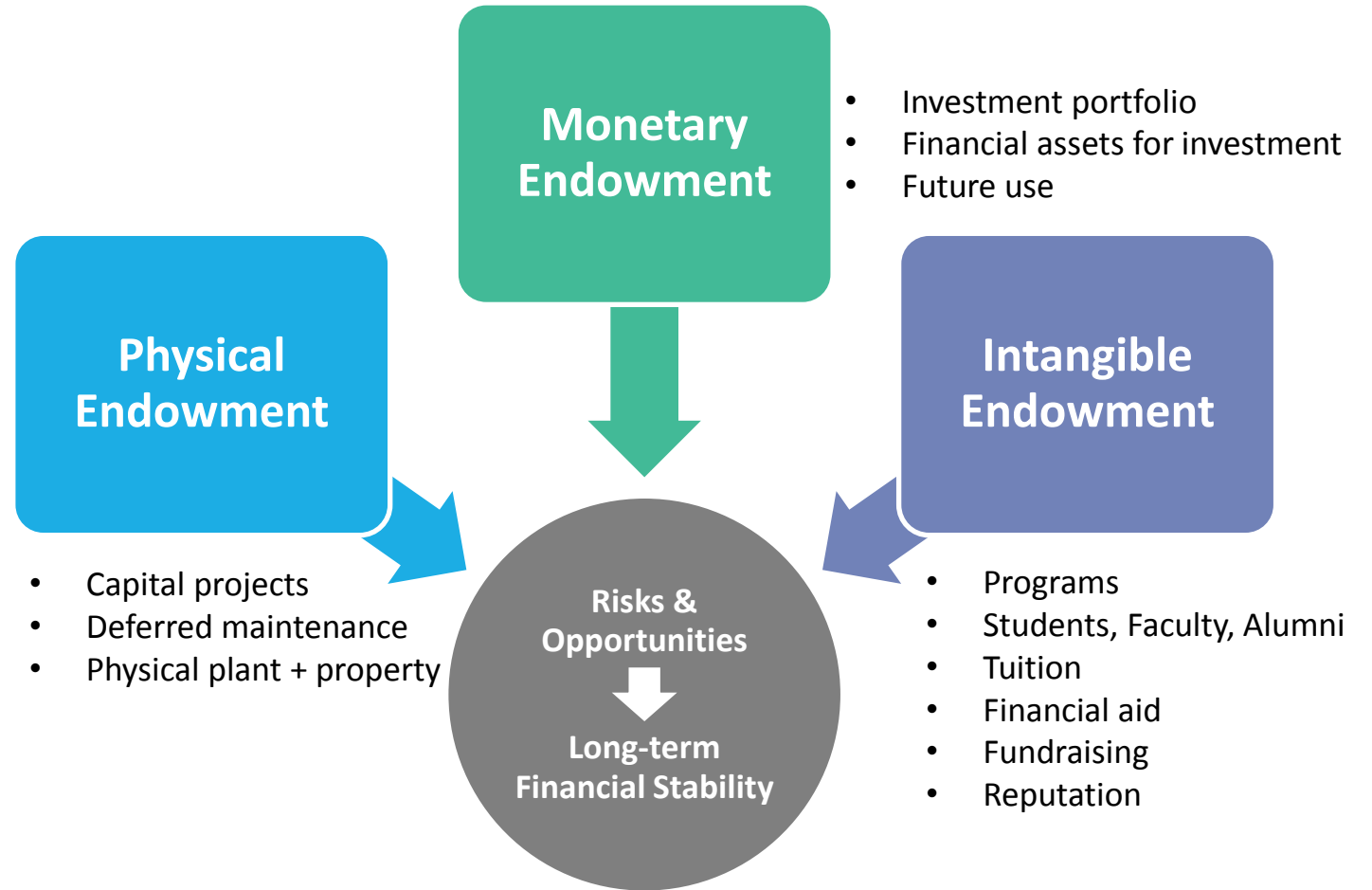
Educational institutions need a comprehensive, proactive approach that integrates their endowment management with their current and future budgetary and project requirements over an extended time horizon.

# NEW LOOK AT ENDOWMENTS

BREAK THE HISTORIC CYCLE:

An institution's endowment encompasses multiple resources, all critical to its future. By sorting the endowments into these three categories it is easier to understand how they interrelate and balance outcomes needed to achieve goals.

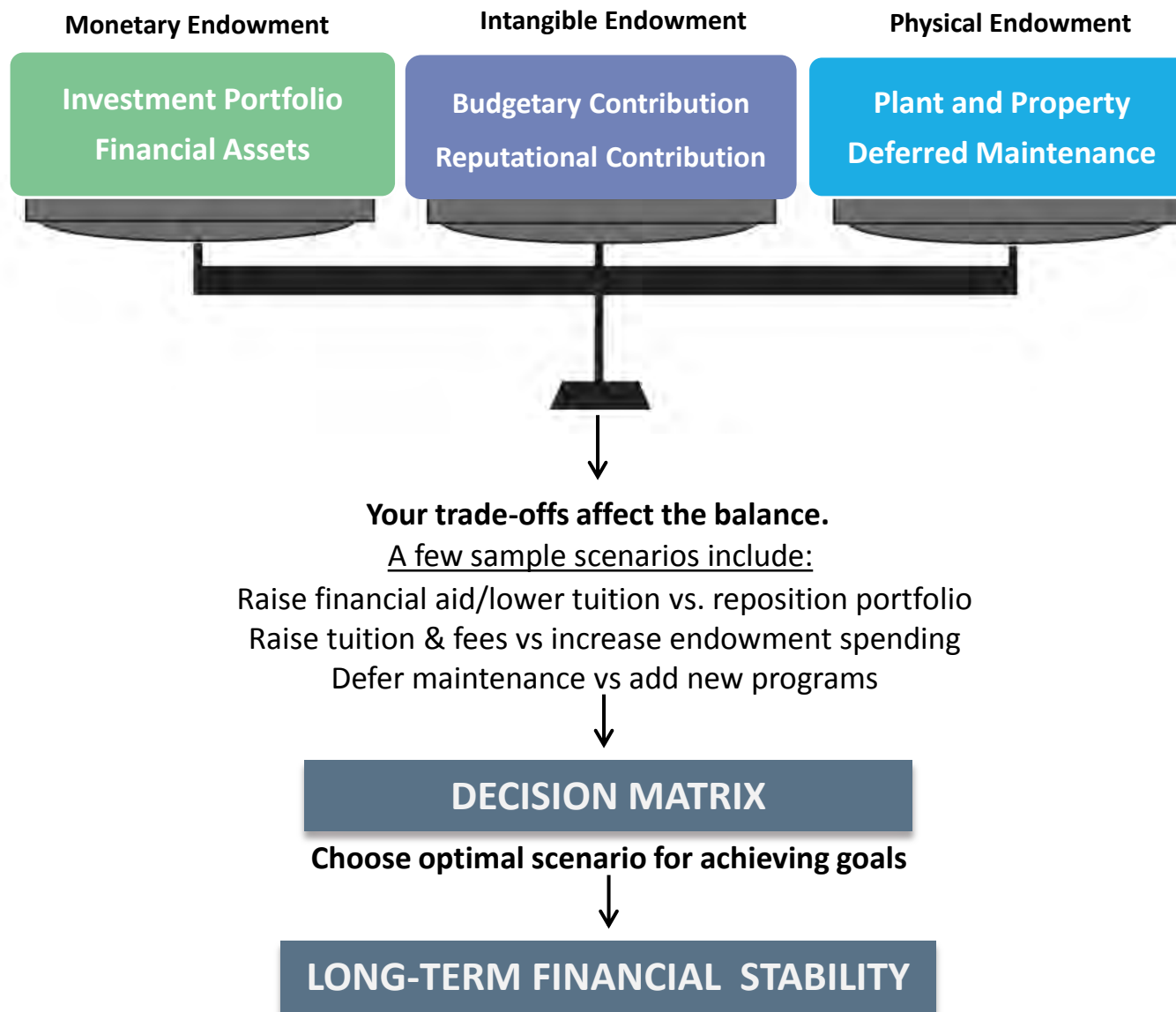
## THE THREE ENDOWMENTS



# BALANCE AND LEVERAGE YOUR ENDOWMENTS

Prudent and skillful management requires consideration of all three endowments to maximize institutional strengths and provide clarity to long term objectives.

## BALANCING THE TRADE-OFFS

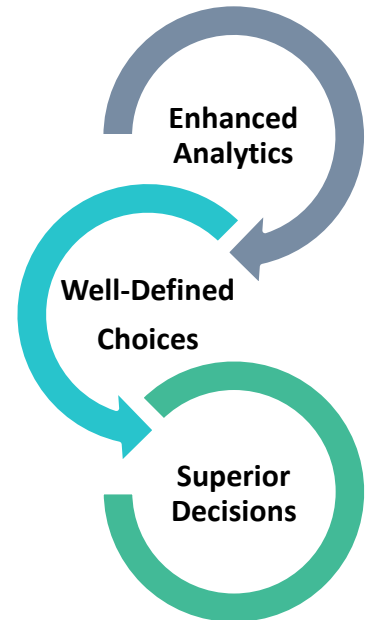


# OUR PROPRIETARY ANALYTICS ALLOW SCHOOLS AND COLLEGES TO KNOW EXACTLY WHERE THEY ARE GOING

## A CLEAR DIRECTION

An integrated roadmap,  
analytic methodology,  
performance benchmarks,  
and decision-making matrix.

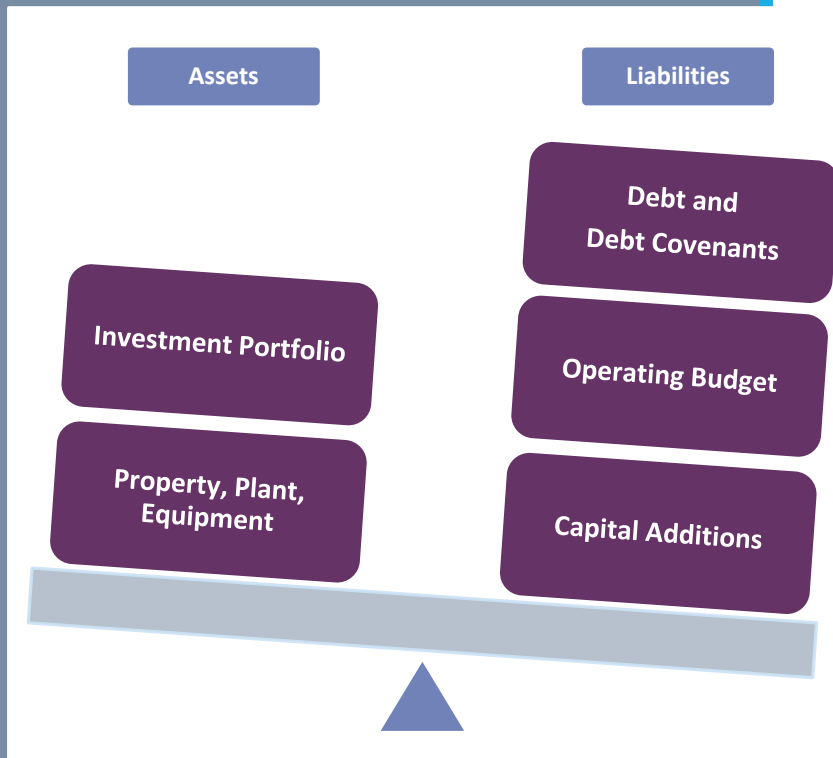
- Review historical growth and define future goals
- Re-define their endowment assets
- Analyze and evaluate peer groups and benchmarks
- Model their financial future with greater understanding by assessing the:
  - Appropriate levels of tuition, financial aid, and faculty salaries
  - Opportunities and risks of academic program alternatives
  - Feasibility of current and future program and capital projects
  - Context for informed, disciplined decision-making
- Design integrated investment programs



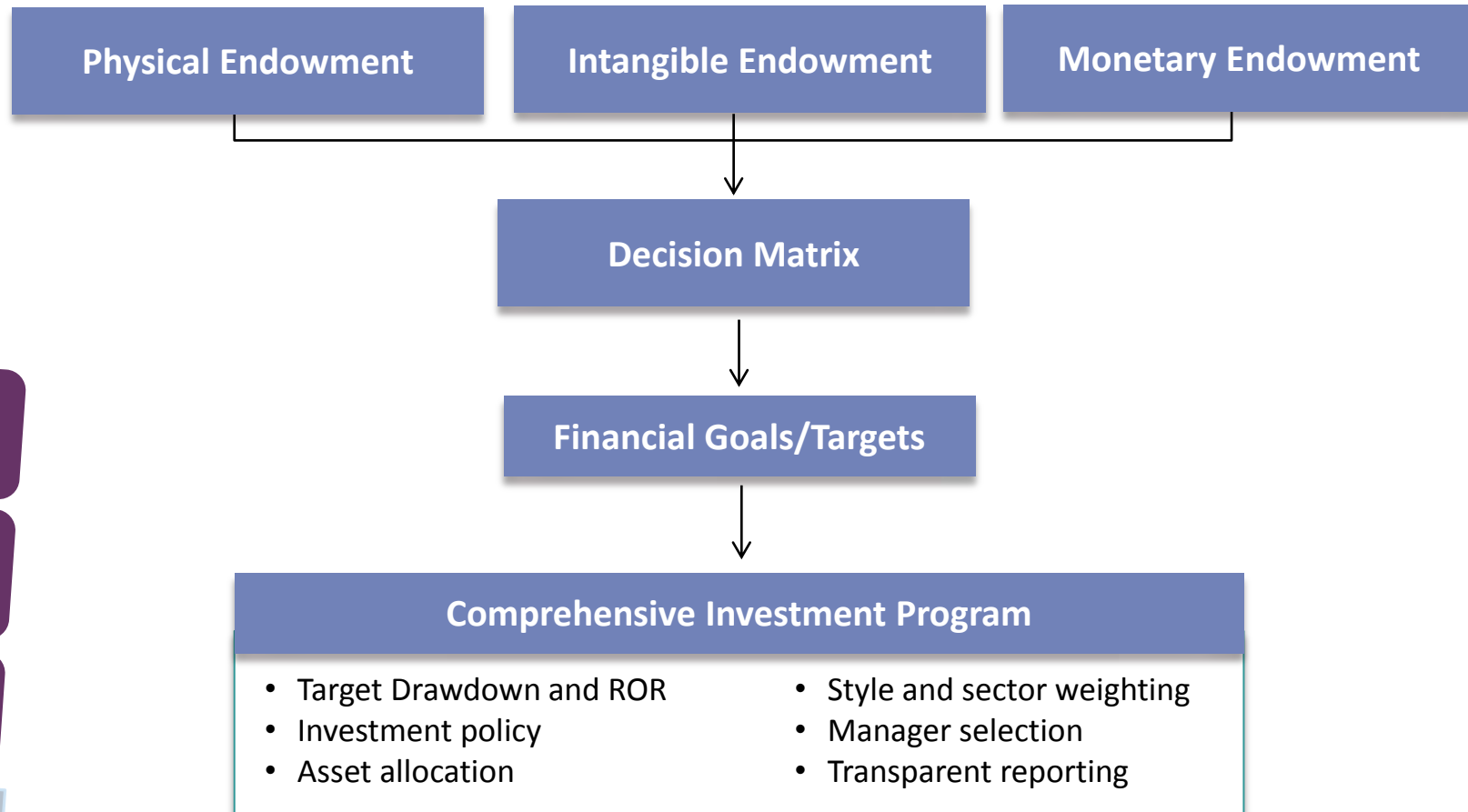


# OPTIMIZE YOUR ROUTE

Co-ordinate with your investment program.



## SOLARIS' COMPREHENSIVE SOLUTION TO LONG-TERM FINANCIAL STABILITY



# WHY SOLARIS?

## Experienced as Board Trustees... and as consultants to Board Trustees

- We use our extensive backgrounds in public finance, on non-profit boards, finance and audit committees to develop strategies based upon the financial strength, liquidity needs/preferences, organizational growth, regulatory compliance and risk appetite of each of our clients.

## Helping Board and Management fulfill fiduciary obligations

- We understand that our role is to facilitate better and more prudent decision-making by Management and the Board / Investment Committees.

## Value-added advice specific to schools and colleges

- Clients have sought our advice on financing, investments, including the investments of bond proceeds such as debt service reserve funds, liquidity support funds, project funds, as well as bond and interest rate swap structuring, debt retirement, and bond pricing.

## We sit on the same side of the table as our clients

- We marshal our collective expertise to be a valuable resource to the management of an operating nonprofit.

# FOR FURTHER INFORMATION

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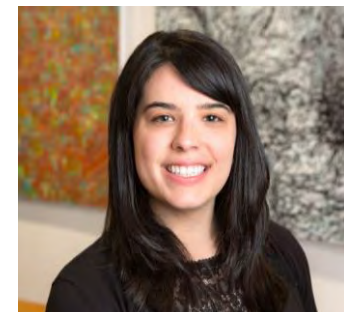
William Kummel



David Raphael



Erica Plofsky



(Rational Partners)

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