

DSST Foundation 101

6/4/2020

Agenda

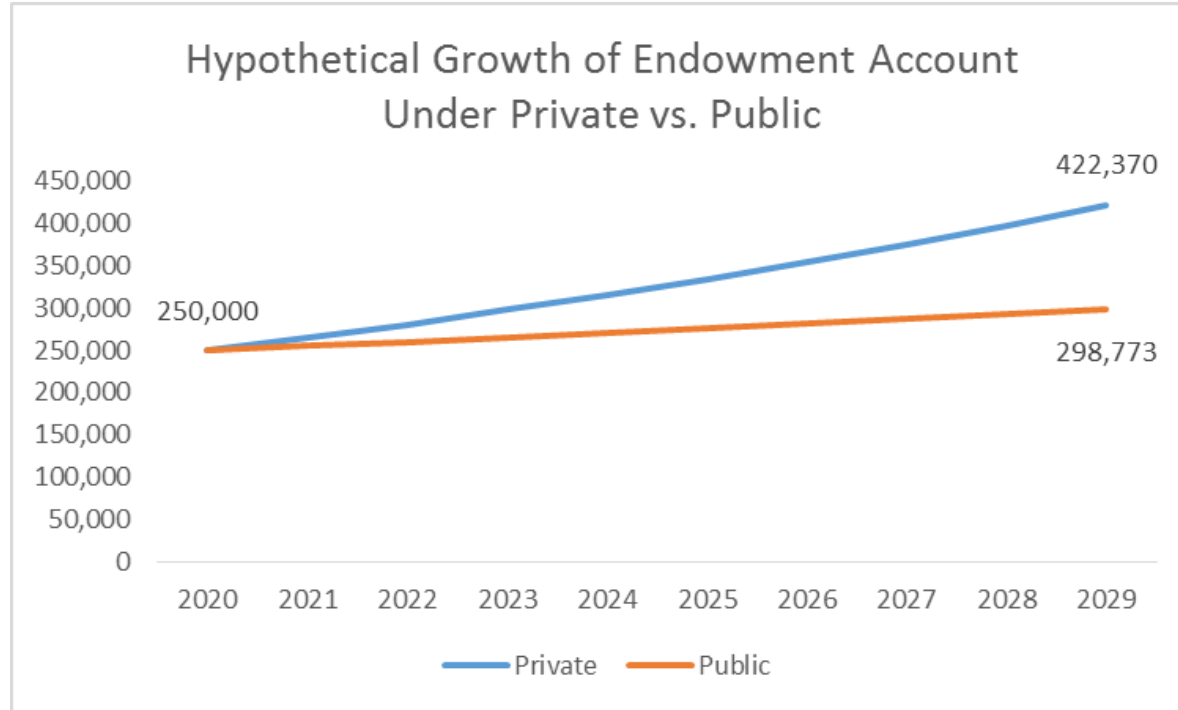
- Foundation background
- Website access
- Meeting Agendas
- Financial statements and reporting
- Current investments
- Investment and Gift policies
- Distributions

DSST Foundation Background

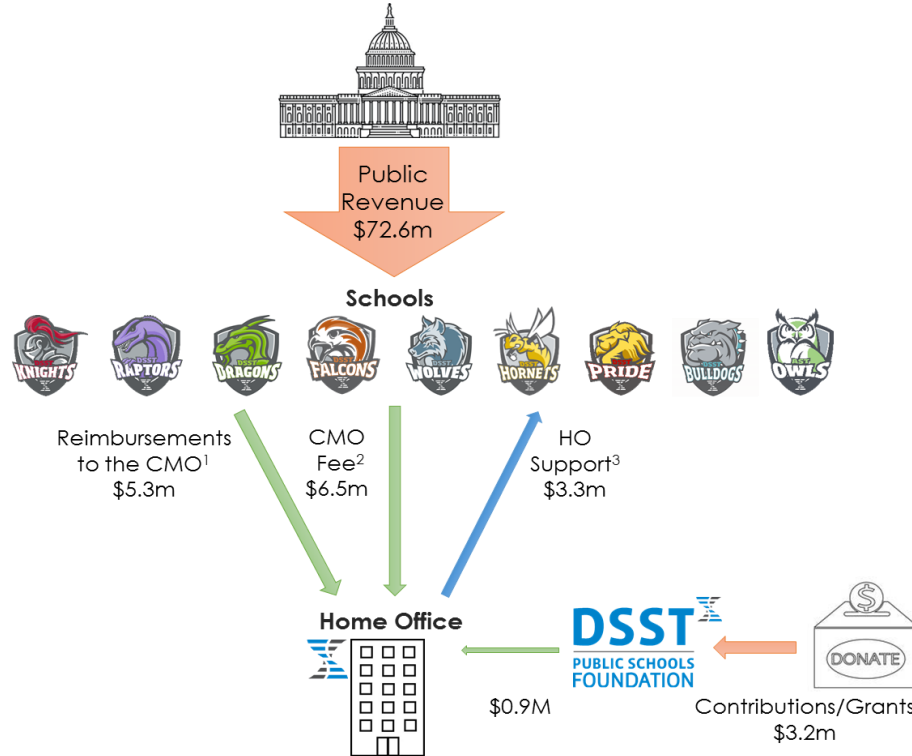
DSST Foundation History

- Founded in 2011, put into practice in 2017
- Alerted to fact that DSST was out of compliance with state statutes for investing public funds
- Management wanted a higher return for private donations than possible under public funds law
- DSST Foundation allows that as a separate 501c3

DSST Foundation Investment Comparison



DSST Foundation Funds Flow



¹ Reimbursements to the CMO cover student and staff computers, other technology expenses, academic stipends

² CMO Fee covers centralized support services from the home office

³ HO Support pays for home office-funded teaching and admin positions and funds losses at the school level

DSST Foundation Website Access

DSST Foundation Website Overview

- Located on the DSSTPublicSchools.org website
- Contains key Foundation Operating Documents
- Login:
 - User: foundation_member
 - Password: Dsst2020

DSST FOUNDATION MATERIALS

Foundation Board Governance Materials

(Bylaws, Articles, Policies)

Foundation Board Operating Documents

(Meeting Minutes)

Foundation Board Resources

DSST Foundation Meeting Agendas

Fall Meeting (November/December)

- Development update
- DSST Public Schools Long-Term Forecast and expected cash requirement
- Berryman Endowment distribution approval
- Review of Capital Markets
- Investment Policy review
- Investment Performance review
- Conflict of Interest Disclosure forms (offline)

Spring Meeting (May)

- 990 Review (sent out in advance, may or may not need meeting time)
- DSST Public Schools Budget and end of year disbursement requests
- Development update
- Auditor approval
- Election of Officers & Directors with expiring terms
- Schedule meetings for following year, set agendas
- Investment performance review

Financial Statements and Reporting

Reporting Overview

- DSST, Inc. Financials
 - Provided after budgeting and long-term forecasting
- DSST Foundation Financials
 - Provided during semi-annual meetings
- Investment Performance Reports
 - Provided Quarterly

Foundation Financials – Income Statement

	March Year-to-Date						Annual				
	Actuals		Budget		Variance	New Variance	Previous Variance	Forecast	Budget	Variance	Note
REVENUES											
Contributions & Grants	\$	1,748	\$	2,355	\$	(607)	\$	(407)	\$	(200)	1
Misc Revenue		(108)		503		(611)		(788)		178	2
Total Revenues		1,640		2,858		(1,218)		(1,068)		(150)	
EXPENSES											
Misc Expenses		4		2		(3)		(1)		(1)	
Foundation Payable to DSST		408		671		263		268		(4)	3
Total Expenses		412		672		261		(7)		268	
NET INCOME											
	\$	1,228	\$	2,185	\$	(957)	\$	(1,075)	\$	118	
	\$	969	\$	2,933	\$	(1,964)					

Revenue Variances

1. **Contributions and grants** negative variance due to no new grants received in the month of February.
2. **Misc revenues** declined due to unrealized market losses associated with the market downturn.

Expense Variances

3. **Foundation Payable** positive variance is due to later than expected receipt of Barton grant and lower than expected Harvey grant spend.

Foundation Financials – Balance Sheet

	March 31, 2020
<i>ASSETS</i>	
Current Assets	
Cash and Cash Equivalents	\$ 355
Short Term Investments (Mid-Term)	9,123
Short Term Investments (Berryman)	225
Short Term Investments (Pershing)	3,770
Promises to Give	-
Other Accounts Receivable	46
Total Current Assets	13,519
Long Term Grant Receivable	1,530
Total Assets	\$ 15,049
<i>LIABILITIES AND EQUITY</i>	
Liabilities	
Deferred Revenue	-
Payable to DSST, Inc.	5,898
Total Liabilities	5,898
Equity	
Unrestricted Fund Balance	3,430
Restricted Fund Balance	5,721
Total Equity	9,151
Total Liabilities and Equity	\$ 15,049

Foundation Financials – Promises to Give

	March 31, 2020	New PTG	Collections on PTG	June 30, 2019
Donors				
Harvey	1,480		1,291	2,771
Calder	-		100	100
Nord	50		50	100
	\$ 1,530	\$ -	\$ 1,441	\$ 4,901
Short Term Collections				
FY 2020	-			
Long Term Collections				
FY 2021	1,530,100			
Total PTG	\$ 1,530,100			

Foundation Financials – Investment Report

Foundation Quarterly Investment Report (1/1-3/31/2020)

Investment Account Balance Detail

Account	Beginning Balance	Purchases & Withdrawals	Unrealized Market Gain/Loss	Realized Gains/Income Returns	Ending Balance	Current Balance (as of 4/29/2020)
Mid-Term (Vanguard)	\$12,288,625	(\$2,918,228)	(\$290,446)	\$43,274	\$9,123,224	\$9,463,856
Mid-Term (JP Morgan)	\$0	\$4,000,000	(\$249,400)	\$19,502	\$3,770,102	\$3,939,133
Berryman Endowment	\$255,866	\$17,934	(\$48,374)	\$0	\$225,426	\$248,811
Total	\$12,544,491	\$1,099,706	(\$588,221)	\$62,776	\$13,118,752	\$13,651,800

Return on Investment (net of fees)

Account	Trailing Quarter	1-Year	3-Year	5-Year
Mid-Term (VASIX)	-3.01	3.63	4.15	3.42
Benchmark (Income Composite Index)	-2.63	4.19	4.44	3.68
Performance vs. Benchmark	-0.38	-0.56	-0.29	-0.26

Account	Trailing Quarter	1-Year	3-Year	5-Year
Mid-Term (JPHSX)	-13.10	-7.69	-0.42	0.66
Benchmark (S&P/LSTA Leveraged Loan TR)		-8.76	-1.38	-0.53
Performance vs. Benchmark		-1.07	-0.96	-1.19

Account	Trailing Quarter	1-Year	3-Year	5-Year
Berryman (VASGX)	-17.60	-8.22	3.33	6.78
Benchmark (Growth Composite Index)	-17.12	-7.49	3.66	7.09
Performance vs. Benchmark	-0.48	-0.73	-0.33	-0.31

Current Investments

Foundation Policies

Foundation Investment Policies

- Ensure alignment with UPMIFA regulations
- Sets investment objectives, spending policy, permitted investments, and asset allocation
 - Permitted to buy individual securities (stocks and bonds), unit trusts, exchange traded funds, mutual funds and other similar instruments
 - Not permitted to buy derivatives, short sales, futures, options, or other investment vehicles not described in this policy

Mid-Term Investment Policy Summary

Time Horizon: Short Term

Investment Horizon: 1 Year

Real Return Target: CPI + 2.5%

Spending Policy: NA

Asset Allocation:

Asset Class and Other Criteria	Rebalancing Ranges	Target Allocation
Long- Only Marketable Equities, including preferred stock	5% - 35%	20%
Fixed Income (incl. cash and short term deposits)	65% - 95%	80%
Diversification (max. exposure to one issuer)	5%	
Duration of Fixed Income Portfolio		< 5 years
Below Investment Grade Debt		< 5%

Endowment Investment Policy Summary

Time Horizon: Perpetuity

Investment Horizon: 10 Years

Real Return Target: CPI + 4%

Spending Policy: 5% of the average market value over the preceding 36 months

Asset Allocation:

Asset Class	Rebalancing Ranges	Target Allocation
Long- Only Marketable Equities	60.0% - 80.0%	70%
<i>Domestic as % of Long-Only Equities</i>	40.0% – 70.0%	55%
<i>International as % of Long-Only Equities</i>	30.0% - 60.0%	45%
Fixed Income (incl. cash and short term deposits)	0.0% – 40.0%	30%
Alternatives (including <u>non publicly</u> traded investments)	0.0% – 20.0%	0%

Foundation Gift Acceptance Policy

1. Gifts to the Foundation may only be accepted by the Foundation.
2. DSST's CEO, and authorized DSST Finance and Development staff have authority to solicit gifts on behalf of the Foundation.
3. The Foundation will rely upon DSST staff... to review each gift according to its intended use, restrictions, liabilities and financial impact on the Foundation or DSST... Only gifts, bequests, devises, endowments, trusts and similar funds that are designated for the use of the Foundation consistent with the stated goals and mission of the Foundation will be considered for acceptance.
4. The Foundation has the right to return gifts if the donor or any restrictions placed are counter to the goals and mission of the Foundation.

Distributions

Distributions

Mid-Term Account

- Based on reserve balances in DSST, Inc
- Requests to be made from DSST, Inc when reserve is projected to fall below 2 month cash & equivalents target
- Until then, DSST, Inc will generate payables for expenses related to grants received into the Foundation
- Anticipating first cash transfer in FY23/FY24

Endowment

- Based on endowment gift agreements
- For Berryman, \$2,000 per year for up to four DSST graduates attending CU Denver
 - \$4,000 in FY20, \$6,000 in FY21

Questions?