

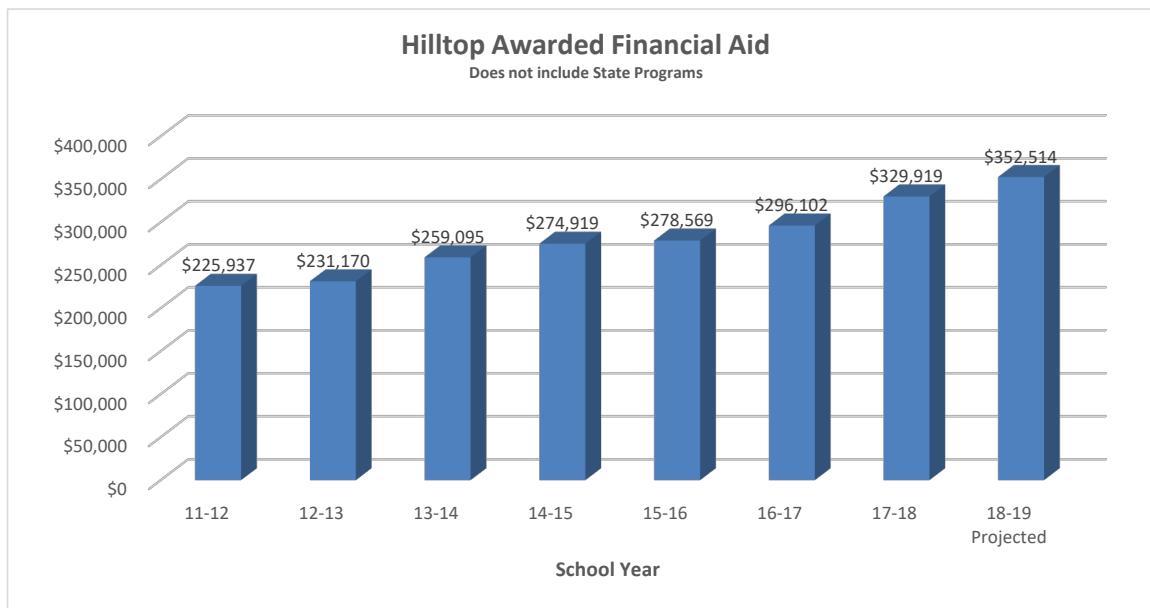
## A New Gift and the Context of the Gift

We are thrilled to announce a significant financial donation to Hilltop Montessori School. To better understand the context and impact of the gift, we are providing a bit of background to our recent years' financial developments and our current budget and investment situation.

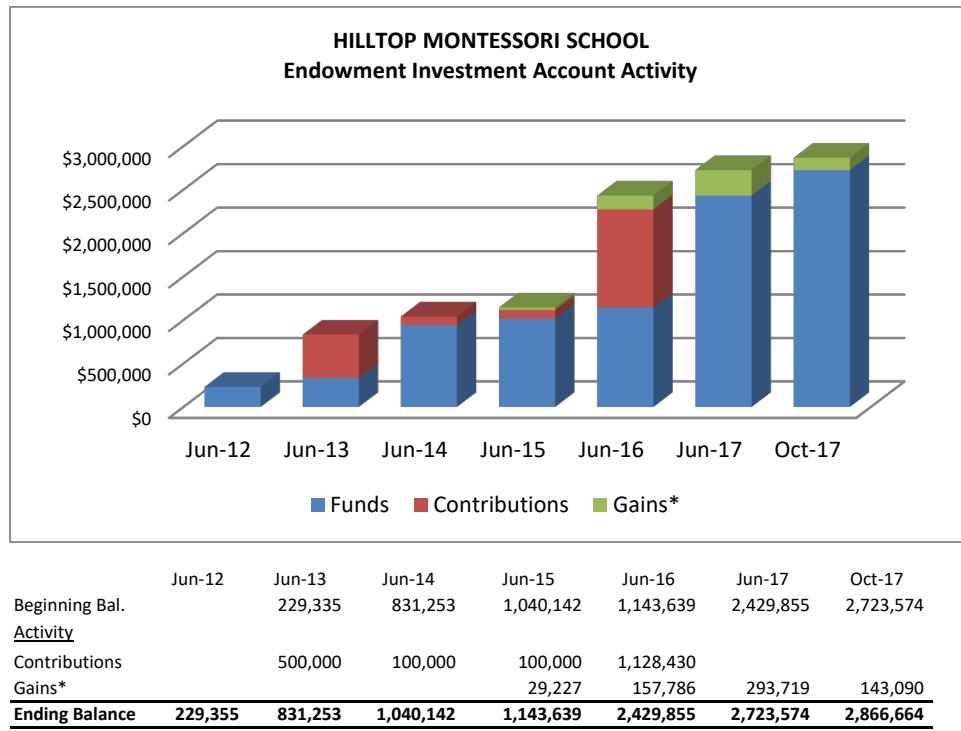
**Past Years' Strengthening of Programs:** Over the past few years we have had a good run with solid enrollment. We have also had strong Annual Fund participation that inspired more donations to support our operating budget. With this solid income, we chose to strengthen our programs to support our families, faculty, and facilities. Some of the improvements that we implemented included:

- ◆ Increasing the Assistant Teacher base pay by more than 15% in the past 3 years, to a more livable wage
- ◆ Continuing employee health insurance coverage through the health care transitions
- ◆ Adding short-term disability insurance for full-time staff
- ◆ Increasing retirement fund matching from 2% to 3%
- ◆ Adding staff to support our programs:
  - Learning Specialist
  - Additional aftercare/Children's House afternoon assistants
  - Spanish enrichment for Children's House and Toddler Program
  - Facilities Manager
  - the full-time Development Director and Business Manager are relatively new, too!

**Past Years' Growth of Financial Aid:** We have also grown the financial aid program over the past 5 years (as noted below). The number of families paying 50% or less of the tuition has grown from fewer than 10 to more than 30! With our school grants, in conjunction with the state funding for PreK, vouchers, and the Vermont Child Care Financial Assistance Program, almost 30% of our tuition income is from sources other than families. This is highly unusual for a school like ours and really helps support increased economic diversity in our community.



**Past Years' Growth of Endowment:** Last year, we unrolled the [“2017-2021 Strategic Plan”](#). A primary goal was ensuring the financial stability of the school and further supporting economic diversity with the specific goal of an endowment of \$5M. We have a couple of wonderfully generous alum grandparent philanthropists. They have been inspired by the involvement of our community as evidenced by Annual Fund participation in the high 90s to 100%. With their support over the past five years, **our endowment had grown from \$230,000 in 2012 to almost \$3M at the end of 2017**. Our hope has been to add to and grow the endowment to at least \$5M before drawing from it to help support our annual expenses for faculty, families, and facilities.



\*Gains prior to 2015 are included in the account balance.

**A Deficit and the Plans to Address it:** With a slight downturn in enrollment this year and the growth in expenses that we had chosen to make programs stronger, we had a deficit of about \$150,000 projected for this year. The [Board of Trustees](#) (including many savvy school administrators and financial managers) decided to use a portion of the investment income from the past year (\$400,000) to fill the deficit for this year, with projections and plans to regrow enrollment in the coming two years. With our solid endowment, we are able to weather the ups and downs typical of enrollment at an independent school.

**A Thank You:** We had a plan to address the current year's deficit, and we owed a thank you to the donors who had done so much to grow our endowment. Roselle Garo (Development Director) and I sent thank you materials to our major donor and planned a visit to them in December.

**Financial Status:** We also shared our current financial status as of December 2017 with this major donor and answered their questions about our mortgage. In summary, our situation was:

- Current Year Budget Deficit: \$150,000 or so
- Outstanding Mortgage Debt: \$1,316,000
- Strategic Plan/Endowment: \$2,000,000 shy of the \$5,000,000 goal

**A New Gift:** When we visited, they shared their intentions of a new gift . . . drum roll . . .

- \$150,000 to meet the needs of this year's expenses
- \$1,316,000 to pay off our mortgages
- \$625,000 more for our Endowment!!

and we burst into tears, literally and figuratively. Their generosity and thoughtfulness with the schools they support is amazing. Their goal is to "level the playing field" for as many children as possible. They greatly appreciate the work we are doing to make this amazing Montessori environment available to as many families as possible in this economically diverse area. They are inspired by our community that works to support the school, and the families here, and their gifts have been transformational.

**Where We are Now:** With this increased financial security, we can:

- Continue existing benefits and salaries for staff
- Set next year's tuitions to increase 3% or less for all programs and no increase for Middle School
- Continue to support families with reduced tuition and work on a transition towards a system of "Indexed Tuition" rather than "Financial Aid" for next year. This restructuring and rewording will better reflect and explain how families are able to attend our school, paying what they can. It also presents the goal that we share with these donors to "level the playing field" to the extent that we can.

We are thrilled to have such support for our families, faculty, and facility. If you have any questions or would like to be a part of the Board of Trustees during this exciting time, please do not hesitate to [contact me](#), or catch me at drop off.

In celebration and with gratitude,  
Tamara