

If the gap between tuition revenue and expense is being bridged by annual fundraising efforts, why does the school need an endowment?

While Seven Acres Montessori has been able to successfully bridge the gap between tuition revenue and operating expense through Annual Giving and fundraisers, the Robert W. Jackson Endowment serves as our "nest egg," allowing the school to augment its operating budget with interest income from the fund's investments. Continuing to build the corpus enables the potential for greater interest income, which can serve as an insurance policy, ensuring financial sustainability in times of less robust economic growth or extreme circumstances. In this way, the Endowment lessens our school's exclusive dependence on tuition increases and yearly fundraising events to bridge the operating gap, providing a reliable source of income and allowing flexibility to pursue its mission regardless of economic conditions.

If the gap between tuition revenue and operating expenses becomes so large, why not simply raise tuition?

Seven Acres makes a deliberate, philosophical commitment to keep tuition rates as low as possible and to provide financial assistance to encourage a diverse community. Our Variable Tuition program has supported, at some level, up to 34% of our students and their families. Offering the finest in Montessori education to as many as possible at an affordable rate has always been part of our school's mission.

By comparison with other independent schools in Fairfield and Westchester counties and with Montessori schools of similar size and in the same geographic region, we are very successful in maintaining our affordability. Raising tuition and thereby excluding a significant portion of families who would like to attend is not consistent with Seven Acres' mission and values. We have always maintained that it takes more than writing a tuition check to live meaningfully in this community.

How does an economically diverse school benefit my child?

Dr. Montessori called her approach to learning Education for Peace. She saw the true work of education as establishing a peace that begins with respectful environments where meaningful relationships can grow. We seek to instill in our children a sense of what it means to be a "citizen of the world", to give them a global view and to work together as a community of students and families with a range of resources, gifts and talents.

How are expenses controlled at Seven Acres?

We achieve such a degree of low operating expense in large part due to conscious effort and deliberate commitment by our entire community. When families gather to work at Clean-Up days, volunteer to repair and maintain classroom material, give their time and dollars toward the success of our many educational programs and social activities, we are all actively contributing to the financial health of our school. During our 2022 re-accreditation by the Connecticut Association of Independent Schools, Seven Acres was consistently praised for controlled expenses.

Proceeds from Annual Giving and the Spring Auction go into the operating budget. How are Endowment funds handled?

Our Endowment is intended to exist in perpetuity; this means that endowment principal, money which represents the school's "nest egg", is never touched. A portion of the investment return (5% of total market value or less) from this principal is contributed to the annual operating budget, if directed by a vote of the Board of Trustees.

What are the planned provisions for investment and spending from Endowment?

The investment of the Endowment Fund is overseen by the Investment Committee, a subcommittee of our school's Finance Committee of the Board of Trustees. Both the investment and spending policies for Endowment are compatible and support the overall mission of the school. In managing the Endowment, the Board of Trustees seeks to maintain intergenerational neutrality. In other words, the objective of the Endowment is to provide at least the same level of support to future generations of students as the current students receive. The implications of this objective are:

- An annual transfer from Endowment to the operating budget
- This annual transfer, or spending, must keep pace with inflation
- The principal or corpus of the Endowment must also keep pace with inflation.

Ultimately, our Endowment Fund was established to ensure that both current and future generations of students reap its benefits. A healthy endowment strengthens our school's balance sheet by helping build equity and creating a capital structure attractive to commercial lenders so that reasonable debt financing can be secured when necessary. This benefits our children immediately. An endowment is one of the most reliable sources of income for Seven Acres, year in and year out. It helps ensure operating flexibility so that the school can exercise its own judgment about academic and other mission-critical priorities. In contrast, schools that lack endowments may be more likely to elevate economic considerations above mission-critical issues.