Chairman of the Board’s Report

Marcia Prewitt Spiller

If we were paying attention, we all learned a great deal in this past year.

We learned that while predictions and forecasts are helpful in planning, we should never stop relying on our instincts to do what is best for our schools. Many of us took leaps of faith this year that were based on what we knew about our schools and our school communities. All of us differed slightly in our approach, but we all shared the common goal of supporting community and learning.

We learned that out of crisis comes opportunity. While we continue to monitor our nation’s economic crisis, we must also be diligent in seizing the moments of opportunity that are presented to us. It is true that planning for financial sustainability is more challenging than ever, but it is also true that our schools continue to offer the highest quality education in vibrant, exciting, learning environments. This crisis has forced us to be introspective in ways that has us being more creative and nontraditional in our thinking and planning.

At NAIS, we are focusing on three strategic priorities, which include:

- Establishing a new Product Services division, which, during its inaugural year, is engaging the independent school community in a conversation on financial aid strategies, while upgrading our financial aid products and services.
- Re-engineer our website and digital tools to serve our busy members in a variety of formats — trying to stay one step ahead of our students!
- Advocating for independent education by helping independent schools “tell their story” through authentic messages that stick.

We also continue to champion the issues of leadership development, equity and justice, maintain and observe good governance, and
stay on top of the public policy issues that affect our schools. We are particularly proud of the strategic thinking that has been conducted on the planning for Schools of the Future.

The board is proud of the good work that is being done, the greatly enhanced member services, the establishment of the new Product Services division, the constant evaluating of revenue, expenditures, and investments as we budget to ensure the organization’s short- and long-term financial sustainability.

Best of all, we’ve learned that despite the challenges we’ve all been through, the good news is that a quality independent education is still in high demand and working in — and for — our schools is good, honest, meaningful work that continues to impact and change childrens’ lives.
DISRUPTIVE REALITIES
MESSAGE FROM THE PRESIDENT
Patrick F. Bassett, NAIS President

SIGNS OF INDUSTRY CHALLENGES
At the 2009 Annual Meeting in Chicago, I reported on the “VUCA World” of disruptions facing all institutions and organizations. The acronym VUCA, coined by the National War College, stands for a more complex landscape facing the security and military industries, and indeed the world at large: volatility, uncertainty, complexity, and ambiguity. At the 2010 Annual Meeting in San Francisco, I developed this theme of the VUCA world by noting three “disruptions” whose implications will impact our schools: disruptive economics—the “new normal” economic realities; disruptive demographics—challenging diversity trends; and disruptive technologies—competing visions of schools of the future. It may well be that “change agency” disruptive leadership will be required to address the challenges.

DISRUPTIVE ECONOMICS — THE “NEW NORMAL”
In a monograph (The New Normal: A Game Changing Model for Financially Sustainable Schools) sent to school heads and business managers in January of 2010, I outlined the impact of several trends that will make decisions about setting price (tuition) and making budget much more difficult during this period of economic adjustments. The most recent (December, 2009) “Adversity Index” map (from MSNBC/Moody’s) showed 48 percent of states in recovery from the recession, mostly in states with relatively low independent school saturation. Put another way, most of our schools reside in states that had not yet, at that time, begun to experience significant economic recovery.

Within that context and the flattening of high incomes, the 10-year trend in softening of admissions and enrollment profiles in the NAIS world has become sobering. As the chart below (core sample) indicates, 10 years ago, only 28 percent of schools lost enrollment over the year before, versus 55 percent losing enrollment...
from last year to this year. Looking at all NAIS schools this year, our median school lost 4 percent in enrollment since last year.

All things considered, this profile is more encouraging than it appears, since we could have lost much more, but staved off disaster by aggressive financial aid for current and prospective students, with an average of 15 percent more students receiving financial aid, and the financial aid budget increasing accordingly. Whether or not that level of commitment to financial aid is sustainable over the long haul will be a disruptive financial factor as schools plan ahead.

Out of the crisis have emerged three new understandings that will serve as well, as we plan for the future well-being of schools:

- **Challenging sacred cows and underlying assumptions:** “Intimate environments” and “high quality faculty” are what we should have been selling all along, not “small classes,” especially now, as we “rightsise” for financial sustainability. And assuming that parents will pay whatever we ask has just been revealed to be a faulty assumption for the vast majority of our markets.

- **Deciding on what basis to compete:** Assuming the “alpha dog” schools set the price for everyone only works when there is a significant excess of demand than supply—not the case anymore, for most of the country. Increasingly, schools will compete on one of three factors, either on brand/prestige (“charge high tuitions at will”); on product (“charge what one’s uniqueness allows”); or on price (“be the low-price/best value” offering in town). The old CPI+2 (which over time played out as CPI+3 or more) was always bad advice and contributed to the hyper-inflation of the industry. Increasingly, schools will think long and hard about their value-proposition:

\[
\text{Values} = \frac{\text{Perceived Outcomes}}{\text{Perceived Price}}
\]

Especially for prospective parents, as perceived price goes up, value goes down unless perceived outcomes increase proportionately.

- **Re-engineering budget processes for a sustainable future:** The old assumption and process that we used for a long time of deciding what the school’s needs were first, then budget and raise tuition accordingly (leading to the migration of “nice to have” to “must have” embellishments) will for many schools be reversed: decide what
tuition should be related to market factors, then “quality engineer” the budget and prioritize the “needs” accordingly.

**DISRUPTIVE DEMOGRAPHICS—TRENDS AND CHALLENGES**

The second disruption in the world of independent schools is related to several demographic trends.

- **School-age Population Demography.** NAIS data show a five-year trend of softening in the admissions funnel affecting day and boarding schools in most markets given the change in birth rates and resulting decline in school-age children in many markets.

- **Declining Top 5 Percent Incomes:** While NAIS schools pride themselves on diversity of all kinds, including representation from all economic quintiles made possible by generous financial aid, our schools are dependent on the band of top 5 percent incomes to pay the preponderance of full-pay slots in our schools, and that group has been shocked by the economic downturn and the flattening out of their incomes.

- **Boomers’ Postponement of Retirement:** Boomers, from their humble beginnings in the post-war baby surge, have surprised the culture in innumerable ways, not the least now is their refusal to retire, seeking to continue meaningful work or needing to do so, given the implosion of their savings and pensions. Schools anticipating those with the highest salaries retiring soon—thus liberating funds for the newest generation of teachers—will have to consider new flexible arrangements in the workplace to take advantage of the talent we thought was leaving and to accommodate the new talent we seek.
The Degradation of the Feeder Stream to the Teaching Pool: As reported in the press and in research, those entering the education majors in college tend to be those with the weakest grades and test scores—an inauspicious trend for America’s schools at the very time when the countries with the strongest pre-college education systems (Finland, Singapore, Japan, etc.) are attracting their strongest students into teaching. Having benefited since the 1970s by having the brightest women in America become teachers or nurses (their only real choices at the time), we'll face a serious talent shortage in the future.

Generational Differences: According to “How Gen Y & Boomers Will Reshape Your Agenda” (Harvard Business Review, July-August 2009), as Gen Y or the Millennials enter our workplace, and the demography of the workplace requires a mix of Boomers, Gen X, and Gen Y, we’re beginning to see some very different work culture challenges. While, thankfully, the Millennials and the Boomers both value high quality colleagues, flexible work arrangements, access to new challenges and experiences, and recognition from one’s employers, schools have not uniformly delivered on some of those expectations for any generation, and will have to do so in a market competing for talent.

Exacerbating that reality is that while the Boomers’ priorities of an intellectually stimulating environment, the opportunity to give back to the world, and autonomy regarding work tasks were a slam dunk for independent schools, those values don't appear on the “top 10” list of Millennials. Rather, our young protégés expect quick and early prospects for advancement and a steady rate of promotion. This comes in the context of their expecting to change jobs frequently and in a work environment that has had only one advancement option: leave the classroom to become an administrator. Thus, demography of the workplace will require from school leaders a more complex and flexible environment to keep the staff happy and productive.

Disruptive Technologies—Competing Visions of Schools of the Future

The third of the disruptions that may confound independent schools is how
disruptive technologies are beginning to change the landscape of education, and creating competing visions of the schools of the future. As Lou Salsa, head of Lawrence School (OH) and a member of the NAIS Board of Trustees has mused, “If one is not a ‘school of the future,’ it’s possible one will not be a ‘school with a future.’”

At our annual conference, I led a panel discussion including John Couch, Apple Corporation vice president for the education market, and Michael Horn, one of the authors of *Disrupting Class*. Michael and his co-authors, studying the algorithms of disruptive innovations in other industries, are predicting that by 2019, 50 percent of the courses secondary school students take will be digitally-delivered online, and that by 2024, 80 percent of courses will be. Paraphrasing other commentators in the field, I suggested that “The end of education as we know it may be the prelude of learning as students need it,” noting that the new technologies of web-delivered instruction offer disruptive competition that’s good… and free, and will meet some of the needs of students that traditional classroom-based instruction typically does not: adaptive testing and monitoring of progress; subsequent individualizing of instruction; ability to access and re-access lessons anywhere, anytime; etc.

Check out, for example the short and simple math and science lessons (arithmetic through calculus, general science through physics) offered at www.KhanAcademy.org. And 2009-10 is the inaugural year for the St. Louis Virtual School, one of many free public magnet schools, offering “an exciting, tuition-free alternative for students of all ages and abilities.”

How independent schools themselves innovate in this direction and find other means by which to customize and differentiate instruction will likely contribute to the transformation of schooling.

**DISRUPTIVE LEADERSHIP**

Given all these challenges facing the industry, NAIS’s has set as its strategic priorities for the coming year to provide improved and new data, research, and online tools so its members can meet their most urgent needs, while at the same time pointing down the road to what 21st C. schools might look like so that our schools not only survive the current crunch but leverage the challenges into a powerful vision of the future.

I remain optimistic about the future for independent schools because parents will always value the universal, bedrock values of high-quality education for their children, because independent schools’ very independence allows schools to experiment and grow outside of the constraints of government-issued mandates, and because our recent economic crisis itself has taught us well the strategies we need to adopt to make change agency leadership possible and effective in overcoming what Robert Kegan in his book of this title calls “immunity to change.”

So in the VUCA World of volatility, uncertainty, complexity, and ambiguity, we will be meeting the challenges. Given the leadership skills obvious and emerging in our schools, the VUCA leadership—according to Bob Johansen in *Leaders Make the Future*—is one of vision, understanding, courage, and agility.
It is a pleasure, as well as a privilege, to give you the financial overview of your association for the past year — my final as NAIS treasurer. NAIS has completed another dynamic and productive year in terms of programs and initiatives, and the numbers reflect that success. The finance committee of the board and the staff have worked together to ensure that NAIS resources are both well managed and well used. Most importantly, we have continued our efforts to increase the value of NAIS membership to member schools.

The continued success of our initiatives and technological innovations over the past few years resulted in an operating surplus at the end of fiscal year 08-09. Total operating revenues exceeded operating expenses by $665,000, which includes a $210,000 transfer from the long-term fund. The long-term fund investment return had a loss of $1,783,000 due to the downturn in the market and global economy. The change in net assets for the fiscal year is a loss of $1,118,000. Less than 33 percent of total NAIS revenue derives from member dues. The balance of annual operating revenues is generated by conferences, workshops, products, and services.

NAIS continued to increase its investments in member support, technologies, and support of its existing products and services. We are constantly asking members for feedback on how NAIS can support them in their most pressing challenges. This year, we received a new level of feedback through a “listening tour” conducted by our regional directors. We’ve put that feedback to good use by improving the training and support offered for tools such as StatsOnline, the Demographic Center, and Survey Builder. And NAIS has continued its commitments to programs such as leadership and sustainability workshops, Challenge 20/20, Assessment of Inclusivity and Multiculturalism (AIM), global and environmental initiatives, trustee services, teacher recruitment, and ongoing improvements to StatsOnline.

Not surprisingly, one of the major themes in our conversations with school leaders has been the challenging economy and its impact on schools. NAIS has responded by enhancing its Financially Sustainable Schools resource page with robust offerings of reports, articles, PowerPoints, videos, communication tips, and other resources designed to help schools make the right moves in these challenging times. NAIS is committed to member schools’ financial sustainability, and NAIS will continue to provide timely and relevant resources for our schools so that they can remain financially prosperous for generations to come.

School and Student Services for Financial Aid (SSS) continues to be a critical element in the
NAIS portfolio of service to the industry. As the original mission-oriented financial aid service conceived and designed by schools for schools, SSS provides NAIS and its users with unbiased, research-driven data, and guidance that is essential to understanding and managing a financial aid program that meets the needs of the school and its community. The new web-based financial aid management application that was launched this November 2009, after the fiscal year end, strives to increase schools’ efficiency by collecting and assembling all financial aid application documents in digital form. Like many launches of robust new technology, this launch was not without its challenges, but we have made substantial progress in improving the service and are working to continually enhance these new systems.

The finance committee and the staff are pleased with the results of the year and see the outcomes as confirmation of an association committed to innovation, initiative, and a high level of service to its membership. If interested, anyone can go to the NAIS website (www.nais.org) to see the details of our financial position from the audited financial report.

Among accomplishments in 2008-2009, our budget provided for the following programs and services:

- Hiring five regional directors for stronger outreach
- Creation of more tutorial webinars, informational videos, and resources for using our online tools for school financial sustainability
- Continued improvement of the Demographic Center and the Survey Builder.
- Continued improvement of our website
- Launch of a new SSS site within the NAIS site
- Continued development of a new web-based financial management application, an added feature to SSS services
- Continued focus on teacher recruitment and retention
- Continued improvement of the StatsOnline system to make it more user-friendly
- Continued excellence of NAIS publications, especially the award-winning Independent School magazine

I hope this snapshot of recent results and accomplishments gives you some insight into the many ways NAIS has worked hard to return value to the membership and to provide educational leadership nationally and globally. Again, thanks and congratulations go to Pat Bassett and the entire NAIS staff for its leadership and stewardship. I also want to thank my colleagues on the Finance Committee for their wisdom and counsel.
# Statements of Financial Position

**FOR THE YEARS ENDED JUNE 30,**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
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<td><strong>CURRENT ASSETS:</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Investments - short term</td>
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<td>Accounts receivable, net</td>
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<td>Publications inventory, net of allowance of $48,589 in 2009 and $100,078 in 2008</td>
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<td>Prepaids, deposits, and other assets</td>
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<td><strong>TOTAL CURRENT ASSETS</strong></td>
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<td><strong>FURNITURE, EQUIPMENT, AND SOFTWARE, NET</strong></td>
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<td><strong>OTHER ASSETS:</strong></td>
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<td>Investments - long term</td>
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<td>Investments related to deferred compensation</td>
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<td>226,288</td>
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<td><strong>TOTAL OTHER ASSETS</strong></td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td><strong>$15,757,058</strong></td>
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<table>
<thead>
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<th></th>
<th>2009</th>
<th>2008</th>
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<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
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<td><strong>CURRENT LIABILITIES:</strong></td>
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<td>Accounts payable and accrued expenses</td>
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<td>Deferred revenue</td>
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<td>Deferred rent benefits - current portion</td>
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<td>58,146</td>
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<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
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<td><strong>OTHER LIABILITIES:</strong></td>
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<td>Deferred compensation</td>
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<td>Deferred rent benefits - long term</td>
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<td>315,703</td>
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<td><strong>TOTAL OTHER LIABILITIES</strong></td>
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<td><strong>TOTAL LIABILITIES</strong></td>
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<td><strong>NET ASSETS:</strong></td>
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<td>Unrestricted:</td>
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<td>Undesignated</td>
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<td>Board designated</td>
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<td><strong>TOTAL NET ASSETS</strong></td>
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<td><strong>$12,459,164</strong></td>
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<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$14,469,794</strong></td>
<td><strong>$15,757,058</strong></td>
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# Statements of Activities

## For the Years Ended June 30, 2009

<table>
<thead>
<tr>
<th>Revenue and Support:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Membership dues and subscriptions</td>
<td>$6,701,105</td>
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<td>$6,701,105</td>
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<tr>
<td>Financial aid services</td>
<td>4,912,291</td>
<td>$-</td>
<td>4,912,291</td>
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<tr>
<td>Publications</td>
<td>652,783</td>
<td>$-</td>
<td>652,783</td>
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<tr>
<td>Conferences and workshops</td>
<td>4,017,692</td>
<td>$-</td>
<td>4,017,692</td>
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<tr>
<td>Foundation and corporate support</td>
<td>1,759,085</td>
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<td>1,759,085</td>
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<tr>
<td>Investment income - operating</td>
<td>119,504</td>
<td>$-</td>
<td>119,504</td>
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<td>Other revenues</td>
<td>82,490</td>
<td>$-</td>
<td>82,490</td>
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<tr>
<td>Long term fund draw</td>
<td>260,000</td>
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<td>260,000</td>
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<td><strong>Net assets released from restrictions:</strong></td>
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<tr>
<td>Satisfaction of program restrictions</td>
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<td>$-</td>
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<td><strong>Total Revenue and Support</strong></td>
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<td><strong>$-</strong></td>
<td><strong>$18,504,950</strong></td>
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<table>
<thead>
<tr>
<th>Expenses:</th>
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<td>Program expenses</td>
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<td>Supporting Services:</td>
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<td>Management and general</td>
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<td>Fund-raising</td>
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<td>Member development</td>
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<td>Total supporting services</td>
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<thead>
<tr>
<th>Operating Surplus (Deficit)</th>
<th>Unrestricted</th>
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<th>Total</th>
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<tbody>
<tr>
<td><strong>Operating Surplus (Deficit)</strong></td>
<td><strong>$665,185</strong></td>
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<td><strong>$665,185</strong></td>
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<table>
<thead>
<tr>
<th>Non-operating Items:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
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<td>Long-term fund investment return, net</td>
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<td>$(1,523,292)</td>
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<td>Transfer to operations</td>
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<td>(260,000)</td>
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<td><strong>Total Non-operating Items</strong></td>
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<td><strong>$-</strong></td>
<td><strong>$(1,783,292)</strong></td>
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<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th>Unrestricted</th>
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<th>Total</th>
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<td><strong>Change in Net Assets</strong></td>
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<td><strong>$-</strong></td>
<td><strong>$(1,118,107)</strong></td>
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<table>
<thead>
<tr>
<th>Net Assets, Beginning of Year</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
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<tr>
<td><strong>Net Assets, Beginning of Year</strong></td>
<td><strong>12,459,164</strong></td>
<td><strong>$-</strong></td>
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<table>
<thead>
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<th>Net Assets, End of Year</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
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<td><strong>Net Assets, End of Year</strong></td>
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<td><strong>$11,341,057</strong></td>
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## FOR THE YEARS ENDED JUNE 30, 2009 2008

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<th></th>
<th>Unrestricted</th>
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<th>Total</th>
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<tr>
<td><strong>Revenue And Support:</strong></td>
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<tr>
<td>Membership dues</td>
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<td>$260,000</td>
<td>$-</td>
<td>$260,000</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td>$75,000</td>
<td>$(75,000)</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total Revenue And Support:</strong></td>
<td>$18,504,950</td>
<td>$(75,000)</td>
<td>$18,703,005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>$16,705,802</td>
<td>$-</td>
<td>$16,705,802</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>$415,587</td>
<td>$-</td>
<td>$415,587</td>
</tr>
<tr>
<td>Fund-raising</td>
<td>$136,392</td>
<td>$-</td>
<td>$136,392</td>
</tr>
<tr>
<td>Member development</td>
<td>$581,984</td>
<td>$-</td>
<td>$581,984</td>
</tr>
<tr>
<td><strong>Total Supporting Services:</strong></td>
<td>$1,133,963</td>
<td>$(75,000)</td>
<td>$1,183,341</td>
</tr>
<tr>
<td><strong>Total expenses:</strong></td>
<td>$17,839,765</td>
<td>$(75,000)</td>
<td>$18,384,015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Surplus (Deficit):</strong></td>
<td>$665,185</td>
<td>$(75,000)</td>
<td>$665,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-operating items:</strong></td>
<td>$(1,523,292)</td>
<td>$(75,000)</td>
<td>$(1,523,292)</td>
</tr>
<tr>
<td>Transfer to operations</td>
<td>$(260,000)</td>
<td>$(75,000)</td>
<td>$(260,000)</td>
</tr>
<tr>
<td><strong>Total Non-operating Items:</strong></td>
<td>$(1,783,292)</td>
<td>$(1,783,292)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets:</strong></td>
<td>$(1,118,107)</td>
<td>$(75,000)</td>
<td>$(1,118,107)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets, Beginning Of Year:</strong></td>
<td>$12,459,164</td>
<td>$(75,000)</td>
<td>$12,459,164</td>
</tr>
<tr>
<td><strong>Net Assets, End Of Year:</strong></td>
<td>$11,341,057</td>
<td>$(75,000)</td>
<td>$11,341,057</td>
</tr>
</tbody>
</table>
Statements of Cash Flows

For the Years Ended June 30

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES:</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(1,118,107)</td>
<td>$848,678</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>647,554</td>
<td>592,511</td>
</tr>
<tr>
<td>(Gain) loss on disposal of furniture and equipment</td>
<td>(1,782)</td>
<td>26,142</td>
</tr>
<tr>
<td>Unrealized loss on investments</td>
<td>1,704,552</td>
<td>422,203</td>
</tr>
<tr>
<td>Realized loss on investments</td>
<td>-</td>
<td>245,405</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>71,937</td>
<td>22,423</td>
</tr>
<tr>
<td>Publications inventory</td>
<td>5,423</td>
<td>(30,635)</td>
</tr>
<tr>
<td>Prepaids, deposits, and other assets</td>
<td>(201,482)</td>
<td>173,833</td>
</tr>
<tr>
<td>Investments related to deferred compensation</td>
<td>8,730</td>
<td>(32,799)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(1,138,027)</td>
<td>497,618</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,055,744</td>
<td>(302,544)</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>(28,730)</td>
<td>32,799</td>
</tr>
<tr>
<td>Deferred rent benefits</td>
<td>(58,144)</td>
<td>(37,293)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td><strong>$947,668</strong></td>
<td><strong>$2,458,341</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES:

| Purchases of furniture, equipment, and software | $(1,086,543) | $(484,536) |
| Purchases of investments                      | -           | (7,294,335) |
| Sale of investments                            | 562,770    | 4,303,290  |
| Reinvested income from investments             | (240,356)  | (355,578)  |
| **NET CASH USED IN INVESTING ACTIVITIES**      | **$(764,129)** | **$(3,831,159)** |

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

| $183,539                                         | $1,372,818 |

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

| 5,087,896                                         | 6,460,714  |

**CASH AND CASH EQUIVALENTS, END OF YEAR**

| $5,271,435                                        | $5,087,896 |
NAIS STAFF
This list reflects staff as of June 2010

COMMUNICATIONS TEAM
Edward Hoyt — Editor of Publications
Myra McGovern — Director of Public Information
Nancy Raley — Vice President, Communications
Kitty Thuermer — Director of Publications

FINANCE AND ADMINISTRATION TEAM
Efram Abate — Staff Accountant
Janyce Bryant — Director of Administration and Facilities
Netty Ford — Accounts Receivable Manager
Francois Innocent — Comptroller
Corey McIntyre — Chief Financial Officer

GOVERNMENT AND COMMUNITY RELATIONS TEAM
Jefferson Burnett — Vice President, Government and Community Relations
Debra Wilson — Legal Counsel

INFORMATION TECHNOLOGY AND ONLINE SERVICES
Martha Galindo — Senior Statistician
Cameron Johnson — Web Director
Michael Lewis — Program Analyst for Online Services
Michelle Lyde — Database Manager
George Mendel — Director of Network Systems and Operations
David Priel — Program Specialist for Online Services
John Rodrigues — Vice President for Information Technology
Monique Rush — Director of Online Statistics and Applications
Elizabeth Spriggs — Database Integrator/IT Project Manager

LEADERSHIP EDUCATION AND DIVERSITY TEAM
Gene Batiste — Vice President, Leadership Education and Diversity
Jay Rapp — Director of Programs, Equity and Justice Initiatives
Tina Wood — Director of Team Administration & Institute Logistics

MEMBER RELATIONS TEAM
Amy Ahart — Director of Annual Conference
Vivian Dandridge—Charles — Managing Director, Member Services
Whitney Guttmann — Marketing and Production Coordinator
Heather Hoerle — Vice President, Member Relations
Karen Layser — Annual Conference Logistics Coordinator
Blake Major — Senior Member Services Associate
Denika Mitchell — Member Services Associate
Michael Rease — Manager of Corporate Relations
Floyd Smith — Member Services Associate

MEMBER SERVICES AND OUTREACH TEAM
Mike Flanagan — CEO, NAIS Services Division
Amy Hammond — Regional Director
Tammy Pearson — Business Analyst
Kristen Power — Regional Director
Shannon Spaeder — Communications Manager
Charles Terzi — Director, Contact Communications Center
Aaron Wachholz — Regional Director
Abdul Yaro — Regional Director
Charles Carr—Program Coordinator

PRESIDENT’S OFFICE
Patrick Bassett — President
Darlene Dove — Executive Assistant To the President and Board Administrator
Paul Miller — Director of Global Initiatives
Ioana Wheeler — Associate Director of Global Initiatives

SCHOOL INFORMATION SERVICES TEAM
Patricia Hayden — Director of Professional Development
Mark Mitchell — Vice President School Information Services
Melvin Rhoden — Sales Manager, SSS Products

STRATEGIC INITIATIVES AND RESEARCH TEAM
Duawwonna Bell — Human Resources Director
Susan Booth — Director of Products and Services Development
Donna Orem — Chief Operating Officer
Amada Torres — Director of Academic Research

This list reflects staff as of June 2010
NAIS BOARD OF DIRECTORS
This list reflects trustees as of June 2010

Marcia Prewitt Spiller
Chair
Head of School
The Children’s School
Atlanta, GA
3rd term expiring 2012

John E. Creeden
Vice Chair
Head of School
Providence Day School
Charlotte, NC
3rd term expiring 2012

Lou Salza
Treasurer
Head of School
Lawrence School
Broadview Heights, OH
3rd term expiring 2013

Henry L. Kotkins, Jr.
Secretary
Trustee, Lakeside School WA
Skyway Luggage Company
Seattle, WA
3rd term expiring 2012

Dennis Bisgaard
Head of School
Kingswood-Oxford School
West Hartford, CT
1st term expiring 2012

Mark Brooks
Head of School
Pilgrim School
Los Angeles, CA
1st term expiring 2013

Paul D. Chapman
Head of School
The Head-Royce School
Oakland CA
1st term expiring 2012

David Chojnacki
Executive Director
Near East South Asia Council of Overseas Schools
C/O American College of Greece
Athens, Greece
2nd term expiring 2011

Katherine Dinh
Head of School
Prospect Sierra School
El Cerrito, CA
1st term expiring 2012

Elizabeth Duffy
Head Master
The Lawrenceville School
Lawrenceville, NJ
1st term expiring 2011

Barbara Egan
Vice President for Finance and Administration
Woodward Academy
College Park, GA
1st term expiring 2012

Bryan Garman
Head of School
Wilmington Friends School
Wilmington, DE
1st term expiring 2013

Wanda Holland Greene
Head of School
The Hamlin School
San Francisco, CA
1st term expiring 2013

Dorothy A. Hutcheson
Head of School
The Nightingale-Bamford School
New York, NY
1st term expiring 2012

Jerrold I. Katz
Head of School
The Park School
Brookline, MA
2nd term expiring 2013

John Katzman
CEO
2tor, Inc.
New York, NY
1st term expiring 2013

D. Scott Looney
Head of School
Hawken School
Gates Mills, OH
1st term expiring 2013

Bernie Noe
Head of School
Lakeside School
Seattle, WA
1st term expiring 2012

James G. Rogers
James G. Rogers Architects
Norwalk, CT
1st term expiring 2011

Bruce B. Stewart
Senior Quaker Fellow
Sidwell Friends School
Washington, DC
2nd term expiring 2011

Jeffery Wack
President
JTWack and Company, LLC
North Haven, CT
2nd term expiring 2011

Robert M. Witt
Executive Director
Hawaii Association of Independent Schools
Honolulu, HI
1st term expiring 2011
ADVISORY TASK FORCES
This list reflects trustees as of June 2010

INDEPENDENT SCHOOL MAGAZINE EDITORIAL BOARD
NEW—MARCH 2010
Amy Richards
Chair
Crystal Springs Upland School, CA
Lou Salza
Lawrence School, OH
Debbie Gibbs
The Lowell School, DC
Ara Brown
The Williston Northampton School, MA

NAIS LEGAL ASSISTANCE ADVISORY PANEL
NEW—MARCH 2010
Coleman Casey
Shipman & Goodwin, LLP, Hartford, CT
Paul Mickey
Steptoe & Johnson, LLP, Washington, DC
Robert Witt
Executive Director
Hawaii Association of Independent Schools
Jack Creeden
Head of School
Providence Day School, Charlotte, NC
Lou Salza
Head of School
Lawrence School, Cleveland, OH

FINANCIAL AID SERVICES TASK FORCE
NEW—MARCH 2010
Dallas W. Joseph
Chair
Vice President, Finance and Operations
Baylor School, TN
Nancy Bennett
Financial Aid Officer
Albuquerque Academy, NM
Lynne Breen
Dean of Admissions
Waynflete School, ME
Nancy H. Cleary
Director of Financial Aid
The Loomis Chaffee School, CT
Jonathan Hochberg
Director of Financial Aid
The Northwest School, WA
Katherine (Kathy) B. Lott
Director of Financial Aid/Associate Director of Admissions
Fort Worth Country Day School, TX
Andrew (Drew) R. Miller
Director of Admission
The Cranbrook Schools, MI
Christopher R. Tompkins
Head of School
The Perkiomen School, PA
Jacqueline D. Wilson
Enrollment Manager
The Academy of the Holy Names, FL

AUDIT COMMITTEE OF THE BOARD
Elizabeth Duffy
Chair
Head Master, The Lawrenceville School, NJ
Bruce Stewart
Senior Quaker Fellow, Sidwell Friends School, DC
Robert Green
R.L. Green & Associates Management Consultants

NAIS SERVICES DIVISION TASK FORCE
D. Scott Looney
Chair
Head of School
Hawken School
Gates Mills, OH
Barbara Egan
Vice President for Finance and Administration
Woodward Academy
College Park, GA
John Katzman
CEO
2tor, Inc.
New York, NY
James G. Rogers
James G. Rogers Architects
Norwalk, CT
Jeffery Wack
President
JTWack and Company, LLC
North Haven, CT
John E. Creeden
Head of School
Providence Day School
Charlotte, NC
Henry L. Kotkins, Jr.
3rd term expiring 2012
Trustee, Lakeside School WA
Skyway Luggage Company
The following companies and foundations generously supported NAIS programs and offerings in Fiscal Year 2008-2009 and 2009-2010.

**2009-2010**
- The Benedict Foundation for Independent Schools
- Cal/West Educators Placement
- Colorado Academy
- Educational Records Bureau
- EHDD Architecture
- finalsight
- Graland Country Day School (Colorado)
- Independent School Consortium of Greater Philadelphia
- Interlochen Center for the Arts
- Kent Denver School (Colorado)
- The Esther A and Joseph Klingenstein Fund, Inc.
- Laptopshools.com and Lenovo
- Oliver Scholars Program
- Point Made Films
- St. Mary’s Academy (Colorado)
- Smart Tuition
- Sodexo Education
- Southern Teachers Agency
- Stanley British Primary School (Colorado)
- Stratégenius

**2008–2009**
- Academy of the Sacred Heart New Orleans (Louisiana)
- The Benedict Foundation for Independent Schools
- Cal/West Educators Placement
- Carney Sandoe & Associates
- Early Steps
- Educational Records Bureau
- The Edward E. Ford Foundation
- The Esther A and Joseph Klingenstein Fund, Inc.
- Honeywell
- Independent School Consortium of Greater Philadelphia
- Interlochen Center for the Arts
- Isidore Newman School (Louisiana)
- Laptopshools.com and Lenovo
- Louise S. McGhee School (Louisiana)
- Metairie Park Country Day School (Louisiana)
- The Palace Café
- St. Paul’s Episcopal School (Louisiana)
- St. Andrew’s Episcopal School (Louisiana)
- St. George’s Episcopal School (Louisiana)
- St. Martin’s Episcopal School (Louisiana)
- Stratégenius
- Trinity Episcopal School (Louisiana)
- Sodexo Education
- Stuart Hall School for Boys (Louisiana)
- Tuition Management Systems
WHAT IS NAIS?

THE NATIONAL ASSOCIATION OF INDEPENDENT SCHOOLS

• serves as the national voice of independent education;
• promotes high standards of educational quality and ethical behavior;
• advocates principles of equity and justice and affirms accessible and affordable independent schools; and
• develops products, services, and targeted information to strengthen independent school governance, teaching and learning, and operations.

NAIS MEMBERS

More than 1,640 school members and subscribers make up NAIS’s membership. They include the following: single-sex and co-educational; elementary, middle, and high school level; day and boarding; rural and urban; and traditional and progressive schools. NAIS member schools range in enrollment size from fewer than 30 to more than 5,700 students. As a community, NAIS member schools serve 584,671 students and employ 60,600 teachers.

INDEPENDENT SCHOOLS

Independent schools are “independent” because they have distinct missions; are primarily supported by tuition payments, charitable contributions, and endowment revenue; meet high accreditation standards; and are held accountable by independent boards of trustees.