

2011-12 | Annual Report

*Orchestrating* EXCELLENCE  
JOURNEY TO **HOPE**



*“Great gifts unused, even unsuspected, are hardly a rarity.  
many men and women of extraordinary*



## A MESSAGE FROM OUR EXECUTIVE DIRECTOR

Dear Friends:

There are many indicators that education in Georgia is not hitting the mark. From lagging graduation rates and test scores to rising dropout rates and parental dissatisfaction, honest observers agree that we can and must improve. Lost in these generalized assessments are the more dire conditions for those of low economic means. These children are many times forgotten in the heat of the political rhetoric.

However, these children are possessors of great gifts and extraordinary talents that we cannot permit to go unnoticed and unrealized. At Arete, we strive to look beyond the heat of debate to focus on the children of greatest need. In doing so, we hope to assist them in discovering their unique gifts and to fan their potential into a great flame.

Our second year saw a great increase in reach and impact. The number of Arete scholarship awards increased nearly fourfold from 262 to more than 1,000. In addition, Arete's member schools and corporate partners more than doubled, growing from 60 to 149 and 5 to 13, respectively.

While these increases are commendable, a mere increase in number does not measure our effectiveness. To this end, we commissioned a third-party satisfaction survey among our students and their families. The results, highlighted inside, showed that scholarship recipients were overwhelmingly pleased with their chosen schools. Our families' satisfaction is the first proof of our effectiveness, and we are currently designing research that will track academic and other gains achieved by our students through the coming years.

Growth in numbers and positive survey results are great feedback that our day-to-day work is bearing fruit. However, nothing resonates for us like personal testimony, a student's story. You'll find Andrea Freeman's profile on page 10 - hers is a story of gifts identified and potential realized. This is much more than a simple personal benefit to Andrea, though it is not less. Her gifts and talents are, in turn, to be exercised and given.

Our vision is to see Andrea's story multiplied thousands of times over. We are thankful to be engaged in this valuable work and grateful for partners and friends that make it all possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Monjure".

**DEREK MONJURE**

Executive Director, Arete Scholars Fund



*No doubt there have always been a great talent who have died with all their **music** in them.*

- JOHN GARDNER

## 2011 - 12 HIGHLIGHTS

Arete Scholars Fund exists to help economically disadvantaged children discover and use their unique gifts and talents through educational opportunity. As an initiative of the 2008 Georgia Tuition Tax Credit Scholarship Program, Arete enables community-minded corporations to redirect a portion of their Georgia income tax liability to K-12 scholarships for students who need the most help. Arete's family-focused, need-based approach is expanding access to high-quality educational options and is empowering parents to select a school that best meets their child's learning needs.

In just our second year, Arete scholarships provided opportunity to more than 1,000 students throughout Georgia.

**\$5.3M**

paid for need-based  
scholarships

added **8** new  
corporate and  
foundation partners

**100%**

of Arete seniors  
graduated from  
high school

**1,005**

Arete Scholars attending  
the school of their  
parents' choice

Grew number of  
participating schools  
by nearly

**150%**


**350%**

increase in the amount  
of scholarships paid  
from 2010-11



# PROGRAM OVERVIEW

## *Tuition Tax Credit Scholarships*



**A**rete Scholars Fund is committed to the simple principle that every child deserves the opportunity to achieve his or her highest potential. Applying that principle to education, Arete Scholars Fund operates on the belief that access to an excellent education is a right, not a geographical or socio-economic privilege. Through donations from corporate, foundation and individual partners, Arete is working to make the hope of equal educational opportunity a reality for students from lower income families.

Unlike other school-based Georgia scholarship groups, Arete awards need-based K-12 scholarships directly to families. Parents may then choose the eligible school that best suits their child's unique gifts and learning needs. Awards are based on the income guidelines for the federal free and reduced lunch program.

Signed into law in 2008, the Georgia Tuition Tax Credit Scholarship Program enables corporations and individuals to receive a dollar-for-dollar tax credit for donations to Georgia Student Scholarship Organizations (SSOs). A corporation may contribute up to 75% of its Georgia income tax liability, while individuals may contribute a maximum of \$1,000 per year and married couples up to \$2,500 annually. Nonprofit SSOs in turn award K-12 scholarships that allow eligible students to attend the qualified and participating private school of their parents' choice.

In 2011 alone, nearly 11,300 students from all economic backgrounds benefited from tuition tax credit scholarships.



### 2011-12 HIGHLIGHTS

#### ***Scholars make impact at school choice rally***

More than 2,000 supporters of educational freedom - including 300 students from Arete schools - turned out at the Georgia State Capitol for the annual school choice rally. Arete school Greater Atlanta Adventist Academy opened the celebration with a wonderful performance of The Star-Spangled Banner.

#### ***Executive director addresses graduates***

In June, Arete executive director Derek Monjure was commencement speaker at the eighth grade graduation ceremony at Ramah Junior Academy. The century-old Savannah school was the first to enroll an Arete Scholar.

#### ***Scholars recognized for achievements***

Numerous Arete Scholars were spotlighted by local media this year. Three were recognized as part of the first annual Breakthrough Collaborative Luncheon sponsored by Georgia Family Council. First-year Arete Scholar Cornell Harris received a \$1,000 award for his outstanding development at Heritage Academy in Augusta.

# LEADING THE WAY

## *Board of Directors and Advisors*

The Board of Directors and Advisors for Arete Scholars Fund is comprised of respected business executives and civic leaders. The group represents a number of industries, including banking, consulting, construction, education, legal, professional sports, consumer products and philanthropy. Under the board's leadership, Arete is creating new standards of accountability, transparency and responsible stewardship.

In 2011-12, Arete's executive director, Derek Monjure, was named to the Board of Directors, and board chairman Greg Beadles was recognized for his outstanding contributions to education in Georgia.

### ***Board of Directors***

Chair: Greg Beadles, *Senior VP & CFO, Atlanta Falcons*

Vice-Chair: Chris Prince, *General Counsel, Priority Payment Systems*

Al Petrangeli, *President-GA Division, Balfour Beatty Construction*

Derek Monjure, *Executive Director, Arete Scholars Fund*

### ***Board of Advisors***

Lanny Nixon, *Senior Vice President, Wells Fargo Bank*

Tim Bentsen, *Partner (Retired), KPMG*

Doug Tuthill, *President, Step Up For Students*

Rick and Barb Gaby, *Founders, The Gaby Foundation*

Renee Seiler, *Senior Program Manager, Coca-Cola Company*



### ***Arete launches new website***

The team began 2012 by relaunching AreteScholars.org. The custom-designed site offers easier navigation, a searchable listing of member schools, more student spotlights, regular news/blog features, answers to common questions, and more social media interaction.

### ***Statewide cap reached for first time***

In November, the Georgia Department of Revenue announced that the \$50 million cap for tax credits was reached for the first time. Among the state's nearly 40 SSOs, Arete accounted for more than 11 percent of all donations.

### ***Chairman receives community service award***

In May, co-founder and board chairman Greg Beadles was awarded Atlanta Business Chronicle's 2012 CFO of the Year. Greg, who also serves as senior VP and chief financial officer for the Atlanta Falcons, was winner in the Community Service category. Beadles received the award "for his work helping expand educational opportunities" for low-income Georgia children.



# FINANCIAL PERFORMANCE

**A**rete Scholars Fund strives to distinguish itself in the areas of financial accountability and transparency. Our standards of operation far exceed those required by law and those administered by the Georgia Department of Revenue. All annual independent financial audits are published publicly. Going beyond internal operational excellence, Arete has established itself as a responsible partner in education - every scholarship awarded guarantees savings to Georgia taxpayers.

In 2011-12, Arete outperformed expectations in every category of revenues and expenses. In addition, while the state permits SSOs to retain up to 10% of

tax credit donations for General & Administrative expense, the Arete board designated approximately half of that amount for additional student scholarships. For the year, nearly 95% of all corporate tax credit contributions was designated for scholarships.

In the opinion of the independent accounting firm of Capin Crouse LLP, the financial statements contained in this report present fairly, in all material respects, the financial position of Arete Scholars Fund, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

## Statement of Financial Position June 30, 2012

Assets	
Cash and cash equivalents	\$ 938,524
Other assets	1,200
<b>Total assets</b>	<b>\$ 939,724</b>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 4,195
<b>Total liabilities</b>	<b>\$ 4,195</b>
Net assets	
Unrestricted	\$ 641,960
Board designated for scholarships	\$ 272,419
<b>Total unrestricted net assets</b>	<b>\$ 914,379</b>
Temporarily restricted	\$ 21,150
<b>Total net assets</b>	<b>\$ 935,529</b>
<b>Total liabilities and net assets</b>	<b>\$ 939,724</b>

*"We love the fact that the Arete scholarship follows the child.*

*[Our previous school] was a great fit while we were there, but when we found a setting that better matched our situation, we were able to make the switch without interruption to the girls' education."* - AN ARETE PARENT

**Statement of Activities**  
Year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support			
Private foundation grants	\$ 181,600	\$ 21,500	\$ 202,750
Tax Credit Contributions	-	5,600,207	5,600,207
Interest and other income	3,129	3,050	6,179
	184,729	5,624,407	5,809,136
<b>Total revenues, gains and other support</b>	<b>184,729</b>	<b>\$ 5,624,407</b>	<b>\$ 5,809,136</b>
Reclassifications			
Satisfaction of purpose restrictions	5,263,726	(5,263,726)	-
Administrative assessments	560,326	(560,326)	-
Total reclassifications	5,824,052	(5,824,052)	-
Expenses			
Program services			
Scholarship awards	5,344,647	-	5,344,647
Other scholarship program expenses	166,087	-	166,087
Total program services	5,510,734	-	5,510,734
Support services			
General and administrative	177,556	-	177,556
Fundraising	147,561	-	147,561
Total support services	325,117	-	325,117
<b>Total expenses</b>	<b>5,835,851</b>	<b>-</b>	<b>5,835,851</b>
Change in net assets	172,930	(199,645)	(26,715)
Net assets, beginning of year	741,449	220,795	962,244
Net assets, end of year	\$ 914,379	\$ 21,150	\$ 935,529

**ARETE  
BY THE  
NUMBERS**

The demographics of our scholars continue to demonstrate that Arete is serving the students that need the greatest boost academically.

**90%**  
HUD Low  
Income

**82%**  
Free/Reduced  
Lunch Eligible

**39%**  
Live in Poverty

**78%**  
Minority  
Students

**4.3**  
Average  
Household Size

**61%**  
Fragmented  
Families

**\$28K**  
Average  
Household  
Income

**\$5,318**  
Average  
Scholarship  
Award



# REACHING HIGHER

## *Scholar Spotlights*

**A**rete (ah-reh-tay) is an ancient Greek concept that most simply means excellence in action. Arete is a life well lived, virtuous and courageous. To achieve arete is to reach your potential and walk purposefully in the path prepared before you. More than 1,000 children throughout Georgia are discovering arete - many for the first time - and are being challenged and inspired in new schools.

Some Arete Scholars have escaped unsafe environments, while others are now flourishing in smaller classes. Many are encountering demanding new academic curricula, while many more are thriving in extracurricular arts and athletic programs. In urban, rural, and suburban settings alike, students are learning what it means to dream, excel, and strive toward a goal. Enjoy two of the many stories of transformation taking place around Georgia.



ANDREA  
FREEMAN

Bright Futures Academy,  
Atlanta

For Andrea Freeman, the picturesque 700-acre campus of Georgia Southern University is less than four hours from home, but a world away from the West Atlanta community where she grew up. In August, the Arete Scholar and graduate of Bright Futures Academy left Atlanta for the next stop in her educational journey. She received a celebratory sendoff - along with a collection of college gifts - from a group of employees from Arete partner Balfour Beatty Construction.

Andrea could hardly have imagined the move when she was one of 550 ninth graders attending a local school in an area known more for rampant drug use, prostitution and homelessness than for opportunity. That was before she enrolled in Bright Futures Academy.

"Without Bright Futures, who knows where I would be today," said Ms. Freeman. "I could've easily been caught up in the fighting and social drama of that school. Instead I ended up at a place that was more like family."

Bright Futures Academy grew out of a year-round after-school/summer program that serves inner-city, at-risk youth. Started in 2002 by former suburbanites, Philip and Gail Ross, Bright Futures provides middle and high school children with the spiritual, educational, and relational support that will help them become productive members of society and role models to their peers. In 2011, 16 of the academy's 21 students attended on an Arete scholarship.

After visiting the school and witnessing its impact on underprivileged children, Balfour Beatty Construction expanded its involvement at Bright Futures beyond the tax credit partnership with Arete.

"Bright Futures equips children like Andrea to break the cycle of poverty through instilling a passion for education and setting goals," said Al Petrangeli, President - Georgia Division for Balfour Beatty. "That's something we're privileged to be a part of."

Now thriving socially and academically as a business major, Andrea Freeman is just one of many successes demonstrating the power of collaboration between Arete, excellent schools, and our dedicated partners.





## SAUYER STEWART

Peoples Baptist Academy,  
McDonough

Spend a moment with 5-year-old Sauyer Stewart and you may not experience the unexpected. Sauyer - like a lot of her pre-kindergarten classmates at Peoples Baptist Academy in McDonough - is energetic, full of wonder, and loves her days learning and playing at the Henry County school. What's not so apparent is how wonderful a journey the first-year Arete Scholar and her mom, Rhonda, have traveled to get to this point.

Born at 27 weeks, or 13 weeks premature, Sauyer weighed just 2 pound, 7 ounces at birth. A severe digestive condition meant that Sauyer had to be tube-fed for the first year of her life.

"Nothing could go into her tummy," said Rhonda Stewart. "All nutrients had to be routed directly into her intestines. We had two life-threatening episodes in that first year."

With in-home nursing care, regular therapy and developmental challenges, Ms. Stewart had to leave her corporate

job and become a full-time mom and caregiver. In 2010, the already difficult circumstances were made worse when Ms. Stewart found herself single and without support at home.

"It was hard to give up my career and salary," said Ms. Stewart, who along with her sister also provides in-home care to their ailing father. "We came south with no income and no way to provide for my child."

Rhonda Stewart also arrived in the Atlanta area with few educational options for Sauyer. Having heard about Arete Scholars Fund from her older sister, Rhonda Stewart researched the tuition tax credit scholarship program and eventually applied for and received a full \$5,800 Arete scholarship to the eligible school of her choice. Ms. Stewart's choice was to evaluate over 25 private schools in the South Metro area before finding one that offered "a perfect fit" for Sauyer.

"From the moment I walked into PBA, it's been a wonderful experience," Stewart said. "The administration, the teachers, the curriculum - it's all been just exactly what we needed."

And how has Sauyer responded?

"It's been amazing," offered Ms. Stewart. "Her teacher says Sauyer is one of the brightest students in the class. She loves to go to school. She loves to read and sing and go to chapel. Sauyer is just blooming and flourishing."

"Without the school, Sauyer wouldn't be where she is," Stewart said. "And there's no way she could be here without the Arete scholarship."

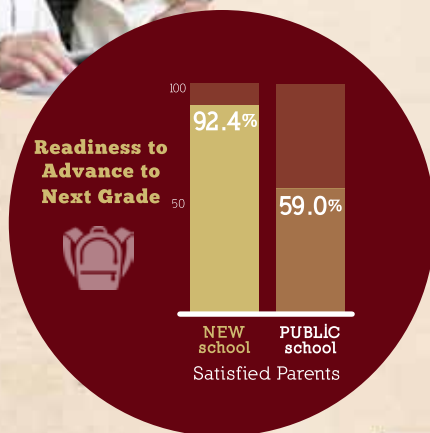
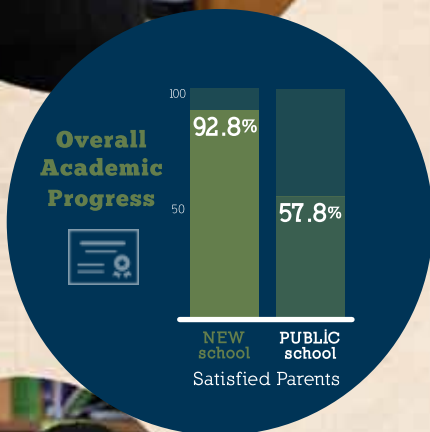
*"Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength of the nation."* - JOHN F. KENNEDY





# MAKING A DIFFERENCE

## *Parental Satisfaction Survey*



While tax credit scholarships are empowering families with educational options they've never before enjoyed, Arete's measure of success is not simply the offer of choice and opportunity. New opportunity must stretch students academically and personally. It must enable students to discover and use their gifts and to reach their highest potential. In short, the opportunity must make a difference.

To determine that difference, Arete commissioned a third-party research initiative to evaluate the overall effectiveness of its scholarships. The first phase measured parental satisfaction, and the results were overwhelmingly positive.

The survey was administered electronically to 610 families with children that received Arete scholarships during the 2010-11 school year. It was independently designed to measure the perceptions and attitudes in various categories, both academic and non-academic, of a student's current and previous school. Researchers also explored

the reasons for transferring from public schools and gauged parental investment in a child's education.

On two especially critical academic questions, readiness to advance to the next grade and progress toward becoming a well-rounded individual, Arete partnering schools excelled - with impressive satisfaction rates of 92 percent and 93 percent, respectively. By comparison, only 49 percent and 46 percent, respectively, indicated satisfaction with their previous public school.

While some maintain that tax credit scholarships are financially inadequate for families without means, the survey found that Arete parents are actively engaged and make significant investments of both time and money to educate their children. More than 57 percent of recipients reported contributing to their child's tuition and fees, with an average contribution of more than \$2,000 per year.

To read more survey highlights or to explore the complete 2012 Parental Satisfaction Survey Report, please visit:

[www.aretescholars.org/annual-reports-audits](http://www.aretescholars.org/annual-reports-audits).



IMPACTING  
URBAN  
STUDENTS



Among the 150 Arete participating schools throughout Georgia, Augusta's Heritage Academy stands out as a school of excellence. Committed to serving urban students, Heritage creates a culture of learning with high expectations for academic, character and spiritual development. The curriculum is rigorous and more than one-third of the academy's 140 students participate in an elite Suzuki violin program at no cost.

"My daughter has had a total change in her attitude," said the mother of one 6th grader. "She does her homework and looks forward to coming to school. She feels her teachers understand her."

Heritage Academy has an intentional mission to the children of low-income families.

Visit [www.heritageacademyaugusta.org](http://www.heritageacademyaugusta.org) to learn more.



# PROVIDING OPPORTUNITIES

## *Donor Support*

**A**rete Scholars Fund offers corporations a unique, budget-neutral opportunity to serve communities and economically disadvantaged kids. Eligible corporations may donate up to 75% of their Georgia income tax liability to Arete in exchange for a dollar-for-dollar tax credit.

In 2011-12, Arete Scholars Fund received more than \$5.6 million in tax credit donations, or approximately 254% more than the previous year. In addition, private foundations awarded grants of more than \$200,000 to Arete. The generous contributions helped positively impact the lives of over 1,000 Georgia students. By cultivating both corporate and philanthropic partnerships, Arete Scholars Fund is creating a network of supporters that will enable long-term sustainability.

Arete is proud to partner with organizations that share its vision for educational excellence and opportunity for all students. The team of corporate and financial partners is now nearly 20 strong. Supporters include:

### HOW IT WORKS

Participation is simple and fully budget neutral:

- Reserve a no-obligation credit with the state Department of Revenue.
- Remit payment within 60 days of DOR approval.
- Request invoice from Arete to expedite remittance process.
- Claim dollar-for-dollar credit against state income tax liability.
- Carry forward any unused credit for up to five years.

DOLLAR GENERAL

Walgreens

WM  
WASTE MANAGEMENT

TEMPUR

WELLS  
FARGO

The  
WALTON FAMILY  
FOUNDATION

THE  
HOME  
DEPOT  
FOUNDATION

Balfour Beatty  
Construction

STAPLES

ARBOR  
PHARMACEUTICALS, INC.

EQUIFAX

UHS

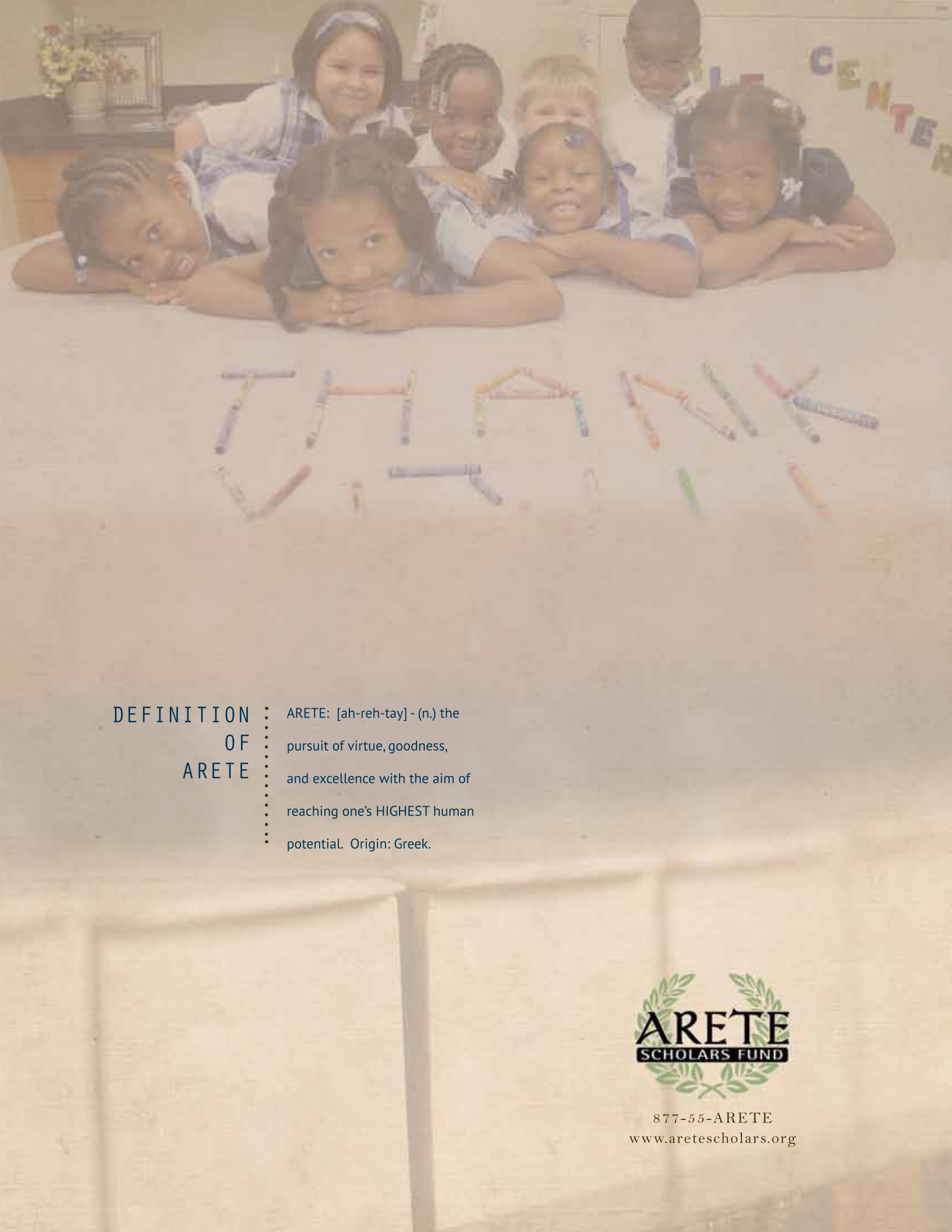
### CORPORATION EXPLAINS ITS SUPPORT

To protect their brands, companies must be selective of the causes they support. Erika Aaron, community relations director at Waste Management, lists five reasons her company contributes to Arete:

- 1 Support for low-income families
- 2 Financial accountability
- 3 Academic accountability
- 4 Scholarship portability for families
- 5 Savings for state budgets

*"Corporations have a responsibility to give back to the communities in which they work. The tuition tax credit scholarship program establishes a platform for a portion of that giving. By enabling corporations to direct a share of their state tax obligation to scholarship funds, Arete provides a budget-neutral way to serve the kids in our community who are less privileged than others. It's a no-brainer really."*

- AL PETRANGELI, PRESIDENT - GEORGIA DIVISION, BALFOUR BEATTY CONSTRUCTION



DEFINITION  
OF  
ARETE

ARETE: [ah-reh-tay] - (n.) the pursuit of virtue, goodness, and excellence with the aim of reaching one's HIGHEST human potential. Origin: Greek.



877-55-ARETE  
[www.aretescholars.org](http://www.aretescholars.org)