NWX-OS-OGC-RKVL (US)

Moderator: Tish Hall
August 21, 2014
1:00 pm CT

Coordinator: Welcome and thank you for standing by. All participants will be on a listen only mode for today's conference until the question and answer session. At that time, if you wish to ask a question over the phone, you may do so by pressing star 1.

This conference is being recorded. If you have any objections, you may disconnect at this time. I will now turn the conference over to Tish Hall. Thank you. Please begin.

Tish Hall: Hi. Good afternoon and thank you for attending the OAH Webinar on diversifying funding options. Today we will have a plethora of information and given to you in a very different way in regarding - regarding diversifying funds and options about partnerships and things of that sort.

So today we have Deb Chilcoat as our presenting speaker. We also have two guest speakers, Pat Paluzzi from Healthy Teen Network as well as (Megan McJenitt). I will turn it over to Deb for further instruction and begin the Webinar.

Deb Chilcoat: Thanks, Tish. I appreciate it. Thank you for joining Healthy Teen Network for the rich discussion about gaining information about diversifying funding. We definitely think you're going to learn a lot of innovative strategies, maybe things you haven't heard of before, and I'm really pleased to have our two guest speakers, Pat and (Megan) join because they've got some information to share and want to talk more about their experiences.

We're also going to be discussing the program sustainability, the resource guide that OAH created in 2014. We believe that's a really great tool to support your efforts as you work toward diversifying your funding.

So we want to thank OAH for allowing us to have this opportunity to share information. So I am Deb Chilcoat, senior training and technical assistance manager with Healthy Teen Network. I've been working in the field for well over 14 years and diversifying funding always comes up.

You know, the first question is, how do I make my program better and work better and get the outcomes? And then the second question is, okay, how do I sustain it?

So we've been doing a lot around that especially with our federal project work and really pleased to have this opportunity to share a little bit more about what I learned over the years about diversifying funding. I'm joined by Pat Paluzzi.

Pat Paluzzi: Hello everyone.

Deb Chilcoat: As well as (Megan McJenitt).

(Megan McJenitt): Hello.

Deb Chilcoat: And both of them will be talking more about their experience with funding and diversifying funding and such in a little bit. So sit tight and we'll bring them back in in a little bit.

So we know a lot of you are already familiar with Healthy Teen Network and we just want to remind you that Healthy Teen Network believes that all youths are capable of and responsible for making informed decisions about sexuality, pregnancy and parenting.

But, you know, we also know that they often lack opportunities, education and access to services to make those decisions. As a national membership organization, we provide the capacity building assistance so you, the youth serving professional and organizations, can assist those adolescents and young adults get the services and education to make these choices and lead healthy, sexual, reproductive and family lives.

So we just want to make sure everybody is on the same page. We'll review the objectives. We believe that at the conclusion of this Webinar, you'll be able to explain your current funding model, describe at least three types of revenue generating strategies to diversify funding, summarize how at least one organization has diversified their funding, and identify at least one funding strategy, not currently in your funding model, to explore a little further to build your fiscal sustainability plan.

So we just want to remind folks that there is a restriction regarding fundraising. The three SOAs issued by OAH during the initial 2010 award periods included a funding restriction section that indicates that fundraising is a restricted cost.

Each of the OMB conference rules for state, local, Indian tribal governments, non-profits and educational institutions indicate fundraising is an unallowable cost.

So cost of organized fundraising including financial campaigns, solicitation of gifts and bequests and similar expenses incurred to raise capital or paying contributions are unallowable regardless of the purpose for which the funds will be used.

So to simplify that, in other words, you may use federal funds to plan for sustainability, however, you may not execute your plan using federal funds. So we also want to let you know that it's going to be very helpful if you have your copy of the Office of Adolescent Health, Building Sustainable Programs Resource Guide. We'll be referring to it throughout the Webinar, flipping through some pages and looking at some of the tools, so if you have it, fantastic. Have it by your side.

If you don't have the guide handy, you can download it from the Handouts tab at the top right of your screen. And you'll notice the icon looks like three pieces of paper laying on top of one another. There's also a tip sheet about diversifying funding that was created in addition to this Webinar. You can also download that from the Handout tab.

So we really encourage you to participate throughout today's broadcast. We would like for you to just remind you -- or excuse me -- we'd like to remind you that you're going to be in listen-only mode, however, we really do encourage you to send some questions through the question and answer box as well as participate in the poll.

I'll be looking at the question and answer box periodically through the presentation and being able to respond to them accordingly. So let's give it a try. You know, we are very, very aware that every one of your sustainability planning processes is unique.

We know that you're moving at your own pace. You're developing your sustainability plan specific for your own project and you're accomplishing various tasks at different times.

You know, some days you might not be sure if you're the tortoise or the hare. But rest assured, simply by attending today's Webinar, you're continuing your journey planning for sustainability.

So we're curious. How would you describe your fiscal diversity planning process? If you would please type in your questions and answer box, one word that best describes your fiscal diversity planning process.

Okay, we're getting some great responses. Some folks are saying it's forming. It's on track. It's pioneering. Others are saying they're feeling a little bit of a struggle or one person has expressed it as a little chaotic.

Others are saying it's a thorough process. A little confusing, complicated. We'll just share a couple more. A little slow. And one more - overwhelming. And that's a great one to end on.

Well, we definitely believe that today's Webinar can give you a little bit more information to be able to make this process go a little smoother. So please, please, please don't lose faith. We will get through this, the (unintelligible) planning process together.

So why don't we jump right into it and talk about non-profit funding models and sustainability. You know, we want to acknowledge that some of your are going to be familiar with the content in the Webinar but we believe that there's definitely going to be something new to learn as we go through the many, many different types of diversified funding.

Okay. Bottom line, never jeopardize your non-profit. We also want to let you know that, you know, although we're going to be talking about ways to sustain your non-profit, any of the information that we present during the Webinar cannot be construed as business, tax or legal advice.

We always recommend that you seek out sound legal counsel when making decisions about your program, your organization and definitely as you think about sustaining your program and organizations.

So sustainability, before we get ahead of ourselves, recall that the essential part of sustainability planning process is, of course, defining sustainability for your programs, your organization, and also determining what are the indicators of success.

So if you have your guides next to you, I'd love for you to turn to Section 2, Measuring Success, and highlight the second column, which is activity one, defining sustainability. It will be found on Page 9.

So for those of you who have already accomplished this task, can you briefly type in how you would define sustainability for your team? So if you've already typed things in to your column, go ahead and replicate that in the Q&A box. We'll take a look and we'll see what everybody's got.

Okay, don't be shy. Go ahead and type that definition of sustainability in there. Okay, so this could be one of those things that needs to be addressed when you get back with your team, but I do have one. So continuing programs at the same level.

Let's see, what else do we have here? Continuing implementation of your evidence based model. Those are two examples. Okay, and let's see, finding funds and other resources to continue the work and making it part of a collaboration with partners.

Continuing program at existing level. And integrity of the program. Very good. Very good. And you can see that the definition can vary widely depending upon what your team sees as valuable and where they see the program or the organization going.

Thank you. Thank you very much for typing in your definition of sustainability. Now I'd like for you to turn to Page 10 of the sustainability and resource guide and look at Activity 2 which is measuring success of your program or service.

You'll notice on this tool that, you know, we think that sustaining a program of service is fairly straightforward. However, the only way you're truly going to know if your program or service is successfully sustained is, of course, to measure it.

And that is what this particular tool will do, activity to measuring success of your program and services. So you'll want to look at the indicators on Page 8 of the building sustainability programs resource guide to be able to start completing this particular tool.

So for our work in teen pregnancy prevention and supporting expectant parenting teens, OHA provides us with their perspective of sustainability. And so they believe that sustainability is effectively leveraging partnerships and resources to continue programs, services and/or strategic activities that result in improvements in the health and well-being of adolescents.

So we're going to use this perspective as we explore innovative and diverse ways to fund your program and services. So we're going to play a quick little game called myth and fact to help us understand the difference between non-profit and for-profit organizations.

So I'm going to launch a poll in just a moment and I would love for you to participate. All right, poll number one, true or false, myth or fact - non-profits cannot make a profit. All right, I'm going to close the poll in five, four, three, two, one.

Very good. Eighty-three percent of you knew that this was a myth. And, in fact, non-profits are highly encouraged to make profits because profits are circulated back into the organization's operations. So it can carry out its mission. For-profit organization's profits benefit the owners and the shareholders. So you can see clearly there is a difference.

All right, let's do another one. If a for-profit entity goes out of business, all its assets are liquidated. If a for-profit entity goes out of business, all its assets are liquidated. And I'm going to close the poll in five, four, three, two and one.

Oh, we had a little bit of a split here. Well, the answer is fact. For-profit organizations must liquidate all their assets if they go out of business. In other words, they have to get rid of everything. Non-profits merely shift their assets to another non-profit organization. So keep that in mind as you think about the work that you're doing with sustainability.

So let's do one more. Myth of fact - non-profit organizations must pay taxes on profits. This is what they call a softball. This is an easy one. And we'll close the poll in five, four, three, two, one. Very good. Eighty-one percent of you said it was a myth. Eighteen percent said it was a fact.

It is, indeed, a myth. Non-profits are exempt from paying taxes on profits, but for-profit organizations must pay taxes on those profits. So keep these differences in mind as we talk about these various diverse funding streams.

Okay. Give me one second to get back to our slides. Okay, grow, grow, grow. You know, non-profits really can and should consider making a profit because they want to grow their organization or at least stabilize their operations.

We want to make sure that you understand, though, that you really could have an intentional focus on sustainability, including seeking diverse funds when you think about how you want to grow your organization or stabilize your operations.

You should really think about dedicating resources including your time, maybe a little bit of funding, thinking about subscribing to particular software that can help you identify diverse funding streams.

You know, don't do this alone. You want to assemble a workgroup or a team so that you have diverse knowledge, skills and you can really think about what talents the staff brings to this discussion about sustainability.

And then, of course, thinking about who should you be partnering with and who are the stakeholders that can help with this as well? And don't neglect using some of your members of your board of directors to be part of this discussion.

This is all going to culminate in developing a plan for sustainability which includes those eight sustainability factors that OAH has outlined. As you recall, these are the eight sustainability factors.

You're going to create an action strategy, assess the environment, be adaptable, secure community support, integrate programs and services into a full infrastructure, build a leadership team, create strategic partnerships and secure diverse funding opportunities.

So it's interesting, in preparation for the Webinar, I stumbled upon this article from the Stanford Center on Philanthropy and Civil Society at Stanford University. And they identified ten funding models. Now, we're not going to go into each one of these ten funding models in depth, but I want to show you that there're many to choose from, and I've included the link to the article on the slide so I highly encourage you to go take a look and learn a little bit more about each one of these.

And, you know, knowing the pros and cons of each one of these funding models, I believe is going to help the organization decide which one aligns best with their mission and are suitable for, you know, reaching the results for the outcomes that you're expecting, including sustainability.

So I just want to highlight a couple because these are the ones that most organizations in our field tend to use. So number, one, the heartfelt connector.

This is where you provide large groups of people, you know, regardless of their income level, a structured way to connect.

And, you know, it doesn't always require a large donation. The best example I can provide is the Susan G. Komen Foundation's Race for the Cure. It's meaningful to women of all ages, races ethnicities, income levels, education levels.

It engages volunteers. They collect the race fee. You go. You run. You've got volunteers on race day. And it's all really just bringing these people together with a dedicated focus on raising money for research.

Then you've got the beneficiary's builder and this one is basically to an alumni association, reaching out to its alum to gift. And so it was interesting, they talked about Princeton University having the highest percentage of alum who give back to the university. So take a peek at that part of the article.

Another one that our particular field uses is member motivator and similar to Healthy Teen Network, you can have a members-only organization and you can provide members-only benefits such as we do, considering, you know, a members-only part of your Web site or providing reduced fees for services such as training.

Big, better - this is a group that would be looking at large grants, you know, really kind of focused mostly on medical research or environmental issues. The public providers - these are the folks who provide those - what we consider essential social services and this supplements any of the work that they might be doing that they get funded through, say, like government agencies, so like, housing, human services, education.

The next one is policy innovators. This is where they use government funds to solve social issues. Maybe they can do it more efficiently or more effectively. And so they look at policy ways to do that.

A beneficiary broker is when you've got somebody competing with one another to provide government funded or backed services to beneficiaries. A resource recycler, the best thing that I can think of is, you know, you drop your unused foods and such to a homeless shelter, especially if you're a local restaurant or a local grocer or a hotel. Anything that's not been used, you can redistribute to food banks and soup kitchens and such.

A local nationalizer - this is where you create a national network of locally based operations and Big Brother, Big Sisters of America would be a great example of that. And then finally we've got the market maker, and this is where you generate money via donations and fees for services that would otherwise be unseemly or could be against the law.

Now, don't fret. We're talking about folks like - the best example I could think of is, of course, you know it's against the law to sell human organs but you can charge a fee to transport those organs for transplant. Say, you charge a fee to the hospital and then they can pass those fees along.

I can share more information about that last one specifically if you're interested. But just know that these ten are definitely modeled to explore a little further to see which ones suit your mission and products and services for that.

Okay, so it's all about sustainability planning. We really want you to think more about how you can sustain your current efforts and really want to have a conversation more about the realistic part of, you know, thinking about sustainability and what challenges you might experience and, of course, share, you know, a little bit more by our two guest speakers and how they - you know, some of the lessons that they learned, and then think about what are some of the future action steps you can take so that your sustainability planning really is solid.

So a couple of things we want you to consider. The planning action items. Of course, the first one is thoroughly read that resource guide. It's chuck full of lots of good information. I think it's a really easy read and I think, you know, some of the things that they include in there are going to be really helpful as you work with your team on sustaining the work that you're doing.

The next, of course, would be to familiarize yourself with the tools of the eight sustainability factors. They have created these great templates. You can actually go online now and pull them down as a PDF and be able to share that with your team and, you know, fill those tools in as you see fit.

And then the third is determine the practice, so the action strategy for sustaining your work. So questions you might want to ask yourself is how will the team proceed through the process? Do you see this as a non-linear or an iterative process?

Who's going to be part of the team and which key stakeholders to involve? Who's going to ensure the planning happens, like, who is going to be that leadership organization and make sure that the work is moving forward and people are being held accountable.

What resources are available to plan for sustainability? Can you incorporate some of the work into operations? Maybe you're thinking you might have to budget for some of the planning work and, you know, dedicating some money to make sure that this actually happened.

And then, of course, you've got to think about your timeline. What's your timeline for completing this? And, of course, with the federal project, we know what the timeline is. But when you start expanding this type of work to some of the other work that you're doing in your organization, you always need to think about how much time do I have to do this?

So number four is, evaluate the process to know what worked well and what could be improved. I'm a great, great, big cheerleader of CQI, continuous quality improvement, but you've got to know what worked well in order to then identify what could also be improved. So make sure you integrate time and resources into your planning process to do your CQI work.

And then finally, stay motivated. You've got to acknowledge those small wins and plan for ways to share the good news with the community and the stakeholders. You have to celebrate. You have to celebrate in order to be able to maintain that energy.

So what's factor two got to do with it? Well, it's really critical that you complete sustainability factor two, assess the environment, before you get into sustainability factor eight, secure diverse funding opportunities.

So things you have to think about and assess or, you know, the organization, what's happening in the community, what's the financial environment, and certainly what's the political environment.

This information is going to be essential for you to be able to make some decisions for factor eight. So gather good information, make sure you have a solid data collection plan and utilize that information when you get it.

All right, so we're going to get more into factor eight, specifically talking about the action steps and how it's defined in the OAH resource guide and we're also going to share a couple of examples of diverse funding stream.

And this is where we're going to bring in our two guest speakers to share more about their experience as well. So sustainability factor eight, action steps. The first one is establish goals and objectives for securing diverse funding. Identify the core activities and services of your programs.

And let me give you a couple of examples of why that's important, okay. Core services versus maybe not so core services and activities. So as you know, it's really lovely to have decadent dark chocolate and lattes every now and again. But you've got to make sure you have those essential fruits and vegetables and water to sustain a healthy body.

Same thing goes with your activities - what's nice to have versus need to have. You know, let me stick with some food analogies here for a moment. It's nice to cook with Himalayan pink salt in some dishes but, you know, for most cooking, good old table salt is going to do just fine.

In fact, up until three years ago, I bet you a lot of us didn't even know there were different choices when it came to salt. And then, finally, a core activity may be providing evidence based education to youth or providing long acting reversible contraception to post-partum teen moms prior to their discharge from hospital.

These are things to think about, whether this is a need to have versus a nice to have. And these two particular examples of the evidence based education and (larks), many people believe are essential and are must-haves.

Third, you’ve got to review your program budget. Determine the cost differentials between the current activities and services and those core activities and services.

How much does it cost now versus when we think about what those core activities and service are going to be. Comparing what those costs are will help you when figuring out, you know, maybe there are pieces of a service that you can provide as opposed to maybe the full service that you’re currently providing.

And then, of course, dedicate a line item in the budget for sustainability planning. LEH is very, very strongly emphasizing this. They really believe it’s important that you do some serious planning and good planning. So make sure that you create a line item in your budget so that you can do just that.

And then, of course, what we’re talking about today is identify those diverse funding opportunities. And then, number five is seek the funding. Go for it. Okay? Hey, let’s go and do another poll. I’m just curious, which factor eight action steps have you accomplished?

And the way I’d like for you to respond to this poll is I’m going to read all of them and I want you to indicate one best represents the furthest you’ve come in your planning progress so far. So give me one second. I’m going to pull up the poll and give you a minute to think about that.

So which one best describes what you've done? You have a goal. Have you identified your core activities and services? Have you already done your cost comparison? Have you dedicated a line item for sustainability planning? Have you already identified diverse funding opportunities? And how many of you are actively seeking funding?

Okay, I'm going to close the poll in about five second. Four, three, two, one. All right, so it looks like most of you are still in the beginning stages, so you've got your goal or you've identified your core activity, but maybe you haven't moved past that, doing your cost comparison and such.

Well, as time goes on, of course, we strongly encourage you to keep pushing forward, stay motivated and continue with those action steps. All right. So we want to share now those diverse funding opportunities that we've been talking about and these are the categories by which we would like to organize them.

We've got grants and contracting mechanisms. We've got in-kind resources. Events, donors and sponsors. Strategic investments. Reductions in expenditures. Increases in efficiency, earned income and hybrid models. So let's go into each one of them in greater detail.

So grants and contracting mechanisms - many of you are familiar with these. Of course, the first bullet - federal, state and local government grants, of course, these are things that you apply for a hopefully are awarded and many of you on the line have been.

So you're fairly familiar with those. So why don't we spend a little bit more time on some of the other ones here? So we've got public charities and private foundations. And the public charities, this is where you are able to generate support or funding from the general public. You can get grants, whether it be from individuals, the government or private foundations.

And then that's very different than the private foundation. And a foundation that is a private foundation does not solicit funds from the general public. And then we've always got these government contracting mechanisms.

And the first one is the general services administration mechanism. And then the second is the indefinite deliverable indefinite quantity, IBIQ. And I'm going to ask Pat Paluzzi, our CEO, here at Healthy Teen Network, to share a little bit about both of these funding mechanisms.

Pat Paluzzi: Thanks Deb. Hi everyone. Well, Healthy Teen Network, over the past, I guess, four years has spent time sort of exploring the GSA and the IDIQ and deciding and - whether or not these are mechanisms that would be worth our time to try and become a part of.

So for those who aren't aware, there are the open bids. There're a couple of ways that federal dollars are put out there for folks to try and obtain, for doing specific projects.

The one that we're all most familiar with is the sort of open bid where a cooperative agreement, those kinds of mechanisms, where dollars are put out in the field. We all write our proposals. Maybe 100 of us submit. Maybe ten are funded.

But it's open to the whole field of those folks who are eligible - non-profits, educational institutions, whatever they might be, particularly focused on a particular event or a series of events, activities.

The GSA and the (Mobis) are - the GSA (Mobis) and the IDIQ are different. These are mechanisms that the government uses when they don't want to open up the competition to the entire field but to this field of people who have managed to get on these lists.

So these are things where you compete to actually become part of the GSA list. You compete to become part of an IDIQ list. They're not for the faint of heart. They take a ton of work to put together. There's - we got on the GSA three years ago - three years ago? Two years ago. We have not had a single - we've not profited from it at all.

So there's a return on investment thing there that you have to consider. We just submitted our application for an IDIQ. I'm hoping we'll fare better there. So I'm not necessarily going to encourage all of you to run out and try and get on the GSA list or the IDIQ list because I'm not sure for who I'm assuming is on this call, it's probably not worth your while.

But what you can do is you can go to Grants.gov and you can find out who are on some of these lists. Who are some of the folks who are GSA vendors? Who are some of the folks that have gotten onto IDIQ lists that you might want to partner with?

Because there is work that you can do with those how are on the lists because they're looking for folks who can come in and provide particular expertise or services when they're bidding on contracts.

So I would suggest that you make yourself familiar enough to know that they exist, find out who's on there and perhaps think about exploring how you might approach them and perhaps make yourself known as a potential partner on that future bid.

Deb Chilcoat: Okay, what's the greatest lesson do you think we've learned using this particular funding mechanism?

Pat Paluzzi: Well, you know, I think that we've learned a lot as we've gone on which is mostly we figured out as we went along how much we didn't know. And, you know, have learned - you know, every time I sort of talk to somebody else, I think, boy, we really don't know.

So it's just a huge learning curve there and it's probably worth it to spend a little more time identifying some experts who could really spend - really help you understand fully.

I would say that we did do some due diligence but probably not all that we could have. And I'm happy to provide names of people who are very familiar with these mechanisms and could help an organization decide whether or not there's a return on investment that feels worthwhile for them.

Deb Chilcoat: Excellent. Thanks, Pat. Okay, so the next is in-kind resources which I suspect a lot of you are very familiar with. It kind of goes with what our work is. And, you know, this is where you are able to either give or receive services or products in lieu of cash donations, okay.

So examples would be, you know, if somebody had equipment such as computers that they can provide or maybe they've got some new furniture that maybe they over purchased, you know, too many conference tables. Maybe they can send one your way, of course, used furniture.

The one that I always appreciate is free meeting space or free training space. And then any kind of staff expertise, maybe they have an attorney on staff who can give us legal advice or somebody who can help with your Web site development.

And then, you know, don't neglect the staff time that it takes to participate in coalition meetings and such. That is all in-kind resources. So the thing to keep in mind is, you know, building the partnerships and the collaborations and such, you know, there're really popular ways to support programs and services but they do take resources. So make sure that you are really cognizant about how you're accounting for that.

I do want to share an example of how this worked really, really well here in Baltimore. So back in 2010, a coalition was started to reduce infant mortality and improved birth outcomes to families here in Baltimore City. And over 100 organizations including some local government agencies helped providers and community partners, including some home visiting programs in universities, as well as some private donors. That was great.

Partnered together so that they could make this vision a reality. And that was that all babies in Baltimore were born at a healthy weight, full term and ready to thrive in healthy families. And they've got some great news to report. You know, since they began, the infant mortality rate has dropped and, in 2012, the coalition celebrated its lowest birth rate in recorded history - 9.7 deaths per thousand live births.

And the organiza- or the coalition is called, "Be more for healthy babies." And you can obviously Google that and take a look and see all the great work that they're doing in Baltimore. So that's a great example of how in-kind resources came together and are clearly making a difference both in the city as well as in the lives of young people and families.

Okay, so I want to share a little bit about events, donors and sponsors. Gosh, fundraising is really an art and a science. And I really think it's typically left to those astute fund development professionals, you know, the ones who aren't ever afraid to ask for money.

But, you know, keeping in mind that there're different ways to do that, and the first one is, of course, major gifts where you go to an individual or a foundation and they provide a significant sum of money, whether it's, you know, $3 million or, you know, more than that even.

So these are fabulous, however, very rare, okay? And then you've got just your donations, whether they're solicited or unsolicited. This could be money. It could be goods. And the best example I can think of is, you know, every holiday season, the Salvation Army's bell is ringing and ringing and ringing.

You can hear it, literally, from 100 yards away. So, you know, while they do collect a lot of coins and dollars in those little red kettles, did you know that in 2013, the Salvation Army in Florida got a slight boost, shall we call it, in donations from a mystery donor.

This mystery donor dropped a diamond ring worth $3500 in the kettle. I swear to you, it's a true story. I'll tell you where you can read about it. And on top of that, it's actually the fourth year someone has done this with that particular organization.

So they were able to take this diamond ring and put it towards revenue, like, you know, for getting some donation money in. So, you know, it doesn't have to be dollars and sense. It could be something other than that.

Then you've got your workplace giving and the one that most people are familiar with is the United Way campaign where, you know, they help make it really easy and efficient for employees to make tax deductible donations through their payroll deductions.

And, you know, sometimes even the employers will match the employee giving as part of a giving campaign. So maybe that was something that you could think about to be able to raise money for the work that you're doing.

And then finally you've got special events and these are those fundraising events that non-profits hold, like annual fundraising galas or live or even silent auctions.

Now you have to understand that there are clearly upfront costs associated with hosing these types of events but you also have to consider that the capacity and the resources and the return might actually be worth it.

So I just want to remind you, yet again, that these types of activities cannot happen with federal funds but you certainly can think about planning these types of activities.

All right, I want to keep with this events, donors and sponsors. And the first one I want to talk about is the corporate sponsorship. And this is really cool and you've seen these. I know you have. And this is where a corporation's going to sponsor something for your organization. In return, they get some name recognition.

And so, you know, maybe they've paid for the printing of your conference brochure or maybe you wind up putting, like, a table tent on the, you know, a training table that says that the food was provided by, you know, (Eddie the row in park), you know, a fabulous little grocer here in Baltimore.

Sometimes they even get a vehicle. In 2013, Toyota Motor Company donated 100 cars to non-profit organizations who were in need of a new vehicle. And the Good Men's Project, I thought had a really great article that talked about, you know, how he was able to use this minivan to help veterans who were in need and that's how he - this particular gentlemen who ran this - the Good Man Project utilized his Toyota minivan.

So next we're got giving circles. These are becoming wildly popular. This is where individuals pool their money together and they believe that that's going to have a greater impact on the giving.

And, you know, the thing that you have to keep in mind with giving circles is that you need to have very clear expectations upfront about how the money is going to be given to various organizations, how are these decisions going to be made.

You know, you want to make sure that you're comfortable with all the organizations that are a possibility of receiving the money because if it's not an organization that you can support, then this might, you know, compromise how you feel as part of a member of this giving circle.

The next is a donor advised fund and this is interesting. According to Forbes Magazine, these donor advised funds are becoming the most popular way individuals are giving to charities so listen up. These are funds held within and managed by a public charity.

And some of the largest (core) process financial services institutions are getting in this game. So, for instance, Fidelity Charitable Gift Fund is an example of one of these donor advised funds. Now, please understand that just because I mentioned Fidelity Charitable Gift Fund does not mean I'm endorsing them.

However, you can go and, you know, just do a regular old Google search about donor advised funds and you are sure to see some very familiar financial institution names.

Keep in mind that a lot of these donor advised funds focus on a specific issue such as reproductive health. Yes, there are a couple out there. And you want to just make sure that your donor advised fund really has to align with your mission values and the work of your organization.

Okay? Next is crowd sourcing. This is hot, hot, hot. This is where you obtain needed services or ideas by soliciting contributions from large groups of people especially the online community rather than traditional employers or - employees or suppliers.

So I don't know if you saw, but earlier this summer, LeVar Burton used Kickstarter, one of those crowd sourcing platforms, to revive Reading Rainbow. It's a literacy and reading encouragement program. He wanted to make Reading Rainbow available for - in every type of digital platform and in every classroom.

You know, there are various funding level rewards which was a nice enticement for people to give. You might get a tee shirt, a mug, maybe even a signed autograph copy of LeVar Burton's book. But, you know, there're also larger awards such as a private dinner with or, I guess, an appearance by LeVar Burton.

And that campaign, that Kickstarter campaign, raised over $5 million online and it also - somehow it secured an additional donation by Seth McFarland -- yes, the Family Guy Seth McFarland -- of an additional $1 million for a grand total of $6 million. So this crowd sourcing absolutely is an option.

Oh, but there's more to hear. There's more, more, more. How about these strategic investments? These are, shall we say, things you really need to consider engaging very, very, very thoughtfully.

And so although it's not ideal, you could secure a bridge loan from a banking institution. For those of you who are not aware, a bridge loan is a short term loan usually about a couple of weeks. It gives the organization funds until new revenue arrives.

So, for example, a non-profit might be developing some new innovative product that needs funds to purchase materials to create the product. Well, you could get a bridge loan to secure the funds so you can go out and get what you need to be able to actually create your own product and get ready for the market.

The next is an endowment loan. This is where you borrow money from an endowment but it has to be for a strategic endeavor or maybe even a large purchase, such as the purchase of a new building. So rather than paying a lease, you can have your own building, et cetera.

Next is a program related investment. Foundations that make investments, such as loans or equity stakes in the hopes of regaining their investments plus a reasonable rate of return. So this is something that is fairly new, fairly innovative, very cutting edge.

Program related investments are something that you probably want to learn a little bit about in order to have a good understanding if you want to really consider it for the work that you're doing.

And then finally, the Social Impact Bond. A Social Impact Bond is a public/private partnership whereby socially conscience investors provide the capital needed to finance an initiative with a guarantee that the funds will be repaid if that initiative helps achieve its intended outcome. Woo, that's a lot to say.

But did you know that we have one happening in teen pregnancy right now? In fact, on May 14, 2014, the executive office of the mayor of the District of Columbia announced that they would be implementing one of these Social Impact Bonds aimed at reducing teen pregnancy and increasing outcomes for high school students in the district.

The District of Columbia government is working with service providers, investors and the Social Finance US, a non-profit committed to financing social progress. You can learn more about that. We've got resources and a reference page at the end of the slides.

But, but, but keep in mind that these strategic investments must be entered into thoughtfully. Most importantly, the non-profit has to be able to pay the money back and, actually, that was something that you underscored in one of our conversations, Pat. You've got to be able to pay back what you borrow.

Okay, the one that nobody really wants to talk about is reduction in expenditures especially when it has to do with staffing. However, there're other expenditures that you can look at where it makes perfect sense to try to reduce as much as possible.

Travel expenses - maybe you've got folks sharing a room rather than having separate rooms. You could go green. You know, the cost of using an office copier or printer could be reduced if the staff used less paper, less ink, toner and, of course, electricity.

You know, a secondary benefit is, you know, the maintenance cost could potentially be reduced as well. Okay, and there it is, downsizing, whether it's laying off staff or reducing fulltime staff to part-time. This is an option that can be really emotionally difficult. However, once core activities and services are identified, it could become really apparent that downsizing may be one of the solutions that must be considered.

And then rethinking office space. I'm sure you've seen some news articles about this, whether it's telecommuting options or virtual or cooperative offices where, you know, the employees can rent a desk. These are really becoming very popular with organizations so that they can save money.

You know, another thing you could do is something similar to what Healthy Teen Network did a few years ago, is you know, you could relocate to an area that would cost less. Maybe the rent is less expensive as it was here in Baltimore compared to the District of Columbia. This could be additional savings that you might not have otherwise thought of.

And then, of course, using volunteers and interns. You know, the upside of using volunteers and interns is that it can be a really low or no cost labor.

However, you've got to keep in mind it can be very draining on the organization unless there're efficient processes to recruit, select, orient and supervise the volunteers and interns.

Another thing to keep in mind is that, you know, volunteers and interns typically give their time to non-profits they feel passionately for. You know, I really caution against non-profits giving volunteers and interns menial tasks that will reduce or even extinguish the flame that keeps that passion burning.

You know, volunteers and interns can be extremely valuable if used wisely, so don't make them file anything, okay? Next is increasing efficiency. So you can definitely increase efficiency in several areas of business operations. And the first one is outsourcing.

And outsourcing doesn't have to be a dirty word. In fact, non-profits can reduce costs by paying other organizations and businesses to do tasks that their own organization doesn't have the capacity to do.

So, for example, some non-profit organizations utilize companies like ADP to manage their payroll and employee benefits administration. There're also non-profits who provide the services for other organizations. So some agencies outsource family planning services to community health centers.

The services are still provided to the people who need them but the agency reduces the cost and the community health center gains patients and revenue. That's becoming very, very popular these days.

Of course, streamlining processes - an organizational analysis may be necessary to determine the best way to streamline processes and that can be quite an endeavor. But you'll find out that during the analysis, it's important to identify to, what, where, when and how might be causing a lack of efficiency.

As some of you have probably experienced, many, if not most, medical offices are having patients complete their health history forms online prior to their office visit. This is supposed to cut down the amount of time during the admission process and the amount of paper, too.

Just as important, though, is determining what can be improved in the streamlining of processes. And then switching suppliers and vendors. This could absolutely cut your costs. You have to be able to look at comparable quality at lower costs as well.

You know, bargain shopping is not the same as being thrifty. Be sure that the quality of the services and products is comparable to your current vendor's products and services. It does no one any good if the trashcan liners sold by a new vendor must be double bagged to prevent tearing.

In that example, the cost may actually be higher because you're using twice the amount of the product or trashcan liners than you did before. And then, of course, you can invest in more efficient technology. So, you know, (unintelligible) hardware and software that will make them more productive.

Using outdated software and old hardware that's going to slow them down or - it can really negatively affect their ability to provide high quality products and services. So they may - it may be beneficial for some (evi) implementers to complete their Fidelity monitoring log online rather than using a simple Word document or Excel spreadsheet.

So for those of you who want to go out and create a Fidelity monitoring log software program, there you go. There's something you can do to also generate revenue.

Okay, let's do another poll, folks. What do the Girl Scouts have to do with fiscal diversity? Well, let's take a look. Oh, sorry about that. No, I take it back. We're not going to be doing a poll for this one. I apologize.

But I do want you to think about Girl Scout cookies. So the Girl Scouts of the USA sell cookies to generate revenue. It's one way to financially support the organization. But you have to understand that this is very thoughtful when they were putting this strategy together.

Did you know that the Girl Scouts actually generated over $700 million in annual revenue from the cookie program? The best part of it is the overall organization are not the only ones who benefit from this.

A portion of the funds raised through the cookie sales are shared with local individual Girl Scout troops. And that percentage of funds shared depends upon the volume of that individual troop's cookie sales.

The other thing to keep in mind is, you know, Girl Scouts of USA is quite savvy when it comes to generating revenue. And they've actually expanded and maybe you've seen these in your grocer's freezer, but they've got various licensing agreements and they've been doing this since 2007.

In your grocer's freezer, you can now find Girl Scout cookie ice cream. Isn't that awesome? Yum, yum. While, you know, it might be a stretch to selling sweet treats to generate revenue to reduce teen pregnancy, it's still a possibility.

And the possibility could become a reality with good planning and proper investors and dedication. And they've got licensing agreements even beyond food products. So take a look at the Girlscouts.org programs Web site and you'll see all the good work that they're doing to support their organizations.

All right, so earned income social enterprise which is also very hot right now, and hybrid models. So let's start with the fee-for-service which is earned income. You know, for those of you who are not familiar, Healthy Teen Network provides fee-for-service training for clients across the country on lots of different topic and on some evidence based interventions.

This is one way that our organization earns income. Then other organizations, they sell products and the best example I could find for our field is, you know, there're a lot of planned parenthoods that sell contraceptive birth control training kits or (keeping) kits.

They've got lots of products in there that we need for our Contraception 101 tools and you can use that as you're doing your presentation or your training. And this helps to generate revenue for their education and training departments. So Pat, you also had another one that you had in mind?

Pat Paluzzi: Well, I think a lot of folks are really familiar with ETR's resources. You know ETR is one of those organizations that has been selling resources for almost as long as they've been providing training through - actually they have a sort of hybrid model of a non-profit/for-profit.

They have a publishing arm and then this training arm. They're two very different things but yes, that's one way that they've sustained themselves for a number of years.

Deb Chilcoat: Well, yes, hybrid kind of model about, you know, raising funds and this is when you've got the for-profit organizations selling products that, you know, pull all of their net profits into the charitable donations or back into the non-profit.

You know, we've always used Newman's Own as an example and that was, you know, Paul Newman creating his Newman's Own hybrid model in 1982 and, you know, you've seen the salad dressings. You've seen the salsa on your grocer's shelves.

But, you know, his motto was let's give it all away. And as of 2012, the Newman's Own Foundation has provided $380 million in contributions to non-profit organizations worldwide.

But that's not the only way you can do this. So why don't you tell the folks a little bit about the way Healthy Teen Network has kind of thought about the hybrid model lately?

Pat Paluzzi: Well, a couple of years ago, you know, we were having this ongoing conversation about sustainability of the organization. You know, we - as a non-profit, and regardless of the fact that we're national, you know, we've struggled with the same issues that pretty much all of us struggled with, is how do you remain viable over years and years?

And so one of our board members - we had a couple board members at the time who ran small businesses of their own, and mentioned that maybe we should think about opening a small business which sort of ignited a flame under me to kind of think about what would that look like.

And we then proceeded down a road of investigating, well, if we did do that, what would that look like? How do you do that and not harm your non-profit status? What would our business do? What would we offer? Like, what are some gaps in the field? And, you know, what would make sense for an organization like ours to get involved in and et cetera?

It's taken us a couple of years to kind of really think this through. I will say that we've got at least three law firms that we've talked to and all of that is very, very important because I think we started out early on saying you really want to protect your non-profit status no matter what you do in fundraising.

So about a year ago, we actually - we incorporated an organization called (Empire) Media which right now is a fully owned subsidiary of Healthy Teen Network. We are probably going to change that business model down the road but right now, that was the easiest way to set that up.

And we have our first product. We have worked with a local author on a graphic novel that's called, "The Mighty MT," and MT finds his voice. And it's about bullying prevention and it's aimed at middle schoolers. And we developed a lesson plan that educators can use.

And our primary target is educators and librarians, so we're learning how to do that and how to kind of get to those audiences and get that out there but, I mean, this is - you know, we're not going to make money on this for a while.

And as we learned other things, we're figuring out what the model of this hybrid should look like, you know, who's - do we want to become a small business? So then if we'd want to do that then Healthy Teen Network can't own it any more, et cetera.

So there's a lot - it's a huge learning curve and it does mean that you have to have time that some staff are taking away from focusing on Healthy Teen Network to do this work like I probably put about 20% of my time in to continuing this down this road and a few other staff are heavily involved on a regular - regularly involved, I should say.

So it is, again, a big investment, an effort, and you want to do your due diligence beforehand. You want to make sure that it is something that your board will support, it's something that makes sense for you as an organization, that you can come up with products or services.

You want to think carefully about the structure, all of those things. But we have decided that we think we can have a pretty unique model with having products on the for-profit side, having the training and capacity building support to use them effectively in the non-profit side and then we hope that, you know, certainly our goal is that the for-profit profit will help to support the non-profit.

We'll be a few years getting to that, but that's kind of the road we've been going down. It's - we're learning a lot. It takes a lot. It's pretty exciting, though. It's kind of fun because, you know, after a while - I mean, because it could be more permanent. I mean, I think that's the thing that we're sort of thinking about and that's why it made sense to me in the moment, is that it isn't just finding another grant or another funder who they all cycle in and out of your lives.

And so you're always replacing them and it's sort of hard to get ahead of the game that way. But if you're more in control of thinking about something that you want to do, a business that you think has an opportunity, you have a little more control over the lifespan of that. Yes.

Deb Chilcoat: So for (Empowered) Media, specifically, can you talk a little bit about what are some of those indicators of success that have been set?

Pat Paluzzi: Well, we do have a business plan and, you know, we hope that within the business plan that there would be a certain kind of time period in which we would have products, a number of products, and be reaching a larger audience, those kinds of things.

So we have those sort of determinants. I mean, we have not stated that, you know, I mean, certainly we would hope that within five years, you know, we'd be turning some sort of a profit that would be coming back to Healthy Teen Network and a little more sustainable structure than what we have going on right now. But we don't - so we're just continuing to, like is say, grow and think about the model and we're continuing to develop product and test the market.

Deb Chilcoat: Yes, and it is a new endeavor and so I think, you know, kind of what you were saying earlier, even, talking about, like, learning a lot as we're going along, but what's been the greatest lesson learned in this particular process?

Pat Paluzzi: Boy, I think all I'm going to say on this call is, like, you know, you just start out on these things and then you figure out all the things that you don't know and that you're really not capable of, that you really don't have expertise in, et cetera, et cetera. But then you assemble a really fabulous team and you just go for it.

Deb Chilcoat: Yes.

Pat Paluzzi: You do, but you - and you get introduced to whole new things, so I mean, I think that the lesson learned is that there's - an amount of time. You can't think this is some quick fix by any means. I mean, this has been two years - it took us - it took a full year before we selected a name and just incorporated. And then that's been a year now almost. And we're just now getting the first product ready to actually launch.

So it's not quick. And, you know, it's probably quicker if you're kind of like on your own and you just decide that you want to, like, sort of online business or something then take up the way we're doing it where you tie to this nonprofit and all of that. But - and good legal advice. We - that's probably the other big lesson is finding the absolute right law firm that knows about the hybrid model. They have to understand the hybrid model, so that, A, you don't harm your nonprofit status in any way, and B, you get corrected by - in the beginning.

A lot of lawyers know how to help you start businesses but they don't necessarily understand a hybrid model. Yes.

Deb Chilcoat: Okay. Great. Thanks, (Pat).

And then the other thing, I just want to circle back because we had mentioned social enterprise and if you've seen in your resource guide, (LEH) really had kind of set us apart on the side of - Page 118, they specifically, you know, call out the definition for social enterprise because this, too, is becoming very, very popular.

This is when - a social enterprise is when they take profits gained from the sales of any sort of product and services and then they reinvest the profit into the social service delivery system.

So I bet that a bunch of you are wondering, you know, how might this look for nonprofit working teen pregnancy prevention. Well, you know, a social enterprise could sell some sort of product, you know, maybe like, I don't know, I came up with organic soaps and lotions. You know, they could sell it in local farmers market or at local grocery store and maybe even (unintelligible). But, you know, if they've got pregnant and parenting teens or, you know, young people doing the work and they're part of the entire business from the top to the bottom that, you know, they could be linked to educational programs that could be a job training program incorporated in it.

So you're giving back to these young people, you're investing in them as well as investing in your nonprofit and, you know, we all know that education and having good skills that you can gain from job training programs are protected factors related to teen pregnancy.

So, (Megan McJenitt), she was - works as a social enterprise through the Latino American Youth Centers in DC and they came up with something called a scoop shop. That was their social enterprise.

And so, (Megan), can you share with us a little bit about how that came to be, what was the decision around creating the scoop shop? And then we'll hold off on what happened with the scoop shop for just a little bit. But if you wouldn't mind sharing, that would be really great.

(Megan McJenitt): Sure. I'd be happy to.

So I just wanted to preface - (Deb) did a little disclaimer at the beginning but I am not - no longer an employee of the Latin American Youth Center nor am I an employee of Ben and Jerry's, so I'm not representing either organization.

And so everything I say is totally my perception and my experience with social enterprise.

But back in 2002, the Latin American Youth Center in DC was approached by Ben and Jerry's to open up what they call a partner shop, which is a nonprofit-owned franchise of Ben and Jerry's, so an actual scoop shop. And they run job training programs for "at-risk youth." And this fits very much in line with the Latin American Youth Center's mission of supporting youth on various steps along their educational journey. And I was, at the time, a job developer for another program and so sort of got slept up into this Ben and Jerry's scoop shop.

And the model then for Ben and Jerry's was that, as I mentioned, the nonprofit owns the scoop shop, the Ben and Jerry's corporate ways to franchisee, which is an annual fee, but they give no other financial support to the nonprofit and that the idea was that you would run a job training program through the scoop shop and then any proceeds that were made would go back into other programs at the Latin American Youth Centers.

Is that all you want me to disclose right now?

Deb Chilcoat: Yes, I think that's good. So, I mean, fabulous but it was a known entity that approached you, Ben and Jerry's, who has huge volume and wanted to do right by the young people in your organization.

(Megan McJenitt): Yes.

Deb Chilcoat: And so we'll learn more about what happened with that in just a little while.

Thank you, (Megan).

(Megan McJenitt): My pleasure.

Deb Chilcoat: All right. So if you have your resource guide handy, if you turn to Page 127, you'll see Activity 2 is all about identifying and seeking funding. And this has to do with, you know, making sure that you have yourself very organized and you stay on track. And so if you look at the various columns, you can see the first one on your - the left is, you know, what is the funding source.

Absolutely, absolutely have to look at, you know, are you going to try crowdsourcing, are you going to try, you know, the hybrid model. So putting that down and then you can put in the next column contact information, you know, who are you going to reach out to and then what are some of the programs and services and basically you'll fill up this complete tool as fast as you can to be able to help you stay organized and on track for identifying diverse funding.

And so please keep in mind that if you see that you're still putting grant, grant, grant, grant, grant down in Column 1 that's pretty much a good indicator that you need to think a little bit more deeply about some of the other options that are available to you and your organization.

Okay, accountability. If you look, there is a column that has assigned to. Now keep in mind, you really shouldn't do this all by yourself. You should have that really great team that's working together for the betterment and the sustainability of your programs and services.

And so, you know, absolutely need to put a name in here, who is going to be checking the stuff out. And then what's the status. So as you have your periodic meetings, you can see, you know, well, maybe we needed to allocate a little bit more time, learning more about this particular funding stream such as the - one of the program investments, okay?

And then ultimately, you see your results, what's happening and how did it - what was the outcome, how did it go? Okay?

So if you see there, you will, you know, have this lovely template filled out so that you and your team can be fully informed about the process. Remember we were saying got to keep an eye on how well the process is also moving along.

So what's next? Well, the final two action steps for Key Factor Number 8 are to develop a strategy for securing the funding and making sure you have your plan and a backup plan about how you're going to seek those funding opportunities. So you want to make sure that your staff has the capacity to be able to execute the plan as well as, you know, who are those partners who also have the capacity. You know, if you see some gaps in your own organization, maybe some partners have a way to help fill those gaps.

So developing a strategy for securing funding opportunities. So if you look at the template for developing a strategy, it's on Page 129 of the resource guide. And you can see that you've got the column for the goals; the activity or task to achieve that goal; who is responsible, that accountability piece again; what's the time frame; and then what resources are you going to need to be able to accomplish that goal.

Okay. So why is there a baseball glove and baseball on the screen? Well, it has everything to do with securing or just going for it, securing that fund. And we often call the person who can close the deal the closer. We just want to remind you, you know, that the days of a charismatic executive director being able to smooth a funder over a cocktail, their (finger hooves) is long gone because the idea to make sure that you have, you know, a good strategy when you're trying to talk to a funder about giving money to your organization, they want to know what's the impact, what's the outcome, that is the name of the game these days.

You know, and it's not up to just the fund development person. You have to establish (unintelligible) help secure diverse funds, you know, all those names that you just put in those two previous tools, but you got to make sure that everybody, all staff, all board members of the nonprofit, are ambassadors for the organization and they have to be able to speak adeptly at - and positively and enthusiastically about the teen pregnancy prevention work that we're all doing.

You know, we've heard some organizations incorporate it as part of the new hire orientation process or, you know, when new board members join the organization, when they're being onboarded, this is part of their orientation. They have to be able to make sure that the message is clear and consistent about what you want to say about your organization and you want to make sure that they have the knowledge and the tools to be able to discover and create opportunities to generate revenue for the organization.

You know, being able to articulate the importance and the added value of what your organization programs and services can do, it should be embedded in their work and, you know, any of their outreach efforts.

Now I acknowledge, I know, there are some staff out there who really are not comfortable asking for funds or, you know, maybe they just are not confident asking for money. Well, part of being strategic is determining who's going to take the funds and then who's going to be the closer. And that's why you see that baseball in your screen. This is going to be the person who asks for the funding, especially if you got someone who's hesitant to do the asking.

So, you know, if you're a baseball fan, like I am, the release picture on a baseball or a softball team, that's the person who comes in, you know, the final innings of the game when their team is winning and they're called the closer because here's the closest or end the game by getting the final batters out so that the team wins. So the closer is an essential part of your roster.

The other analogy is if you bought a car, you know who the closer is. If it's not the salesperson who you're talking to and that you test drive with, et cetera, you got the closer who might be the general manager of the dealership and they're the person who comes in and they absolutely will get that sale. So if you've had either of those experiences, watching baseball or buying a car, you know who the closer is.

You have to make sure that those Core Programs and Services are worth sustaining and everybody is able to talk about that and you have to be able to explain to anybody running to how - what you provide is a critical, critical part of the community and it benefits those who live in the community. Okay?

All right. So that was a lot of information to take in. And I'm going to just, you know, give up a minute to just kind of take a break and dream about something. I want you to let go of all doubts and any anxiety you may have right now about speaking diverse funding, okay? I'll also ask you to suspend this belief as you hear about a fictitious nonprofit trying to sustain its programs and services.

And so our nonprofit is called Core Programs and Services. Wink, wink Core Programs and Services. It's a nonprofit organization that provides education programs, training and technical assistance services, as well as reproductive healthcare in the community.

And let me tell you a little bit about their story. Core has 18 months left on a federal teen pregnancy provision grant and wants to sustain all of its programs, primary teen pregnancy program, program for expectant and parenting teens, free LARC, all via diverse funding strategies. So let's hear a little bit about Core. Okay, imagine you hear like the dream sequence, bells chiming, okay.

So this is Core's sustainability planning process thus far. It was fairly smooth. And they're just reviewing how they've done so far. They can be in the workgroup and their members have included the fund development professional, the executive director of Core, some community members and board members who are on the fund development committee. They, good for now, may have completed Factor 2 affecting the environment and they also established a sustainability goal and that's to sustain an integrated approach of preventing teen pregnancy, supporting expectant and parenting teens and providing low or no-cost healthcare, including LARC.

So they've determined their Core Programs and Services to be teen pregnancy prevention, parenting classes and vested healthcare, including prenatal care.

And then they've identified their budget needs for Core Programs and Services. They figured they need about half a million dollars every year to continue operating.

So they developed their sustainability plan. They've identified the diverse funding streams they want to pursue and they're going to look at crowdfunding, ease of service and seeking funding from foundations and federal agencies focused on early childhood education and health. And then finally, they're going to determine who is going to research each funding opportunity.

So this is how it has gone. Their (unintelligible) campaign raised about $186,000 in three months. Not too bad. Not too bad. But certainly not the half million to keep their doors open. And one of their local philanthropic - philanthropists, sorry, and board members, we'll call him (James), mentions the crowdfunding campaign to his friend, (Gloria), at a summer barbeque party. So you guys know that's how this all goes down in real life.

(James) was not aware that (Gloria), who's now in her mid-60s, was a teen mother. (Gloria) shares her story and asks (James) to connect her with Core's executive director, (Maggie). Core's ED, (Maggie), (James) and his friend, (Gloria), meet for lunch.

So what do you think is going to happen next? Do you think (Gloria) never calls Core? Do you think (Gloria) kindly declines to fund Core? Do you think who's going to donate, like, 500 bucks to Core? Or do you think (Gloria) is going to offer Core one of those PRIs?

Hold on, let me get this up for you.

All right? And the poll is open. What do you think is going to happen next? So they meet for lunch. What's going to happen next? Keep in mind what's in the best interest for (Gloria), too.

All right. And we're going to close in five, four, three, two, one. Okay. So it looks like the majority of you think she's going to donate 500 bucks to Core. Oh, a good bit of you think that she's going to offer Core a PRI. Well, in fact, she - what does she do? Well, let me tell you. You gave it away.

Okay. Well, she offers Core a PRI with 1% interest rate for four years, which would - a total of $400,000. That's really great. So Core board approved the strategic investment and it's all good to go.

In the meantime, (Maggie's) efforts courting a local foundation for the past year and a half are finally paying off, too. A local foundation commits $50,000 every year for four years for early childhood education and house services.

Now while talking with the local foundation, (Maggie) mentions that she's interested in relocating Core to a building that's better suited for the services they provide in the community and how are the renovations coming along in the building on (Locust) Street? Well, the executive from the local foundation tells (Maggie) that things are progressing quite nicely, then pauses for a moment and says "You know, there's still space available if Core wants to take a look at it."

Well, (Maggie) arrived a few weeks later and cannot believe the building she's looking at was formerly (unintelligible). She notices the plaque in the wall also declared the building LEED certified, meaning that it's a green building, and when (Maggie) and the executive talked a bit more that day, the local foundation offers to rent the space, get this, to Core for $10 a month if Core Programs and Services incorporated more green practices into their operation, so they can cut down on waste and minimize its carbon footprint. Oh my gosh. What do you think? Can Core do it? Let's find out.

What do you think? Can Core do this? Absolutely. Oh gosh, I don't know. No way.

All right, I see some enthusiastic folks out there.

In five, four, three, two, one. All right. It looks like the vast majority says absolutely Core can do it. Good. Good, good. So let's see what happens.

They got their confidence. Love it.

So Core's board of directors and (Maggie) agreed to the terms outlined by the local foundation and start planning the big move.

Core announces the two new endeavors through their Facebook page, on Twitter, Instagram, their Web site. They contact the news outlet. Everybody is hearing about these two fabulous, fabulous opportunities. Core's staff, board of directors and the key stakeholders celebrate their success.

However, when the fanfare is over, and this is where you got to keep in mind, it's all wonderful to celebrate, but (Maggie) returns from the award ceremony, takes off her shoes and pours herself a glass of (unintelligible) with two limes, throws up on her couch and starts figuring out how can Core become green, return the PRI plus 1% and finds funding to close the remaining funding gap because they didn't get the whole half million dollars. So the work of the ED, never done.

So let's see if you can remember. What were the funding streams that sustained Core? Was it donation? Was it being more efficient? Crowdfunding? PRI? Or all of the above?

All right. I'm going to close the poll in five, four, three, two, one. Very good. They used every single one of those types of funding stream, donations, efficiency, crowdfunding, PRI.

So one thing you have to keep in mind though is that this was fictional. Absolutely, we love that Core was successful. We saw that they still have some work to do. But it was a fantasy.

However, good planning and a little good enforcing can go a long way when it comes to sustaining your programs and services. Agreed. Agreed.

So we also need to be realistic. And what could happen next is, well, you know, we have to be able to talk about where nonprofits are not able to sustain their programs and services or even themselves.

I'm going to bring (Megan) back to share her story about the scoop shop that social enterprise in DC and tell us a little bit about what happened.

(Megan McJenitt): Hi. Thanks.

So we, as I said, were approached by Ben and Jerry's and we jumped at the opportunity. We talked to our board. We created the Social Enterprise Board group. We had a couple of people who have small businesses themselves, one that had a bakery and that had successfully expanded in the DC metro area and a couple of really strong board champions. The woman we bought an existing franchise and the woman who owned the franchise actually joined our board. And so that was all very exciting.

And this seemed to work really well for us because of the program that I was working under as a child developer was a federally-funded program and was timing out and was not going to get refunded. And so we thought this would be a great way to - for sustainability, to keep job training a real part of these centers.

We also looked at it as a great publicity for this center. We were in Capitol Hill, which is not an area that this center was focused on, and that would give us, you know, a broader reach geographically and just the print media and social media wasn't really around then, believe it or not, but other kinds of media tensions when Ben and Jerry's came down to help us reopen the store and things like that.

And then every time someone walks in the scoop shop, we had it painted on the walls, "Every scoop and cone you buy, the proceeds go to Latin American Youth Center."

We - so many things went right. We have hundreds of kids trained to make it a real paycheck. They got real-life work experience or building their resume and these are all really at risk, some adjudicated youths, some teen parents, kids that, you know, that broke that cycle of "Oh I can't get a job because I've never had a job and I never had a job because I can't get a job" sort of saying. They gave them alternatives for going on to the illegal job market. So really had, you know, 75% of the kids that went through our training program went to higher education or job - or higher paying job, which was the goal, you know. We wanted to turn out kids that were ready to get higher paying jobs.

And we created a really supportive use work environment for the youth. These kids are facing a lot of issues and stress. And we actually, even after the first year, expanded to a second shop because we had another opportunity that came up to partner with a nonprofit movie theater that was opening up in another part of town. And so we jumped at that chance and we expanded in our second year.

Things - it was - the opportunity was built to us as an opportunity to support a job training program and possibly support other programs with an organization and it was so - you know, Ben and Jerry's is such a fun company. Everybody loves ice cream. People swear that they buy ice cream year-round. But the honesty is that people really buy ice cream when it's hot out, you know, it's warm.

And so we got to know the reality is of the ice cream business. And we really have 100 days that's called 100 golden days in ice cream world to make all your money. And we really need to capitalize on that.

We had much higher labor cost than we anticipated because quite honestly, our youth took longer to train. We have some "Do you like me," "I'm bored," you know, "I'm a social worker and don't have a business background" but I was there to train and support the youth.

We probably expanded too quickly. When the opportunity came up, we jumped on it. People - we got cautionary feedback like "You might not want to do this," "It might not be a great location," like, "No, the synergy is perfect. We've got to, you know, jump on this opportunity." But really the desire - in the end, the desire outweighed the concern. And so we sort of pushed the concern out of the way and moved forward.

Both shops were losing money annually. We tried many different streams of revenue building, you know, built in a birthday party aspect to one of our shops that didn't have the foot track like we thought it would. We tried to cut back on labor cost.

But when you're dealing with double bottom lines, which is, you know, which is the, you know, that hybrid of a social enterprise and a business, you want to be that support of work environment. You want to have all those systems in place to support the youth. But you also want to make money and that's very, very difficult to do. So the things that we really learned coming out - or I really learned I actually left the organization before the stores closed. Both stores ended up closing a couple of years later.

I was - when I worked there for two years, I was working pretty much 24 hours a day, seven days a week because there was always something going wrong, you know. We had a hurricane at one point and wiped out electricity, which is scary when you have freezers with full of ice cream. And so there's just never, you know, there is never any - even in the winter and downtime and so staff gets banged up pretty quickly.

And we - so the learnings that I took away from it was that social enterprise, I think I truly believe in all that's been said today, that diversity is essential and that social enterprise can be a part of it.

I think it really has to mesh perfectly with the mission of the organization. It has to be thought through very carefully, very detailed. Spend the money upfront to do business plans, to do market research, to learn the business in and out. You know, the cost basis for ice cream is very, very little compared to something like coffee, for example.

There's a higher profit margin on - much higher profit margin on coffee than there is on ice cream. Oh my gosh. They've opened a coffee shop. And Starbucks is one that's very nicely.

So we - you have to surround yourself with people who've done this. You have to really embrace the idea that 80% of small businesses fail in the first couple of years. That's a hard reality to really face. But, you know, just because your heart is in the right place doesn't mean that the business is going to be a go. Just because you're doing something good with the profits doesn't mean people are going to walk into the door more often. So it's basic realities of business.

Surround yourself with people who are smart in the business. And keep your expectations in check. I think that had we looked at this as a very low cost job training program, you know, millions of dollars are spent annually on training at-risk youth to be ready for the workforce.

We were probably losing $10,000, $20,000 - $10,000 a store at one point. You know, if you look at that, if you reframe that that "Oh, this job training program costs us $10,000," that's - it's a little bit more - it's a little easier to stomach. There might have been opportunities to fundraise around that had we knew that going in, had we had the market projections of where we might need to fill the holes that we could market that to a foundation, like, what - you could just, you know, this is only - only we need is $10,000 to keep this sustainable to pay for the job training.

So I think, you know, lots of people got excited about all of the different programs who are going to be able to fund through the sale of ice cream and that wasn't really the reality.

So - and as I said, make sure that the social enterprise mesh as well with your organization. It's not someone awkward arm that doesn't fit anywhere. And that certainly - I didn't feel that was the case with the Ben and Jerry's partner shops but there is that tension there that it may take away from other things at the organization. So really make sure that people are onboard, give internal buy-in, you know, board buy-in, you do your market research, you make sure that this is the kind of business that you want to go in and then proceed in the sort of measurable fashion.

Ben and Jerry's, as far as I can tell, and I haven't spoken to anyone there in many, many years, but they've changed - they've rethought their model and sort of having nonprofit-owned franchises outright. They work with existing franchisees, owners and help them partner with local nonprofits. So the local nonprofits can provide the support that the youth need and the franchisees can provide the jobs. And that's the way, you know, Ben and Jerry's has a very strong social mission and they have run their company up and down with this double bottom line as well from the environmental side and from the youth side.

So they're going in that direction. And Starbucks is actually - they don't have franchises but they are also partnering with nonprofits in certain parts of the country to provide job training. So I think that is a much more - is maybe an easier way. I haven't been involved but it seemed to me that that would make sense, keep the people who know how to do the business doing the business and then have the nonprofits work in partnership with them.

Deb Chilcoat: (Megan), thank you so much for sharing that story.

I think it brings the reality right to the center of the stage here. And I think between (Pat's) experience and your experience, I think if we could just kind of sum it up, it would be - make sure you're very strategic in your planning, make sure that it aligns with your mission, your value, measure it and then PQI because it sounds like even what you're saying at Ben and Jerry's kind of adjusted the way that they did the work that it's not just those two are receiving the funds but need to think about that but also those who are providing the fund.

(Megan McJenitt): Absolutely.

Deb Chilcoat: Fantastic. (Megan), thank you so much. And, (Pat), thank you very much for sharing the experiences.

I want to leave you all with a challenge, if you would. I wanted to let you know I've been monitoring the question-and-answer and I haven't gotten a whole lot of questions throughout the Webinar. So I don't know if everybody was just listening intently or this is overwhelming. But regardless, you'll have our contact information when we conclude that you can definitely give us a holler and talk to us some of your questions that you may have.

But I really encourage each one of you to explore at least one diverse funding stream before the end of summer. And I know that's quickly approaching. So maybe - I don't know, maybe by the time the last leaf falls off of the tree in the fall. But, you know, if you really want to think about sustaining your programs and start with this, you absolutely have to go down this road of diversifying this funding.

So I challenge each one of you to see if you can explore one diverse funding stream a little bit more and you could ask yourselves, you know, which ones are we most likely to explore and you can talk to your team about this. And then, you know, you have to have a summary when talking about this funding stream, you know, what is it about it that is appealing to you.

So, you know, even if it's something like crowdsourcing because of innovative, that's cool. That's a start. It gives you some motivation and you can also, you know, maintain that energy as you explore a little bit more.

So I hope you're up for that challenge and I wish everyone the best as they continue to explore diverse funding streams, definitely use the resource guide that was created by (LEH). Those tools are definitely very, very helpful for your team. And definitely reach out if you have any additional questions.

Thanks, everybody. I hope everybody has a fabulous afternoon.

Coordinator: This does conclude today's conference. All participants may disconnect at this time.

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