Replace Lost Fundraising Revenue by Leveraging Your Nonprofit's Assets

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THE CHALLENGE: LESS MONEY FROM VARIOUS SOURCES

The Challenge: Less Money from Various Sources

1. Public (governmental) sources of funds
2. Individual Charitable Giving
3. Typical players in the giving marketplace are facing pressure (e.g., United Way)
4. Increased competition from non-charitable sources for money (e.g., GoFundMe)

(ONE) POTENTIAL SOLUTION: FORGE RELATIONSHIPS WITH OTHER ENTITIES

(One) Potential Solution: Forge Relationships with Other Entities

1. Who: Other nonprofits, but also for-profit entities, individuals
2. Why: Access otherwise unavailable capabilities, capital and resources

(One) Potential Solution: Forge Relationships with Other Entities

3. How: Partnerships, co-investment arrangements, joint ventures, contracts

Need to think creatively, find partners, and execute correctly!

START WITH:

WHAT ASSETS DOES YOUR NONPROFIT HAVE?

Start With: What Assets Does Your Nonprofit Have?

1. Real Estate
   - Owned
   - Leased
2. Intangible Assets
   - Intellectual property, like copyrights
     - Training materials
   - Know-how – expertise in some area
   - Contracts

Start With: What Assets Does Your Nonprofit Have?

3. People
   - Employees or contractors
   - Volunteers
   - A User Base
4. Pre-existing Relationships
   - Past and present donors
   - Other relationships

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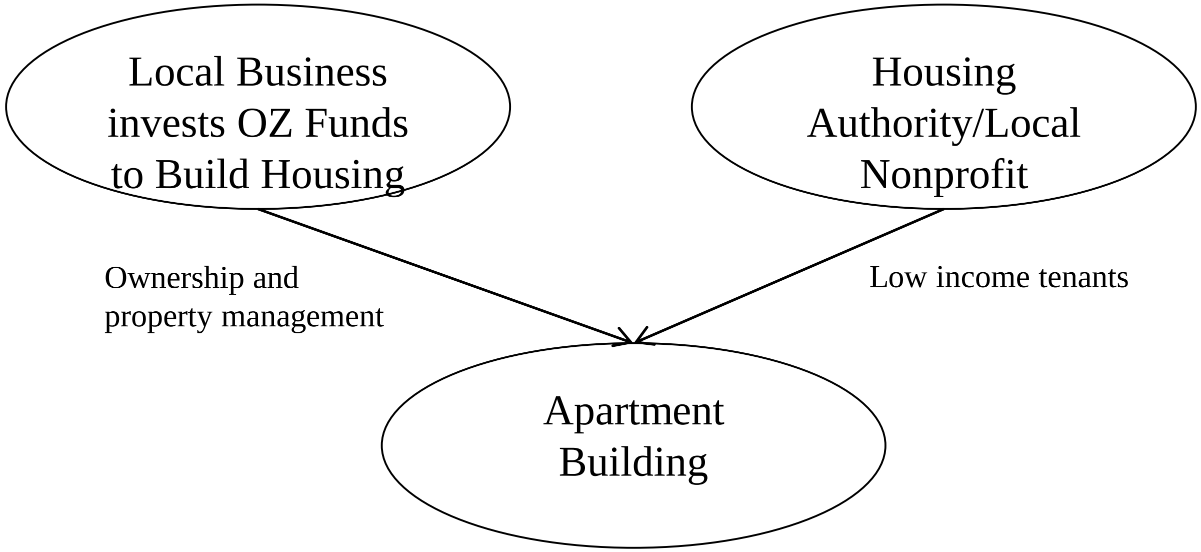
Start With: What Assets Does Your Nonprofit Have?

- Think broadly about what "assets" are and can be
- Resources to determine assets:
  - Financial information/balance sheet/tax return
  - Donor and mailing lists
  - Human resources
  - Government and business relationships
  - Brainstorm…

ASSETS

Assets: Real Estate

- Example 1 – Local Business with Workforce Housing Needs



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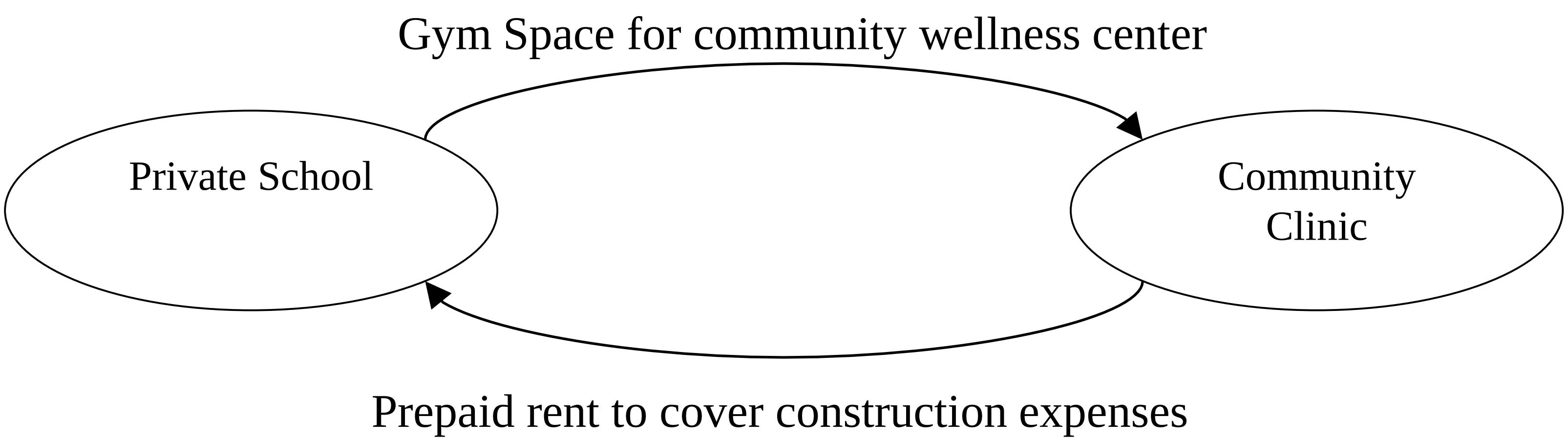
Assets: Real Estate

- Example 1 – Local Business with Workforce Housing Needs
- What assets the nonprofit brought to the deal:
  - Connections to potential tenants
- What benefits the nonprofit got out of the deal:
  - New housing stock
  - Managed by owner, so no additional nonprofit capacity needed for property management

Assets: Real Estate

- Example 2 – Partnership Between School and Community Clinic



Assets: Real Estate

- Example 2 – Partnership Between School and Community Clinic
- What assets the nonprofits brought to the deal:
  - School: capital campaign proceeds, real estate, property management
  - Community clinic: Grant funds for community wellness, additional operating revenue

Assets: Real Estate

- Example 2 – Partnership Between School and Community Clinic (cont.)
- What benefits the nonprofits got out of the deal:
  - School: additional operating revenue, additional construction financing => bigger facility
  - Clinic: space to provide wellness activities to low-income patients

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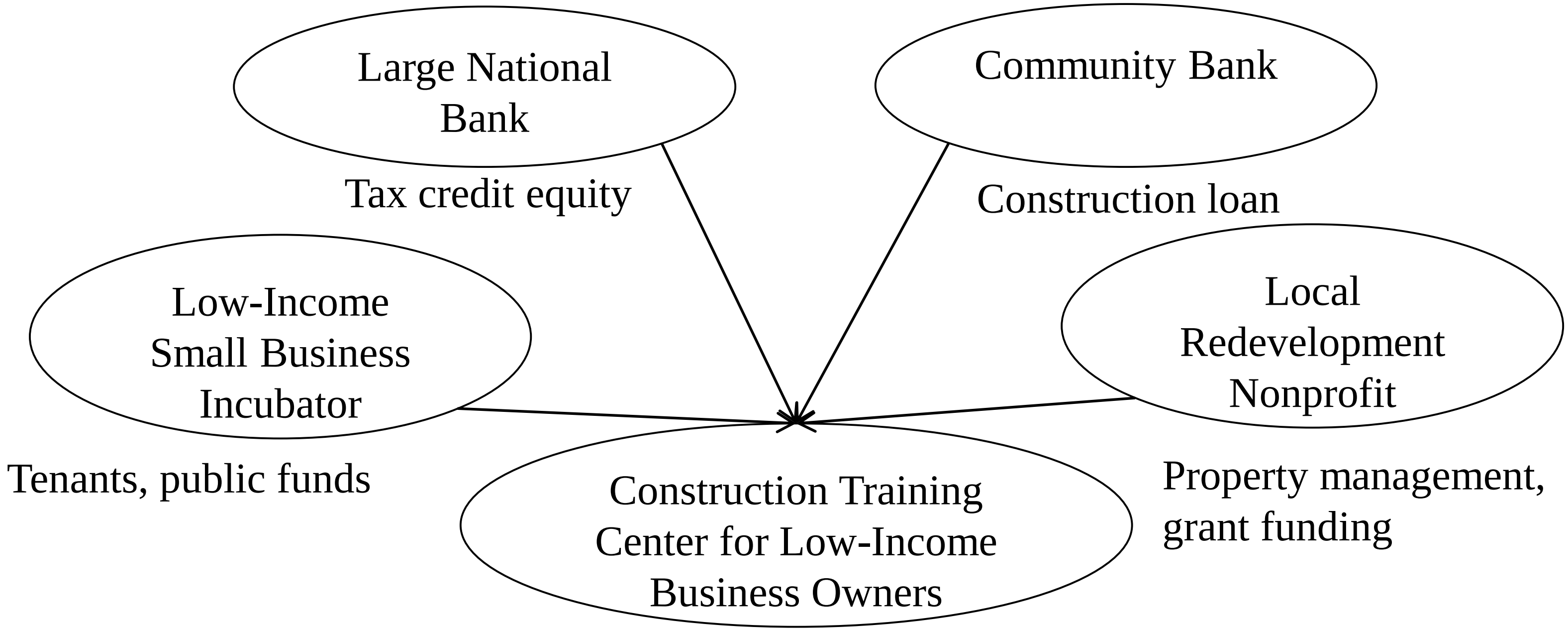
Assets: Real Estate

- Example 3 – New Market Tax Credit Collaboration between Nonprofits and Banks to Build New Training Center



Assets: Real Estate

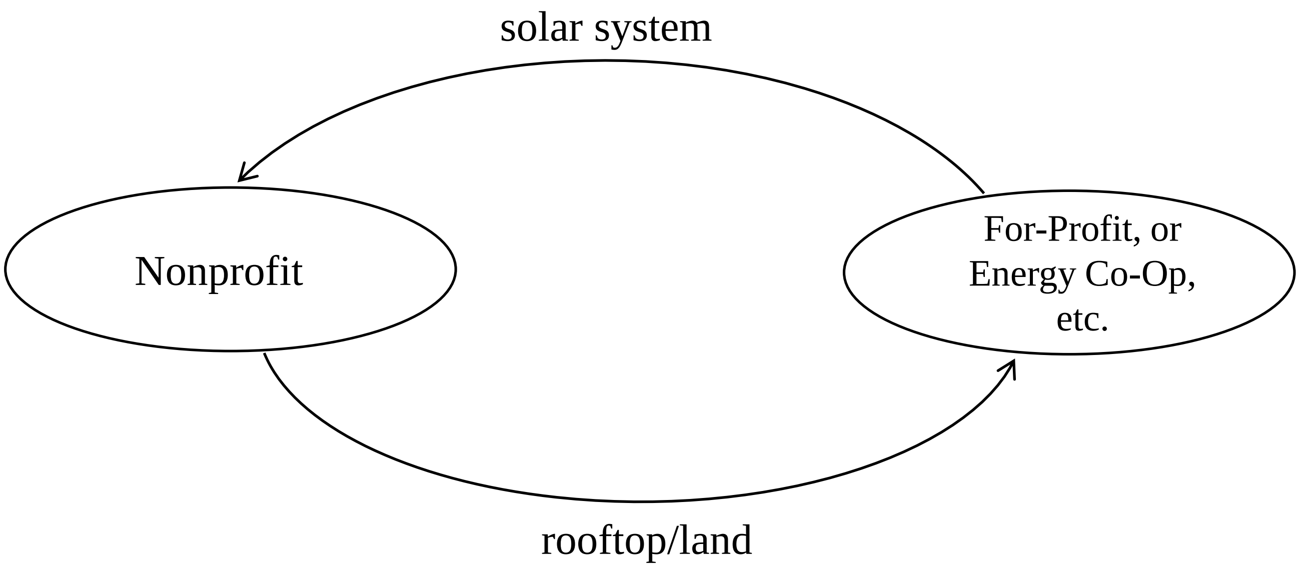
- Example 3 – New Market Tax Credit Collaboration between Nonprofits and Banks to Build New Training Center
- What assets the nonprofits brought to the deal:
  - Grant proceeds, capital campaign proceeds
  - Tenants
  - Property management

Assets: Real Estate

- Example 3 – New Market Tax Credit Collaboration between Nonprofits and Banks to Build New Training Center (cont.)
- What benefits the nonprofits got out of the deal:
  - Free and low-cost construction financing; publicity

Assets: Real Estate

- Example 4 – Solar Energy for Nonprofits with Real Estate



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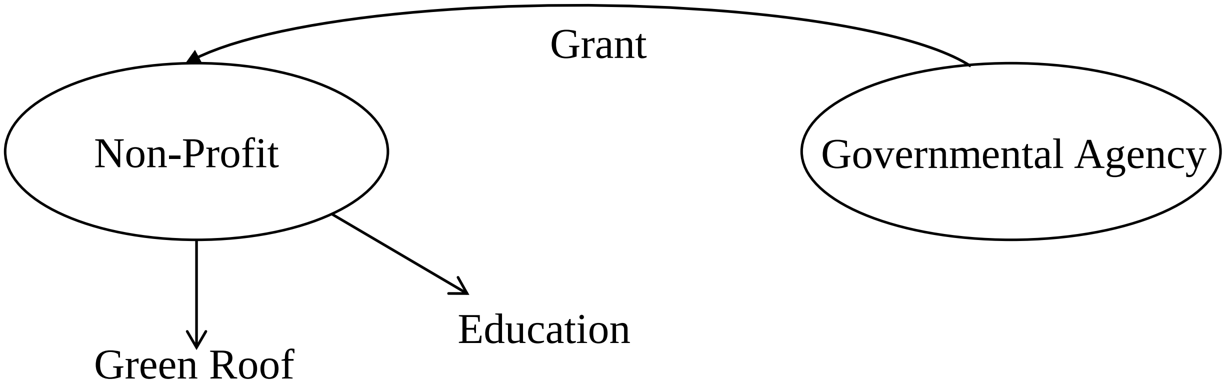
Assets: Real Estate

- Example 4 – Solar Energy for Nonprofits with Real Estate
- What assets the nonprofit brought to the deal:
  - Land, rooftop, or other owned real estate
- What benefits the nonprofit got out of the deal:
  - Lower-cost energy for subscribers
  - Contributes to environmental causes, publicity

Assets: Real Estate

- Example 5 – Green Roof for Nonprofits with Leased Real Estate



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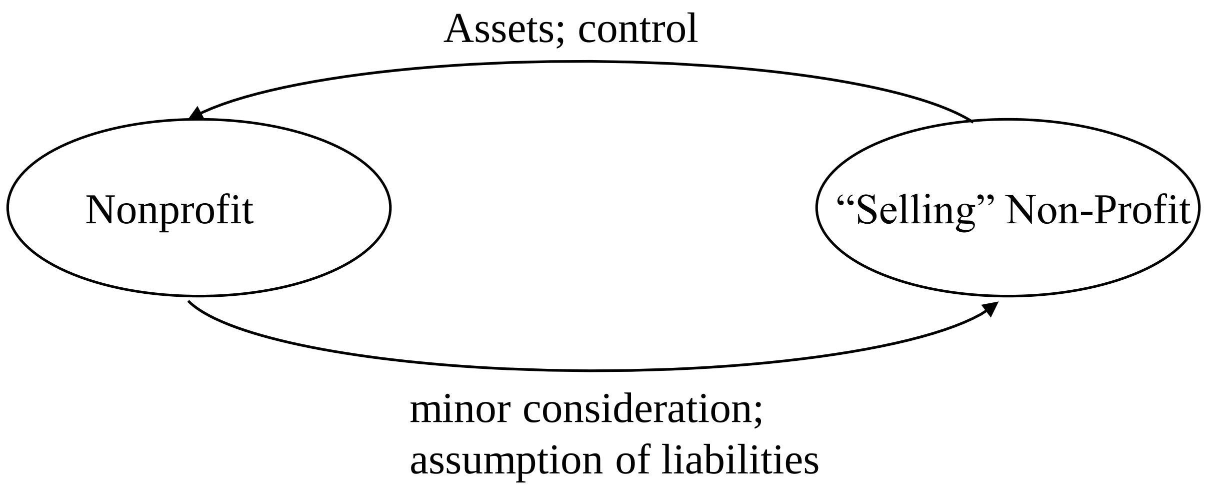
Assets: Real Estate

- Example 5 – Green Roof for Nonprofits with Leased Real Estate
- What assets the nonprofit brought to the deal:
  - Its nonprofit, tax-exempt status
  - Commitment to on-going education
- What benefits the nonprofit got out of the deal:
  - Furtherance of exempt purpose
  - Publicity
  - Increased connections in the community

Assets: Intangible Assets

- Copyrights
- Example 1 – Nonprofit "acquisition"

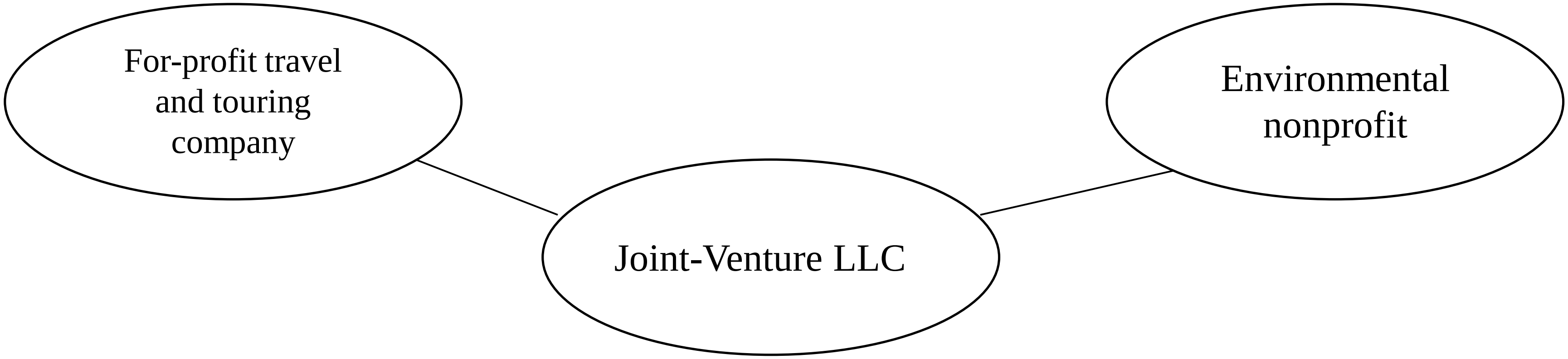


Assets: Intangible Assets

- Copyrights
- Example 1 – Nonprofit "acquisition"
- What assets the nonprofit brought to the deal:
  - Assumption of liability
  - "Promise" to continue operations
- What benefits the nonprofit got out of the deal:
  - Assets that can be used to generate additional income

Assets: Intangible Assets

- Know-how
- Example 1 – Nonprofit JV Model



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Assets: Intangible Assets

- Know-how
- Example 1 – Nonprofit JV Model
- What assets the nonprofit brought to the deal:
  - Education and consulting services
  - Access to area where tours are conducted
- What benefits the nonprofit got out of the deal:
  - Income to fund nonprofit programs
  - New way to promote programming
  - New source of fundraising, social and economic impacts to stakeholders

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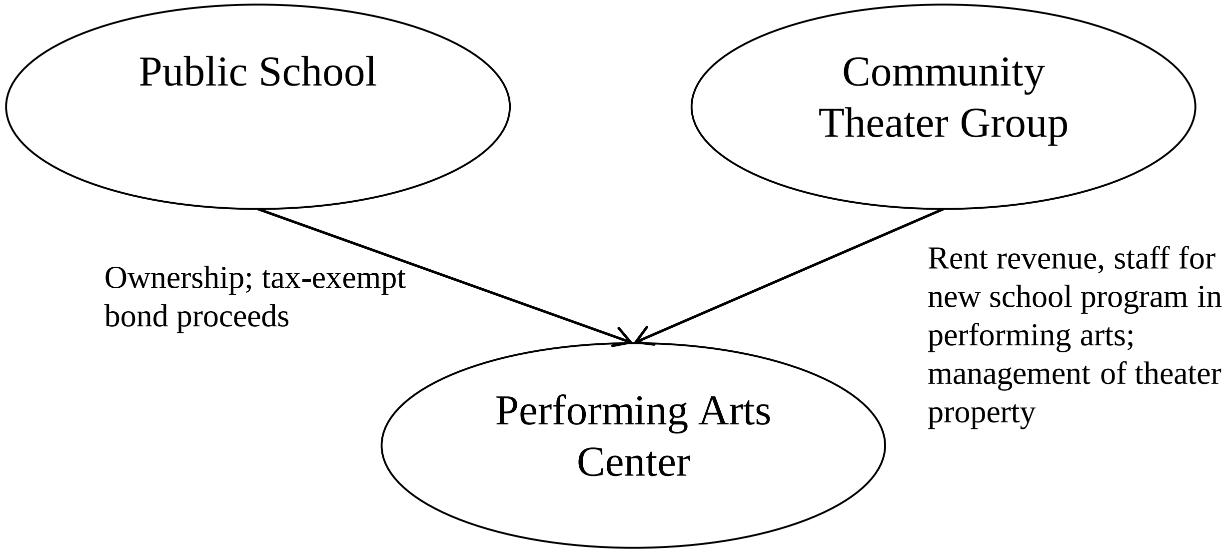
Assets: People

- Example 1 – Performing Arts Center

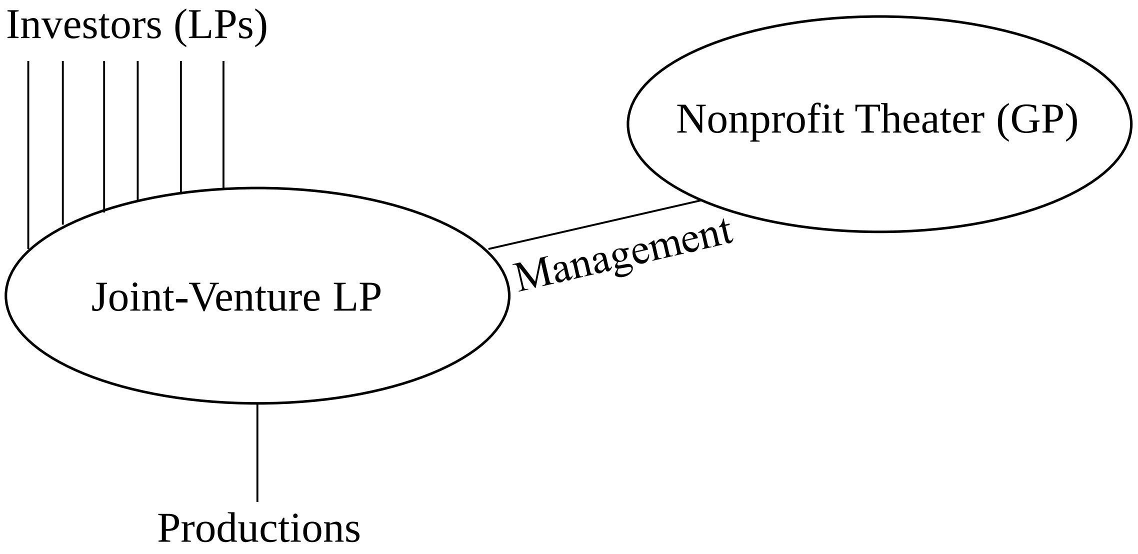


Assets: People

- Example 1 – Performing Arts Center
- What assets the nonprofit brought to the deal:
  - Experienced performers and directors
  - Theater management expertise
- What benefits the nonprofit got out of the deal:
  - State-of-the-art performance space

Assets: Pre-Existing Relationships

- Donors
- Example 1 – Investment Fund



Assets: Pre-Existing Relationships

- Donors
- Example 1 - Investment Fund
- What the nonprofit brought to the deal:
  - Knowledge, connections, donors
  - Management services and expertise
- What the nonprofit got out of the deal:
  - Greater access to productions, increased income as a result of productions

Practical Advice

- Structuring Tidbits
  - Do your due diligence on your for-profit (or nonprofit) partner
    - What are their philanthropic priorities?
    - Are they the right fit? Do they align with your nonprofit?
    - Also, more traditional due diligence and protecting yourself against potential liabilities

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Practical Advice

- Structuring Tidbits
  - Think about strategy from your nonprofit's perspective
    - Your nonprofit's size, mission and assets
    - Purpose of "partnership"
    - Expectations of various stakeholders
    - Level of involvement with for-profit partner
    - Power of for-profit versus your nonprofit
    - Communication
    - Transaction costs

Practical Advice

- Structuring Tidbits
  - Clearly state why your nonprofit should partner
  - There are many different structures that can be used (but, structure correctly)
  - What does your nonprofit bring to the table and what are your nonprofit's limits?
  - Can you demonstrate impact with metrics?
  - Assemble your own team of advisors

Practical Advice

- Pitfalls
  - Not adequately evaluating joint venture/target as a right “fit” for your nonprofit
  - Underestimating costs of project, or failure to discuss cost allocation with partners in advance
  - Not following structuring tidbits on previous slide

Questions?

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