



YANA Roundtable on Funding Stability for Nonprofits

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Defining the Challenge

- Shrinking revenue
 - Cuts to government funding
 - Private foundation funding remains limited and very competitive
 - Private investors requiring compelling returns and/or reasons to invest
- Burgeoning costs
 - Inflation
 - Need for nonprofit services only increases
 - Which costs can be cut without sacrificing mission of nonprofit?
- What can be done?
 - Traditional: fundraising, cost efficiencies
 - **Innovative: collaborations (e.g. shared services), partnerships, new revenue streams**

Innovations in Funding

- Business ventures wholly owned by a nonprofit: independent, self-sustaining model
- Partnerships with for-profit entities: offer a compelling business proposition (e.g. paid position to write a quarterly newsletter attracting nonprofit clients to corporate services)
- Challenges
 - Overcoming risk adversity within nonprofit
 - Overcoming uncertain sentiment and building consensus to undertake a for-profit venture
 - Finding and partnering with the appropriate "experts" for business partnerships and ventures
 - Navigating legal, accounting, and tax considerations for setting up a for-profit venture

Success Stories & Business Models

- **Girl Scouts of America** – desirable product (cookies), scarcity of supply (annual), successful branding/loyalty (national, long-time campaign)
- **Houston Museum of Natural Science** – created 5 iMax movies to fund endowment of \$200 million
- **Mozilla Foundation's** taxable subsidiary Mozilla Corporation is responsible for product development, marketing, distribution (majority of revenue generated from partnerships with major search engines e.g. Google)
- **COFFEED** – Yale and social entrepreneur Frank Raffaele (SM'95) founded the Long Island City cafe as a for-profit with a social mission to connect/collaborate with the community: "baking brownies to employ people vs. employing people to make brownies"
 - Partners with the **Brooklyn Grange**, whose one-acre rooftop farm is located above the café, to serve fresh, locally sourced food
 - Partners with nonprofit **Community Mainstreaming Associates** to help employ people with disabilities at the cafe
 - Returns 10% of beverage sales and 5% of food sales to the community through local charities