

# **Transcript of Finance Project Webinar Financing strategies for Youth-Serving Organizations April 6, 2010**

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

## **Participants**

Eric Keller – Program Associate – Finance Project.  
Jan Bigelow – Chief Financial and Administrative Officer - Communities & Schools  
Washington DC  
Molly Greenman – President and Chief Executive Officer - Family & Children's  
Service Minneapolis, Minnesota

## **Presentation**

### **Operator**

Greetings and welcome to the Finance Project Webinar. At this time, all participants are in a listen-only mode. You may ask a question online at any time by clicking on the questions link on the top right hand corner of your screen and typing in your question. If you have any technical difficulties, click on the help link or send a questions to the presenter. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Eric Keller from the Finance Project. Thank you. Eric, you may now begin.

### **Eric Keller – Program Associate – Finance Project**

Thank you. Hello everyone and thanks for joining today's Webinar on Financing Strategies for Youth-Serving Organizations in a difficult economy. I'm Eric Keller. I'm a Program Associate here at the Finance Project. For those of you not familiar with the Finance Project, we are a specialized nonprofit research and technical assistance organization for public and private sector leaders nationwide. We help leaders make smart investment decisions, developed sound financing strategies and build solid partnerships to benefit children, families and communities.

This Webinar is part of a series of tools and resources developed to with the support of the Underage Tobacco Prevention Program at Phillip Morris U.S.A. This initiative provides resources to help leaders finance and sustain effective programs that support the positive development of youth and also develop systems that provide an infrastructure to help coordinate and guide investments of youth.

So I'm honored to be joined here today by leaders from two youth-serving organizations who agreed to participate as guest speakers. On the line we have Jan Bigelow. Jan is the Chief Financial and Administrative Officer at Communities & Schools Inc. Washington D.C. Welcome Jan, thanks for joining.

### **Jan Bigelow – Chief Financial and Administrative Officer - Communities & Schools Washington D.C.**

Thanks Eric.

**Eric Keller – Program Associate – Finance Project**

And we also have Molly Greenman on the line. Molly is the President and Chief Executive Officer at Family & Children's Service in Minneapolis, Minnesota. Welcome Molly and thank you as well.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota.**

Thank you and good morning everyone.

**Eric Keller – Program Associate – Finance Project**

So you'll hear a little bit more from Molly and Jan and about their organizations and their work shortly. This next slide that should be coming up now shows the agenda for today's Webinar. The purpose of the Webinar is to highlight financing strategies that some youth-serving organizations are successfully using to maintain quality services despite the challenging economy. Many of the strategies that we'll discuss today are highlighted in the Finance Project's latest brief entitled Cutting Cost, Keeping Quality. And as you can see on today's agenda, I'm going to begin the Webinar with a quick overview of this brief including some of the key strategies and the major findings that we uncovered in this research about how youth programs and organizations are responding to the challenging times.

We'll then move into a guided discussion and it's here that our guest speakers will respond to some questions that we prepared and share some specific strategies that their organizations are using to navigate the recession. And finally, we're going to finish the Webinar by inviting the audience to participate in a question and answer session and actually please feel free to post questions at any time throughout the Webinar by clicking on the question link. You should see that on the top right hand corner of your screen but we'll try to answer as many of the questions as we can at the end of the Webinar and if we're not able to respond during the event, I will do our best to respond afterwards and we should wrap things up today hopefully around 1:15.

So I will begin today by introducing our new brief Cutting Cost, Keeping Quality and you can download this brief on the resources tab that you should see at the bottom of your screen. That tab also includes a document with links to other relevant resources and it also includes the PowerPoint slides for today's presentation which you can download. So we began research for this brief, really wanting to answer two questions. One was how are Youth-Serving Organization being affected by the economic downturn? And the other is what financial strategies have they used to successfully deal with the difficult economy? And to answer these questions, we conducted in-depth interviews with leaders of 17 youth programs and organizations that had previously been identified either by the Finance Project or other experts as using effective financing strategies.

These organizations came from all over the country, both from urban and rural settings and they really varied in terms of their budget size, their geographic focus, their primary service areas so they included after-school programs, dropout prevention initiatives, mentoring programs, gang prevention and really a wide variety of the different kinds of programs that serve youth and the strategies that we present in this brief and then I'll give an overview of were really largely drawn from what we learned in these interviews.

So before we talk about specific strategies, I just want to give a quick overview of some of the big picture findings that we learned through this research.

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com

First, we found a variety of evidence and statistics which suggest that over the last few years, funding from many youth programs and really for nonprofits in general has been declining while demand for their services has been increasing. Fortunately, this wasn't all bad news. We found that many programs and organizations were really doing some inspiring things and implementing really creative strategies to help deal with this challenge.

The next major finding was that the successful strategies that leaders were implementing were often very proactive and very forward-looking. So for example, many of the leaders that we talked to highlighted strategies that they had begun implementing well before the downturn as really being critical to helping them mitigate the effects of the recession when it arrived so in this sense, the strategies that we'll talk about are important not only to weather the current storm but they're also kind of lessons learned that can really help hopefully youth programs become better prepared to deal with financial shocks in the future.

And then a third major finding that I'll highlight was that successful strategies often took a very big picture of you. For example, if leaders were considering a cost cutting measure such as reducing staff they really thought carefully about how that measure would affect all aspects of their programs and their services.

So the next slide that I have is an overview of the broad financing strategies and as you can see, we divided these strategies into three categories; aggressively managing cost, creatively generating new revenues and support and forming partnerships. So now, I'm going to quickly run through some of the key strategies that we identified in the research and this is just a quick overview here but you can read in more detail about these strategies within the brief. So in terms of managing cost, one of the most important things that we saw leaders doing was trying to protect their core services. These were the programs or services most integral to the organization's mission and the needs of its constituency and many programs that were facing budget cuts were closing or scaling back activities that they did not consider as part of their core in order to reduce costs.

In order to be better prepared for any future funding cuts, we also saw programs developing contingency plans. So a contingency plan is essentially an outline of the steps that a program would take to deal with funding cuts if they occur. Additionally, we saw programs scrutinizing their overhead costs and trying to reduce overhead cost through strategies such as renegotiating contracts with vendors or maybe renegotiating their rent to reflect new property values.

Now on the next slide, we share some strategies that leaders used to think beyond their traditional funding sources and generate new revenues in this difficult environment. Increasingly, leaders were really engaging their board members or other influential people that support their programs and fund-raising efforts. Another point that we heard over and over again was that organizations were really trying to use data to communicate the impact of their services to donors and funders and expressed really how important their services were to their community and many leaders felt that being able to marshal and communicate this data really helped their ability to generate and maintain revenues in tough times. And additionally, many leaders reported they were implementing program and user fees or undertaking what might be called social enterprise activities such as operating a youth-run business to fill budget gaps and generate new revenues.

And then on this slide we highlight forming partnerships as an important strategy that programs can use both to control cost and generate new funding. These partnerships

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

[info@vcall.com](mailto:info@vcall.com)

[www.vcall.com](http://www.vcall.com)

[www.investorcalendar.com](http://www.investorcalendar.com)

are helping many youth organizations access volunteers and other forms of in-kind support such as donated space or materials. Leaders also reported partnering in order to share some of the costs of providing services through strategies such as setting up systems of referral or jointly administering programs to achieve economies of scale and leaders also reported forming partnerships to share administrative costs such as pooling administrative resources or creating a back office collaborative and this is a strategy that Molly from Family & Children's Service really had some interesting insights on and we'll talk more about a little bit later in the Webinar.

So that is an overview of the research we've been doing here at the Finance Project. Now, I'm going to start gearing the discussion towards our guest speakers, Molly and Jan our leaders at two Youth-Serving Organizations that have both used a variety of financing strategies to maintain quality services for the youth that they serve and work with. So I'm going to right now just give each of them an opportunity to quickly introduce themselves and their organizations and then they'll respond to a few of our questions about the strategies that they've been using. So Jan, would you like to start off and introduce yourself and Communities & Schools please?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington D.C.**

You bet, thanks Eric. This is Jan Bigelow. I'm the Chief Financial and Administrative Officer here at Communities & Schools and our mission is to surround students with a community of support, empowering them to stay in school and achieve in life. We're a national network. We've got about 5000 employees and 65,000 volunteers. We work in more than 3200 K through 12 public schools in the most challenging communities. We're in 26 states in the District of Columbia and we serve nearly 1.4 million young people and their families every year.

It is through a school-based coordinator that we go into the schools and we connect students and their families to the critical community resources that each of those students need by providing students with a one-on-one relationship with a caring adult and a safe place to learn and grow, communities and schools have become the nation's leading dropout prevention organization and the only one proven to both decrease dropout rates and increase graduation rates.

**Eric Keller – Program Associate – Finance Project**

Great. Thanks so much Jan. And Molly, why don't you go ahead and introduce yourself and Family & Children's Service please.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota.**

Thanks Eric. Again, my name is Molly Greenman and I'm President and CEO of Family & Children's Service and we are in Minneapolis. We served the twin cities metropolitan area and have been doing so since 1878. We're a private, nonprofit, multicultural organization and we empower and help families and kids to solve problems primarily through counseling, a variety of education programs and antiviolence work and finally public policy and civic engagement.

Last year we served about 20,000 people which I will say is a little less than the year before and a little less than the year before that. The people that we serve are very low income, probably about 80% was on 200% of poverty or less, probably three quarters are people of color, about a third are new immigrants and 60% are kids. Our budget is about \$5 million in 2010, 30% of that comes from United Way and about a quarter comes from third party fees which really are billing to manage care providers who are serving primarily Medicaid folks and then another 18% from the government,

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

14% from foundation and then 5% is what we raise from individuals and that kind of thing.

**Eric Keller – Program Associate – Finance Project**

Great. Thanks for that introduction Molly. So now that we have a little background, let us move on to the first question that we're going to pose to you today and that is what strategies have your organization used to control cost and make the best use of limited resources in these tough times? So, Molly, would you like to go ahead and start us off on your thoughts in this area?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

Sure and I will start with a quote from one of my board members who has said consistently for the past several years, we don't have an expense problem, we have a revenue problem which I suspect is true of many of the people in the call. We have been very careful to reduce our expenses. We basically believe that we need to operate effectively and not overspend our resources. So a few of the things that we've done is probably like many of you, significantly reduced our discretionary expenses. It could be office supplies, it could be program expenses.

For example, we have a community leadership development program for adults and youth and we used to offer stipends to help people participate and pay for transportation and child care and we no longer do those stipends. We have gotten donations for food for our program events because as we all know food is an important draw to activities and so we pretty much squeezed all those line items. We had instituted not a high rank – for us we call it a high-rank chill, which means that anytime a position turns over that is reviewed and actually has to be approved by me before that position can be filled.

And last but not least that I think is really important is planning ahead so we're always looking at all of our funding sources and what's going on and where some of that funding might be vulnerable. We're making decisions today that may be happening next year so for example if we think we're going to be losing funding, we won't fill a position which has really helped us in terms of reducing the number of people we've actually had to lay off which as you know is a big morale booster – not booster, sorry, the opposite of a morale booster so that some of that shrinkage is happening through attrition.

At the same time, I just want to caution people that I think we need to look at short-term versus long-term so where is the growth going to be in a few years? So we don't cut programs that may in fact be coming back for funding next year.

**Eric Keller – Program Associate – Finance Project**

Great. Thanks Molly. Jan, do you want to go ahead and now share some of your thoughts and give us some insights as to what that folks in Communities & Schools have been doing to control costs?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington D.C.**

Sure, and my first point here, I know this is going to sound really simplistic but I'm going to say it anyway. If you don't have it, you can't spend it and be very, very familiar with what's in your budget. Oftentimes, when a budget is prepared, it's going to include stretch goals and by that I mean you're going to budget for incoming revenues that you're not 100% certain that you'll receive.

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

We certainly do that, I think probably every organization does that. And then once you've got those stretch goal revenues budgeted, then you also budget for how that revenue is going to be spent? Well, be very careful because it's that part of that's going to trip you up. You can't stick to your budget expenses if you're not hitting your budgeted revenues. I believe in order for this to work really well you've got to continually monitor your actual revenues against the budget. I do this monthly and we have prepared budget on a monthly basis. In fact, each department head is responsible for preparing a monthly budget and then I roll it up to create one consolidated budget but each of the department heads are accountable for their numbers. And so as you're looking at this and you're comparing the actual budget, if you see that in any one month you didn't hit your budgeted revenue numbers, you've got to act pretty quickly to make adjustments so that you don't start spending dollars that you really do not have and that's the kind of adjustments that I think Molly talked about as well. It's really like looking at your discretionary expenses and seeing what kind of movements you can have there.

Another suggestion that I had was consider the types of in-kind support that you can obtain. We're finding that corporations may have limited dollars to spend on charitable organizations but those organizations still want to help. So they're looking for us to help them figure out what kind of support we can use without them having to write a check. With corporations we've gotten some pro bono legal support. We have a high volume of media placements and our network in particular has enjoyed the benefit of volunteers that are employees of some of these organizations. As I mentioned, nationwide we've got 5000 employees but we have 65,000 volunteers so we are very much dependent upon volunteer labor.

And then my last point would be renegotiate with your vendors and by that I mean if you have debt, see if you can negotiate more favorable terms. Maybe it's a lower interest rate, maybe it's a smaller monthly payment just until you can get over this particular downtime that you're having. We were fortunate enough when we did have bank debt we had a board member step in and essentially buy it out. It saved us from having to pay interest, now still have to pay the board member back, we had to pay the principal but we got it at much, much more favorable rates than what we were getting from the bank and the end result was that we could pay it off much quicker because we didn't have to pay both interest and principal.

And I guess if you don't have debt, this suggestion might still work for you. So if maybe you have a vendor that you've had a longstanding relationship with and you've been paying for their goods or services for a long period of time, I'd still go back to them and ask them for more favorable rates. It can't hurt and they might just work with you in order to maintain the relationship, especially if they know you're going through some financial difficulties as well.

**Eric Keller – Program Associate – Finance Project**

Great Jan. Yes, and I think that last point was an excellent one and that's something that we did see a lot of organizations doing in our research just renegotiating contracts maybe around things like office supplies, knowing that these businesses they're going through tough times financially and they may be very focused as well on really trying to keep their customers and they may be willing to work with you to make sure that you're able to continue getting your business so that and also renegotiating rent obviously if the lease is coming up and property values in the area have adjusted, we saw a lot of organizations trying to renegotiate their rent in their current building or move into another building that was going to be more affordable for them.

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236  
  
Phone: 888-301-5399  
Fax: 804-327-7554  
  
info@vcall.com  
www.vcall.com  
www.investorcalendar.com

And then just one other key point that I'll bring up from our research that we heard a lot about was that the programs looking to cut cost really often the first thing that they sought to do was first take the time to really sit down and think about really what they do best and how to protect what they do best from those funding cuts and this is what we mean in the brief when we talk about focusing on core services and as I've mentioned one strategy that some programs found useful to help them do this was the process of contingency planning, so developing that outline of steps that you'll take to deal with budget cuts if they arise and having that plan ahead of time.

So for example, an after-school program might specify that if its budget was cut 10% then it would take actions, possibly freeze staff salaries or postpone fieldtrips or something like that and then they would also create specific actions that they would take if the budget was cut by more, maybe 20% or 25% and that benefit of just having the plan in place really ensures that people are prepared for funding cuts if they occur and it also just encourages organizations to make those tough decisions about which programs or services are the most critical. So that was another important strategy that we heard a lot about. Molly and Jan, do either of you have any more comments around managing cost or any thoughts before we go to the next question?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

My only comment around the core services because I suspect some people may be in these places sometimes what we see as core is not necessarily what the community sees as core. So there's always that balance that our payers - we have some very important services that right now in the economy are very hard to fund on and for us, advocacy would be one there - they're struggling to maintain and we do whatever we can but at some point you have to say well, it may be core to us but it's just not going to be - we're not going to be able to fund this which is extremely painful and we will talk about that more later along that advocacy stuff.

**Eric Keller – Program Associate – Finance Project**

Great, that's an excellent and very important point. Thank you, Molly.

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

I didn't have anything further Eric.

**Eric Keller – Program Associate – Finance Project**

Alright, then, well, we will move on to our second question then which is in a time when funding is scarce, how has your organization generated new revenues and maintained support from current funders? So, Jan, why don't we give you the opportunity to go first on this one?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington D.C.**

Okay. I'd say the first thing that came to mind is make sure that you're able to cover your non-programmatic costs such as your back office support and I would also throw in there the advocacy issue that Molly just mentioned. We do this partially by ensuring that no grant proposal goes out of our office without including a line item for indirect cost. Now, I know we restarted the question about additional revenues and this isn't necessarily additional revenues in a sense that if you're applying for \$100,000 grant, you're not going to ask for more than \$100,000 but if you ask for 15% of that to cover indirect cost, that gives you \$15,000 of general operating support and for many nonprofits including communities and schools, that type of support is the hardest to come by. Funders can appreciate the good programmatic work that you do

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

and they feel really good about helping to pay for it but they don't get too jazzed about helping you pay for your accounting stuff.

The second thing that comes to mind here is know what motivates your funders and appeal to their interest. For example, when engaging with corporate donors, recognize that what motivates them is they typically want visibility. We might want to put their name on something so consider how you can help them achieve that. Go to the meeting with your potential funder, prepared to listen to them, hear what they are interested in but also come with a few ideas in your back pocket.

For foundations, it's usually not about visibility so much as it is about they want to have an impact. At the end of the day, they want to be able to say our money did this and so be prepared to let them know how their dollars will make that impact. If there are funders that understand the concept of general operating support, go after them as aggressively as you can because that's the most precious dollars to get I think. And if you do find that you have existing programmatic support for a program or an initiative that is no longer viable, go back to your funder, explain the situation, and ask them for permission to re-purpose those funds to a program that is both strategic for you and that aligns with their interest because I think in the end, you want to maintain the good relationships that you have with the funders but let them know that you're using their money in a way that fits both the need and is still making a high impact in the communities that you serve.

**Eric Keller – Program Associate – Finance Project**

Great, thanks Jan. Molly what thoughts do you have and what have you guys been doing at Family & Children's Service to try to generate new revenues?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

Well, I think I'm in the leave no stone unturned, shake every bush bullet point here. One of the things that we did actually prior to this current economic crisis was really diversify our revenues if you remember talking about where we get our funding and that's been really important to have a variety of funding sources. Unfortunately, every single one of the sources is now not where it was a few years ago but I would really push people to think about that if you're 85% government-funded you should be looking at foundation. If all your money is local you should be looking nationally so we've done a lot of that and I think one of the things that we did was invest a few years in an individual fund-raising model and some of you may be aware but it's now called Benevon but it's really been a worthwhile investment because it has helped us focus and discipline our individual fund raising strategies and it's mobilized our board and engaged our staff to really think about of how we create relationships with individuals which of course that moneys is about as discretionary as you can get which is kind of the holy grail for a nonprofit.

The other piece again goes back to anticipating and proactively making changes due to what's happening out there so for example in our community United Way has changed a lot in the past few years and continues to and so we've shifted some of our programs and of course we look out for mission creek so maybe it's changing your target population by moving from middle school or to elementary or elementary to middle school or changing your services a bit that will be able attract some of those changes where funders are going and still create the impact that we all want for the kids and families. I think those are the two of main things that we've done. I know there's a bullet about using data to communicate impact which I think is really important and Jan I think we talked about this on the prep call of making sure that you

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

have the databases and the ability to collect evaluation data and the ability to communicate that outwardly to your donors as well.

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

Yeah, I agree with you. I think that's very, very important.

**Eric Keller – Program Associate – Finance Project**

And I'll just add another thought about that data collection element as we know that – especially for smaller programs, building that capacity around data collection is often a challenge and we definitely heard from some of the smaller programs that we interviewed that maybe didn't have the funds to purchase the data collection software or engage in evaluation but we heard about them just creating parent and youth surveys in order just to get some feedback about people's reactions to their program in order to just collect some kind of information that they could then use to present to funders so it doesn't always to be a double blind study which shows the effectiveness of the program but just being able to go out and think creatively about how you can collect basic data can also be important.

And another thing that we wanted to highlight around this regard is a new federal funding source that may be able to help build capacity for some programs along this line and that's the Strengthening Communities Fund. This is a new funding source that's being implemented by the Department of Health and Human Services and this program awards grants to nonprofits and state and local government agencies that they can use to provide technical assistance and build capacity for smaller nonprofits in their communities and we're hoping that this is a funding source that may be able to provide opportunities for some smaller nonprofits to build their capacity around using data and you can check out more information about that funding source on the Department of Health and Human Services website. The Finance Project also recently did a funding tip that talks a little bit about Strengthening Communities Fund which is available on the Finance Project's website. Sure, go ahead Molly.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service Minneapolis, Minnesota**

Well, in addition to that, I think well in our community anyway foundations and sometimes the United Way are now also –they have capacity building funds or whatever and at times I think we may feel like well, give us the money to do the services not to build capacity, but reality is if that money is there, it's a great opportunity to build your capacity around the valuation of getting a new database or something like that and you should jump on it.

**Eric Keller – Program Associate – Finance Project**

Alright, that's an excellent point. And one more thing that I wanted to share from our research was that we saw a lot of organizations in these tough times turning to their board members or other influential leaders that support them in fund-raising so one example of this was an organization that provided a quick fund-raising 101 training to their board member just to give them a few basic tips about how they could help and within a few days these board members had gone out, sent out emails to their friends and their contacts encouraging them to donate and this had quickly generated a few thousand dollars of unrestricted funding for the program. So that was another strategy that we heard a lot about that we thought was an excellent idea. Alright, Jan do you have any or Molly as well do either of you have any more comments on this topic before we move on?

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

No.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service Minneapolis, Minnesota**

No.

**Eric Keller – Program Associate – Finance Project**

Alright, well our third question that we've got for you is now looking at partnerships. So how have partnership helped your organization get through tough times? And this is an issue that Family & Children Service has really done a lot of interesting things with. So I'll let Molly take it away on this one and talk about how their organization has used partnerships.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service Minneapolis, Minnesota**

Thanks Eric. This is something I could talk a long time on. We're very excited about this. We at Family & Children's Service is a member of an organization called the MACC Alliance of Connected Communities which is about 26 community-based family and child serving organization settlement houses in the twin cities area and the purpose of that group coming together was really about sharing effectiveness and efficiency and voice and leadership and a lot of different kinds of things and about four years ago, five of the organizations within that network came together to develop a shared administrative services organization. We didn't exactly know what it was going to look like but essentially what how it has developed was these five organizations came together for about a year, the CEO's met at least a couple of times a month to sort of develop our vision and basically thrust if you really want to know, about how we could share services while our staff in those areas came together to design what it would actually look like and how it would work and so we developed what's now called the MACC Commonwealth and it started out, it was human resources, IT and finances and subsequently we have added facilities.

We have an evaluation and database division if you will and we also have a network program proposal that the county funds for our youth services and we're even talking now about communication, volunteers and my goodness - development. So, it's really been quite an amazing kind of project because we basically had to give up our staff, so for example my CFO is now the president and CEO of the commonwealth. It's become its own separate organization. It's a 501-C3. We went through a number of different legal options before landing on the 501-C3 but the board is in effect the members of the commonwealth. So I sit on the board as does one of my board members and the six founding members make up that board. We have brought in associate members since then who have purchased some but not all. So today there's about 20 organizations involved in this and the kinds of things that have – the outcomes of that – people wanted to save money yes they definitely – it probably saved me about 50,000 every year just on an ongoing to basis to start with. It has allowed us to totally renew our IT platform and infrastructure and voice over internet protocol phone system, new databases – these are things that Family & Children's Service would not be about to purchase on our own. No way would we have been able to afford that I truly believe that as nonprofits we may need just this quality infrastructure as for profits, maybe even more in terms of managing our work.

So this has been invaluable in keeping our organization strong through this crisis. That was the main commonwealth kind of thing and people may have questions about that. The other thing is that it scales up and down depending on budget so if we grow

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com

we pay more. If we shrink which we did last year then we pay a little less. So it's quite a remarkable solution and I think there's a website that you can go to if you want information. We've consulted across the country to other areas who might be interested in this kind of deal.

I will say, it is not your everyday management services organization. It requires a lot of work and relationship-building and trust between the members and I think that's also what's made it so effective that it's not your run of the mill MSO. The other pieces that are again on my list were go after joint funding proposals and so for example if you have a partnership with another organization maybe you've applied to X foundation, they never have and they can go after funding and include you as a contractor.

And then last but not the least I think the question about merger and I will say we have over the years and most recently this past year had been engaged in merger explorations. The people always think this is going to raise more money and it's going to save money at least I think funders do. I don't think that's the case but I still think it's something to consider. If you perhaps for survival and when you're looking at that look for organization that can enhance what you do, maybe do things, do other services that you don't and who maybe have funding sources so for example we're very into United Way. It's a third of our budget. I'm looking for organizations that perhaps have different government contracts that we don't so that we can come together rather than just add on and so when I look at mergers I'm looking at what are the dollars behind it? What are the services? What's talent that either we offer or that we can gain from a merger and what's that infrastructure? How can it strengthen our infrastructure? I'll take a breath now and let Jan...

#### **Eric Keller – Program Associate – Finance Project**

That's a lot of information and I'm sure we're going to have more questions coming in about the MACC Commonwealth. That's really a fascinating enterprise and as you mention Molly we do have the website up there. I was a little late on getting that slide up but the website is up there on the slide we have now for folks that want to go and read more about that. So I will just quickly highlight one point was that forming partnerships was a particularly important strategy for a lot of the more rural programs that we interviewed.

For example we heard about a lot of smaller rural school districts working with intermediaries or forming collaboratives to pull the resources they needed to apply for federal grants and manage federal grants and we know that sometimes just finding partners in rural communities can be a challenge so we often hear about a program having to get creative in that regard so for example maybe they think about their community more broadly and expand their geographic scope when searching for partners or often maybe they look for more nontraditional partners for example one afterschool program had established a partnership with a local news paper where kids would publish stories in the paper and this was a great enrichment activity but it also helped increase the visibility of the program which they felt helped with fund raising. So that was just another point that I wanted to touch on there. Jan, do you want to comment on anything that Molly said or do you have any other thoughts about partnerships that you want to share?

#### **Jan Bigelow – Chief Financial and Administrative Officer - Communities & Schools Washington DC**

No other thought per se but I do just want to say to Molly that I'm really intrigued by the MACC Commonwealth Coalition. It sounds just like a very innovative way to overcome common issues and you had mentioned that you all did training throughout

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

the country. I'm just wondering if this has been replicated successfully in other areas or if you are still the prototype for it?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service Minneapolis, Minnesota**

There are few other models that are not exactly like the commonwealth. I think really the way in which we've done it has been quite unique and I'll tell you one of the things that happens is oftentimes it's one or maybe or two organization that want to – they kind of want to be it and then you've got smaller organization that really don't – they don't trust that kind of model so if you look at our organization, the largest organization at the time was about 12 million and the smallest was 1 million and everybody, each of those organizations had the same amount of power to bring to the organization and in any given kind of situation and over the years we've had several – sometimes people don't gain as much as others and sometimes one of us will even have to give a little or give a little more and that's where that CEO trust and relationship comes to quote Paul Wellstone in Lake Center, Minnesota, "we all do better when we all do better" and we really believe that but sometimes we have to talk that through a CEO to actually come through with that.

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

Fascinating.

**Eric Keller – Program Associate – Finance Project**

It certainly is, it certainly is. Alright, just to stay on time we're going to move on to our last question and I'll also remind folks to keep submitting their questions on the link at the top right hand corner of the screen. We've got a bunch of great questions from folks that I'll start sharing in a few minutes. We certainly won't be able to get to all of them during the Webinar back we will definitely get back to folks in the days afterwards so please keep submitting your questions and hopefully we will be able answers some of them. So before we do that, I just want to do a last big picture question for Molly and Jan which is – what do they think are the most important strategies that youth-serving organizations can use right now to weather the storm, and position themselves for success as the economy recovers? So Jan we will let you go first with thoughts on that one?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

Thank you. I would start by saying you want to be utterly transparent you're your stakeholders especially your funders. Anything that you can do to build credibility helps and I suggest the transparency start from day one even before you get the money. When you're having the initial conversation with your funders and seeking those funds, fully explain how you're going to spend it. If they ask for detailed budgets provide it and that might include salary information and be prepared to give that type of information and then if you are successful once you get the money make sure you've their reporting requirements by providing timely, accurate and readable financial and programmatic reports. I'd also suggest publishing an annual report that includes your financial data. I think you want funders to have confidence that you're going to steward their dollars responsibly.

Another way to get to that is if you can seek accreditation from some of these rating agencies that monitor nonprofits and a couple of them come to mind. There's Better Business Bureau's Wise Giving Alliance, Charity Navigator does this kind of thing and then once you seek the accreditation if you are successful and you meet the standards then let the whole world know about it. Put it on your website. Mention it in

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

your publications. Really feel proud of the fact that you've met these standards and I know we talked about this one already but I'll reinforce it. Use data to your advantage. If you can evaluate your program, if you can afford it, to have an independent evaluation that's the best. If you can't afford it though, think about the types of data that you can use to show that your program is effective. I think Eric may have already mentioned, maybe its surveys of some of your constituents or some of these other ways to do it but use data to your advantage because in the end, people want to know again that their dollars are having an impact.

**Eric Keller – Program Associate – Finance Project**

Great, thanks Jan. Molly, how about any final thoughts from you?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

Well, yes, thanks. One; obviously we've talked a lot about planning ahead but also making the tough decisions and this will also connect with the voice piece but we are no longer saying that we will do more with less and I think we all need to be saying to our communities and the stakeholders that we can't do more with less. We've been doing that for a number of years and we are going to do less with less and I'll come back to that in the advocacy piece.

I also think it's really important to engage staff and Jan talked about the transparency with funders. I think we need to really engage our staff and let them know and not totally bum them out and depress them but to share with them what's lying ahead and to engage them and we've done a lot of work with our supervisors giving them more responsibility for the development and management of the budgets and more accountability but also the tools to do that and many of you will remember the Stockdale paradox where James Stockdale in Vietnam, one of the ways he got through this one was by having a vision of what was going to happen when tough times ended. So while we're dealing with the day to day I think in a very realistically and not kidding ourselves, we also need to have a vision and be communicating that to our stakeholders and particularly in the organization about where we're going.

At the same time, when it comes to funding, don't expect things to go back the way they were. I mean, we are in a fundamental transformation in our industry whether its government United Way Foundation, things are changing that aren't just about pure dollars, it's really helped people are thinking about nonprofits, social services, all those kinds of things and we need to be a part of that conversation which brings me to the advocacy in the voice that I truly believe that really part of our job is to help our constituents but also as organizations be leading and talking about the needs of kids and families who are often being forgotten in these challenging times and keep those very present, make sure that our expertise as leaders in the field, we have good answers about to help kids and families and that we are continuing to do that and our board should be helping us with that. So, that's the end of my [indiscernible 0:54:35].

**Eric Keller – Program Associate – Finance Project**

That's great, thank you Molly. So now I think we're right on time. We've got about 15 minutes to try to move through some of these questions that we've received. So, the first one that I want to bring up is we had a lot of interest in the financing model that Molly mentioned. I believe it's all the Benevon model and at least I'm fairly sure that that's a for profit model and I'm sure that there are other effective ones out there as well, so we didn't want to necessarily endorse this one model but I think folks are really interested to hear a little bit more about it. So, Molly do you think you could just explain a little bit more about what that model does for you and how you use it?

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236  
  
Phone: 888-301-5399  
Fax: 804-327-7554  
  
info@vcall.com  
www.vcall.com  
www.investorcalendar.com

**Molly Greenman – President and Chief Executive Officer - Family & Children’s Service in Minneapolis, Minnesota**

Yeah. It used to be called Raising More Money which I think is a much better name because it says what it does and I noticed someone wanted to know how it’s spelled. It’s B-E-N-E-V-O-N and that’s their website. The reason why – and it is an investment, it is costly. I think the initial cost might be \$12,000 a year and it’s a model and it includes coaching and that kind of thing and the reason why I liked it is it’s purely relationship-based. Many of the things that they do and talk about are sort of standard fund-raising techniques that most of us have used but it pulls it into a package and it was something for me, I’d just become CEO when I went in to this and it helped me engage the board and it also helps because you’ve got this model and so when board members come in and say, hey, last place I was at we did a golf tournament and let’s do a golf tournament or let’s do a silent auction or a marathon or whatever, you can kind of say, you know, those are great ideas but we’ve chosen to do this model and we really like you to get up to speed on it and it’s been very effective for us.

**Eric Keller – Program Associate – Finance Project**

Great, thank you and another question that we had along that regard someone asked if there were any models for cultivating individual donors from alumni of the youth programs. Do either of you have any insights in that regard?

**Molly Greenman – President and Chief Executive Officer - Family & Children’s Service in Minneapolis, Minnesota.**

I would say we have not – and whether it’s youth or the families we serve and that’s a great question and that has not been something that we’ve been very successful at .

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

And I would say that we do not have a model that we use either. We do try and keep in touch with our alumni and they can help us in some of our solicitations maybe by telling their stories about how they were helped by Communities & Schools but in terms of actually seeking funding through those individuals we do not.

**Eric Keller – Program Associate – Finance Project**

Okay. So I’ll continue to feed some questions to Molly and Jan and Molly and Jan, you also have the ability to look at the question as you know so if you look on there and you see anything that you would definitely like to address that I’m not bringing up right now, please let me know.

Another interesting question that we got from Rebecca Knutson is how do you manage staff morale and prevent turnover with increasing cuts to staff professional development and wage and benefit reductions and freezes? I know that this is not an easy question to answer so I apologize for not giving you guys some more softball questions right now. Do if you have any thoughts about this very, very intractable problem?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools in Washington D.C.**

I can start Molly while you’re formulating your thoughts. I don’t think there is a silver bullet on this one but it goes back to my thoughts about always being transparent with your stakeholders and that includes your staff too. Let them know what the budget looks like for the year, so that there aren’t any surprises for them. The worse thing is for staff to feel like everything’s going great and then to suddenly be told that there’s going to be a reduction and a number of people are going to lose their jobs.

**Vcall**  
601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com

Fortunately, we haven't had - I think part of the question was wage and benefit reductions. We haven't had to make any reductions. We have froze wage and benefits though and yes, it's not easy but I think keeping staff informed of the process, letting them know that if there is a light at the end of the tunnel, what that looks like. One of the things we've done is when we froze salaries, we said we've got these targets, our revenue targets and if we meet the target by such and such a date then we can reconsider the salary freeze at that time. So staff feel like they're part of it too, they're in this with us. It's not just a leadership issue.

**Eric Keller – Program Associate – Finance Project**

Excellent point and those are certainly a lot of things that we heard as well in the research about what other folks were doing. Molly, did you have any other thoughts on this issue?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota.**

I think it really is involvement and communication and feeling like we're on the same side and our executive team meets with staff. We have four different offices so about once a month we're at one office and we just sort of a listen and dialogue session with that, which I think has really helped. I don't think you can keep doing it though. I mean, this was the first year that we did not give any increases. I think we can only do that once and it'll be reducing position so there's no easy answer. It helps having staff who are really mission driven, I'm sure most on this call know.

**Eric Keller – Program Associate – Finance Project**

Alright thanks. We had a question from Bernard Simms and I think this may be geared towards Jan, the question was how do you recruit your volunteer mentors and what support do you give to interact with their mentees?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools in Washington D.C.**

That's a great question Bernard. Much of that, and I have to say that much of those volunteers happen at our local affiliate level and I'm up here at the headquarters office so I'm probably not the best one to answer the question but I know in terms of how they recruit, it varies from one affiliate to the next but oftentimes it is to some of these corporations that I mentioned, the corporation might want to help by getting some of their employees involved.

They may not have the dollars to write a check but their employees want to help. It could be that, it could be – because we're in the school, there's a lot of word of mouth through the teachers and school administrators. They can help us bring on to some volunteers and Eric, can you repeat the second half of his question about...?

**Eric Keller – Program Associate – Finance Project**

Sure, it was - and then what support do you give to interact with their mentees?

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools in Washington D.C.**

Okay, yep, got it. So that part is still be – there's always one of our staff folks that is assigned to a school and that's the school-based like coordinator and it's that individual's job to kind of go into the community, bring in the volunteers and to provide the support to the volunteers that they need to try and map the volunteers to the particular student.

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

info@vcall.com

www.vcall.com

www.investorcalendar.com

**Eric Keller – Program Associate – Finance Project**

Great, thank you. Another one and this one I think is for – definitely it's for Molly. This is from Phil Minton. How many months from conception to implementation for MACC Commonwealth to begin?

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

It was about a year before from when we started talking about it to when the employees of the different organizations. Actually, we had the most optimal space, so in about 12 months they all moved on to our first floor of our main office. At that point, they were still employees of the original organizations and a year later I think – I can't remember how long all of this went on but I would say we were - services were beginning to be delivered probably in 18 months and some of that was staged so for example, the financial platforms, those had to be staged around budgets and I think that happened first because it was the beginning of the calendar year, phone systems went by the complexity of the organization, so some adopted them first and then other organizations – and that kind of thing.

**Eric Keller – Program Associate – Finance Project**

Great, thank you. So, we're got another question from Allison Ball, this question is a little bit longer but I think it's very interesting. So with uncertain funding sources for the next fiscal year, how do you recommend utilizing net assets accumulated from previous fiscal years in the current fiscal year? So do you recommend using it to fill the current budgetary gaps or making cut backs now and using the cash for next year and she also mentions keeping in mind the need for cash flow needs with many fee for service contracts that are reimbursed after expenses are incurred? So, I think this is an issue that will probably depend on the organization in terms of making decisions about to best use those resources but Molly and Jan it would be great to hear any thoughts that you would have in terms of folks who are thinking about how to utilize these net assets they have accumulated to best get through these times.

**Jan Bigelow –Chief Financial and Administrative Officer - Communities & Schools Washington DC**

This actually came up I think when we did our practice run because one of the things that I suggested was I said if you don't have it you can't send it and Molly, you had made the comment well but you might be able even if you don't have current revenue you might have a surplus that you can get in to. So, yeah, I do think it depends on each organization and ones comfort level in giving in to your reserve, both in terms of the dollar amount. I would look at your comfort level but also what you plan on spending it on. If you've already made all the hard cuts and you're down to just really the bone kind of thing then yes, I would feel comfortable going to my finance committee saying I want to dip into the reserves and this is why but I've got to show them that I've done all the due diligence first to make the hard cuts before I do that.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

I would agree and of all my colleagues in the commonwealth, we probably are on the best cash position. We have quite a bit of reserve and I think that's really important to really avoid doing that. I noticed someone else asked the question about do you budget for zero as the bottom line and I would say yes but it's actually even more problematic than that. We budget every year for revenue to meet expenses but we have when we budget we budget depreciation below the line but when we go through the year we have depreciation above the line because we want to fund as much as we can of depreciation.

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

[info@vcall.com](mailto:info@vcall.com)

[www.vcall.com](http://www.vcall.com)

[www.investorcalendar.com](http://www.investorcalendar.com)

So we are pretty determined to end our year with a positive cash flow. The other thing that we've done though is with grants that are maybe multi-year or in a different fiscal year, we may push a grant from our school year which is January to December into the next year moving forward but we really try not to end up with a deficit on the book.

**Eric Keller – Program Associate, The Finance Project**

Alright, thanks Molly. I am looking at another question now which is around what after school evaluation tool or assessments can you recommend? I will take this one. I think a great resource for looking at a variety of after school evaluation or assessment tools was developed by the Forum for Youth Investment so I don't have – well, I've got the link in front of me which is on the brief in page 15 but it's not going to do anyone any good to read this entire link off but if you check out the forum for youth investment's website they have a guide that highlights 10 assessment tools and this are for after school Programs but also for a variety of youth program I believe and I think that's an excellent source to just check out and look at some of the different assessment tools that have been developed and it discusses how they've been used and what some of the advantages to them are. Another question that we had was to repeat the names of the accreditation organization? I think Jan this is something that you had mentioned

**Janice Bigelow – Chief Financial and Administrative Officer, Communities In Schools, Washington, D.C.**

Oh, sure. The Better Business Bureau' Wise Giving Alliance and Charity Navigator are the two that we have used and there's probably others out there as well. So the Better Business Bureau's Wise Giving Alliance is for national organizations but I think there may even be a version of it that accredits local programs as well.

**Eric Keller – Program Associate, The Finance Project**

Great, thanks and it looks like we have time to squeeze in one more question so this one's about the commonwealth. It's from Jenny Eponshade (ph). So her question – it begins, it sounds like the commonwealth project managed to transform a competitive culture to a true coalition or cooperative and I think that an excellent point. So how important were existing personal relationships to that transformation and do you think the change will be lasting even when the economy improves.

**Molly Greenman – President and Chief Executive Officer - Family & Children's Service in Minneapolis, Minnesota**

You know that's a great question. They were important. I think part of it we were all involve in this other organization and many of us have been in the business a long, long time so we knew each other and that kind of thing but I think every step along the way as we were planning it and even today, things pop up where all of a sudden will sort of like whoa, I don't know if I can do that and what happened was we would just stop then and spend the time until that person get comfortable with it. We also - one of the organizations in the commonwealth was this MACC, the larger organization itself and the role of that is that it was very helpful in keeping us all on the straight and narrow and that kind of thing.

We have yet to experience a change in the CEO leadership of the founding members. We have however added additional CEOs in the associate category and they attend – we execs meet once a month with the CEO of the commonwealth and so it is interesting. There are differences sometimes but we pretty much work through them and again it really does come to relationships and people being able to speak their mind and speak freely and that kind of thing and the phase time is important.

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399

Fax: 804-327-7554

[info@vcall.com](mailto:info@vcall.com)

[www.vcall.com](http://www.vcall.com)

[www.investorcalendar.com](http://www.investorcalendar.com)



**Eric Keller – Program Associate – Finance Project**

Okay great, thanks Molly. All right well we are just about out of time so on this slide here we've got the presenters' contact information. Please feel free to get in touch with any of us directly. As I said we're going to try to answer a lot of the questions that we didn't get to offline and I'll coordinate that but please feel free to get in touch with any of us if you want to ask us questions directly or just want you discuss some of these issue that we've talked about today more.

And I'll just end by thanking everyone for joining and letting you know that these materials from the Webinar can all be found on the Finance Project's website and thank you so much Molly and Jan as well for all of your wonderful insights and ideas that you've shared today.

And then before folks leave just please fill out this evaluation which should pop up in a moment. We're really interested to hear your feedback and this will definitely help us improve future events. So please fill out the form and thanks so much to everyone who joined and participated and please have a wonderful day.

**Operator**

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

**Vcall**

601 Moorefield Park Dr.  
Richmond, VA 23236

Phone: 888-301-5399  
Fax: 804-327-7554

info@vcall.com  
www.vcall.com  
www.investorcalendar.com