

***Nonprofits are ineffective
...and no one really cares***

**An overview of the Nonprofit Sector in
the US + an Introduction
to Social Enterprises
*new models for tackling the world's
social problems***

***Presented by Prof. Sarah Holloway, SIPA
January 18, 2013***

AGENDA

- U.S. Nonprofit Sector***
- Challenges with Current Model***
- Emergence of a New Model***
- Social Enterprises in NYC***
- Discussion: Where Do Philanthropy and Fundraising Fit In?***

U.S. Nonprofits

- Estimated 1.6 Million Nonprofits in the United States (US)
- 9.2% of all salaries in US paid by nonprofits
- The Nonprofit share of GDP was 5.5% in 2010
- More than 90% of U.S. nonprofits were founded since WW2;
- # of nonprofits in the U.S. has doubled over the past 10 yrs

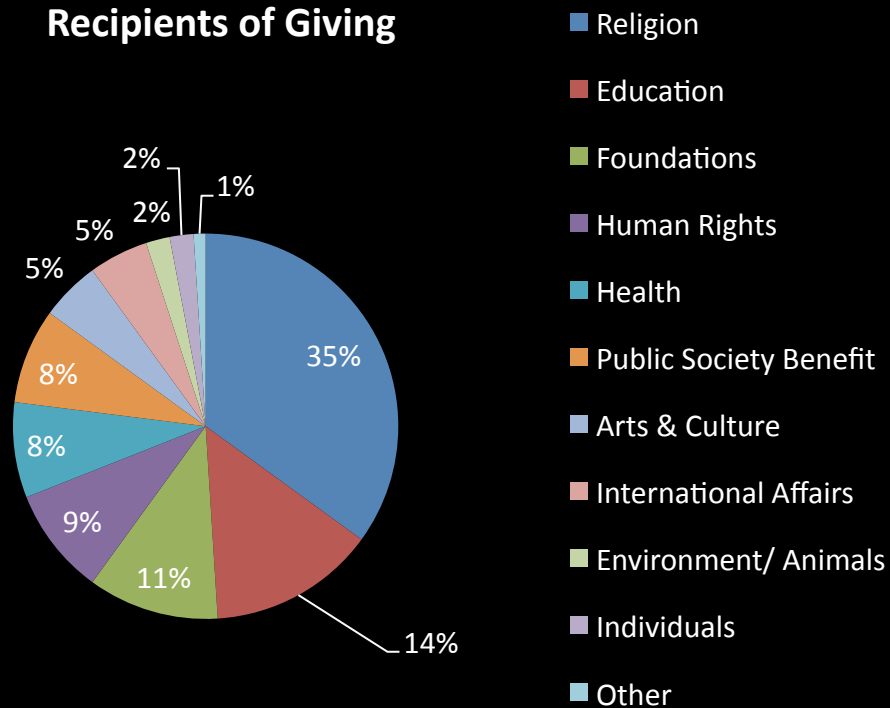
Where does the money come from?

- US Nonprofits raised \$1.5 trillion in revenue in 2010
- And spent \$1.45 trillion on programs and activities
- Of the \$1.5 trillion in revenue raised :
 - 73% came from program service revenues (fees + contracts)
 - **22% came from contributions, gifts and grants**
 - 5% came from "other" sources including dues, events, etc.
- Also notable...
 - 75% of nonprofits bring in less than \$500,000 per year

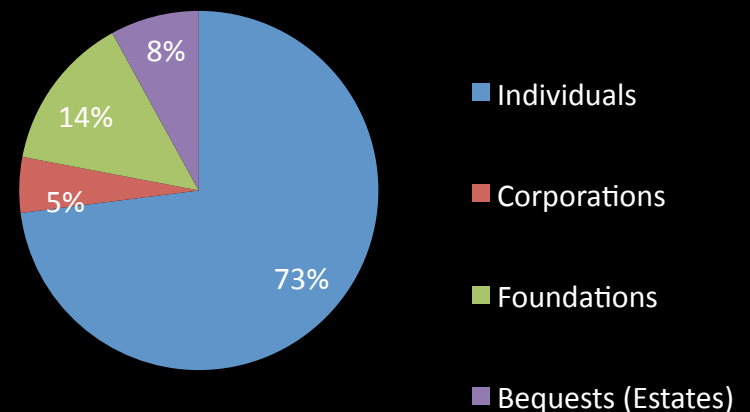
\$291 Billion Contributed in 2010

22% of 1.5 Trillion = 291 Billion

Recipients of Giving



Sources of Giving



Individuals gave \$212 billion , Foundations = \$41 billion; Corp = 14 billion

*A majority of nonprofits are
ineffective and
no one really cares*

*Nonprofits don't need to
do a really good job...*

...It's charity.

***Nonprofits are less focused on
being effective ...***

***than on making sure they have
the resources to keep doing
what they are doing***

*Funders don't really
get it either*

**Nonprofits in the US spend
between 20 and 28 cents on
the dollar on fundraising –
meaning it costs more than
\$1 to raise \$5.**

***It would actually be cheaper to
take out a bank loan.***

***The only way
we are going to change things
is to do it better!***

***Who is doing it better
and what do they have in
common?***

Social enterprises are mission driven organizations that apply **market-based strategies** to achieve a social purpose

Financial **returns are reinvested** in community to achieve social purpose, **create employment** and other **social/economic benefits**

Double or Triple Bottom Line
Clear Impact Measures
Transparent
Financially Sustainable
Scalable
Adaptable

5 Top Missions of Orgs Creating SEs

- 1) Workforce Development
- 2) Housing
- 3) Community & Economic Development
- 4) Education
- 5) Health

Top 5 SE Ventures / Types

- 1) Education and Training
- 2) Retail
- 3) Consulting Services
- 4) Food/Catering
- 5) Art Venture

Housing Works (Brooklyn, NY)

Homelessness and HIV/AIDS



HOUSING WORKS



12 Thrift Shops Bookstore + Café Catering Business

- 1) provides employment*
- 2) \$10 million annually*
(25% of \$43 million annual budget)

DonorsChoose.org engages the public in public schools by giving people a simple, accountable and personal way to address educational inequity.





[How It Works](#)

[Gift Options](#)

[Results](#)

[For Teachers](#)

***books / technology / field trips / classroom
supplies/ arts & music programs***



***\$165,980,454 raised
332,687 projects funded in
138,559 classrooms
8,345,212 million students
helped
1,024,800 supporters
(\$64 is avg. donation)
48% of schools in US***



BILL & MELINDA
GATES foundation

Goldman
Sachs
Gives

CHASE

Google



***76% of donors allocate
15% of donation to
support
DonorsChoose.org***

***... making 50-person
organization
fully self sustaining***



Hot Bread Kitchen is a social-purpose bakery that trains immigrant women to bake and places them in jobs in the culinary industry



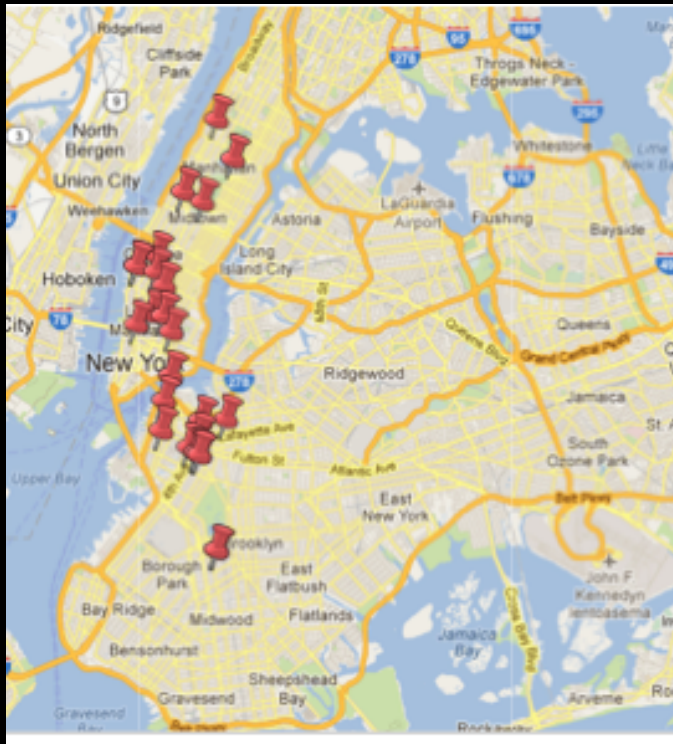
21  made into
TYPES OF DOUGH

35  representing
DIFFERENT PRODUCTS

12  representing
DIFFERENT COUNTRIES



Bread Business
generates
\$1.5 million per year
+
(almost fully)
supports workforce
training program *and*
English classes for
immigrant women



***MOUSE's mission is to
“empower students to succeed
in today's information society”***



New York City Public Schools
= 1.1 million students
1,700 schools

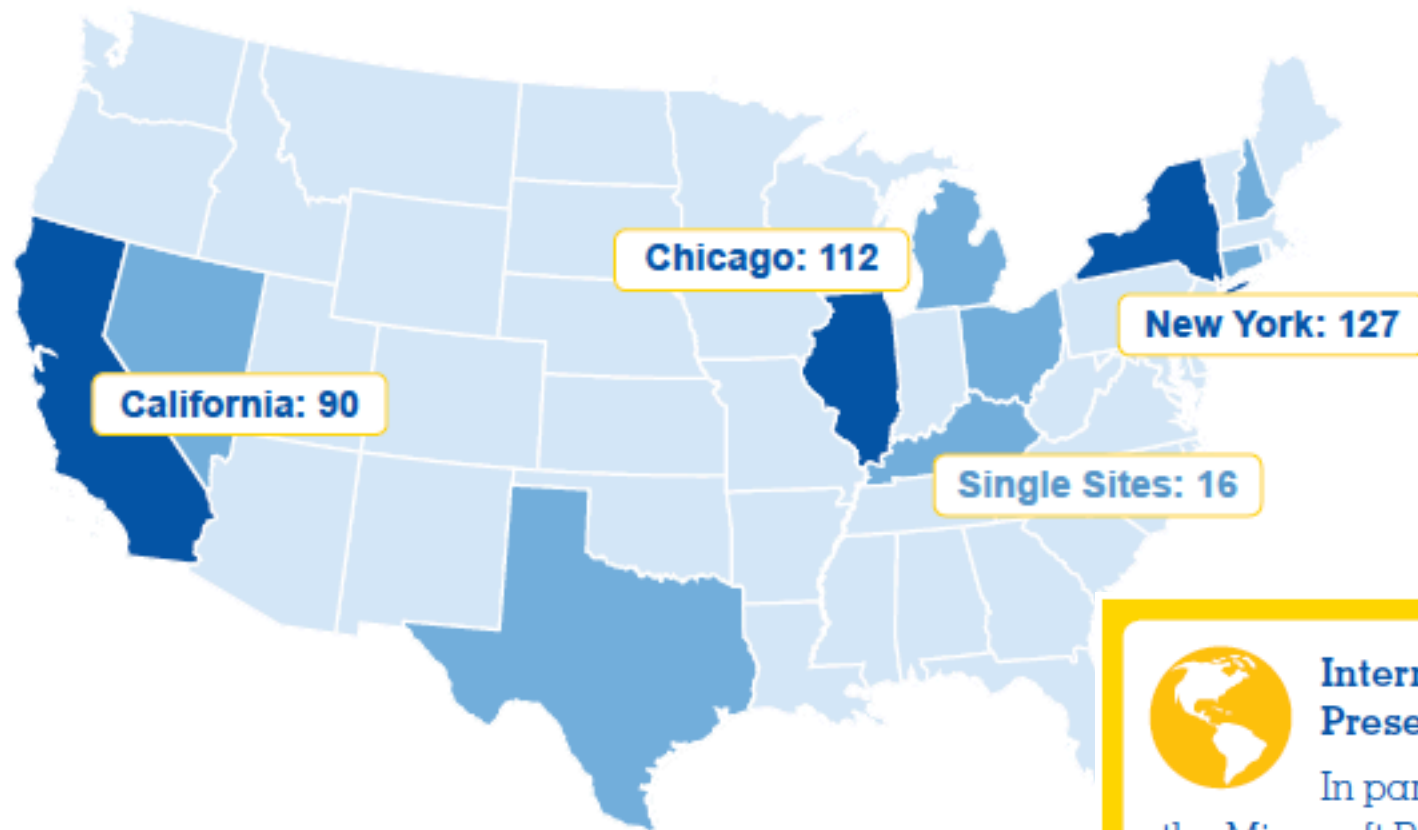
50 to 500 computers per school
+
no on-site technical support

1:30

Industry Standard
= 1 technical support person
to every 30 computers

NATIONAL PRESENCE

Total: **345 sites**



International Presence

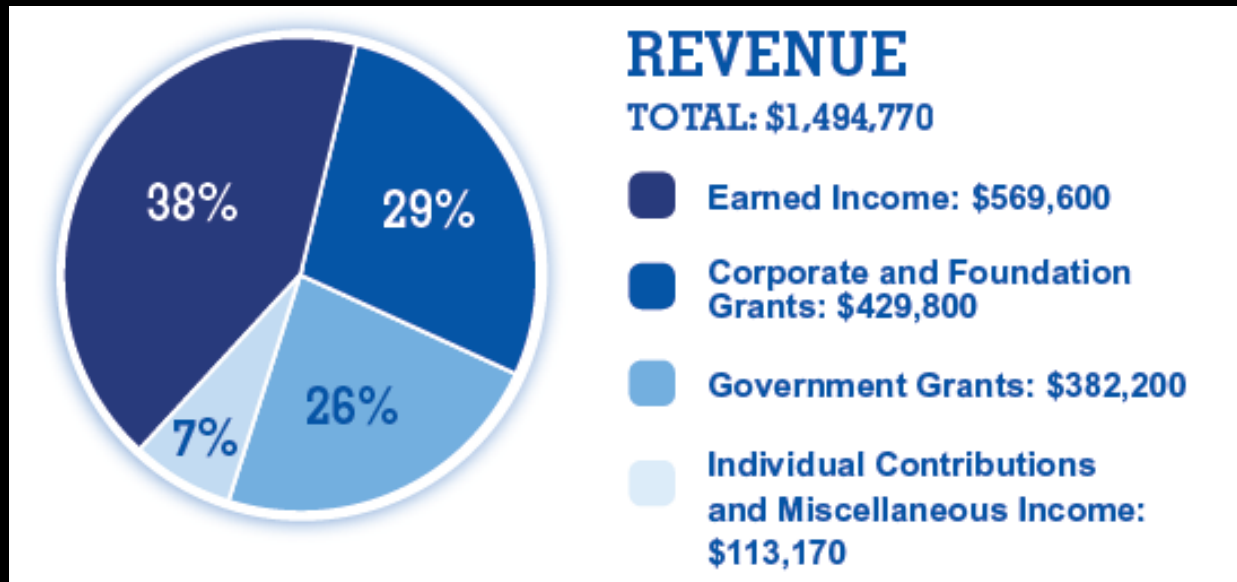
In partnership with the Microsoft Partners in Learning program, the MOUSE Student Helpdesk Curriculum is currently accessible in more than **50 countries**.

Students work 14 hours per week, 42
weeks/yr = 588 hours

588 hours x \$32.50 (*semi prof. rate*)
= \$19,110 per school cost savings

~ 340 schools (US) x \$19,110 = \$6.6 mil





38% of Revenue = Earned

In NYC, program costs \$6,000 per school
*\$999 from school, \$2,500 from city via contract
+ \$2,500 private*



The Future:

**Where do
Philanthropy and Fundraising
Fit In?**

NEW **PROFIT** inc.

ben & Jerry's
foundation
greening the grassroots since 1985



citi



W.K. KELLOGG
FOUNDATION

THE
Edna McConnell
Clark FOUNDATION

ON

OMIDYAR NETWORK™

Bank of America



Rockefeller Foundation

Innovation for the Next 100 Years

GOOD
CAPITAL

DELL

ERNST & YOUNG
Quality In Everything We Do

skoll
FOUNDATION

JPMorgan

BILL & MELINDA
GATES foundation



ASHOKA

acumen
FUND