

An Introduction to Social Enterprise: Opportunities for Nonprofit Leaders to Develop New, Sustainable Revenue Streams

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City of San Diego Nonprofit Academy

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Goals of Today's Workshop

- Understand what is a social enterprise and be able to evaluate if it is potentially relevant to your organization now or in the future
- Gain an understanding of the opportunities and positive impact of creating new, sustainable revenue streams through social enterprise
- Learn about the benefits and challenges of aligning social and financial objectives in a hybrid social enterprise model
- Apply some of these principles to your own organization and develop some initial actions for where you could leverage social enterprise solutions

What is a Social Enterprise?

“Organizations that address a basic unmet need or solve a social or environmental problem through a market-driven approach.”



Source: Social Enterprise Alliance:

What is a Social Enterprise?

DEFINITION OF A NON-PROFIT SOCIAL ENTERPRISE *from Social Enterprise Alliance*

- It directly addresses an intractable social need and serves the common good, either through its products and services or through the number of disadvantaged people it employs.
- Its commercial activity is a strong revenue driver, whether a significant earned income stream within a nonprofit's mixed revenue portfolio, or a for profit enterprise.
- The common good is its primary purpose, literally “baked into” the organization's DNA, and trumping all others.

What is Entrepreneurship?

Define Entrepreneurship and Entrepreneurship

Definition of entrepreneur:

one who organizes, manages, and assumes the risks of a business or enterprise.

Definition of entrepreneurship:

The activity of organizing, managing and assuming the risk of a business or enterprise

From Webster dictionary

noun, plural **entrepreneurs**

a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.

(dictionary.com)

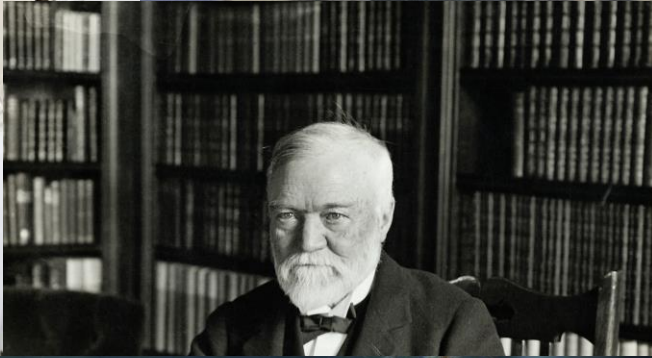
Origin from French word *entreprendre: to undertake*



When You Think of Entrepreneurs....

Who comes to mind?

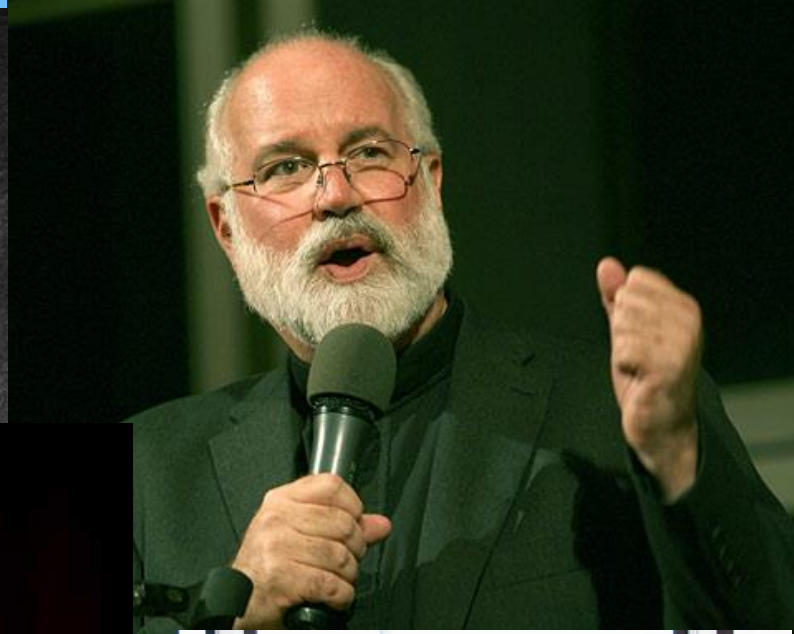




Entrepreneurs are.....

Persistent	Creative	Responsible
Inquisitive	Goal-Oriented	Independent
Self-Demanding	Self-Confident	Risk-Taking
Restless	Action-Ordered	Enthusiastic

Social Entrepreneurs... who comes to mind?



And long before the term Social Enterprise was created...



GoodWill Industries established 1902

\$5.7 Billion in revenue FY 2016 in the US

116 offices in US + 13 countries

86% of its income is generated through retail sales and earned income streams



What is A Social Entrepreneur?

What is a Social Entrepreneur? Social entrepreneurs drive social innovation and transformation in various fields including education, health, environment and enterprise development. They pursue poverty alleviation goals with entrepreneurial zeal, business methods and the courage to innovate and overcome traditional practices. **A social entrepreneur, similar to a business entrepreneur, builds strong and sustainable organizations, which are either set up as not-for-profits or companies.**

Source: Schwab Foundation



Origins of Social Entrepreneurship

The pioneer.... [Muhammad Yunus](#) and Grameen Bank

- Why did microfinance have such a great impact on the world's poor?
- On the global economy?
- Why is Muhammad Yunus' role in establishing social entrepreneurship so important?



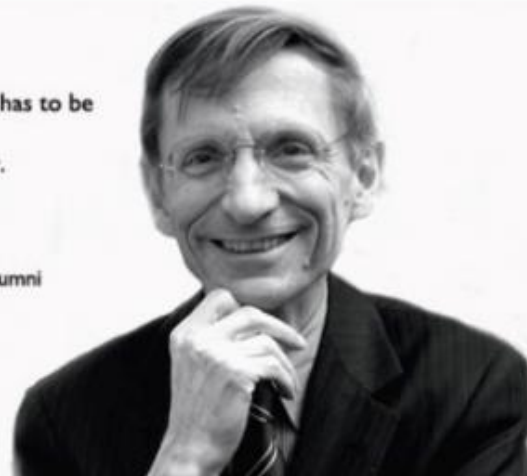
The Creation of A New Field:
Bill Drayton and Ashoka



ASHOKA

A LITTLE EMPATHY CAN GO A LONG WAY: THE BILL DRAYTON STORY

"We want the world to see that it has to be
a changemaker world.
Everyone is a changemaker.
That's very radical."
- Bill Drayton,
Ashoka CEO and
one of Harvard's 100 Influential Alumni



What factors drove growth of social entrepreneurship as a field?

- Growth in # NGOs and nonprofits
- Rise of civil society
- Recognition that dependence on philanthropic dollars insufficient to address global needs
- Globalization
 - Recognition that the world's poor are key players in the global economy
- Increasing commitment of corporate sector to support social impact (rise of CSR)
- Drive towards cross sector collaboration
- Millennials
- Increasing demand for producing measurable impact and results— whether it's philanthropic or for profit investments

The Growth of the Global Citizen Sector

- The number of NGOs worldwide is estimated to be 10 million.^[15] [Russia](#) had about 277,000 NGOs in 2008.^[16] [India](#) is estimated to have had around 2 million NGOs in 2009, just over one NGO per 600 Indians, and many times the number of primary schools and primary health centres in India.^{[17][18]} [China](#) is estimated to have approximately 440,000 officially registered NGOs.^[19] About 1.5 million domestic and foreign NGOs operated in the United States in 2017.^[11]

Nonprofit Organizations In the United States

2,201,946

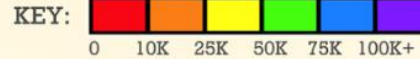
Total Nonprofit Universe*

1,800,000+

Active Nonprofit Organizations

Top 5 Over 100K

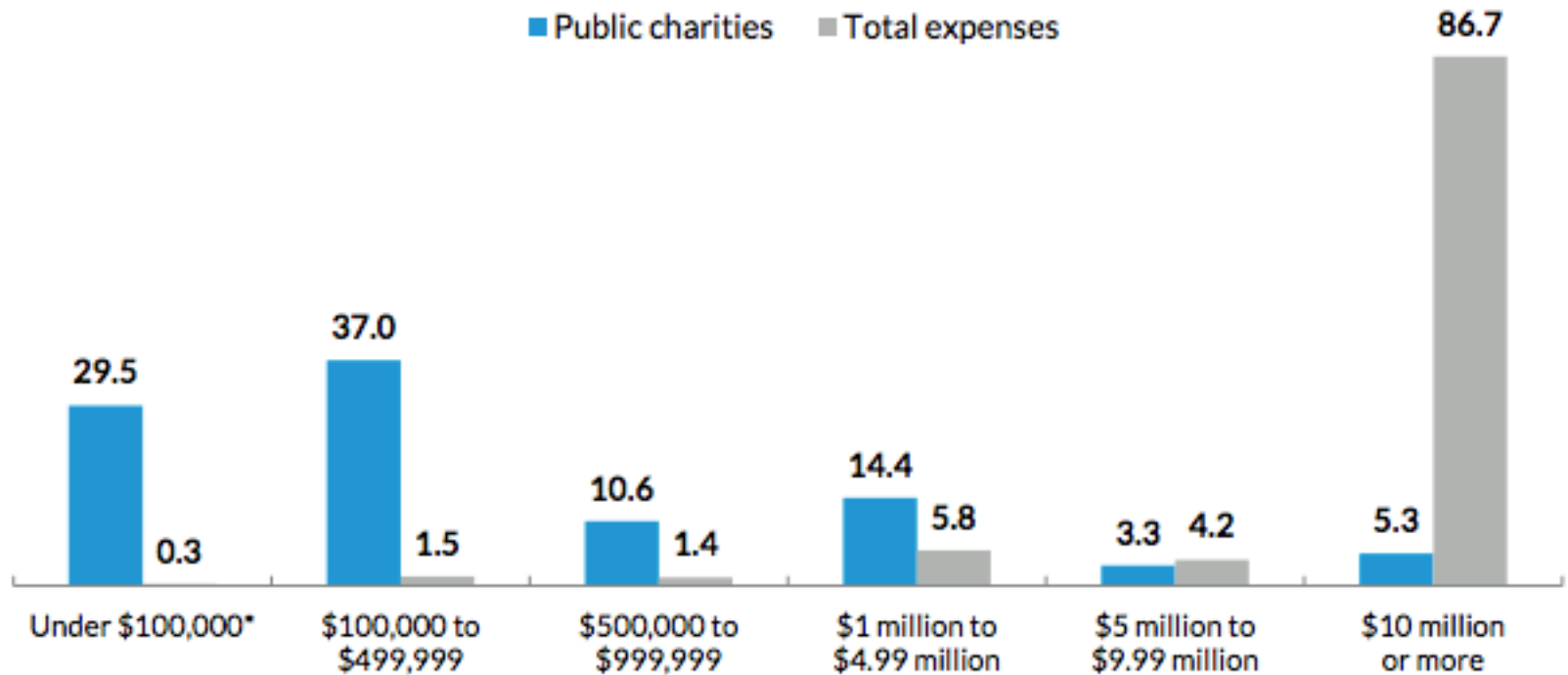
- #1: California
- #2: Texas
- #3: New York
- #4: Florida
- #5: Pennsylvania



* Represents the number of nonprofit organizations you can research on www.guidestar.org.
U.S. Territories NOT INCLUDED: Northern Mariana Islands, American Samoa, Guam, Virgin Islands, and Puerto Rico.

The vast majority of these organizations are less than 30 years old

Number and Expenses of Reporting Public Charities as a Percentage of All Reporting Public Charities and Expenses, 2013



Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2013).

The Unique Challenges of the San Diego Nonprofit Sector

Caster Family Center for Nonprofit and Philanthropic Research: Annual Reports

Large and growing number of nonprofits in San Diego region- more than 11,000 in 2018
Total revenue of \$18B+

This number has doubled over last 20 years

From [Times of San Diego July 11, 2016 article](#):

On average, San Diego nonprofits have only 1.7 months of liquid operating funds on hand, limiting their ability to withstand an unexpected revenue shortfall.

“Nonprofits appear to operate ‘hand to mouth’ with enough liquidity to operate for less than two months if any disruption in revenue occurs,” the authors wrote (2016 report)

There’s also a big divide between the many smaller, often all-volunteer nonprofits, and a limited number of large ones. Sixty-two percent of the non-profits in the county have annual revenue of \$50,000 or less....

while just 8 percent have revenue over \$1 million.



THE CHALLENGE

HOW CAN A SMALL TO MEDIUM SIZE
SAN DIEGO NON-PROFIT BECOME BOTH:

**MORE FINANCIALLY SUSTAINABLE
AND
INCREASE ITS IMPACT?**

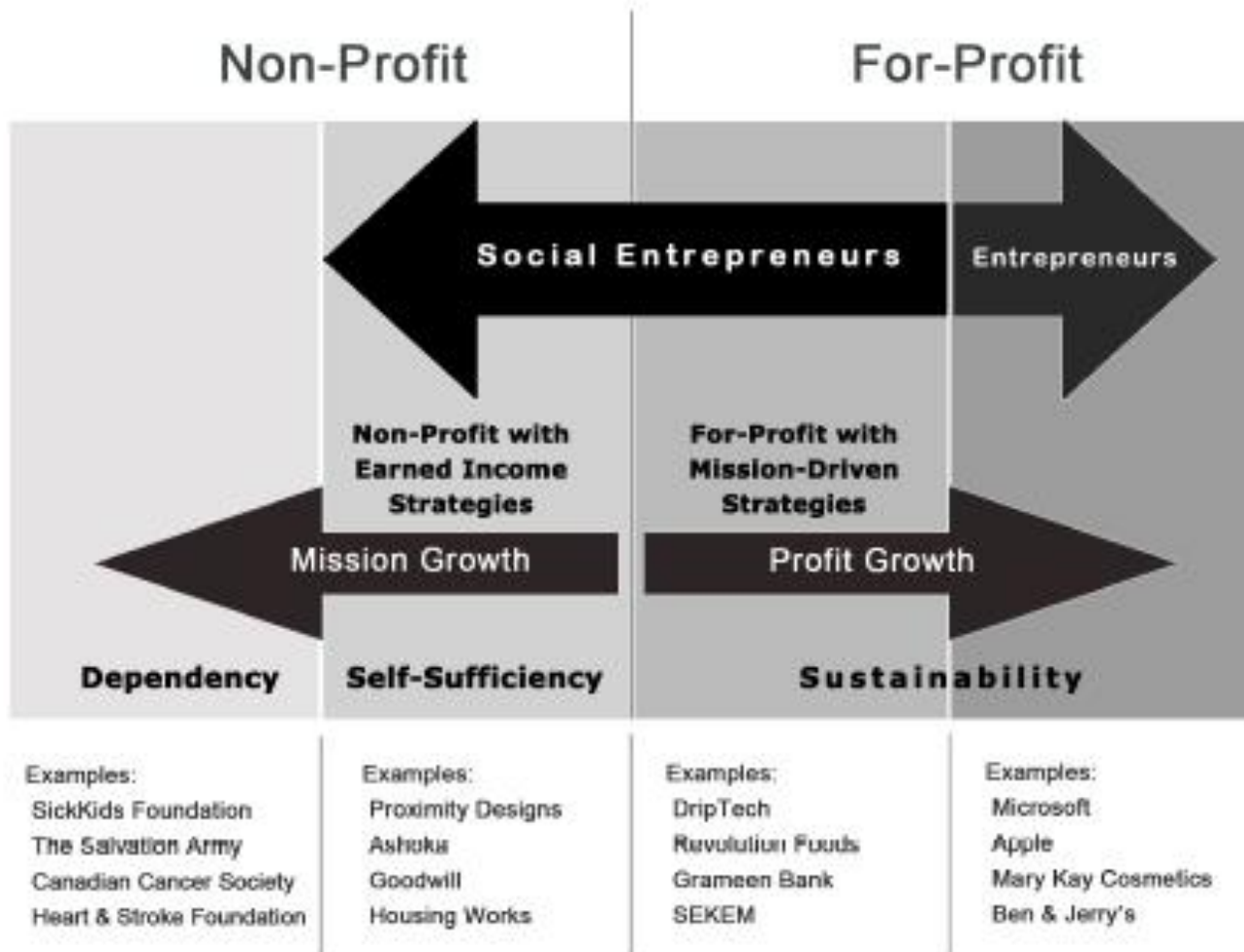
CAN SOCIAL ENTERPRISE BE A SOLUTION?

Social Entrepreneurship

- *Social entrepreneurship is the process by which effective, innovative and sustainable solutions are pioneered to meet social and environmental challenges.*
- *A social entrepreneur is someone who designs and implements an intervention, product or service that improves the well-being of marginalized individuals and populations.*
- *A social enterprise is an organization (either non-profit or for profit) that is formed to meet a social or environmental challenge, that streamlines its operations and supply chain to maximize social impact and minimize the use of resources and that uses a **sustainable, replicable and potentially scalable business model.***

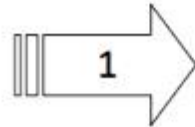
Source: Teresa Chahine, *Introduction to Social Entrepreneurship*, 2016

The Social Entrepreneurship Spectrum



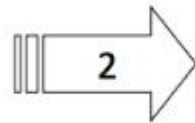
Characteristics of a Successful Social Entrepreneur

From Ashoka



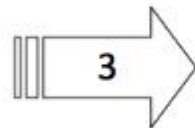
A Knock-out Initial Test: A New Idea

Is the person possessed by a truly new idea for solving a public need? Is it a truly transformational innovation, or just a tweaking of how things are now done? How is it different from what others do in this field?



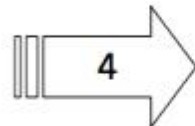
Creativity

Is the person creative—both in vision/goal-setting and in problem solving? How creatively does the person approach opportunities and obstacles—be they organizational or political? Does he/she create original solutions?



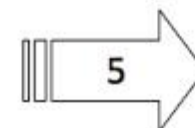
Entrepreneurial Quality

Is the person so committed to his/her vision that it is impossible for him/her to rest until the vision becomes the new pattern across society? Is the person willing to spend years relentlessly grappling with myriad, practical “how to” challenges (how to get to national scale, how to make the pieces fit together, etc.)?



Social Impact of the Idea

Is the idea likely to solve an important social problem at the national level or beyond? Is the idea itself sufficiently new, practical, and useful that people working in the field will adopt it once it has been demonstrated? If it is, how many people will be affected? How much will they benefit?



Ethical Fiber

Is the person totally honest? Would you instinctively trust him/her? (A quick intuitive test: Imagine yourself in danger and ask if you would feel fully comfortable if the candidate were with you.) Is his/her motivation deeply and firmly rooted in a commitment to serve others?

Models of Social Entrepreneurship

1. Leveraged Non-profit
2. Hybrid Non-profit(i.e. Nonprofit with Earned Income Strategies
3. For Profit with Mission Driven Strategies
(or Social Business or Social Venture Business)

The Hybrid Social Enterprise Model

What is a Hybrid Social Enterprise?

Most typically structured as a 501C3 with a for-profit commercial offering / earned income stream of products or services providing an additional revenue source beyond grants and donations

A hybrid model provides an outstanding opportunity to deeply extend and expand the mission and impact of a nonprofit- while creating sustainable revenue streams

If you are thinking about social enterprise you are not alone

Examples of Successful San Diego hybrid model social enterprises

Larger organizations:

- Kitchens for Good
- KIT (Kids Included Together)
- Mission Edge
- La Maestra Foundation
- Solutions for Change
- Dreams for Change
- Jewish Family Services

Newer additions to social enterprise in San Diego

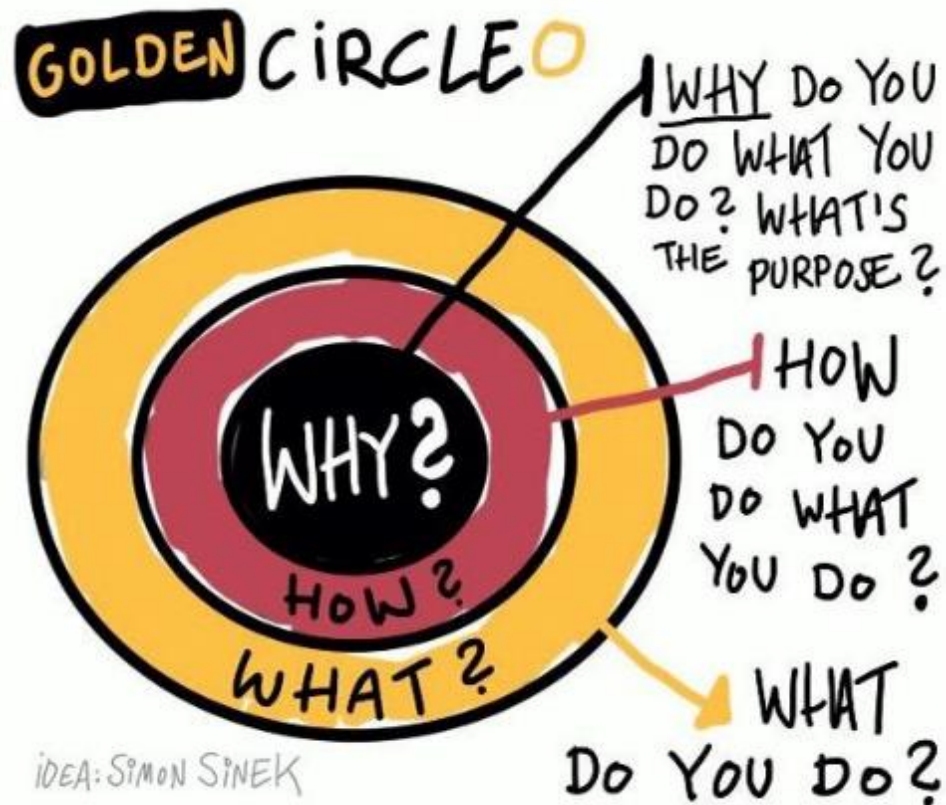
- RiseUp Industries
- UWEAST
- Project Chop at IRC
- UPAC's Neighborhood Enterprise Center
- City Heights Coffee House
- WIT/ Whatever It Takes

Learn about these and their best practices.



You Must Start with the WHY

- Why are you creating this product or service?
- Why and how does it tie to your mission?
- Why would anyone buy it?



Connect Your Why to Your Product or Service

Greyston Bakery Makes Brownies That Change Lives

By Chris Malone | May 11, 2015

Page Views: (1091)

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Image Credit: [Ben & Jerry's](#)

- » **Greyston** provides the homeless employment in a bakery that makes brownies for Ben & Jerry's ice cream. As Greyston says, "we don't hire people to bake brownies, we bake brownies to hire people."

Connect Your Why to Your Product or Service



Solutions for Change & Solutions Farms

Job training and income generation to solve homelessness for families



Solutions for Change
Solutions Farms

Solutions Farms

Produce that tastes good...and does good!



HOME

ABOUT US

WHERE
TO BUY

LEARN &
VOLUNTEER

PHOTO
GALLERY

FAQ'S

CONTACT AND
TOURS



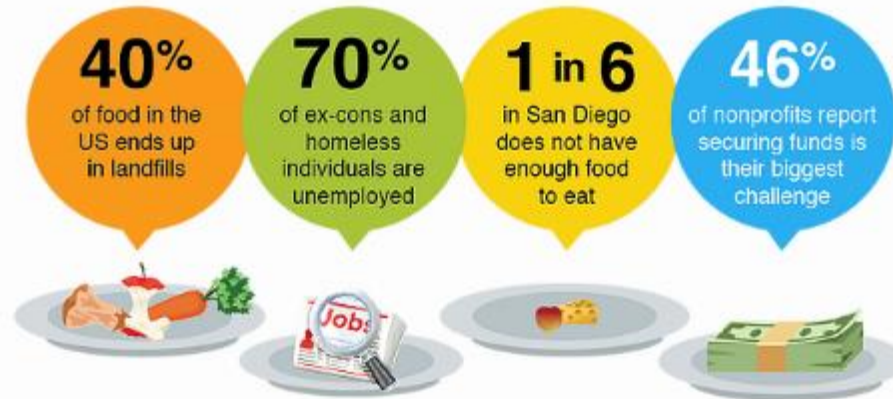
How Does Your Product or Service Empower Your WHY?

- In Social Enterprise- the revenue stream you develop must be tied to your mission
 - The service or product you sell must align with the outcomes and impact you seek to advance-
 - * *This is also how you ensure you comply with tax reporting requirements*
- Identify a product or service that leverages the strengths and capabilities of your organization
- Identify a product or service that the market wants- and customers will pay for!
 - ❖ *NOTE: The people you impact / benefit through your organization may not necessarily be the same people who will buy your product or service!*
- Determine how you can differentiate that product or service in the market
 - * *You are likely to be competing for your customers often with for-profit organizations!*

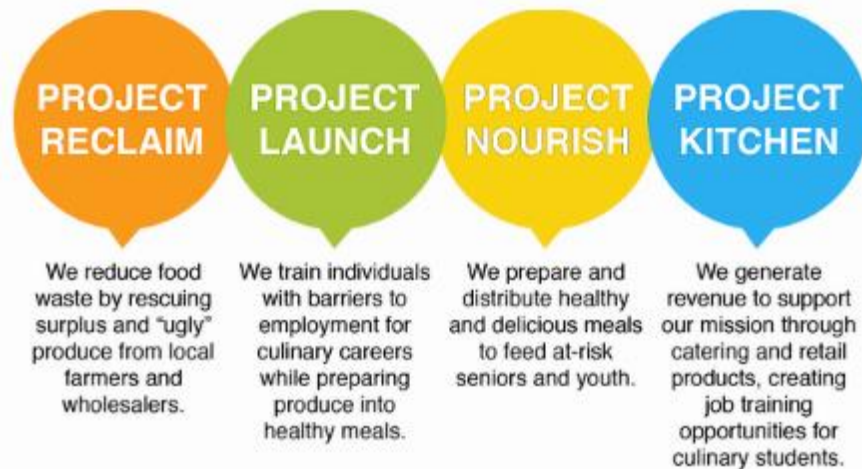
Kitchen's for Good- Their "Why"



Kitchens for Good- Aligning Product and Mission



OUR SOLUTION



Kitchens for Good- Aligning Product and Mission



ABOUT US

OUR PROGRAMS

SOCIAL ENTERPRISE

CATERING AND EVENTS

NEWS

GET INVOLVED

CATER YOUR EVENT



Our Approach



KITCHENS FOR GOOD HYBRID MODEL

OUR SOCIAL ENTERPRISE MODEL

What is a social enterprise?

A social enterprise is a mission driven business that improves the community well being while using commercial business practices to create financial sustainability.



PROJECT KITCHEN

social enterprise food services, including catering and contract meals, generates revenue to reinvest in programs, and creates good jobs and learning opportunities for culinary students.



PROJECT RECLAIM:

reducing food waste by recycling and purchasing surplus and 'ugly' produce from local farmers and wholesalers.

PROJECT LAUNCH:

culinary job training students learning job skills- prepare produce into healthy meals

PROJECT NOURISH:

healthy meals provided to hunger relief agencies, that serve seniors, youth and the homeless.

Social Enterprise Benefits



67%
of budget is generated through earned revenue

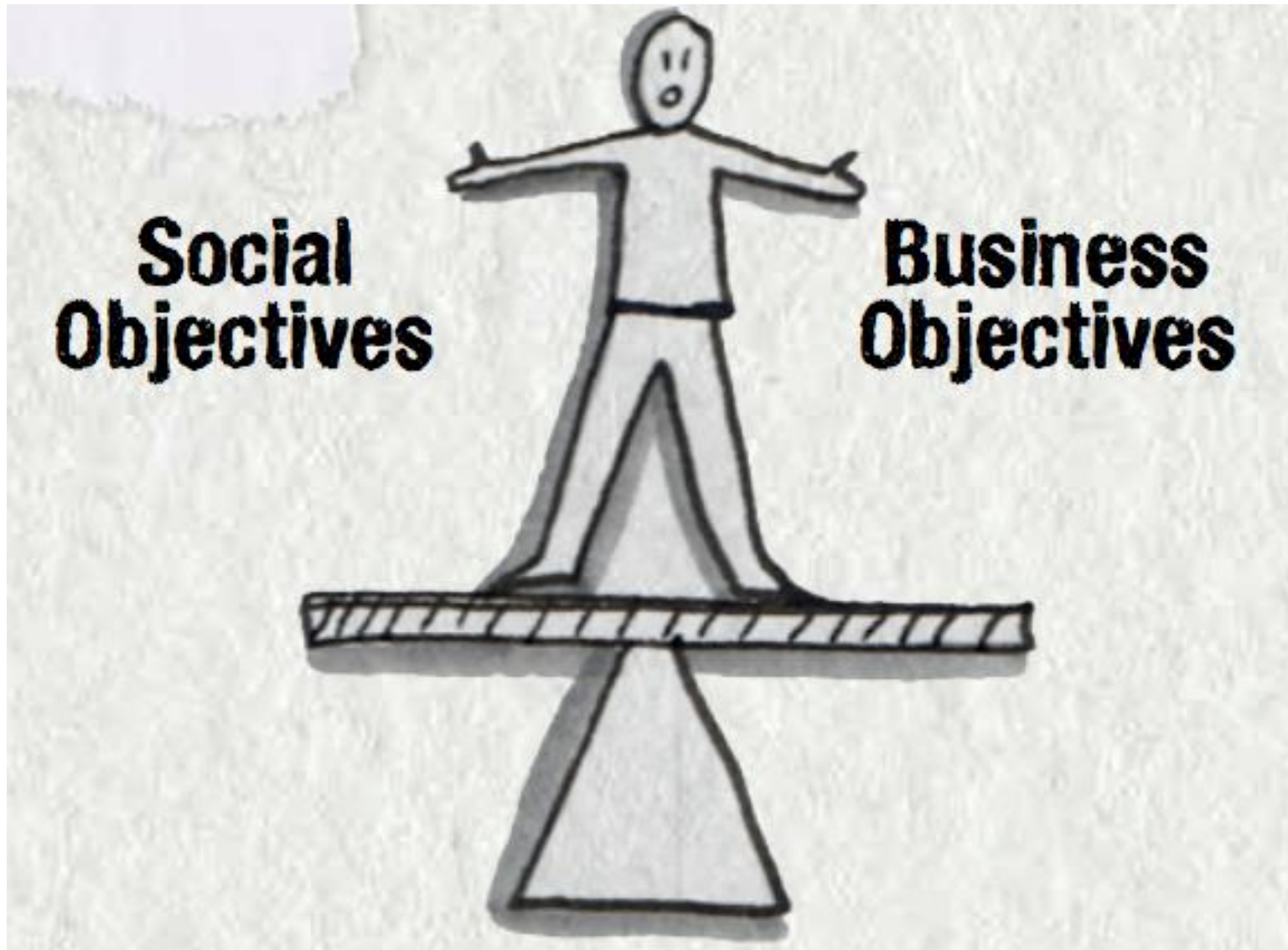


Earned revenue reduces the burden on government and philanthropy to pay for social programs



40 newly employed graduates are contributing to the economy

The Challenge of The Hybrid Model



The Challenge- Balancing Social vs. Financial

- Where to invest – in social programs or growing and supporting your new business line- whether a product or service?
- How do you balance those decision?

KFG's challenge- Balancing Social vs. Financial

- Where to invest – in social programs or growing and supporting catering business?
- How to turn around a money losing catering business at the beginning of KFG launch?

- Business vs. social investment decisions:

How does the CEO justify the need to replace lost silverware, broken dishware, poor quality audio video and buy the best salmon for catering events vs. spend all the money you have on training programs for culinary students?

Balancing Social and Financial Objectives

- Requires a cultural and mindset shift
 - Need to make tough decisions to balance both social and financial
 - Need willingness to experiment, try and fail
 - Selling products and services is now part of the job for the entire organization
 - Your products must be EXCELLENT as you are now competing- *often in a commercial market*
 - Need your board members to be aligned with this need to balance and weigh these

New Skills and Mindset Needed

- New skill sets? Mindsets?
- You will need to understand cost of goods, market pricing, your competition, ROI for your products or services
- You need to tie this to the impact you seek to make with your social enterprise
- You and your staff need to learn how to sell!
- You will need to constantly iterate, adapt and adjust- can you be comfortable with that?

Earned Income Model= Lots of Experimentation and Lots of Failure



KFG example and lessons learned:

#1 People don't use a lot of jelly and it lasts a really long time- means you can't sell much

#2 Fail fast and try not to use too many resources and \$ in the process



KIT- Mindset Shift Needed for Growth



[Why Inclusion?](#) [What We Do](#) [Who We Are](#) [Blog](#) [Contact](#) [Sign In](#) [Q](#)

Together,
kids are
better.

Inclusion benefits every child

[LEARN MORE ABOUT INCLUSION](#)



Helping organizations meaningfully include kids
with disabilities

How We Support Inclusion



Online Training



On-site Training



Coaching & Consulting



Policies & Standards



Speaking Engagements

[SEE THE ABILITY IN EVERY CHILD](#)

KIT: Mindset Shift Led to Exponential Growth

- Per Torrie Dunlap, KIT CEO, selling services is not a typical role for a nonprofit professional
- Her staff resisted "selling"- saying that was not their job
- Today 96% of KIT revenue is from sales of training program materials, services, coaching, consulting and support
- Customers- school districts, US military, corporations, etc.

Return of Organization Exempt From Income TaxUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

OMB No. 1545-0047

2011Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning 7/01 , 2011, and ending 6/30 , 2012	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C KIDS INCLUDED TOGETHER SAN DIEGO, INC. 2820 ROOSEVELT ROAD #202 SAN DIEGO, CA 92106
	D Employer Identification Number 33-0731368
	E Telephone number 858-225-5680
	G Gross receipts \$ 2,022,584.
F Name and address of principal officer: SAME AS C ABOVE	
H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, attach a list. (see instructions)	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(s) () ▶ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	
J Website: ▶ WWW.KITONLINE.ORG	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	
L Year of formation: 1996 M State of legal domicile: CA	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>KIT'S MISSION IS TO PROVIDE LEARNING OPPORTUNITIES THAT SUPPORT RECREATION, CHILD DEVELOPMENT AND YOUTH ENRICHMENT PROGRAMS TO INCLUDE CHILDREN WITH AND WITHOUT DISABILITIES.</u>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	14
	4	Number of independent voting members of the governing body (Part VI, line 1b)	14
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	21
	6	Total number of volunteers (estimate if necessary)	55
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 183,197. Current Year: 254,194.
	9	Program service revenue (Part VIII, line 2g)	1,123,101. 1,641,713.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	569. 616.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	58,962. -22,828.
	12	Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,365,829. 1,873,695.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
	14	Benefits paid to or for members (Part IX, column (A), line 4)	
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	831,905. 915,506.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 137,774.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11i-24e)	452,503. 645,066.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	1,284,408. 1,560,572.	
19	Revenue less expenses. Subtract line 18 from line 12	81,421. 313,123.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 642,151. End of Year: 981,002.
	21	Total liabilities (Part X, line 26)	154,834. 180,562.
	22	Net assets or fund balances. Subtract line 21 from line 20	487,317. 800,440.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date		
	VICTORIA L DUNLAP Type or print name and title.		CEO		
Paid Preparer Use Only	Print/type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JULIE A. FIRL	JULIE A. FIRL			P00085551
	Firm's name ▶ LEAF & COLE, LLP	Firm's EIN ▶ 95-2076568		Phone no. 619.294.7200	
	Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820				

May the IRS discuss this return with the preparer shown above? (see instructions)

 Yes No

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

2017

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2017 calendar year, or tax year beginning 7/01, 2017, and ending 6/30, 2018	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminal <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C KIDS INCLUDED TOGETHER 2820 ROOSEVELT ROAD #202 SAN DIEGO, CA 92106
F Name and address of principal officer: VICTORIA L DUNLAP SAME AS C ABOVE	D Employer identification number 33-0731368
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	E Telephone number 858-225-5680
J Website: WWW.KIT.ORG	G Gross receipts \$ 2,967,137.
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other	H(a) Is this a group return for subordinates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> H(b) Are all subordinates included? If No, attach a list (see instructions) Yes <input type="checkbox"/> No <input type="checkbox"/>
L Year of formation: 1996	M State of legal domicile: CA
N(a) Group exemption number ▶	

Part I Summary

1 Briefly describe the organization's mission or most significant activities: THE MISSION OF KIT IS TO TEACH INCLUSIVE PRACTICES TO PEOPLE AND ORGANIZATIONS WHO SERVE CHILDREN. KIT'S GOALS ARE TO 1) CHANGE ATTITUDES TOWARDS DISABILITY, AND 2) PROVIDE THE KNOWLEDGE, TOOLS, AND RESOURCES NEEDED TO CREATE INCLUSIVE COMMUNITIES.	
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)..... 3 18
	4 Number of independent voting members of the governing body (Part VI, line 1b)..... 4 18
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)..... 5 27
	6 Total number of volunteers (estimate if necessary)..... 6 28
	7a Total unrelated business revenue from Part VIII, column (C), line 12..... 7a 0.
	7b Net unrelated business taxable income from Form 990-T, line 34..... 7b 0.
	8 Contributions and grants (Part VIII, line 1h).....
9 Program service revenue (Part VIII, line 2g).....	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	
14 Benefits paid to or for members (Part IX, column (A), line 4).....	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	
16a Professional fundraising fees (Part IX, column (A), line 11e).....	
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 16,784.	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	
19 Revenue less expenses. Subtract line 18 from line 12.....	
Net Assets or Fund Balances	20 Total assets (Part X, line 16).....
	21 Total liabilities (Part X, line 26).....
	22 Net assets or fund balances. Subtract line 21 from line 20.....

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date			
	VICTORIA L DUNLAP	CEO			
Paid Preparer Use Only	Print/preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JULIE A. FURL	JULIE A. FURL	1/10/19		P00085551
	Firm's name ▶ LEAF & COLE, LLP	Firm's EIN ▶ 95-2076568		Phone no. 619.294.7200	
	Firm's address ▶ 2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820				

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

How has KIT's success as a social enterprise enhanced their impact?

IMPACT MEASUREMENT IS KEY

MEASURE WHAT MATTERS!!

Be sure to incorporate that in ALL your messaging and branding



Best Practice: Since KFG Started: Measure What Matters--- Impact Measures

Tie to your value proposition!

What metrics and measurement matter most- to beneficiaries, customers, stakeholders?

Kitchens for Good ->

This is also what funders will care about!

This was from early 2017 for fundraising campaign to buy 2nd kitchens



Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

2015

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2015 calendar year, or tax year beginning 7/01, 2015, and ending 6/30, 2016

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of the organization: **KITCHENS FOR GOOD**
 404 EUCLID AVENUE
 SAN DIEGO, CA 92124

D Employer identification number: **46-3278605**

E Telephone number: **(619) 450-4040**

G Gross receipts: \$ **1,509,878.**

F Name and address of principal officer: **CHUCK SAMUELSON**
 SAME AS C ABOVE
 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

H90 Is this a group return for subsidiaries? Yes No
H00 Are all subsidiaries included? Yes No
 If No, attach a list. (See instructions.)

I Tax-exempt status: **KITCHENSFORGOOD.ORG**

J Website: **KITCHENSFORGOOD.ORG**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **2014** **M** State of legal domicile: **CA**

H92 Group exemption number ▶

Kitchens for Good exponential growth driven by social enterprise

Part I Summary		Prior Year		Current Year	
1 Briefly describe the organization's mission or most significant activities: <u>KITCHENS FOR GOOD WORKS TO DEVELOP SUSTAINABLE COMMUNITY KITCHENS THAT PROVIDE CULINARY JOB TRAINING FOR UNEMPLOYED POPULATIONS, WHILE SIMULTANEOUSLY TRANSFORMING LOCAL EXCESS PRODUCE INTO NUTRITIOUS MEALS FOR THE COMMUNITY.</u>					
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.					
3 Number of voting members of the governing body (Part VI, line 1a)		3		9	
4 Number of independent voting members of the governing body (Part VI, line 1b)		4		8	
5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)		5		31	
6 Total number of volunteers (estimate if necessary)		6		35	
7a Total unrelated business revenue from Part VIII, column (C), line 12		7a	0.	0.	
7b Net unrelated business taxable income from Form 990 T, line 34		7b	0.	0.	
8 Contributions and grants (Part VIII, line 1h)		107,720.		494,358.	
9 Program service revenue (Part VIII, line 2g)				1,015,516.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		3.		4.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11a)					
12 Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12)		107,723.		1,509,878.	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)					
14 Benefits paid to or for members (Part IX, column (A), line 4)					
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		43,255.		772,892.	
16a Professional fundraising fees (Part IX, column (A), line 11a)					
b Total fundraising expenses (Part IX, column (D), line 25) ▶		94,259.			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		34,887.		843,987.	
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		78,142.		1,616,879.	
19 Revenue less expenses. Subtract line 18 from line 12		29,581.		-107,001.	
20 Total assets (Part X, line 16)		88,236.	Beginning of Current Year	302,613.	End of Year
21 Total liabilities (Part X, line 26)		0.		321,378.	
22 Net assets or fund balances. Subtract line 21 from line 20		88,236.		-18,765.	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer: **CHUCK SAMUELSON** Date: **PRESIDENT & FOUNDER**
 Type or print name and title.

Paid Preparer Use Only Preparer's name: **JESSICA M. DORSETT** Preparer's signature: _____ Date: **10/25/16** Check if self-employed **P00874090**
 Firm's name: **POLITO, EPPICH ASSOCIATES, LLP** Firm's EIN: **32-0076871**
 Firm's address: **100 E. SAN MARCOS BLVD., #100** Phone no.: **760-599-9900**
SAN MARCOS, CA 92069

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to www.irs.gov/Form990 for instructions and the latest information.**2017**

Open to Public Inspection

Department of the Treasury
Internal Revenue Service**A** For the 2017 calendar year, or tax year beginning 7/01, 2017, and ending 6/30, 2018

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C	D Employer identification number
	KITCHENS FOR GOOD 404 EUCLID AVENUE SAN DIEGO, CA 92114	46-3278605
		E Telephone number 619-450-4040
		G Gross receipts \$ 3,558,033.

F Name and address of principal officer:	H(a) Is this a group return for subordinates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	H(b) Are all subordinates included? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," attach a list. (see instructions)

I Tax-exempt status	<input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527
----------------------------	--

J Website: KITCHENSFORGOOD.ORG	H(c) Group exemption number
---------------------------------------	------------------------------------

K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other	L Year of formation: 2014	M State of legal domicile: CA
---	----------------------------------	--------------------------------------

Part I Summary

1 Briefly describe the organization's mission or most significant activities: THE ORGANIZATION'S MISSION IS TO BREAK THE CYCLES OF FOOD WASTE, HUNGER, AND POVERTY THROUGH INNOVATIVE SOLUTIONS IN WORKFORCE TRAINING, HEALTHY FOOD PRODUCTION AND SOCIAL ENTERPRISE.

2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
3 Number of voting members of the governing body (Part VI, line 1a)	11
4 Number of independent voting members of the governing body (Part VI, line 1b)	10
5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	149
6 Total number of volunteers (estimate if necessary)	670
7a Total unrelated business revenue from Part VIII, column (C), line 12	0.
7b Net unrelated business taxable income from Form 990-T, line 34	0.

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	968,440.	1,853,496.
9 Program service revenue (Part VIII, line 2g)	1,488,071.	1,702,383.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6.	9.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,922.	2,145.
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,459,439.	3,558,033.

	Prior Year	Current Year
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
14 Benefits paid to or for members (Part IX, column (A), line 4)		
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	1,131,609.	1,610,392.
16a Professional fundraising fees (Part IX, column (A), line 11e)		
b Total fundraising expenses (Part IX, column (D), line 25)	127,435.	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,290,919.	1,501,756.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,422,528.	3,112,148.
19 Revenue less expenses. Subtract line 18 from line 12	36,911.	445,885.

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	548,866.	1,204,537.
21 Total liabilities (Part X, line 26)	530,720.	740,506.
22 Net assets or fund balances. Subtract line 21 from line 20	18,146.	464,031.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

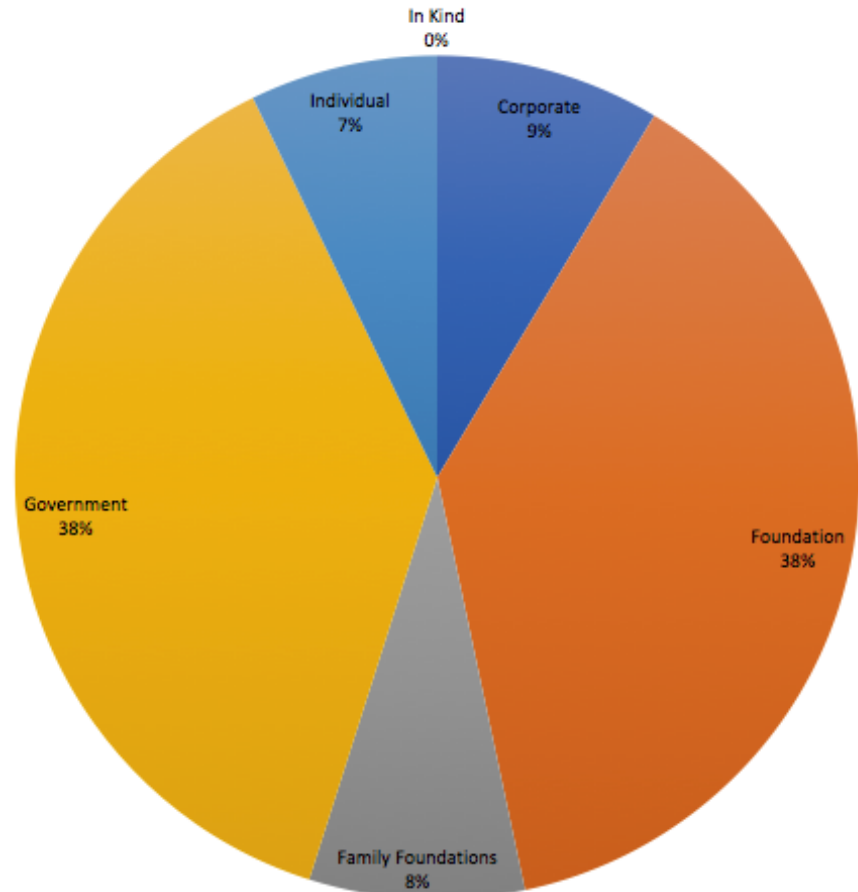
Sign Here	Signature of officer	Date
	JENNIFER GILMORE Type or print name and title	CEO

Paid Preparer Use Only	Print/type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	MICHAEL J. ZIZZI	MICHAEL J. ZIZZI	10/30/18		P00085553
	Firm's name Firm's address	2810 CAMINO DEL RIO SOUTH, SUITE 200 SAN DIEGO, CA 92108-3820		Firm's EIN	95-2076568
				Phone no.	619.294.7200

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

	17/18 Actual	18/19 Goal
Corporate	125,607.10	9%
Foundation	555,790.00	38%
Family Found.	120,408.87	8%
Government	553,498.04	38%
Individual	105,034.77	7%
In Kind	0.00	
Grand Total	1,472,832.22	

Philanthropic Breakdown 2017/18



Successful social enterprise focus and impact measurement driving growth of KFG philanthropic funding – which in turn supports revenue generation opportunities:

*California Wellness Foundation
\$250,000 for program related expenses

*San Diego Workforce Partnership
\$100,000 for workforce development/
Project Kitchen.

*County of SD : \$25,000 – program expenses

State of CA: Baking Apprenticeship
\$350,000

THIS YEAR WE RESCUED

49,581 lbs

OF FOOD

49,581 lbs
2017/2018

29,360 lbs
2016/2017

7,650 lbs
2015/2016

Food Rescue

Always measure what matters

PROJECT RECLAIM

Hover over images to learn more.

We believe that food is simply too good to go to waste.

Project Reclaim prevents thousands of pounds of food from going to waste by redistributing it in the form of scratch-cooked meals to food-insecure San Diegans.

In Fiscal year 17-18, Kitchens for Good grew its food rescue program by 40%, rescuing a total of 49,581 lbs of surplus and cosmetically imperfect product from local wholesalers and gleaning organizations such as Specialty Produce, Catalina Offshore and ProduceGood.

Students, chefs and volunteers sort, glean and transform this unwanted food into healthy meals for social services agencies across San Diego.

This year, Kitchens for Good expanded its food diversion program by enrolling in the City of San Diego's composting program. All food scraps from our kitchen will be recycled into compost for use on farms and gardens.

Our Impact This Year

OUR GOAL FOR NEXT YEAR

OUR PARTNERS

Addressing Food Insecurity

9,742

MEALS FOR AT RISK YOUTH

27,487

MEALS FOR CLIENTS AT PARTNER AGENCIES

34,451

SENIOR MEALS

Always measure what matters

PROJECT NOURISH

Hover over images to learn more.

Providing more than just food - a nutritious meal.

One in five San Diegans struggles to put food on their table and must make difficult choices between paying for food, or paying for medicine, or rent. Through Project Nourish, students, chefs and volunteers prepared 87,516 nutritious and delicious meals to feed approximately 4,200 food insecure children, seniors and families across San Diego. Kitchens for Good distributes these meals in partnership with other social service agencies and community programs including senior centers, after-school programs, low-income housing facilities, and homeless shelters.

In fiscal year 17-18, Kitchens for Good deepened its commitment to fighting childhood hunger by expanding its youth meals programs and serving more than 25,000 meals to youth in afterschool and summer meal programs.

Project Nourish provides much needed meals while giving students an opportunity to hone their culinary skills, give back to the community, and feel an immediate sense of accomplishment in the kitchen.

*"Getting this meal is survival being homeless. Because most people like me have food stamps. But, right now, I don't have food stamps, because I have to wait until next month. These meals keep me going."
- Project Nourish Meal Recipient*

Our Impact This Year

OUR GOAL FOR NEXT YEAR

WHERE OUR MEALS GO

Workforce Development

98

STUDENTS
ENROLLED

86%

EMPLOYED POST
GRADUATION

80%

RECEIVE
RAISES DURING
EMPLOYMENT

FY 2017 results

PROJECT LAUNCH

Hover over images to learn more.

Always measure what matters

From knife skills to life skills.

Kitchens for Good provides more than just job training. We provide hope for a better future. Through a 12-week certified culinary apprenticeship program, Kitchens for Good helps its students overcome histories of incarceration, homelessness and foster care - equipping them with a renewed self-confidence and skill set to become employed and self-sufficient in the culinary and hospitality industry. The successful model combines hands-on training with classroom instruction, individual case management, life-skills coaching and job placement services.

In fiscal year 17-18, Kitchens for Good enrolled 98 students, and achieved an 86% employment rate of graduates (tracked monthly for 18 months). Students not only remained employed, but advanced in their career path, with 80% of employed graduates receiving a raise or promotion within 18 months. Another notable success is that less than 6% of KFG students and graduates with criminal records returned to prison. On average, 60% of all felons in California return to prison within 24 months of being released.

The program has continued to grow and evolve to meet the needs of students and graduates. In August 2017, Kitchens for Good launched an alumni program to ensure that all 166 graduates of Project Launch receive consistent support and guidance post-graduation. The alumni program includes a monthly meeting centered on the Alumni Program's three tenets of community: service, professional development, and community. In addition to the monthly meetings, Kitchens for Good has hired two Alumni Ambassadors, who will work part-time to check in with Project Launch alumni regularly and help organize monthly alumni

**Our Impact
This Year**

**OUR GOAL
FOR NEXT YEAR**

**OUR EMPLOYEE
PARTNERS**

\$1,682,487

EARNED THROUGH SOCIAL
ENTERPRISE

98

STUDENTS
EMPLOYED

560

EVENTS

Catering Revenue

FY 2017 results

Always measure what matters

PROJECT KITCHEN

Hover over images to learn more.

**Giving back has never
tasted so good.**

Out of our kitchen come several profitable endeavors including catering and events services and contract meal services. These enterprises provide more than just delicious food - they provide culinary students with essential on-the-job training needed to excel in the culinary field.

Through Kitchens for Good's catering enterprise, students hone their skills by spending 10 hours a week earning a paycheck. In fiscal year 2017-2018, Kitchens for Good employed all 98 students and provided them with more than 8028 hours of on-the-job training and \$108,802 in wages.

These enterprises also make Kitchens for Good more sustainable, by earning revenue to support its own programs. Kitchens for Good breaks the mold of typical non-profits by generating over 50% of its budget through social enterprise revenue, reducing its reliance on philanthropy.

**Our Impact
This Year**

**OUR GOAL FOR
NEXT YEAR**

**MAJOR
HIGHLIGHT**

Best practices mean you are always learning, evolving, pivoting and measuring as you grow and learn more. You see what works and doesn't work and adapt your models. Do this and the results can be awesome!



Kitchens for Good

May 23

We are unbelievably excited and honored that Kitchens for Good has been voted Best Caterer of 2018 by San Diego Magazine! Thank you to all our clients and fans who voted for us- we couldn't have done it without your support. Here's to another year of creating delicious events that empower, nourish, and uplift!

Check out the other winners at <http://www.sandiegomagazine.com/.../San-Diegos-Best-Restaura.../>

Book your next event at <https://kitchensforgood.org/catering/>



157

11 Comments 17 Shares

Like

Comment

Share



Smarter Growth Strategies

Growth comes from leverage:

Where / how can you source materials, curriculum, resources to get you to your goals faster and more efficiently including:

- Outsourced or open source curriculum?
- Existing or already developed materials, resources you can incorporate in your solutions?
- Partnerships?
- Don't duplicate -replicate, learn from others
- Partnerships

Partners + Key Stakeholders



Partnerships

- You do NOT need to provide all parts of the solution
- Look for organizations who already have resources / capacity that enhance what you do
- How can you work with others to be faster to market and more resource efficient?
- Do NOT reinvent – instead **LEVERAGE** through collaboration and partnership

Partnerships = Leverage for Growth and Impact

- A critical vehicle for differentiation and “looking bigger than you are”
 - By teaming up with other organizations that enhance or augment your solution you will:
 - Look bigger than you are
 - Appeal to a broader customer base
 - Leverage resources when you are resource constrained
 - Appeal to funders and investors

Principals of Partnership

The new math:

$$1+1=5$$

Best Practice: Develop & nurture a robust partner ecosystem

Kitchens for Good Partner Ecosystem

*Referring agencies for potential
students-*

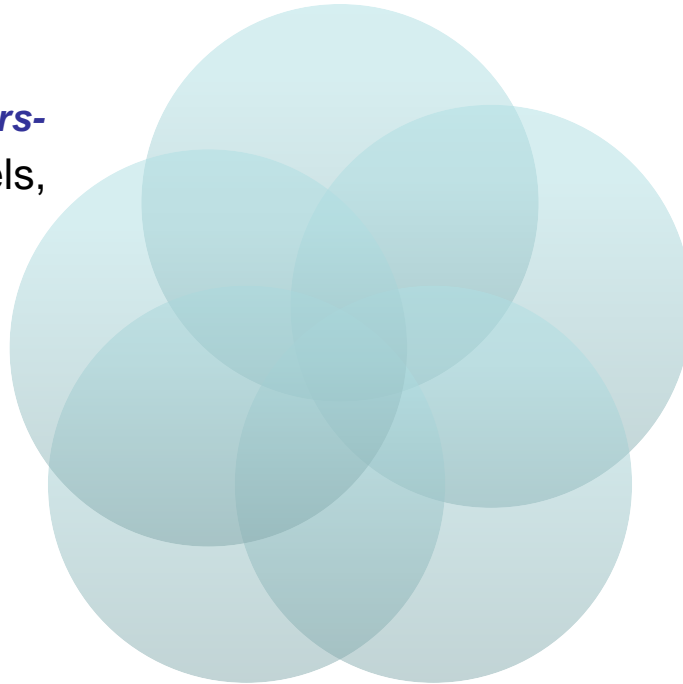
Prison parole boards, drug treatment
centers, foster programs

Employment partners-
Restaurants, hotels,
hospitals

*Food source
partners-* farmers
with “ugly fruits and
vegetables”

*Agencies serving
the food insecure
and workforce
development*

*Catering
customers
Funders*



Going Forward

- Is a hybrid social enterprise a possible fit for your organization now or in the future? Why or why not? How can you evaluate the possibilities?
- Can you envision the opportunities and positive impact of creating new, sustainable revenue streams through social enterprise?
- Are you more aware of the importance and challenges of aligning social and financial objectives in a hybrid social enterprise model?

Team Breakouts

- Identify a revenue opportunity that you can pursue beyond your current offerings/

THANK YOU!

Karen Henken

khenken@sandiego.edu

760 271 5413

