## Index

- **AARP** 85, 170  
- **Affordable Care Act** 90, 136, 143  
- **ALS Association ice bucket challenge** 112  
- **altruism**  
  - see also philanthropy  
  - benefits theory on 40  
  - general 116  
  - impure 40  
  - public goods inspiring 50  
  - pure 40–41, 110  
  - volunteer motivation 119–20  
  - warm glow see warm glow  
- **American Bible Society** 21, 22  
- **American Museum of Natural History** 175–9  
  - externality-laden 179  
  - income portfolio 176–7, 178–9  
  - membership packages 177–8  
  - mission 175–6  
  - multi-stakeholder 179  
- **Apollo’s Fire** 85, 183, 187  
- **Architects for Humanity** 2  
- **Arizona Theatre Company** 2  
- **assets, utilization of** 75, 166, 219, 234, 245  
- **Atlanta Community Foodbank** 51, 122–3, 183  
- **Bader** 118  
- **B Corps** 8, 16, 192  
  - see also benefit corporations  
  - Certified 27  
- **B Lab** 8, 27, 192  
- **Ben & Jerry’s** 4, 118, 194  
- **beneficiary groups** 69–70, 71, 72, 146, 163, 169  
- **benefit corporations** 27, 57, 181  
  - see also B Corps  
  - flexible 192  
- **benefit LLCs** 27  
- **benefits** see goods  
- **benefits theory** 10–11, 41–2, 45–8, 55, 58–60, 81, 225–6, 230  
- **alternative income sources** 12, 42, 48, 163, 169, 215, 225, 231  
- **altruism** 40  
  - applying 77–8  
  - crowd-in 215, 216–17, 227  
  - demand-side 42, 43–4  
  - exchange benefit 43  
  - exchange in 39–41  
  - group benefit 43, 69–70, 133  
- **key ideas** 230–31  
- **lessons** 236–7  
  - benefits logic 232  
  - diverse income sources 232–3  
  - further exploiting current income sources 236–7  
  - mission-driven SPOs, for 231  
  - potential income sources 233–5  
  - transactions costs 235  
- **mission-related** 87  
- **nonprofits and** 10–11, 227  
- **normative, as** 39  
- **positive theory, as** 39  
- **private benefit** 43, 110  
- **public benefit** 43  
- **revenue sources** 45–8  
- **SPOs and 11**  
- **supply-side** 44–5  
- **transactions costs** 48, 50–51, 52, 90, 120–21, 231  
- **Better Business Bureau/Wise Giving Alliance** 151  
- **Big Apple circus** 196  
- **Big Brothers/Big Sisters** 183–4  
- **Body Shop** 118  
- **Bosch** 118
Financing nonprofits and other social enterprises

Boys Town 151
Buck Trust 154

Calvert Foundation 197, 198, 207
capital financing 12–13, 54–5, 181–2, 206–8
benefits theory and 184, 186, 193
business model influencing 184
capital funding/investment income connection 181
constraints on nonprofits 192
cooperatives, of 192–3
creative strategies 206
definition 182
external sources 184–5, 188–94
borrowing 190–91, 206
equity sales 191–2, 193, 206
government 189–90
institutional donors 188–9
hard investment capital 182
internal sources 184, 185–7
capital replacement reserves 186
endowments 186
operating reserve 185
risk capital 186
working capital 185
pecking order theory 184–5
performing arts centers, of 183
retained earnings, restraints on 186–7
social impact bonds see social impact bonds
social service organizations, of 183, 216
socially focused 207
soft investment capital 182
sweat equity, restraints on 187
varying nature of capital needs 182–3, 206
youth services, of 183–4
Carnegie Endowment 116, 139
cause marketing 21
Center for Child & Family Health 143–5
Centers for Families and Children, the beneficiaries 142–3
Ease@work 142
El Barrio 140–41
Workforce Development 141
funding 143
Heights Collaborative 141–2
programs 141
West Side Ecumenical Ministry 140
food centers 142
Centre for Social Innovation (Canada) 198
Chicago Symphony 85
Children’s Aid Society 73–5, 77
mission 73
CICs 9, 27, 57, 192
mission/remuneration balance 16
Cleveland Botanical Garden 157, 226
Cleveland Free Clinic 90
Cleveland Homemaker Service Association see Centers for Families and Children
Cleveland Museum of Art 90
activities 157
charitable contributions 158–9
endowments 156–7
investment revenue 158
mission 156, 157–8
programs 157
voluntary fees 159
Cleveland Orchestra 157, 183
Combined Federal Campaign 114
commercial ventures 87–9
pricing 89
community bonds 181, 198, 207
Community Development Corporations (US) 104, 135–6
Community Future Development Corporations (Can) 135–6
Community Interest Company see CICs
community investment notes 181, 197–8, 207
Commuter Bicycle cooperative 78, 79
contributions-reliant SPOs 109, 127–9
donors see donors
donor motivation see donor motivation
gift income 112
individual 113
institutional 112–13
intermediary institutions 114
gifts in kind 113, 118–19
raising gift income 109–10
coercion 110
Index 255

selective incentives 111
social pressure 111
social media use 111–12
crowdfunding 112
transactions costs 120–21
volunteering see volunteering
cooperatives 30–31, 58, 207
capital financing and 192–3
financial services 31
grocery 31
member-serving 8
mission/remuneration balance 16
social see social cooperatives
US legal forms 31–2
utilities 31
Cooper Union College 3, 5, 90–91, 226
charitable contributions 161
endowments 160
establishment 159–60
income portfolio 161
investment income 162
tuition fee policy 160, 161–2
corporate social responsibility see CSR
crowdfunding 112, 196–7
assurance contract 197
platforms as fiscal intermediaries
integral to 196
wisdom of crowds, the 197
crowd-out 40, 44, 114–15, 215, 216–17, 227
CSR 20, 27–8
cy pres 154

Day Nursery Association see Centers for Families and Children
deductible contributions 18
memberships as 84, 178
diversification
costs and benefits 25, 244
income sources, of 24–5, 146, 162,
166, 170, 232–3, 235
logic of 171
natural candidates for 179–80
not necessarily preferred 10
premise of 216
revenue, growth trade-off 47–8
risk management and 13, 213, 216–17
donor motivation 114

benefits theory, and 114–15
institutional/individual distinction
115–17
volunteering see volunteering
donors
see also donor motivation;
philanthropy
individual 24, 113, 188
appealing to 50, 114, 144–5
stereotypes 115
institutional 112–13, 188–9
general altruist 116
mission-driven 116
problem-solving catalyst 116
venture capitalist 116

Ecoliving 217, 224–5
economies of scope 234–5, 245
El Barrio see Centers for Families and Children
deductions 53, 156–7, 160, 186
benefits theory on 154–5
building 10, 23–4, 152, 249–51
cy pres and 154
dangers of 226–7
donor preferences 154–5
embarrassment of riches 163
funding 24
general 153
leveraging corpuses of 53
philanthropy connection 24
reservoirs of last resort, as 153–4
special 153
Equitynet.com 196
Evergreen Cooperatives Initiative, Cleveland 198, 199, 207
anchor institutions 204
benefits theory and 205
Evergreen Cooperative Development Fund LLC 204, 207
Evergreen Cooperative Laundry 205
Green City Growers 205
mission 204
Ohio Solar Cooperative 205
evergreen grants 155
Ewing Marion Kaufmann Foundation 116
Eye Fund 193
Financing nonprofits and other social enterprises

Famicos Foundation 104–5, 133, 167, 236, 237
Families First 183
Family Service Association see Centers for Families and Children
fee-reliant SPOs 83, 106–7
cultural barriers to 90
commmercial ventures 87–9
earned income 83–7
pricing 89
pricing policies 91–2
bundling 100–102
differential pricing 95–8
improving efficiency 98–9
improving participation 102–3
low prices reflecting mission 94–5
maximizing mission impact 94
maximum profit 92–3
financial strategies 10–11
see also funding
adoption of business practices
performance measurement 22–3
pricing schedules 22, 84, 96
building endowments 10, 23–4
business partnerships 21, 25–6, 117, 139, 248–9
cause-related marketing 10
commercialization 10, 88
conversion of legal form 59
diversification see diversification
government funding 9, 10
impact investing 155
marketplace 9
mission-based investing 155
new business forms 26–8
philanthropy see philanthropy
PRIs 19–20
relative stability of 32–5
social enterprise 10
social impact bonds see social impact bonds
sponsorship 8, 10, 26, 58, 59
voluntary fees 159
Flexible Purpose Corporations 27
Ford Foundation 116
Fox Theatre 103, 236
free rider problem 50, 51, 110, 125, 132
friends organizations 59
funding 5–6, 9, 33, 225–7
see also financial strategies
alternative 12
challenges of 48–56
bad publicity, and 129
capital see capital financing
charitable giving 19, 50–51
misplaced primary focus on 8
earned income 21–2, 48–9
commmercial 86–7
fees for services 83–4
memberships 84
rent 85
royalties/licensing fees 84–5
special events 86
endowments see endowments
gifts 18
in-kind 51
government 28–9, 40, 51–2
third party government 28
grants 18
investment income 52–4
socially responsible 54
major sources of 56
mezzanine funds 55, 56
nonprofits 7–8, 16–17
PRIs 19–20
social procurement 49–50
stable dominant sources 34, 35
state cuts in 4
Gates Foundation 20, 116
Georgia Justice Project 123–5, 134, 183
New Horizons Landscaping 232
Girl Scouts 21
cookies 86, 93, 170
Goldman Sachs Social Impact Fund 23
goods 12, 81
common pool 67–8
exchange 70
excludable and non-rival 63
group 43, 69–70, 133
private see private goods
non-rival and non-excludable 64
potential 234
public see public goods
redistributive 46, 65, 70
rival and excludable 63
rival but non-excludable (common
pool goods) 63–4
SPOs offering mix of 207
Good Shepherd Services 138–40
South Brooklyn Community High
School 139
Goodwill Industries 51
pricing for profit 92–3
government-reliant SPOs 132–4, 138,
145–7
benefits theory, and 133
funding debate 135–6
–government relationships 132
adversarial 133
changes in 136–7
complementary 133
supplementary 132–3
political decision-making and 133–4
public goods character of 132
transactions costs 137–8
great recession 24, 28, 124, 161, 215,
226
Great Society programs 7, 10, 28, 134
Hull House, Chicago 3, 5, 217, 220–21,
226, 227
income
alternative sources 12, 42, 48, 163,
169, 215, 225, 231
charitable giving 7–8
earned 21–2, 48–9, 83–7
development 6
diverse sources 232–3
further exploiting current sources
236–7
gift 112–13, 114
investment 162
operating 12, 24–5, 33, 128, 149
net 84, 86
income portfolios 13, 211–12, 238–9
American Museum of Natural
History 176–7, 178–9
asset 211
Cooper Union College 161
earned income 211
investment 211
Lake View Cemetery 174–5
management 227
portfolio theory see portfolio theory
Indiegogo.com 196
institutional isomorphism 137
International Co-operative Alliance 30
investment income-reliant SPOs
149–50
benefits theory, and 163–4
capital contributions 152
endowments 154–5
surplus accumulation 150–51
contingency accounts 153
financial crises 163
general endowments 153
negative investment income 155–6
operating accounts 155
pricing policies 162–3
special endowments 153
special purpose funds 153
transactions costs 152–6
Jewish Community Centers
Association of North America
46–7, 89–90, 221–4
membership packages 236
mission 221
realllocation of expenses 223–4
services 222
survey 221–3
John Lewis Partnership 118
Johns Hopkins Comparative
Nonprofit Sector Project 30
Kickstarter.com 112, 196
Kiva.org 196
Kiwanis clubs 114
Knight Foundation 20
L3Cs 8, 16, 27, 57, 192
Lake View Cemetery 171–5
Association
501(c)(13) non-profit organization
171
revenue composition 173
services 172–3
vision 171–2
dual nature of 173
eexternality-laden 179
Foundation
501(c)(3) charitable organization
171
mission 171
Financing nonprofits and other social enterprises

- revenue composition 173–4
- support for Association 172–3
- income portfolio 174–5
- multi-stakeholder 179

legal forms
- affecting strategies 28, 57, 167, 170, 181–2
- alternative, equity investors and 192–3
- conversion of 59
- dominant 8
- new 26–7, 233
- US, in 31–2
- variety of 8, 21, 57–9

liability of newness 5

Lincoln Center, New York 183, 218, 219–20, 230

low profit, limited liability companies

- see L3Cs

MacArthur Foundation 20
Madi Apparel 105–6, 235
managed care organizations 137
Mandel Associated Foundations 155
market failures 62, 63, 64
market power 67, 93
markets, role of 17
Markey Trust 154
Meals on Wheels 183
MediWish 51, 125–7, 128
Milwaukee Shakespeare Theatre 4
mission drift 25, 88, 151, 170
mixed income SPOs 166–7, 179–80
- benefits theory, and 167–9
- externality-laden SPOs 168
- multi-stakeholder SPOs 168–9
- redistributive SPOs 167–8
- factors behind 166
- missions 166–7
- transactions costs 170–71
Mondragon Cooperative Corporation (Spain) 205
Mueller pasta company 21, 92
National D-Day Memorial, Bedford, Virginia 3
national public radio 85
National Taxonomy of Exempt Entities
- see NTEE
Newman’s Own 27, 87, 118, 194
New York Botanical Garden 4, 5
New York City Opera 3, 5, 53, 218–20, 226
mission 218
New-York Historical Society 53, 226
state funding cuts 4
non-distribution of profit constraint 30, 54, 84, 129
nonprofit organizations 6
- 501(c)(3) corporations 18, 59
- benefits theory, and 10–11
- creativity over finance 207
- funding 7–8, 16–17
- increasing demand for services 17
- intermediary institutions 114
- L3Cs, and 8
- limitations 57
- owning for-profit enterprises 57, 59
- social impact bottom line 16
- SPOs, and 11
- US, in 16–17
- non-profit/for-profit hybrids 9, 25, 181, 192
Novartis Patient Assistance Foundation 117
NTEE 45–6
package pricing see pricing
Packard Foundation 20
Paolo Babini Cooperative 75–7
Park Pride, Atlanta 90, 198–9, 207
- 501(c)(3) non-profit organization 203
- funding 203–4
Patagonia 118
Peterborough Social Impact Partnership 195
philanthrocapitalism 20
philanthropy 9, 40–41
- see also donors, individual
- changing character of 19–20
- changing role of 17, 18–19
- corporate 20, 25–6, 117–18
- critical source of income, as 18
- endowment connection 24
- growing in absolute terms 18–19
- pay for success models 19, 29
- pure 110
- /impure distinction 40
venture 19, 20
Index

Planned Parenthood 129, 134
portfolio theory 13, 212–17, 225
complementing benefits theory 212–13, 214, 215
financial vulnerability, and 214–15
non-profit organizations, and 213–14
transactions costs 214
positive social impact 16, 67, 198
PPPs see public/private partnerships
preferred services 212
PRI 19–20, 27, 53, 193
low cost loans 189
price elasticity of demand 93
pricing 89
congestion 67, 99–100, 236
differential 95–8
improving efficiency 98–9
improving participation 102–3
low prices reflecting mission 94–5
maximizing mission impact 94
maximum profit 92–3
minimizing risk 225
package 49, 99, 100–102, 236
schedules 22, 84, 96
private goods 62, 64–6, 69
excludability 63, 64
externaties 94
negative 66
positive 65–6
for profit 64–5
generating earned income 65
mission related 65
redistributive 46, 65, 94
relational 67
rivalry 63, 64
social mission connection 64–5
toll goods 66–7
associative 67
trust goods 65, 66
program-related investments see PRI
public goods 62, 69
pure 68
public/private partnerships 8, 10–11, 137, 203
reputational capital 26, 85, 89
resource allocation 62, 92, 136, 182
resource development 7, 13, 57, 179–80, 202, 246–7
benefits theory and 230
charitable fundraising differentiation 232–3
compartamentalizing 227
economies of scope 234–5, 245
human 113, 142, 187
utilization of assets 234
resource support 152
volunteering as 119–20
Rikers Island Social Impact Partnership 195–6
risk management 23, 137
benefits theory and 221
black swan problem 215
diversification and 13, 213, 216–17
growth, and 245–6
organizational slack 216
perfect storm 215–16
portfolio theory see portfolio theory
Roca program 23
Rock & Roll Foundation 199, 202
mission 206–7
Rock & Roll Hall of Fame, Cleveland 198, 206
exchange benefit, as 201
funding 201–3
general community benefit, as 200–201
mission 199–200
Museum 501(c)(3) non-profit organization 199
Guitarmania project 200
private benefit, as 201
programs 200
Rockefeller Family Fund 116
Rotary clubs 114
Salvation Army 4, 5
Severance Hall 183
Shriners Hospitals 3, 5, 163
Sierra Club 85
Skoll Foundation 116
social cooperatives 8–9, 27, 31, 58
capital financing and 192–3
Italian 32
type B 224–5
US 32
social economy 17
international differences in 29–32
Financing nonprofits and other social enterprises

social enterprises 6, 8
corporate ventures, and 21–2
social entrepreneurship 7, 187
social impact bonds 22, 29, 57, 194–6, 207
benefits theory and 196
hybrid innovation 194
purpose of 195
social investing 7
socially motivated small investors 197–8
community bonds 198
community investment notes 197, 198
social mission 5
benefits theory, and 10–11
social purpose corporations see benefit corporations
social purpose organizations see SPOs
social sector see social economy; see third sector
SPO worksheets
benefits and sources of support 241–2
building endowment 249–51
current–potential income sources 242–3
mission, benefits and beneficiaries 240–41
overcoming free riding 251–2
partnerships and exchange benefits 248–9
pricing 247–8
risk management and growth 245–6
transactions costs 244–5
SPOs 6–7
see also B Corps; cooperatives;
L3Cs; non-profit organizations;
social enterprises
benefits theory of see benefits theory
common features of 10–11
contributions-reliant see contributions-reliant
definition 6
economic pressure on 5
fee-reliant see fee-reliant SPOs
financing see funding
for-profit 57–8
government-reliant see government-reliant SPOs
growth, sustaining 20–21
investment income-reliant see investment income-reliant SPOs
mixed income see mixed income SPOs
new business forms 26–8
resilience of 12, 32
stability, sustaining 20–21
unique characteristic of 36
variety of legal forms 57–9
Statue of Liberty Foundation 26
Steppenwolf Theater 183
sustainable businesses 6, 56, 118
TechSoup Canada 198
third party government 28
third sector 6–7
changes in 7–10
international differences in 29–32
Toronto Fringe Festival 198
Toronto Tool Library 198
transactions costs 48, 50–51, 52, 90, 120–21, 231
contributions-reliant SPOs, of 120–21
government-reliant SPOs, of 137–8
investment income-reliant SPOs 152–6
mixed income SPOs 170–71
portfolio theory, in 214
Travelers Aid Society see Centers for Families and Children
Tucson Botanical Gardens 71, 72–3
United Way 114
unrelated business income tax 21, 57, 86, 92, 170
Vasamuseet 1, 2
Vasa, the 1–2
Veterans’ Theater 78–9, 80
Voices for the Voiceless 3
volunteering 118–19
giving connection 120
motivation 119–20
pro-bono 118, 120
resources support, as 119–20
value of 8
volunteer capacity 51
Index

Wal-Mart Foundation 118
War on Poverty programs 134
warm glow 40, 46, 119, 123, 124, 128
   not compensating for free rider problem 110
WCLV 3–4, 5, 194
Wells Fargo Foundation 117–18
West Side Ecumenical Ministry see Centers for Families and Children
You Gotta Believe 2
Youth Services see Centers for Families and Children
Zeiss 118