

HIGH HOPES STRATEGIC PLAN – FINANCE UPDATE

EXECUTIVE SUMMARY

VISION OF THE INITIATIVE:

Create a robust financial model capable of supporting Program growth and innovation. Develop recommendations to address funding gap.

KEY FINDINGS

Capital Project

We have implemented a bi-annual update to our 10-year capital plan with primary focus on the accuracy of 5 years for planning purposes.

Optimization of Tuition and Scholarship Policies

Significant focus has been placed on quantifying our true cost of service delivery and increasing awareness around the 'tuition gap' with participants, schools, social services organizations, and donors.

- For FY16-17, implemented a 10% tuition increase to lower the tuition gap from 68% to 64% of true cost.
- We will continue to evaluate the feasibility of additional tuition increases but believe that our goal to increase tuition to fund 75% of true cost over a 10-year period should be revised.
- In conjunction with tuition increases, we have implemented a more rigorous review of financial aid requests. Over the last two years, we have lowered financial aid awards from \$140,000 in FY 13-14 to \$63,000 in FY15-16 but believe the ability to lower financial assistance below this level is limited.

Expense Management

- Customization of a Salesforce cloud based application replacing the existing database supporting Program and Volunteers is on going. Once in production, this application will improve operational effectiveness through the elimination of redundant manual processes thereby reducing staff frustration. The target date for completion is January 2017.
- Starting with FY15-16, employees have contributed to the cost of their health insurance with a maximum contribution level of 25% for FY17-18.
- Alternative staffing models are being considered with staff attrition and include outsourcing IT support and possible job share opportunities.

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Long Range Plan for Sustainability

- With a three year commitment from the Bingham Foundation, we have developed and designed programs that have allowed us to serve additional participants, e.g., veterans, victims of domestic violence, etc.
- The Bingham grant allowed us to hire an Education Consultant dedicated to strengthening partnerships with schools and social service programs; contracted revenue increased to \$66,000 in FY16-17 from \$53,000 in FY15-16.
- We conducted a staff survey to assess profitability and mission alignment of Program services. We are currently working with a student from UConn to evaluate revenue growth and cost of service delivery to quantify the economies of scale of High Hopes operations and determine the opportunity to price services to reflect differentiation of services. The finding of these combined efforts will be used to determine the efficient allocation of resources, i.e., staff, herd, and facility, to develop a long-range plan for sustainability.

Increase Development Revenue

In the fall of 2015 the Development Office worked with a fundraising consultant and made several significant changes in its fundraising operations.

- **Appeal Mailings:** We have shifted away from a single fall appeal mailing to an appeal campaign that runs throughout the fiscal year. This encourages multiple gifts from individual donors, while also providing increased opportunities for giving to new and lapsed donors. Appeal Results as of 11/30/16: 148 donors, \$126,000 towards \$285,000 goal.
- **Major Donor Relationships:** Working with the Executive Director we have instituted a system of annual personal visits to major donors and prospects to assess their level of engagement while discovering potential areas of support. A menu of giving opportunities has been created that can be used with major donors, corporate partners and foundations. Results as of 11/30/16: 14 visits resulting in donations totaling \$227,000 for restricted and unrestricted gifts. Please note these visits do not include Board solicitations. We also have several outstanding solicitations pending from visits to date.
- **The Board:** A key element in increasing contributed revenue is an energized and active fundraising board of trustees. A five-year plan for Board giving will be developed which will take into account any special fundraising initiatives, including a possible endowment campaign. The composition and direction of the Development Committee is now focused on achieving this goal. Results to date in terms of trustee commitments, 18 discussions with \$46,750 in commitments. Not all trustees made a financial pledge/donation at time of discussion. Meetings with trustees resulted in one upgraded annual gift & 2 new enrollments to the Legacy Society.
- **Marketing Materials:**
 - Over the past two years the focus of the High Hopes newsletter and solicitation packages has shifted to demonstrate program impact and the role the donor plays in achieving that. Stories emphasize participant goals achieved and clearly state High Hopes true cost of service and the resulting revenue gap created by our fee structure.

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- This focus on donor impact is carried over into High Hopes' Facebook postings and web site development. High Hopes is working with Outthink LLC, a national marketing firm to build brand awareness.

As a result of the above steps:

- Annual giving in 2015/2016 (\$304,000) increased by 11% over 2013/2014 amounts (\$274,500).
- Average contribution in 2015/2016 was \$500, in 2013/2014 it was \$460.
- Renewal rate for annual giving appeals rose from 55% in FY 2014/2015 to 64% in FY 2015/2016
- # of new appeal donors was 75 in FY 2014/2015 and 88 in FY 2015/2016
- In FY 2014/2015 we had 65 contributors make multiple appeal gifts. In FY 2015/2016 that number rose to 95.

● Endowment Campaign:

- In the fall of 2016 an Endowment Campaign Feasibility Task Force was formed and are seeking proposals for evaluating the feasibility of an endowment campaign. The Development Office has started to identify funding options to cover the cost of a consultant lead feasibility study.
- The Task Force has spoken with several local and national non-profits who have recently conducted endowment campaigns to assess the pros and cons of their respective endeavors.
- The subject of an imminent endowment campaign has been included in annual fundraising meetings with trustees and major donors. The Task Force plans to present its findings to the Development Committee in early December and, based on the conclusions of that meeting, will make a recommendation to the High Hopes Board at the January 2017 meeting. That recommendation will include a recommendation as to the feasibility of a campaign and a timeline and expense budget for immediate next steps.

Final Question: HAS THE VISION OF THE INITIATIVE BEEN MET TO YOUR SATISFACTION?

From the Development viewpoint of the Strategic Plan, the answer to this question is “not yet”. The steps that have been taken have improved our overall fundraising strength and health and have prepared the organization for a possible endowment campaign, or similar major fundraising initiative. It is this next step that will ensure High Hopes' long-term financial sustainability.