

Nonprofit Finance Fund®

### Get To Know One Another in Chat

- Name and preferred gender pronouns
- What organization, role and partnership you are representing
- Where you are located
- Land acknowledgement

"When we talk about land, land is part of who we are. It's a mixture of our blood, our past, our current, and our future. We carry our ancestors in us, and they're around us. As you all do."
Mary Lyons (Leech Lake Band of Ojibwe)

https://native-land.ca/



nff.org © 2022 Nonprofit Finance Fund

Nonprofit Finance Fund®

### **Nonprofit Finance Fund: Where Money Meets Mission**

We are on a mission to support community-centered organizations led by and serving people of color, helping them access the investment capital and financial knowledge they need to realize their aspirations.

**Strategic Advice:** Advised 110+ human services providers, healthcare and community-based orgs on how respond strategically to the shifting health landscape.

**Tailored Investments:** Provided \$100+MM in loans for healthcare projects, leveraging over \$700MM in capital from co-investors.



Accessible Insights: Developed practical resources, case studies, and tools to help address common barriers and strengthen health partnerships.

3

Nonprofit Finance Fund®

**Our Work in Health Partnerships** Evolution of our thinking

# Flaws in nonprofit & healthcare systems also provide opportunity



Nonprofit Finance Fund®



#### We developed many tools and <u>resources</u> on partnership, networks and contracts:

- Value Proposition tool
- Total Cost of Partnership Tool
- Partnership Assessment Tool for Health
- ARCH learning site
- Full Cost Website

### **Learning Goals**

**Build shared awareness** about **funding and finance** elements of a well-developed health partnership via the PATH

Identify areas of **strengths** and needs for **further development** in your partnerships

Support **strategic conversation** between partners



### Agenda

- Welcome & Introductions
- Overview of the Partnership Assessment Tool for Health (PATH)
- Funding and Finance Element of Well-Developed Health Partnerships
- Peer-to-Peer Breakout Groups
- Wrap-Up





### Partnership Assessment Tool for Health (PATH) Development



Goal: To identify, analyze, and distribute examples and lessons about partnership models between community-based organizations and healthcare organizations, particularly those that service low-income and/or vulnerable populations.



7



### **Partnership Information Received**

- Completed by 200 representatives from:
  - Nonprofit or for-profit CBOs
  - Health care organizations
- Focus on **systemically marginalized** populations

#### • Purpose:

- Identify promising models of and challenges to building effective partnerships
- Inform funding and policies
- Advance effective partnerships across the nation
- Convenience, self-selected sample





### Partnership Assessment Tool for Health (PATH)

- A tool for CBOs and health care organizations currently engaged in a partnership to:
  - Identify existing strengths and gaps
  - Consider areas for growth and change
  - Align partners around key objectives
- The tool focuses on five core elements of partnership:
- Contributes to growing body of tools and resources in the field
- How to use the tool:

Nonprofit Finance Fund®

- Both partners answer the check-up questions
- Work together to identify strengths and areas to strengthen
- Check-in periodically on the progress of those benchmarks
- Use the Partner Discussion Guide to help focus Check-ins



9

### **Collaboration Exists Along a Spectrum**



Nonprofit Finance Fund®

### **Core Elements of Well-Developed Partnerships**



#### **Internal and External Relationships**

- Shared Goals
- Partner Value
- **External Relationships**
- Internal Buy-in



#### **Funding and Finance**

- **Covering Full Cost** 
  - Securing Revenue
- **Financial Goals and Priorities**



### **Service Delivery and Workflow**

- Service Alignment
- Workflow Process
- Service Delivery Capacity
- Engaging the Community



#### **Data and Outcomes**

- Data Collection
- Data Usage
- **Demonstrating Outcomes**



- **Understanding Barriers**
- Engaging the Community
- **Taking Action**
- **Measuring Outcomes**
- Making An Organizational Commitment





### Health Equity Element of PATH tool

"Health equity means that everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care."

Source: Robert Wood Johnson Foundation. (2017). What is Health Equity?



- Understanding Barriers: Have we assessed the barriers to health equity in our community?
- Engaging the community: Do we engage community members regularly to inform the goals, design, and decisions of our partnership?
- Taking Action: Are we actively pursuing shortand long-term strategies to advance health equity?
- **Measuring Outcomes**: Do we safely and transparently collect demographic data and use it to assess our outcomes and inform the goals, design, and decisions of our partnership?
- Making an organizational commitment: Do we recognize that advancing health equity through the partnership requires an active commitment to diversity, equity, and inclusion by each of our organizations?



### **Funding & Finance**

A core element of effective partnership is having a funding model that supports service delivery and enables the partnership to achieve outcomes.

The benchmarks for the Funding and Finance element are:

- 1. Covering Full Cost
- 2. Securing Revenue
- 3. Finance Goals & Priorities





### **Covering Full Cost**

A framework for naming and claiming all the financial resources it takes to run an effective, resilient organization that can adapt and grow.

Must haves for all organizations

#### **Total Expenses**

What are the ongoing expenses of our partnership (e.g., staffing expenses, occupancy expenses, technology maintenance, etc.)? What costs are uncovered at this time?

#### **Working Capital**

How is the funding structured for each partner – do they have access to the day-to-day cash needed to cover expenses?

#### **Reserves**

Savings, a "rainy day" fund - How does the partnership plan for and/or manage unanticipated costs or needs in the partnership?



#### Sometimes needed by some organizations

**Change Capital** What are the investment needs to make a new way of operating in partnership possible, such as adding staff and tools for data collection and analysis

#### **Fixed Asset Additions**

Money to purchase a new building, new computers, or new vehicles

### Debt Principal Repayment

Mortgage, line of credit, etc.

#### Additional information on the Full Cost Framework can be found here

Nonprofit Finance Fund®

### Fixed Asset Reserves: An Example - The Ongoing Costs of Data Infrastructure

In NFF's experience, organizations often underestimate the ongoing costs of managing data systems required for partnerships including:

- Continuous updating of systems to meet new standards
- Ensuring data systems can integrate with multiple health partners
- Ensuring data collected meets evolving needs of all stakeholders in a partnership
- Staff time for ongoing data training, input, and maintenance
- Updating releases and processes to ensure confidentiality, equitable data practices, and HIPPA compliance
- Employing a dedicated data administrator to maintain data systems and continuously train staff on its use



A deep dive on data systems can be found here: <u>https://nff.org/blog/arch-look-data-systems</u>

### **1. Covering Full Costs**

Benchmark | We understand the full cost of partnership and incorporate this into our funding model

### **Guiding Questions**

- What are the ongoing expenses of our partnership (e.g. staffing expenses, occupancy expenses, technology maintenance, etc.)?
- What are the periodic investment needs of our partnership (e.g. technology purchases, planning consultants, etc.)?
- How does the partnership plan for and/or manage **unanticipated costs**?
- What expense information do we share with our funders and/or payors?
- How do we anticipate our partnership **costs changing** over the next several years?



### 2. Securing Revenue

Benchmark | We have reliable revenue streams sufficient to cover the full cost of partnership.

### **Guiding Questions**

- What sources of revenue—both ongoing and periodic—fund the partnership?
- How **reliable** is each source of revenue?
- Which revenue sources are we at risk of losing?
- What does each partner contribute in-kind to the partnership? Can our in-kind contributions continue at the current level?
- What sustainable revenue opportunities exist for our partnership over the next several years?



### 3. Finance Goals and Priorities

Benchmark | My partner and I are aligned on the financial goals of our partnership, and understand each others' financial priorities

### **Guiding Questions**

- Does the partnership expect to generate revenue and/or cost savings for each partner?
- By participating in the partnership, what **financial risk** has each partner taken on?
- What financial risks may arise as the partnership evolves?
- What is each partner's **economic motivation** for participating in the partnership?
- What has been the impact of the partnership on each partner's bottom line?



### **Peer-to-Peer Group Work Within Partnerships – Breakout Rooms**

- Each partnership will choose & discuss one benchmark of the Funding and Finance element
  - Covering Full Costs
  - Securing Revenue
  - Finance Goals and Priorities
- Please identify a note-taker and be prepared to share back
- Access the PATH TOOL here:

https://nff.org/fundamental/partnership-assessmenttool-health

			Fundir	ng & Fi	nance	
A core element of effe This section focuses						and enables the partnership to achieve outcom
Covering Full Co	ost					
Benchmark   We un this into our funding r		st of partner	rship and incorp	orate		
<ul> <li>occupancy expen</li> <li>What are the peripurchases, planni</li> <li>How does the par</li> <li>What expense inf</li> </ul>	ing expenses of ou ses, technology mai odic investment nee ng consultants, etc.) thership plan for an ormation do we sha ate our partnership o	ntenance, e ds of our pa l? d/or manage re with our f	tc.)? irtnership (e.g. t e unanticipated unders and/or p	echnology costs? ayors?	Notes ars?	
Assessment Click rating from 1-5:	1 Needs development	2	3 Developing	4	5 Well-Developed	
Securing Reven		streams su	fficient to cover	the full		
cost of partnership.						
cost of partnership. Guiding Questions What sources of r How reliable is ea Which revenue sc What does each p contributions cont What sustainable	evenue—both ongo ch source of revenu ources are we at risk partner contribute in- inue at the current le revenue opportuniti	e? of losing? kind to the evel?	partnership? Ca	n our in-kin	1	
cost of partnership. Guiding Questions What sources of r How reliable is ea Which revenue so What does each p contributions cont What sustainable several years?	evenue—both ongo ch source of revenu ources are we at risk partner contribute in- inue at the current le	e? of losing? kind to the evel?	partnership? Ca	n our in-kin	ł	
cost of partnership. Guiding Questions What sources of r How reliable is ea Which revenue sc What does each p contributions cont What sustainable	evenue—both ongo ch source of revenu ources are we at risk partner contribute in- inue at the current le	e? of losing? kind to the evel?	partnership? Ca	n our in-kin	ł	



### Share Your Insights with the Room

- Which benchmarks and guiding questions did you address?
- What are your partnership's areas of **strengths**?
- What's a priority to address? Who needs to be involved?
- What are your partnership's next steps?
- What **recommendation(s)** would you give to others to ensure that understanding and alignment is built and maintained in the context of these benchmarks?



Nonprofit Finance Fund®

### **Next Steps**

- Share your feedback via post-workshop Zoom poll
- Consider **1:1 Virtual Support from NFF** this spring (look out for an email from CCI) A few ways in which individual support can help advance your partnership's work:
  - Work with your partnership completing the PATH tool
  - Access to other NFF health and partnership resources
  - Bring any material covered today to other folks in your partnership
  - Review of and/or guidance on approaches to developing partnership planning tools (e.g. budgeting, scenario planning, cash flow projections and others)
  - Crafting financial narratives





## Thank You!

To learn more about NFF, visit us at: nff.org investinresults.org

Alexandra Chan achan@nff.org

Robert Kagan rkagan@nff.org

Haydée Cuza hcuza@nff.org Angelica Frias afrias@nff.org



