

THE NPT 2014

TOP 100

AN IN-DEPTH STUDY OF AMERICA'S LARGEST NONPROFITS

Is Recovery Here?

Investments And Program Fees Boosted Overall Revenue

By MARK HRYWNA

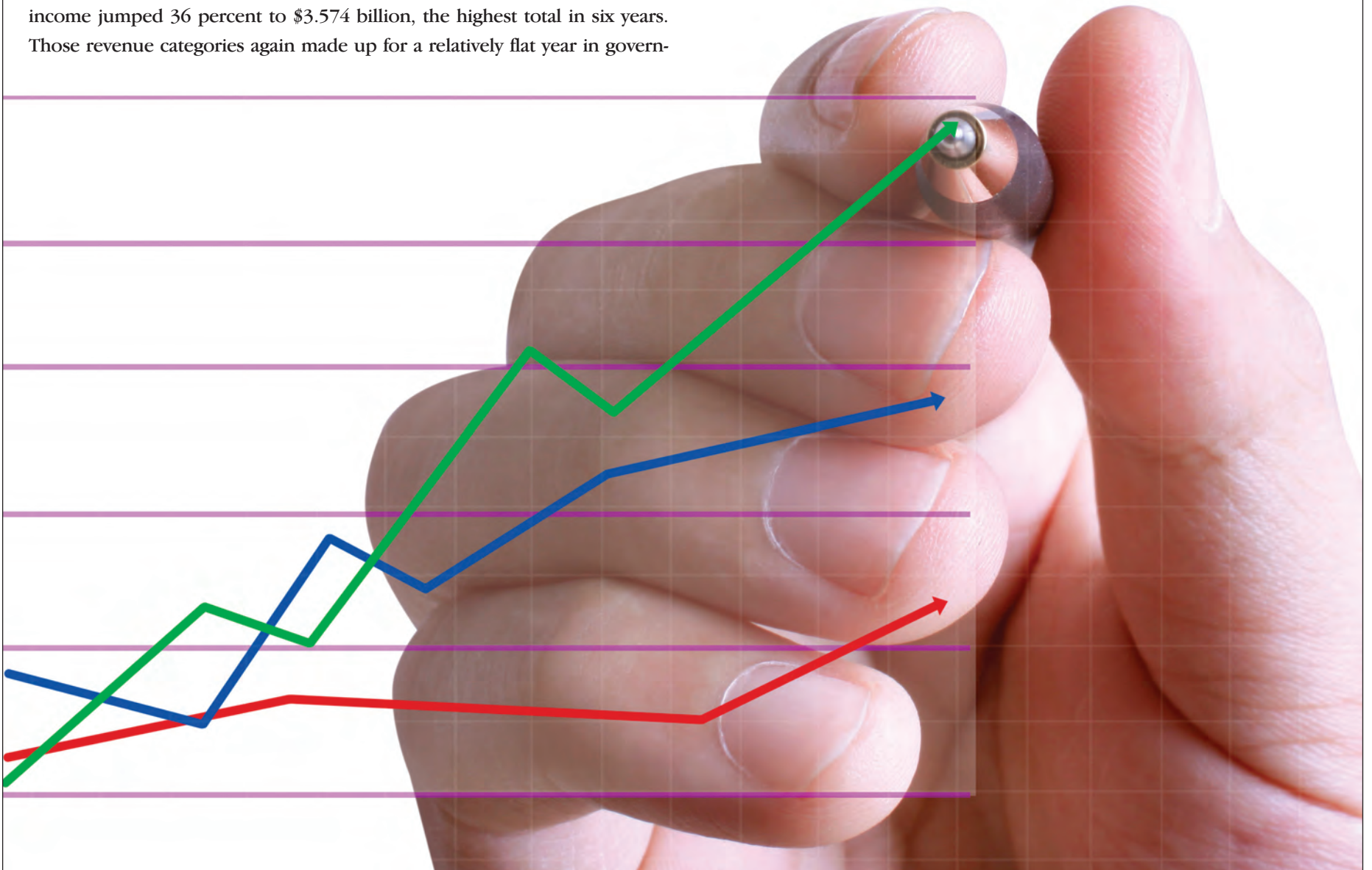
Revenue for the nation's largest nonprofits has continued to recover since the recession, backed by a slow but steady return for donations last year and buoyed by more gains in investment income and continued growth of program service revenue.

Total revenue for organizations in the 2014 *NPT Top 100* totaled approximately \$74.726 billion, about 7.75 percent more than the previous year. Public support was reported at \$37.624 billion, up 8 percent, while investment income jumped 36 percent to \$3.574 billion, the highest total in six years. Those revenue categories again made up for a relatively flat year in govern-

ment support, about \$10.297 billion in the aggregate. Program service revenue was up a healthy 8 percent, to \$19.1 billion.

The 26th annual study of the largest nonprofits in the United States is a snapshot of organizations based primarily on their Internal Revenue Service (IRS) Form 990 filings for the Fiscal Year Ending 2013. In some cases, organizations submit audited financial statements or estimates or surveys of their affiliates.

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While organizations reported an aggregate total investment income of between \$2.5 billion and \$2.8 billion in each of the past three years, last year's \$3.574 billion was the highest in six years. The number eclipsed the \$4 billion for the 2008 NPT Top 100 standings. This year's estimate is closest to the 2006 NPT Top 100 (which covered Fiscal Year Ending 2005), when organizations reported \$3.27 billion in investment income.

"The economy was looking positive to begin the year and it ended that way; 2014 may be even better," said Daniel Romano, executive director-tax, Northeast higher education and not-for-profit practices for Grant Thornton LLP, which helps compile and analyze the data.

"Program service is important because as organizations look for new ways to generate new funds, you'll see more programs that pop up that they can charge for, as well as other types of income streams. I think it'll be necessary for orgs to survive that don't have the big donor base to be able to think out of the box," Romano said.

"One of the trends we've been seeing in the industry is that organizations are really trying to diversify their activities to broaden their support," Romano said. Some examples include more joint ven-

tures. "A charity may work closely with another entity, sometimes a for-profit entity, to bring a product or service to another level and increase their outreach beyond what the charity is able to do on its own," he said. Those ventures, if structured properly to protect charity's

interests and mission, could help achieve their exempt purposes but also provide a needed financial infusion, he added.

With increased revenues, it appears the 100 largest nonprofits also boosted their expenses, particularly when it came to fundraising. Total expenses were 4.5

percent greater, up to \$69.8 billion. The bulk of expenses went toward program, about \$60.5 billion, which were up 5.6 percent, and comprising almost 87 percent of expenses. The largest increase on the expense side was in fundraising, up almost 17 percent, to \$3.8 billion. Administrative expenses were down almost 12 percent, to \$5.5 billion.

Most organizations experienced decreases in net assets, Romano noted, so while income might have been up, overall expenses were up even more because demand is outpacing revenue. "A lot of those are tapping into their endowments now," he said.

"Administrative expenses overall were down which is a good thing but I but think that might swing back the other way," Romano said. Executive compensation is trending upward after a few flat years and The Affordable Care Act (ACA) now is in full effect. "Organizations are required to look at their plans and procedures surrounding those health plans, to see if they're going to be in compliance, that might add some administrative costs. Some shift we've seen in the current year may reverse in the next year or so," he said.

Organizations now look for measurable impact so when looking for funding,

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NPT Top 100 Methodology

Data compiled for *The NPT 100* are derived primarily from organizations' Internal Revenue Service (IRS) Form 990. This year's report covers the Fiscal Year Ending (FYE) in 2013, which can range from March to December depending on the organization.

The NPT Top 100 does not include colleges, universities or donor-advised funds, and organizations must derive at least 10 percent of their total revenue from private sources.

Some nonprofits choose not to participate in the study while others do not have the systems in place to collect data from affiliates nationwide. For instance, Ronald McDonald House Charities (RMHC) has 160 chapters in the United States and total revenue estimated at more than \$500 million but each chapter is its own nonprofit. Communities In Schools (CIS) appears for the first time in the study because the Arlington, Va.-based organization compiled Form 990 data for most of its affiliates specifically for the report.

Some of the largest charities provide data from a survey of affiliates and chapters, such as, The Y, Catholic Charities USA and Boys & Girls Clubs of America. In some cases, these are incomplete or estimates. For Girl Scouts of the USA and other organizations, such as Mental Health America, the figures include previous year's data.

Some organizations aren't required to file a Form 990, such as The Salvation Army, Cru or Volunteers of America (VoA) because they're considered ministries. VoA offers a pro-forma Form 990, which also was submitted by Boys Town. Other organizations submitted data based on audited financial statements.

In-kind contributions of goods are included within public support but in-kind services are broken out in a separate column in *The NPT 100* chart. The main differences between the Form 990 and audited financial statements are namely how in-kind contributions and investment income are recognized. - Mark Hrywna

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either from foundations or even individuals to some extent, Romano said, they need to quantify the efforts of the charity. "I think that's now a vital indicator for organizations to obtain certain types of funding. More successful charities are the ones that can do a good job of validating that. As a result, organizations, I think, will be investing in their capacity and people to help accomplish that, and publicize their charitable undertaking in ways we really haven't seen before," he said.

"This move to essentially performance metrics is particularly prevalent among grant-receiving organizations but just as applicable for non-grant-receiving organizations, where they're really looking to establish some institutional dashboards around performance that they can use, not just to satisfy funders but to satisfy management, or the boards, or other key constituencies' desire to understand how the organization is performing," said Mark Oster, national managing partner, not-for-profit & higher education practices at Grant Thornton.

"Those kind of metrics can certainly could go toward some of the issues we're tracking here in terms of financials, but they also could be more performance driven, either as it relates to operations or mission achievement. Of course those are harder to track but very impactful when you can cite them. Those kinds of measures have marketing benefits, as well. You can use those with key donors to say, look what we can accomplish to the mission."

For smaller organizations looking at the data, Romano said, it's important to understand that these largest charities have the means to invest in different things that they can't. It's good to look at aspirant organizations and understand how a charity like United Way promotes its mission, he said, but scale it down for their own nonprofit. "I think they can take best practices but which ones make sense for them, not copy a multibillion-dollar entity," he said.

"More or less doesn't mean better or worse but it does give you a comparative to say, what makes us different or is this a metric we'd want to achieve," Oster said.

UNDER THE WIRE

Children International was the final organization to make it into the *NPT Top 100*, with revenue of \$180.37 million. The Kansas City, Mo.-based charity is typically ranked anywhere from 90 to 110 most years.

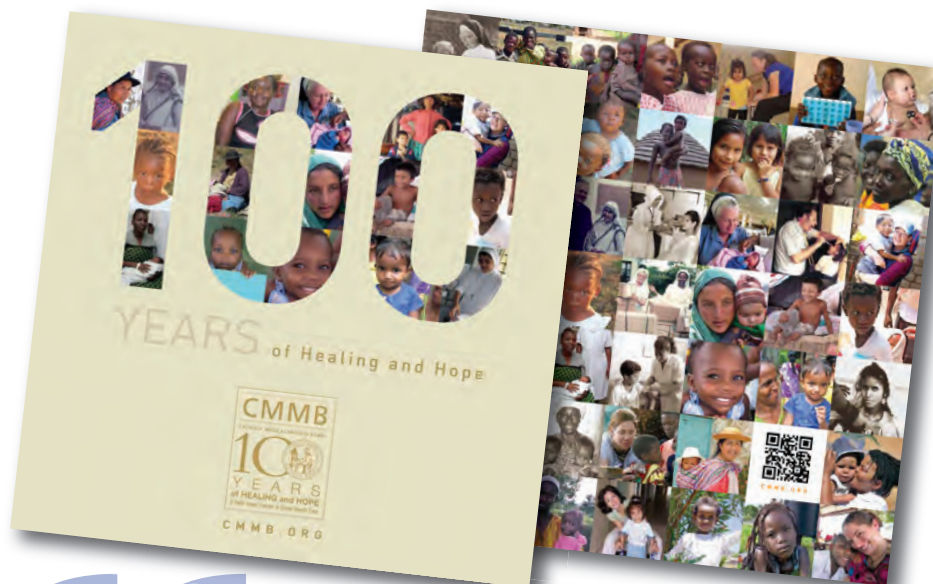
Ducks Unlimited was the last organization cut from the *NPT Top 100*, reporting total revenue of \$172.34 million. It is followed by ASPCA, \$171.665 million; JA Worldwide, \$170.213 million; Humane Society of the United States, \$169.9 million; and, Oregon Science and Health University Foundation, \$168.588 million.

The largest jump in total revenue year-over-year belonged to The Museum of Fine Arts, Houston (MFAH). The mu-

seum saw total revenue almost triple from \$76 million reported in fiscal year ending 2012 to \$225 million last year. MFAH touts itself as the "largest cultural institution south of Chicago, west of Washington, D.C., and east of Los Angeles, with 300,000 square feet of space dedicated to the display of art."

As reported on the Form 990, "all other contributions" were \$167 million - almost as much as the previous four years combined -- along with \$35 million in donated securities. The museum did not report any donated securities during the previous two fiscal years.

Both aspects are related to several potential campus capital projects, according to a spokeswoman, but that was as much detail as the museum was willing to provide.



An anniversary is a great way to raise visibility among your own donor network and outside your own by taking advantage of celebrating and recognizing milestones, engaging people in new and creative ways. --Adrian Kerrigan of CMMB

The museum has hired an architect to help develop a new building on a two-acre site that once was a museum parking lot. It will be integrated into a nearby sculpture garden and an expanded school of art, along with a new parking facility, according to published reports.

The last time MFAH notched a place in the *NPT Top 100* was nearly a decade ago when it was the primary beneficiary of the estate of Caroline Wiess Law. The endowed gift from the daughter of one of Humble Oil Co.'s founders ultimately netted the museum some \$400 million at the time and kicked off a capital campaign.

Another art institution that's been growing is the San Francisco Museum of Modern Art (SF MOMA), reporting total revenue of more than \$200 million in each of the past two years, when the facility typically reports more like \$50 million. The boon is a result of a 235,000-square-foot expansion underway that will double its current capacity, culminating in early 2016.

"Where Art Can Take You: The Cam-

paign To Transform SFMOMA" was launched in a quiet phase in 2009 and aims to raise \$610 million, with \$245 million devoted to tripling the museum's endowment from \$100 million to \$320 million. There is also a \$5-million challenge grant to provide free admission for visitors 18 and younger. The museum has raised 96 percent of its campaign goal, or almost \$590 million. A topping out ceremony was held in September, with an aim to complete the campaign by June 2016, the end of its fiscal year.

The increasing number of capital campaigns definitely correlates to the economy, the stock market and a number of other factors, said Bob Kissane, president of CCS, a fundraising consultancy in New York City. "Since the eco-

trustee David Koch for the new David H. Koch Plaza but declined to go into detail. Koch's contributions are expected to cover the \$65 million cost of the new entryway along Fifth Avenue.

Capital campaigns usually have a three- to five-year timetable but many of the \$1 billion campaigns can be as long as seven to 10 years, according to Kissane.

The quiet phase of a campaign is when an organization asking for these large gifts can talk to those most critical donors at the point of conception. "You want them to be partners in this, making a joint decision," Kissane said, and present them with a vision and plan for three to five anchor gifts.

If the quiet phase goes better than expected, it's common to boost the goal. SF MOMA's quiet phase in spring 2013 went so well that it increased the goal 10 percent, from \$555 million to \$610 million. Given the economic climate when the campaign began, the museum initially planned conservatively, according to Communications Manager Robyn Wise, deferring some facilities enhancements to the existing building and support for new programs.

Less than a quarter of the 100 organizations reported drops in total revenue, and for some, it was more an accounting mechanism. Teach For America, for instance, changed its fiscal year, which would explain the 36-percent drop in revenue to \$196 million. The latest Form 990 covered an eight-month fiscal year (October 2012 to May 2013) that did not include August and September, when most of its program service revenue is recorded.

A continued decline in revenue for Susan G. Komen for the Cure was expected given the bad publicity in recent years regarding a flap about grant funding to Planned Parenthood. "That's a good example of how reputational risk could hurt an organization," Romano said. "A lot of people went looking at their risks and trying to quantify them, they easily overlooked the reputational hit that can happen with negative publicity like they had," he said.

Organizations focused on noncash contributions such as donated pharmaceuticals or medical supplies typically are among those with wide swings in the *NPT Top 100*. For the study, in-kind donations of goods are included within public support.

Among the biggest movers this year were:

- Catholic Medical Mission Board (CMMB), which nearly doubled total revenue from \$270 million to \$526 million;
- MAP International, up 43 percent, from \$244 million to almost \$349 million;
- Direct Relief, up 30 percent to \$388 million; and,
- Feeding America, which continued to see some of the biggest growth, up 22 percent, to almost \$1.9 billion.

At the same time, some in-kind organ-

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	Name	2013 Total Revenue	Source Of Income Public Support	Government	Investment	Program Service	Other Revenue	In Kind Services
1	The Y (YMCA of the USA)	6,612,380,000	938,935,000	605,711,000	239,187,000	4,734,793,000	93,754,000	0
2	Goodwill Industries International ³	5,177,629,623	974,594,391	466,514,720	n/a	3,667,206,961	69,313,551	0
3	Catholic Charities USA ¹	4,336,630,534	714,812,454	2,831,656,225	84,676,162	481,081,735	224,403,958	n/a
4	United Way ²	4,266,389,802	3,870,132,827	269,602,858	126,654,117	0	0	200,293,075
5	The Salvation Army ³	3,798,825,000	2,080,242,000	347,070,000	542,592,000	158,493,000	670,428,000	0
6	American Red Cross	3,412,238,741	1,079,679,521	53,733,489	53,661,218	2,162,884,552	62,279,961	17,411,899
7	Easter Seals ²	1,927,867,627	207,318,321	282,772,639	15,431,168	789,261,869	633,083,630	0
8	Feeding America	1,893,358,627	1,855,398,787	0	327,909	18,964,585	18,667,346	1,023,759
9	Boys & Girls Clubs of America ⁴	1,686,218,377	766,482,622	489,194,822	102,807,932	221,169,718	106,563,283	n/a
10	Habitat for Humanity International	1,664,595,749	606,311,076	225,029,070	83,550,229	430,386,037	319,319,337	0
11	Task Force for Global Health	1,611,953,364	1,599,724,117	12,225,224	4,023	0	0	0
12	City of Hope and affiliates	1,580,860,831	360,252,145	61,451,478	51,304,158	854,251,929	253,601,121	0
13	Smithsonian Institution	1,371,587,031	182,380,317	923,199,454	92,511,140	97,940,513	60,604,609	0
14	Boy Scouts of America ⁵	1,239,840,000	361,583,000	2,858,000	296,905,000	398,306,000	180,188,000	n/a
15	Planned Parenthood Federation of America	1,192,700,000	310,400,000	139,500,000	19,400,000	706,100,000	17,300,000	0
16	Volunteers of America	1,105,087,988	137,158,610	0	8,107,690	879,529,289	80,292,399	0
17	Dana-Farber Cancer Institute	1,056,841,650	260,504,610	132,889,339	224,324	639,632,558	23,590,819	0
18	Food For The Poor	1,029,796,991	1,023,163,017	6,265,368	73,491	0	295,115	0
19	World Vision	980,967,936	796,365,172	178,684,448	3,140,779	525,856	2,251,681	302,078
20	ALSAC/St. Jude Children's Research Hospital	976,077,287	851,256,497	0	98,059,063	0	26,761,727	0
21	American Cancer Society	931,574,297	871,174,787	6,842,012	43,287,045	67,121	10,203,332	0
22	Shriners Hospitals for Children	925,548,721	205,622,081	3,420,738	533,553,889	133,601,431	48,018,396	0
23	Nature Conservancy	859,133,843	500,008,732	110,757,915	54,258,421	183,578,557	10,530,218	0
24	Girl Scouts of the USA ⁶	843,034,322	118,869,901	5,446,089	32,981,075	617,321,430	68,415,827	0
25	Compassion International	659,955,423	656,893,101	0	2,648,764	0	413,558	0
26	Save the Children	657,842,354	455,403,863	176,645,996	12,578,165	9,743,813	3,470,517	0
27	YWCA ⁷	653,160,898	149,812,529	301,378,051	n/a	160,372,842	41,597,476	n/a
28	Catholic Relief Services	639,001,152	256,927,078	344,896,638	3,187,135	0	33,990,301	0
29	American Heart Association	632,636,617	520,295,787	249,177	25,594,870	24,756,463	61,740,320	0
30	Metropolitan Museum of Art	631,565,135	263,029,049	17,775,318	235,477,085	18,292,718	67,560,857	0
31	AmeriCares	621,850,823	620,146,474	0	1,004,219	655,426	44,704	0
32	U.S. Fund for UNICEF	592,075,617	588,099,639	0	1,956,766	0	2,019,212	0
33	Cru (Campus Crusade for Christ) ³	543,658,000	473,657,000	0	0	23,485,000	46,516,000	6,809,000
34	Catholic Medical Mission Board	526,885,574	512,905,261	13,708,346	271,967	0	0	0
35	CARE	492,048,911	320,156,355	151,519,190	16,631,567	0	3,741,799	0
36	PBS	484,948,541	213,886,213	25,082,855	8,957,510	194,583,738	42,438,225	0
37	Samaritan's Purse	460,090,492	426,382,013	29,758,301	2,170,126	1,583,262	196,790	12,167,977
38	International Rescue Committee	456,122,865	145,535,537	305,481,609	2,705,428	15,431	2,384,860	0
39	Feed the Children	453,867,785	442,140,619	1,377,864	10,193,021	0	156,281	739,147
40	Institute of International Education	438,617,954	68,681,146	348,199,883	3,119,924	17,528,882	1,088,119	0
41	Cystic Fibrosis Foundation ³	405,530,384	137,312,911	0	79,578	0	268,137,895	0
42	Direct Relief	388,348,790	387,949,323	4,054	966	435,268	(40,821)	0
43	New York Presbyterian Fund ⁶	385,561,601	183,149,879	0	110,699,233	93,029,025	(1,316,536)	0
44	Cross International	351,345,819	351,055,422	0	0	0	290,397	0
45	MAP International	348,966,391	346,060,758	330,744	65,926	2,494,815	14,148	0
46	American Jewish Joint Distribution Committee ³	343,056,772	287,923,240	24,068,998	22,572,167	0	8,492,367	0
47	Boys Town	336,149,491	99,896,142	10,471,256	9,348,704	212,722,083	3,711,306	0
48	New York Public Library	325,836,412	82,957,617	167,064,834	63,877,537	3,935,002	8,001,422	0
49	Pew Charitable Trusts	321,776,712	305,758,297	51,000	11,909,125	3,782,762	275,528	0
50	Metropolitan Opera	316,978,564	154,306,492	490,365	21,578,000	136,486,907	4,090,100	0

¹ Compilation of voluntary responses from 151 of 175 agencies in network; FYE 2012 used for 24 that did not respond; government support includes grants and contracts ² In-kind contributions include donated services and products
³ Audited financial statements ⁴ Unaudited compilation from member clubs plus audited financials of national office ⁵ Revenue and expenses of National Council plus unrestricted revenues, expenses for 290 local councils ⁶ FYE 2012
⁷ Public support includes some overlap with government support that could not be separated

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Total	Expenses Programs	Fundraising	Administrative	Total Assets	Value Of Investments	Total Joint Cost	Net Change In Assets	Unrestricted Assets	Temporarily Restricted	Permanently Restricted
6,145,676,000	5,215,719,000	125,578,000	804,379,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4,854,737,091	4,292,508,972	535,853,782	26,374,337	4,748,799,616	1,374,079,065	n/a	337,382,992	3,082,160,977	66,525,023	44,466,296
4,324,997,532	3,695,867,500	78,386,128	550,743,904	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4,266,389,802	3,677,628,009	341,311,184	247,450,609	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3,396,861,000	2,792,850,000	211,376,000	392,635,000	14,510,548,000	7,709,741,000	0	1,349,539,000	6,799,985,000	1,566,929,000	2,324,264,000
3,356,880,480	3,037,456,680	189,430,809	129,992,991	3,898,835,153	2,167,622,494	0	394,834,802	398,444,223	861,604,928	730,008,101
1,873,425,499	1,696,137,768	40,832,209	136,455,522	1,470,464,793	553,874,727	n/a	130,343,080	748,740,788	89,357,042	84,878,250
1,886,998,720	1,858,064,890	22,111,792	6,822,038	71,964,420	43,148,698	0	6,438,639	17,037,259	30,592,480	1,575,551
1,515,346,779	1,216,632,357	92,734,899	205,979,523	n/a	996,435,990	n/a	n/a	n/a	n/a	n/a
1,590,567,778	1,338,599,455	113,279,874	138,688,449	3,517,421,539	713,939,082	n/a	74,027,968	1,971,900,231	402,719,301	9,346,744
1,607,972,441	1,605,054,305	208,060	2,710,076	47,622,461	37,121,963	0	3,980,898	6,161,078	32,871,663	0
1,353,948,286	1,136,419,253	24,936,398	192,592,635	2,933,566,344	1,926,234,859	12,470,439	368,061,619	1,719,821,188	169,054,044	143,326,996
1,162,329,865	912,603,255	40,077,572	209,649,038	4,046,308,079	1,828,785,722	11,086,796	202,124,013	2,164,167,948	683,991,907	393,082,766
945,482,000	826,881,000	45,302,000	73,299,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1,067,700,000	873,300,000	56,000,000	138,400,000	1,627,300,000	n/a	n/a	85,700,000	910,000,000	240,200,000	180,200,000
1,063,043,034	928,637,947	15,292,615	119,112,472	2,019,953,623	355,100,196	0	142,831,299	866,748,544	97,971,641	6,360,902
1,023,723,858	836,192,565	21,339,874	166,191,419	1,790,428,005	831,949,713	0	146,219,762	556,219,441	467,303,055	158,860,596
1,028,028,428	991,109,536	29,673,924	7,244,968	30,282,825	12,888,931	11,995,830	1,724,778	23,187,568	753,006	0
970,739,732	804,152,479	114,440,996	52,146,257	245,501,852	69,946,670	6,960,025	19,419,230	63,452,163	57,586,734	7,608,775
765,787,537	556,214,370	146,118,954	63,454,213	2,823,811,554	2,717,114,845	90,968,952	314,487,569	1,864,955,132	60,144,267	843,843,273
933,391,830	679,127,011	203,727,324	50,537,495	1,891,557,412	1,161,875,948	185,639,572	110,472,025	785,637,530	257,458,186	280,069,309
648,622,237	532,931,946	24,382,591	91,307,700	8,971,718,639	6,531,699,457	0	795,441,096	6,726,358,349	309,908,402	1,080,132,691
752,216,964	542,168,978	87,884,038	122,163,948	6,168,924,112	2,063,701,083	0	185,566,091	4,455,623,122	634,915,799	316,133,075
813,238,877	673,817,595	51,028,245	88,393,037	1,624,265,462	814,226,639	n/a	64,510,723	1,248,480,993	82,061,191	87,392,969
644,918,647	539,511,812	62,560,151	42,846,684	274,865,943	183,684,254	0	12,783,415	78,816,254	111,643,768	7,959,848
653,826,798	594,835,921	27,124,789	31,866,088	316,482,265	206,220,930	0	15,042,485	126,687,480	42,029,482	29,250,362
648,066,071	561,298,337	19,124,584	67,643,150	n/a	n/a	n/a	n/a	n/a	n/a	n/a
630,561,297	584,763,636	25,688,802	20,108,859	459,811,855	305,269,940	1,405,000	20,576,188	87,763,032	90,027,261	6,458,072
591,341,173	462,670,009	75,307,684	53,363,480	1,101,730,480	646,128,779	172,991,987	72,283,754	334,136,591	238,441,905	173,759,677
462,576,918	404,227,888	10,409,775	47,939,255	3,471,893,746	2,792,527,668	0	290,414,251	823,134,402	1,324,437,745	855,876,616
660,160,492	648,359,078	8,119,460	3,681,954	125,441,206	28,431,444	0	(38,190,393)	70,294,534	40,437,661	4,413,050
578,464,391	527,415,588	36,630,320	14,418,483	171,993,243	85,948,644	0	3,853,809	29,614,247	36,466,269	1,599,329
514,367,000	432,801,000	39,323,000	42,243,000	255,323,000	92,578,000	262,840,000	29,858,000	137,904,000	7,091,000	2,500,000
482,400,323	470,905,947	3,373,850	8,120,526	117,254,047	3,397,202	0	47,427,847	107,263,837	3,085,645	0
510,853,125	450,593,580	21,880,150	38,379,395	514,775,062	215,124,071	0	(16,945,770)	76,606,390	95,086,383	132,753,046
468,299,613	440,355,008	34,048	27,910,557	417,101,265	220,894,418	0	18,584,876	222,239,013	58,401,757	0
402,039,746	350,051,394	32,068,493	19,919,859	309,274,028	166,509,287	9,828,504	59,259,037	143,013,349	130,459,314	0
455,275,493	417,598,259	14,121,229	23,556,005	215,699,151	154,028,280	0	12,769,809	67,612,960	19,303,830	53,172,660
411,604,686	365,307,171	32,248,156	14,049,359	170,182,317	40,730,922	0	42,678,872	136,271,126	27,517,986	0
436,192,243	410,134,114	578,406	25,479,723	264,124,642	197,721,963	0	12,875,144	52,536,521	62,067,108	6,657,198
190,330,325	160,661,965	15,912,998	13,755,362	698,463,266	668,942,490	7,782,000	247,135,963	574,947,148	18,850,884	3,967,814
388,784,732	385,260,666	1,463,803	2,060,263	206,375,312	1,413,765	0	1,551,597	199,944,378	3,367,447	0
155,184,314	133,256,835	13,543,084	8,384,395	2,057,360,996	1,585,425,334	0	229,799,432	599,780,385	1,234,021,414	197,108,718
349,550,910	335,732,227	6,752,184	7,066,499	12,508,501	9,112,660	1,472,471	1,794,909	11,353,685	71,929	233,000
352,609,761	350,107,091	2,035,141	467,529	65,325,024	2,698,750	0	(3,734,612)	50,565,294	8,939,133	3,775,170
336,478,998	297,253,972	10,703,264	28,521,762	711,187,550	549,769,191	n/a	216,396,291	190,237,837	330,925,903	35,851,679
346,190,612	306,183,869	23,277,802	16,728,941	1,360,627,539	122,338,657	18,188,723*	132,587,371	1,096,161,682	39,332,118	73,916,571
290,770,583	248,018,285	8,395,483	34,356,815	1,508,459,036	1,088,810,079	0	140,472,181	378,994,126	287,903,949	432,105,406
307,065,604	283,750,056	4,686,272	18,629,276	753,245,419	483,822,055	0	47,083,427	274,530,204	119,628,768	0
338,235,122	304,274,924	13,668,285	20,291,913	474,124,760	304,644,007	0	62,082,343	(118,991,502)	120,246,059	224,726,552

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	Name	2013 Total Revenue	Source Of Income Public Support	Government	Investment	Program Service	Other Revenue	In Kind Services
51	Good360 ³	316,455,626	310,014,786	0	0	6,389,758	51,082	0
52	Step Up For Students	311,087,167	310,799,794	0	7,252	0	280,121	0
53	Bill, Hillary & Chelsea Clinton Foundation ⁸	293,695,415	198,599,448	92,923,660	719,260	0	1,453,047	0
54	Christian Broadcasting Network	290,918,273	181,034,723	0	2,039,480	379,433	107,464,637	0
55	The Leukemia & Lymphoma Society	290,358,467	279,789,665	0	8,133,222	0	2,435,580	0
56	Project HOPE	287,195,763	273,268,525	9,908,902	1,746,460	2,549,657	(277,781)	0
57	Rotary Foundation of Rotary International	284,151,011	239,576,225	46,941	48,086,081	14	(3,558,250)	0
58	Special Olympics ⁹	273,939,034	212,206,728	17,686,493	9,275,816	7,109,472	27,660,525	0
59	Alzheimer's Association	268,920,015	233,454,130	11,583,734	4,799,258	11,181,686	7,901,207	0
60	Operation Blessing International Relief and Development	267,123,592	266,608,668	460,952	24,285	0	29,687	0
61	Mental Health America ¹⁰	265,273,599	38,544,440	132,644,929	2,016,412	85,364,958	6,702,860	0
62	Susan G. Komen for the Cure	263,673,268	235,266,150	0	7,640,768	446,453	20,319,897	0
63	Young Life	262,688,189	204,807,869	0	113,333	58,398,749	(631,762)	0
64	National Multiple Sclerosis Society ¹¹	256,066,854	97,596,983	402,031	6,304,126	0	151,763,714	0
65	Art Institute of Chicago	253,332,003	31,404,392	7,307,717	30,193,556	160,195,800	11,212,380	0
66	Brother's Brother Foundation	243,960,033	242,461,161	0	790,676	694,732	13,464	0
67	San Francisco Museum of Modern Art	243,335,665	235,852,434	415,445	(5,513,789)	5,328,728	4,639,292	0
68	Christian and Missionary Alliance	239,295,098	54,216,986	0	20,306,056	149,730,643	15,041,413	0
69	ChildFund International	238,552,752	217,195,831	16,543,655	2,823,019	1,462,460	527,787	0
70	Chronic Disease Fund	238,318,382	237,954,581	0	363,801	0	0	0
71	Marine Toys For Tots Foundation	238,112,361	235,440,669	0	2,286,806	0	384,886	0
72	Mercy Corps	236,267,143	57,376,940	178,106,251	257,621	320,906	205,425	0
73	Wounded Warrior Project	234,682,943	225,418,220	0	2,394,868	0	6,869,855	0
74	United Nations Foundation	230,764,474	212,356,259	6,420,000	3,200,891	1,841,461	6,706,554	0
75	Big Brothers Big Sisters of America ⁶	230,705,312	182,478,400	34,195,846	1,849,041	0	12,182,025	0
76	Make-A-Wish Foundation	230,344,693	218,721,357	0	10,419,542	0	1,203,794	0
77	World Wildlife Fund	229,248,747	167,598,514	48,219,397	5,493,589	568,448	7,368,799	0
78	Museum of Fine Arts, Houston	225,738,584	171,511,972	1,045,767	44,860,453	8,178,688	141,704	0
79	American Diabetes Association ³	221,761,000	171,120,000	387,000	2,244,000	36,800,000	11,210,000	0
80	Médecins San Frontières/Doctors Without Borders	221,111,422	208,986,517	0	1,004,768	11,282,340	(186,755)	0
81	American Kidney Fund	219,521,281	218,909,656	0	558,055	2,933	50,637	0
82	Legal Aid Society	217,798,145	31,994,324	185,628,391	186,788	144,315	(155,673)	0
83	Carter Center	217,709,170	155,869,416	41,065,421	20,410,801	0	363,532	0
84	National Gallery of Art	216,557,327	27,261,233	123,546,804	58,042,789	1,318,325	6,388,176	0
85	Museum Of Modern Art	214,122,158	88,800,424	177,829	58,540,049	36,801,669	29,802,187	0
86	National Jewish Health	213,888,461	39,326,061	41,036,000	8,824,947	125,133,247	(431,794)	0
87	Wildlife Conservation Society	212,002,436	62,473,797	56,564,098	4,090,271	71,051,484	12,193,561	0
88	Kennedy Center for the Performing Arts	211,566,883	77,277,276	43,545,595	2,943,442	76,517,475	7,399,608	0
89	UJA-Federation of New York	208,894,000	168,819,000	0	43,120,000	423,000	(3,468,000)	0
90	JDRF	206,223,491	196,010,663	0	9,200,541	0	1,012,287	0
91	Scholarship America	206,031,524	181,768,040	0	12,840,154	9,281,082	2,142,248	0
92	Jewish Federation of Metropolitan Chicago	205,301,798	169,086,739	167,645	23,028,586	10,989,684	2,029,144	0
93	Communities In Schools ¹²	204,096,527	97,624,404	78,135,931	933,610	24,538,166	2,864,416	811,007
94	March of Dimes	202,811,920	192,020,743	3,216,396	4,075,480	1,786,401	1,712,900	0
95	UNCF	200,582,859	171,153,743	0	29,390,747	0	38,369	0
96	American Museum of Natural History	197,273,112	86,908,788	48,876,449	16,363,553	25,698,871	12,803,072	0
97	Teach For America	196,225,340	149,473,957	43,165,773	1,605,913	492,292	1,487,405	0
98	NPR	190,557,609	82,378,310	310,404	636,793	103,285,289	3,946,813	0
99	Robin Hood Foundation ³	180,700,194	179,527,323	0	16,282,217	0	(15,109,346)	0
100	Children International	180,378,425	179,689,173	0	572,473	0	116,779	0

3 Audited financial statements 6 FYE 2012 8 Draft financial statements 9 FYE 2013 data of national office and 29 affiliates plus FYE 2012 data of 22 affiliates 10 FYE 2013 data of 40 affiliates, FYE 2012 of 102 affiliates and FYE 2011 of 7 affiliates 11 Unaudited financial statements 12 FYE 2013 data unavailable for about 30 of 193 affiliates

THE 2014 NPT TOP 100

Total	Expenses Programs	Fundraising	Administrative	Total Assets	Value Of Investments	Total Joint Cost	Net Change In Assets	Unrestricted Assets	Temporarily Restricted	Permanently Restricted
322,701,484	319,640,039	775,304	2,286,141	8,422,833	148,975	0	(22,719,197)	1,178,414	1,680,215	0
213,475,359	211,215,838	1,242,172	1,017,349	315,506,923	37,644,262	0	97,446,237	4,981,225	309,044,447	0
221,575,359	195,812,639	10,129,158	15,633,562	351,555,126	104,089,081	0	72,120,056	182,102,123	101,165,849	250,000
278,492,621	239,158,696	24,716,827	14,617,098	192,801,010	63,962,480	106,970,498	7,097,940	138,158,521	25,036,796	804,496
306,978,665	234,466,765	48,057,833	24,454,067	236,325,556	213,546,254	16,986,590	(13,039,346)	90,324,737	7,775,266	2,909,430
285,816,601	273,970,043	7,806,595	4,039,963	50,595,001	23,022,653	0	5,539,584	6,492,006	23,886,966	3,018,707
201,636,118	176,509,067	17,684,295	7,442,756	923,705,131	849,262,710	0	97,682,410	525,127,079	71,715,145	234,712,526
265,034,257	204,775,595	43,870,033	16,388,629	277,638,788	208,114,693	19,166,981*	17,744,148	208,933,331	34,394,011	4,629,403
248,131,485	190,118,282	18,748,626	39,264,577	320,641,449	205,589,578	15,082,957	23,436,768	139,330,078	57,140,264	35,941,363
266,695,047	263,833,030	1,867,445	994,572	92,451,633	6,309,216	0	428,545	3,528,316	5,118,441	0
258,745,847	223,872,546	4,329,893	30,543,408	211,269,899	85,312,614	n/a	3,696,664	118,031,635	16,284,644	7,275,892
288,446,687	239,082,508	30,970,009	18,394,170	433,373,174	369,312,960	72,334,449	(12,236,482)	123,694,454	66,531,894	325,000
252,501,282	223,856,558	6,231,790	22,412,934	275,662,060	66,919,463	0	6,419,619	248,249,786	7,977,919	0
250,277,274	193,369,326	37,318,246	19,589,702	168,647,979	137,807,376	13,577,000	5,789,580	71,284,858	15,325,623	6,723,078
270,250,707	237,926,872	7,477,173	24,846,662	1,404,559,396	880,137,454	0	81,006,337	127,764,209	581,898,045	327,373,585
238,209,340	237,112,710	261,790	834,840	42,159,115	6,624,219	0	5,475,269	40,735,860	885,750	395,287
68,858,229	55,522,751	5,432,290	7,903,188	599,742,110	381,869,202	0	186,856,699	12,204,469	429,002,844	148,695,052
227,110,834	195,624,285	4,726,498	26,760,051	857,576,900	171,569,396	0	11,993,752	136,213,326	22,915,644	12,608,265
239,297,115	193,287,277	27,435,228	18,574,610	106,151,696	66,490,234	0	4,169,676	25,335,354	38,662,678	17,970,579
235,593,633	216,208,322	580,166	18,805,145	N/A	100,625,000	0	(26,399,745)	n/a	n/a	n/a
234,521,023	228,080,023	5,535,973	905,027	131,788,815	87,969,091	0	10,023,473	117,094,639	0	0
240,929,617	201,798,175	11,707,447	27,423,995	130,391,939	81,015,229	0	(4,237,701)	47,993,146	20,213,937	0
158,073,943	117,198,737	31,740,306	9,134,900	182,838,004	155,810,213	42,930,194	76,160,267	165,155,390	242,630	1,000,000
137,838,875	117,807,389	7,016,699	13,014,787	386,526,080	281,032,357	0	111,779,021	198,808,878	157,798,007	0
190,182,898	190,182,898	n/a	n/a	204,309,709	109,215,895	0	145,696,036	160,879,396	0	0
239,087,599	179,087,925	36,241,705	23,757,969	278,672,495	216,275,502	6,791,561*	18,591,085	135,496,982	34,622,027	28,524,972
203,731,525	162,382,096	27,641,686	13,707,743	450,932,452	269,746,663	29,761,252	47,123,901	153,183,215	122,790,028	42,845,238
84,484,623	69,689,417	3,350,449	11,444,757	1,315,043,286	1,090,871,382	0	196,421,787	226,462,278	387,630,150	685,153,191
221,163,000	162,258,000	9,540,000	49,365,000	158,358,000	56,524,000	36,553,000	25,486,858	7,387,000	87,658,000	12,471,000
216,535,113	189,259,642	24,450,915	2,824,556	176,861,938	146,586,321	0	4,964,166	146,537,230	18,805,353	534,017
217,536,554	212,275,781	3,683,854	1,576,919	26,768,144	23,257,248	2,024,228	2,478,977	22,808,259	1,794,851	175,017
209,195,603	197,821,796	932,139	10,441,668	66,885,317	40,212,188	0	19,784,854	(42,295,695)	2,390,150	2,066,023
205,779,148	191,225,860	7,811,623	6,741,665	591,080,695	545,469,577	0	30,177,644	199,652,398	240,014,426	129,077,519
191,339,296	149,525,694	4,601,418	37,212,184	1,127,686,777	800,239,069	0	60,831,453	474,586,178	194,414,256	380,171,901
220,842,932	162,555,979	14,036,828	44,250,125	1,511,429,623	743,918,983	0	61,792,038	659,774,226	181,752,059	245,280,053
209,781,870	172,288,480	7,707,953	29,785,437	275,571,000	128,007,000	0	6,291,000	88,992,000	43,438,000	43,878,000
218,361,953	181,074,908	9,519,936	27,767,109	839,099,523	476,083,063	0	23,338,572	281,492,738	170,758,687	227,958,314
200,905,467	183,705,894	8,996,444	8,203,129	404,254,578	122,896,836	0	22,440,217	129,982,361	78,097,982	110,605,767
224,965,000	172,985,000	28,330,000	23,650,000	1,273,816,000	1,033,317,000	0	70,985,000	521,834,000	313,445,000	236,840,000
209,495,741	169,806,654	23,702,529	15,986,558	196,040,120	137,988,638	0	(2,868,626)	(850,019)	27,580,079	6,800,245
192,324,791	183,718,023	3,210,195	5,396,573	399,701,509	391,641,406	3,042,000	10,623,869	95,191,259	113,400,570	140,403,178
160,143,166	139,422,559	6,661,934	14,058,673	995,018,834	823,291,313	n/a	86,192,605	440,786,807	105,140,292	74,676,991
185,029,758	158,468,941	7,353,526	19,207,291	120,299,588	86,431,938	0	120,299,588	53,194,033	41,840,542	25,265,013
212,538,425	160,043,111	27,613,984	24,881,330	153,954,900	115,670,593	33,049,000	68,298,866	58,125,021	3,732,000	13,220,675
161,468,500	136,713,981	11,713,809	13,040,710	1,051,445,397	985,758,789	4,333,317	69,186,676	11,325,914	627,258,216	59,609,561
189,294,280	157,424,096	5,861,935	26,008,249	1,186,142,115	648,088,451	0	106,660,863	335,812,802	277,597,339	176,067,250
189,103,076	144,563,377	20,413,147	24,126,552	470,465,384	308,184,477	0	19,364,638	240,395,017	81,403,969	116,663,966
209,283,675	149,007,401	10,548,379	49,727,895	393,370,970	117,178,015	0	(15,631,486)	146,310,931	13,405,882	0
208,753,245	190,528,749	12,854,047	5,370,449	447,689,231	262,714,024	0	(28,052,961)	285,974,168	83,608,996	0
180,270,784	149,582,853	20,312,377	10,375,554	66,199,442	43,253,630	0	2,404,547	52,161,907	1,156,880	385,522

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Continued from page 3

izations had a reversal of fortune. Kingsway Charities fell out of the Top 100 after reporting \$331 million the previous year.

Feed the Children reported total revenue of \$453 million, down 26 percent from last year's \$617 million, and among the biggest tumbles on this year's list.

The volume of gifts-in-kind (GIK) contributions can swing fairly substantially as there can be times when more

product becomes available, for a variety of reasons, according to Corey Gordon, chief marketing and communications officer at Feed The Children in Oklahoma City, Okla. Last year was a return to a more typical year for the charity after a spike in 2012, he said.

Much of the in-kind donations to Brother's Brother Foundation are in the form of new books. With the paper book industry struggling and so many things available digitally, President and CEO

Luke Hingson said in-kind contributions continue to decline.

The foundation more or less stays in the same range typically but sees a spike in cash donations of as much as \$3 million during years when it responds to natural disasters, Hingson said. It raised some \$400,000 last fiscal year in response to Typhoon Haiyan and received nearly \$1 million in response to the Haiti earthquake in 2010.

Many organizations still had Hurri-

cane Sandy-related figures on the books, such as American Red Cross. Its fiscal year runs July 2012 to June 2013 and Sandy struck in October 2012. As a result, the Washington, D.C.-based nonprofit reported a massive surge in vehicle donations, up from about \$600,000 to \$3 million.

New York City-based CMMB ran a special campaign for its 100th anniversary during the calendar year of 2012 (the fiscal year runs October 2012 to September 2013). The campaign was an extraordinary effort to engage partners and beneficiaries in a yearlong celebration, with special outreach to pharmaceutical donors to talk to them about their work, said Adrian Kerrigan, senior vice president for advancement.

Noncash contributions of pharmaceuticals and medical supplies still made up about 95 percent of revenue for CMMB, with contributions from Teva Pharmaceuticals jumping from \$160 million to \$231 million and from Mylan Pharmaceuticals increasing from \$51 million to \$118 million. The organization also reported a combined \$80 million last year from Bristol Myers Squibb and Merck, which did not contribute the previous year.

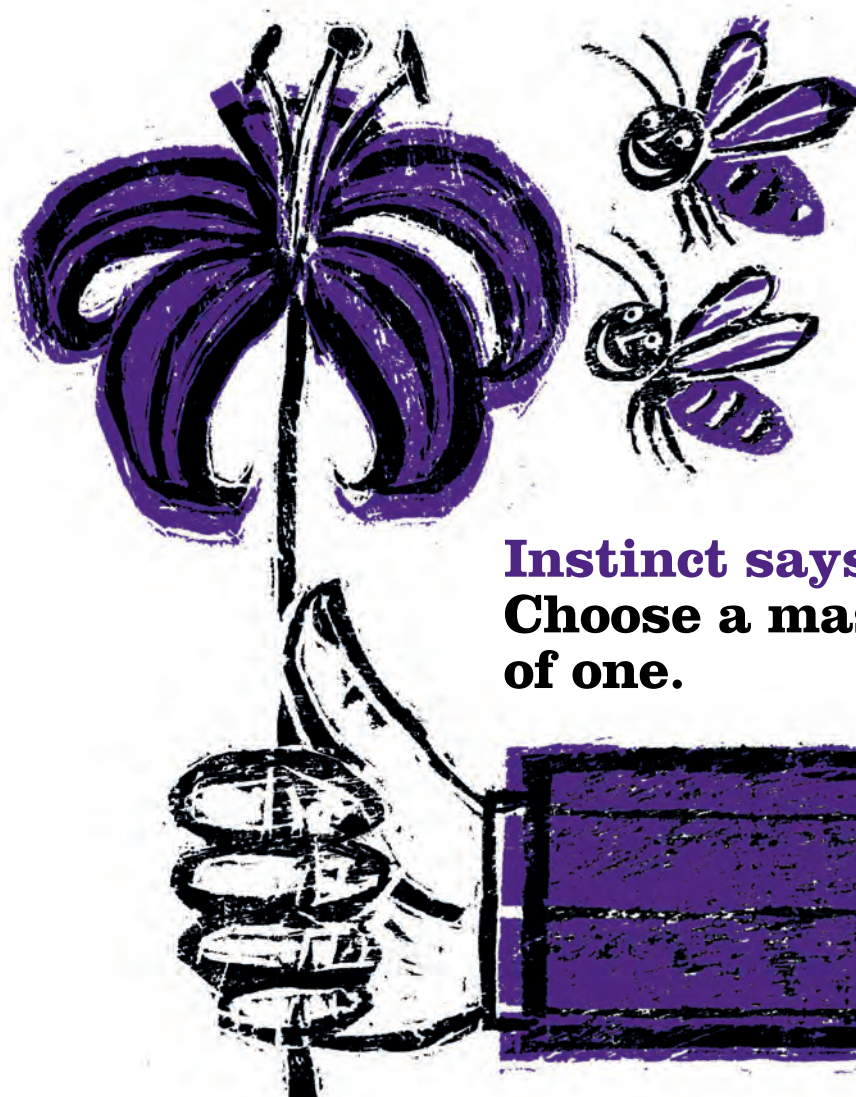
CMMB invested more -- and smarter -- in acquisition, including a variety of ages and demographics, Kerrigan said. "We invested a little more in broadening our list, a more modeled list, names that had greater resonance with our mission and identity," he said. Total revenue almost doubled and CMMB saw 12 percent growth in donors, now with 125,000 on file, and a similar rise in cash contributions, to \$27 million.

Starting in 2012, CMMB "got smart and sophisticated" about its monthly giving program, Kerrigan said, engaging donors to make monthly gifts and sharing stories about its work with malnourished children in Haiti. The monthly giving program, Partners in Healing, grew by 30 percent in terms of donors and almost 60 percent in revenue. The number of donors who made more than 11 gifts a year went from 600 to 1,200.

New donors would get a phone call thanking them for the gift but also asking if they'd like to engage more deeply and consider making a monthly gift. "We'd do it while the affinity was strong," Kerrigan said. "Telemarketing is still a very viable channel. "It's a great way to engage people immediately," he said, and continues to be surprised by the telemarketing's reach, given the technology available to screen phone calls.

"An anniversary is a great way to raise visibility among your own donor network and outside your own by taking advantage of celebrating and recognizing milestones, engaging people in new and creative ways," Kerrigan said. "We made some special investments in the anniversary year to kind of ramp up and scale up the acquisition campaign, so that proves to be beneficial, because we had so much collateral around it." **NPT**

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Gains Made By Tying Revenue, Retail And Mission

BY PATRICK SULLIVAN

Tim O'Neal is all business. It's a good thing, then, that he's in the business of mission delivery.

O'Neal, the chief operating officer at Goodwill of Central Arizona in Phoenix, runs the third-largest retail operation in the Goodwill Industries International network. He doesn't see his 63 stores, or the \$130 million in annual revenue the stores bring in, as divorced from mission in any way.

"It's not so much about juggling because (retail and mission) go hand-in-hand," said O'Neal. "Our mission is to put people to work, and that doesn't happen without the stores. Stores operate as a fundraising mechanism that allows us to help people get back on their feet."

Goodwill Industries International, headquartered in Rockville, Md., reported \$5.177 billion in total revenue, second only to YMCA of the USA and its \$6.6 billion. Like The Y, Goodwill derives much of its revenue -- almost 71 percent -- from program services, some \$3.66 billion.

Program revenue and earned income can provide unrestricted funds for some



Our mission is to put people to work, and that doesn't happen without the stores. Stores operate as a fundraising mechanism that allows us to help people get back on their feet. --Tim O'Neal of Goodwill of Central Arizona

of the largest organizations, such as Goodwill, Habitat for Humanity International, and the Y. Even at American Red

Cross, which is best known for its disaster response operations, program service revenue from its biomedical services

division accounted for \$2.16 billion of its \$3.4 billion in total revenue last year, almost two-thirds.

Goodwill gets between 70 and 75 percent of its revenue from its stores, of which there are 3,000 in the U.S. Goodwill President and CEO Jim Gibbons said those percentages have been creeping up. "Over the past seven years, we've realized the donated goods social enterprise model is very relevant to communities in this economy and is really an extraordinary mechanism for mission deployment," he said.

O'Neal's ratio is a bit higher than average, at between 88 and 90 percent. So is Jason Seifert's, at about 85 percent for Goodwill Easter Seals Minnesota in St. Paul. "There's something to be said for being a nonprofit and having earned income, being able to better control the revenue stream," said Seifert, chief financial and operations officer for the affiliate. Annual retail revenue was up 16 percent last year and total revenue was up 13 percent for the organization.

While brick-and-mortar stores account for the majority of Goodwill revenue, its

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Royalty Income Comes With Some Controversy

By MARTIN C. DAKS AND MARK HRYWNA

Cystic Fibrosis Foundation (CFF) had a modest bump in public support -- barely 2 percent -- up from \$134 million to \$137 million last year. But the Bethesda, Md.-based organization still ascended the *NPT Top 100*, eclipsing \$400 million in total revenue, up almost 19 percent from the \$341 million reported last year.

Much of the gain was tallied as "other revenue," primarily from royalties, which increased 65 percent, from \$156 million to \$257 million.

Like many nonprofits in the *NPT Top 100*, CFF derives revenue from a diverse stream of sources, including royalties. In the case of CFF, it was in exchange for funds invested in early stage research and development efforts launched by pharmaceutical companies. Other charities strike licensing agreements that put money in their coffers.

Nonprofit managers say the revenue is helpful, although it's not enough to replace traditional funding sources, such as individual and corporate donations. And, sometimes, the royalties can rub people the wrong way.

Beginning during the late 1990s, CFF advanced funds to biotech and pharmaceutical companies to encourage them to develop new drugs for the condition. "While the foundation does provide research funding to pharmaceutical companies for specific projects that could yield promising new therapies to treat

CF (Cystic Fibrosis), we do not invest in the companies themselves, nor do we endorse or promote products," said Amy DeMaria, CFF's senior vice president, communications. "We have structured our agreements with pharmaceutical companies so we receive royalties in some cases, which are reinvested in support of our mission."

Royalties accounted for more than half of the foundation's total revenue of \$405 million last year. Most of the 2013 royalties can be traced to a May transaction, where the foundation agreed to sell a portion of its future royalty revenue related to Kalydeco (Ivacaftor). The federal Food and Drug Administration (FDA) designates Kalydeco an "orphan drug" that treats fewer than 200,000 people in the United States and reportedly costs patients (or their insurance companies) \$307,000 a year to take two pills a day.

CF is a rare disease, affecting about 70,000 people worldwide and 30,000 in the U.S., so historically, the pharmaceutical industry has "not had an incentive to spend significant time and money to develop new drugs for diseases that affect such a small patient population, compared with more common conditions such as heart disease and diabetes, among others," she said.

The investment drew some fire, especially with Paul Quinton, a cystic fibrosis researcher at the University of California-Riverside and the University of California-San Diego. "The concept of a

charitable, not-for-profit taking on the role of a venture capitalist is new and difficult to digest at the moment," according to a report in the *Milwaukee Journal Sentinel*, a Wisconsin newspaper. Quinton and other doctors and scientists also sent a letter to Vertex



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--Amy DeMaria of CFF

decrying the "unconscionable" retail price of the drug.

DeMaria defended the investment. "Funds received as a result of Ivacaftor are being invested in our mission, including new and expanded projects with pharmaceutical companies, including Pfizer, Genzyme and Vertex, to discover and develop drugs that will help more people with CF," she said.

Similar to the CFF, the National Multiple Sclerosis Society (NMSS) also collects royalties from pharmaceutical companies. Although that organization's wholly-owned entity, Fast Forward, enters into Sponsored Research Agreements (SRA) with selected companies and academic institutions, it's not a revenue stream that the charity counts on, according to Dr. Timothy Coetzee, chief advocacy, services and research officer.

In fiscal 2012 and 2013, for example, none of the milestones that would trigger royalties to Fast Forward were achieved, according to the MS Society's financial statements. In certain SRAs, however, Fast Forward does receive warrants -- the right to purchase a company's stock at a specific price and at a specific date -- and in fiscal 2013 the organization recorded a \$2.9 million gain related to the exercise of two such warrants. But that represented a fraction of the \$256 million in total revenue that year.

"We solicit proposals from companies whose R&D work aligns with our objec-

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COMMERCE REVENUE

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online auction site, shopgoodwill.com, is projected to bring in more than \$35 million in 2014. "We could have years ago not embraced technology, but instead of doing what we thought we did best we embraced technology and launched shopgoodwill.com," said Gibbons.

Good360 is another *NPT Top 100* organization that has embraced technology. Its online catalog launched four years ago. "We're not a catalog, we're a community driven by sophisticated technology to do good better and more efficiently," said Cindy Hallberlin, president and CEO of the Alexandria, Va.-based organization.

This year the site, soon to be renamed GivingPlace, got about 200,000 hits through the start of September. "We do \$300 million worth of distribution of goods per year," said Hallberlin. While the catalog accounts for about 10 percent of Good360's annual revenue, "It's not a money-making exercise. It's a way to scale our impact," Hallberlin said.

Unlike Goodwill stores, Good360's platform is not consumer-facing. "The only people who can use our website are nonprofits," said Hallberlin, though in



We do \$300 million worth of distribution of goods per year.

--Cindy Hallberlin of Good360

the near future individuals will be able to log on and donate the administration fees for the goods' delivery. Administration fees vary not by the value of goods but by weight and the cost to ship them.

Habitat for Humanity's model is slightly different than Goodwill's in that it carries building material in its ReStores, in addition to the clothing, furniture and sundries one would find in a thrift store. That, too, is an outgrowth of mission, as Habitat helps build homes for low-income families. Frank Reed, senior director of ReStore Support, said the 842 U.S. ReStores have to be mindful to put the mission first.

"Our (ReStores) are steady access to unrestricted funds," said Reed, who is based in Charlotte, N.C. "All of our stores are locally owned and operated, and the fundraising they go through is augmented by the ReStore to further that affiliate's mission. The real question is, can they do it to benefit the mission instead of turning it into a store that builds homes?"

Blair Bravo, executive director of Morris Habitat for Humanity in Randolph, N.J., said running her 25,000-square-foot ReStore is a constant juggle of being business-minded and mission-minded. "A retail operation is a retail operation. It's a business," she said. "It must open at certain times, close at certain times. You

have customers who don't have the same kind of forgiveness as nonprofit clients. Whenever I step into my ReStore, I take off my mission hat and put on my business hat. The challenge is making that connection and transition."

Both Habitat and Goodwill chapters are autonomous, with their own staff and boards, allowing local affiliates to customize operations to communities. "We serve a very large population, more than 50,000 per year, and we help get 25,000 into jobs," said O'Neal. "That may not be the need across the country. Other affiliates may need more intensive services, for people with disabilities or people with a language barrier. The autonomous part allows us to tailor the way we serve the public."

Opening up an earned income stream, whether through e-commerce or a physical store, is not something to just jump into. Bravo said, "Running a retail operation is very different from running a mission. There's different dynamics. Make sure you have a team in place that understands that dynamic. It's a different animal and that is not easy. It's not money first, it's families first." *NPT*

Continued from preceding page

tives,” said Coetzee. “Before making an investment we engage in due diligence regarding the organization itself and the science underlying the R&D project.”

The structure of the investment can vary. “One type, an equity based model, will offer Fast Forward warrants,” he said. “This is often utilized when we invest in an early stage venture capital situation.”

Another structure involves tier-based cash returns, generally from two to five times the original investment. “This is usually used when we enter into an agreement with a larger, established company,” Coetzee said. “Typically, when a certain benchmark is reached, our original investment will be returned. As other events -- often related to drug development and cash flow -- occur we’ll get additional returns,” he said.

A relatively new model, that hasn’t been used much by Fast Forward, ties the return to a percentage of sales of the drug developed with the invested funds.

“Philosophically, we favor the first two models,” Coetzee said. “They’re simpler and there’s less blowback if the drug is an expensive one.”

The program is similar to venture capital in that NMSS aims for smaller, more strategic investments to create momentum, the way venture capital delves in



areas where traditional investors do not.

“It’s different from venture capital in that we’re not a fund that’s looking to deliver 10 or 15 percent return to investors. What we’re trying to deliver is a therapy for people living with MS. We’re perfectly comfortable with the fact that all funds are risk capital,” Coetzee said.

The downside of such agreements is not about failing to generate revenue but if a project gets shelved for reasons

We make smaller, more strategic investments to create momentum. When you look at venture capital, those are areas where traditional investors are not prepared.

--Dr. Timothy Coetzee of NMSS

other than an experiment failing, be it commercial or strategic. NMSS aims to structure agreements to try to “recoup intellectual property, to potentially redeploy assets elsewhere,” he said. There’s also the risk in the clinical stage and trials that someone could get hurt. “It’s not a unique risk to commercial agreements. We fund lots of clinical trials, anytime you fund something that goes into people, that’s a risk.”

In the 32 commercial agreements since NMSS started the program seven years ago, only one has returned anything fiscally. “If we hit again, great but...we don’t have a line item for raising revenue from royalties,” he said.

Coetzee estimated that of the total research budget, about 10 percent is in such agreements with most of it in typical academic and investigative research. “If we learn something, gain insights about MS, you could characterize it as the return is primarily therapeutic or intellectual, not monetary,” he said.

There’s no specific set amount of money NMSS will commit to commercial versus academic endeavors. It is more driven by what are specific therapeutic needs for MS patients. “We try to figure out where our funding -- which is more catalytic -- can have the greatest impact,” Coetzee said. Once drugs enter phase two or three clinical trials, “at that point we’re more like cheerleaders of individuals recruiting patients,” he said, because NMSS doesn’t have the \$25 million or more to make such serious investments. “We make smaller, more strategic investments to create momentum. When you look at venture capital, those are areas where traditional investors are not prepared,” he said.

“As a health charity, we’re not in the business of mimicking Wall Street. We’re focused on the disease and solutions, we happen to use an instrument that financial markets use to achieve a goal but we’re not trying to beat them or be them.” *NPT*



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Audience Development Keys Traffic Gains For Museums

By MARK HRYWNA

The building can handle as many as 30,000 visitors without lines yet people queued up for hours to get in. That was the scene outside the Metropolitan Museum of Art in New York City some years ago when the Upper East Side institution hosted a wildly popular Alexander McQueen exhibit.

Membership dues revenue in the fiscal year ending July 2013 was up 9 percent compared to the previous year to \$29.4 million and almost 24 percent more than the \$23.7 million reported in 2010. "That's still the remnants of the Alexander McQueen phenomenon," said Harold Holzer, senior vice president, external affairs.

The British fashion designer's unexpected

death in February 2011 came just months before the "Savage Beauty" exhibit opened at The Met. People were waiting three to four hours, lining up for blocks outside the museum, according to Holzer.

For the McQueen exhibit, the Met offered memberships and with those memberships came a much smaller line. Feeding off the line

alternatively, about 500 people every 15 minutes could be accommodated.

"We never did it before but it's something that other museums do," Holzer said, adding that the McQueen exhibit offered an opportunity to attract younger, new members to the museum.

Membership reached a record 170,000 and attendance also set a record of 6.28 million visitors in the fiscal year ending 2012. Last year, attendance was 6.2 million, topping 6 million for the third straight year – the highest levels since the museum began tracking admission more than 40 years ago. Membership totaled more than 151,000 in 2014.

Last year was the first year that the museum was open to the public seven days a week. It had been closed on Mondays.

Organizations have looked at audiences more closely and targeted their different needs since the recession, according to Robert Lynch, president and CEO of Americans for the Arts (AFA). For typical arts organizations, some 60 percent of revenue is from earned income. "They're finding out what people are interested in and catering to that, whether that means...different hours, programming schedules, an array or size of programs. They're paying much more attention to those kinds of issues," he said, and gearing up marketing efforts accordingly.

The museum's flagship app, The Met, had more than 100,000 downloads since its Sept. 2 launch. "In developing the app, we hope to provide our audience with what's most useful to them, and in the most engaging way. We want this app to offer an enjoyable starting point for many new relationships with the museum, right now and in the future," said Sree Sreenivasan, hired last year as the museum's first-ever chief digital officer.

To improve digital media offerings, the American Museum of Natural History (AMNH) in New York City re-designed its website and developed its first-ever enterprise-wide content management system (CMS). It provides the foundation for future digital initiatives, including additional web, mobile and tablet apps, and on-site digital signage.

In 2011, the museum's apps were downloaded nearly 900,000 times and it launched AMNH Explorer – the first app to offer real-time location awareness indoors, using the wireless network to pinpoint users' location and offer turn-by-turn directions through more than 500,000 square feet of exhibition halls, theaters, restaurants, retail shops and restrooms.

As part of its \$610 million capital campaign, San Francisco Museum of Modern Art (SF MOMA) plans to match a \$5 million grant from an anonymous donor to create an endowed fund that would enable free admission for visitors 18 years and younger. It would triple the volume of school visitors from 18,000 to 55,000 a year by 2016.

SF MOMA also is exploring how to maximize use of real-time location services and on-demand content delivery to develop a digital engagement model that will enhance the museum experience while developing new technologies. During the expansion period, SF MOMA's will use its off-site programming as an opportunity to prototype various digital strategies for exploring and sharing art. *NPT*



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