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| Meeting Subject: | LFI Steering Committee Meeting #5 | | |
| Meeting Agenda: | <ul style="list-style-type: none"> • Context Setting • LAC Financial Analysis • Funding and Governance Options • Potential Funders and Partners • Focus on Membership and Partner Alliance • Next Steps | | |
| Date: | Tuesday, July 19 th (Option 1) and Friday, July 22 nd (Option 2) | Time: | 1:30PM-3:00PM (Option 1) and 2:30PM-4:00PM EST (Option 2) |
| Meeting Purpose: | To capture input from the Steering Committee on potential funding and governance options. | | |
| Meeting Facilitator(s): | Dana O'Donovan (MIBD), Rhonda Evans (MIBD), Bridget Brennan (MIBD), Elisha Desmangles (MIBD), Manan Mehta (MIBD), Jenny Hoang (MIBD) | | |
| Attendees | Quentin Wilson, Shelley Metzenbaum, Carmen Moreno-Rivera, Louis Erste, Brad Dudding, Doug Bauer, Amy Morgenstern, Debra Natenshon, Kathy Park | | |

LAC Financial Analysis

- We discussed the current cost to run the community and future costs under different scenarios.
- To estimate future state costs, the MIBD team identified the following three potential activity sets for the future org: (#1) LST engages in a subset of current state activities chosen in the survey; (#2) LST engages in the full set of current state activities; (#3) LST chooses individual additional activities.
- The group reviewed the specific activities associated with each activity set as well as the estimated cost range for each under a set of assumptions.
- Steering Committee members in the Option 1 meeting (7/19) mentioned several considerations that may impact the estimated cost for the three activity sets including additional FTEs for fundraising/development, employee benefits and the nature of overhead expenses in the future state org compared to now, and overall compensation expense that is reflective of geographic location, experience, and current market rates. Steering Committee members also discussed the activities shown for Activity Set #3 in relation to the need to understand funder priorities as the LAC thinks about its value proposition (e.g., less more focus on equity and/or implementation in future state).
- Steering Committee members discussed the need for benchmarking costs against an association model, such as the Association for Consultants for Nonprofits based out of Chicago.

Funding and Governance Options

- The MIBD team reviewed the potential funding and governance options for the future of the LAC, including sample grant ranges for infrastructure organizations. The Steering Committee noted that the LAC is more of a community than the other organizations listed.
- Steering Committee members in the Option 1 meeting (7/19) expressed interest in leveraging the diversity of the organizations represented in the LAC and in implementing a sliding scale membership fee structure. Committee members also discussed the value of tapping into LEAP's cross-sector approach/membership base to seek outside funding and operational support as

well as opportunities for collaboration. Overall, it was clear to the group that membership fees alone cannot sustain the Community.

- Members in the Option 2 meeting (7/22) acknowledged that the LAC would likely need time to develop a sustainable funding revenue stream. One option is to pursue a philanthropic pitch for bridge funding or growth capital to have time to clarify the value proposition and develop a business plan that would be proposing sustainable funding sources down the road. Membership fees could be a funding source, but fees will likely not cover the majority of costs.
 - Members also mentioned that leaning into a membership model first would require a specific staffing structure to do that, so it might not be possible to establish that funding source first.
 - There is a need to think about a lean organizational structure and what we can accomplish with that, and while allowing the LAC to build over time. If the LAC can't achieve a specific amount of funding, what would be the leanest they could be while they continue to build the vision for sustainability?
- Steering Committee members also discussed the potential for tiering and sliding scales when setting membership dues as a way to center equity in membership models. The MIBD team reviewed with the group research examples of sliding scale membership models that organizations in the field (e.g., Independent Sector and NTEN) are currently implementing.
 - NTEN's annual membership fee is set at \$99, which most people choose to pay, however the sliding scale allows members to adjust the fee based on their individual financial privilege is on a sliding scale which ranges from \$25 to no limit. NTEN only provides memberships to individuals, however an organization can still pay the annual fee on behalf of an individual.
 - Independent Sector (IS) provides annual memberships to both individuals and different types of organizations. Individual membership dues range from \$1,000 – \$3,000+ and members have the option to contribute at one of four annual donor levels. Organizational membership dues range from \$150 – \$17,500 and scale based on the organization type (e.g., public charity, private foundation, corporate philanthropy, global partner)
- One Steering Committee member questioned whether a model of a single-paid staff member and a group of ambassadors with appropriate term limits serving as a working board could be feasible.
- Another Steering Committee member mentioned the 'give or get' model as an option, where ambassadors would give what they can as a donation, and ambassadors who give large amounts could cover other ambassadors' donations. However, they also acknowledged the power dynamics that this model introduces. One way to make this model equitably would be to make donations completely anonymous.
- Steering Committee members mentioned that it would be helpful to know how much ambassadors would be willing to contribute in the form of membership dues to the LAC.

Potential Funders and Partners

- We are now at the point in the LFI process where we can begin to reach out to potential funders and partners and have exploratory conversations to test what feasible for funding sources, funding ranges, and governance options.

- The MIbD team shared potential outreach mechanisms (e.g., roundtable with multiple funders or ambassadors with transition experience, working group for initial fundraising) as well as potential criteria to assess funders/partners (e.g., representation in the community, likelihood of interest, strength of relationship).
- The group reviewed a list of potential funders that are known to fund infrastructure and the range of grant amounts each organization has provided, with a spotlight on those funders that also have Ambassadors in their org.
- Steering Committee members in the Option 1 meeting (7/19) noted that it would be important for LEAP to show funders proof of impact and to be confident in a value proposition. There was excitement in exploring the potential gaps the LAC can fill in the future, such as developing a platform with case studies and lessons learned about performance in the social sector that the public can use.
- Steering Committee members then discussed the option of selecting ambassadors with connections to the funders to have targeted discussions with them and do a pitch to see if they would consider a bridge grant or any financial contribution to support the LAC.

Focus on Partner Alliance

- The MIbD team raised a net new funding/governance option that has come to light recently. The LAC could release a Request for Proposal (RFP) or a light-touch concept note request to a list of organizations, asking them to respond with ideas for how they would envision a future relationship between their org and the LAC.
- Steering Committee members in the Option 1 meeting (7/19) felt that the RFP option may not be the best path forward as it could lead to loss of flexibility for LEAP (e.g., an org could provide fiscal sponsorship for LEAP but then enforce a set of compliance requirements) and presents a risk to the LAC's ambitions of advancing equity. The group further expressed a desire to clearly define the value proposition of LEAP before making an appeal to funders which may also allow LEAP to engage with a broader set of funders beyond those funding infrastructure organizations.
- Though the value proposition question requires additional discussion, there is also a critical need to begin engaging funders with an MVP as we think about LAC sustainability in the short-term.

Next Steps

- The Steering Committee summarized next steps using three pathways:
 - Exploring equitable and feasible membership fees
 - Potential seed and/or transition funders and grants
 - Exploring alignment with another organization that already exists