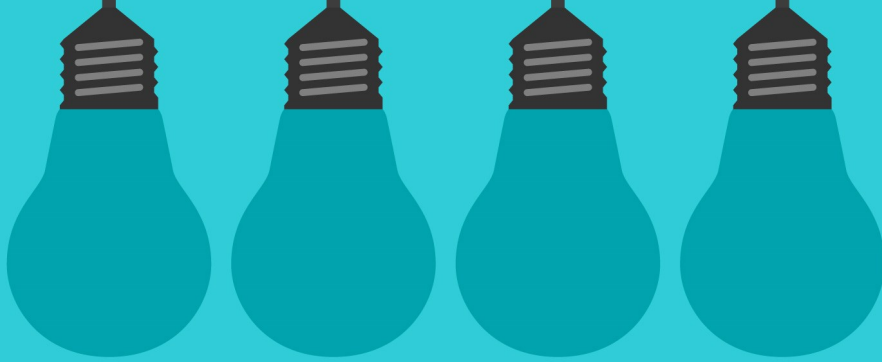




AAFCPAs
great minds | great hearts



Client Success Story:

AAFCPAs & MENTOR's Partnership in
Charting a Sustainable Future

How Did One Nonprofit Explore Creative Approaches to a Sustainable Model?



For nonprofits, charting the future is complex. The search for creative, strategic approaches to sustainability is continuous, and many organizations have struggled to achieve long term, mission-aligned profitability.

In its work with MENTOR: The National Mentoring Partnership, AAFCPAs evaluated the organization's financial and operational position and helped illuminate avenues for growth.

Their work together led to an improved outlook, an expansion of the organization's impact, and a new chapter sparked by positive momentum.



Mission

MENTOR's mission is to fuel the quality and quantity of mentoring relationships for America's young people and to close the mentoring gap.

Vision

Every young person must have the supportive relationships they need to grow and develop into thriving, productive and engaged adults.

Impact

When MENTOR was founded in 1990, there were an estimated 300,000 at-risk youth in structured mentoring relationships. Today, due to great progress, research shows that 4.5 million at-risk youth have a mentoring relationship outside of their family while growing up. Still, one in three young people are reaching adulthood without ever receiving the mentoring that is so critical to healthy development.

www.mentoring.org

Background

When MENTOR was founded in 1990, its mission was groundbreaking: the organization built a national movement to foster relationships between at-risk children and adults. MENTOR was a pioneer in the field, providing standards, training, advocacy, and public awareness through its national network of affiliates.

Their programs made a significant impact, but success brought new challenges. Mentoring as a discipline became more mainstream, new programs proliferated, and MENTOR's mission and delivery model needed to keep pace in order to thrive.

MENTOR brought on new leadership, [CEO David Shapiro](#), to seek solutions. The urgency was clear: to survive long term, the organization needed to recapture its original entrepreneurial spirit and rethink its relevance in this new environment.

Part of Mr. Shapiro's process was to take a forensic approach to spending control, performing a deep analysis into which investments were productive, which posed unnecessary risks, and how they might develop more reliable revenue. He and MENTOR's Chief Finance and Administrative Officer, Beth Tallarico, turned to AAFCPAs to help provide an objective, outside perspective.



David Shapiro shares the story about MENTOR's founding in AAFCPAs' webcast, recorded live at AAFCPAs' Nonprofit Seminar, April 2018. "We were founded by Big Brothers Big Sisters of America who said, 'we have a vertical but not a category...'"

<https://youtu.be/gAki6aLFPfc>

Obstacles & Challenges

With MENTOR's original model in question, the organization knew it needed a change in direction. There were a number of issues to contend with:

- ▶ MENTOR needed to re-assess the needs of the wider marketplace in the context of its mission. There is no doubt that the model was valuable when mentoring was a younger field, but the new climate required a different approach to stay relevant.
- ▶ There was internal skepticism about the organization's ability to continue to successfully fundraise under the current model. How could MENTOR be successful as an organization that made its name serving as an intermediary, when plenty of self-sufficient programs had now emerged? They needed to go back out into the world to investigate how they could be most valuable to their constituents.
- ▶ Going one step further, MENTOR's development efforts were falling into a common trap. They became overly reliant on financial commitments from a few dedicated Board members. This led to a concentration of fundraising that presented significant risk. As AAFCPAs noted, this trend could have led the organization to lose its nonprofit status, shifting closer to the definition of a private foundation.



Shapiro talks about Board engagement around new earned income strategies. "The biggest thing for us was managing expectations... any Board is psyched about an alternative to fundraising..."

<https://youtu.be/COAedtOOuk0>

Solutions

AAFCPAs is fully committed to knowing its clients, including their finances, challenges, and vision for the future. With a global objective to add value, AAFCPAs went beyond the traditional core function of an auditor, getting the full picture of challenges, vision and the evolution of the organization both historically and in real time.

As Mr. Shapiro noted: “For the AAFCPAs team, it wasn’t just about the numbers. They wanted to hear about where the organization had been and where it wanted to go. They were willing to be on that journey with us as well as performing their core function.”

In addition to reviewing financial statements, AAFCPAs read MENTOR’s strategic plan and met with the senior leadership team to discuss their organizational goals.

Through their work together, AAFCPAs developed a comprehensive understanding of MENTOR’s business model and goals. Shapiro and his executive team encouraged AAFCPAs’ questioning of the status quo. This collaborative relationship led the team to raise difficult questions, look at potential pathways through different lenses, and explore the types of resources and reserves needed to sustain growth.

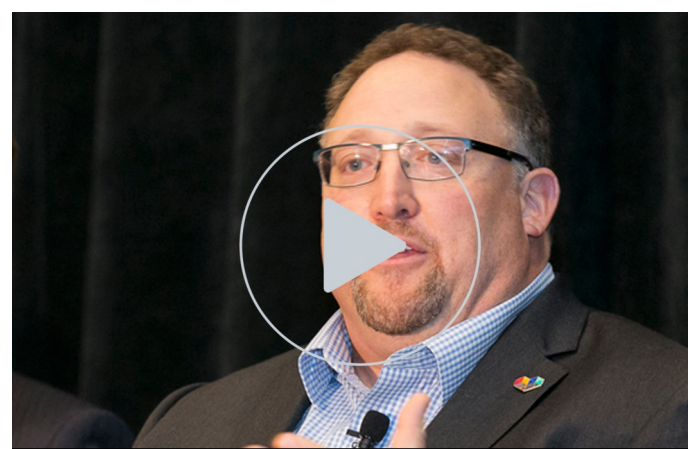


Solutions

AAFCPAs provided “swing thoughts,” identifying just a few critical areas of focus for each year, including:

- ▶ Tying the working capital balance to the strategic plan – how much capital was required to execute on the vision?
- ▶ Understanding the importance of raising unrestricted revenue and building sustainable working capital. While the organization’s annual event provided a strong injection of capital, it was not a long-term solution.
- ▶ Drilling down on the purposes of restricted funds: which funds were spent/released for their intended purpose? How could they be clearly tracked and easily managed?
- ▶ Evaluating the risk carried by a network of affiliates with decentralized operations – What were some simple changes that would reduce that risk and pave the way to spinning off affiliates?

The team from AAFCPAs discussed its observations and recommendations with MENTOR’s leadership and then formalized and presented them to the Board, a practice that became an annual exercise as part of the ongoing relationship.



Shapiro talks about discovering MENTOR’s “panacea.” “As we had to reinvent ourselves, our financial proposition and our value proposition, we had to figure out: we have stuff to give of value; who will pay for it, and how do those things align?”

<https://youtu.be/f-7USerT9uU>

“Overall, it is the partnership with AAFCPAs that gives us clarity and direction,” said Shapiro. “It allows our internal team, our board, our auditors, and our supporters to understand exactly what’s going on and where we need to be heading.”

Outcome

The partnership with AAFCPAs empowered MENTOR with the information and economic clarity needed to explore new avenues, remain attentive to risks, and gear its model for responsible growth.

MENTOR achieved a number of new goals based on AAFCPAs' insights, including:

- ▶ Untangling financially embedded affiliates, which provided important strategic clarity about how to move forward;
- ▶ Managing a new, complex government grant involving multiple sub-contracting and its growth;
- ▶ Considering how to thrive with and without annual fundraising events.

Indeed, MENTOR took the search for unrestricted revenue to new heights with the development of a consulting practice designed for corporate sponsors and beyond. Mr. Shapiro realized that questions coming from their sponsors were not just about supporting the mission—they were about mentoring issues that the sponsors were experiencing themselves. MENTOR recognized an opportunity to diversify unrestricted revenue, launching its corporate program in 2016 with a new Senior Director of Corporate Engagement at the helm of the initiative.

“We find that smart leadership is often about listening to those around you,” said Carla McCall, Co-Managing Partner at AAFCPAs. “We saw how David listened to



Shapiro shares insight about the evolution of MENTOR's B2B solution for the corporate sector. “This evolved from listening to the coded language that foundations & corporations always use, which is ‘we don’t just want to write a check; we want to be more than that.’ We started to unpack what that meant, and as we did there was a consulting business waiting for us...”

<https://youtu.be/TwEtr5JyXJQ>

Outcome

advisors, his management team, Board members, sponsors, and others to gather information and find a path to ongoing value. The solutions they put into play breathed new life into an incredible organization.”

AAFCPAs and MENTOR continue to be in contact year round with new questions and challenges to tackle as they arise. MENTOR’s mission is sound, its impact clear, and its model built for sustainability.



Nonprofit Executive Panel: Creativity in the Pursuit of Sustainability

David Shapiro served as an executive panelist in April 2018 at AAFCPAs' Annual Nonprofit Educational Seminar. He shared some of the preceding insights and more with AAFCPAs' audience of 300+ nonprofit CFOs and Executive Directors.

There's nothing like being in a room full of like-minded peers to inspire creativity! In this panel session, AAFCPAs took advantage of this unique opportunity to leverage the collective expertise and experiences of peers to curate new ideas to help nonprofit clients improve their approach to sustainability. AAFCPAs [Co-Managing Partner Carla McCall, CPA, CGMA](#) moderated this interactive panel of nonprofit executives, who shared their real-life stories of adaptability in pursuit of long-term financial and programmatic sustainability. From mergers and collaborations, to creative revenue streams and unique cost-cutting methodologies, these determined nonprofits are making strategic decisions to survive and thrive.



Panelists include: Jennifer Van Campen, Executive Director, Metro West Collaborative Development, Inc.; Troy Siebels, Executive Director, The Hanover Theatre; Tim Barrett, CFO, Pine Street Inn; David Shapiro, President/CEO, MENTOR; Carla McCall, Co-Managing Partner, AAFCPAs

<https://youtu.be/5zlaFUoejLA>



[Watch the full video](#) (35 min 20 sec); or [download the full audio](#) of the session recorded April 2018 at AAFCPAs' Annual Nonprofit Educational Seminar.



<https://info.aafcpa.com/podcasts-2018-panel>

For More...



David Shapiro
Chief Executive Officer
MENTOR



Carla McCall
Co-Managing Partner
AAFCPAs



About AAFCPAs

AAFCPAs is an attractive alternative to the National CPA firms. We provide best-value assurance, tax, accounting, and business & IT advisory solutions to nonprofit organizations, commercial companies, and wealthy individuals/estates. Since 1973, AAF's sincere approach to business and service excellence has attracted discerning clients along with the best and brightest CPA and consulting professionals. AAF donates 10% of its net profits annually to nonprofit organizations.

Contact Us

If you have questions please contact Evan Zall, President at Longview Strategies:
ezall@longviewstrategies.com or
978.225.9252.

aafcpa.com