

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 15, 2019

REQUEST DATE: February 13, 2019

Last grant acknowledgement: Yes

Program Area: Education

APPLICANT:

Network for Teaching Entrepreneurship
18th Floor
120 Wall Street
New York, NY 10005

CONTACT: Mr. Shawn K. Osborne, President and CEO

PHONE: 212-232-3333

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$85,000 **NATURE OF REQUEST:** For general operating support - \$75,000; towards The Diana Davis Spencer Foundation challenge grant - \$10,000

GRANT HISTORY

LAST GRANT DATE: 3/31/2017 **LAST GRANT AMOUNT:** \$75,000 **AFS DATE:** 12/4/2018

2013	\$100,000	4/29/2013	Toward domestic programs
2014	\$100,000	4/14/2014	Toward domestic programs
2015	\$85,000	4/13/2015	Toward domestic programs
2016	\$75,000	3/31/2016	Toward domestic programs
2017	\$75,000	3/31/2017	Toward domestic programs

See 2/13/18 Site Visit Report attached. No request received in 2018 – FMKF skip-a-year.

DLK COMMENTS: See financial analysis. NFTE has raised \$650K towards the DDS Foundation grant challenge of \$2M. The pledge will be paid at the end of 2020 if the challenge is met. Shawn is a passionate advocate for the program. NFTE has created a targeted development program for their entrepreneurial teacher corps (with real-time tech support), hired a consultant to build digital learning objects, and have placed the curriculum in the Cloud with the intent of moving all their clients to the Cloud to better provide support and training. This will also give NFTE digital access to the students. Shawn pointed out that while they have 40K alumni students in the database, they have trained over 1 million students.

ECC COMMENTS: I believe our site visit report provides significant evidence for continued funding here, and happy we're taking advantage of the DDS challenge grant, the largest in NFTE history. Since the start of the strategic plan, *NFTE 2022: Launching the Entrepreneurial Generation*, in 2016, NFTE has made leeway on most of the primary goals. Most notably, these include the development and piloting of a new curriculum ("Entrepreneurial Mindset"), expanded teacher support and development opportunities, and extended programming that provides more in-depth and hands-on experience for not only the creation of a business idea, but skills of how to pitch a successful model to a panel of experts in the field. Overall, it's evident that NFTE has

APPLICANT: Network for Teaching Entrepreneurship

reflected on how to more profoundly and holistically impact students, teachers, and the competency of a future candidate pool. As they have piloted these programs over the past several years, it will be interesting to see the resulting level of impact as they formally introduce them to regions nationally; this will be highly indicative of if NFTE will in fact reach 200K students by 2022 and the rate of national (and potentially international) expansion.

SDK COMMENTS: I don't think I ever realized the degree of in-kind contributions here of over \$4M+ or over 91K teacher hours. It distorts the financials somewhat but not suggesting that this is a bad thing. Between the amazing Diana Davis Spencer Foundation support, there is a serious partnership here between corporate support (providing the teachers) and private philanthropy. I am skeptical of the statistic that suggest that 50% of the new work force will be "freelancers" by 2025, but, even if only ½ accurate, that is also an amazing figure.

Being respectful of the Diana Davis Spencer Foundation "challenge," I am okay with the \$10K bump-up.

F. M. KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	Network for Teaching Entrepreneurship	Date:	<u>2/26/2019</u>
Prepared By:	DLK		
Grant Request Amt.	\$ 85,000	Type of Financial Report Submitted	<u>Audit</u>
Budgeted Amt.	\$ 85,000	Period Covered in Financial Report	<u>6/30/2018</u>
Audit Firm	<u>BDO USA, LLP</u>	Date of Report Issuance	<u>12/4/2018</u>
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	8.22	Amount of Unrestricted Net Assets (Operating Reserve)	\$ (4,856,947)
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Note: Current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the

Allocation of Functional Expenses	6/30/2018	%	Must Read Financial Statement Notes
A. Program Services	\$ 15,933,628	82%	should be at least 70% of budget
B. Management/ General	\$ 1,958,613	10%	
C. Fundraising	\$ 1,546,840	8%	
D. Total Expenses	\$ 19,439,081	100%	

Comments/ Notes:

Budget - FY19 is projecting a surplus of \$27.6K. Total contributions are budgeted to decline by \$207.6K (3%) while NFTE's contracted services and tuition are budgeted to increase by \$803K (45%). Expenses are budgeted to grow by \$2.4M (16%) with growth in all expense lines.

Audit - The Association had an operating deficit of \$5.7M for the year ended June 30, 2018, and an overall change in assets of \$-4.9M. The Association had an \$8.1M (59%) decrease in revenues, all in the contributions line. Contract services and training fees grew by \$500K (65%). Program services expense increased by \$1.5M (10%) while supporting services expenses declined by \$327K (9%). NFTE had a decrease in cash and cash equivalents of \$6.2M due to operating losses as well as the timing of receivables and a decrease in realized gains on investments. Investments totaled \$12.3M as of June 30, 2018, all of which were endowment related. NFTE has a \$1.7M working line of credit with no balance outstanding as of June 30, 2018.

NFTE has shifted its strategy on event contributions from selling tables at galas to focusing on competitions and corporate sponsorships. They are also asking for multi-year commitments to help fund their strategic goal of reaching 200K students in the U.S. by 2022. They are also working on Regional Advisory Boards with a \$10K give/get. The Board members have a \$25K give/get.

APPLICANT: Network for Teaching Entrepreneurship

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$85,000**
- Hold for Board Review
- Insert Information: **Toward domestic programs; toward The Diana Davis Spencer Foundation challenge grant-\$10,000**
- Other:

Initials: *rdk* Date: *3/18/19*
Check #: _____ Date: _____

SITE VISIT REPORT

Report No: 6

Grantee:

Network for Teaching Entrepreneurship
18th Floor
120 Wall Street
New York, NY 10005

Program Area: Education

Most Recent Grant Amount and Date: \$75,000.00 - 3/31/2017

Primary Contact: Mr. Shawn K. Osborne, President and CEO

Phone: 212-232-3333

Met With: Mr. Shawn K. Osborne, President and CEO, Mr. Jim Johnston, Senior Vice President & Chief Operating Officer, and Ms. Jane Walsh, Vice President, Development

Location: Same as above

Date Visited: February 13, 2019

F. M. Kirby Foundation Representative: Erin C. Clifford, Communications and Program Associate; Diana L. Kostas, Treasurer/Secretary

Site Visit Guide: Matrix Score [Rating Scale from a high of 4 to a low of 1]

	'19	'15
<i>A. Personnel: Turnover, Professional Development and Career Advancement</i>	2.5	2.5
<i>B. Board: Involvement, Development, and Training</i>	3.0	3.0
<i>C. Financial: Net Assets, Fundraising Performance and Capacity</i>	2.75	2.5
<i>D. Strategic Planning, Review and Implementation</i>	3.5	2.0
<i>E. Program Evaluation and Quality Assurance</i>	2.5	2.5
Total:	14.25	12.5
Average Score:	2.85	2.5

Comments: DLK and ECC met Shawn, Jim, and Jane in the conference room (with a stunning view of the East River) at NFTE’s offices on Wall Street. Shawn, before joining NFTE in mid-2014, served as President and CEO of TechAmerica, the premier international trade association for U.S. technology companies, as well as ConnectED, a White House initiative to improve K-12 education through education technology. Jane has been with NFTE for 16 years total with a 3-year hiatus doing development work at the Spark Program (career exploration non-profit) and Illinois State University from 2014

to late 2017. And finally, Jim has been with NFTE for four years and spearheads engagement, implementation, and the development of new curriculum, which we'll expand upon below.

There are currently 63 full-time employees on staff, six consultants, and an average tenure of about five years. While there are volunteer opportunities available, NFTE is looking to scale up that aspect of programming as most of the opportunities either require high expertise (speaking engagements, mentorships, competition judge) or are entirely administrative. They're also planning on investing in an improved IT infrastructure throughout the office as the new curriculum and online programming allows access to real-time classroom updates that simply cannot be fully leveraged using the (very relatively) antiquated system they're operating on currently. The student alumni database, which is moderately robust with consistent survey feedback from about 40K alumni (**SDK: Wow.**), will also be improved by this infrastructure update.

Through the Entrepreneurial Teacher Corps, NFTE teachers participate in quarterly in-person meetings led by lead teachers (one to two per region) and master educators (one per region) to review best practices. In all six regions (11 offices) throughout the country, there are currently 450 teachers in the Corps. NFTE forecasts 600 teachers for the next school year. Teachers also participate in monthly professional development webinars focused on entrepreneurship content and topics. NFTE has also begun hosting a national, annual conference for educators, the first of which was held for three days in Philadelphia this past year and had 200 attendees from all regions.

The Board numbers 15 members and meets four times per year. There are three-year term limits and a \$25K give/get policy with 100% financial participation. The regional advisory boards don't currently have a fiscal responsibility, though they are considering instilling a \$10K give/get policy at that level, as well.

We began our discussion of current programming and the new curriculum being rolled out with a few statistics: 65% of the jobs students starting school today do not yet exist. Furthermore, by 2027, 50% of the US workforce will be freelancers (**SDK: I can't believe that statistic if I am understanding correctly. If so, this would have HUGE implications for corporations, health insurance, pension plans cost decreased, all transferred to individuals or small businesses.**), implying an early curriculum influenced by an entrepreneurial skills is essential for future success. NFTE's new curriculum is made up of eight "entrepreneurial mindset domains" and aims to develop skills to "recognize an otherwise overlooked opportunity, have the confidence to take risk, communicate ideas clearly, and learn from setbacks." Over the past three years, NFTE has been working with the Educational Testing Service (best known as the administrators of national exams like the GRE and Praxis Exams) to develop a scale to measure entrepreneurial mindset growth in participating students. The mindset domains are Initiative and Self-Reliance, Flexibility and Adaptability, Communication and Collaboration, Creativity and Innovation, Future Orientation, Critical Thinking and Problem Solving, Opportunity Recognition, and Comfort with Risk. The hope is that even as the workforce changes, a student with these skills and a "self-starter" mentality

will be highly desirable regardless of field. The method of conveying this curriculum is referred to as the “Entrepreneurship Pathway,” or consecutive, experiential learning programs that build upon each other, beginning first with creating a business idea and sustainable business model and ending with making a pitch to a panel of expert judges and being eligible to take the Certiport Entrepreneurship and Small Business exam for formal certification. (This certification often holds weight when applying for small business loans and can be used on college applications or applied for community college credit.) NFTE Teachers emphasize blended learning techniques, a.k.a. combining face-to-face learning with digital tools. The final two classroom programs of this four-stage process, Entrepreneurship 1 and 2, were successfully piloted for the past two years and will begin to be scaled to other regions throughout 2019 as subscription services.

All of the above updates to the curriculum fall under the broader context of the strategic plan, *NFTE 2022: Launching the Entrepreneurial Generation*, which launched in 2016. The primary goal is to serve 200K students annually by the 2022-23 school year (“ten times the growth at two times the cost”). To date, NFTE impacts about 60K students annually, though we are confident that, given the increased scale and impact that this new curriculum and higher-paced platform will bring, the goal of an additional 140K students within five years will be achievable. NFTE appears to be “on schedule,” so to speak, in terms of fulfilling the goals of the plan (outlined in the current request) about half way through the timeline. As far as international expansion, which had a heavy focus in recent years under the leadership of founder Steve Mariotti, Shawn is focusing more so on “proving this model” through expansion to all regions nationally before taking it internationally in addition to the nine countries in which NFTE currently operates. This most likely won’t be a focus until completion of the strategic plan or capitalization of the momentum of increased reach within the U.S. plateaus.

This strategic plan process, curriculum development and implementation has been sponsored by a \$10M gift from the Diana Davis Spencer Foundation, the largest gift in NFTE’s 32-year history. The relationship with the Diana Davis Spencer (DDS) Foundation came about through Diana’s daughter, Abby Spencer Moffat, who heard about NFTE on NPR. Diana Davis Spencer joined the board in 1997 and has made two large gifts of \$10M and \$6M since joining. Overall, NFTE has raised \$650K towards the DDS Foundation grant challenge thus far, with a deadline of December 2020. Mastercard just recently committed to the challenge and PayPal is ramping up its contributions. NFTE has been asking for more multi-year commitments to help with the strategic plan. To justify the big dip in contributions for FY18 vs. FY17 (down \$9.5M or 55%, Shawn explained that NFTE’s event strategy has changed, with the emphasis moving from selling tables at galas to selling corporate sponsorships at the local and national entrepreneurship challenges. Overall, while individual giving is down, institutional giving is rising. Also, the \$1.3M in the FY18 budget towards consulting and professional fees was related to development of the Entrepreneurship Pathway curriculum and building digital learning objects.

Finally, we rounded out the discussion by bringing up Arthur Brook’s speech given at the Kirby Alliance meeting at the Morris Museum and recommending finding recordings

of his talk online. While he had never met Arthur personally, Shawn was familiar with AEI's work from his time in D.C. Overall, it was an informative conversation and evident that NFTE is not only expanding its programming opportunities but its depth of impact, as well. By incorporating additional, theoretical skills of an "entrepreneurship mindset," students are gaining, in addition to the hard skill of business acumen, motivational and personal skills desirable in several lines of work, even those that have yet to be created.