

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: March 15, 2022

REQUEST DATE: February 24, 2022

Last grant acknowledgement: Yes

Program Area: Education

APPLICANT:

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

CONTACT: Ms. Jane Walsh, Senior Vice President, Advancement

PHONE: 212-232-3333 x 308

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$90,000 **NATURE OF REQUEST:** For general operating support

GRANT HISTORY

LAST GRANT DATE: 5/3/2021

LAST GRANT AMOUNT: \$80,000

FYE DATE: 6/30/2021

AFS DATE: 12/8/2021

2016	\$75,000	3/31/2016	Toward domestic programs
2017	\$75,000	3/31/2017	Toward domestic programs
2019	\$85,000	4/15/2019	Toward domestic programs; toward The Diana Davis Spencer Foundation challenge grant-\$10,000
2020	\$75,000	3/31/2020	Toward domestic programs
2021	\$80,000	5/3/2021	Toward domestic programs

DLK COMMENTS: NFTE appears to be thriving and on the path to achieving some of its longer-term goals. Nice growth in net assets. Financial analysis attached.

LDC COMMENTS: The Network for Teaching Entrepreneurship is one of our nonprofit partners that seems to truly embody the FMKF philanthropic goals of increasing opportunities for self-reliance and entrepreneurship. NFTE is a global education nonprofit that provides entrepreneurship education taught by highly-trained experts to youth in low-income communities. The experiential curriculum encourages students to create a business model and, in the process, teaches not only entrepreneurship but also financial management, technology, and public speaking as well as encouraging the development of crucial soft skills and character traits such as self-assuredness, innovation, and a solid work ethic. NFTE has a strong network and provides ongoing mentorship, scholarship opportunities, and internships to its alumni long after they have graduated.

The 2022 NFTE proposal is impressive and follows an equally as impressive phone call with SVP of Advancement Jane Walsh and Executive Director J.D. LaRock in January 2022. I am incredibly grateful that, as part of my introduction to this nonprofit partner, I was able to meet (albeit virtually) with Dr. LaRock, as his enthusiasm about the future of NFTE and his expertise in the world of workforce development were both inspiring and infectious. While FMKF supports other

APPLICANT: Network for Teaching Entrepreneurship

institutions with similar program goals, NFTE stands out as the longest-standing, most programmatically mature, and furthest-reaching of our entrepreneurship training and development partners (NFTE has programs all over the U.S. as well as 13 additional countries). Historically, NFTE has focused on primary school populations but is in the process of expanding its programming to include higher education partnerships for college students and older adults. The 2022 proposal demonstrates how NFTE's 35 years of relationship building, strategic development, and program honing have created a strong foundation for an organization that continues to grow, expand, experiment, and innovate.

NFTE's proposal must have been a pleasure to write, as they are able to report exceeding their FY2021 goals in terms of student reach, program delivery, volunteer engagement, development revenue, and fiscal management. NFTE's strong digital learning management system (LMS) allowed for an easier transition to virtual programming than organizations that had not begun investing in LMS prior to the pandemic, showcasing NFTE's admirable organizational foresight and strategic emphasis on educational technology. While the pandemic undoubtedly created stresses for NFTE, the transition to a virtual model opened new avenues for the nonprofit to increase student outreach and heighten volunteer involvement with a broader geographical reach and additional flexibility. During the pandemic, NFTE increased its programmatic outreach by creating a "Career Relaunch" program in response to the catastrophic loss of employment caused by the pandemic. The program is now a permanent part of NFTE's offerings.

NFTE is not an organization that is happy to "sit on its laurels," and they continue to seek opportunities for growth and expansion. Their strategic plan went into effect in July 2021 and emphasizes organizational effectiveness, communications and advancement, and enterprise division (I note that with their hopes to "design and implement income-generating strategies," they could be a good partner for FMKF's Engine 1-Engine 2 concept of stewardship and entrepreneurship). Their stated goals include increasing their staff and budget, reaching more national and international communities, and refining their organizational structure. Not mentioned in the proposal (but mentioned during our phone call) is Dr. LaRock's endeavors to partner with higher education institutions, particularly community colleges, and his hopes to start an NFTE school. The move to partner with community colleges is a strong strategic initiative in the context of a national shift towards favoring affordable and pragmatic higher education options over expensive college "brand names." Additionally, while not directly related to FMKF's geographical areas of interest, NFTE's increased involvement with public sector partners in states such as Florida and Texas bode well for the organization's future growth. I will note that NFTE's move to encompass adult entrepreneurial education programming throughout the nation may put them in direct competition with Rising Tide Capital, another one of our nonprofit partners. However, for the time being, there is no scarcity of need for this type of service and, as they say, competition fuels innovation.

NFTE's penchant for growth and innovation is concurrently reflected in its internal organizational strategies, from staff development to outreach. NFTE continues to rethink its communications and outreach strategies and can boast press coverage in many well-known media outlets. Going forward, NFTE has signed up to present at various national and international conferences in order to increase visibility and highlight staff expertise.

Regarding program outcomes, the proposal lists several quantitative measures of long-term success for its alumni from their December 2021 Alumni Study. One promising data point: of survey respondents, those who are now full-time salaried employees reported average salaries 10% higher

APPLICANT: Network for Teaching Entrepreneurship

than the U. S. national median salary. However, I personally found the most interesting data point to be the increased reports of career satisfaction from NFTE graduates: more than 75% of NFTE alumni report high or very high levels of career satisfaction. I often think about how lack of access to a personally satisfying career is one of the more under-discussed inequities that exist in the lower levels of socioeconomic status. While not everyone (even those who occupy the highest levels of the socioeconomic stratosphere) may have the privilege of finding a spiritually fulfilling and enriching career, a satisfying job can greatly increase an individual's quality of life and, as we have witnessed over the past year, the general public's craving for decent and satisfying work in a respectful environment has increased dramatically.

Financially, DLK's report shows an organization that did not just "survive" the pandemic but is thriving. NFTE exceeded its FY21 fundraising goal of \$8.2M by approximately \$570K and grew its total number of donors from 444 to 740 (a true testament to Jane Walsh's development expertise). The proposal further demonstrates the organization's sound financial management by succinctly explaining its methods of staying within the budgetary goals and timelines while also ensuring that schools that lacked the ability to cover the full cost of the NFTE programming are accommodated. FY2022 looks promising for NFTE, as they raised over 50% of their fundraising goals by the 6-month mark and achieved close to \$100K in sales at the time of reporting.

I am happy to recommend the budgeted \$80K for 2022. While NFTE's request for a \$10K increase over last year is admirable, I think maintaining this grantee at the \$80K level for at least another two years while we keep an eye on the progress of their new strategic plan is prudent. Finally, it may be interesting to consider future opportunities for one-time funding allocated to specific enterprise growth endeavors if NFTE continues to meet the benchmarks for their anticipated expansion.

JJK COMMENTS: Little I can add to LDC's and DLK's thorough analysis but to offer the more macro point that NFTE's request is evidence of an organization committed to data management, quality improvement, and self-assessment. There are clear and definable benchmarks for all goals and initiatives.

The Board has decreased to 13 from 14. New board members come from industries such as Google Cloud, Citi, and First Republic Bank.

Like LDC, I see the "Enterprise" division to be a good contender for our eventual Engine 1 / Engine 2 plans.

Impressed as I am by J.D. LaRock, I went back to the 2020 EF to see how things have changed in the last two years. I was reminded of J.D.'s initial decision to trim back the previous leadership's goal of reaching 200,000 students! J.D. commented at the time on the desire to have more meaningful engagement with a small number, rather than a light – but easily forgettable touch – with a much bigger group. The satisfaction reported in the current alumni survey seems to be evidence that he made the right call. Regarding turnaround finances, I'll note that, in February of 2020, NFTE was running on an operating deficit of \$5.8M and had seen sharp drops in unrestricted net assets. The course has been corrected, with a presently healthy balance sheet.

As LDC notes, NFTE's alignment with FMKF's goals of self-reliance helps explain why they have been strong partners for 32 years. This continues to strike me as a sound investment in America's

APPLICANT: Network for Teaching Entrepreneurship

F. M. KIRBY FOUNDATION Financial Statement Analysis

Grantee Name:	Network for Teaching Entrepreneurship	Date:	3/9/2022
Prepared By:	DLK		
Grant Request Amt.	\$ 90,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 80,000	Period Covered in Financial Report	6/30/2021
Audit Firm	BDO USA, LLP	Date of Report Issuance	12/8/2021
Opinion	Present fairly		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	4.73	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 4,250,736

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 organization's liabilities are greater than its assets.

Allocation of Functional Expenses	6/30/2021	%	Must Read Financial Statement Notes
A. Program Services	\$ 11,727,915	80%	Ideally program expenses should be at
B. Management/ General	\$ 1,626,055	11%	
C. Fundraising	\$ 1,232,746	8%	
D. Total Expenses	\$ 14,586,716	100%	

Comments/ Notes:

FY22 Budget - FY22 is projecting a surplus of \$156K vs a surplus of \$2.1M for FY21. Total revenue (excluding Teacher Service Value) is budgeted to decline by \$1.0M (10%), with government grants down \$1.1M (100%) and combined contributions down \$510K/6%. NFTE is budgeting growth of \$337K/28% in contract services and \$366K/272% in other income. Total expenses (excluding Teacher Service Expense) are budgeted to grow by \$869K (9%), with expenses increasing across most line items. The FMKF budgeted grant of \$80K would account for less than 3% of NFTE's foundation contributions budget for FY22.

FY21 Audit - The Organization had an operating surplus of \$211K for FY21 vs a deficit of \$1.5M the prior year. There was an overall increase in assets of \$4.8M. Support and revenues declined by \$833K (17%), with lower contributions (\$616K/7%) and decreased teacher/in-kind contributions (delivery of NFTE's programs) of \$414K. Contract services, however, grew by \$138k/13%. Total expenses declined by \$2.9M (17%), with program services expense down \$2.0M (14%) and supporting services expenses down \$595K (17%). NFTE received forgiveness of its FY20 PPP loan (\$1.1M) and had a positive swing in investment returns of \$3.5M.

NFTE had a net increase in cash and cash equivalents of \$2.4M due to the timing of receivables and a second PPP loan of \$1.3M. Investments totaled \$14.5M as of June 30, 2021, of which \$14.4M were endowment-related. NFTE has a \$1.7M working line of credit with no balance outstanding as of June 30, 2021. It is encouraging to see the organization growing despite the pandemic. There were no red flags as a result of my

APPLICANT: Network for Teaching Entrepreneurship

future entrepreneurial energy, especially in ensuring that students of all income levels are invited to create business solutions of the future. I recommend \$80K towards domestic programs.

DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$80,000**
- Hold for Board Review
- Insert Information: **For: Support of domestic programs**
- Other:

Initials: JK Date: 3/18/22
Check #: _____ Date: _____