

Financial Sustainability

Kimberly A. Medendorp, Director

Van Lunen Fellow 2012-13

The Peace & Justice Academy, Pasadena, CA

www.ThePeaceAcademy.org



Consultants: Bob Rogalski and Tom McClintock

The Peace & Justice Academy is a 6-12th grade secondary school founded in the Mennonite tradition located in Pasadena, CA. The school was co-founded and is co-directed by Randy Christopher and myself. The school first opened its doors four years ago in September of 2009. Since that time, the school has been running on donations, tuition, and in-kind donations of teaching by the staff. The goal is to be sustained by tuition for basic operating expenses and have donations be used for capital purchases and long-term investments like endowment. Another goal is to have full-time staff that is paid a living wage for the area.

What did I do?

I worked with Bob Rogalski and Tom McClintock as consultants for my VanLunen Project this year. My project was looking at our financial stability as a new school and working toward a plan to transition away from our initial funding to a financially sustainable model. The goal was to look at three areas: 1) Annual donations, 2) Donor relationships, particularly with larger donors, and 3) Admissions. When we founded the school, the goal was to be a tuition-supported school for the operating expenses and to use donations and grant-writing for more big-ticket items. We have had regular support from an initial funder who would be transitioning away from funding by the 2014-15 school year.

I first worked with Bob Rogalski on donor relations and our direct mail requests. We had adopted a philosophy of just doing an annual appeal to those who supported us. This was in the summer before school started to help with the costs of start-up each year. With Bob's encouragement, we changed our annual direct mail to an annual campaign entitled "Raising the Next Generation of Peacemakers". I met with some of our regular donors to develop better relations and ask them to become major donors. This was met with good success and we have had several individuals become larger donors.

We added in a Christmas letter with Bob's encouragement and really saw some good responses from that. Donors who had already contributed gave more and those who had not yet responded to our fall appeal sent in funds around the holidays. We have also added information about our fundraising campaign to our monthly newsletter to remind folks to donate all year long. We have a board member who is passionate about coffee. He has become a micro-roaster for us and we sell the coffee at both events and, starting this year, will offer it as a "premium" for those supporters who become regular monthly donors.

Our biggest success was launching our first annual pie auction. This was an event that came to us that the board was originally very reluctant to embrace. My co-director and I pushed forward with the planning and the result was wonderful. There was a lot of excitement and the board is now planning for next year. We finally have an annual fundraiser that can build excitement and generate revenue.

I worked with Tom on social media and brand awareness. We met in several conference calls with members of our media team. We're looked at all the ways people are finding us online and developed ways to track our Facebook, Google, Yelp! and Twitter analytics. We added new school accounts on LinkedIn, Twitter, and Yelp! this year and will be looking for new services as they come up. We were interviewed for a magazine piece this spring as a direct result of the

reporter being impressed with our Facebook presence and stories. The piece is being sent out to various national magazines to see who will pick it up this fall. This summer, we are launching our first Indiegogo campaign to fund the remodeling of the new classroom we will be using this fall as we add our final grade.

What did I learn?

When my co-director and I founded the school, there were many aspects of running a school in which we had experience and expertise. We have realized that board development and strategic fundraising were not among them. We have been working with our denominational education agency with board development and the Van Lunen Fellowship was the opportunity to increase our fundraising capacity.

Over the years we have had many people donate in small amounts to the Peace & Justice Academy, but we needed to ask people to give at a higher level for the school to make it through its initial startup. I learned that many people want to be invited along and pulled into the mission of the school. There was generally excitement, but, as directors, we were not asking directly for the funds. We added to our annual direct mail to make it an annual fund with multiple appeals and have worked directly with our regular donors to ask them to give at a higher level as a way for us to encourage others to give. Our board has now taken up a major annual fundraising event that had its first successful launch this year.

I now better understand the relationship between the board and the head of school. While our board is still developing, we have been able to clarify our roles. One of the factors that hinders that clarification is the fact that the co-directors are not being paid at a market rate. While this is helpful to the financial bottom line of the school (it is considered an in-kind donation), it is not helpful in the establishment of the board running the school. There is less oversight when the director(s) cannot currently be replaced. One of the main goals for financial

stability is the paying of the directors at a market rate so that they can be replaced, if necessary. The 5-year plan switches the finances of the school from in-kind donations and start-up funds to a tuition-based income with grant and donation supplements.

In this journey, it has been important for me to look for people both within and without of the school community to support both me personally and the efforts to make the school sustainable. Our school's most valuable prayer warrior died this spring. We did not take her for granted and I am really feeling to loss of that particular support for the school. I know others are praying for us, but I would really like us to find someone who will pray for us with that dedication and urgency. It has also been important to ask for help along the way. This type of project is not something you can do alone, nor should it be. The combined efforts of the stakeholders in the school community have made this year a real blessing.

What Difference Did It Make?

While our gains this year have been more modest than I would have liked, we have established a context for looking a finances and planning for fundraising events. I feel more in touch with both the enrollment and our trends of giving. With small numbers of students, sometimes percentages get skewed, but I think there are trends which show we are heading in the right direction.

First, our scholarship percentage has decreased. We are now at 50% of tuition, which is the percentage that our 5-year plan is based upon. Two years ago we were at 67% of tuition. This is in spite of the fact that our tuition has gone up by \$4000 over the past 4 years in order to reflect market value and the fact that we are now fully accredited.

Second, we really focused on our donors this year. Who was giving and how much? Were there ways to increase donations or revenue from outside of the parents sending their kids to the school? We worked on our appeals to tell the story of the school and how people were

participating. The increase in personal donations is 53%. We still have our founding donor, but we need to replace and exceed those startup funds by the next school year. We now have a plan in place for something each month, either an event, an appeal, or a web/internet campaign.

Third, we have continued to look at secondary sources of income. We are using the coffee line as a start and are looking at other ways to be mission-consistent and still increase the pool of potential supports through sales of supplemental items. With the research we've done, it seems the best to offer the coffee as a premium for donating to the school. This helps our month budget because we get consistent donations and lets people feel rewarded and thanked in new ways. We are also using social media and crowd-sourcing to fund a variety of projects, starting with our last classroom this fall.

Fourth, we received \$4800 this year in small grants and have begun researching and writing bigger grants for the fall. We have grants totaling over \$15,000 in the pipeline for the 2013-14 school year in order to fund some of the gap in the transition from a start-up donor to more individual donors. We have hired a part-time grant writer to pursue these and have realized there is an investment that you make upfront to, hopefully, see returns later. We will have our first graduating seniors in the spring of 2014, so the grade-level infrastructures are now in place for the future. The large capital expenses of adding a new grade have been achieved and there is some leveling of expenses. The grant writing will help fund more programming and tuition assistance.

Thank you to the VanLunen Foundation for making this program of exceptional quality and resources available to further education for the next century. It has been a pleasure to learn in this environment.