



Earned Income

FROM HUMBLY SURVIVING TO POSITIVE THRIVING:
HOW TO LEVERAGE EARNED-INCOME BUSINESS STRATEGY



Sara Alig Martin

Executive Director

School District 145 Foundation
for Education

- ▶ Born and raised a mid-west farm girl with community-first ideals and strong work ethic learned from small agricultural neighborhood experience
- ▶ BS in Education degree from the University of Nebraska-Lincoln
- ▶ Served numerous Boards as Director while helping create sustainable funding structures for non-profit work
- ▶ Volunteered as School District 145 Foundation for Education Director for 6 years to establish the Viking Discovery Program prior to being hired as Executive Director



Stacey Falk

Executive Director

Elkhorn Public Schools
Foundation

- ▶ Executive Director of the Elkhorn Public Schools Foundation for 7 years.
- ▶ Prior to joining the Foundation, Stacey worked at Union Pacific Railroad and served on several Omaha non-profit committees.
- ▶ Introduced new programs and fundraising events, expanded the Foundation's before and after school childcare program, and grew the Foundation's donations and donor base.
- ▶ The Foundation recently celebrated their one-year anniversary of opening their new Foundation office and Elkhorn Alumni Center.
- ▶ Stacey and her husband, Kevin, live in Omaha, and they have 3 sons who have all attended Elkhorn Public Schools.

What is earned income?

► Earned income is an IRS term for income that is obtained by participating in a business or trade. Earned income is “any income that a person or company receives for work they have done.” For nonprofits, types of earned income might include mission-related sales or services sold.



Business Income vs. Unrelated Business Income

Business Income

- ▶ For organizations tax exempt under a 501(c)(3) classification, Business Income is generally a 1) trade or service that is 2) regularly carried on that 3) is substantially related to furthering the exempt purpose of an organization.
- ▶ NOT subject to Unrelated Business Income Tax

Unrelated Business Income

- ▶ Unrelated Business Income is generally 1) a trade or service that is 2) regularly carried on that 3) is NOT substantially related to the furthering the exempt purpose of an organization.
- ▶ Subject to Unrelated Business Income Tax

Examples of Business Income

Arbor Day Foundation

Arbor Day Foundation **coffee** is shade-grown under the canopy of the rain forest. Many coffee farmers use slash and burn techniques to clear out areas of the rain forest to increase yields. The Arbor Day Foundation works directly with farmers to show the benefits of growing coffee in its natural state as opposed to clear-cutting precious rain forest. Shade-grown farming techniques produce a higher quality bean which leads to a superb tasting cup of coffee, and supports their mission to *inspire people to plant, nurture, and celebrate trees.*

Girl Scouts

All of the net revenue raised through the Girl Scout **Cookie** Program—100 percent of it— stays with the local council and troops. They may use the money earned to fund a project that will improve their community, or donate the money to a worthy cause. Girl Scout's tout "the best leadership development experience for girls in the world". When your neighbor's 10-year-old comes to your door to sell you a box of Thin Mints, she's honing skills that serve the Girls Scout mission AND making money for her organization.

The LUX Center for the Arts

The LUX offers year-round art **classes** for children, youth and adults in ceramics, painting, drawing, glass, mixed media, and metals/jewelry. The quality of instruction sets the LUX apart. Classes are taught by artist/teachers in their Artist-in-Residence program, which each year brings four professional, well-educated, emerging artists/teachers to Lincoln to teach. These classes serve The LUX mission to *help people make meaningful connections to art regardless of who they are.*

Examples of Earned Income Opportunities for School Foundations

- ▶ Child Care
- ▶ Recreational Programming
- ▶ Enrichment Classes
- ▶ Technology Licenses
- ▶ Intellectual Property
- ▶ Staff Development Courses
- ▶ And more...



Identifying Potential in Your Organization

- ▶ What are potential gaps in the service you provide? What barriers are your customers, members, or beneficiaries running into?
- ▶ What is your unfair advantage (i.e., what does your organization do better than other organizations, what do you have access to that no one else does)?
- ▶ What are things in your organization that have value (e.g., intellectual property, curriculum, assets, systems, physical space)?
- ▶ What community resources does your service area lack?