STRATEGIC FUNDING SUSTAINABILITY FOR THE BUSINESS ASSOCIATION OF WEST PARKSIDE

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EXECUTIVE SUMMARY

The Business Association of West Parkside (BAWP) has served the businesses of the West Parkside neighborhood since 1987. The organization has recently hired its first full-time, paid executive director. To continue its growth and ability to serve its members and the local business community, BAWP is seeking a funding sustainability plan.

This report presents different funding strategies for BAWP to consider in its quest for financial sustainability. These strategic options range from offering robust programming, partnering with other organizations, or changing their structure from a membership based nonprofit to a charitable nonprofit.

BAWP has to ultimately decide its own future and what will work best for its members, the community, and its ability to continue to serve the West Parkside neighborhood. Presented herein are different strategic options they can investigate further. The strategies are not mutually exclusive and along with other smaller changes BAWP can make, they can generate a sufficient and predictable stream of revenues.

"Over more than twenty years we have seen the reality and the perception of West Parkside and the Centennial District transform this area. BAWP's history demonstrates what can happen with a true collaboration of Businesses, community, and government." ~ BAWP

1.0 INTRODUCTION

1.1 ABOUT THE BUSINESS ASSOCIATION OF WEST PARKSIDE

The Business Association of West Parkside (BAWP) was created in 1987 to promote the economic and environmental interests of the West Parkside neighborhood in Philadelphia. BAWP has recently hired its first full time staff member, an executive director, and is exploring how to achieve long-term financial sustainability. Part of the funding needed is that which to retain the executive director who is expanding and formalizing BAWP's service offerings to engage current members and attract new members.

1.2 PURPOSE OF EXPLORING FUNDING OPPORTUNITIES

BAWP is a 501(c)(6), therefore contributions made to the organization are not tax deductible and thus it relies almost entirely on membership dues. BAWP does not have enough revenue or stability in its membership dues to sustain the professional growth of the organization. This report explores other opportunities that may be available to BAWP to diversify and grow its funding sources.

1.3 SCOPE OF WORK

The purpose of this report is for Econsult Solutions, Inc. (ESI) to provide BAWP with an overview of different potential funding sources. BAWP will then need to decide the types of funding that best suit the organization and its mission. To better understand the scope of BAWP's funding needs, we first looked at BAWP's financial position (Section 2). We also met with the membership to learn about the services BAWP offers, potential changes members wanted, and the goals of the organization over the next several years (Section 3). Next, we looked at how other 501(c)(6) nonprofits are funded (Section 4). Based on the research from the previous sections, we identified different funding strategies that BAWP could potentially use (Section 5).

2.0 PROFILE OF BAWP

2.1 BEING A MEMBERSHIP ORGANIZAITON

BAWP is a membership organization, categorized as a 501(c)(6) for tax purposes. This distinction is important in that it allows BAWP to collect membership dues and use them for general operating funds. Unlike 501(c)(3) charitable organizations, any donations or grants given are not tax deductible and due to restrictions placed on private foundations, it is rare for one to give to a 501(c)(6). The benefit of being a 501(c)(6) is the ability to have an immediate, reliable revenue source in its membership dues. The organization has a direct constituency who chooses to be part of the organization, creating a stronger, stakeholder involved nonprofit.

BAWP currently has over 50 member businesses although there are many more in West Parkside who are not part of the business association that BAWP would like to attract. Based on size and business type, businesses pay an annual fee for membership in the business association. BAWP does receive some other funding, including a grant from the Phillies to maintain the Philadelphia Stars Negro League Memorial Park and has recently received a contract to help clean up the industrial park in West Parkside. These are valuable sources of funding for BAWP but in the eventuality of their commitment ending, BAWP needs to diversify its funding sources and increase its revenues.

2.2 FINANCIAL PROFILE

BAWP follows a July 1st to June 30th fiscal year. BAWP's revenues have been lumpy over the past couple of years (see Table 2.1). Their funding base of membership dues has been inconsistent and reliant on a relatively small group of businesses. This can be detrimental given the small size of the organization's budget. Their expenses have not been consistent either, making it difficult to budget with predictability (see Table 2.2). The need for sustainable and predictable funding is evident in their financial statements. Only with the sustainable funding will BAWP be able to continue to expand and formalize its service offerings.

TABLE 2.1 – BAWP REVENUES FOR 2009-2013

Tax Year	Membership Dues	Other Revenues	Total Revenue
2009	$11,900	$21,867	**$33,767**
2010	$4,425	$4,300	**$8,725**
2011	$13,569	$15,600	**$29,169**
2012	$15,550	$5,573	**$21,123**
2013 (thru April 1)	$6,270	$39,082	**$45,352**

Source: BAWP 990-EZ for 2009, 2010, 2011, BAWP Profit & Loss Statements, 2012, 2013

TABLE 2.2 – BAWP EXPENSES FROM 2009-2011

Category	2009	2010	2011
Expenses			
Professional expenses	$13,775	$400	$11,824
Occupancy, rent, utilities, and maintenance	$2,888	$9,129	$2,761
Printing, publications, postage, and shipping	$0	$1,464	$1,054
Other Expenses	$2,918	$2,994	$4,866
Expenses Total	**$19,581**	**$13,987**	**$20,505**
Net assets at the beginning of the year	$1,150	$15,336	$10,074
Excess/ Deficit for the year	$14,186	($5,262)	$8,664

Source: BAWP Forms 990-EZ(2009-2011), Econsult Solutions, Inc. (2014)

3.0 STRATEGIC SESSION

3.1 PURPOSE

There are a couple of ways BAWP could develop a plan for financially sustainability. The first is to find the most lucrative funding available and adjust to meet those requirements, even if that means changing the organization's mission or structure. The second is to develop short-term and long-term strategic visions for the organization given its goals, and then find funding to meet its needs. This latter approach was the driver for holding the strategic session with BAWP's membership. The purpose of the session was not to develop a full strategic plan, but rather to develop overarching goals and serve as a starting point for a broader strategic planning process.

The executive director, Board, and members attended the strategic session on April 17, 2014. Some key goals of the sessions were to:

- Develop near and long term goals for BAWP.
- Discuss if a business association structure and the organization's current mission is an appropriate fit for the near and long term goals.
- Create consensus among the Board and members.

The group was led through a series of questions and discussion topics. The BAWP Board has previously held a somewhat similar session regarding organizational structure, but general membership has not. The session was well attended and included a vibrant group discussion.[1]

3.2 RESULTS

The discussion of the session focused on near-term goals. The attendees evaluated BAWP's service offerings and some of the dominant themes discussed included:

- The need for more networking.
- Have a greater presence in the neighborhood.
- Publicize West Parkside as a place to do business.

It was clear that members wanted to see improvements to the publicity of activities and an increase in the association's membership. Members also sought to further the association's activities, and suggested writing an annual report, holding a business-to-business fair, and increasing business advertising.

The group was then asked to choose different services they wanted increased and break down how they would be achieved. The first service discussed was promoting West Parkside. Members put forth a wide range of proposals, including a newsletter, creating a

[1] A copy of the strategy session handout can be found in Appendix A

media strategy, and beautifying and maintaining outdoor areas. By publicizing their business association, the members hope to achieve greater membership and funding, thus enabling them to retain their executive director and further their organizational goals.

The second service discussed was encouraging current members to become more active in the group. Suggestions included promoting the activities of BAWP, encouraging more communication between the organization's board and its members, building trust among members, and educating members about the business association.

The last task of the session asked the group to decide if the model of being a business association was appropriate for BAWP or if it should change its mission. The Board had previously discussed the mission and general organizational structure of the business association. This session gave the general membership a chance to weigh in on the conversation. The consensus was that the current structure and mission of BAWP was appropriate for the services that BAWP offered and what membership wanted. In the long term, the group mentioned becoming a business improvement district (BID), but felt it was not viable at this time.

3.3 OBSERVATIONS FROM THE SESSION

During the session, ESI made observations on some of the operational aspects of BAWP. One of the great benefits of BAWP is the friendly and informal structure, exemplified by how accessible the organization's representatives are by phone and in person. While BAWP should not lose this wonderful character strength as an organization, it would most likely benefit from formalizing some aspects of its membership benefits and service offerings.

This includes: [2]

1) A business directory sent electronically to all members annually and to all new members.
2) A list of all meetings and events dates shared at the beginning of every year.
3) A brochure of specific services offered by BAWP to be given to all members and used as recruiting for future members.
4) An annual report/review of all that BAWP accomplished. This can be used for internal communication, future members, and promotion outside the organization.
5) A media strategy.
6) Promote BAWP through branding items that member businesses can display.
7) The use of committees to carry out different functions of BAWP.

BAWP also needs to take advantage of its complete membership, not just relying on a few members. The Board and members are all very passionate about the area and their businesses, and they are all great resources for furthering the mission of BAWP. There were several different ideas discussed at the strategy session for promoting the organization and developing more place based improvements, and all warrant further discussion and action by the organization.

[2] It is understood that BAWP may do these activities already on a smaller scale or more informal basis.

Philadelphia's Business Association of West Parkside

Member Since 1987

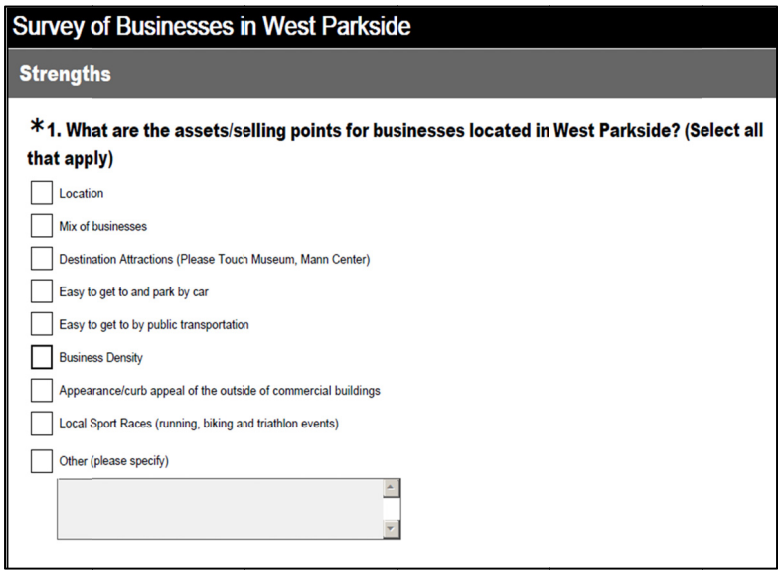
3.4 NON-MEMBER BUSINESS SURVEY

A survey was sent out to non-member businesses in the West Parkside neighborhood. The purpose of the survey was to see if the non-member businesses have a need for services like those that BAWP offers and if they already seek those services from other organizations.

The eight question survey was conducted using Survey Monkey[3]. Over 80 contacts were sent an email with the Survey Link. In total, 10 people responded.

The respondents all thought the area was easily accessible by car or public transit and the majority thought there was a good mix of businesses in West Parkside. When asked about the challenges facing the West Parkside community, the overwhelming item mentioned was appearance. This ranged from curb appeal, streetscape, and having a unified appearance. Similar to items discussed at the strategy session, the nonmember businesses found value in promoting local events, economic development, business to business networking, and communication about neighborhood changes. Some of the nonmember businesses said that they have sought assistance from BAWP in the past. The nonmembers also sought assistance from the State Representative's Office and City Council.

Though only ten businesses responded to the survey, their thoughts about West Parkside and the assistance needed by these businesses is similar to services offered by BAWP and of which its membership wants to increase.


Survey of Businesses in West Parkside

Strengths

*1. What are the assets/selling points for businesses located in West Parkside? (Select all that apply)

- [ ] Location
- [ ] Mix of businesses
- [ ] Destination Attractions (Please Touch Museum, Mann Center)
- [ ] Easy to get to and park by car
- [ ] Easy to get to by public transportation
- [ ] Business Density
- [ ] Appearance/curb appeal of the outside of commercial buildings
- [ ] Local Sport Races (running, biking and triathlon events)
- [ ] Other (please specify)

[3] The survey is included in Appendix B.

4.0 COMPARISON TO OTHER MEMBERSHIP ORGANIZATIONS

Membership organizations are prevalent in Philadelphia with a variety of purposes and constituencies. We looked at the funding composition of other membership organizations in Philadelphia, Phoenix, Dallas, and Chicago. In Philadelphia, membership dues of the select comparison organizations are generally a significant portion of their income (see Table 4.1). All of the organizations have some portion of their income from event and program income. The Italy-American Chamber of Commerce of Greater Philadelphia relies mostly on membership dues, whereas the African American Chamber of Commerce relies more on event and program income than membership dues.

TABLE 4.1 – REVENUE BREAKDOWN OF SELECT MEMBERSHIP ORGANIZATIONS IN PHILADELPHIA

Organization	Type	Membership Dues	Event / Program Income	Fundraising Events	Contributions and grants	Other	Total Revenue
BAWP	501(c)(6)	74%	NA	NA	17%	9%	$21,124
African American Chamber of Commerce	501(c)(6)	16%	64%	6%	17%	-3%	$1,524,336
Italy-American Chamber of Commerce of Greater Philadelphia	501(c)(6)	85%	11%	NA	4%	NA	$267,256
Greater Northeast Philadelphia Chamber of Commerce	501(c)(6)	48%	7%	38%	2%	5%	$30,427
Center City Proprietor's Association	501(c)4	35%	20%	NA	NA	45%[4]	$220,123

Source: Guidestar, Organizations IRS 990 forms for tax year 2012 (2014)

Across the country funding is a varied. Reliance on membership dues seemingly varies by city (see Table 4.2). In Dallas, the three business associations researched rely on membership dues for approximately half of their revenues. Membership dues in Chicago are only a small portion of their revenues. Membership dues make up the majority of the revenues for the selected organizations in Phoenix. The Southeast Chicago Chamber of Commerce is in a Special Services Area; therefore its overall funding stream is very different from most 501(c)(6) organizations.

[4] Center City Proprietor's Association has significant revenue from royalty income ($41,000) and corporate sponsorships ($51,000)

TABLE 4.2 – BREAKDOWN OF REVENUES FOR SELECT MEMBERSHIP ORGANIZATIONS IN DALLAS, CHICAGO, AND PHOENIX[5]

Organization	Membership Dues	Program Service Revenue	Fundraising Events	Contributions and grants	Other	Total Revenue
Dallas Northeast Chamber of Commerce	47%	NA	18%	NA	35%	$68,713
North Dallas Chamber of Commerce	49%	47%	0%	3%	NA	$831,291
Southeast Dallas Chamber of Commerce	41%	NA	NA	55%	5%	$62,924
Cosmopolitan Chamber of Commerce	20%	1%	38%	41%	NA	$111,118
South Chicago Chamber of Commerce	13%	83%	3%	NA	NA	$63,644
Southeast Chicago Chamber of Commerce	4%	NA	NA	96%	NA	$95,093
West Town Chicago Chamber of Commerce	8%	2%	48%	40%	2%	$309,353
Greater Phoenix Black Chamber of Commerce	99%	NA	NA	NA	1%	$142,765
North Phoenix Chamber of Commerce	65%	NA	28%	NA	7%	$88,126
Arizona Green Chamber of Commerce	70%	26%	-27%	30%	NA	$43,997

Source: Guidestar, Organizations IRS 990 forms for tax year 2012 (2014)

[5] Numbers may not add up exactly due to rounding

5.0 DIFFERENT FUNDING OPPORTUNITIES

There are different funding opportunities available to BAWP. They vary by time and cost to implement, required structural changes, and degree of control over programming. Presented here are different funding opportunities that can generate revenues in the near term while others are longer term strategies for funding sustainability. The different options are presented in a suggested order for implementation focusing on generating revenues in the near term first.

5.1 PROGRAM AND EVENT OFFERINGS

The quickest way for BAWP to generate revenue is to offer programming and pay-for events. Some of the 501(c)(6) organizations studied used program and event income as one of their main revenue sources. The benefit to using program and event income is that it can be very predictable and recurring if properly managed. Regular programming can also boost the visibility of the organization and be a way to increase membership. Offering a variety of events can also engage members with different interests.

Putting on events requires attention to detail, constant communication with all parties involved, and can take up a substantial amount of time. Given that BAWP has only one employee, a committee would have to be formed to plan, market, and help run events. A small sample of an event program is below with example prices based on what other organizations in Philadelphia charge and what could be reasonable for BAWP (see Table 5.1).[6]

[6] See Appendix C for a chart of event prices charged by other local business associations.

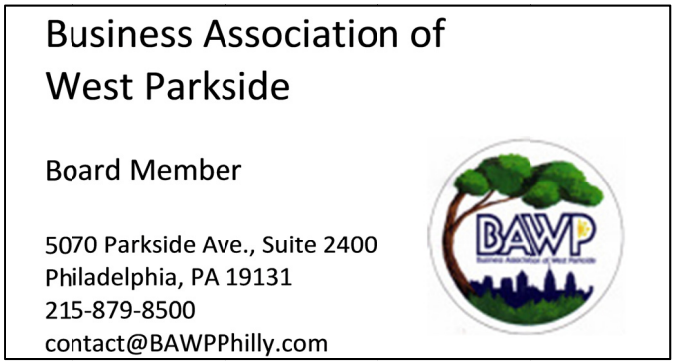
TABLE 5.1 – SAMPLE PROGRAM/EVENT PLANNER[7]

Type of Program/Event	Potential Member Attendance	Potential Non-Member Attendance	Cost to Members	Cost to Non-Members	Times Held per Year	Total Revenue
Workshop Series:						
Membership 101	15	NA	$0	NA	2	$0
Educational Workshops	15	10	$0	$50	2	$1,000
Networking Series	20	15	$0	$50	2	$1,500
Economic and Regional Updates	20	20	$25	$50	1	$1,500
Speaker Series	25		$0		1	$0
Awards Night	40	60	$75	$100	1	$9,000
Professional Development:						
Leadership Skills	15	10	$25	$50	1	$875
Female Executives	15	10	$50	$100	1	$1,750
Webinars	25	NA	$0	NA	2	$0
Small Business	15	10	$25	$50	1	$875
Political Events	30		$50		2	$1,500
Total Revenue						**$18,000**

Source: Econsult Solutions, Inc. (2014)

5.2 BRANDING

In addition to programming, there are several other ways BAWP can increase visibility, strengthen membership, and increase revenues. Branding is important for the organization to establish its identity in the West Parkside community and throughout Philadelphia. Increasing the visibility of BAWP should help attract and retain members which will benefit the association financially in the long run. Many ideas for branding were discussed at the strategic session including:



- Producing an annual report.

[7] Event costs are not included in this sample. BAWP should work to have as many resources as possible either donated for the event or get sponsorships for events to keep minimize costs.

- Adopting a social media strategy.
- Having a business-to-business fair.

Some relatively inexpensive ideas such as stickers in business members' windows and generic Board Member business cards are great touch points that add visibility on a more personal level.

5.3 SPONSORSHIP

Sponsorship has many forms. Sponsorship can be used for single events or for operations. BAWP already seeks out sponsorships for its events and has a grant from the Phillies for the maintenance of the Philadelphia Stars Negro League Memorial Park. This grant term is ending. Philadelphia Stars Negro League Memorial Park is a point of pride for BAWP; though its maintenance is a large chunk of BAWP's expenses, with $5,000 incurred this year. If BAWP is not successful in having the Phillies agree to extend the grant, it should seek support by another organization or partner with another 501(c)(3) to seek funding.

FISCAL SPONSORSHIP

Fiscal sponsorships are typically formed between 501(c)(3) organizations and organizations that cannot receive tax deductible donations, such as a 501(c)(6). In a fiscal sponsorship, the 501(c)(3) is able to receive tax deductible donations on behalf of the other organization. The sponsoring organization (the 501(c)(3)) is paid a fee(s) using the donated tax deductible funds solicited to provide the services. Some organizations seek a fiscal sponsorship as an interim step to becoming a 501(c)(3) and others use it as a way to fund services without having to become a 501(c)(3). The services that are sponsored must meet the mission of the sponsoring organization. In searching for a fiscal sponsor, BAWP should look for a 501(c)(3) that has:

- a similar mission,
- diversified and strong revenues,
- a well-managed budget,
- experience being a fiscal sponsor, and
- the oversight capability to collect and administer the donations.

A fiscal sponsorship can be a good way for BAWP to cover the cost of some of its services and expand its visibility. It is up to both BAWP and the 501(c)(3) to maintain a strong and communicative relationship in a fiscal sponsorship contract. BAWP should realize that not all donors will donate through a fiscal sponsor and that it may lose some degree of autonomy over the services that are contracted through the fiscal sponsorship. There are different types of fiscal sponsorship arrangements that BAWP should research if it pursues this avenue for funding.

URBAN AFFAIRS COALITION

The prime example of nonprofit sponsorship in Philadelphia is the Urban Affairs Coalition (UAC), which partners with and sponsors 75 organizations and nonprofits providing UAC the ability to offer a more holistic group of services and assist more children, youth, and adults than it could on its own. UAC offers different models of support including a comprehensive fiscal sponsorship, where it assumes the legal and financial oversight of a specific project. Under their comprehensive fiscal sponsorship model, for a program or organization, they also assume responsibility for accounting, project employees, and provide back-office support. BAWP should further explore the potential of the comprehensive fiscal sponsorship with the UAC including talking to organizations that the UAC sponsors such as the Parkside Association of Philadelphia.

5.4 CREATE A 501(C)(3) TO SUPPORT THE CHARITABLE ACTIVITIES OF BAWP

In contrast to finding a fiscal sponsor BAWP could create its own partner 501(c)(3) nonprofit. The creation of a second nonprofit would be a big commitment as it would have to be staffed, have a separate Board and tax filings. The benefit to creating a partner 501(c)(3) is the ability to retain the business association and provide specific services to the business community and raise revenues to fund services that benefit the greater community and economic development, including some of the services provided by the business association. The partner 501(c)(3), would be able to pursue new funding opportunities and receive tax deductible donations to carry out the charitable activities of BAWP including maintenance of the Philadelphia Stars Negro Leagues Memorial Park, the Jackie Robinson Day celebration, and the holiday drop-by. If BAWP chooses this option they need to develop a plan to find efficiencies in overhead, administration, and management. Examples of partner 501(c)(6) and 501(c)(3) organizations are below (see Table 5.2).[8]

[8] See Appendix D for additional information

TABLE 5.2 - EXAMPLES OF 501(C)(3) AND 501(C)(6) SISTER ORGANIZATIONS

Name	Location	Tax exempt status	Organization Classification
Greater Philadelphia Chamber of Commerce	Philadelphia, PA	501(c)(6)	S0141 - Community Improvement & Capacity Building: Alliances & Advocacy
Greater Philadelphia Chamber of Commerce Regional Foundation	Philadelphia, PA	501(c)(3)	S41 - Chambers of Commerce & Business Leagues
Greater Northeast Philadelphia Chamber of Commerce	Philadelphia, PA	501(c)(6)	S41 - Chambers of Commerce & Business Leagues
Greater Northeast Philadelphia Chamber of Commerce Foundation	Feasterville, PA	501(c)(3)	S41 - Chambers of Commerce & Business Leagues
Arlington Chamber of Commerce	Arlington, TX	501(c)(6)	S0141 - Community Improvement & Capacity Building: Alliances & Advocacy
Arlington Chamber of Commerce Foundation Inc.	Arlington, TX	501(c)(3)	S41 - Chambers of Commerce & Business Leagues
Commerce To Cincinnati USA Regional Chamber	Cincinnati, OH	501(c)(6)	S0141 - Community Improvement & Capacity Building: Alliances & Advocacy
Cincinnati USA Regional Chamber Foundation	Cincinnati, OH	501(c)(3)	S41 - Chambers of Commerce & Business Leagues

Source: Econsult Solutions, Inc. (2014)

5.5 PARTNER WITH AN ALREADY EXISTING 501(C)(3)

Another option is for BAWP to partner with an already existing 501(c)(3) in a different relationship than a fiscal sponsorship. This could be a good fit for BAWP since they provide services for the greater community as well. Given that BAWP is a location based organization, the first review of partnership organizations would be those that already exist in or near West Parkside. Next is to look at other organizations with similar missions or constituencies. Partnerships can take many forms, financial, non-financial, formal, and informal, and BAWP should explore all.

CHARITABLE ORGANIZATIONS IN THE WEST PARKSIDE AREA

There are several nonprofit organizations serving West Parkside and the surrounding neighborhoods. These include:

- Parkside Association of Philadelphia
- East Parkside Community Revitalization Corporation
- East Parkside Resident's Association
- Viola Street Resident's Association
- Spruce Hill Community Association
- West Philadelphia Financial Services Institution

These organizations all have different missions and goals but operate in similar geographies. In the past BAWP has both informally and formally partnered with the Parkside Association of Philadelphia and should continue, at minimum, an informal partnership. Since all of these organizations exist physically close together, a partnership seems viable, though the ability to form a partnership is first and foremost based on the relationships between the organizations. It is noted that there could be specific reasons, such as organizational goals and available resources, as to why partnerships are not always possible.

OTHER OPPORTUNITIES FOR PARTNERSHIPS

BAWP should next look at organizations that have similar missions or constituencies. One particular partnership that BAWP should explore is partnering with the local universities. They have a wealth of resources in their business schools, nonprofit centers, technical programs, students and staff. In addition to partnering with the local universities, a sample of service areas and organizations for potential partnerships is provided below.

Partnering for business assistance

- The different business chambers in Philadelphia
- Africom
- Black Career Women's Network

Partnering for support of Philadelphia Stars Negro League Memorial Park

- Fairmount Park Conservancy
- Phillies Charities, Inc.
- Pitch in for Baseball

Partnering for general business assistance

- The Enterprise Center

Place beautification

- Keep Philadelphia Beautiful

6.0 DIFFERENT ORGANIZATIONAL STRUCTURES

At the strategic session, the definitions of three other types of organizational structures were handed out and are included in Appendix A: Neighborhood Association, Community Development Corporation (CDC), and BID. The West Parkside area has several neighborhood associations already and creating another one may duplicate efforts. As mentioned prior, the membership agreed that they would entertain the possibility of a BID in a couple of years. Another potential change for BAWP to explore would be to become a business CDC.

6.1 COMMUNITY DEVELOPMENT CORPORATIONS

CDCs are 501(c)(3) organizations that provide nonprofit services to encourage economic development in a particular community. CDC functions include assisting with the development of affordable housing, education, job growth, and promoting businesses in the local area. In Philadelphia, many CDCs help market their local businesses through advertising, business directories, or providing facility improvements. For example, the Tacony CDC is funding façade improvements for local businesses, while other CDCs have used funds for entrepreneurial workshops, a retail market analysis, and cleaning commercial areas.[9] Changing to a CDC opens up new funding avenues, just as it would if BAWP created a sister 501(c)(3). Though, a CDC structure may be easier to manage since it is just a single entity as compared to two.

Philadelphia's CDCs rely on contributions, grants, and event income for their revenues (see Table 6.1). CDCs receiving government grants must comply with government reporting requirements. There are several grants offered by the City's Commerce Department and the Commonwealth's Department of Community and Economic Development. These grants provide a mix of funding and technical assistance for items such as economic development, capital construction, façade improvements, and streetscaping. Some of Philadelphia's CDCs receive funding from Philadelphia's very competitive Community Development Corporation tax credit and the Commonwealth's Neighborhood Assistance Program, both of which require private corporations to donate to a CDC over several years in return for business tax credits.

[9] http://www.nicetowncdc.org/index.php/partners#; http://historictaconyrevitalization.com/; http://www.oarcphilly.org/Pages/BusinessDevelopment.aspx; http://www.southwestcdc.org/economic_development.html#Public; http://chinatown-pcdc.org/programs-services/economic-industrial-redevelopment/main-street-program/

TABLE 6.1 – BREAKDOWN OF REVENUES FOR SELECT CDCS[10]

Organization	Membership Dues	Event / Program Income	Fundraising Events	Contributions and grants	Investment Income	Total Revenue
Manayunk Development Corporation	2%	45%	NA	53%	0%	$1,445,084
New Kensington CDC	NA	16%	NA	83%	0%	$2,301,460
Logan CDC	1%	NA	NA	99%	NA	$86,174
Tacony CDC[11]	NA	NA	NA	100%	NA	$18,935
Fairmount CDC	7%	10%	17%	67%	NA	$221,077
Francisville Neighborhood Development Corporation	NA	54%	NA	45%	NA	$338,721
Wynnefield Overbrook Revitalization Corporation	NA	NA	NA	100%	NA	$116,025
Finanta CDC[12]	NA	40%	NA	59%	1%	$1,814,795
East Falls Development Corporation	NA	6%	NA	94%	1%	$263,211

Source: Guidestar, Organizations IRS 990 forms for tax year 2012 (2014)

In order to qualify as a CDC BAWP would have to show that it exists primarily to benefit the community, not just the existing businesses. BAWP would also have to restructure its board to include primarily community members who aren't business owners. The organization's focus would have to change to include items such as economic development, bettering the overall neighborhood, job growth, and possibly, housing improvements. If BAWP chooses to become a CDC, it should make sure it performs all due diligence including a community needs assessment, recruiting volunteers, and lining up funding sources since they would no longer have membership dues to rely on. BAWP also needs to consider the potential overlap with the other nonprofits in West Parkside listed in Section 5.4. With many other organizations already serving the area, a CDC could be redundant for some services. If BAWP considers becoming a CDC, it should meet with the other nonprofits in the area and discuss the possibility of merging entities. For now, BAWP is providing niche services to the business of West Parkside.

[10] Numbers may not add up exactly due to rounding
[11] The Tacony CDC had contributions and grants of $180,307 and investment income loss of 161,372 from an asset sale.
[12] More than half of Finanta CDC's program service revenue is from interest from loans and just under 20% from the gain on foreclosed property(ies)

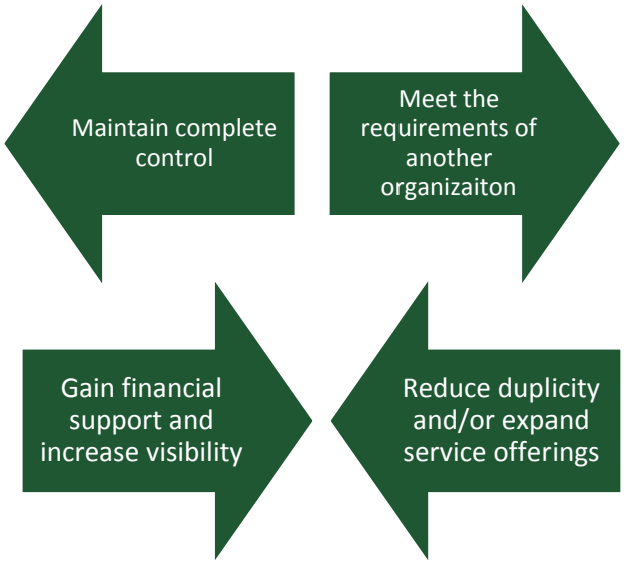
7.0 CONCLUSION

BAWP should examine the different options laid out in this report and others that they may have been researching on their own. As BAWP envisions their long term goals they need to weigh:

- the cost and benefit of the different funding strategies,
- effort required for each,
- services provided by other organizations in the area, and most importantly,
- community need.

There will be opposing viewpoints on the different funding strategies (see Figure 7.1). For instance, some of the options allow BAWP to essentially maintain complete control over their mission and funding while others require the ability to meet the needs of other organizations. Opposite to that thinking is that working with other organizations can be financially beneficial, increase BAWP's visibility, and serve more members of the community than BAWP could do alone. All the viewpoints are valid, and the organization needs to decide what it wants its future to look like to determine which funding strategy is best.

FIGURE 7.1 – POTENTIAL OPPOSING VIEWPOINTS OF FUNDING OPTIONS



APPENDIX A – COMPETITIVE STRATEGY SESSION HANDOUT

SECTION 1

Discussion for Competitive Analysis Session
Goal:
To guide discussion and build consensus on what the near term and long term goals are of Business Association of West Parkside (BAWP). This will then figure into the decision of what is the proper organizational structure and mission for BAWP. Having that will allow further research into the potential funding sources to make BAWP financially sustainable.

SECTION 2

Questions for Board and Members

1) What makes BAWP unique? What sets it apart?

2) What is the most important benefit of membership to each business?

3) Should BAWP change or expand its current service offerings?
    a. If so, which?

4) What has been the key to success for BAWP thus far?

5) Programmatically/Operationally what is the key to sustaining success?

SECTION 3

Competitive Analysis Session Agenda
Laid out are four tasks to lead the group through. The idea is to foster open, constructive discussion while taking a serious look at the organization as it exists now and what Board and Members want it to be in the future. This will allow them to view the organization comprehensively, take an inventory or what the civic association offers now and see if its activities are complementary or distracting from the mission. This session will also help articulate to the group that there are trade-offs of providing particular services and it's important to understand the value of expanding a service versus ending another.

BAWP Mission:
The Business Association of West Parkside encourages, supports, and promotes emerging and existing businesses in the greater West Parkside region. We facilitate relationship between businesses located in, doing business in, or doing business with other companies located in West Parkside. The Business Association of West Parkside further advocates for the business community at the state and local level, ensuring the need and concerns of our membership are heard.

TASK 1 – FUTURE VISION

Lead the group through a discussion that identifies what services should be offered by BAWP. (Multiple responses can be entered in each cell; examples include speaker series, monthly networking, policy advocacy, attracting public transit, etc.)

Simple Strategic Vision for the Next Year and in 5 Years

	1 Year	5 Years
Keep as is		
Get Rid of		
Improve Upon		
Lessen but not Eliminate		
Introduce		

TASK 2 – ACTION ITEMS

Using the responses to the above table create specific action items to get them done. Action item must include: task, time frame, level of effort, costs, completion date, and responsible party. This task is meant to show the level of work/cost/time to make certain changes, not to assign immediate responsibility.

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

Action Item: _____
Who:
When:
Time to Completion:
Cost:
Completion Date:

TASK 3 – RISK AND REWARD

Using the responses from the previous two tasks, through open discussion, ask the group to fill in the table that measures the rewards and risks of the status quo versus to the two scenarios decided for 1 year from now and 5 years from now.

Reward vs. Risk

	Status Quo	Changes in 1 Year	Changes in 5 Years
Reward			
Risk			

TASK 4 – MISSION AND ORGANIZATIONAL STRUCTURE

Based on the discussion from the three prior tasks do current services and future services from the group consensus fit with BAWP's mission? What type of organizational structure do current services and the future services by group consensus align with as defined below? (Yes/No responses to be entered)

Definitions

Business Associations are membership organizations engaged in promoting the business interests of their members. These associations typically perform activities that would be unduly costly or time-consuming for an individual company to perform by itself, including lobbying, information gathering, research, and setting industry standards. Association spokespeople contend that by combining their voices under one banner, companies are able to establish a strong and unified presence and effectively protect their shared interests.[13]

Neighborhood Associations are a group of residents or property owners who advocate for or organize activities within a neighborhood. They work together for changes and improvements such as neighborhood safety, beautification and social activities. They reinforce rules and regulations through education, peer pressure and by looking out for each other. [14]

Community Development Corporations are not-for-profit organizations incorporated to provide programs, offer services and engage in other activities that promote and support community development. CDCs usually serve a geographic location such as a neighborhood or a town. They often focus on serving lower-income residents or struggling neighborhoods. They can be involved in a variety of activities including economic development, education, community organizing and real estate development. These organizations are often associated with the development of affordable housing.[15]

Business Improvement Districts are a defined area within which businesses pay an additional tax (or levy) in order to fund projects within the district's boundaries. The BID is often funded primarily through the levy but can also draw on other public and private funding streams. BIDs may go by other names, such as business improvement area (BIA), business revitalization zone (BRZ), community improvement district (CID), special services area (SSA), or special improvement district (SID). BIDs provide services, such as cleaning streets, providing security, making capital improvements, construction of pedestrian and streetscape enhancements, and marketing the area. The services provided by BIDs are supplemental to those already provided by the municipality.[16]

[13] http://definitions.uslegal.com/b/business-associations/
[14] http://en.wikipedia.org/wiki/Neighborhood_association
[15] http://en.wikipedia.org/wiki/Community_development_corporation
[16] http://en.wikipedia.org/wiki/Business_improvement_district

Mission and Organizational Structure

	Status Quo Services/Activities	Changes in 1 Year	Changes in 5 Years
Mission			
Business Association			
Neighborhood Association			
Community Development Corporation			
Business Improvement District			

APPENDIX B – NONMEMBER SURVEY

(Starts on Following Page)

Survey of Businesses in West Parkside

Goals of the survey are to:

A) Find out what, if any services, are desired by businesses who are not members of BAWP,
B) Learn what are the strengths and weaknesses of the commercial area as perceived by its businesses.

Survey of Businesses in West Parkside

Strengths

***1. What are the assets/selling points for businesses located in West Parkside? (Select all that apply)**

- [ ] Location
- [ ] Mix of businesses
- [ ] Destination Attractions (Please Touch Museum, Mann Center)
- [ ] Easy to get to and park by car
- [ ] Easy to get to by public transportation
- [ ] Business Density
- [ ] Appearance/curb appeal of the outside of commercial buildings
- [ ] Local Sport Races (running, biking and triathlon events)
- [ ] Other (please specify)

Survey of Businesses in West Parkside

Strengths

***2. Of the responses listed above, which is the most important and why? (select one and provide your explanation in the text box)**

- ◯ Location
- ◯ Mix of businesses
- ◯ Destination Attractions (Please Touch Museum, Mann Center)
- ◯ Easy to get to and park by car
- ◯ Easy to get to by public transportation
- ◯ Business Density
- ◯ Appearance/curb appeal of the outside of commercial buildings
- ◯ Local Sport Races (running, biking and triathlon events)

Why?

Survey of Businesses in West Parkside

Challenges

*3. What are the challenges facing businesses in West Parkside? (Select all that apply)

- [ ] Location
- [ ] Mix of businesses
- [ ] Destination Attractions (Please Touch Museum, Mann Center)
- [ ] Easy to get to and park by car
- [ ] Easy to get to by public transportation
- [ ] Business Density
- [ ] Appearance/curb appeal of the outside of commercial buildings
- [ ] Local Sport Races (running, biking and triathlon events)
- [ ] Other (please specify)

Survey of Businesses in West Parkside

Challenges

***4. Of the responses listed below, which is the most important and why? (select one and provide your explanation in the text box)**

- ◯ Location
- ◯ Mix of businesses
- ◯ Destination Attractions (Please Touch Museum, Mann Center)
- ◯ Easy to get to and park by car
- ◯ Easy to get to by public transportation
- ◯ Business Density
- ◯ Appearance/curb appeal of the outside of commercial buildings
- ◯ Local Sport Races (running, biking and triathlon events)

Why?

Survey of Businesses in West Parkside

Business Support

There are some functions that are best done by a group because an individual business may not have the time or expertise to do them. In overly generalized terms, elected officials are resources for policy advocacy and zoning; state and city departments can help with economic development and financing; and local associations help promote their areas, can provide one-on-one assistance, and are resources for keeping abreast of changes that affect neighborhoods.

***5. Which of these functions would your business find value in? (Select all that apply)**

- [ ] Policy advocacy and lobbying
- [ ] Zoning
- [ ] Economic Development
- [ ] Financing
- [ ] Seminars including tax changes, zoning codes, local events calendar, etc
- [ ] One-on-one assistance navigating regulatory and tax environment
- [ ] Area business networking including planned meetings
- [ ] Regular updates on legal and neighborhood changes
- [ ] Physical improvements to place
- [ ] Business promotion at local events
- [ ] Local merchant discounts
- [ ] Cross promotion
- [ ] Other (please specify)

Survey of Businesses in West Parkside

Business Support

***6. Of the responses listed below, which is the most important and why? (select one and provide your explanation in the text box)**

- ◯ Policy advocacy and lobbying
- ◯ Zoning
- ◯ Economic Development
- ◯ Financing
- ◯ Seminars including tax changes, zoning codes, local events calendar, etc
- ◯ One-on-one assistance navigating regulatory and tax environment
- ◯ Area business networking including planned meetings
- ◯ Regular updates on legal and neighborhood changes
- ◯ Physical improvements to place
- ◯ Business promotion at local events
- ◯ Local merchant discounts
- ◯ Cross promotion

Why?

Survey of Businesses in West Parkside

Business Support

7. Would your business find value in partnering with other business/community/ neighborhood organizations for any of these functions? (Select all that apply)

- [ ] Policy advocacy and lobbying
- [ ] Zoning
- [ ] Economic Development
- [ ] Financing
- [ ] Seminars including tax changes, zoning codes, local events calendar, etc
- [ ] One-on-one assistance navigating regulatory and tax environment
- [ ] Area business networking including planned meetings
- [ ] Regular updates on legal and neighborhood changes
- [ ] Physical improvements to place
- [ ] Business promotion at local events
- [ ] Local merchant discounts
- [ ] Cross promotion

Why?

Survey of Businesses in West Parkside

Business Support

***8. Which, if any, organizations provide any of these functions for you now? (Select all that apply)**

- [ ] Congressional and Senate Elected Officials
- [ ] State Representatives' Offices
- [ ] City Council
- [ ] PA Governor's Action Team
- [ ] PA Department of Community & Economic Development
- [ ] City Planning Commission
- [ ] Philadelphia Commerce Department
- [ ] Greater Philadelphia Chamber of Commerce
- [ ] West Parkside Business Association (BAWP)
- [ ] Parkside Association of Philadelphia (PAP)
- [ ] East Parkside Community Revitalization Corporation
- [ ] East Parkside Resident's Association
- [ ] Viola Street Resident's Association
- [ ] Other (please specify)

APPENDIX C- EVENT FEES CHARGED BY SELECT LOCAL BUSINESS ASSOCIATIONS

GREATER PHILADELPHIA CHAMBER OF COMMERCE			
Type of Event	**Cost to Members**	**Cost to Non-Members**	**Event Name**
Educational/Networking/Start-ups	$900	$1,100	Full Impact 2013 Venture Conference
Exhibiting, Networking	$70	$140	213th Annual Meeting
Award ceremony	$75	$125	2014 Paradigm Award
Award ceremony	$75	$85	31st Annual Excellence Awards
Networking, Political	$395	NA	Chamber day in Washington D.C.
Networking, Political	$85	$170	Southeastern Delegation Legislative Reception
AFRICAN AMERICAN CHAMBER OF COMMERCE			
Type of Event	**Cost to Members**	**Cost to Non-Members**	**Event Name**
Networking	$75	$75	African-American Chamber of Commerce of PA, NJ and DE 2014 Annual Meeting
ITALY-AMERICA CHAMBER OF COMMERCE OF GREATER PHILADELPHIA			
Type of Event	**Cost to Members**	**Cost to Non-Members**	**Event Name**
Educational	$50	$75	Luxe & Lusso: Exploring Luxury Brand Trends, Opportunities & Challenges in Italy, France & the U.S
Award Ceremony	$250	$275	IACC Annual Spring Luncheon and Business & Culture Award Ceremony
Networking	$75	$100	European-American Chamber in the United States Spring Networking Event
GREATER NORTHEAST PHILADELPHIA CHAMBER OF COMMERCE			
Type of Event	**Cost to Members**	**Cost to Non-Members**	**Event Name**
Luncheon	$35	$50	Business is Blooming Expo Luncheon
Educational, Networking	$350	$599	Annual “Business is Blooming” Expo
GREATER PHILADELPHIA HISPANIC CHAMBER OF COMMERCE *501(c)(3)			
Type of Event	**Cost to Members**	**Cost to Non-Members**	**Event Name**
Educational	$0	$0	SBDE-The Provence Infosession
Educational, Luncheon	$50	$50	Women's Wit and Wisdom Luncheon
Networking	$0	$0	SBDE- Goldman Sachs 10,000 Small Business Networking Breakfast

APPENDIX D – LITERATURE REVIEW ON 501(C)(3) AND 501(C)(6) PAIRINGS

A 501(c)(6) Partnering with a 501(c)(3)

i. Regulations for a Partnership between a 501(c)(3) and a 501(c)(6)

According to Treasury Regulation 1.509(a)-4(k), a 501(c)(3) can be set up to support a 501(c)(6). Under this arrangement, the 501(c)(3) accepts tax deductible donations from the public and either donates or makes grants to the 501(c)(6). Since donations to a 501(c)(6) are not tax deductible, this partnership provides a new source of revenue for a 501(c)(6) that can be used as a tax write-off by donors. Not every organization qualifies for this partnership, as Treasury Regulation 1.509(a)-4(k) requires both the 501(c)(3) and 501(c)(6) to meet the definition of a "public charity." Certain gifts to a 501(c)(6) are not permissible, as Section 509(a)(3) requires donations from a 501(c)(3) to a 501(c)(6) to be exclusively charitable.

In order to meet the definition of a "public charity" under Treasury Regulation 1.509(a)-4(k), a supported 501(c)(6) must receive more than one-third of its support from contributions, membership fees, and income related to its exempt functions and must receive less than one-third of its support from investment income.[17] Treasury Regulation 1.509(a)-4(k) also requires the supporting 501(c)(3) to meet the criteria of a "public charity" under Section 509(a)(3). This section stipulates that the supporting 501(c)(3) must "carry on exclusively charitable purposes." It also must "ensure that payments given to the 501(c)(6) are used in furtherance of the supporting organization's charitable purposes."[18] Thus, in order for a 501(c)(3) to qualify as a supporting organization, it must ensure that the donations or grants it provides to a 501(c)(6) are for exclusively charitable purposes, otherwise the 501(c)(3) risks losing its tax exempt status.

ii. Setting up a 501(c)(3) to Support a 501(c)(6)

Supporting organizations that qualify as "public charities" are divided into three categories based on how much control the 501(c)(6) has over the 501(c)(3). Most often, Type 1 and Type 2 supporting organizations are used when the goal of the 501(c)(3) is solely to provide money to the 501(c)(6). A Type I organization is used when the majority of the supporting organization's board is appointed by the 501(c)(6), while a Type II organization is used when the majority of board members on the 501(c)(6) are also the majority of the board members on the 501(c)(3).[19]

[17] http://www.law.cornell.edu/cfr/text/26/1.509(a)-4
[18] http://www.irs.gov/pub/irs-tege/509a3_typeiandii_gsexplanation.pdf
[19] http://www.wtplaw.com/documents/2012/07/establishing-an-association-foundation