

A NEW REVENUE SOURCE FOR NON-PROFITS

How the Sustainable Communities Framework Program Can Help Not-For-Profit Organizations

Not-for-profit organizations (NFPs)¹ nearly universally struggle to obtain adequate financing to carry out their missions, and are constantly looking for additional means to augment their financial inflow. NFPs are one of the principal beneficiaries targeted by the Sustainable Communities Framework² (SCF) deployed by Sustainable Communities Corporation³ (SCC), itself a 501(c)(4) non-profit organization.

The SCF is a community development program that comprehensively addresses local economic, environmental and social issues⁴ and includes small and medium sized for-profit businesses and not-for-profit organizations.

This page, Implementation of the SCF⁵ describes the initial steps in getting the SCF off the ground. These documents explain how we are using a complementary currency⁶ as a key building block to fund the effort.

This document explains how the SCF program can benefit NFPs by providing them with additional financial resources, both U.S. dollars and our new complementary currency. Some of those funds will flow from SCC's general fund as a result of fundraising activities performed by SCC and its agents. Other funds will flow as a direct result of the activities performed by the NFP and its agents, enabled by the SCF and the currency.

Seed Funding Grants to Startups

As with startup businesses, raising funds to launch a new non-profit organization is the most difficult step in the fundraising process and the single biggest barrier to launching a non-profit. Conventional granting sources cannot fund every viable plan presented to them. And other efforts such as crowdfunding usually need a base of supporters in a common chicken and egg problem.

The complementary currency changes that process. Every viable non-profit startup can be awarded currency grants to help them get started. This massively improves the odds that a non-profit can achieve critical mass. We will thus be able to help launch many more non-profits with their commensurate service to the community and potential for new jobs.

Other Ways SCC Can Support NFPs

- NFPs can apply for other grants to support their ongoing mission, to pay for things like overhead, salaries and direct program costs.
- NFPs can also earn currency (and dollars as described below). Every NFP that establishes a currency account, will be able to recruit other new account holders and receive a currency commission for each person or organization that establishes a new account with SCC and subsequently purchases the currency.
 - For each individual or organization that establishes a basic currency checking account, the recruited party will receive a signing bonus of 50 currency units.
 - For each business recruited that will a) accept the currency and b) sell it for a commission, the NFP will earn a commission override on all sales of the currency.
 - For each individual recruited, the NFP will receive a commission each time that individual purchase the currency. (see below)

Funds Channeled from SCC

One of the main ways of providing funds to NFPs is with money raised by SCC through a program designed to help the state's small business community (small and medium enterprises or "SMEs").

As in most places around the world, local small businesses provide the majority of jobs and are the economic backbone of the state.⁷

Under the structure of the SCF program, we have designed variety of mechanisms to directly help those SMEs be substantially more profitable, as detailed in the document [Prosperity](#)⁸. In so doing, we will generate considerable revenue back to SCC for use in the rest of the SCF program, especially for the NFP community. That is, by providing those mechanisms for the SMEs, SCC will receive substantial amounts of US dollars, which SCC will use in conjunction with currency it creates to distribute as grants.

The complementary currency too will be distributed from SCC to NFPs. However, NFPs can also use the SCF program to directly raise USD and currency through their own efforts and those they enlist into the system.

Here we will show two ways NFPs can take advantage of a number of the same mechanisms being provided to SMEs to directly raise money, and also recruit SMEs to join the SCF program, thus realizing a commission override.

1

Sale of Currency

Most non-governmental NFPs raise money through grants and donations. One mechanism is through the sale of items donated to the NFP via [charity auctions](#)⁹ or thrift stores (think Goodwill and Salvation Army). Goods or services are donated to the NFP that in turn are sold to buyers in thrift stores or to bidders at an auction event.

Online versions are often open-ended, where buyers can make purchases at any time. Businesses often provide their products at a discount for an auction or online sale, wherein the NFP sells the product and keeps the difference between the sale price and their acquisition cost. One of the key fundraising aspects of the SCF program for NFPs resembles an open-ended online sale of products at a fixed price.

Donors to a tax deductible/tax exempt NFP usually receive a tax deduction. Those who purchase items from an NFP at auctions or in thrift stores receive something of value for their dollar purchases and therefore receive no deduction.

How Does SCC's Program Differ from a Standard Charity Auction?

Under the SCF program, the item being purchased is the complementary currency. SCC creates the currency and sells it directly or indirectly through its agents to the non-profits. SCC has a differently structured program for SMEs as described in the above Prosperity document.

SCC is like the businesses described above that provides a product to the NFP at a discount and lets it sell that product and earn a commission on the sale. Here the product is currency and SCC lets the NFP keep 40% of the income from the sale and 10% is retained by the [SCF State Partner](#).¹⁰ The balance goes to SCC to carry out its SCF objectives. As a bonus to the NFP, SCC will also grant a matching amount of currency to the NFP, for an effective commission of 80% of the currency sale. See chart on page 7 for an illustration of how this commission structure works.

That combination USD/currency commission to the NFP is separate from currency sold to purchasers. Purchased currency will function like US dollars, and go into a buyer's online currency account (similar to an online bank checking account), or be in the form of a currency gift card. In either case, the buyer can use currency to purchase goods and services from businesses and individuals in the state who will accept currency for payment.

So, with the purchase of currency, those buyers receive full value of their purchase cost back, while the NFP realizes an 80% commission.

An NFP can realize income by simply selling currency for a commission. But unlike convincing supporters to make a straight donation, the purchase of currency leaves the buyer with the full purchasing power of those potential donation dollars. Nonetheless, the NFP gets the equivalent of 80% of the purchase as revenue, divided 50/50 between USD and currency. The NFP can enlist others to sell currency and get a commission override (see below).

The NFP can do this on an ongoing basis by enrolling their customers/supporters in a periodic purchasing program. This is similar to pledge drives by non-profit media organizations such as PBS and NPR, only the supporter is purchasing currency rather than making a donation. Such automatic purchases can be done via credit/debit cards, ACH transfers, payroll deductions, etc.

Getting donors to sign up for periodic payments will normally produce substantially greater income than asking for one-time donations.

SCC will provide NFPs with the tools to enroll currency users to make automatic periodic purchases of currency directly from SCC.

SCC will track those purchases and deposit the USD commissions into the NFP's checking account and currency commissions into their currency account. Thus, once the NFP's supporters have established currency accounts and arranged for periodic currency purchases, the NFP will continue to realize ongoing income from those arrangements even if it doesn't actively participate in those transactions.

NFPs can also encourage their employees to sign up to purchase/use of currency and even set up a payroll deduction plan to automatically purchase a certain amount of currency each month. The NFP will receive commissions from those purchases.

What if the Buyer Wants to Donate Anyway?

If the buyer is interested in making a donation and not just a purchase, there is a way to amplify their donation.

The buyer purchases currency and then donates it back to the NFP. They will likely receive the same tax deduction as if they made a straight donation. The net effect is that the NFP receives the economic value of 180% of the donation — 40% in USD and 140% in currency. Thus supporters who want to maximize their aid can use this process to substantially increase their donation.

Commissions on Sales of Currency by Others

As described above, NFPs can earn commissions (in USD and currency) for selling currency directly.

However, the NFP can recruit SMEs and earn commission overrides on the sale of currency by those SMEs. And individual account holders recruited by the NFPs can also become authorized to recruit SMEs. When they do so, the NFP will earn commission overrides on any such SMEs recruited by those individuals.

2

Commission Overrides

NFPs can further increase revenues by recruiting users and businesses to establish a currency account. Thereafter, if those users purchase currency directly from SCC, the NFP that enrolled them will get the same commission as though the user purchased the currency from that NFP. Thus, just by enrolling that user, the NFP can realize ongoing revenue without having to be involved in ongoing purchases.

If an NFP enrolls a SME as a business that accepts currency and that SME also signs up with SCC to be an agent to sell currency, then the NFP will get an override on all that SME's commissioned transactions. As previously stated, the NFP will earn 40% for any direct sales of currency. Think of the SME as an agent of the NFP, selling currency on their behalf. SCC will pay that SME their normal commission and remit the difference between the commission paid to the SME and the 40% normally earned by the NFP.

Thus, if the SME sells currency directly and earns a 30% dollar commission, plus a matching amount of currency, the NFP will receive a commission override, i.e., a 10% dollar commission (40%-30%) plus a matching amount of currency.

However, like the NFP, that SME can enroll users to establish a currency account to purchase currency directly from SCC. And just like the NFP, that SME will earn a commission each time enrolled users purchase currency, even if they purchase them directly from SCC. Thus, that SME will earn the same commission when users purchase currency directly from SCC or the SME.

If those users purchase currency from a different SME, the other SME will earn their normal 30%-dollar commission plus currency, and the enrolling SME will not receive a commission, nor will the NFP receive a commission.

When all is said and done, if an NFP recruits an SME to join the program, sell currency and recruit users, the NFP will get an override on all the transactions that occur thereafter as a consequence of that SME's activities.

See chart on page 6 for an illustration of how the non-profit commission structure works.

CONTACT

To learn more about how the Sustainable Communities Framework can help communities recover and prosper, contact:

Michael Sauvante

805 757 1085

sauvante@scf.green

ENDNOTES

1 Includes 501(c)(3) organizations, governmental organizations, and all other tax-exempt entities

2 <https://scf.green>

3 <https://uniex.net/scf/>

4 <https://scf.green/what/>

5 <https://scf.green/implementation-of-the-scf/>

6 https://en.wikipedia.org/wiki/Complementary_currency

7 <https://www.inc.com/jared-hecht/are-small-businesses-really-the-backbone-of-the-economy.html>

8 <https://scf.green/doc/Prosperity.pdf>

9 <https://www.better-fundraising-ideas.com/fundraising-auction.html>

10 <https://scf.green/state-scf-partner/>

A New Revenue Source for Non-Profits

Commission Structure for Sale of Currency and User Signups

% OF SALE YOU EARN WHEN ...

You sell currency directly to a supporter



You earn

40%

40%

Your supporter donates the currency back to you

You earn an additional

100%

You sign up a supporter for a currency account



Your signup later buys currency from SCC

You earn

40%

40%

You enroll a business for a currency account



That business sells currency to a customer ...

OR

... Signs up a new account holder who buys currency from them or SCC

You earn

10%

10%

Welcome
WE ACCEPT
COMPLEMENTARY
CURRENCY