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Community Enterprises provides clients with work at its for-profit canine day care business.

Unleashing the Dogs of Business

Capitalism takes hold among nonprofits as more charities supplement their revenue with money-making subsidiaries Page 10

When Charities Look Just Like Businesses

The scramble for revenue prompts some nonprofits to jump into the for-profit world

By Martin C. Daks

LAST WEEK the New Jersey Performing Arts Center received an honorable mention in a competition. This award had nothing to do with NJPAC's staging of lavish operas or other artistic productions. Rather, the Newark nonprofit was recognized for a business plan it calculates will create a new stream of revenue to its bottom line. With financial uncertainty being charities' deepest concern, this kind of nonprofit/for-profit hybrid is becoming more common.

In this case, NJPAC was recognized for plans to develop a parking lot into a mixed-use center including retail space and housing that could generate some \$500,000 in annual revenue. The kudos came from the Yale School of Management-Goldman Sachs Foundation Partnership on Nonprofit Ventures, a group based in Englewood Cliffs.

Currently, philanthropic donations cover about \$11 million of NJPAC's \$26 million annual budget; the other \$15 million comes from earned income, including such sources as ticket sales, concessions and parking.

Filling holes in funding was the driver

when Freehold-based Community Enterprises Corp.—a nonprofit property management company that specializes in housing for low-income and special-needs individuals—decided to supplement its revenue stream with a for-profit subsidiary called Unleashed Group that will provide services for dog owners. The "doggie day care center" in Toms River is slated to open in late July.

"We wanted to set something up that would bring in money while staying true to our mission," says CEC's Jessica Gordon, whose title is chief experience officer. "This meant employing special-needs individuals whenever possible and paying them a living wage."

"These nonprofits are creating new opportunities."

Samantha Beinbacher

Co-director, Foundation Partnership

er possible and paying them a living wage."

"Nonprofit organizations have always exhibited some entrepreneurial characteristics, but we're seeing a marked increase in the number of

organizations pursuing activities that will generate earned income [as opposed to donations]," says Warren Tranquada, U.S. CEO of consulting firm Pepin, Tranquada, Baker & Associates. NJPAC has been a client of his. "For some people it's a culture shock—the traditional view has been the social good versus business—but more nonprofits are definitely coming on board."



The New Jersey Performing Arts Center will set up a separate, for-profit venture to supplement its grant income.

