SURVEY BACKGROUND & PROFILE OF SOCIAL ENTERPRISES
Research Approach

- Denver Metro Region
- Investees Perceptions
- Understand Needs & Expectations
Legal Structure of Respondents

- Nonprofit with 501(c)(3) status: 79%
- For profit subsidiary under nonprofit: 8%
- For profit Limited Liability Company: 8%
- For profit Public Benefit Corporation: 5%

*A majority of respondents are operating under the auspices of an established nonprofit.*
## Stages of Development

<table>
<thead>
<tr>
<th>Stage of Development</th>
<th>%</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soul searching - idea and business model creation</td>
<td>10.53%</td>
<td>4</td>
</tr>
<tr>
<td>Launch - going to market</td>
<td>2.63%</td>
<td>1</td>
</tr>
<tr>
<td>Growth - establishing and formalizing the business</td>
<td>23.68%</td>
<td>9</td>
</tr>
<tr>
<td>Expansion - expanding the business offerings (geographically or product mix)</td>
<td>47.37%</td>
<td>18</td>
</tr>
<tr>
<td>Maturity - obtained financial sustainability and looking to scale</td>
<td>15.79%</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>
FINANCIAL & SOCIAL VIABILITY
I believe our organization is leveraging the right financial capital to achieve our social mission:

63% TRUE
37% FALSE
For 2017, 100% of the social enterprise respondents made earned income. Earned income covered:

- some operating expenses (70%);
- all operating expenses (24%);
- or earned a surplus (6%).
Primary Methods for Revenue Generation

1. Fee for Service/Business to Consumer (27%)
2. Products Manufacturing & Sales (32%)
3. Services/Business to Business & Government (24%)

*social enterprises are more likely to make a surplus/profit if the business is focused on ONLY ONE earned income revenue stream.*
In addition to earned income, the 25 organizations that broke even or made a profit sourced capital from the following sources:

- Grants & donations (8 organizations)
- Grants & donations, low interest loans (6 organizations)
- Three or more capital sources (11 organizations)

Trend: Utilizing capital resources other than grants & donations and personal assets provides social enterprises with the appropriate resources and financial viability to make a profit/surplus or break even.
Overall Use of Mission Related & Program Related Investments

- Average Size: $346,111
- Average Duration: 5.8 years
- Average Interest Rate: 1.50%

No PRI/MRI 71%

PRI/MRI 29%
IMPLICATIONS & KEY FINDINGS
Reasons for Not Seeking an Impact Investment

1. Do not know where to find appropriate financing (18.60%)
2. Cost of financing (16.28%)
3. Time pressures/lack of resources (13.95%)
4. Lack confidence and skills to take on financing (11.63%)
5. Wrong timing (9.30%)
6. No financing required (6.98%)
7. Thought you would be rejected (6.98%)
Financial + Capacity Building Investments

- Social enterprises require both financial and non-financial investment
- Serve the customized needs based on stages of development:
  - **Soul Searching**: Business Plan Strategy
  - **Growth**: Financial Management
  - **Expansion**: Measuring Impact
  - **Maturity**: People Management
- Financially and socially viable organizations employ a market rate of return strategy with a significant to high social impact strategy
Thank you!