

ARTICLE

JULY 23, 2020

✓ PREMIUM

How a Small Nonprofit Came Back From the Brink in the Great Recession

By Michael Anft



ERIC OGDEN

Founded as a Little League Baseball program, Dream now runs four charter schools and other programs for disadvantaged kids. The group focused on big donors to fuel its growth.

Dream faced a serious financial squeeze. The organization, which serves disadvantaged youths in New York City, stood on the verge of opening a brand-new charter school and expanding operations when the 2008 recession hit. Suddenly its usual sources of revenue dried up, just as its needs grew dramatically.

The nonprofit decided to double down on individual giving because wealthy donors had gotten it through its first 17 years. Although that approach was proven, it came with risk. Hiring more fundraisers would add to costs, and the supporters Dream wanted to tap for more might be too cash strapped to deliver.

DREAM BY THE NUMBERS

- **Staff:** 225
- **Annual budget:** \$34 million:
- **Government funds:** \$20.4 million
- **Individual giving:** \$6.3 million
- **Foundation grants:** \$4 million
- **Corporations:** \$2.1 million

Some of the lessons Dream learned during the last recession may help nonprofits facing financial challenges brought on by the Covid-19 crisis. Here's how the organization evolved and overcame its challenges.

Early Struggles

Founded as a Little League Baseball program, Dream teaches life lessons learned on the ballfield and through its extended-day, extended-year charter schools in East Harlem and the South Bronx. Since its formation in 1991, when it was called Harlem RBI, the organization has grown from a volunteer-run outfit on an East Harlem sandlot to an established nonprofit that serves 1,100 students enrolled in kindergarten through 12th grade in its charter public schools and another 1,000 youths in community-based programs.

Dream offers a holistic approach to supporting kids who are at higher risk of becoming dropouts, emphasizing teamwork and self-advocacy so they can reach their potential. Its students outperform others on standardized tests at the school district, city, and state levels by 10 to 22 percentage points. They also graduate from high school and college at a much higher rate.

But long before Dream developed the ability to reach so many young people, the organization struggled to corral donors. It lacked professional staff and networks of reliable donors. It got the charter school off the ground with the help of state funds, but other sources of income were patchy and paltry.

"I once wrote to all 30 Major League teams asking each to send us a dozen baseballs. Only 10 responded," says Richard Berlin, Dream's executive director. The group's budget in 2008 was \$4 million, about an eighth of its current total, he says. To reach its goals, Dream worked to "upscale" donors, asking them to give more, while also creating new levels of giving to attract new supporters.

"There was no foundation or public money for Little League baseball back then. We went where the money was — to people who liked what we were doing," Berlin says.

Many of those people are now big donors. Dream's private fundraising has grown by about 600 percent in the past decade, while its development staff has expanded from two to 11. During that time, a handful of donors grew to a pool of approximately 2,000. Today, about 100 corporate and individual donors give the bulk of the group's annual private revenue.

Star Power and a Pipeline for the Future

To increase the ranks of big donors, Dream also began stocking its board with more high rollers. By expanding beyond Harlem RBI — which was one of many similar efforts to revive baseball among young people across the nation — and by increasing the scope and quality of its programs, Dream

drew attention from heavy hitters in Major League Baseball. During the past decade, Dream has attracted as trustees executives from the Yankees and New York Mets, along with Rob Manfred, the commissioner of Major League Baseball, and former Yankees star Mark Teixeira.

Dream also created the Home Run Leadership Council, a group of advisers who sit just beneath the board of directors, that includes notable public figures such as former Mets' star Keith Hernandez, film documentarian Ken Burns, and sports journalist Bob Costas. Besides offering star power, Costas is an active fundraiser, and Burns is a regular donor.

A group of younger donors — what Berlin calls a “next-generation board” — was created to ensure Dream's future financial health.

Last year, Dream developed a bold strategic plan to raise \$100 million in private donations within a decade. Much of that money will finance the conversion of a South Bronx warehouse into a new location for two of the charter schools it runs. The campaign also will help increase enrollment in its charter schools to 2,500 students and expand summer programs.

The expanded schools will enable the nonprofit to tap into more public money because Dream charges the city and state for the educational services it provides to students. These fees represent more than half of its annual operating budget.

“Money from the city and the state allows us to pay for 10 months of school for our kids,” Berlin says. “But the individual giving helps us offer the special sauce — after-school programs, family events, and weekend programs — that helps them develop.”

Staying Flexible

Some of Dream's individual-giving pitches have missed the plate. A monthly giving program “never really took off,” Berlin says, perhaps because of inadequate communications or a lack of strong connections to smaller donors. “When we've fallen short, it's usually because we haven't cultivated enough leaders” from our donor networks, Berlin says. Giving programs grow when specific donors, whom Berlin calls “ambassadors,” nudge others to donate.

Covid-19 has forced Dream to retrench a bit. The organization had hoped to bring in \$50 million in private commitments during the next three years, mostly from corporations, foundations, and wealthy individuals. “The organization remains committed to this plan,” Berlin says. “But it will obviously take much longer to execute.”

“In the wake of the virus, the approach right now is, frankly, to survive and protect the castle,” says Berlin, a longtime Yankees fan who was the group's first full-time employee — as a sandlot groundskeeper. He acknowledges that there are no quick fixes for the current crisis.

A version of this article appeared in the:

© 2020 The Chronicle of Philanthropy

1255 23rd Street, N.W.
Washington, D.C. 20037