

# THOUGHT LEADERS

## NONPROFITS

*Funding issues challenge nonprofit leaders*



ALL PHOTOS: MARK WEBSTER

Nonprofit leaders discussed funding and employment challenges at Hodgson Russ LLP. From left, Kenneth Friedman, Hodgson Russ; Rhonda Frederick, People Inc.; Mary Roberts, Martin House Restoration Corp.; and Nora OBrien-Suric, Health Foundation for Western and Central New York.

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Changing funding streams and workforce issues are hot topics for nonprofit leaders in the region. But just as important is being recognized as businesses that have a significant economic impact on Western New York.

Those are messages from executives of some of Western New York's most visible organizations who participated in a Thought Leaders conversation facilitated by Buffalo Business First and sponsored by Hodgson Russ LLP.

The panel was varied, with leaders of two cultural organizations and an agency that serves older adults and

people with developmental disabilities, as well as a private foundation focused on health.

Still, it was easy to hear common challenges around funding but also the optimism they share about the region's turnaround and opportunities for continued growth.

Leaders of the Buffalo History Museum and the Darwin Martin House said they're busier than ever, bolstered by sunny stories about Buffalo in the national media. Though they still rely on public dollars from local and state governments, they have grown their earned revenue through rentals and admissions.

Mary Roberts, executive director of Martin House Restoration Corp., said the organization has a balanced

budget and continued to grow even while its buildings were torn apart for renovations and restoration. And more important, two-thirds of revenue now comes from outside the region, with 15 percent coming from the international market.

"What's great is we're bringing new business into Western New York," Roberts said. "We're bringing people into the community and new money in. So even though we have a relatively small budget, what we're doing is impacting the other businesses in the area."

Kenneth Friedman, a partner at Hodgson Russ LLP, said he sees a big difference as a representative on nonprofit boards of directors.

"Twenty years ago, the focus was

'I'm a month away from bankruptcy.' It was everything but the mission. It was how do you stay afloat," he said. "Now it's a focus on mission and what's relevant and doing things the community needs."

Rhonda Frederick runs People Inc., the region's largest nonprofit service provider. With a budget of \$140 million, the agency focuses on seniors and services for individuals with disabilities. Those services include housing, day programs, vocational and health care.

But size and scope don't guarantee the nonprofit is flush: Though agency funding comes through government programs such as Medicaid and Medicare, meeting unfunded mandates and low reimbursement rates

with MELISSA BROWN, RHONDA FREDERICK, NORA OBRIEN-SURIC and MARY ROBERTS



*“Imagine if you didn’t know what your paycheck was or how much you were going to make, how do you decide what you’re going to buy or can you afford to go out to dinner? It’s difficult.”*

**RHONDA FREDERICK**, CEO, People Inc., on reimbursement rate uncertainty



*“What’s changing for us is the nature of tourism in Western New York: Buffalo is hot as a destination. So our revenue is positively impacted by the growing number of people coming to Buffalo.”*

**MARY ROBERTS**, executive director, Martin House Restoration Corp.



*“If there’s a struggle we’ve really had to face, it was coming to terms with maintenance. Deferred maintenance is not a good plan. We’re not subsidized by outside support, so if the wall wasn’t literally falling down, you could put that off.”*

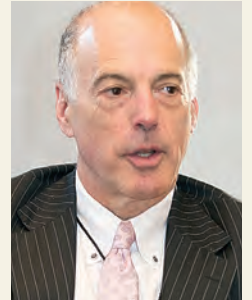
**MELISSA BROWN**, executive director, Buffalo History Museum



*“We want to make sure there are parks and recreation, museums and restaurants and that organizations are thriving, that people are working and the city and the community are livable.”*

**NORA OBRIEN-SURIC**, CEO, Health Foundation for Western and Central New York

► **HODGSON’S TAKE**



*“Buffalo is hot now on the cultural side. Looking back 10 years ago, in the days of the red-green budgets, the culturals viewed themselves as underfunded. I think they were comparing themselves to other markets, saying, ‘Look what other markets are doing and what’s not happening here.’ The conversation now has gone from that to what you hear: People are having the opportunity to generate revenue. The county and city and other sources aren’t the enemy; they’re really partners. People see how important they are, whether it’s tourism or other – it’s essential.”*

**KENNETH FRIEDMAN**, partner, Hodgson Russ LLP

make it difficult to pay new employees more than \$12 per hour, Frederick said. The low unemployment rate doesn’t help.

“It’s very difficult,” she said. “You see in all sectors people struggling for employees, but especially in ours in the caregiving sector. Our employees will say, ‘I saw a sign at Mighty Taco and it’s more.’ But we have full-time jobs, we have a fantastic benefits package and flex hours. It’s a wonderfully meaningful job.”

As People Inc. grows, it keeps adding those jobs, too, many of which offer opportunities for advancement and management posts. Frederick said that helps grow the workforce for the entire community.

Nonprofits are also doing a better job at getting word out about the economic impact they have on the region.

History isn’t always sexy, but creating an exhibit that captures the public’s imagination makes a difference. And that can mean increased traffic in town or keeping people here a day or two longer, said Melissa Brown, Buffalo History Museum executive director.

“We provide services for the greater good and wellness of the region, but we may not be able to define that,” she said. “We’re not just here for the sake of being here. There’s a broader residual impact and there’s data to support that.”



People Inc. CEO Rhonda Frederick says retaining workers has been difficult. Kenneth Friedman, left, says collaboration benefits the region’s nonprofits.

Those are all positives in the eyes of the Health Foundation for Western and Central New York, said CEO Nora O'Brien-Suric.

“We focus on children impacted by poverty and older adults and ensuring they live a quality, dignified life and are independent as long as possible,” she said. “Although each of you is not providing social services directly to children or older adults, you provide the enhancement, the quality of life and what really makes life worth living.”

► **CLOSER LOOK AT THOUGHT LEADERS**

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Each month, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists. Excerpts from the conversation are published after the roundtable.

Discussions are held in the law firm’s Pearl Street offices in Buffalo.