



fundación
SARAHUARO

BUSINESS PLAN

2019 - 2021

Raising strong children, one mother at a time.

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EXECUTIVE SUMMARY

The Vision of Sarahuaro Foundation, A.C. is for all women and children of Los Cabos, Mexico to live safe and successful lives.

Just outside the affluent city of Cabo San Lucas, there are thousands living in cardboard huts with no running water, raw sewage, spliced electric lines, limited money, little food, no school, no health care and ineffective law enforcement. Most are third and fourth generation native to the Baja, but hundreds are flocking to the area seeking work resulting from the massive tourist expansion. Here, where the minimum wage is \$102.68 pesos or about US\$5.50 per day, the purchase of purified drinking water takes two days wages per week for an average family.

OUR MISSION

The Sarahuaro Foundation mission is to remove the obstacles of poverty enslaving the women and children of Los Cabos, Mexico.

Impoverished women of these “colonias” are destined to follow statistically documented, culturally ingrained patterns of abuse, malnutrition, under-education, emotional ill-being and poor physical health and, without proactive intervention, will perpetuate these patterns by handing them down to their children. Their children are hungry every day - a hunger that binds them to poverty.

OUR MODEL

Our mission is carried out through two separate but interrelated programs within the Sarahuaro Foundation:

- La Cocina de Los Niños (LCN) or, The Children’s Kitchen, and
- Centro de Desarrollo Para Mujeres (CDM) or Center for the Development of Women

The Children’s Kitchen feeds children while they are in school, so they can be more successful in school. The Center for the Development of Women provides no-cost life-skills education and workforce training to impoverished Los Cabos women - skills that prepare women to mentally, physically and financially empower themselves and their families.

STRATEGIC PLANNING INITIATIVES

The strategic initiatives for the 3-year plan are:

1. To minimize the organization’s funding vulnerability by:
 - a. growing current and establishing new relationships with individual private donors;

- b. building program information and financial databases from which grant applications can be filed;
 - c. creating self-sustainable income sources by
 - i. growing the CDM artisan retail sales program, and
 - ii. identifying other programs such as selling organic produce.
2. To establish a comprehensive Community Relations Program for the purpose of:
 - a. Attracting volunteers who will minimize costs and expand offerings;
 - b. Engaging government agencies for grant support, use of public programs and buildings, and for connections to potential major donors;
 - c. Engaging school officials for supporting LCN and CDM program expansion;
 - d. Building a local business sponsorship group that can provide cost effective fundraising event support;
 - e. Accessing special project advisors such as engineers, architects and financial planners;
 - f. Receiving media attention when advantageous.
3. To ensure CDM Programs are meaningful and meet the Mission.
4. To conduct Socio-Economic assessments to affirm future expansions target the neediest areas.
5. To create a marketing strategy that will support these objectives.

FUNDING MODEL

The Sarahuaro Foundation has a diverse funding model that includes private donations, grants, fund-raising events and self-sustainable income from retail sales of the products made by the CDM participants. This model will be maximized with the introduction of several initiatives:

- Joining the International Community Foundation (ICF) providing access to major in-country and global sources from individuals, foundations and corporations.
- Forming a Donor Development Committee whose goal is to increase the number of private donors and amount of their transactions.
- Consolidating fundraising efforts into one major event each year over the next 3-years in the form of an Annual Gala Dinner.
- Establishing a Product Distribution Network, which is expected to greatly increase the artisan retail sales revenue.

The Strategic Planning and Funding Model expansion initiatives are projected to increase annual revenues from \$229,550 in 2018 to \$756,654 in 2021.

POVERTY IN MEXICO

It is a well-known fact that poverty is passed from one generation to the next. Children born into impoverished families face extreme obstacles including hunger, lack of nutrition, access to education, young maternal age, social environment, access to health care and violence.

Obstacles to breaking the cycle of poverty remain high in Mexico:

- Mexico has one of the world's highest birth rates among adolescents and young people between 15 and 19 years old: 64.3 per thousand births. In Baja California Sur over 8% of all births are to teens. (Highest among the Organization for Economic Co-operation and Development countries.) Throughout Mexico, every day in 2017, two babies were born to 10 and 11-year-old girls.
- In Latin America, no less than 6-million children and adolescents are subjected to severe aggression and 80,000 die each year due to violence that occurs within the family. Mexico is first place in terms of sexual abuse, physical violence and homicide of children under 14 years old.
- About one in three (35%) local women have suffered physical and/or sexual partner violence or sexual violence by third parties at some point in their lives.
- Levels of anemia in Mexican children are higher than in some African nations. 1.5 million children suffer from chronic malnutrition while two million children under five are anemic.
- 63% of Mexicans have minimal elementary education and less secondary education. More than a third of Mexican women between 15 and 29 years old do not attend school or work.

PROGRAMS AND SERVICES

WHAT WE DO

FEED CHILDREN

Study after study documents the long-term effects of even the most basic education - the result is better life outcomes. When a child is hungry, his learning capabilities diminish. Monthly, we serve over 5,000 meals to about 350 children of the Gastelum school district. The goal is to feed children, so they are physically able to stay engaged in learning and to support their health.

EMPOWER WOMEN

Mothers are the main caretakers in the traditional Mexican family, so changing the women's self-image and knowledge base will break the cycle of negative patterns, thereby enhancing the overall health and quality of life for the parents, their children and their children's children.

Sarahuaro provides no-cost life-skills education and workforce training to impoverished Los Cabos women.

HOW WE DO IT

There are two separate but interrelated programs within the Sarahuaro Foundation: La Cocina de Los Niños and el Centro de Desarrollo Para Mujeres.

The La Cocina de Los Niños (LCN) or "The Children's Kitchen"

The Leonardo Gastelum school located in an impoverished San Lucas community, serves about 500 students between the ages of six and twelve. The school provides a vendor sponsored food program that only feeds about 200 of the 500 children. In 2013, the Sarahuaro Foundation took over a failing lunch program that was aimed at feeding an additional 50 children. This program is now feeding about 300 children at the school and another 25 the Women's Center child-care location each school day.

A second kitchen at the Nueva Creacion school, also in Gastelum, will begin serving 50 children at the beginning in August, increasing to 75 children by the end of the 2019-2020 school year.

At a cost of about \$1.25 per meal, the program is run by a salaried Program Manager and three hourly paid staff: a kitchen assistant at each kitchen and a driver. To minimize expenses, food donation projects are in place with expansion projects planned for 2019. Every school day, about 20 volunteers - mothers from the neighborhood - prepare and deliver 320 meals. That is almost 5,000 meals and over 1,300 volunteer hours per month! A certified nutritionist develops the menus and shares health information with the mothers and children.

For the past four years, \$45,000 in annual Operating Expenses have been funded by the Los Cabos Children's Foundation. Remaining Operating Expenses have been obtained from private donors.

Centro de Desarrollo Para Mujeres (CDM) or, "Center for the Development of Women"

The CDM is a learning center offering no-cost educational opportunities that emphasize mental and physical health and financial income supplementation. The goal is for the women to gain the necessary knowledge and skills to protect and elevate themselves while providing a better and safer home environment for their children.

Mental Health

Our Human Development curriculum is managed by a Master's Level Psychologist and focuses on self-awareness through the understanding of human growth and development, and, most importantly, the learning of how emotions and belief systems effect everyday lives. The group process provides a safe environment in which women can express, discuss and share their personal situations and learn how to better cope with abuse, neglect, stress, depression, hunger, poor health and other extreme life challenges they face every day. In addition to group classes, the Psychologist counsels' women in individual sessions. In severe cases, women and children are referred to appropriate government sponsored programs.

As an organization, we face our greatest challenges within this Mental Health Program: backlash from those who do not want to see women do well, and deep resistance to culture change. Our programs are developed and implemented with these challenges in mind.

Physical Health

Our Preventive Health Program consists of nutrition and hygiene training that is delivered by a paid certified nutritionist and exercise classes that are conducted by volunteers.

A Community Garden project completed in April 2019 was the result of funding by the charity arm of a major corporation out of Canada: Circle of Champions. The garden has become a teaching and working project under the direction of the CDM, and the food is being distributed to the women participants and the Children's Kitchen.

An internal study was conducted which concludes that improvement in the mothers' mental and physical health also improves their children's overall well-being. Subsequently, in support of our Mission, continuation of our current Mental and Physical Health Programs will be carried out in 2019. However, there will be an addition of a Family Planning component to address the severe teen pregnancy issues the community faces.

We are not satisfied with the number of participants, so 2019 will bring a focus on reaching more women – recruiting from the neighborhood to increase participation from about 100 to 150 in 2019 and subsequent increases of 25% per year. Additionally, classes will be conducted

for the 160 volunteer women serving the 1st Children's Kitchen, then eventually to the estimated 80 who will be serving the 2nd kitchen. The Executive Director and the CDM Program Manager will be assigned Key Performance Indicators for this objective.

Trade-skills Training

Hands on training gives our students the ability to produce products that are sold in the San Jose Market, an occasional hotel sales event, and about six retail outlets. Lessons are delivered by paid local artisans who share their craft with our women. An important component of this training is speaking English – beginning and intermediate English with a focus on selling goods to tourists and is delivered by volunteers.

The goals for advancing trade-skills training include:

- An audit of current products for efficacy and development of a volume discount purchasing process for materials - both to be completed mid-2019.
- Creating a Product Producers Program for making products with various levels of complexity: simple, intermediate and advanced levels. An Artisan Cooperative will be established to produce products maintaining these levels of complexity - women will have the opportunity to work within the Cooperative as a graduate of our trade-skill program.
- In 2019, a local Retail Distribution Network will be built to sell the products on a large scale. In 2020, the goal will be to research, then plan an in-country distribution network, and then a global distribution network for 2021.
- An Internship Program will be organized for the 2019 school year beginning in September which will partner with local businesses to train our ladies for specific jobs needed in the community.

Child Care

While the mothers learn, their children are safely cared for by a paid child care worker and/or a certified teacher. The children engage in basic cognitive activities and outdoor play. They are fed a meal supplied by the Children's Kitchen Program, which is located about a mile away.

For the past three years, our certified teacher has engaged the children in a donated program:

I AM WHO created by Endeavor Children's Services. Cited by UNICEF as a "Best Practice" therapeutic tool, **I AM WHO** invites children into creative activities designed to enhance their emotional well-being. Their view of the future is altered by the psycho-social help provided by this resource. Some incredible results are documented in Exhibit #1.

The Psychologist and Nutritionist interact with the children, then counsel or make referrals according to need.

MODEL FOR GROWTH

The 2021 budget forecasts a \$219,504 surplus that would adequately support expansion from a financial perspective. However, until we have solid historical data to analyze, we are taking a very conservative approach to program growth, as outlined below.

The La Cocina de Los Niños (LCN)

August of 2019 will bring the opening of a second kitchen (LCN Kitchen #2) in Gastelum. Private donors have built and equipped the kitchen, and, in addition to the Los Cabos Children's Foundation, have committed to provide operating expense financial support.

The LCN is affected by the restriction of children to school property during the school day – requiring the kitchen to be on school property. At a cost of approximately \$50,000 to build and equip each kitchen, expansion is limited. The location for future kitchens will be based on stringent needs analysis data (Socio-Economic Assessment) which will be conducted and donated by a professional association affiliated with the Los Cabos Technical University.

Centro de Desarrollo Para Mujeres (CDM)

CDM services will be expanded in two approaches:

1. Partial services – Mental and Physical Health programs only – to be delivered at each school housing the LCN program. This approach has the potential to reach 600 women by 2021.
2. Full service – Mental and Physical Health programs and Artisan/Trade-skill training – to be delivered at satellite learning centers. A comprehensive analysis will be performed to shape specific scaling strategies once the Socio-Economic study being conducted by the Los Cabos Technical University is complete. No, or low-cost government provided buildings will house each learning center that will reach up to 200 women.

Building Expansion

Our CDM operations are currently housed in a government loaned building in the Colonia El Progreso, and consists of one main classroom, a storage area, an office, room for child care and three bathrooms. Adjacent to the government loaned facility, Sarahuaro owns a lot that holds a covered concrete patio area and an outdoor playground area. The Circle of Champions Community Garden is in this lot.

The newly elected (December 2018), Cabo San Lucas government administration is very pro-Sarahuaro – the Mayor's First Delegate was elected into his position after years serving the public-school district under which Sarahuaro operates. He understands the poverty issues and supports our methodologies. We feel secure in their continued support of using the government-owned property to house our facilities. However, the uncertainty of their ability to do so long-term leads us to establish an alternate plan.

The prudent path forward is to build a central head-quarters facility on our owned property that will house our main administration: Program Manager, Financial Administration, Psychologist, materials storage, and secure van parking. The building project is being overseen through donated services of a local architectural firm acting in an advisory capacity. A complete Executive Project is being created by the Tecnológico Nacional de México – the Los Cabos Technical University as a student project. A targeted capital expense/building campaign will solicit funds specific to this expansion – *general donations will not be used for this purpose*. Implementation will only occur when adequate funds are accrued to complete pre-defined phases of the build. The program can adapt to the government withdrawal of a satellite building as they will be supported by the owned central facility.

CONTINGENCY PLANNING

Financial Stability

As with any charity, Sarahuaro faces funding vulnerability. An in-depth review of our financial stability has brought us to a four-point plan.

1. Retain and expand private donations

Within the “Current Revenue Sources” of the Financial Status and Projections section, we provide the history of our private donations. You will observe we rely on a small group of private donors. This vulnerability is a key weakness for Sarahuaro and addressing it is our highest priority. Current pledges and grant commitments will cover 90% of the operating expenses for 2019, allowing us the time to create a plan for maximizing private donor potential and retention and expanding the base – this plan will be complete by August 2019, and is the first order of business for the Donor Development Committee.

2. CDM to become self-sustained

The strategic expansion Product Distribution through 2021 is based on a goal for the CDM Program to become completely self-sustained in 2022. Key Performance Indicators will be developed for all staff to focus efforts on this goal.

3. Maximize efforts by concentrating on one major fundraiser per year

A newly adopted Annual Gala Dinner fundraiser provides funding independent of private donors, grants and product distribution. Partnering with one of Los Cabos’ premier hotels, Montage, this fundraiser has the potential of completely sourcing the annual operating expenses of two kitchens by 2022.

4. Develop and implement a target marketing strategy

Through the in-kind donation of HotHouse Marketing and Royal Roads University, a major review of target markets will provide a roadmap for exercising funding campaigns.

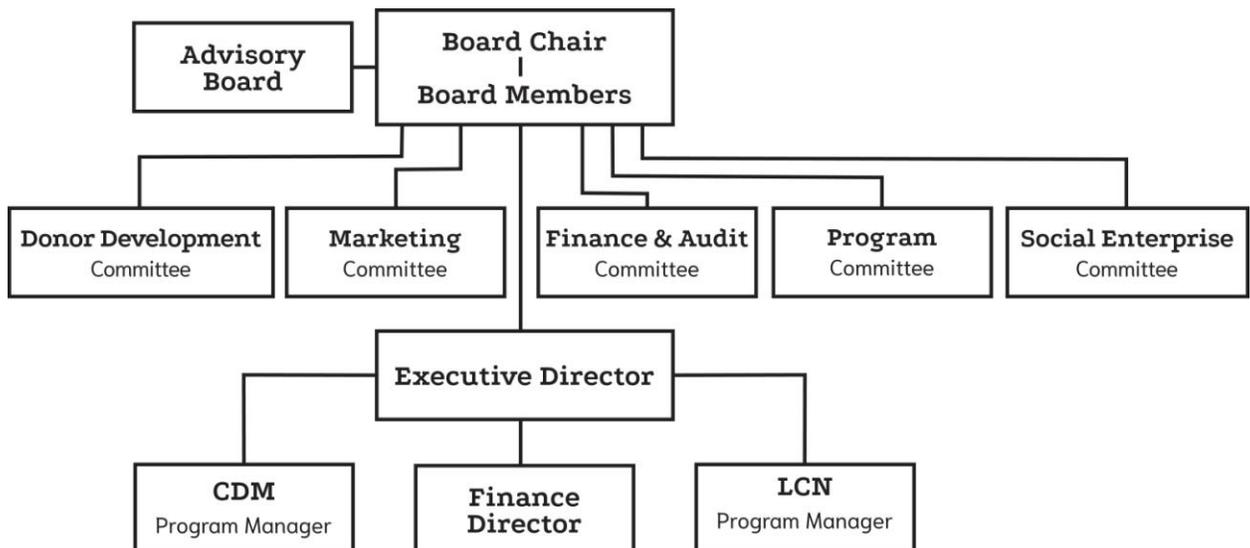
Housing Stability

New office building

The positive of housing our CDM in a government building is that there is no cost. However, we face a constant threat that the building can be taken away at any time. Recent events have made this threat more prominent: our offices will be used in the evenings for government agency meetings and one small building on the property is now used for a government staff office. We can adapt to relocating satellite learning centers, but a stable main headquarters facility is imperative. The previously described plan for building on Sarahuaro property provides a contingency plan.

ORGANIZATION OVERVIEW

Although Sarahuaro is organized using a traditional nonprofit organizational structure – a fully volunteer Board and a paid Executive Director – we have taken an extra step by accessing a diverse Advisory Board that expands the depth of resources needed to counsel, support and finance the complexities of these platforms. An organization chart and a description follow.



Advisory Board

Composed of accomplished experts, our Advisory Board provides wide-ranging strategic advice, dynamic perspectives and open assessment of platform effectiveness.

Members:

Pedro Marquez, Vice President Global Advancement, Royal Roads University, Victoria, BC, Canada

Dan Dagg, Owner and President, HotHouse Marketing, Victoria, BC, Canada

C.P. Raul Padilla P., Founder, Padilla Asesores Asociadoa S.C., San Lucas, Mexico

Deborah Stuckey, Strategic Planning Data Coordinator, Prisma Health, Greenville, South Carolina, USA

Board Members

Logging over 800 hours of volunteer time in 2018, a fully committed, hands-on Board governs Sarahuaro. Their varied qualifications support the many complex facets of our Mission – except for the CDM training/program development segment. The 2019 commitment is to actively recruit from the Education Sector to balance Board representation. Recruiting hands-on volunteer Board Members has it challenges as the local culture does not embrace a tradition of serving in this way, and many from the U.S. and Canada are only temporary residents who return to an alternative home during off-season months.

Board Members:

Chair: Nancy Brelos

A two-year permanent resident of Los Cabos, Nancy comes from New York and brings a B.S. Degree in Business Administration from The State University of NY. Before retirement, Nancy worked in the geospatial software industry overseeing major New York State and U.S. Federal government contracts which required obtaining U.S. Federal Security Clearances. In N.Y., she served the Sojourner House, a home for abused women and their children.

Treasurer: Esteban Solano

Esteban brings a wealth of knowledge to his role as our Treasurer. He is the General Manager and Tax Advisor for Kreston BSG, part of Kreston International, and he holds both CPA and public accountancy designations, as well as a Tax Master Certification.

Member: Kelly Oswald

A part-time resident in Los Cabos since 2006, Kelly became involved in the Children’s Kitchen in 2009 and joined the Sarahuaro Board in 2011. The owner of three Canadian retail shops, she brings her retailing, marketing, advertising, human relations, product development and event planning expertise to Sarahuaro.

Member: Faryn Clark

Originally from Dallas, TX, Faryn has lived Los Cabos for over five years. She is the founder and designer for Eclectic Array – a local chain of high-end retail stores that work directly with Mexican artisans to provide fair-trade opportunities as well as micro loans to create new business ventures. Faryn is a graduate of Southern Methodist University of Texas with a B.S. in Psychology.

Executive Director: Adriana Vellanoweth

This key position is held by a 40-year local resident with superior leadership talents and administrative skills. On April 1, 2019, Adriana Vellanoweth, moved into the paid Executive Director role after four years on the Board, bringing extensive knowledge of our finances, programs and operational development. The Board has full confidence that she will direct with the best interests of Sarahuaro while achieving the Mission.

Key Performance Indicators (KPIs) lay the foundation for her management goals. Based upon these KPIs, 2020 will begin a pay for performance incentive bonus for the Executive Director position.

Volunteers

Our greatest strength is our volunteer network. In addition to volunteer Board Members, dozens freely offer to take part in our organization:

- Every meal is prepared, served and cleaned up by mothers of the school feeding program.
- Over half of the hours devoted to marketing efforts are donated by marketing specialists.
- Health care providers offer monitoring of the women and children.
- Special Projects engage the expertise of local and international people, for example:
 - Writing class curriculum programs
 - Developing a pre-class knowledge survey and post class learning evaluation
 - Designing displays for the sales tables, tents and markets
 - Establishing processes that will become a procedure manual
 - Product design
 - Teaching English
 - Creation of a product catalogue
 - The Gala Dinner implementation.

GOVERNANCE STRUCTURE

The Board is directed by a set of authoritative guidelines outlined in our bylaws: Contrato de Asociacion Civil para la Constitucion de Sarahuaro, A.C. which follow the regulations defined by the Civil Code of Baja California Sur and last updated in May of 2018.

Additionally, a major component of our Governance Structure is the use of Governing Committees. Maximizing the expertise of each Board Member, Committees are Chaired by a strategically chosen representative. Each specific function necessary to advance Sarahuaro receives the direct benefits of that Board Member's proficiencies, as well as the collective effects of the Advisory Board and the other Board Members. In addition to establishing Committees with defined objectives, the Board has created this Business Plan – the first Business Plan ever developed for Sarahuaro.

Finance and Audit Committee

Chaired by Esteban Solano, the Finance Committee provides financial oversight for the Foundation and advises on the nonprofit status and tax implications of our programs and processes. Monthly Financials are produced and provided to the Board. Legal issues are also directed by this Committee.

Donor Development Committee

Chaired by Nancy Brelas, the Donor Development committee is responsible for all donor relationships and acquisition of donors including private, corporate, foundation and government sources.

The objective is to develop plans, increase resources and provide oversight of activities that will maximize revenue from donors (the number of donors and the average donation value.)

Social Enterprise Committee

Chaired by Faryn Clark, the Social Enterprise Committee is responsible for the development, distribution and sales of the organization's products and services.

The objective is to develop plans, increase resources and provide oversight of activities that will maximize revenue from products and services (the number of transactions and the average transaction value.)

Program Committee

The interim Chair is Adriana Vellanoweth; the Program Committee is responsible for the development and implementation of programs and services that further our Mission to remove the obstacles of poverty that enslave women and children of Los Cabos. (We actively seek a Board Member with a strong Education related background to Chair this Committee.)

The objective is to ensure that the programs and services we provide are accessible to impoverished women of Los Cabos and that they reflect relevant personal development and workforce skills training needed to foster emotional well-being, secure financial support and nurture children.

Marketing Committee

Chaired by Kelly Oswald, the Marketing Committee is responsible for all marketing and communications related activities to further the Mission.

The objectives are to maintain and manage an image that creates a positive predisposition towards the brand, and, to support all Committees in achieving their objectives.

MARKETING PLAN

Past marketing efforts were limited to local promotion of small sales events; therefore, execution of even a basic marketing plan will have a significant impact on revenue and program growth.

In 2018, a long-term, committed private donor fully funded a major marketing project that included a complete website renovation, creation of emotion-driven video footage and an in-depth marketing strategy session. The firm employed to produce this project, HotHouse Marketing, infused Sarahuaro with in-kind donations of time and resources. The HotHouse 2019 support will help establish a solid marketing base where none previously existed:

- Create and maintain a robust digital foundation;
- Create a brand book with visual assets and key messaging and ensure all communications and touch points are aligned accordingly;
- Establish monthly marketing Key Performance Indicators for effective management;
- Define the needs of each Committee to maximize their efforts in meeting objectives.

Also, during 2019 local, U.S. and Canadian target markets will be defined with the aid of research conducted by experienced volunteers - from the results, eMarketing campaigns will be shaped under the direction of HotHouse.

In addition to Sarahuaro, there are four prominent charitable organizations that focus on children in Los Cabos – from healthcare for young children through financial support for college-aged teens. Granted, we compete for dollars in that realm, but Sarahuaro is the only program that tackles poverty obstacles head-on through mothers. Our marketing plan will take advantage of this uniqueness. Other powerful strengths, such as a vast volunteer network, will be incorporated into the plan.

In addition to supporting short term Board Committee objectives, the 2019 marketing goal is to create a 3-year comprehensive plan that will extend into global targets.

FINANCIAL STATUS AND PROJECTIONS

2018 Financials, produced by Kreston Accounting, are included as Exhibit #2. The Financials are being audited and will be published publicly upon their completion in May 2019.

Below is an outline of current and projected revenue sources, followed by an analysis of expenses – all are in U.S. dollar currency. Based on this data, attached as Exhibit #3 is a 3-year budget projection.

1. CURRENT REVENUE SOURCES

Historically, Sarahuaro’s revenues have originated through the following sources.

PRIVATE DONATIONS

To effectively analyze past revenues, private donations are categorized by the type of donor (Individuals, Foundations, Corporate) and the amount of donations:

- 1) \$20,000+
- 2) \$5000 to \$20,000 and
- 3) under \$5,000

Individuals: Three individuals have made consistent and significant donations for 7-years or longer; an additional 12 individuals for 3-7 years. Of these, the highest annual donation has been in the \$25,000 range, then amounts decrease through the least at \$5000. Approximately 60 other individual donations are reported in 2018 with transaction amounts under \$5000.

Foundations: 2018 brought the inclusion of the Sprout and Highbury Foundations into our private donor mix.

Corporate: Through the efforts of one Los Cabos Destination Management Company, corporation sponsored events made Sarahuaro the charity of choice for their “giving back to the community” event component. No attempts have been made to develop other Corporate Revenue sources.

2018 Donations

Amount Category	Individuals		Foundations		Corporate		Total	
	#	Revenue	#	Revenue	#	Revenue	#	Revenue
1) \$20,000 +	2	\$43,000					2	\$43,000

2) \$5,000 to \$20,000	12	\$102,000	2	\$10,700			14	\$112,700
3) Under \$5,000	60	\$12,000			3	\$4,800	63	\$16,800
Total	74	\$157,000	2	\$10,700	3	\$4,800	79	\$172,500

GRANTS

The LCN Program, Kitchen #1 has received grant funds from the Los Cabos Children’s Foundation on an annual basis since 2015 – the initial year at \$25,000 and subsequent years at \$45,000. No other grant sources were pursued.

FUNDRAISING EVENTS

Minimal fundraising efforts have been made. In 2018, one private home fundraising event resulted in \$1300 for the CDM; participation in local fishing tournaments and other sporting events and various raffles have produced an annual donation history of about \$1000.

PRODUCT DISTRIBUTION

A self-sustainable revenue source is the retail distribution of the products made by the women participants. Product distribution has been limited to a local market held during high tourist season and a handful of retail outlets. Product Distribution Revenue for 2018 follows:

2018

Event	Proceeds
San Jose Market	\$ 3,200
Retail Outlets	\$6,550
Total	\$9,750

Total 2018 Revenue Sources

Private Donations & Grants	\$217,500
Fund Raising Events	\$2,300
Product Distribution	\$ 9,750
Total	\$229,550

2. PROJECTED REVENUE SOURCES

PRIVATE DONATIONS

Sarahuaro recently joined the International Community Foundation (ICF), introducing us to major in-country and global sources from individuals, foundations and corporations. Also, during 2019 through 2021, the Donor Development Committee plans to maximize private relationships to increase the number of donors and amount of their transactions. Improved organizational structure and marketing efforts will result in the addition of a \$50,000+ donation amount category in 2021.

1. Projections for the number of individual donors and amount per donor:

- **Category 1: individual transactions over \$20,000**
 - 2019 - retain current status
 - 2020 – 5% increase in existing donations plus one additional donor at a \$20,000+ transaction
 - 2021 – 5% increase in existing donations plus one additional donor at a \$20,000+ transaction
 - 2021-addition of one \$50,000+ individual donor
- **Category 2: individual transactions between \$5,000 up to \$20,000**
 - 2019 – 25% increase in individuals plus a 5% increase in transaction amount
 - 2020 – 25% increase in individuals plus a 5% increase in transaction amount
 - 2021 – 25% increase in individuals plus a 5% increase in transaction amount
- **Category 3: individual transactions under \$5,000**
 - 2019 – 50% growth in individuals with a \$200 average transaction amount
 - 2020 – 50% growth in individuals with a \$250 average transaction amount
 - 2021 – 50% growth in individuals with a \$300 average transaction amount

2. Private Foundation projections:

- 2019 - the number of Private Foundations donors will remain steady, but a 50% increase per transaction is anticipated
- 2020 - 10% increase per transaction, plus one additional Foundation at \$5,000
- 2021 – 10% increase per transaction, plus one additional Foundation at \$5,000

3. Corporate donation projections:

- 2019 – the number of Corporate donations will remain steady
- 2020 - a 50% projection in the number and amount of transactions
- 2021 – a 50% projection in the number and amount of transactions

Private Donation Projections:

2019

Amount Category	Individuals		Foundations		Corporate		Total	
	#	Revenue	#	Revenue	#	Revenue	#	Revenue
1) \$20,000+	2	\$43,000					2	\$43,000
2) \$5,000 - \$20,000	15	\$107,000	2	\$21,400	1	*\$15,000	18	\$143,400
3) Under \$5,000	90	\$12,000			3	\$4,800	93	\$16,800
Total	107	\$162,000	2	\$21,400	4	\$19,800	113	\$203,200

*Circle of Champions has committed \$15,000 for materials and 60 people to build a Community Garden in April of 2019 – this \$15,000 is included in Corporate donations.

2020

Amount Category	Individuals		Foundations		Corporate		Total	
	#	Revenue	#	Revenue	#	Revenue	#	Revenue
1) \$20,000+	3	\$65,150					3	\$43,000
2) \$5,000 - \$20,000	19	\$112,000	3	\$28,540			22	\$112,700
3) Under \$5,000	135	\$27,000			6	\$7,200	141	\$16,800
Total	157	\$204,150	3	\$28,540	6	\$7,200	166	\$239,740

2021

Amount Category	Individuals		Foundations		Corporate		Total	
	#	Revenue	#	Revenue	#	Revenue	#	Revenue
1) \$50,000+	1	\$50,000					1	\$50,000
2) \$20,000 +	4	\$68,400	4	\$35,894			8	\$104,294
3) \$5,000 -	24	\$118,000					24	\$118,000

\$20,000								
4) Under \$5,000	203	\$40,600			12	\$10,800	215	\$51,400
Total	232	\$277,000	4	\$35,894	12	\$10,800	248	\$323,694

GRANTS

Continued LCN support of \$45,000 from the Los Cabos Children’s Foundation (LCCF) is expected for 2019, 2020 and 2021.

2018 efforts focused on the health issues of mothers and the effect on their children – efforts that may result in 2019 grant funds from the LCCF to the CDM for the first time. A \$5,000 grant is expected for 2019, 2020 and 2021.

2019 grant expansion efforts will focus on Mexican Federal and State grants. Unfortunately, because of the new incoming government administration, there is uncertainty of programs and amounts to be offered. Therefore, government grant Revenue is not projected until 2021 and only at \$5,000.

2019 Grant exploration will also include seeking funds from the International Community Foundation and the Global Fund for Women – Semillas Division which is specific to Mexico. Based on a conservative estimation, these International grants will produce \$5000 in 2020 and then double the year after.

Grant Projections:

2019

LCN	\$45,000
CDM	\$5,000
Total	\$50,000

2020

LCN	\$45,000
CDM	\$5,000
International Programs	\$5,000
Total	\$55,000

2021

LCN	\$45,000
CDM	\$5,000
International Programs	\$10,000
Mexican Government	\$5,000
Total	\$65,000

FUNDRAISING EVENTS

Based on limited resources, the Board has made a conscience decision to consolidate fundraising efforts into one major event each year over the next 3-years in the form of an Annual Gala Dinner. An experimental Gala was held in January resulting in net proceeds of about \$20,000. Just as valuable as the revenue, the event proved to the community that Sarahuaro is a solid investment: Numerous sponsors re-committed to future Galas and we gained the support of event planners, media, businesses, government agencies and other charities. Internally, it was a learning experience that will be the base for launching more far-reaching Galas.

As time is available and the occasions arise, "Miscellaneous" small raffles, tournaments and private events will be supported.

Fundraising Event Projections:

Events	2019	2020	2021
Annual Gala Dinner	\$60,000	\$120,000	\$250,000
Miscellaneous	\$5,000	\$10,000	\$15,000
Total	\$65,000	\$130,000	\$265,000

PRODUCT DISTRIBUTION

Proven methods for the distribution of products will be repeated in 2019 but revenue is anticipated to increase by 20% based on the adoption of simple marketing methods. In referencing the CDM Product Program outline in the Programs and Services section, establishing a Product Distribution Network in 2019 will increase product Revenue by 400% in

2020 and an additional 50% in 2021. Creative product add-on promotions (Product Derivative Programs) are estimated at 10% of the total Product Distribution revenue.

Projections are supported by trials conducted by our Board Member, Faryn Clark, in her local retail outlets. Her analysis and a first time focus on promotional avenues to include social media, radio and print media advertising, are the basis for the increase in product related proceeds. Exhibit #4 outlines the components of the product expansion plan.

Projections also consider interest expressed from international organizations that support women worldwide. We have been approached by “Women At Risk” who will work with Sarahuaro to make it the exclusive producer for their Mexico products. For website reference: <https://warinternational.org/>

Product Distribution Projections:

Source	2019	2020	2021
Product Distribution	\$11,700	\$46,800	\$93,600
Product Derivative Programs	\$1,200	\$4,680	\$9,360
Total	\$12,900	\$51,480	\$102,960

The target for full implementation of the Artisan Cooperative is 2021. Once complete, all the Profit Sharing and Production Material operating expenses will be allocated to the Cooperative and 40% of product distribution revenues will be recognized within Sarahuaro. Therefore, 2021 budget figures reflect revenues of \$41,652 and no correlating expenses (zero Profit Sharing and Production Materials.)

SPECIAL PROJECTS

2019 will introduce an additional Revenue source reflecting campaigns to fund “Special Projects.” These projects can range from a simple request for very basic items to be used in the CDM (art supplies, fabrics, ribbons), through an extensive eMarketing campaign to fund a capital improvement or a major asset purchase.

2019

Project	Revenue Goal
Van purchase 2@ \$15,000	\$30,000

OPEN TIMING

Special Project: CDM Building	Amount required - \$330,000
Kitchen #3 and additional Kitchens	Amount required - \$35,000 each
On-going requests for CDM production materials	

Total 3-year Projected Revenue *without* Special Projects:

2019

Private Donations & Grants	\$259,200
Product Distribution	\$12,900
Fund Raising Events	\$65,000
Total	\$337,100

2020

Private Donations & Grants	\$294,740
Product Distribution	\$51,480
Fund Raising Events	\$130,000
Total	\$476,220

2021

Private Donations & Grants	\$388,694
Product Distribution	\$102,960
Fund Raising Events	\$265,000
Total	\$756,654

3. CURRENT EXPENSES

Sarahuaro incurs ordinary operating and administrative expenses on a routine basis. Key Performance Indicators were adapted in 2018 that set the foundation for management practices focused on minimizing expenses.

Some exceptional expenses were incurred in 2018 and are planned for 2019:

1. The \$28,000 marketing project conducted by HotHouse greatly skews the expense figures for 2018 and into 2019. Obviously, this is a one-time expense – not to reoccur for several years. Exhibit #5 reflects KPIs without this expense and with this expense included.
2. Based on continual and rising repair costs, we need to replace the current van which is a 2001 model with 320,000 miles. Purchasing two vans – one for each platform - at \$15,000 each will take place in 2019.
3. \$1000 Attorney and government fees will be incurred to set up an Artisan Cooperative in 2019.
4. Based on 2018 growth and 3-year planned expansions, more administrative staff support is required. Subsequently, employing a higher paid (elevated administrative skills) Executive Director plus the addition of part-time Financial Director position will have a permanent effect on future expenses.

Budgeted expense projections are based on:

1. An Executive Director at a \$31,000 per year beginning in April of 2019 and annually thereafter. Additional performance-based salary is estimated at \$6,000 for 2020 and 2021. Expense to be divided equally between the two platforms: LCN and CDM
2. A part-time Financial Administrator at \$11.00 x 20 hours per week beginning May of 2019 and then full-time in 2021 will be divided equally between the two platforms.
3. A July 2019 increase for the CDM Program Manager @ 10%.
4. LCN Kitchen #2 expansion costs beginning September 2019:
 - Food increase of 75% (increase food donations by 25%)
 - One kitchen assistant at \$365/month
 - Two extra hours per week for the driver (\$3.55 per week)
 - The LCN Program Manager will remain at the same salary throughout 2020 and then a 5% increase in 2021.
5. Basic marketing expenses are estimated at:
 - \$250 per month for local social media and events support in Spanish and English,
 - \$300 monthly budget for a contract person to write and administer U.S., Canadian and International (English) email campaigns, monthly newsletters and updating the website, supporting events, etc.
 - Website hosting at \$100 per year
 - \$450 annual fee for the International Community Foundation subscription
6. A new annual cost for obtaining Audited Financials – required for expanding grant eligibility and to support prudent financial controls will be added: \$1200.

7. Decrease in vehicle maintenance but increase in vehicle insurance is incorporated.
8. Donor Payment Processing fees. Sarahuaro must use payment processors to provide donors with a tax deduction receipt for revenue received from Canada and the United States – these expenses are projected as follows.
 - 2.2% of any payment made by credit card – estimated at:
 - 5% of Category 1/Individual Donors
 - 50% of Category 2/Individual Donors
 - 90% of Category 3/Individual donors
 - 5% of Foundation Donations
 - 25% of Corporate Donations
 - Plus 4% of all U.S. donations which are estimated at 50% of the total donations.
9. A .75 exchange rate is processed for converting Canadian dollar donations to U.S. dollar – Canadian donations are estimated at 50% of the total donations.
10. Product Production costs (materials, production profit sharing and van expenses) estimated at 42 percentage of products proceeds as based on 2018 actual figures. **As the Artisan Cooperative is formed and developed, these costs will be transferred to the Cooperative** and no longer incurred by Sarahuaro. Once that occurs, only product *training* materials will be allocated to the internal Production Materials expense. However, for the interim, the projected budget includes these expenses. In 2019, the Finance Committee will begin exploring tax and nonprofit parameters that will dictate the “donations” from the Artisan Cooperative program to the CDM in exchange for retail distribution. The target for full implementation is 2021.
11. Note two Mexican regulatory expenses:
 - Christmas Bonus in December
 - The use of a certified accounting firm to audit payroll and make payments of IRS and Social Security taxes.
12. Accounting and Banking fees will increase at an estimated 1% in line with growth.
13. All other expenses are projected to increase minimally at 1%.

EXHIBITS

#1. I AM WHO Post Program Accomplishments - attached

#2. 2018 Financials - attached

#3. 2019, 2020 & 2021 Budget - attached

#4. Product Distribution Expansion – follows.

#5. Key Performance Indicators – Q1 2019 without the HotHouse marketing project – follows.

#4: PRODUCT DISTRIBUTION

Example for completion by 2020:

RETAIL PRODUCT	ITEM	SKILL LEVEL	THEME	CRAFT	MADE TO ORDER
Interior Design/Household Goods Shops					
Kitchen Series	Apron	1	Desert& Ocean	Painting	yes
	Hot mitt	1	Desert & Ocean	Painting	yes
	Dish towels	1	Desert & Ocean	Painting	yes
Fine Dining Series	Placemat	1	None	Sewing	yes
	Napkins	1	None	Sewing	yes
	Table runner	3	Desert flowers	Embroidery	yes
	Napkin Rings	2	Color coordinated	Beaded	yes
	Wine glass marker	2	Color coordinated	Beaded	yes
Bedroom Series	Pillow	3	Geometric pattern	Embroidery	yes
	Bedcover	3	Geometric pattern	Embroidery	yes
	Lamp shade	3	Geometric pattern	Embroidery	yes

Clothing Stores	Children's Blouse	2	Traditional	Embroidery	yes
Mobil market products					
	Pillow	3	Cactus	Embroidery	yes
	Key chains	1	Sea creatures	Knitting	yes

#5. Key Performance Indicators – Q1 2019

KPI #	Item	January	February	March
1	Children Attending	291	277	263
2	Number of Meals Served	5,106	4,353	4,310
3	Direct Cost Per Meal	\$1.29	\$1.19	\$1.27
4	Overhead Per Meal	\$1.01	1.39	1.15
5	Total Cost Per Child	\$24.56	\$24.86	\$39.65
6	# of Class Participants	304	315	387
7	Number of Classes	64	67	56
8	Direct Cost Per Class	\$62.65	\$55.43	\$68.46
9	Overhead Per Participant	\$14.81	\$14.15	\$12.79
10	Total Cost Per Participant	\$28.00	\$19.75	\$22.70
11	Total Q1 Volunteer Hours			2012