

Spring 2024 Continuing Education

Balancing Profit & Purpose: Double Bottom Line Analysis in Financial Management



Your Guide



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Capacity Building



What is a Double Bottom Line Analysis (DBL) and what can it do?



A Double Bottom Line (DBL) financial analysis helps us understand how financially self-sustaining each part of our employment social enterprise is (ESE) is (Social Impact AND Business).

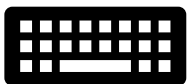
Don't worry if this doesn't make sense yet – we will explain further soon.

What is a DBL and what can it do?

Have you ever wondered ...

- 1) Whether your goal for how the business financially supports your social mission is really being achieved?
- 2) How to convince your customer to pay a higher cost for your product or service because you also have a social mission?
- 3) How to demonstrate to your board or other stakeholders that your business and employment operations are truly sustainable?
- 4) How to communicate and justify the amount of philanthropic funds needed to sustain the social mission?

DBL can help with all of the above.



>>> Select ONE of these 4 questions you would like to challenge yourself to answer in today's session and drop it in the meeting chat! (#1, #2, #3, #4)

By the end of the workshop, you will...

1 Understand why we conduct DBL Analyses

2 Understand what **BUSINESS** vs. **SOCIAL COSTS** are and identify them in your ESE

3 Determine

- Is your employee success program revenue subsidizing business? OR
- Is the business subsidizing program? or
- Are they both financially self-sustaining?



Before We Start – A Quick Temperature Check!

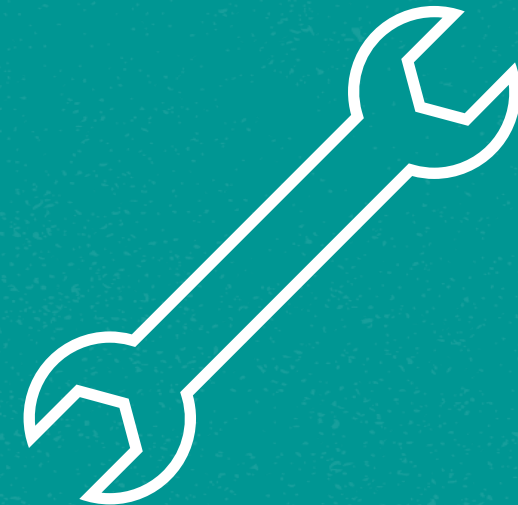
Use the zoom poll to answer the following:

- 1.) How many of you have already attended a DBL workshop in another REDF setting?**
- 2.) How would you describe your feelings or confidence with financial analysis?**
 - Positive OR Neutral OR Negative**
- 3.) How would you describe your role or experience in financial analysis for your enterprise?**
 - A.) Someone else is charge, I prefer not to be involved**
 - B.) I share financial management responsibility with someone**
 - C.) I'm in charge of all things finance**



Supports as We Go Through Today

- 1) **Affirmations:** *“I’ll lean into today’s content and will ask questions when something isn’t clear”*
- 2) **Glossary:** We will drop a link in the chat for a glossary of terms. We will define terms as we go but reference it if you feel confused!
- 3) **Zoom Chat:** Drop questions in the chat and our chat administrators will try to answer, raise it to me, or move it to the parking lot. We’ll also have time aside for live questions.
- 4) **Each Other:** Support and encourage during breakout conversations! Recognize we all come to this work from different angles.



By the end of the workshop, you will...

1 Understand why we conduct DBL Analyses

2 Understand what **BUSINESS** vs. **SOCIAL COSTS** are and identify them in your ESE

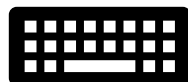
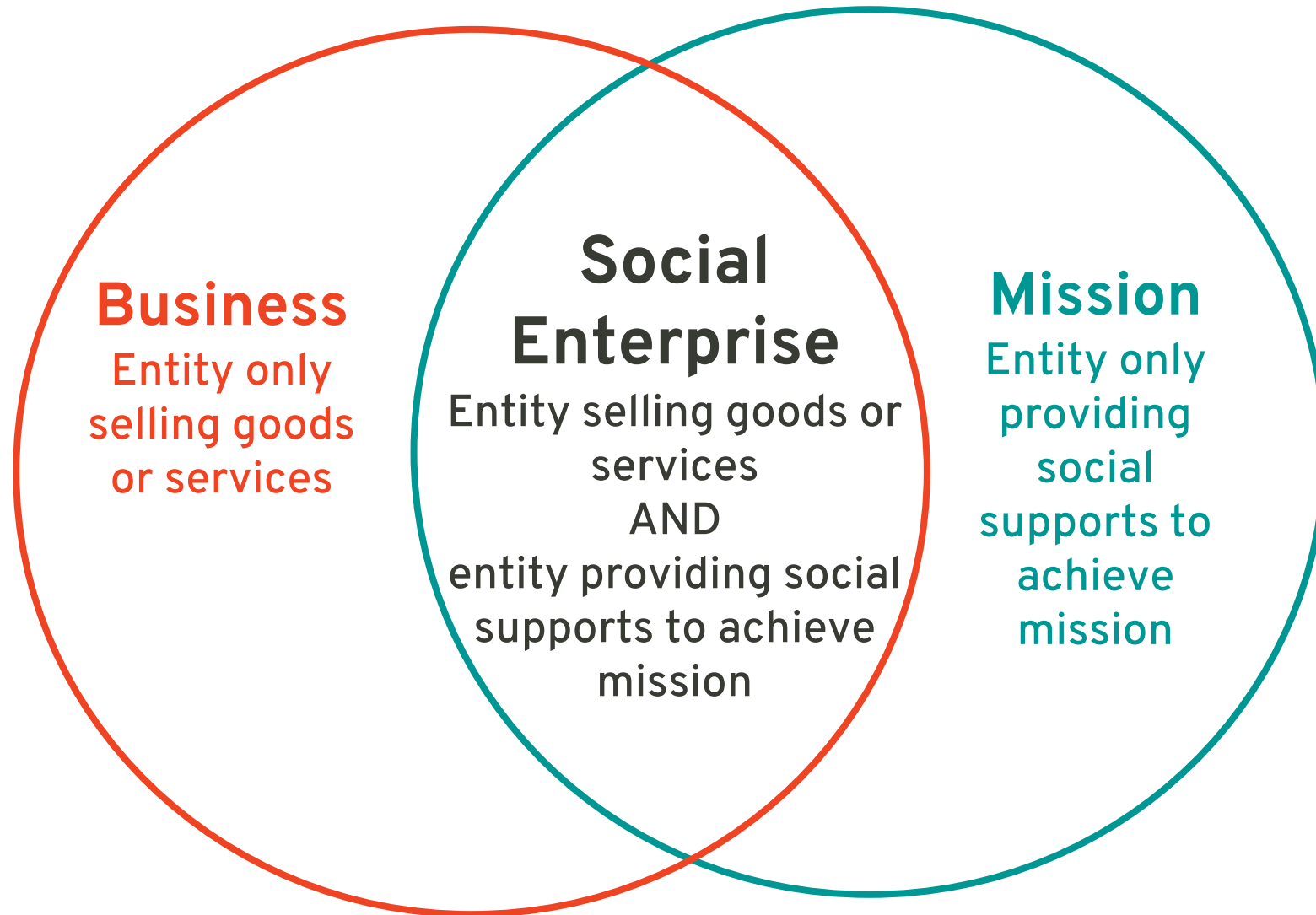
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Concept + Real World Application

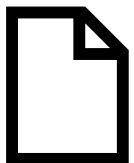
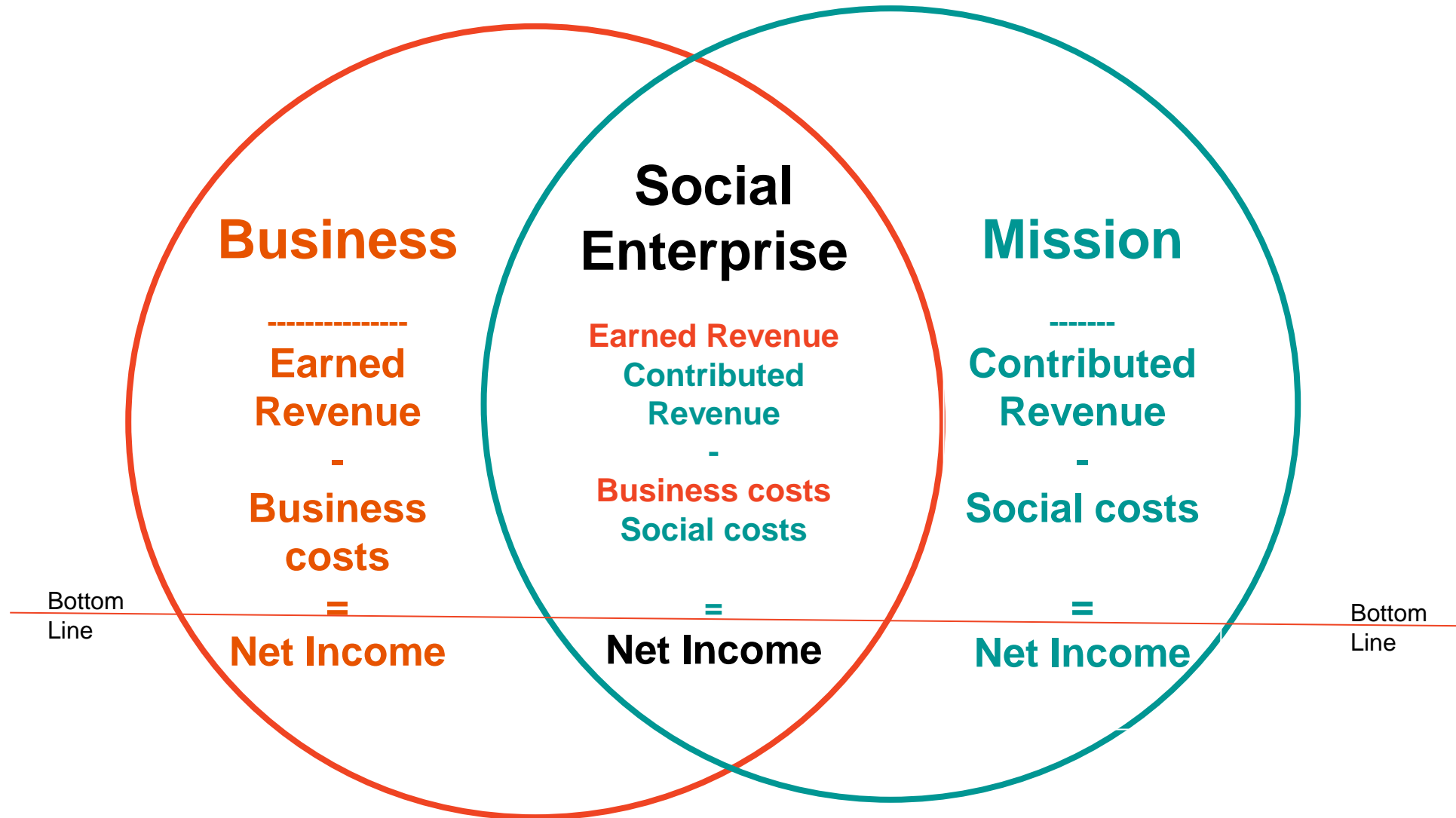


Social Enterprise Financials



>>> What are some real-life examples of each side?

Social Enterprise Financials



>>> If needed, visit glossary for additional support with definitions!

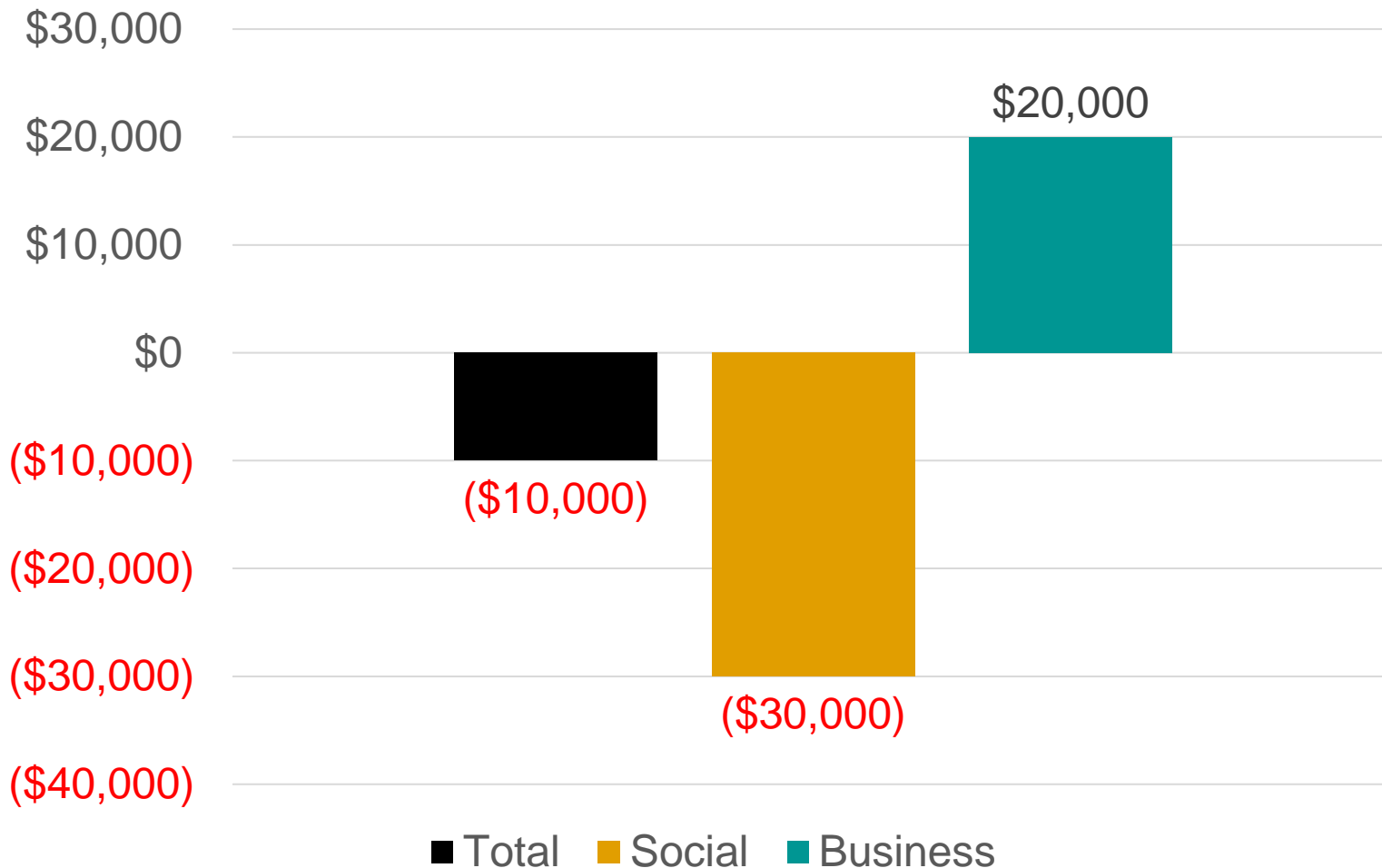


DBL Analysis Results – Example A

Net Income by Type – Example A



Net Income by Type (Example B)



Reflection Questions

What does this chart tell you about the social enterprise's performance?

What actions might you consider as a leader of this social enterprise?

THINK (2 mins.) || SHARE (5 mins.)



Deep Dive

Hands-on DBL Analysis



Together we will be completing a light DBL analysis to arrive at similar insights for your organization



Step 1: Setting up your income statement for analysis

Step 2: Identifying critical accounts

Step 3: Identifying social and business accounts

Step 4: Transferring information to the DBL Starter Kit

Step 5: Analyzing your results!

Deep Dive: Practice Building a Double Bottom Line Financial Statement

- **Open your organization's Full Year 2023 P&L in excel or google sheets**
- **OR if you want to use our example P&L >>Go to this link to download the DBL Starter Kit Template: tinyurl.com/ah47yn74**

>>Go to "File" and make a copy or download as excel

>>Go to the tab "1. Blank P&L Example"

>>You might need to click on "Enable Edit" on top of the file

"Ready" in chat when you have your editable file up

Income statement (P&L)

DEMO - P&L Dissection Exercise				
Social Enterprise income statement				
FY 2021 Financials \$				
Category	Total			
REVENUE				
Earned Income	\$730,000.00			
Grant Income	\$75,000.00			
TOTAL REVENUE	\$805,000.00			
COST OF GOODS AND SERVICES SOLD				
Line Staff	\$370,000.00			
Supplies and Materials	\$110,000.00			
TOTAL COST OF SERVICES SOLD	\$480,000.00			
GROSS MARGIN (\$)	\$325,000.00			
OPERATING EXPENSES				
Contracting expense	\$125,000.00			
Director	\$90,000.00			
Supervisor	\$50,000.00			
Data Manager/Back Office Support	\$50,000.00			
Employment Support Specialist	\$35,000.00			
Employee Supports	\$15,000.00			
Sales & Marketing	\$25,000.00			
Occupancy and Other				
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Mobile Detailing Van	\$12,000.00			
Technology Consultant	\$10,000.00			
Equipment Leasing	\$20,000.00			
Office Maintenance / Supplies	\$11,000.00			
Professional Fees	\$10,000.00			
Payroll Fee	\$11,000.00			
TOTAL OPERATING EXPENSES	\$480,000.00			
TOTAL EXPENSES	\$960,000.00			
NET INCOME	-\$155,000.00			
AGENCY OVERHEAD	\$20,000.00			
NET INCOME AFTER AGENCY OVERHEAD	-\$175,000.00			

Step 1: Set up your income statement for analysis

Step 1

Take ~2-3 mins

Label 3 columns to the right (follow me):

- a. Social - highlight in Green
- b. Business - highlight in Green
- c. % Social - highlight in Blue

Example

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Step 2: Identify Critical Accounts

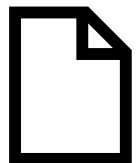


Step 2

INSTRUCTIONS: In your Income statement (or P&L)

1. Review the individual rows
2. Identify the total of your **Earned Revenue** (from sales of goods/services) - **Highlight in yellow**
3. Identify the total of the **Contributed Revenue** (from donations, philanthropic contributions and fundraising) - **Highlight in yellow**
4. Identify the top 5-10 costs and expenses that make up ~80% of your overall cost and expenses (COGS + operating expenses)
5. Highlight rows in **yellow**

Let's look at an example>>



>>> If needed, see glossary for support with definitions!

Example

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FY 2021 Financials \$				
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		Social	Business	% Social
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Example

Grant Income is a type of Contributed Revenue

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Yellow rows make up 80% of all Costs & Expenses of the ESE



By the end of the workshop, you will..

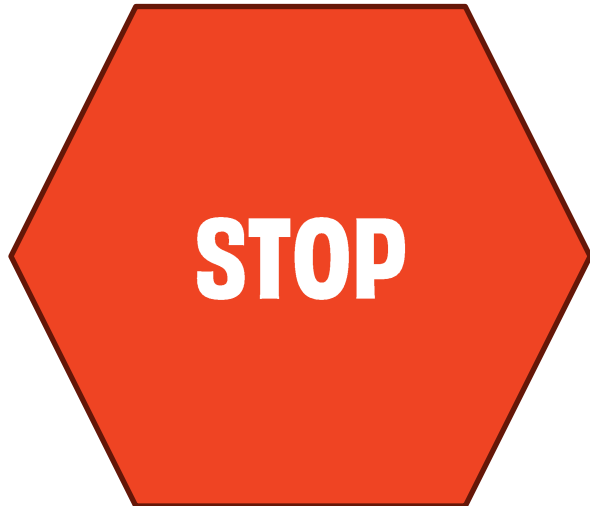
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Step 3: Identify Social and Business Costs



Let's first practice and build our intuition here!

Practice identifying business vs. social costs

Scenario	Business Cost	Social Cost
1. Cost of Supervisor wages: The front-line supervisor is responsible for more live coaching, on-the-job training, and soft skill development than non-ESE competitors.		
2. Overhead costs (e.g., rent, office supplies, equipment, and insurance)		
3. Labor expense: due to our investment in employee wellbeing, we spend an additional 20% of time supporting employees with professional development.		
4. Wraparound supports - Case management: Every participant employee is provided a case manager who tracks their progress towards sustainable employment		
5. Training costs: The business trains new employees on their role for about 3 weeks.		
6. COGS: New Employees use an additional 10% of materials to practice job skills before using them at the work site.		
7. Transportation: The enterprise provides transportation for employees to worksites		

Business Cost

Any enterprise cost that a typical non-ESE competitor would have.

Example: Inventory storage cost, materials

Social Cost

Any enterprise cost that occurs **because of your social mission.**

Example: Wraparound services

Practice identifying costs in breakout groups (7 mins.)

Scenario	Business Cost	Social Cost
<p>1. Cost of Supervisor wages: The front-line supervisor is responsible for more live coaching, on-the-job training, and soft skill development than non-ESE competitors.</p>	X	X
<p>2. Overhead costs (e.g., rent, office supplies, equipment, and insurance)</p>		
<p>3. Labor expense: due to our investment in employee wellbeing, we spend an additional 20% of time supporting employees with professional development.</p>		
<p>4. Wraparound supports - Case management: Every participant employee is provided a case manager who tracks their progress towards sustainable employment</p>		
<p>5. Training costs: The business trains new employees on their role for about 3 weeks.</p>		
<p>6. COGS: New Employees use an additional 10% of materials to practice job skills before using them at the work site.</p>		
<p>7. Transportation: The enterprise provides transportation for employees to worksites</p>		

THINK (2 mins.) | Group (7 mins.) | Discuss (3 mins.)

7 min: Discuss in small groups. How might you evaluate each scenario. Why?

Scenario	Business Cost	Social Cost
1. Cost of Supervisor wages: The front-line supervisor is responsible for more live coaching, on-the-job training, and soft skill development than non-ESE competitors.	X	X
2. Overhead costs (e.g., rent, office supplies, equipment, and insurance)		
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Practice identifying social costs

Scenario	Business Cost	Social Cost
1. Cost of supervisor wages: The front line supervisor is responsible for more live coaching, on the job training, and soft skill development than non-ESE competitors.	X	X
2. Overhead costs (e.g., rent, office supplies, equipment, and insurance)	X	?
3. Labor expense: due to our investment in employee wellbeing, we spend an additional 20% of time supporting employees with professional development.	X (80%)	X (20%)
4. Wraparound supports - Case management: Every participant employee is provided a case manager who tracks their progress towards sustainable employment		X
5. Training costs: The business trains new employees on their role for about 3 weeks.	X	?
6. COGS: New Employees use an additional 10% of materials to practice job skills before using them at the work site.	X	X
7. Transportation: The enterprise provides transportation for employees to worksites	X	?

Break

Please have your edited P&L back up when we come back.

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Deep Dive

Hands-on DBL Analysis



Step 3: Identify Social and Business Accounts and %

Take 7 mins

INSTRUCTIONS: In your Income statement (or Statement of financial activities)

- In the **Social** column, place an **X** in the yellow rows where you believe some % of the cost incurred in that line item reflects a social cost.
- In the **Business** column, place an **X** in the yellow rows where you believe some % of the cost incurred in that line item reflects a business cost
- In the **% Social** column, place your back-of-the-envelope estimate* of the % of the cost your ESE incurs as a result of the mission and the income it generates - refer to your sticky note

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FY 2021 Financials \$				
Category	Total	DBL analysis		
		Social	Business	% Social
REVENUE				
Earned Income	\$730,000.00		X	0%
Grant Income	\$75,000.00	X		100%
TOTAL REVENUE	\$805,000.00			
COST OF GOODS AND SERVICES SOLD				
Line Staff	\$370,000.00	x	x	15%
Supplies and Materials	\$110,000.00	x	x	10%
TOTAL COST OF SERVICES SOLD	\$480,000.00			
GROSS MARGIN (\$)	\$325,000.00			
OPERATING EXPENSES				
Contracting expense	\$125,000.00	x	x	30%
Director	\$90,000.00	x	X	10%
Supervisor	\$50,000.00	x	x	20%
Data Manager/Back Office Support	\$50,000.00		X	0%
Employment Support Specialist	\$35,000.00			
Employee Supports	\$15,000.00			
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TOTAL OPERATING EXPENSES	\$480,000.00			
TOTAL EXPENSES	\$960,000.00			
NET INCOME	-\$155,000.00			

* make basic assumptions for today but you can update with your team at the ESE



REMINDER!

To determine whether something is a social cost, ask yourself the following:

1. “What is a comparable business to your ESE that does NOT have a social mission?”
(think of a company or competitor that sells the same goods or services)
 - a. Example: Hires the most experienced people in the market, does not offer case mgmt, no wrap around supports, primary goal is profit maximization

2. “Would a comparable business that does not have a social mission incur this line item cost?”

ANSWER:

If the comparable business does not incur the cost or their cost would be less - that is a social cost.

Advice for estimating % social column



Time - *What % of a typical work week is this employee(s) or resource being dedicated towards social mission & employee supports?*



Staff - *How many staff dedicated to social mission use this resource?*

(e.g. 20% of our office staff support mission and so 20% of internet costs are social costs)



Resource Use - *How much of the physical resource is used towards social vs. business?*
(e.g. 80% of our warehouse is used towards production and the rest are classrooms / coaching space)

>>>> Today we only want to be directionally correct

Example

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OPERATING EXPENSES				
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Director	\$90,000.00	x	X	10%
Supervisor	\$50,000.00	x	x	20%
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Earned income is always 100% business revenue, and grant income is always 100% Contributed (social) revenue.

% amounts are best guesses for now.

Step 4A: Go to the DBL Starter Kit Template Tab

1.) In your DBL Starter Kit Template, go to the second tab: “2. DBL Starter Kit Template”

If you haven't downloaded because you were working off your own P&L
>>Go to this link to access the DBL Starter Kit Template:
tinyurl.com/ah47yn74

>>Go to “File” and make a copy or download as Excel

>>Go to the tab “2. DBL Starter Kit Template”

>>You might need to click on “Enable Edit” on top of the file

2.) We are going to transfer information from your P&L (i.e., Income Statement) into this template (or from the P&L example we provided)

3.) You only need to worry about updating the cells in light yellow with blue text

Step 4B: Transfer Revenue and costs to DBL Starter Kit

>>> [Follow me on screen](#)



Example DBL and summary info (Part I)

INSTRUCTIONS:

- Copy & paste yellow highlighted line items and \$ amounts from your Income statement to the spread sheet
 - Tip: Only cells with blue text are meant to be edited
 - Tip: Don't insert new rows to the sheet. Just copy and paste as much as you can over from your highlighted cells.

Sample ESE income statement 2021						
REVENUE	Total Revenue	Social Revenue	% of total	Business Revenue	% of total	Check for 100%
Earned Revenue	\$730,000.00	\$0.00	0%	\$730,000.00	100%	100%
Contributed Revenue	\$75,000.00	\$75,000.00	100%	\$0.00	0%	100%
Other Income	\$0.00	\$0.00	0%	\$0.00	100%	100%
TOTAL REVENUE	\$805,000.00	\$75,000.00	9%	\$730,000.00	91%	
COST OF GOODS AND SERVICES SOLD	Total cost	Social Cost	% of total	Business Cost	% of total	Check for 100%
Line Staff	\$370,000.00	\$55,500.00	15%	\$314,500.00	85%	100%
Supplies and Materials	\$110,000.00	\$11,000.00	10%	\$99,000.00	90%	100%
COGS 3	\$0.00	\$0.00	0%	\$0.00	100%	100%
TOTAL COST OF SERVICES SOLD	\$480,000.00	\$66,500.00	14%	\$413,500.00	86%	
GROSS MARGIN (\$)	\$325,000.00	\$8,500.00		\$316,500.00	43%	
OPERATING EXPENSES (update to reflect your own chart of accounts)		Social Cost	% of total	Business Cost	% of total	Check for 100%
Talent and benefits						
Contracting expense	\$125,000.00	\$37,500.00	30%	\$87,500.00	70%	100%
Director	\$90,000.00	\$9,000.00	10%	\$81,000.00	90%	100%
Supervisor	\$50,000.00	\$10,000.00	20%	\$40,000.00	80%	100%
Data Manager/Back Office Support	\$50,000.00	\$0.00	0%	\$50,000.00	100%	100%
Employee Supports						
Bus pass	\$0.00	\$0.00	0%	\$0.00	100%	100%



Example DBL and summary info (Part II)

INSTRUCTIONS

2. Fill in the % Social you identified on your income statement in the worksheet

- **Tip:** This is the column to the right of the green one.
- **Tip:** Make sure your numbers are formatted as percentages (50% instead of 50)

Sample ESE income statement 2021						
REVENUE	Total Revenue	Social Revenue	% of total	Business Revenue	% of total	Check for 100%
Earned Revenue	\$730,000.00	\$0.00	0%	\$730,000.00	100%	100%
Contributed Revenue	\$75,000.00	\$75,000.00	100%	\$0.00	0%	100%
Other Income	\$0.00	\$0.00	0%	\$0.00	100%	100%
TOTAL REVENUE	\$805,000.00	\$75,000.00	9%	\$730,000.00	91%	
COST OF GOODS AND SERVICES SOLD						
	Total cost	Social Cost	% of total	Business Cost	% of total	Check for 100%
Line Staff	\$370,000.00	\$55,500.00	15%	\$314,500.00	85%	100%
Supplies and Materials	\$110,000.00	\$11,000.00	10%	\$99,000.00	90%	100%
COGS 3	\$0.00	\$0.00	0%	\$0.00	100%	100%
TOTAL COST OF SERVICES SOLD	\$480,000.00	\$66,500.00	14%	\$413,500.00	86%	
GROSS MARGIN (\$)	\$325,000.00	\$8,500.00		\$316,500.00	43%	
OPERATING EXPENSES (update to reflect your own chart of accounts)						
		Social Cost	% of total	Business Cost	% of total	Check for 100%
Talent and benefits						
Contracting expense	\$125,000.00	\$37,500.00	30%	\$87,500.00	70%	100%
Director	\$90,000.00	\$9,000.00	10%	\$81,000.00	90%	100%
Supervisor	\$50,000.00	\$10,000.00	20%	\$40,000.00	80%	100%
Data Manager/Back Office Support	\$50,000.00	\$0.00	0%	\$50,000.00	100%	100%
Employee Supports						
Bus pass	\$0.00	\$0.00	0%	\$0.00	100%	100%



Example DBL and summary info

DBL SUMMARY															
Category	Total cost	Social	% of total	Business	% of total										
TOTAL REVENUE	\$805,000.00	\$75,000.00	9%	\$730,000.00	91%										
TOTAL COSTS (COGS + OPEX) & MARGIN (%)	\$795,000.00	\$123,000.00	15%	\$672,000.00	85%										
NET INCOME	\$10,000.00	-\$48,000.00		\$58,000.00											
<table border="1"> <tr> <td>Your ESE Social mission is bringing in</td> <td>9%</td> <td>of the Revenue and incurring</td> <td>15%</td> <td>of the cost</td> </tr> <tr> <td>Your ESE Business is bringing in</td> <td>91%</td> <td>of the Revenue and incurring</td> <td>85%</td> <td>of the cost</td> </tr> </table>						Your ESE Social mission is bringing in	9%	of the Revenue and incurring	15%	of the cost	Your ESE Business is bringing in	91%	of the Revenue and incurring	85%	of the cost
Your ESE Social mission is bringing in	9%	of the Revenue and incurring	15%	of the cost											
Your ESE Business is bringing in	91%	of the Revenue and incurring	85%	of the cost											

>>>> Review the summary at the bottom of the template and analyze

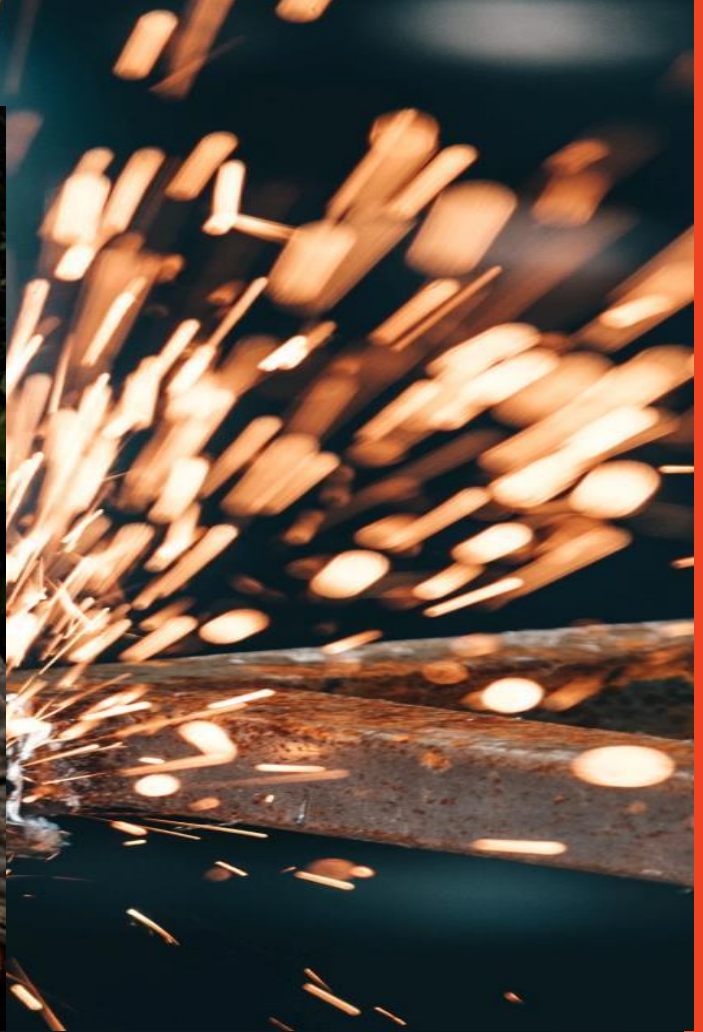
Step 5: Analyze and Share out (15 mins.)

Take 8 min in small breakout groups:

INSTRUCTIONS:

1. Does the result of the analysis surprise you or is it consistent with your business model and goals ?
2. Did you find business costs hidden by your employment program costs?
3. How much additional philanthropic fundraising would you need to support your social costs?

>>> Debrief in large group (7 mins.)



...Sooo, now what?



...so now what?

- **Go Deeper** - take this exercise to your team and make more accurate assumptions on your “% social” in order to arrive at a better estimate of your DBL.
- **Brainstorm Insights** - discuss with your team what your DBL means for your business vs. social strategy (e.g. should you be looking to improve your business margins? do you need to cover a social funding gap?)
- **Wash, Rinse, Repeat** - analyze your DBL at about once a year to understand how each net income (business vs. social) is changing over the years.

Integrating DBL into Accounting Systems



Some of you may wish to integrate DBL into your accounting system. Good idea!

HOWEVER, this might not be the right move if....

- 1.) You don't have a finance team with extra capacity/time on their hands
- 2.) You need to focus on improving your financial reporting's accuracy/efficiency
- 3.) You need to focus on bigger priorities such as setting a budgeting process

Guide: Using QuickBooks Online to make DBL actionable

We'll cover four buckets of activities in QuickBooks Online to integrate DBL into your accounting system:

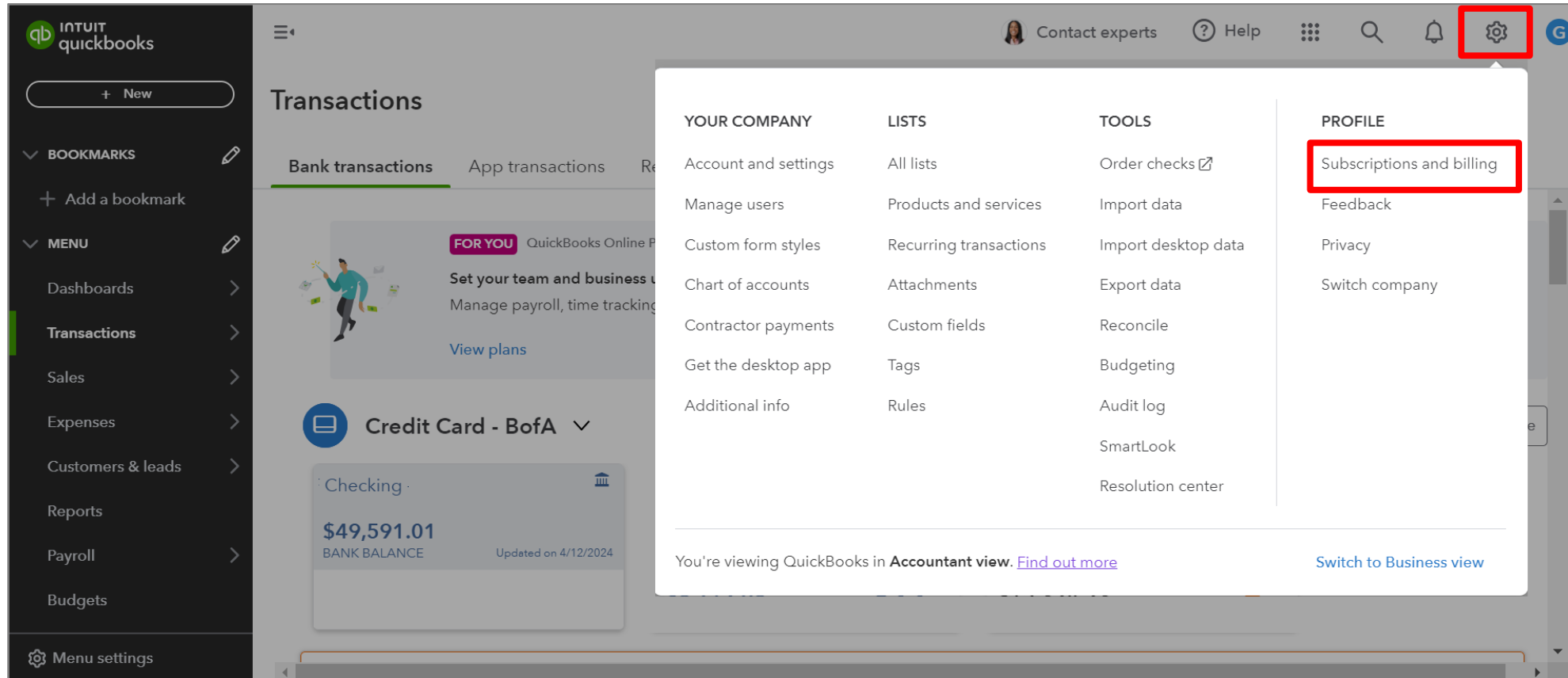
1. Verify that you have the required subscription level in QuickBooks Online
2. Configure lists to enable DBL accounting
3. Categorize transactions **(Not Today)**
4. Access and configure reports **(Not Today)**

This is a self-help guide. Today, I just want to show you that this is possible!

(1) Verify that you have the required subscription level in QuickBooks Online

(I) Verify that you have the required subscription level in QuickBooks Online

- Select the gear icon in the upper right-hand corner
- Select “Subscriptions and billing”



The screenshot displays the QuickBooks Online interface. In the top right corner, a gear icon (settings) is highlighted with a red box. A settings menu is open, showing various options. The 'Subscriptions and billing' option is highlighted with a red box. The background shows the 'Transactions' section with a 'Bank transactions' tab selected. A 'Credit Card - BofA' card is visible, showing a balance of \$49,591.01. The interface also includes a sidebar with navigation options like 'Dashboards', 'Transactions', 'Sales', 'Expenses', 'Customers & leads', 'Reports', 'Payroll', and 'Budgets'. The top navigation bar includes 'Contact experts', 'Help', and a search icon.

(I) Verify that you have the required subscription level in QuickBooks Online

- On the next page you will see your organization's subscription level
- This must be either "Plus" or "Advanced" in order for this method to work

The screenshot displays the QuickBooks Online interface for subscription management. On the left is a dark sidebar with the 'qb INTUIT quickbooks' logo and a '+ New' button. Below are sections for 'BOOKMARKS' and 'MENU' with various navigation options. The main content area shows subscription details. At the top, there are links for 'Company ID', 'Payment Method', and a question 'Allow billing transfer to your accountant?'. Two subscription cards are visible: 'QuickBooks Plus' (highlighted with a red box) and 'Contractor Payments & 1099 filing'. Both cards show a 'SUBSCRIBED' status and a 'Next charge on 04/16/2024'. The 'QuickBooks Plus' card lists a price of '\$90/mo' plus applicable taxes and offers links for 'View payment history', 'Downgrade your plan', 'Cancel subscription', 'Upgrade your plan', and 'Switch to annual billing'. The 'Contractor Payments & 1099 filing' card lists a price of '\$15/mo' plus a \$2 estimated fee and applicable taxes, with links for 'View payment history', 'Cancel subscription', and 'Upgrade to Payroll'. The top right of the page includes user profile, 'Contact experts', 'Help', and various utility icons.

(2) Configure lists to enable DBL accounting

(2) Configure lists to enable DBL accounting

- Select the gear icon in the upper right-hand corner
- Select “Account and settings”

The screenshot displays the QuickBooks Online interface. In the top right corner, a gear icon (settings) is highlighted with a red box. A dropdown menu is open, showing the following categories and items:

YOUR COMPANY	LISTS	TOOLS	PROFILE
Account and settings	All lists	Order checks ↗	Subscriptions and billing
Manage users	Products and services	Import data	Feedback
Custom form styles	Recurring transactions	Import desktop data	Privacy
Chart of accounts	Attachments	Export data	Switch company
Contractor payments	Custom fields	Reconcile	
Get the desktop app	Tags	Budgeting	
Additional info	Rules	Audit log	
		SmartLook	
		Resolution center	

At the bottom of the menu, it states: "You're viewing QuickBooks in **Accountant view**. [Find out more](#) [Switch to Business view](#)".

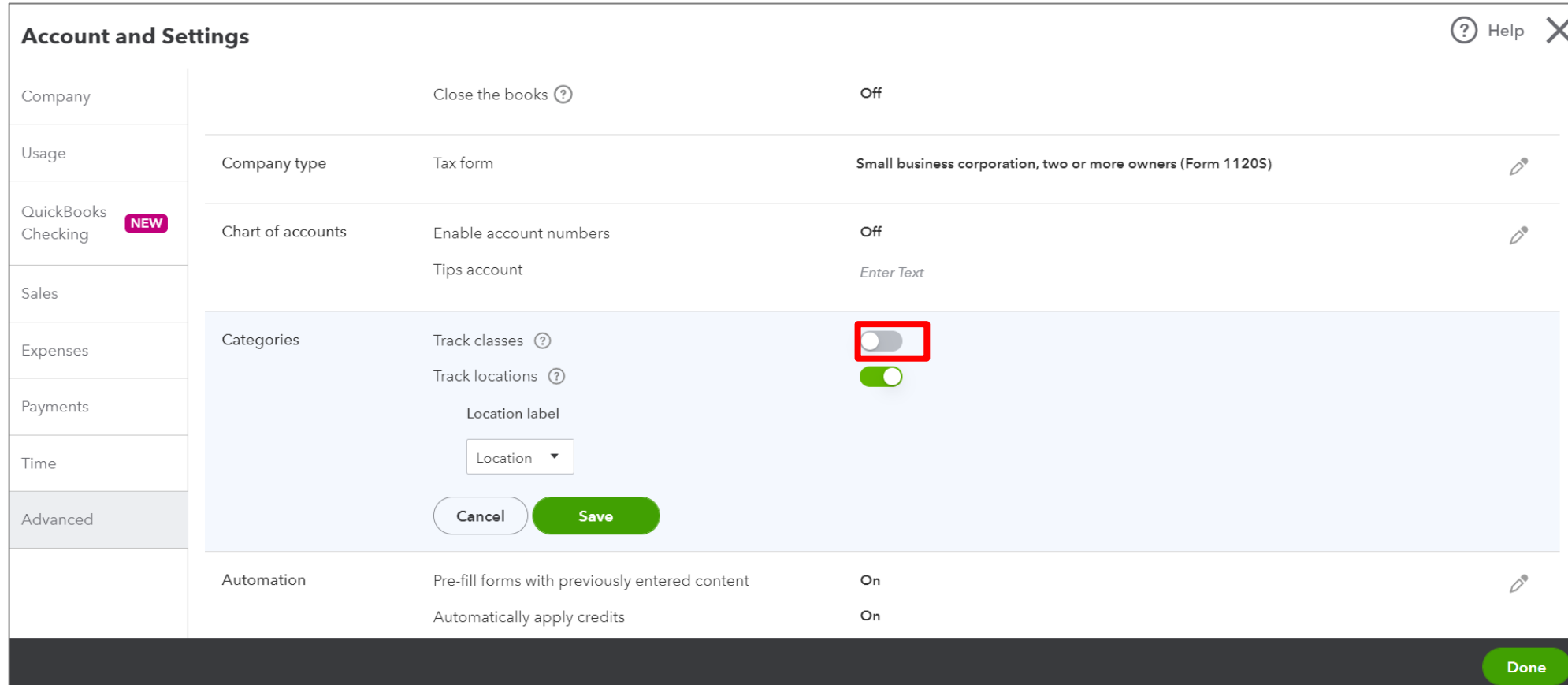
(2) Configure lists to enable DBL accounting

- Along the left-hand side of the screen, click “Advanced”
- In the “Categories” section, find “Track Classes.” Click the pen or edit icon on the right-hand side of the screen

Account and Settings				Help
Company	Accounting	First month of fiscal year	January	
Usage		First month of income tax year	Same as fiscal year	
QuickBooks Checking NEW		Accounting method ?	Cash	
		Close the books ?	Off	
Sales	Company type	Tax form	Small business corporation, two or more owners (Form 1120S)	
Expenses	Chart of accounts	Enable account numbers	Off	
Payments		Tips account	Enter Text	
Time	Categories	Track classes	Off	
Advanced		Track locations	On	
	Automation	Pre-fill forms with previously entered content	On	
		Automatically apply credits	On	
		Automatically invoice unbilled activity	Off	

(2) Configure lists to enable DBL accounting

- When the section expands, toggle the button next to “Track Classes” so that it is turned to the “On” position (you can tell it is “On” when the button turns **Green**)



The screenshot shows the 'Account and Settings' interface in QuickBooks. The left sidebar has 'Advanced' selected. The main content area is titled 'Categories' and contains the following settings:

Setting	Value
Close the books	Off
Company type	Tax form: Small business corporation, two or more owners (Form 1120S)
Chart of accounts	Enable account numbers: Off
	Tips account: Enter Text
Track classes	On (indicated by a red box around the toggle)
Track locations	On
Location label	Location
Automation	Pre-fill forms with previously entered content: On
	Automatically apply credits: On

At the bottom right of the interface, there is a green 'Done' button.

(2) Configure lists to enable DBL accounting

- You'll see additional options appear. We recommend the below selections:
- Leave the “Warn me when a transaction isn't assigned a class” box blank
- Under “Assign classes,” select “One to each row in transaction”
- Click “Save”

The screenshot shows the 'Account and Settings' page with a sidebar on the left containing categories like Company, Usage, QuickBooks Checking (NEW), Sales, Expenses, Payments, Time, and Advanced. The main content area is titled 'Account and Settings' and contains several configuration sections. The 'Categories' section is highlighted in light blue and includes the following settings:

- Track classes** (toggle): On
- Warn me when a transaction isn't assigned a class** (checkbox): Unchecked (highlighted with a red box)
- Assign classes** (dropdown): Set to 'One to each row in transaction' (highlighted with a red box)
- Track locations** (toggle): On
- Location label** (dropdown): Set to 'Location'

At the bottom of the 'Categories' section are 'Cancel' and 'Save' buttons. The 'Save' button is highlighted with a red box. A 'Done' button is visible in the bottom right corner of the interface.

(2) Configure lists to enable DBL accounting

- Verify that “Track classes” is now in the “On” position
- Select the “Done” button at the bottom of the screen

The screenshot shows the 'Account and Settings' page with a sidebar on the left and a main settings area on the right. The sidebar has categories: Company, Usage, QuickBooks Checking (with a 'NEW' badge), Sales, Expenses, Payments, Time, and Advanced. The main area contains a table of settings. The 'Track classes' setting under 'Categories' is highlighted with a red box. At the bottom right, a green 'Done' button is also highlighted with a red box.

Category	Setting	Value	Action
Company	Company type	Small business corporation, two or more owners (Form 1120S)	✎
	Tax form		
Usage	Chart of accounts	Off	✎
	Enable account numbers	Off	
QuickBooks Checking	Tips account	Enter Text	
Sales	Track classes	On	✎
	Track locations	On	
Expenses	Automation	On	✎
	Pre-fill forms with previously entered content	On	
	Automatically apply credits	On	
Payments	Automatically invoice unbilled activity	Off	
	Automatically apply bill payments	On	
Time			
Advanced			
	Projects	Off	✎
	Organize all job-related activity in one place	Off	

(2) Configure lists to enable DBL accounting

- Once again click on the gear icon
- Click on “All lists”

The screenshot displays the QuickBooks interface. On the left is a dark sidebar with a 'MENU' section containing options like Dashboards, Transactions, Sales, Expenses, Customers & leads, Reports, Payroll, and Budgets. The main content area shows 'Transactions' with a 'Bank transactions' tab selected. A 'Credit Card - BofA' summary card is visible, showing a 'Checking' account with a balance of '\$49,591.01'. A settings menu is open on the right, with the 'LISTS' section highlighted. Within the 'LISTS' section, the 'All lists' option is circled in red. Other sections in the menu include 'YOUR COMPANY', 'TOOLS', and 'PROFILE'. At the bottom of the menu, it indicates the user is in 'Accountant view' and provides a link to 'Switch to Business view'.

(2) Configure lists to enable DBL accounting

- Select “Classes”

The screenshot shows the Intuit QuickBooks interface. On the left is a dark sidebar with the 'qb INTUIT quickbooks' logo and a '+ New' button. Below are sections for 'BOOKMARKS' (with '+ Add a bookmark') and 'MENU' (with items: Dashboards, Transactions, Sales, Expenses, Customers & leads, Reports, Payroll, Taxes, and Menu settings). The main content area is titled 'Lists' and contains several cards: 'Chart of Accounts', 'Recurring Transactions', 'Products and Services', 'Product Categories', 'Payment Methods', 'Terms', 'Classes' (highlighted with a red box), and 'Attachments'. Each card has a brief description of its function.



(2) Configure lists to enable DBL accounting

- Click “New” in the upper right-hand corner

The screenshot shows the Intuit QuickBooks interface. On the left is a dark sidebar with the 'qb INTUIT quickbooks' logo and a '+ New' button. Below the logo are sections for 'BOOKMARKS' (with '+ Add a bookmark') and 'MENU' (listing Dashboards, Transactions, Sales, Expenses, Customers & leads, Reports, Payroll, Taxes, and Menu settings). The main content area is titled 'Classes' and includes a '< All Lists' link, a 'Run Report' button, and a 'New' button highlighted with a red box. Below this are filters for 'Batch actions', 'Filter by name', and a dropdown set to 'All'. A table lists classes: 'Business' and 'Social', each with a 'Run report' dropdown. The bottom right shows '1-2 of 2' and a page number '1'.

(2) Configure lists to enable DBL accounting

- Under “Name” enter “Business” and hit “Save”
- Repeat the steps on the previous slide and this slide but for “Name” enter “Social”

The screenshot displays the Intuit QuickBooks interface. On the left is a dark sidebar with the 'qb INTUIT quickbooks' logo and a 'Menu settings' option at the bottom. The main area shows the 'Classes' page with a table containing three rows: 'NAME', 'Business', and 'Social'. A modal dialog titled 'Class' is open in the center, featuring a text input field with 'Business' entered, a 'Cancel' button, and a green 'Save' button. The background is dimmed, showing navigation options like 'Run Report' and 'New'.

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This is a self-help guide.
Today, I just want to
show you that this is
possible!

What is a DBL and what can it do?

Did (or could) DBL help you answer your question?

- 1) Whether your goal for how the business financially supports your social mission is really being achieved?
- 2) How to convince your customer to pay a higher cost for your product or service because you also have a social mission?
- 3) How to demonstrate to your board or other stakeholders that your business and employment operations are truly sustainable?
- 4) How to communicate and justify the amount of philanthropic funds needed to sustain the social mission

Thank You!



Appendix



Real World Application of an Employment Social Enterprise

Situation

- An ESE wanted to launch a new business line!
- But **first**, they asked themselves: *How can I launch a new business line if I'm not sure how my current business is performing??*

Complication

- The ESE is a great fundraiser! Yet, this makes it harder to understand the enterprise's true business performance without accounting for contributed revenue.

Questions

- *Is our current business line financially sustainable when we don't consider contributed revenue?*
- *To what extent are we subsidizing the business line if there is a loss?*

^^The DBL analysis helped them answer these questions!

Income Statement (aka P&L) - Fiscal Year 2023

	Amount (\$)
INCOME	
Contributed Revenue	\$2,500,000
Sales Revenue	\$100,000
EXPENSES	
Salaries & Wages	\$2,200,000
Contractors	\$315,000
Non-Personnel Expenses	\$150,000
Facility Expenses	\$100,000
NET INCOME (or NET LOSS)	\$-165,000

Challenge #1: Social Enterprise's financials are combined with parent organization.

Challenge #2: Don't know how much any expense is for a business cost vs. social cost

We went through the P&L items associated with the social enterprise

	Amount (\$)
Contractors	\$315,000
Social Enterprise Amount	\$10,000
Parent Organization Amount	\$305,000
Out of the Social Enterprise Amount - How much was for a business cost ?	\$10,000
How much was a social cost ?	\$0

For each cost associated with the social enterprise → we drilled down to know:

- *How much of this total cost belonged to the social enterprise?*
- *How much of this cost was business vs. social?*