Notes about the Business Model of the Organization

Revenues and benefits

Revenues

EAL receives donations in kind. These donations are sorted

• Group 1 … Items that are suited for gifting to educational institutions
• Group 2 … Items that may be repurposed by sale through eBay
  ◦ Some can be sold as is
  ◦ Some of these need some preparation before sale
• Group 3 … Items that cannot be used directly by EAL
  ◦ Trailerload lots for scrap dealers. The price for a trailerload is $4,000

In the last year, a more sophisticated sort has been introduced for stage 3 along these lines:

• Metals
• Paper/packaging materials
• Plastics
• Electronic gear

EAL does not accept these items:

• Perishable products
• Medicine/pharmaceuticals
• Licensed software
• Real estate/land
• Must be in the USA
EAL operates under the US Tax Regulations. It is a 501 (c) 3 organization and must follow the rules that apply to such an organizations. Donations made to EAL must also be in conformity with the rules that apply to donations to charity in order for the cost of the donation to be deductible as a business expense. The section of the revenue code is 170 (c) 3 which relates to the deductability of Gifts in Kind (GIK). Under certain circumstances a GIK can qualify for an 'enhanced deduction' which allows the donor to deduct not only the cost of the donation but also 50% of the normal sales margin for the item as well. For EAL the rules require that the organization delivers benefit to these beneficiaries: ill, needy and infants. The definitions of these beneficiaries is not clear in the revenue code.

These donations are monetized in as follows:

Group A are gifted to partnering educational establishments … schools and colleges. The transactions are accounted for at a fair market price with 20% paid in cash to cover the physical logistics and the balance as a credit to be allocated to a needy student.

Group B are sold via eBay to generate cash

Group C are sold via liquidators to generate cash. This used to be done in truckload lots to liquidators in an unsorted state. This is going to be done after some sorting as an initiative to improve the recyclability of these materials.

- Scrap metal becomes raw material in the metals industry
- Paper and packaging materials becomes raw material for the pulp and paper industry
- Plastics becomes raw material for manufacturing
- Electronics goes into the recycling process to extract a big range of materials included in electronic products

**Benefit 1**

The main benefit is the impact EAL scholarships have on needy students.

It is common knowledge that many needy students have a low academic performance. The reasons for this have been the subject of much study, and a part of this is that needy students may not have the financial resources to pay the essential fees and costs associated with continuing and completing courses. The AEL program helps needy students to meet these critical expenses with relatively small but incredibly important scholarships.

The difference for a student who completes a course of education and one that does not complete a course is HUGE.

In money terms not being able to pay a $500 bill that ends a course of education has a cost in terms of lost future opportunity that can be $60,000 in lost earnings

\[
\text{If this means a loss of$1.00 an hour for 30 years ...} \\
\text{then that is 40 hours X 50 weeks X 30 hours X$1.00 = $60,000} \\
\text{which, of course is HUGE}
\]

In fact not completing can be more serious than this. More unemployment means loss of earnings, and again the arithmetic shows how large this is.

The benefit is actually bigger than this. A needy student who successfully completes a course of eduction brings benefit not only to him or herself, but in time this multiples as the value of
education becomes better income not only for the individual and for his/her family. Quality of life is improved not only for the successful student, but also for the family … and then beyond the family into the broader society.

Not all the scholarships are going to result in a beneficiary completing their course of education, but even if the success rate is relatively low, the benefit relative to cost is still HUGE.

**Benefit 2**

Another benefit of the organization's work is that it enables product that might otherwise be junked and end up in landfill to be repurposed and used in a productive manner.

There is a value to this in the fact that less land-fill is used.

There is another value in that some of the product is being repurposed for productive use that might otherwise have been scrapped. There is a supply chain cost that is saved by this repurposing. The supply chain cost includes not only the 'money cost' but also the impact on people and planet through the supply chain … both of which are saved as a result of EAL's activities.

**Benefit 3**

Any organization that employs people delivers benefit to these people. While the payroll is a cost to the organization, the value of this payroll to the individuals concerned is a benefit, and there is also a multiplier benefit for family members and the broader society. While the relationships are difficult to quantify, the impact value of the payroll, especially a payroll where staff are paid relatively modestly is incredibly important.

**What is the PURPOSE of the organization?**

The PURPOSE of the organization is to help students complete their course of education and be better prepared for the challenges of life.

**What is the Value Dynamic of the organization?**

See Notes about the Business Model of the Organization above

**What do the 'Financial Accounts' of the organization show?**

TO COME

**What will a set of TVM value accounts show?**

The financial accounts set out money revenues and money costs. Where money revenues exceed money costs there is a surplus.

The TVM value accounts track not only money revenues, but also benefit or value flows.

The TVM value accounts track not only money costs, but include the impact of product flows during the supply chain, use and in the post use waste chain.

**What is the MISSION of the organization?**

See Notes about the Business Model of the Organization above … there may be a formal statement of the Mission
What are the CHARACTERISTICS of the organization?
See Notes about the Business Model of the Organization above

Who are the SUPPLIERS and what are the SUPPLY CHAINS?
See Notes about the Business Model of the Organization above

Who are the BENEFICIARIES of the organization
See Notes about the Business Model of the Organization above

What is the WASTE arising from the organization's activities?
See Notes about the Business Model of the Organization above

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