



## Heroes2U Case Study

A C-Corporation



Young people are often overlooked as donors. They often do not have a steady income, and since they cannot afford to give much, are assumed to be apathetic toward philanthropy. However, according to a survey conducted by the Millennial Impact Project, an organization that aims to research youth involvement, young people feel passionate about giving their time and money to support causes that are important to them. 83% of survey respondents donated to a philanthropic organization in 2012.<sup>[1]</sup> While they can't afford to give a lot, they are eager to give what they can. 52% of respondents said they'd be interested in monthly giving.<sup>[1]</sup>

So how to motivate youth to give? According to survey results, Millennials prefer to give most when they feel inspired by the cause, there is a specific example of how their gift will make an impact, or their gift will be matched. But what is the best way to inspire young people to give? eJewish Philanthropy, an organization that uses the internet to mobilize givers, lists entertainment as the biggest reason that the Young Leadership Division's Big Event has historically drawn huge crowds.<sup>[2]</sup> Each year, the event has recruited an A- or B-list celebrity for entertainment. Past entertainers include Jimmy Fallon, Sarah Silverman, and Aziz Ansari. This strategy was extremely effective at drawing in youth. Last year, more than 2,400 people attended the event, many of them first time givers.

Once motivated, what is the best way to get young people to donate? Millennials love to give online. The majority of those surveyed—84%—prefer to donate online. In-person giving was the next most popular way to give, at only 48%.<sup>[1]</sup> Clearly, the web is by far the best way to get donations from younger people. What makes Millennials excited to give is a cause they feel strongly about. By looking at their social media use, the Millennial Impact Project found that Millennials often use social media to share information about the cause, but not the organization itself. According to the Millennial Impact Project survey, this demonstrates that “Millennials first support causes they are passionate about (rather than institutions), so it's up to organizations to inspire them and show them that their support can make a tangible difference on the wider issue.”<sup>[1]</sup> So far, no organization has harnessed celebrity's power to inspire youth combined with their predilection for giving online.

## About Heroes2U

Heroes2U is a video chat platform that connects young people with their favorite celebrities while raising money for charity. A celebrity agrees to do a live video chat and tickets to the chat are sold for \$5.00. Eight ticket holders are randomly selected to each have a 3-5 minute conversation with the celebrity in front of all other ticket holders. During the video chat, the celebrity can promote his or her favorite charity and encourage listeners to raise money and volunteer.

Heroes2U was founded on the idea that young people are just as passionate about society as older, more wealthy donors, so they should be able to donate to support charity at a price point they can afford. Its mission is to engage the next generation in philanthropy. By combining young people's love for the web with their excitement to meet their heroes, they can be mobilized to create great social change.

## **Legal Structure**

The founders wanted a legal structure that would give them the freedom to operate, market, budget, and grow the way they wanted to. Although a nonprofit structure would help further their goals by accepting donations and demonstrating their commitment to philanthropy, the founders felt that a growing company needed access to investors with plenty of growth capital. While the original recommendation by a family attorney was to form an LLC because of the reduced paperwork and cost, investors were only interested in a C-Corporation because all profits would be retained to support growth.

## **Investment**

The founders determined that traditional investors weren't interested in a business that gave away 80% of its revenue. They also recognized that while their efforts were genuine, it would be difficult for any young professional to be taken seriously by nonprofit leaders. They were looking for an investor that could open doors, provide coaching to first time entrepreneurs, and would care about their social mission.

Heroes2u partnered with the Tony R. Wells Foundation, utilizing a Program Related Investment (PRI) to structure an investment with a combination of equity and a working line of credit for twenty four months. It aligned well with the foundation's mission: to support social entrepreneurship and develop stronger leaders for the future. The Heroes2u team works independently of the foundation but often participates in its internal training programs and leverages its staff's business development knowledge.

[1] <http://www.themillennialimpact.com/research>

[2] <http://ejewishphilanthropy.com/young-adult-engagement-and-philanthropy-an-event-model-that-works/t>