



shalem

Mental Health Network
Celebrating 50 Years

SHALEM'S BUSINESS MODEL

Hand in hand with the development of innovative community-based services (see page 4) is the development of an innovative business model to support those services. In our view, the two are inseparable.

Consider the key points of Shalem's developing business model—a model unique in Canada.

There is no community-based mental health business model based solely on fee-for-service and donation revenue. Such a model does not exist because, quite simply, it cannot be done. In our view, a sustainable business model is based on revenue from fees for services, donations, grants and projects, as well as outside annualized revenue from some source (such as government)—but in much different proportions than are currently at play in mental health today.

The prevailing community-based mental health business model in Canada relies to an extraordinary degree on government funding. A representative scan in Ontario shows that **government funding** accounts for **95% of children's mental health** centre revenue, **86% of adult mental health** centre revenue, and **64% of Family Service Ontario** agency revenue.

In an era of increasingly tight, shrinking government budgets, these services are highly vulnerable, due to their heavy dependence on government funding. Indeed, mental health funding in Canada today is at a point of crisis.

How does Shalem measure up? **Shalem works in children's mental health and adult mental health, and we are a member agency of Family Service Ontario.** But Shalem is blessed with an extraordinary alternative to government funding. Shalem's history includes a remarkable, faith-filled donation of property in Waterdown, Ontario, which is currently being developed for the purpose of providing annualized funds in support of Shalem's ministries.

In 2012, our **annualized revenue** (from this source) **accounted for 33% of Shalem's overall revenue**—a far healthier percentage than children's (**95%**) and adult mental health (**86%**) and Family Service Ontario services (**64%**). Shalem's other revenue sources are strong mix of fees for service (**32%** of overall revenue), grants (**12%** of overall revenue), donations (**19%** of overall revenue) and miscellaneous (**4%** of overall revenue). Remember that community-based mental health cannot exist without some form of annualized funding. Revenue models that can work for some charities—such as solely a combination of fee for service, project grants and donations—do not and cannot work in community-based mental health.

Our strategy as a Board and Staff is to strength each of these revenue streams simultaneously. We are in a position to grow each of Shalem's revenue streams as a percentage of overall revenue—with the exception of the annualized portion based on the property. As the church revenue table on page 3 shows, growth is especially possible in Shalem's fee-for-service revenue. All of our

Counselling, Congregational Assistance Plan and Restorative Practice work is built on a fee-for-service model. WrapAround and RE-create work, which focuses on people in significant poverty, is ideally suited to grants and donation support, while donations are also critical to support counselling for people who can't afford it.

The Shalem Board is working diligently on finalizing the disposition of the Waterdown property. In July, 2013, a commercial real estate appraisal found that if the property were sold today, it would generate \$12.2 million. If it were sold when services reach the property (2015), it would sell for \$24 million. The Board's goal is to sell the property when services reach the property and then create an endowment fund managed by the recently established **Shalem Mental Health Foundation**. The capital of the fund would remain untouched and Shalem's services would be scaled according to interest revenue, in conjunction with Shalem's other revenue. A portion of interest, combined with bequests and other donations, would augment the capital each year. The goal is that the property will begin delivering this revenue annually by 2016—thus fully realizing the gift in support of Shalem's ministries made by a member of Shalem's founding generation.

I want to emphasize that Shalem seeks to influence practice, not just in mental health service delivery but also in the development of mental health sustainability models across Canada. How is this possible? It is possible because the same vision undergirds both. At Shalem, we seek to develop a new, different relationship between communities and professional mental health services. This involves professionals learning how embed themselves in communities, and communities stepping up to assume their rightful responsibility to care for their most vulnerable members. We do not come into communities as "experts" and then leave; rather, we seek to walk alongside communities in a sustained way, in long-term partnership. Truly embedding mental health services in communities has an impact on and provides a solution, at least in principle, to the sustainability of mental health services. This new relationship generates not just badly needed new mental health services, but also new frameworks for the development of sustainable business models in mental health, as the distribution of Shalem's revenue streams suggests.



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Shalem's Business Model—Compared

	Annualized Revenue	Total Revenue	Annualized Revenue as % of Total Revenue
Children's Mental Health (sample of 7 in Ontario)*	\$98,614,877 (gov.)	\$103,585,869	95%
Adult Mental Health (sample of 3 in Ontario)*	\$361,206,086 (gov.)	\$420,584,977	86%
Family Service Ontario (sample of 5)*	\$8,969,706 (gov.)	\$13,958,173	64%
Shalem (2012)	\$378,505 (gifted property)	\$1,137,364	33%

*Source: Canada Revenue Agency

Breakdown of Shalem revenue in 2012:

	Revenue	Revenue as % of Total Revenue
Fee-for-Service	\$359,067	32%
Grants	\$136,839	12%
Donations	\$214,220	19%
Annualized revenue (gifted property)	\$378,505	33%
Miscellaneous	\$48,733	4%
Total:	\$1,137,364	100%

Revenue Trends With Churches:

	2005	2006	2007	2008	2009	2010	2011	2012
Donations	\$38,037	\$36,300	\$28,224	\$37,073	\$33,828	\$31,466	\$34,360	\$30,742
Fee for Service	\$0	\$8,673	\$16,213	\$28,509	\$51,388	\$66,408	\$79,307	\$129,623
Total	\$38,037	\$44,973	\$44,437	\$65,582	\$85,216	\$97,874	\$113,667	\$160,365

2012 Service Delivery Highlights

Shalem began 2012 with 20 churches participating in the **Congregational Assistance Plan (CAP)** and one high school in the **Counselling Assistance Plan for Students (CAPS)**. As of this writing, CAP now has 35 engaged churches and two high schools. Conversations continue with other churches interested in CAP, with a large pilot about to begin. Not one CAP church or school has stopped using CAP since beginning with CAP, and since the CAP program began. In 2012 204 households around Ontario used CAP in 1,112 counselling sessions. Further, two professional journal essays have now been published about CAP in recognized U.S. academic journals. With CAP, a church makes available to all of its members up to six counselling sessions from a local, Master's degree level Christian therapist, anonymously and at no cost to the parishioner.

✓ In 2012 Shalem's **FaithCARE** program (using restorative conversations and circles to promote healing and healthy relationships in congregations) worked with 11 congregations from three denominations, involving about 165 people in restorative practice service. We piloted out first three-day FaithCARE training in 2012, for interested lay people and denominational leaders; this FaithCARE training is now booked in Toronto, Bethlehem Pennsylvania, Haiti and British Columbia, and can now be applied as credit toward the International Institute for Restorative Practice's Master's Degree. As of this writing, we have worked with over 40 congregations from 8 denominations. The success of this work led us to launch a new service in 2013, in development for two years: the **Centre for Workplace Engagement**, which uses restorative practices to deal with bullying and building healthy workplace communities, in collaboration with the Canadian Standards Association.

✓ In 2012 Shalem's **WrapAround** program concluded its second highly successful grant with the Ontario government's Centre of Excellence for Child and Youth Mental Health, as part of our partnership in the WrapAround Research and Evaluation Network, the Resilience Research Centre at Dalhousie University (with Drs. Michael Ungar and Linda Liedenbergl) and Wrap Canada. A number of mental health initiatives are now expressing interest in our WrapAround resilience research methodology and evaluation framework, including Justice Canada (its Crime Prevention stream) and the government of Saskatchewan (its child welfare stream). Meanwhile, our faith-based WrapAround development work, supported by World Vision Canada, took significant steps forward in 2012, particularly through our partnership with the Chatham-Kent Neighbourlink program, an inter-church effort of community support involving 27 local churches. Eight brand new WrapArounds families, supported by newly trained church volunteer WrapAround facilitators, began in Chatham-Kent in 2012. Finally, 15 WrapAround situations were fully engaged in downtown Hamilton in 2012. WrapAround is a community-based response to people with highly complex needs, the kinds of intensive situations that challenge service delivery systems with expensive and often scarcely effective responses.

✓ Shalem's **Counselling Programs** in Hamilton and Durham worked with 152 clients in 1,547 counselling sessions in 2012. More and more paid referrals came from Children's Aid Societies for our work with children and youth with attachment disorders (difficulty in forming relationships due to early significant trauma and neglect), together with their parents and foster parents.

✓ A good indicator of the degree to which we are learning how to become more and more embedded in communities is the number of **Workshops and Trainings** offered by Shalem staff to community members and professionals in a given year. In 2012, Shalem staff led 48 workshops and trainings—up from 33 in 2011.