



# FRIENDS of the CHILDREN

Generational Change,  
One Child at a Time

## BUSINESS PLAN 2016 – 2018

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## EXECUTIVE SUMMARY

### WHY WE EXIST

Friends of the Children is a program unlike any other. We are the solution to breaking the cycle of poverty and thus the inter-generational repetition of low educational attainment, teen parenting, and criminality. Children who have experienced trauma or who live in extreme poverty experience a lack of equity and opportunity, and most of the services available lack the intensity and duration needed to change their life trajectories. Our relationship-based service model addresses the needs of these most vulnerable children, empowering them to move beyond their circumstances to become healthy, contributing citizens.

### OUR UNIQUE MODEL

We pro-actively select kindergartners facing the most significant barriers to future success. Using a rigorous process, validated by research as effective for identifying children most at risk, we select directly from both schools and the foster care system. Friends of the Children has a unique ability to establish relationships with children who are the hardest to reach. *And we maintain those relationships.* We provide selected children with intensive, individualized guidance from full-time, highly trained, salaried mentors (Friends) for 12 years, through graduation - *no matter what.*

### SCALING INITIATIVE

Friends of the Children has a three-year network-wide scaling plan to impact 7,500 of the most vulnerable children by 2018:

1. **Scale Existing Chapters:** Deepen impact by strengthening existing Friends Chapters to expand their reach
2. **Scale New Chapters and Affiliates:** Replicate Chapters in new communities and embed the model in Affiliate organizations
3. **Scale Collaborative Partnerships:** Provide training and technical assistance on Friends' best practices to partners

### EVIDENCE-BASED, LONG-TERM OUTCOMES

Third party evaluation has found:<sup>1</sup>

- 83% of our youth graduate from high school, while over 60% have a parent who did not complete high school.
- 93% avoid the juvenile justice system, while 50% have at least one parent who has been incarcerated.
- 98% avoid early parenting, while 85% were born to a teen parent.

A comparison of Friends of the Children graduates to a quasi-experimental control group found that for our graduates:<sup>2</sup> Attainment of HS diploma or GED was 24% higher; juvenile justice system involvement (incarceration) was 30% lower; and teen parenting was 59% lower. Attainment of these three key outcomes by program youth is comparable to that of the general population, the majority of whom haven't experienced the same degree of trauma or challenge as our participants.

### SUMMARY OF FINANCIAL MODEL & CAPITAL REQUIRED TO SCALE

We have developed a diverse funding model that utilizes earned revenue within each scaling strategy and grows by leveraging a strong network, new organizations, and strategic relationships. To achieve our plan to grow from reaching over 1,400 children to 7,500 children by 2018, we will require an investment of \$25 million over the next 3 years.

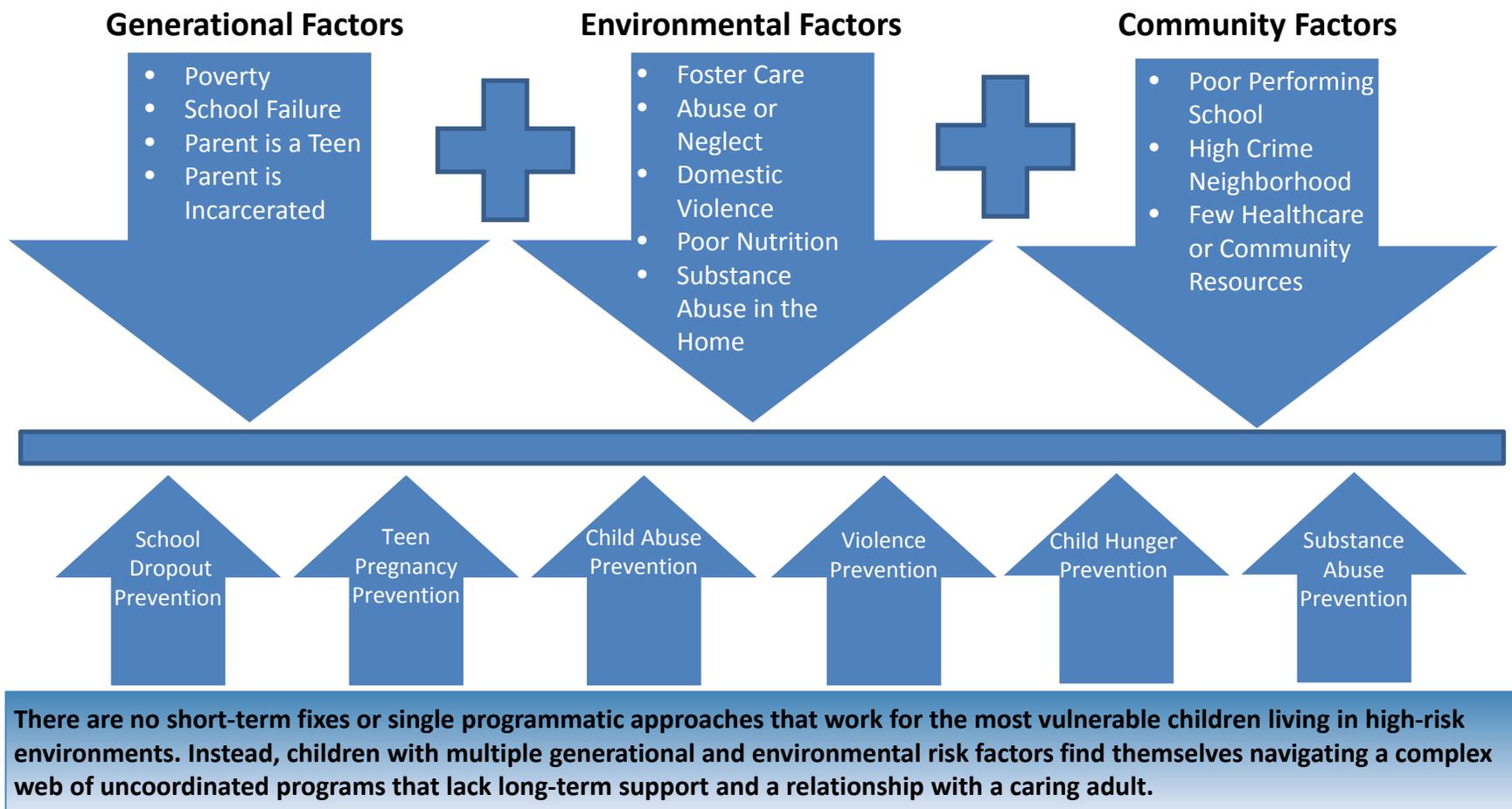
<sup>1</sup> Mackin, Juliette, Kate Kissick and Megan Redfield. NPC Research. 2013. *Friends of the Children - Portland Annual Evaluation 2012-2013.*

<sup>2</sup> Harvard Business School Association of Oregon. 2011. *Social Return on Investment Study Update.*

## MARKET CONTEXT AND NEED: THE PROBLEM

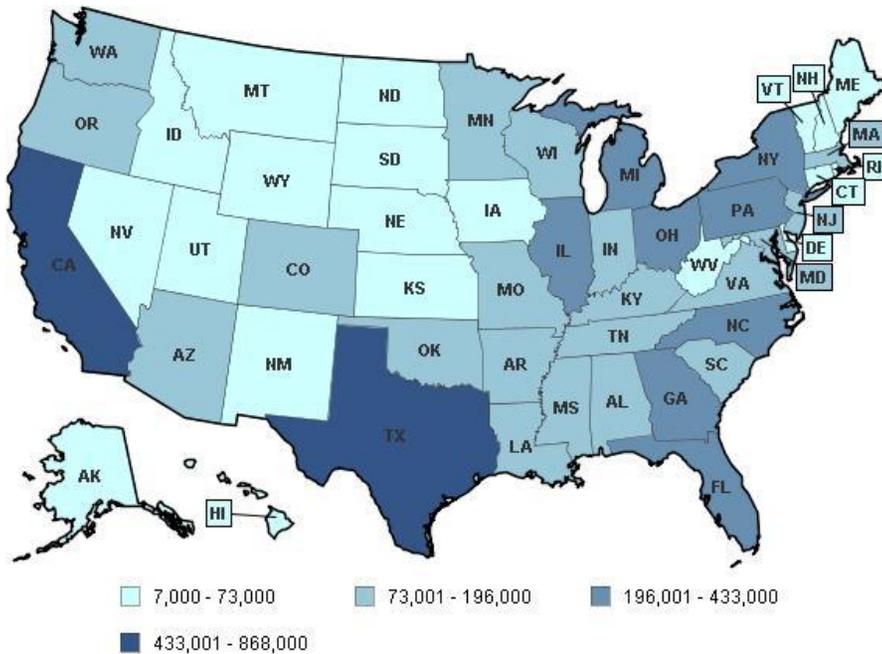
Between 2007 and 2012, the number of children living in poverty increased by over 20% to 16 million.<sup>3</sup> Black and Hispanic children are more than twice as likely to live in poverty as those who are White, non-Hispanic. Children growing up in areas of concentrated poverty face the absence of critical resources needed for healthy development.

Extreme obstacles, such as generational school failure; parental substance use and incarceration; violence in the home and surrounding community; and teen pregnancy create a cycle where children fail within education, behavioral health and foster care systems, and too frequently land in the justice system. These entrenched generational challenges cause day-to-day barriers impeding children's success in school and their success participating in traditional youth programs and services.



<sup>3</sup> Children's Defense Fund, Child Poverty in America 2012: National Analysis. 2013. <http://www.childrensdefense.org/child-research-data-publications/data/child-poverty-in-america-2012.pdf>.

## MARKET CONTEXT AND NEED: DEMAND



Children in Extreme Poverty - 2011<sup>6</sup>

### POVERTY AND RISK

There are 2.4 million<sup>4</sup> children under the age of 6 living in **extreme poverty with 3 or more risk factors**, including<sup>5</sup>:

- Single parent (9%)
- Low parent education (4%)
- Residential mobility (4%)
- Large family with 4 or more children (3%)
- Teen mother (2%)

**Traditional youth-serving organizations have models that reach vulnerable children, but struggle to adequately support children facing the greatest challenges living in the highest-risk environments – those in extreme poverty and those who've experienced the greatest trauma. Friends of the Children fills this void.**



### ABUSE, NEGLECT AND TRAUMA

- Almost 35 out of every 1,000 five year olds (the Friends' target population) are maltreated in this country every year<sup>7</sup>.
- In 2013, there were more than 670,000 confirmed child victims of maltreatment, with more than 140,000 children entering foster care as a result<sup>8</sup>.
- Across the US, there were 20,600 five year olds in foster care in 2013<sup>9</sup>.

<sup>4</sup> Children's Defense Fund, Child Poverty in America 2012: National Analysis. 2013. <http://www.childrensdefense.org/child-research-data-publications/data/child-poverty-in-america-2012.pdf>

<sup>5</sup> National Center on Children in Poverty at Columbia University, Young Child Risk Calculator. 2012. <http://www.nccp.org/tools/risk/>

<sup>6</sup> The Annie E. Casey Foundation, KIDS COUNT Data Center. 2011. [www.kidscount.org/datacenter](http://www.kidscount.org/datacenter)

<sup>7</sup> US Dept. of Health and Human Services, The Fourth National Incidence Study of Child Abuse and Neglect, 2010. [http://demo3.westat.com/graphics/nis4/access\\_nis4.html](http://demo3.westat.com/graphics/nis4/access_nis4.html)

<sup>8</sup> U.S. Dept. of Health and Human Services, Children's Bureau, Child Maltreatment 2013. <http://www.acf.hhs.gov/sites/default/files/cb/cm2013.pdf>

<sup>9</sup> <http://cwoutcomes.acf.hhs.gov/data/overview>

## MARKET CONTEXT AND NEED: DEMAND

### WHO NEEDS US

**The child welfare system.** Friends' track record of success serving program youth that enter the foster care system is of increasing interest as an effective foster care prevention and intervention strategy. Historically, 30% of the youth served by Friends experience foster care and out of home placement. These foster youth who graduate from our program achieve our long-term outcomes at the same rate as their program peers – remarkable results considering the national statistics for youth aging out of foster care (only 58% graduate high school; 25% enter the juvenile justice system, and 71% are pregnant by the age of 21.)<sup>10</sup>

**The education system.** Friends' track record of closing the achievement gap, particularly for children and youth of color, creates opportunity for education officials to invest outside the classroom and improve attendance, social-emotional learning, and overall school success - culminating in high school completion.

**Youth development programs** that want to effectively serve high needs children, such as Trelya, a youth organization in the UK that secured public funding to embed the Friends of the Children model within their program.

**Programs specifically designed to address the intergenerational outcomes** we are impacting; for example, high school drop-out, teen pregnancy, and delinquency prevention programs.

**Communities committed to kids facing the toughest challenges** and have a desire to partner and an ability to secure anchor philanthropy.

### WHY NOW?

Our outcomes and strong social return on investment result in a high demand for our services. Thought leaders want to invest in game-changing approaches. Systems created to protect and educate children are failing to meet the needs of children and youth facing the toughest challenges. Our model offers an opportunity to change lives and maximize resources and get results for children that otherwise might be left behind.



<sup>10</sup> Jim Casey Youth Opportunities Initiative. 2014. Web. <<http://www.jimcaseyyouth.org/about/aging-out>>

## MARKET CONTEXT AND NEED: ECOSYSTEM ANALYSIS

### WHY FRIENDS OF THE CHILDREN IS UNIQUE – COMPETITORS OVERVIEW

While there are many programs for high-risk children, there are very few programs that offer a long-term, individualized, and comprehensive approach for the most vulnerable children in the highest-risk environments. Of these, there are even fewer programs that deliver outcomes that break the cycle of poverty.

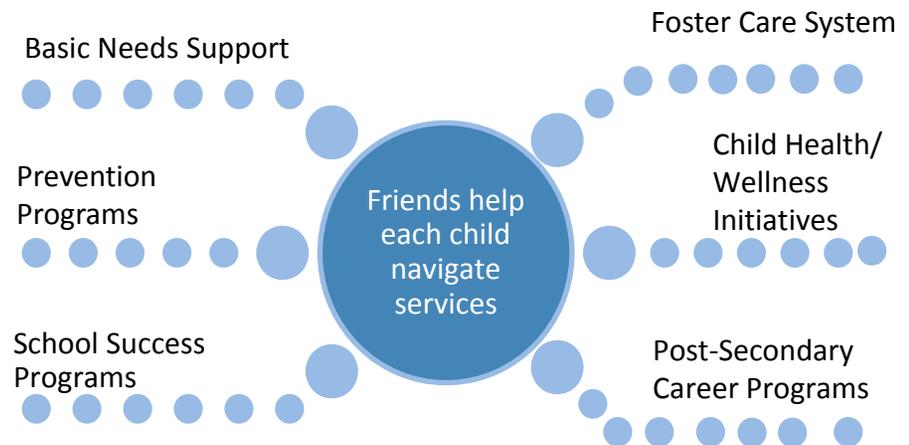
For example, much like Friends of the Children, Big Brothers Big Sisters of America and Head Start select children early and provide them with 1:1 relationships, but neither organization commits to each child for 12 years. Similar to Friends, Court Appointed Special Advocates uses a formal selection process to identify children most in need of its services, but differs from Friends because it does not comprehensively spend time with each child in school, at home, and in children's communities, nor does it have paid, professional advocates. With its long-term, relationship-based approach, Friends is uniquely positioned to meet the demands of children with multiple barriers to success. For our expansive competitive analysis, please see appendix p.17.

### COMMUNITY PARTNERS (COLLEAGUES)

Friends of the Children's holistic model fills in the gaps left by our competitors. In fact, we see these same organizations as community partners, or colleagues. Because we build trusting relationships with the community's most disenfranchised children and families, we have a synergistic relationship with these colleagues, improving their outreach, access, enrollment, and support to the highest-risk children. As the community hub, we unify efforts to expand collective impact in the communities we serve. Our colleagues include: schools, social services, child welfare agencies, health and mental health providers, and youth development programs related to education, post-secondary/career preparation, cultural, recreational, and artistic activities.

### POLICY LEVERS

Our promising third party evaluation findings and the significant public and private investment in our Randomized Control Trial (RCT) study, have sparked the attention of leaders who are charged with decreasing education, child welfare, and juvenile justice budgets, while improving youth outcomes. We are focusing on leveraging our relationships with stakeholders to increase the number of policymakers, funders and thought leaders who can be effective policy-levers for us to become a leading national resource on how to ensure our highest risk children succeed in school and life.



## MARKET CONTEXT AND NEED: VISION FOR INFLUENCING CHANGE



### SUCCESS: Patrick and his Friend, Carlos

Patrick, like every child selected for Friends of the Children, had a very unstable start to life. His teen mother was addicted to drugs and his father was in and out of jail. Patrick lived in extreme poverty, without enough food to eat and without preventative medical or dental care. At the age of 10, Patrick entered foster care, having never had a stable, caring, and consistent relationship with an adult. He started school with low self-esteem, poor social skills and lacking the basic work habits and skills needed to participate in the classroom. Because of his unsupportive and chaotic home life, he was frequently in trouble for aggressive behavior, was absent from school 45 days in kindergarten, and never

completed his homework. Patrick never had a parent who nurtured his development or interests, read to him or helped, or who was there to talk about his feelings, making him feel safe and loved.

Then things began to change. As a result of his intensive relationship with his Friend Carlos (a salaried, professional mentor), since kindergarten, Patrick started going to school more and developed the social and emotional skills to make good choices. He found a passion for writing poetry and participated on sports teams with the support and encouragement of Carlos. Traditional services weren't enough, but Friends of the Children helped him succeed.

In June 2010, Patrick graduated from high school and was accepted to the University of Oregon where he is majoring in Public Policy and Philosophy. He recently spoke in front of the Oregon State Legislature in favor of the establishment of a bill of rights for youth in foster care. Patrick plans to pursue a law degree to make a difference in the lives of the millions of children who, like him, face multiple generational and environmental risk factors.

### VISION FOR INFLUENCING SYSTEM CHANGE

**Siloed, short-term, single-intervention strategies don't do the trick for children facing the greatest challenges in the highest-risk environments. These children need a long-term, consistent relationship with an adult. The Friends model is already proven to close the opportunity gap. Our expanding influence in foster care puts us in a position to also demonstrate our impact on foster care prevention and intervention. The cross-systems impact of Friends of the Children proves that this intensive, lasting and individualized intervention is the key to changing lives.**

**Patrick's story illustrates how a Friend can mitigate trauma, break the cycle of poverty, and change a life - one child at a time. Friends of the Children is the answer.**

## STRATEGY & THEORY OF CHANGE: DESCRIPTION OF ORGANIZATION AND MISSION

### ORGANIZATION OVERVIEW

Friends of the Children began with just a few Friends and children in Portland, OR in 1993. Today, we are on our way to serving thousands of youth, including a growing number of youth in foster care, at nine locations in Boston; Harlem & South Bronx in New York; Seattle; Portland, Gresham, and Klamath Falls in Oregon; Tampa Bay; and Cornwall in the United Kingdom. We also reach youth through our Collaborative Partners in Oregon.

Friends of the Children is a strong network of Chapters, Affiliates and Collaborative Partners, led by a National Network Office that uses a shared service model in order to leverage strength and leadership. National raises funds to provide sustainable funding for the network, as well as technical assistance, branding and marketing, research and evaluation, and promoting the sharing of best practices, Chapter fidelity, and innovation. In 2012, National was revitalized and relocated to the founding chapter in Portland.

### MISSION

Friends of the Children is a prevention/early intervention program whose mission is to help our nation's highest-risk children develop the relationships, goals and skills necessary to break the cycles of poverty, abuse and violence, and become contributing members of society.



“In my professional life, I’ve seen only a few programs that I think have a shot at really making a difference. I don’t casually toss words around like ‘brilliant’ and ‘unique,’ but what Friends of the Children does is **brilliant** and **unique**. What Friends created in Portland could change the way this country tries to help its children.”

-Gary Walker, Former President, Public/Private Ventures

### VISION

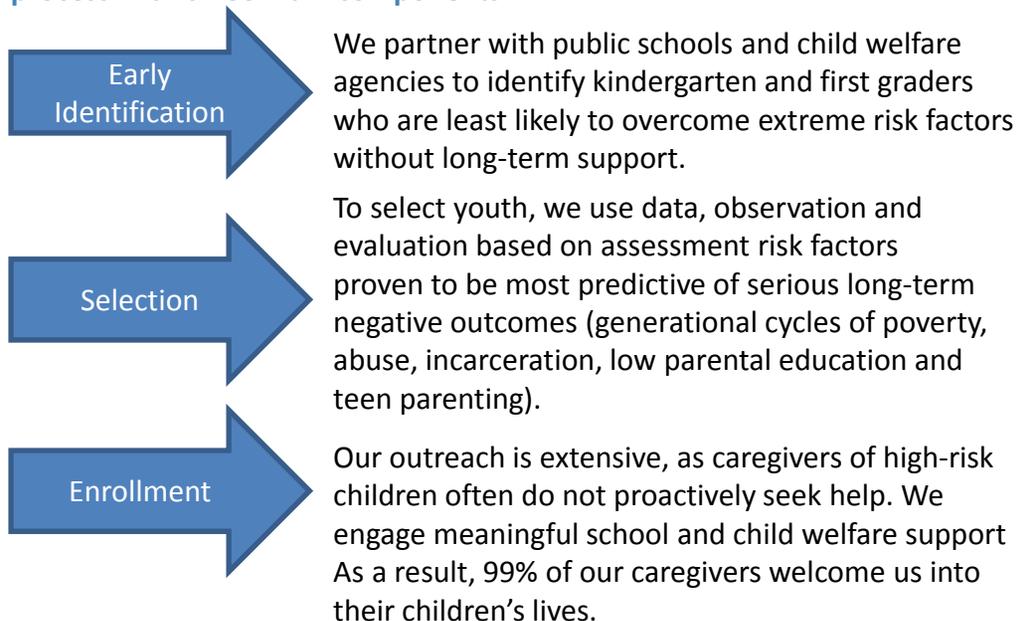
Our vision is that one day all children will have a long-term, consistent relationship with a caring adult who believes in them. We want to change the way the world views and treats our most vulnerable children.

### SOCIAL VALUE PROPOSITION

Our long-term, relationship-focused model has a proven impact on the most vulnerable children living in the highest-risk environments who would otherwise be a cost to society. Program graduates display an increase in educational attainment and reduction of teen parenting and juvenile justice involvement compared to their high-risk peers. Our approach has shown a social return on investment to society that is 7 times greater than the cost of the program - a benefit of up to \$900,000 over the life of each youth served.

## STRATEGY & THEORY OF CHANGE: DESCRIPTION OF ORGANIZATION AND MISSION

### SELECTION: Friends of the Children uses a rigorous child selection process with three main components:



### BEYOND THEORY: Friends stay an average of 7 yrs!

Our Friends form meaningful relationships with our youth – their deep bonds last for many years. This isn't just a 'job.' Multiple Friends have been with the organization over 20 years; our average Friend retention rate is 7 years of service.

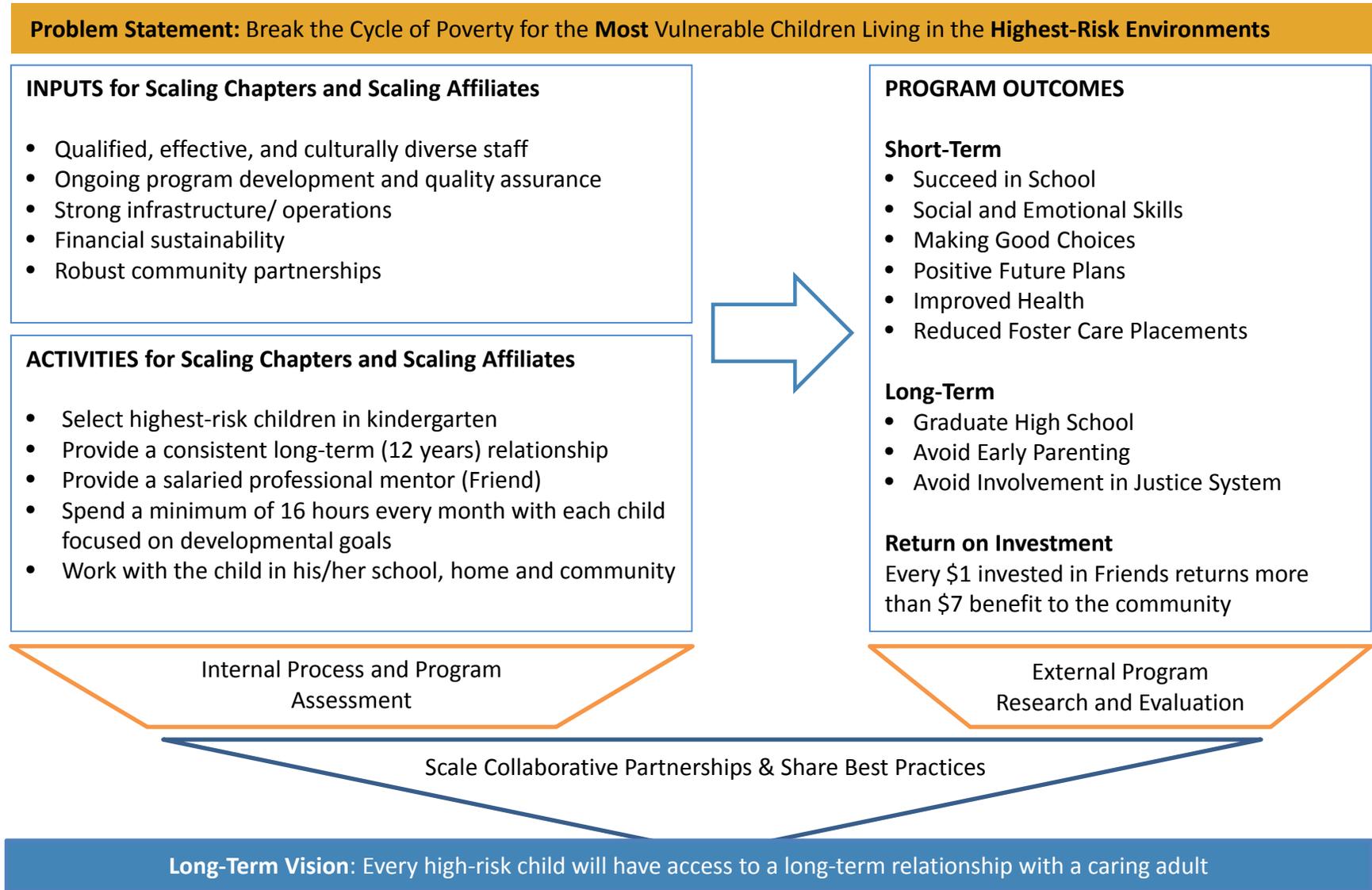
How does this happen? *A Friend* might work on a child's math skills by counting successful free throws; help a child find positive, constructive outlets for feelings of frustration; advocate at a child's middle school for special education services; and be the only person the family calls when a child, now a teenager, runs away from home after a domestic violence crisis. *A child* might inspire a Friend to push their limits and lose weight to get healthy; encourage a Friend to learn about new cultures, broadening their understanding of diversity; and give hope to a Friend when a child conquers incredible challenges.

### COMMITMENT: We commit to children for 12 years – no matter what

- Select the highest-risk children early
- Commit to children from kindergarten through high school and stay involved to assist with career and post-secondary goals
- Provide a salaried, full-time, professional mentor for each child
- Spend 16 hours per month with each child, year-round, in and out of school

### SUPPORT: Friends and program staff holistically support children

- Develop a Plan for each child designed with activities intended to ensure the achievement of his/her own developmental milestones
- Engage children in recreational, cultural and community service activities that enhance their talents and skills
- Visit with each child in school
- Build a relationship with families and connect them to basic-needs resources, enabling their children to thrive
- Adapt the program during the adolescent years to meet older children's peer-oriented youth development needs



## STRATEGY & THEORY OF CHANGE: EVIDENCE OF POSITIVE IMPACT

**COMMITMENT TO EVALUATION:** Evaluation has been an essential component of Friends of the Children since its inception.

✓ **Annual third-party research evaluations:** NPC Research provides evaluations that allow us to analyze our data with respect to our three long-term goals.<sup>11</sup>

Goal 1	Goal 2	Goal 3
Success in school with a minimum of H.S. diploma ( <i>preferred</i> ) or GED	Avoid involvement in the juvenile justice system	Avoid early parenting
<b>Friends Success Rate</b>	<b>Friends Success Rate</b>	<b>Friends Success Rate</b>
<b>92%</b> attend school regularly; <b>83%</b> of our graduates earned H.S. diploma or GED <b>while more than 60% of our youth have a parent who did not complete high school</b>	<b>93%</b> are not involved in juvenile justice system despite <b>at least 50% having one or more parents who have been incarcerated</b>	<b>98%</b> of adolescents avoid early parenting despite <b>at least 85% having been born to a teen mother</b>

✓ **Longitudinal Randomized Control Trial (RCT) Study:** Due to promising third party evaluation findings, we are now the subject of a multi-site RCT study conducted by researchers affiliated with the University of Washington, Princeton University, and University of Oregon. This rigorous study follows highly vulnerable children identified by our selection process and then randomized to either program enrollment (treatment condition) or a control group, comparing the progress of each group over time. In 2007, the National Institutes of Health awarded a research grant for the first 5-year study phase, also funded by the Robert Wood Johnson and Edna McConnell Clark Foundations. In 2013, The Office of Juvenile Justice & Delinquency Prevention (OJJDP), an office of the U.S. Department of Justice, invested \$500,000 in the study. The goal is to conduct this study over a 12-year period, following youth through important transitions into middle and high school and on to early adulthood. See appendix for emerging positive results.

✓ **Rigorous SROI study conducted by the Harvard Business School Association of Oregon (HBSAO):** In 2011, the HBSAO created a Social Return on Investment model that quantifies the benefits of Friends of the Children mentoring and compares those benefits to the program's costs. Data was retrieved from our annual third-party evaluations, government sources, and academic studies cited by government agencies. The SROI study found that:<sup>12</sup>

Every dollar invested in Friends of the Children returns more than \$7 benefit to the community

For each program youth, that means a return of nearly \$900,000 over their lifetime

Our grads compared to similar youth:

- 24% more attain a high school diploma
- 30% more avoid the juvenile justice system
- 59% more avoid teen parenting

<sup>11</sup> Mackin, Juliette, Kate Kissick and Megan Redfield. NPC Research. 2013. *Friends of the Children - Portland Annual Evaluation 2012-2013*.

<sup>12</sup> Harvard Business School Association of Oregon. 2011. *Social Return on Investment Study*.

## SCALING PLAN: CORE PROGRAM ELEMENTS

### 1: SERVE VULNERABLE CHILDREN

Friends of the Children identifies high-risk children based on risk factors shown by research to be most predictive of serious long-term negative outcomes. We select children for our program who are most in danger of school failure, gang and drug involvement, teenage pregnancy, and criminal behavior.

### 2: CREATE AND SUSTAIN ONE-ON-ONE RELATIONSHIPS

Research indicates that the single most important factor that fosters resiliency in high-risk children is a caring and consistent relationship with an adult. Friends of the Children provides each child in our program with exactly such a relationship with a salaried, professional mentor (Friend).

### 3: INTERVENE EARLY

A Friend enters a child's life by the age of six, before negative behaviors have become ingrained. Early intervention enables a Friend to model and instill positive behaviors while the child's heart and mind are open.

### 4: COMMIT FOR THE LONG-TERM

We are committed to providing a Friend for our children for a total of twelve years—from kindergarten through their graduation. We keep this commitment even when children move or change schools within our service area.

### 5: EMPLOY PROFESSIONAL MENTORS

A Friend is a full-time, trained, salaried professional mentor who is hired for his/her experience and talent for working with high-risk children. With their diversity, education, passion, and commitment, Friends are the heart of our program.

### 6: IMPACTFUL FRIEND TO CHILD RATIOS

Because each Friend works with eight to twelve children, a Friend is able to give each child his or her full attention for at least sixteen hours each month.

### 7: CONNECT ALL AREAS OF CHILDREN'S LIVES

Because a Friend spends time in each child's home, school, neighborhood, and community, they are able to provide continuity in these often unstable environments and to serve as a link between the different facets of the child's life.

### 8: PROVIDE MEANINGFUL EXPERIENCES

We design unique experiences for each of our children that enable them to explore and develop their diverse talents and interests, expand their worldviews, and learn vital relationship and life skills.

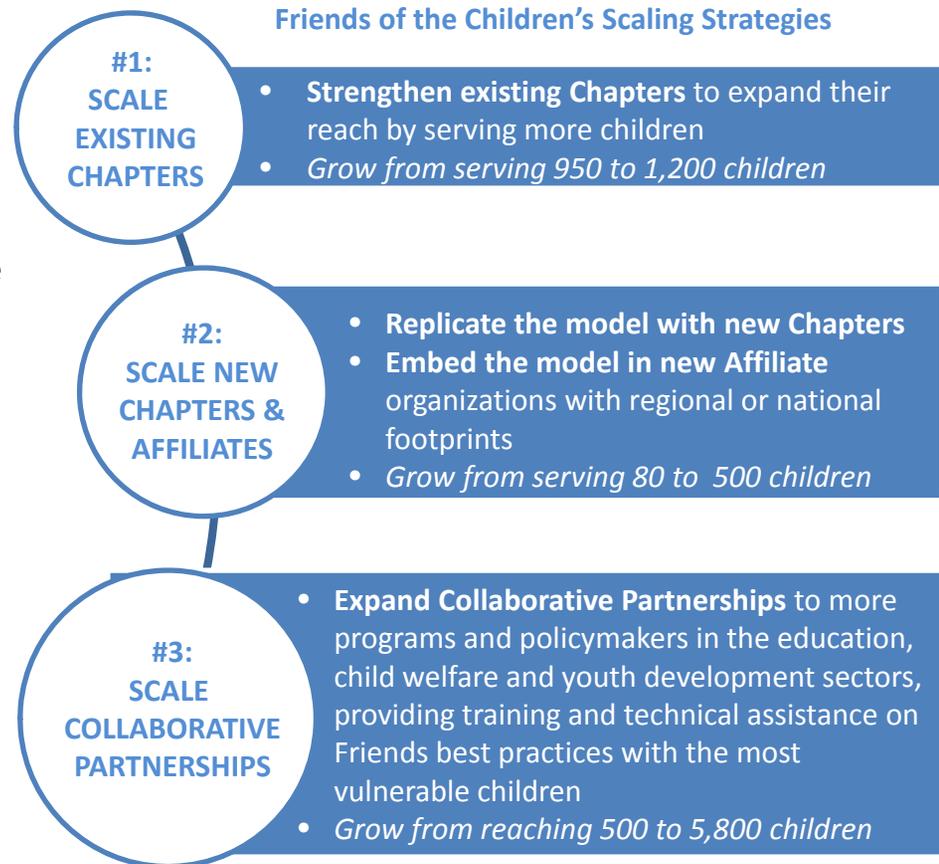
## SCALING PLAN: STRATEGIES

### Experience Informs Our Scaling Strategies

➤ **SCALE EXISTING CHAPTERS:** Since it was founded in 1993, Friends has grown from reaching 24 to more than 1400 children. Friends scaled from its founding chapter in Portland to communities in Seattle, Boston, New York City, and Klamath Falls. In 2014, Portland embedded selection of children from foster care into its growth plan. In 2016, Seattle and Klamath Falls will begin serving children selected from foster care. As part of the Expansion, **existing Chapters will identify opportunities to grow** – creating annual plans to sustainably grow while maintaining fidelity to the Friends’ model and ensuring program quality.

➤ **SCALE NEW CHAPTERS AND AFFILIATES:** Friends has experienced success by **replicating Chapters** in cities with significant demand, coupled with funders who have the vision and resources to sustain our long-term, high-intensity model. Friends now has a replication model that considers past lessons learned, including: start-up costs, building awareness in new markets, and infrastructure and capacity development. In addition to replication, Friends has demonstrated success by embedding our model in established organizations. In 2013, Treyla, a child-serving agency located in one of the highest poverty areas in the UK, **successfully embedded the Friends model**. In 2014, Eckerd Kids, a child welfare organization in Florida with operations in eleven other states, also embedded the Friends model to serve 5 - 6 year-olds in the foster care system. Affiliates already demonstrate strong infrastructures, proven track-records, and a commitment to evaluation. The success of these two Affiliate implementation efforts have demonstrated the potential that scaling through existing organizations has as an expansion strategy.

➤ **SCALE COLLABORATIVE PARTNERSHIPS:** **Sharing our best practices** with Collaborative Partners allows us to reach more children with the most effective parts of the Friends model, while incurring fewer transaction costs. In this strategy, Friends will train Collaborative Partner organizations in foundational elements of our model. This effort anticipates the need to assure fidelity to the model through ongoing technical assistance. Friends has had success with this strategy in the past through our mentoring partner Elevate Oregon, which now benefits from the use of our nine core assets to build critical social and emotional skills in their youth.



## SCALING PLAN: STRATEGY #1 SCALE EXISTING CHAPTERS

**To demonstrate the impact of Friends of the Children, we will build on the success of current Chapters** by growing chapter capacity to provide more children with a Friend. Chapters have a 12 - 23 year track record of success and are already growing. The Portland Chapter has expanded to serve youth in SW Washington and has built another site in a Gresham, OR. The Harlem-based New York Chapter opened a second site in the South Bronx as a first step in their strategic plan to expand into each NYC borough. All Chapters have strong boards of directors and executive directors focused on fundraising and community awareness. Using this strategy, we will directly serve 1,200 children by 2018.

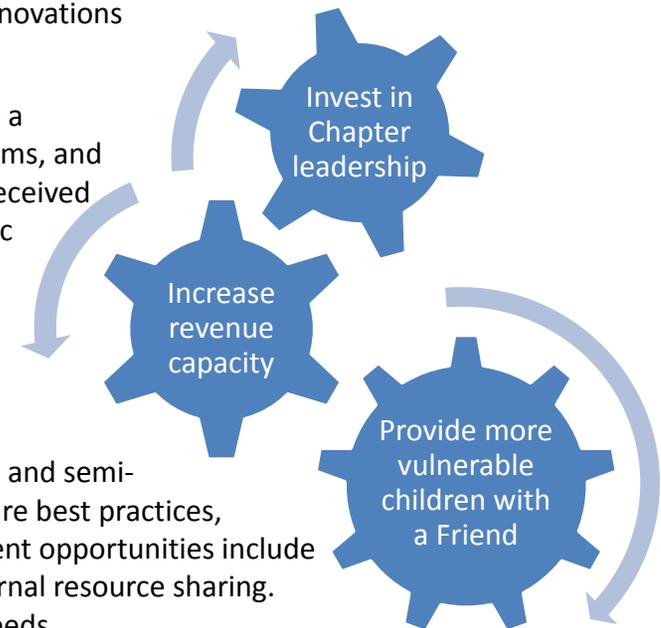
**Proven Model, Innovation and Dissemination of Best Practice:** Chapters use the Friends model and core elements (p.13), resulting in game-changing long-term outcomes for our youth (p.12). Through National, Chapters receive access, training, and ongoing technical support for the program database. National provides all Chapters with training for Friends, supervisors, and other staff, along with a child selection manual and handbooks. Fidelity is managed by National via agreements and fidelity scorecards. Once Chapters secure and maintain diverse, sustainable funding to provide a significant number of children with a Friend, they pilot new innovations (such as the expansion to foster care) and support dissemination of best practices to other rising Chapters, Affiliate organizations (strategy #2), and others in the field through Collaborative Partnerships (strategy #3).

**National Support:** National is dedicated to helping Chapters grow and launch new innovations through sustainable practices.

➤ **Capacity Building Loans:** The Seattle Chapter received a loan from National to hire a development manager, which allowed them to build systems, diversify revenue streams, and create a proactive and donor-centric approach to fundraising. In 2014, the Chapter received an unrestricted donation - \$2 million of private philanthropy to support their strategic goals. With seed capital, National can provide capacity building loans to all Chapters.

➤ **Revenue Sharing:** Revenue sharing agreements between National and Chapters build sites by leveraging our network to support growth at the national and local levels to maximize potential investment.

➤ **Leadership Development:** National regularly convenes leadership via monthly calls and semi-annual in-person meetings for executive, program, and development directors to share best practices, including succession planning and fidelity management. Other leadership development opportunities include an internal residency program for more frequent in-person trainings and regular internal resource sharing. These strategies are being regularly evaluated and adapted depending on Chapter needs.



## SCALING PLAN: STRATEGY #2 SCALE NEW CHAPTERS AND AFFILIATES

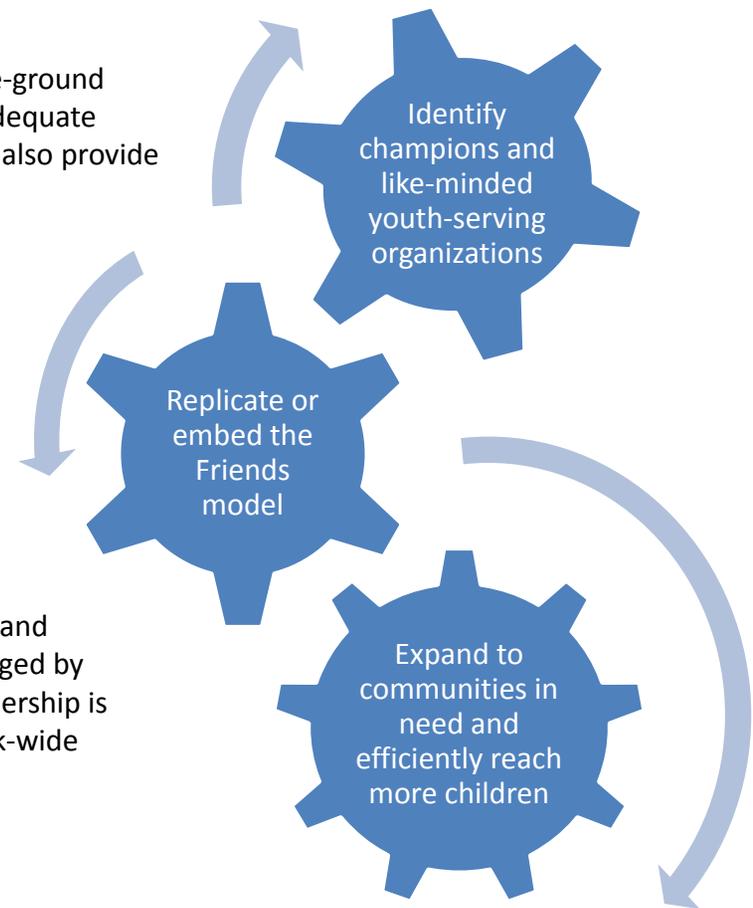
**Embedding the Friends of the Children model in new communities** allows us to expand our reach by: 1) capitalizing on the passion and experience of champions (who will start Chapters in new communities), and 2) leveraging the infrastructure of organizations with an existing regional or national footprint (embedding the model in an Affiliate organization). Through this strategy we will directly serve 500 children by 2018.

**New Chapters and Affiliates:** Communities across the country support our plan by establishing new Chapters. New communities that champion our model come ready with proven leadership. Affiliates support the scaling plan by embedding the model as an addition to their existing programs, leveraging existing leadership, infrastructure and resources. Both communities and organizations wishing to embed the model are evaluated using a comprehensive feasibility process (appendix p.19-21). They must show mission and organizational culture alignment, a proven track-record of sustainable funding, evidence of local market demand, and a commitment to data collection and evaluation.

**National Support:** National provides new Chapters and Affiliates with on-the-ground support throughout the first two years of embedding the model to ensure adequate capacity to sustain Friends of the Children core elements. These approaches also provide revenue via fees for intellectual property, training and technical assistance.

➤ **Joint Funding:** To become a new Chapter or Affiliate, 3-5 years of annual program revenue needs to be in place - typically \$1.5 - \$2 million. National provides strategic guidance and resources to engage investors in this scaling initiative and, in return, receives revenue from Affiliate and Chapter fees. The Friends brand communicates solidarity and establishes trust with potential funders. Early capital covers the initial costs of embedding the model – hiring Friends, a Friends supervisor, and program costs for youth.

➤ **Program Training & Fidelity:** National aids in the hiring and training of leadership and Friends, including extensive training in our child selection process and staff supervision model. National also provides access, training, and ongoing technical support for our shared program database. Fidelity is managed by National through agreements and scorecards. Affiliate and new Chapter leadership is included in monthly calls and annual convenings. They participate in network-wide resource sharing and centralized program evaluation.



## SCALING PLAN: STRATEGY #3 SCALE COLLABORATIVE PARTNERSHIPS

**Sharing what works from Friends of the Children’s proven model with Collaborative Partners** lets us reach 5,800 children by 2018. Using core elements of the Friends of the Children model proven by Chapters to effectively impact the most vulnerable children, National will share best practices with other organizations striving to reach the same outcomes. We have already experienced success in this strategy with established Collaborative Partners, including Elevate Oregon, an organization serving vulnerable children in Portland, OR, and I Have a Dream Oregon, dedicated to helping low-income students. Sharing what works builds a revenue stream via Collaborative Partner fees for intellectual property, technical assistance, and training.

**Collaborative Partners:** Collaborative partners support growth by impacting more children with our best practices. Collaborative partners are identified via integrated distribution and marketing plans (p.20-21).



**National Support:** Friends of the Children has codified best practices for: early child risk assessment and selection; mentor training; policies and procedures for working with the most vulnerable children (e.g. literacy support and adolescent programming); and evaluation and data driven performance management. Partners receive training and technical assistance on our core model elements and best practices from National, as well as on-going peer support from Chapters and Affiliates.

➤ **Evaluation & Innovation:** Results from the RCT study on adolescent youth in the program will expand our evidence base, strengthening what we can share with Collaborative Partners. Chapter and Affiliate growth also impact Collaborative Partners, as they will benefit from the most innovative and up-to-date best practices, established by the entire Friends network.

➤ **Expand Collaborative Partnerships:** Every month, National receives calls from interested programs around the country, wanting to learn about our model so that they can serve the most vulnerable children more effectively. David Shapiro, President and CEO of MENTOR (The National Mentoring Partnership), which supports 5,000 mentoring programs, has joined the National Board to provide guidance for

expanding our Collaborative Partnerships. Most recently, PWC donated over \$100,000 of in-kind consulting to further assist in the development of this strategy. Additionally, we are sharing our evidence at national conferences and publishing articles on the program model to unify program leaders and policy makers about what works with the highest-risk children. As we raise awareness, we create a pipeline of potential Collaborative Partners. The Expansion plan includes seed capital to ultimately provide dedicated staff to match the growth required to reach out to potential partners and serve existing ones.

## SCALING PLAN: COMPETITIVE ADVANTAGES & BARRIERS TO ENTRY

### COMPETITIVE ADVANTAGES

#### EVIDENCE-BASED MODEL

- Proven, effective program model for impacting the long-term outcomes of the children facing the greatest challenges living in the highest-risk environments

#### SOCIAL RETURN ON INVESTMENT

- High return on donor investment (more than \$7 for each \$1 invested)

#### SELECTION PROCESS

- Codified by NIH research (RCT) study designed to identify specific needs that a child has and assign them a global score based on the presence of risk and protective factors
- Children are enrolled in Friends using an extensive outreach approach that results in access to children from families who do not consistently seek services

#### LONG-TERM/COMPREHENSIVE APPROACH

- We stay with children for 12 years to make a transformative, lasting difference in each child's life
- Friends work with children in their home, school and in the community to build a network of social capital that promotes positive self-sufficiency

#### PROGRAM EVALUATION AND INNOVATION

- Longitudinal Randomized Control Trial study is in its 8<sup>th</sup> year
- An annual third-party evaluation is conducted each year on Friends of the Children to validate outcomes
- Third Sector Partners is conducting a Pay for Success feasibility study and additional ROI analysis

### BARRIERS TO ENTRY

#### FUNDING TRENDS

- Funders and policymakers often fund short-term fixes instead of long-term solutions
- Funding is targeted toward downstream costs rather than upstream prevention programs

#### START-UP CAPITAL

- At least \$1.5-2 million over 3 years is needed to start a new Chapter or Affiliate

#### DIVERSIFIED LOCAL INVESTMENT

- Programs require significant annual investments from a variety of sources in the local community in order to be sustained

### CRITICAL SUCCESS FACTORS

#### DIVERSIFIED FUNDING

- Secure diversified funding for the national network and Chapters including a blend of public and private foundations, corporations, government and individuals

#### NETWORK LEADERSHIP

- Invest in leadership development and succession planning for network leaders
- Strengthen national and Chapter boards

#### GROW EVIDENCE

- Continue longitudinal RCT study

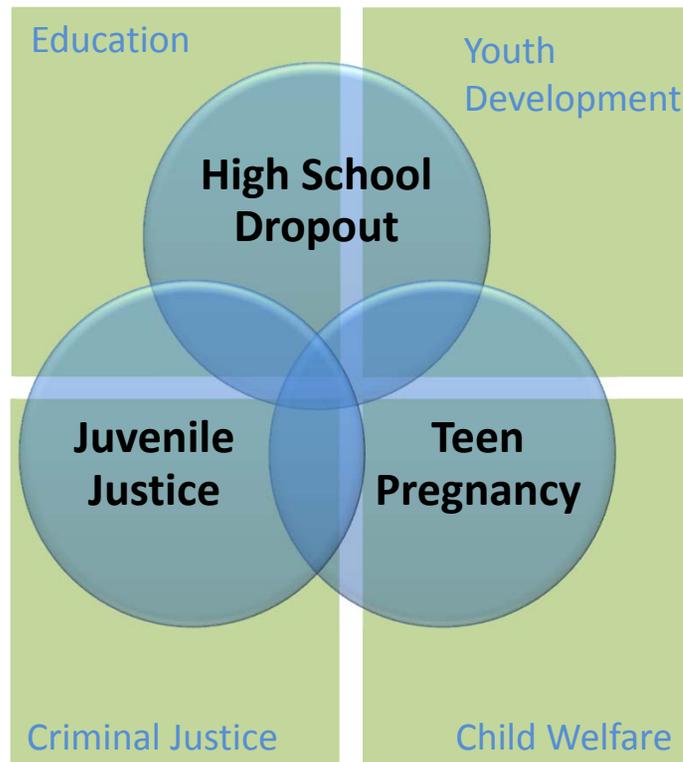
#### LOCAL COMMUNITY SUPPORT

- Each program and expansion initiative is sustained by the community in which it is situated

## SCALING PLAN: TARGET CUSTOMERS & BENEFICIARIES

### OUR CUSTOMERS

The Industry Venn Diagram describes the sectors that are potential customers of the Friends model. Broadly, programs and policymakers that desire to extend services and/or wish to improve outcomes for the highest-risk children are our potential customers.



### OUR BENEFICIARIES

Friends of the Children selects the most vulnerable kindergarteners living in the highest-risk environments. We work with child welfare agencies and with public schools that have a high percentage of students in poverty, low reading and math scores, and few existing resources in the school and neighborhood.

Risk Factors of Youth	% Youth Nationally <sup>13</sup>	% Youth in Friends <sup>14</sup>
Parent does not have a high school diploma	15%	60%
Youth lives in a single parent home	34%	83%
Receives free/reduced lunch	28%	100%
Family member incarcerated	4%	50%
In foster care	.5%	30% <sup>15</sup>
Born to teen parent	8%	85%



<sup>13</sup> Herrera, Carla, David L. DuBois and Jean Baldwin Grossman. 2013. *The Role of Risk: Mentoring Experiences with Varying Risk Profiles*. New York, NY: A Public/Private Ventures project distributed by MDRC.

<sup>14</sup> Mackin, Juliette, Kate Kissick and Megan Redfield. NPC Research. 2013. *Friends of the Children - Portland Annual Evaluation 2012-2013*.

<sup>15</sup> NPC Evaluation Report 2014.

## SCALING PLAN: DISTRIBUTION PLAN

**Friends of the Children leverages the talent, infrastructure, and resources of existing local and national networks committed to making a difference in the lives of children to distribute the Friends of the Children model and best practices.**

### Scale Existing Chapters: How Chapters receive support

•**Local Champions:** The Friends model currently depends primarily on local, private sector support in the communities where it is operated. Large anchor philanthropists have been the catalyst for establishing sustainable funding for Chapters. As the demand for services increases, the same champions continue to invest in growth at each Chapter. Additionally, new funding - including public funding - creates diversity and further supports Chapter sustainability.

•**Community Organizations:** We leverage strong and effective programs in the child welfare, education, health, human services and mentoring fields to share best practices and stay abreast of innovations. Colleagues also support our work by providing key services to our youth (e.g. other groups may help our youth with a career development program, or finding a stable home.)

### Scale New Chapters and Affiliates: How Friends distributes the model to new communities

•**Local Champions:** Anchor philanthropists provide critical support for embedding the model in new communities. Those champions from local communities spend time at existing Friends Chapters to learn in the field. They also receive support from National as their interest becomes more tangible and they work to raise financial support.

•**Large National Organizations:** Organizations with a large regional or national footprint are the vehicle for embedding the model through Affiliates. Before embedding the model into an Affiliate, a detailed feasibility study is completed (appendix p.19). We ask: *Is there community demand for the model? Does the organization have the capacity, resources and fundraising expertise to sustain the model? Is there programmatic and operational expertise to implement the model?*

•**Community Organizations:** Affiliates and new Chapters benefit from best practices in distribution that are learned from proven Chapters that have leveraged these resources to build sustainability and growth (see above).

### Scale Collaborative Partnerships: How Friends of the Children shares best practices with Collaborative Partners

•**Large National and Community-Based Organizations:** These organizations are poised to become Collaborative Partners, using Friends of the Children core elements to improve their existing services to vulnerable children. Collaborative Partners spend time at existing Chapters to receive training and technical assistance to learn how to best implement core elements of the Friends' model.

•**National Conferences and Publications:** National conferences and publications are vehicles for sharing model elements and best practices with other youth-serving organizations and policymakers. These audiences can become Collaborative Partners.

## SCALING PLAN: MARKETING PLAN

**To enable all three scaling strategies, we have a robust marketing plan:**

**Target Audiences** include impact investors, institutional funders, thought leaders, champions of innovations for children and youth development and social service organizations.

**Goals** include increasing national and regional brand awareness among target audiences, increasing funding from impact investors and institutional funders and identifying and building relationships with potential Affiliate organizations, champions in new communities who want to establish new Chapters, Affiliates, and Collaborative Partners.

**Strategies** involve using Friends branding toolkits to develop regional marketing plans for Chapters, Affiliates, and Collaborative Partners, inviting key leaders to 1:1 meetings, attending conferences, networking events, and large meetings, presenting the model and evidence to relevant groups and publishing articles about Friends of the Children.

The table below outlines the tool used to identify relevant markets. Please refer to appendix p.18 for the 3-year tracking metrics.

Approach & Filters	Affinity Sector	Examples of Target Groups
<b>Conferences</b>		
<b>Filters:</b> - Event has strong reputation nationally with key leaders (potential funders, Affiliates, and Collaborative Partners) - Present to at least 50 people - Able to conduct evaluation survey of participants	Grantmakers	Grantmakers for Effective Organizations Grantmakers for Children, Youth, and Families
	Evidence-Based Practice (EBP)	Coalition for Evidence-Based Practice Blueprints for Positive Youth Development
	Social Entrepreneur	Social Venture Partners Social Impact Exchange
	Providers	MENTOR Summit/Friends for Youth Child Welfare
	Advocacy Coalitions	America Forward America's Promise
	University EBP and Policy Forums	PSU Summer Mentoring Institute Georgetown Public Policy Forum
<b>1:1 Meetings</b>		
<b>Filters:</b> - Executive-level decision-maker - Outcome potential for Collaborative Partners and/or resource-development	Policy-Makers/Agency Leaders	Legislators, Human Services, Education and Juvenile Justice agencies, OJJDP, ACF, SIF
	System Change/SIF Funders	Edna McConnell Clark, New Profit
	Scaling Thought Leaders	Bridgespan, FSG
	Collective Impact Conveners	Promise Neighborhoods, Strive

## SCALING PLAN: GROWTH PLAN

Scaling Strategy	2016 (YEAR 1)	2017 (YEAR 2)	2018 (YEAR 3)	TOTAL
<p><b>Scale Existing Chapters</b></p> <ul style="list-style-type: none"> <li>• Grow national board for increased capacity in fundraising</li> <li>• Provide capacity building loans to hire development staff at Chapters</li> <li>• Number of mentored children served at existing Chapters expected to grow to 40%</li> <li>• Add 2-4 new Friends at each Chapter each year</li> <li>• Hire Chief Advancement Officer</li> <li>• Hire Chief Officer – Public Funding and Policy</li> <li>• Hire staff to support Chapter infrastructure</li> </ul>	<p><b>Children:</b> 950 <b>Capital:</b> \$850,000</p>	<p><b>Children:</b> 1,060 <b>Capital:</b> \$1,650,000</p>	<p><b>Children:</b> 1,200 <b>Capital:</b> \$5,000,000</p>	<p><b>Children: 1,200</b> <b>Capital: \$7,500,000</b></p>
<p><b>Scale New Chapters and Affiliates</b></p> <ul style="list-style-type: none"> <li>• Leverage current infrastructure and expertise of existing organizations and champions, while sharing Friends benefits and best practices for faster expansion</li> <li>• Require feasibility study and technology enhancements are required</li> <li>• Add 3-5 new Affiliates or Chapters</li> <li>• Hire Director – Marketing and Communications</li> <li>• Hire Chief Expansion Officer</li> </ul>	<p><b>Children:</b> 100 <b>Capital:</b> \$1,000,000</p>	<p><b>Children:</b> 300 <b>Capital:</b> \$4,000,000</p>	<p><b>Children:</b> 500 <b>Capital:</b> \$10,000,000</p>	<p><b>Children: 500</b> <b>Capital: \$15,000,000</b></p>
<p><b>Scale Collaborative Partnerships</b></p> <ul style="list-style-type: none"> <li>• Additional funding and infrastructure needed to support RCT study</li> <li>• Add 1-5 new Collaborative Partnerships</li> <li>• Hire Collaborative Partnerships Manager to present at conferences, train and publish articles about Friends best practices</li> </ul>	<p><b>Children:</b> 1,500 <b>Capital:</b> \$600,000</p>	<p><b>Children:</b> 3,000 <b>Capital:</b> \$900,000</p>	<p><b>Children:</b> 5,800 <b>Capital:</b> \$1,000,000</p>	<p><b>Children: 5,800</b> <b>Capital: \$2,500,000</b></p>

## EVALUATION & KNOWLEDGE DISSEMINATION PLAN

### ASSESSING OUTCOMES AND IMPACT

Friends of the Children is a data driven organization with a strong commitment to research and evaluation. Our National Program Research, Evaluation and Fidelity Committee is comprised of national experts in the mentoring and prevention programs (see appendix p.14) overseeing evaluation of program efficacy and fidelity. This committee will oversee the following activities:

- **Impact Evaluation of Child Outcomes:** Third party evaluators assess children's outcomes annually. Each new Affiliate will conduct external impact evaluations comparable in rigor to current Friends standards, with training and support from National.
- **Quality Assurance Standards:** All Chapters and Affiliates will use the same Efforts to Outcomes (ETO) program database. The National Network will monitor standards of Chapters and Affiliates utilizing monthly service delivery checks and an annual fidelity review process. Chapters and Affiliates will be categorized by the number of standards met and coaching and/or operational plans will be put into place in collaboration with National.
- **Process Evaluation of Scaling Strategies:** (1) Scale Existing Chapters: Each Chapter has a three-year strategic plan, reporting regularly through bi-monthly scorecards and monthly network meetings on its effectiveness in accomplishing the plan's goals; (2) Scale New Chapters and Affiliates: An evaluation tool will be developed to measure the effectiveness of the feasibility assessment, implementation process, and sustainable funding models associated with embedding Friends of the Children into new Chapters and Affiliates; (3) Scale Collaborative Partnerships: Evaluation instruments will be developed for Collaborative Partners to evaluate the effectiveness of implementing our best practices to reach vulnerable children.

### COMMUNICATING IMPACT OF SCALING INITIATIVES

National will leverage the strength the network's marketing teams, board members, and local champions to effectively and poignantly communicate our scaling success. Specifically, we will:

- **Develop Communications Strategy:** Our strategy is overseen by the national marketing and communications committee. Led by Ellen Frawley, partner at GMMB, the committee includes leaders from other significant global and US communications and ad agencies that provide pro-bono work for Friends: Wieden+Kennedy, Interbrand, Lane PR, MtoM Consulting, and eROI.
- **Follow-up with our existing national media and publishing contacts:** Friends of the Children has been featured in the New York Times and Los Angeles Times, and in books such as *Kids First: Five Big Ideas for Transforming Children's Lives and America's Future*, by David L. Kirp, Professor of Public Policy, at University of California, Berkley. The launch of a new book about Friends of the Children and founder Duncan Campbell, *The Art of Being There: Creating Change, One Child at a Time*, provides opportunity for meaningful follow-up with national media and thought-leaders. We will keep these media champions apprised of our continued scaling success and ask them to connect us to broader media outlets.
- **Targeted communication efforts to:** Mission-aligned agencies and regional foundations; Philanthropic affinity groups (e.g. Grantmakers for Effective Organizations); Evidence-based policy institutes (e.g. Coalition for Evidence-Based Policy, Aspen Institute); Collective impact efforts (e.g. Annie E. Casey Communities that Care); Social policy research groups (e.g. MDRC, Mathematica); and advocacy organizations (e.g. The Children's Defense Fund, The Campaign for Black Male Achievement).

## ORGANIZATION

### ORGANIZATION HISTORY

At three years old, Duncan Campbell, founder of Friends of the Children, awoke alone, in the middle of the night, and couldn't find his parents. A police officer helped Duncan find them – at a bar. After persevering through a difficult childhood without anyone by his side, Duncan Campbell promised himself that if he ever acquired the resources to do so, he would help children triumph over great adversity. And Duncan did achieve great success: he became a lawyer and CPA, and made his fortune as an entrepreneur, building a timber investment firm. During his time working with youth involved with the justice system, Duncan realized his work was *reactive*. He wanted to be part of a *proactive* solution. Duncan commissioned a two-year research project to identify the best way to create real change in children's lives. In 1993, he invested \$1.5 million of his own private funds to create Friends of the Children.

### CURRENT SIZE AND REACH

We now have a national community of Friends growing to serve thousands of youth across the country and we are growing our impact specifically with children in the foster care system. The network is made of a National Office that supports Friends of the Children in nine locations. We have five Chapters, situated in Boston; Harlem & South Bronx in New York; Seattle; and Portland, Gresham, and Klamath Falls in Oregon. We have two Affiliates: Trelya in Cornwall, UK, and Eckerd Kids, in Tampa Bay, Florida. We also reach youth through our Collaborative Partners in Oregon.

### FRIENDS OF THE CHILDREN IS WELL-POSITIONED TO SUCCESSFULLY SCALE

- Strong and growing cohesive national network of Chapters, Affiliates, and Collaborative Partnerships
- Randomized Control Trial (RCT) study on the model, with significant results expected at the end of the next three years
- \$7.5 million investment in an endowment, ensuring sustainability of National and thus the entire network
- Over 20 years of proven success in maintaining a diverse funding model with increasing revenue and new revenue streams
- National board of directors that is a strong fundraising board
- Talented, efficient team of national staff members

### LEADERSHIP TEAM AND GOVERNANCE STRUCTURE

Friends of the Children has strong and consistent leadership. Terri Sorensen, President, led the founding chapter for 12 years. The experienced staff includes: Gary Clemons, Vice President, Chief Program Officer; Susan Walsh, Ph.D., Director of Research and Strategic Impact; Erinn Kelley-Siel, Chief Officer - Public Funding and Policy; Sarah Beiderman, Manager - Development and Marketing; Denise Velaski, HR & IT Director; and Theresa Long, Finance Director. Each Chapter has a strong executive director, leadership team, and a local board of directors, focused primarily on fundraising in their communities. The network is governed by a 20-member national board of directors with expertise in law, finance, non-profit and business strategy, healthcare, and youth services. Board members with strategic planning expertise also have skill in scaling programs and businesses. The committees include: Governance and Nominating; Audit; Strategic Planning; Research, Evaluation and Fidelity; and Development.

## FINANCIAL PLAN FOR THE SCALING INITIATIVE: OVERVIEW, FUNDERS, CAPITAL REQUIRED & SUPPORT

### OVERVIEW OF THE FINANCIAL MODEL

Friends of the Children National, Chapters, Affiliates and Collaborative Partners are a cohesive national network, each with their own boards of directors and 501(c)3 tax designation. Each local board of directors and staff raise the funds to support the model within their community. National's role is to scale the model while supporting research and best practices. Funding for National comes from the board of directors, national corporations and foundations, revenue sharing agreements with Chapters, affiliation and technical assistance fees and proceeds from a national endowment, established by a philanthropist in 2013.

To impact over 7,500 children by 2018 with a long-term role model in their lives, Friends of the Children must secure \$25,000,000 to: (1) hire key National staff, including a Chief Advancement Officer and Chief Officer - Public Funding and Policy to build public and private fundraising capacity in Chapters and Affiliates, a Director of Marketing and Communications and Chief Expansion Officer to spark new Affiliates and Chapters, and a Collaborative Partnerships Manager to share our evidence and increase technical and assistance training provided to other organizations; (2) provide capacity building loans to hire development staff at our Chapters, and (3) build evidence through our longitudinal RCT study of high-risk children to inform the field. This support will be raised by launching an expansion campaign to new and current donors (individual, foundation, and corporate) for three-year commitments, beginning with board leadership at the national and local chapter level.

### CURRENT FUNDERS AND COMMITMENTS

Friends of the Children has a donor retention rate of over 80% that includes high net worth individuals, foundations and corporations. Current funders include: Robin Hood Foundation, The Pinkerton Foundation, Thrive Foundation for Youth, The Hearst Foundation, Cambia Health Foundation, the Office of Juvenile Justice and Delinquency Prevention, AT&T, and the Campbell Foundation. We currently have \$7,500,000 in National endowment to provide sustainable support for the expansion plan. Past foundation funders who are prospects include: The Edna McConnell Clark Foundation, Robert Wood Johnson Foundation, and the Kellogg Foundation.

### CAPITAL REQUIRED BY TYPE OF SUPPORT / PROJECTED FUNDING BY SOURCES OF SUPPORT

The long-term revenue plan is based on continued growth from individuals, foundations, corporations, and government funding and endowment proceeds. Given our national network experience in raising over \$12 million per year in revenue over the past 20 years, we are confident that we can secure the \$25,000,000 in capital needed to implement our scaling initiatives, and that we have the talent and capability to achieve our revenue goals (See Biographies in appendix p. 2-10, and Organizational Chart, appendix p.11). In addition, we intend to maintain the diversity of our revenue: Individuals (45%), Foundations (32%), Corporations (11%), Government (8%) and Endowment (4%). Beyond 2018, we expect revenues to continue to grow by 10% per year to sustain our expansion efforts.

## FINANCIAL PLAN FOR THE SCALING INITIATIVE: PROJECTED BUDGET & SOURCES OF SUPPORT

### PRO FORMA FINANCIAL PROJECTION/COST PER UNIT (Consolidated – Chapters and Affiliates Included)

	FY16	FY17	FY18	Total
Children Served	1,430	2,650	7,500	7,500
Staff FTE	150	175	200	200
Total Cost per Child	\$10,711	\$8,022	\$4,444	
Revenue & Expenses	FY16	FY17	FY18	Total
Revenue				
Individuals	5,676,000	6,943,000	7,740,000	20,359,000
Foundations	3,974,000	4,649,000	5,579,000	14,202,000
Corporations	1,398,000	1,677,000	2,013,000	5,088,000
Government	1,020,000	1,224,000	1,468,000	3,712,000
Endowment	500,000	515,000	530,000	1,545,000
Total Revenue	\$12,568,000	\$15,008,000	\$17,330,000	\$44,906,000
Expenses (Direct Program = 86%)				
Personnel	13,800,000	19,158,000	29,330,000	62,288,000
Operating Expenses	1,418,000	2,000,000	2,900,000	6,318,000
Research & Evaluation	100,000	100,000	1,100,000	1,300,000
Total Expenses	\$15,318,000	\$21,258,000	\$33,330,000	\$69,906,000
Investment Capital Needed				
	\$2,750,000	\$6,250,000	\$16,000,000	\$25,000,000

### Consolidated Revenue and Expense for National, Chapters and Affiliates

#### Revenue

**Individuals** - We will continue to grow the national and Chapter boards into stronger fundraising boards to increase individual gifts. Donors are primarily high net-worth individuals who consistently give each year.

**Foundations** - Foundation funding has been supportive of growing Chapters.

**Corporations** - There is significant opportunity to increase funding through national corporate partnerships with the new Chief Advancement Officer.

**Government** - Public funding has come from NIH and OJJDP for research. Our most recent Affiliate, Eckerd Kids, is a public/private funding model which includes 50% state funding from child welfare. Foster care expansion in Klamath Falls is supported by state/federal child welfare funding. In Portland, municipal tax dollars are supporting foster care expansion. We anticipate growing opportunity in the area of public funds, particularly around services to children in foster care.

**Endowment** - National and the Portland Chapter have established separate endowments totaling \$10,000,000; 3-5% of the endowment fund balances support operations and ensure long-term sustainability.

#### Expenses

**Personnel** - Because our mentors are salaried professionals working with 8-12 children, 86% of our expenses are for personnel. We pay Friends a living wage and 100% of benefit costs.

**Operating Expenses** - These include variable costs (activities for children, travel, etc.) and fixed costs for facilities, network technology and database.

**Research** - Costs involved with annual third-party evaluation and RCT study.

**Investment Capital** - Capital includes National staff positions to build capacity in Chapter and Affiliate fundraising, capacity loans for Chapter development staff, and RCT study costs and sharing our evidence.

## FINANCIAL PLAN FOR THE SCALING INITIATIVE: PROJECTED BUDGET, SOURCES/USES OF FUNDS, COST PER CHILD

### PRO FORMA FINANCIAL PROJECTION (National Only)

	FY16	FY17	FY18	Total
Staff FTE	10	13	15	15
<b>Revenue &amp; Expenses</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Total</b>
<b>Revenue</b>				
Individuals	60,000	75,000	100,000	235,000
Foundations	515,000	525,000	550,000	1,590,000
Corporations	230,000	235,000	240,000	705,000
Government	243,000	250,000	250,000	743,000
Chapter Revenue Sharing	18,000	25,000	30,000	73,000
Affiliation Fees	88,000	120,000	180,000	388,000
Consulting Fees	75,000	100,000	125,000	300,000
Endowment	302,000	302,000	311,000	915,000
<b>Total Revenue</b>	<b>\$1,531,000</b>	<b>\$1,632,000</b>	<b>\$1,786,000</b>	<b>\$4,949,000</b>
<b>Expenses (Direct Program = 85%)</b>				
Personnel	846,000	1,200,000	1,400,000	3,446,000
Operating Expenses	47,000	52,000	60,000	159,000
Chapter Program Grants	600,000	1,150,000	3,500,000	5,250,000
Research & Evaluation	\$45,000	\$49,000	\$1,000,000	1,094,000
<b>Total Expenses</b>	<b>\$1,538,000</b>	<b>\$2,451,000</b>	<b>\$5,960,000</b>	<b>9,949,000</b>
<b>Investment Capital Needed</b>	<b>\$7,000</b>	<b>\$819,000</b>	<b>\$4,174,000</b>	<b>\$5,000,000</b>

### NATIONAL REVENUE AND EXPENSES

National funding is provided by growing our fundraising board and staff (individual and corporate), foundation support for projects and research, and endowment proceeds. National supports building fundraising capacity and seeks national funding opportunities to enhance and scale the program. Chapters pay a development consulting fee to National based on funds raised through National efforts as part of Chapter revenue sharing. New Chapters and Affiliates pay initial fees to embed the model and annual fees. Training and technical assistance fees are paid by organizations for sharing our expertise. As we scale, sustainable revenue from these sources grows significantly.

Of the \$25 million raised, \$5 million of investment capital will be dedicated to National to facilitate scaling across the network. National expenses include a lean staff focused on our scaling strategies. Investment capital for National includes: a Chief Advancement Officer and Chief Officer - Public Funding and Policy to increase private and public support; a Director of Marketing and Communications and Chief Expansion Officer to focus on new Chapters and Affiliates; and a Collaborative Partnerships Manager to lead the Share What Works implementation. These positions will be sustained by our growth in chapter revenue sharing, Affiliate and new Chapter training, and technical assistance fees.

### SOURCES/USES OF FUNDS

With our 23-year history of raising funds to support Friends of the Children, we are confident that we can raise the \$25 million through our Expansion campaign. We anticipate securing three-year commitments with 50% in the first year. Sources of revenue include new prospects and increased support from long-time donors; individuals; foundations; government; and corporations. The funds will be used to scale and build capacity in Chapters, Affiliates, and Collaborative Partners and to fund our RCT study.

### COST PER CHILD

Our scaling strategies result in reaching 7,500 children by 2018. This reduces the cost per child from \$10,711 in FY16 to \$4,444 in FY18 (see p.26).

## RISK ASSESSMENT, MITIGATION & CONTINGENCY PLAN

BUSINESS AREA	RISK	MITIGATION PLAN
Funding and Investment	Friends is focusing resources on capacity-building and Expansion staff at the local and national level. The biggest risk to the planned case is that we will not be able to raise investment capital to support Expansion efforts.	Engage in a feasibility analysis of every expansion effort such that new initiatives are only launched when there is adequate start-up capital, a committed anchor philanthropist and community support.
Capacity Constraints	As we have learned over the past twenty years, Expansion efforts are significantly staff intensive and have the ability to drain resources well before there is any commitment to enact initiatives, such as establishing Affiliates or becoming a Collaborative Partner.	Invest in resources by adding other new fundraising positions.
Fidelity	Friends plans to disseminate the model through Affiliate organizations and sharing best practices with Collaborative partner organizations that serve or desire to serve high risk-children. In doing so, there are risks of dilution of quality and outcomes if the core model is not implemented with fidelity.	Manage this risk through a detailed Affiliate feasibility process, frequent quality assurance checks, and annual third-party evaluation.
Marketing	Low national brand awareness.	Leverage relationships with Interbrand, Wieden+Kennedy, National board, NY Times, GMMB Communications, and national researchers to grow awareness.
Program Materials	Protection of our intellectual property.	We will conduct a detailed due diligence process and establish a Memorandum of Understanding with potential Affiliates and new Chapters.
Public Relations	Long-term, salaried, professional mentoring model is difficult to distinguish from the volunteer mentor model.	Develop new materials about our unique model that differentiate from other mentoring programs.

## RISK ASSESSMENT, MITIGATION & CONTINGENCY PLAN

In a 'lower revenue' scenario, we would focus our resources primarily on raising funds for the RCT study and a small, nimble national staff to provide organizational development, program fidelity, communications and capacity-building support to existing sites. We would engage in fewer feasibility studies for new Chapters and Affiliates, and would bring on fewer Collaborative Partners. Through this strategy we would increase the number of children served by strengthening and growing Chapters and Affiliates. We would increase impact on the youth development sector by selecting a few targeted outlets to share what works with the model.

### **Key activities implemented** (compared to planned case):

- Maintain current service level to existing sites and capacity-building assistance
- Seek funds from major donors, foundations, and government
- Continue the RCT study
- Continue to build stronger network-wide organizational structure
- Share what works with a smaller number of youth targeted development professionals

### **Key activities delayed** (compared to planned case):

- Feasibility studies on new chapters and Affiliates
- Embedding the model in new communities
- Sharing best practices with broader public

### IMPACT IN ACTION

After graduating from Friends of the Children and receiving a bachelor's degree from Evergreen State College, Natasha came back to us in 2012, but this time as a salaried, professional Friend. Having had firsthand experience of the impact that Friends of the Children had in her life, Natasha returned to Friends knowing that she could have the same transformative impact in the lives of children just like her. Friends of the Children has nearly 200 program graduates that are extending the impact of Friends of the Children in their communities. Please join us in our unrelenting mission to provide a long-term, consistent relationship with a caring adult to our nation's most vulnerable children.





# FR1ENDS of the CH1LDREN

Generational Change,  
One Child at a Time

# BUSINESS PLAN APPENDICES 2016 – 2018

## BIOGRAPHIES: Senior Management

### **Terri Sorensen, President**

For over 12 years, Terri Sorensen has been a leader at *Friends of the Children*. In 2013, she secured \$7.5 million in national support to launch a national endowment that established sustainable revenue. Terri provides strategic direction for all *Friends* Chapters, Affiliates, and Collaborative Partners. Her passion for transforming the way our nation treats its most vulnerable children inspires a \$13 million network of over 200 employees reaching over 1400 children. Terri holds a BS in Accountancy from the School of Business & Public Administration at the University of Missouri, and is a Certified Public Accountant. Previously, she was Controller for the American Red Cross, Oregon Trail Chapter, held key managerial positions with Sprint Corporation, and worked in public accounting for Ernst & Young in Kansas City, MO. Terri has served as a board member for Social Venture Partners and Oregon Mentors. She received a 2012 Orchid Award for the 25 Most Influential Women in Business by the Portland Business Journal.

### **Gary Clemons, Vice President, Chief Program Officer**

Gary Clemons started at *Friends of the Children – Portland* in 2008 as a Friend to eight boys. He later became a Team Leader, then Manager of Child Selection and Special Projects, which allowed him to support program development and fundraising efforts for the Portland Chapter. Now National's Vice President & Chief Program Officer, Gary facilitates innovation, fidelity, outcomes, and collaboration of the program model and data across the National Network. Gary is passionate about supporting youth in reaching their full potential and *Friend's* three long-term outcomes. He has lead the network to create 9 core assets youth are empowered with while in the program and the first program performance scorecard which will monitor each youth's progress monthly, quarterly, and yearly throughout their 12½ years in Friends of the Children. Gary's past experience includes managing a project at Guide Dogs for the Blind to expand their donor, employee, and visually-impaired client pool across North America. Gary graduated from Portland State University, and has multiple Project Management certificates. He is a Leadership Portland alumnus and continues to be an incredible advocate for *Friends of the Children*.

### **Jenna Degen, Director – Marketing and Communications**

Jenna Degen is the newest member of the *Friends of the Children* team. Before joining Friends of the Children, Jenna ran an independent consultancy focused on women-led businesses, specializing in marketing strategy, brand positioning, and marketing communications planning. She has extensive experience in the field, having been Brand Manager, Motrin and St. Joseph Aspirin Brands with Johnson & Johnson, and having worked at Digitas Health, Finch Brands, and The Print Center. Her volunteer experience includes Junior Achievement and the Peace Corps. She received her BS from State University of New York at Oswego.

## BIOGRAPHIES: Senior Management

### **Erinn Kelley-Siel, Chief Officer - Public Funding and Policy**

Erinn Kelley-Siel comes to Friends of the Children with 12 years of experience focused on human services and healthcare administration. For the past seven years, Erinn led the Oregon Department of Human Services – first as Assistant Director and then as Director. In those years, she led several major reforms to services for children and families, including the safe and equitable reduction of children in foster care. Previously, she was Oregon Governor Ted Kulongoski’s Health and Human Services Policy Advisor, an attorney at Stoel Rives, LLP, and a clerk for the Oregon Supreme Court. She holds a bachelor’s degree in psychology from Texas A&M University, and a law degree from the University of Texas at Austin.

### **Theresa Long, CPA, MBA, Finance Director**

Theresa Long joined the *Friends of the Children* team in 2013 and has 30 years’ experience in finance and accounting operations. She provides leadership and oversight of finance, accounting, planning, cash management, and payroll for the Portland Chapter and the National organization. With the leadership team, she works to integrate the organizations’ strategic planning, budgeting and accounting processes to best support ongoing program management. Previously Theresa served 15 years as the Director of Finance and Operations at a non-profit educational institution in Portland, Oregon. Earlier in her career she gained a wide business exposure through seven years of auditing as a CPA for an international public accounting firm, followed by Controller positions at a publically traded biotech company and an instructional software start-up company. Theresa Long holds a CPA license, earned a BS in Renewable Natural Resources and teaching credentials from UC Davis, and an MBA from UC Berkeley.

### **Rose Rezai, Grants Manager**

Rose Rezai serves as the Grants Manager for the National office, as well as Director of Institutional Funding & Strategic Alignment for the Portland Chapter. She joined *Friends of the Children* in 2010 as a Grants & Communications Associate for the Portland Chapter. Before joining *Friends*, Rose was the Resources Development Manager at the Boys & Girls Clubs of the Portland Metropolitan Area for three years. She has a law degree from the University of Iowa and a BA from Cornell College in Iowa.

### **Mary Vegas, Chief Advancement Officer**

Mary Vegas serves as the Chief Officer of Advancement for *Friends of the Children*, as well as the Director of Advancement for the Seattle Chapter. Mary has been working as a fundraising professional in the Seattle community for over 10 years. She came to *Friends of the Children* with an extensive and successful background in building diverse and sustainable fundraising programs focused on individual, corporate, and foundation strategies. After working in much larger organizations ranging from arts organizations to global health, Mary was drawn to *Friends of the Children* because of the powerful mission, the direct impact, and the tremendous potential to grow to serve more youth in our community and close the achievement gap. Mary received a BA from Loyola University of New Orleans.

## **BIOGRAPHIES: Senior Management**

### **Denise Velaski, HR & IT Director**

Denise has been with us for over seven years leading HR, organizational development and IT initiatives. Prior to Friends of the Children, Denise managed both HR operations and global project implementation for Intel. She has served both a member and Board President for youth and education oriented organizations. Denise holds a Masters degree in Industrial/Organizational Psychology from Portland State University.

### **Susan Walsh, Ph.D., Director of Research and Strategic Impact**

Susan focuses on long-range sustainability and policy development plans to advance the mission of Friends of the Children. She oversees data and evaluation, including the longitudinal RCT study of the Friends model. Susan is committed to ensuring that holistic, individualized K-12 support for high needs children is an essential priority for public and private sector investment. She currently serves on the board of The Children's Institute in Portland, OR. Prior to joining Friends of the Children, she served as Executive Vice President of the Campbell Foundation, and as Executive Director for Committed Partners for Youth in Eugene, OR from 2001 to 2011. In addition to her nonprofit work, Susan was an adjunct professor at the University of Oregon, teaching both undergraduate and graduate students about youth development. Walsh holds a B.S. degree from Georgetown University, a law degree from Villanova University, and a doctorate in special education from the University of Oregon.

## BIOGRAPHIES: Board of Directors

### **Peggy Maguire, Board Chair**

#### **Senior Vice-President, Corporate Accountability and Chief of Staff: Cambia Health Solutions/Regence, Blue Cross Blue Shield**

Peggy leads Strategic Planning, Corporate Performance, and Enterprise Risk Management programs. She joined Regence in 1997 as an Associate General Counsel and has held several posts, including Director of Litigation & Risk Management and Vice-President of Legal Services, before being promoted to her current position in 2008. Previously, Peggy worked as an attorney at Garvey Schubert & Barer, was an extern to the Ninth Circuit Court of Appeals (Judge Skopil), and a law clerk in the Office of the Washington Attorney General. She is a member of the American Leadership Forum of Oregon (Class 24). She received her Bachelor's degree in Philosophy and Anthropology from Lawrence University and her law degree from the Northwestern School of Law at Lewis & Clark College.

### **Don Washburn, Board Vice-Chair**

#### **Private Investor and Chairman of the Board: Amedisys, Inc.**

Don Washburn has served as the Executive Vice-President for both Northwest Airlines, Inc. and the Marriott Corporation. He was Chairman and President of Northwest Cargo and Chair of Northwest Aerospace Training Corporation. Currently, he serves on several non-profit and for-profit boards, including the Portland Citizen's Crime Commission, the Portland Citizen's Commission on Homelessness, the Oregon Business Association, Stand for Children, and four publicly traded business corporations: LaSalle Hotel Properties, The Greenbrier Companies, Key Technology, Inc., and Amedisys, Inc. Don earned his JD from the School of Law at Northwestern University in 1977, an MBA from the Kellogg School of Management in 1973, and his BBA from the School of Business at Loyola University of Chicago in 1970. He also completed Post-Graduate work at the Harvard Business School, Kellogg Graduate School of Management, and the University of Chicago.

### **Clinton Moloney, Board Secretary**

#### **Managing Director, Sustainable Business Solutions: PwC**

Clinton Moloney is Managing Director and leader in PwC's Sustainable Business Solutions advisory team. He has over 17 years of strategy consulting experience focused on helping clients frame and mobilize sustainability-driven business transformation in the US, UK, Australia, and SE Asia. Clinton has worked with executive leadership at multiple Fortune 500 companies. He has extensive experience mobilizing entire organizational systems, including internal (e.g., C-suite & middle management) and external stakeholders (e.g., customers & suppliers), around sustainability goals to help foster innovation. He has consulted with leading companies across a broad range of industries including health care, pharmaceuticals, agriculture, communications, finance, software, consumer electronics, and consumer packaged goods. Clinton currently serves as a Vice Chair of the Board of the Coro Center for Civic Leadership in San Francisco, CA, a nonprofit dedicated to training ethical, diverse civic leaders nationwide. Clinton holds a MBA from Stanford University, Graduate School of Business, and a BE with first-class honors in Chemical Engineering from the University of New South Wales.

## BIOGRAPHIES: Board of Directors

### **Jim Maher, Board Treasurer**

#### **Retired Managing Partner, US Assurance Services: PwC**

Jim Maher served as the Managing Partner of PwC's US Assurance practice through his retirement on June 30, 2012. In addition to his leadership responsibilities, Jim served as the global engagement partner on many of PwC's significant global clients, including Honeywell, Johnson & Johnson, Fortune Brands, Altria, and Avon Products. In serving these clients, Jim interacted with senior management and advised his clients on a number of key topics, including financial and internal control matters, compliance issues, risk management, income tax planning and acquisition-related matters. Jim was also active in PwC's training and recruiting efforts and served as a risk management partner and SEC consulting partner. In addition to Jim's involvement with Friends of the Children, he is a member of the Board of Directors of the Lannett Company, Inc., as well as the Chair of the Audit Committee and a member of the Nominating and Governance Committee and the Compensation Committee. Jim is also the Vice Chairman of the Make-A-Wish Foundation of Suffolk County and is the Chairman of the Dean's Advisory Council at LIU/Post University.

### **Duncan Campbell, Founder**

#### **Friends of the Children**

Duncan Campbell's passion for helping society's most vulnerable children grew from his own experience as a youth living in a distressed area of Portland, OR. Those experiences eventually led to his founding of four children's organizations: Youth Resources, The Children's Course, The Institute for Children, and *Friends of the Children*. Early on, Duncan worked with juvenile offenders and later served as a member of the Governor's Agenda for Children, as Chairman of the Multnomah County Juvenile Services Commission, and was a founding board member of Children First. In 1997 he was a delegate to the President's Summit for America's Future in Philadelphia. As founder and Chairman of The Campbell Group, Duncan has more than 30 years of timberland investment and forest industry experience. He holds a BS degree and a JD degree from the University of Oregon, is an attorney-at-law and a CPA. Duncan devotes his life to serving vulnerable children and families and has been closely involved with *Friends of the Children* since its inception in 1993.

### **Erica Baird**

#### **Retired Partner, Office of General Counsel: PwC**

Erica is a retired PwC-US partner and is currently a consultant to the PwC China Firm. As a member of PwC's Office of General Counsel, Erica gave advice to leadership team and partners around the world on matters relating to legal, reputational, and business risks, governance, and the development of global and US assurance and risk management policies and procedures. She has also advised on US SEC and multinational financial reporting, auditing, accounting, and disclosure issues; Sarbanes-Oxley compliance; Section 10A and internal investigations; The Foreign Corrupt Practices Act; crisis and issue management; press strategy and

## BIOGRAPHIES: Board of Directors

communications; and audit committee and regulatory relationships and communications and conducted legal and risk management training in the US and abroad. Before joining PwC in 1984, Erica was a litigation associate for Olwine, Connelly, Chase, O'Donnell & Weyher in New York and a staff attorney for the US SEC, Division of Corporation Finance. Erica graduated from Carnegie-Mellon University with honors and earned her JD from New York University School of Law. Erica is a Board member of *Friends of the Children New York*.

### **Ashley Campion**

#### **Vice-Chair: The Helen K. and Arthur E. Johnson Foundation**

Ashley Campion is the Vice-Chair of The Helen K. and Arthur E. Johnson Foundation. Among her numerous philanthropic endeavors, Ashley founded Elevate Oregon, a non-profit organization dedicated to making meaningful and lasting impact on a large scale with at-risk youth. She also serves on the boards of New Avenues for Youth, Rosemary Anderson POIC, and is in the Founders Circle of the I Have a Dream Foundation. A graduate of Dartmouth College, an avid backcountry skier, and mother of three, Ashley continues to dedicate her career to helping at-risk youth find their paths to success.

### **Ellen Frawley**

#### **Partner: GMMB**

Ellen Frawley, a partner at GMMB and Senior Communications Strategist, has led successful public education and behavior change campaigns that have saved lives, connected families to nutrition support, helped the uninsured gain health coverage, and assisted military service members in making smart financial decisions. Ellen's clients have ranged from large foundations, such as the Robert Wood Johnson Foundation and the Pew Charitable Trusts, to government agencies, such as the Corporation for National and Community Service, the Consumer Financial Protection Bureau, and the USDA Food and Nutrition Service. Ellen's work outside of GMMB includes serving as the National Director of Strategic Communications at City Year, an AmeriCorps program with thousands of young people serving full-time in communities across the United States, Europe, and South Africa. She also gained extensive experience managing public engagement efforts to raise awareness of issues affecting America's children. She worked on the Presidents' Summit for America's Future and helped launch America's Promise: The Alliance for Youth in 1998. At the US Department of Education, Ellen led an initiative to engage corporations, nonprofits, and community organizations to collaborate on education issues. Ellen is a graduate of Villanova University and lives in Arlington, Virginia, with her husband and three sons.

## BIOGRAPHIES: Board of Directors

### **Greg Goodwin**

#### **CEO: Kuni Automotive**

Greg Goodwin is CEO of Kuni Automotive, a highly profitable, privately held auto retailer operating 15 dealerships in four Western states with approximately 1450 employees. Greg serves as a mentor for 15 General Manager/Partners and oversees operating revenue of approximately \$1.25 billion. Prior to joining Kuni Automotive, Greg spent four years as Vice President and General Manager of Honda Windward of Kaneohe, Hawaii, from 1986 to 1990. While in Hawaii, Greg was Vice-President of the Kalihi-Palama Immigrant Service Center (1988-1990); in Colorado, Greg served on the national board of the Samaritan Institute (2001-04). Today, Greg is active in the Vancouver/Portland areas, serving on the boards of the Classic Wines Auction, Randall Children's Hospital Foundation, the Wayne D. Kuni and Joan E. Kuni Foundation, Greater Portland, Inc., Randall Children's Hospital Foundation, and *Friends of the Children*. He formerly served as Vice-Chair of the Community Foundation of Southwest Washington. Greg was recently named Regional Finalist for the 2015 TIME Dealer of the Year award. He and his wife, Michele, served as co-chairs of the Great Adventure Auction of 2012 for Medical Teams International, as well as co-chairs for the capital campaign for Randall Children's Hospital. Greg received his education from the University of California at Santa Cruz.

### **Cynthia Grant**

#### **President: Golf ScoreCards, Inc.**

Cynthia Grant is the President and Co-Owner of Golf ScoreCards, Inc., a national business that serves the golf industry. Previous to this Cynthia spent 18 years in the advertising business. She began her career as an advertising executive in New York and was a Vice-President at Ogilvy & Mather. In her last position she was Managing Partner of the Portland office of CF2GS, a Seattle-based advertising agency. She and her business partners sold this business to an international advertising company in 1996. In addition to her business activities, Cynthia is Advisor to the WRG Foundation, where she plays an active role in guiding the foundation's areas of focus and identifying programs that receive support. Cynthia has served on the Oregon affiliate boards of the Susan G. Komen Foundation and CASA. She earned her BS degree from Georgetown University in 1975 and an MBA from the Darden School at the University of Virginia in 1978.

### **Henry Hewitt**

#### **Retired Partner: Stoel Rives, LLP**

Henry Hewitt is Senior Counsel to the Stoel Rives law firm. He has been a partner since 1975. His practice emphasizes general business advice, acquisitions, financings, and corporate governance. Henry served as Chair of Stoel Rives from 1989 to 1999 and again from 2002 to 2005. He led the firm's Business Services Practice Group from 2005 to 2009. During his career, Henry has been the principal legal advisor to the boards of directors of Tektronix, PacifiCorp, Fred Meyer, Electro Scientific Industries, Sequent Computer Systems, Medford Corporation, and other public and privately owned companies. Currently, he serves on the boards of Columbia Forest Products, Bank of the Cascades, Willamette University, and Lawyers' Campaign for Equal Justice.

## BIOGRAPHIES: Board of Directors

### **Thomas Keller, Ph.D.**

#### **Duncan and Cindy Campbell Professor for Children, Youth and Families: Graduate School of Social Work, Portland State University**

Tom Keller is the first Duncan and Cindy Campbell Professor for Children, Youth and Families in the Graduate School of Social Work at Portland State University. In addition, he serves as Associate Dean for Research and Sponsored Projects, Acting Director of the Regional Research Institute, and Acting Director PhD Program at the Graduate School of Social Work. Tom is widely recognized for his innovative scholarship on the relationships between children and their mentors. He organizes the Annual Summer Institute on Youth Mentoring and directs PSU's new Center for Interdisciplinary Mentoring Research. He is also a consultant to the National Office of Big Brothers Big Sisters. Previously, Tom was a professor at the University of Chicago School of Social Service Administration where he earned its highest teaching award in 2003. He holds a BS from Stanford University, and an MPA and PhD from the University of Washington.

### **David Kirp, Ph.D.**

#### **Professor of Public Policy: Goldman School of Public Policy, University of California - Berkeley**

David L. Kirp, a Professor of Public Policy at the University of California at Berkeley, is a policy consultant and former newspaper editor as well as an academic. In his 17 books and scores of articles, he has tackled some of America's biggest social problems, including affordable housing, access to health, gender discrimination, and AIDS. His latest book, *Improbable Scholars: The Rebirth of a Great American School System and a Strategy for America's Schools*, was named outstanding book of 2013 by the American Education Research Association. His previous book, *Kids First: Five Big Ideas for Transforming the Lives of Children*, makes a powerful argument for building systems of support that reach from cradle to college and career. The book, which highlights Friends of the Children, won the National School Board Journal award for the best education book of 2011. In 2015, David was invited to be a contributing writer for the *New York Times* opinion section. At the Goldman School of Public Policy at Berkeley, he launched the New Community Fund, to promote greater student diversity, an education and youth policy scholarship, and an eponymously-named scholarship. David is a graduate of Amherst College — a former trustee of his alma mater — and Harvard Law School.

### **Anne Ludlow**

Anne has 20+ years of classroom teaching and administrative experience in public and independent schools. She was an educational consultant for a mathematics publishing house for eight years, working with school districts across the country and speaking at math conferences. Anne is married to Thomas Ludlow, a former international commercial and investment banker and CFO/COO of privately owned and publicly traded timber companies. Although the Ludlows currently live in Southern California, their daughter, Alexandra, lives in New York, works for MoMA and is a member of the Young Professionals group for Friends of the Children-New York. Anne has been a Board member of the Foundation Board of Oregon Tech and Board Chair of *Friends of the Children – Klamath Basin*. Anne's focus has been on the betterment of children and improving educational opportunities for young adults.

## BIOGRAPHIES: Board of Directors

### **Sharon Maghie**

#### **Retired: Microsoft Corporation**

Sharon Maghie served as a Director at Microsoft Corporation through her retirement in 2000. Sharon's responsibilities included the design and management of Microsoft's stock option plan, 401(k) Plan, and domestic benefit plans, as well as the management of all programs in Human Resource Operations. Under her leadership Microsoft, in partnership with Smith Barney, created and deployed the first online tool allowing employees to exercise their stock options from their desktop. In 2000 Sharon co-founded the Seattle Chapter of Friends of the Children and has been actively involved in the growth and development of this vibrant organization. Sharon has also been instrumental in her work with the Microsoft Alumni Network and the Microsoft Alumni Foundation since her retirement from the company. She has served on the boards in several capacities, and is currently Board Secretary of both organizations. Sharon graduated from the University of Washington with a BA and a Master's Degree in Public Policy.

### **John Miner**

#### **Managing Director: Pivotal Investments**

John is a venture capitalist and a managing director at Pivotal Investments, focused on investing in companies developing clean technologies for the sustainable economy. He is the former President of Intel Capital, Intel's strategic investment arm, and was an Intel Corporate Vice-President. Prior to leading Intel Capital, John was instrumental in facilitating Intel's entry into new market segments as an Intel Vice-President and General Manager of the Communications Products Group, the Enterprise Server Group, and General Manager of Intel's desktop motherboard and PC building-blocks business. He joined Intel in 1983. John is a former director of the board of LSI Corporation and currently serves on three private boards, in addition to numerous community activities. He holds a BSEE from Tulane University and MBA from the University of Oregon.

### **Henry G. Morriello**

#### **Partner, Chair of Finance and Head of Structured Finance: Kaye Scholer, LLP**

Henry Morriello is Chair of the Finance Department and Head of the Structured Finance Practice at Kaye Scholer, LLP in New York City. Henry represents clients in US and international term securitization and commercial paper conduits involving residential and commercial mortgage loans, corporate loans, equipment leases, student loans, aircraft loans and leases, auto paper, trade receivables, home equity loans, intellectual property royalties, and esoteric assets. He has represented global financial institutions in groundbreaking governmental financial assistance transactions, troubled financial asset portfolio sales, and liquidations. He has been active in representing investment funds and financial institutions in the purchase and financing of financial assets. He also has extensive experience in advising financial institutions in regulatory matters and derivatives transactions. Henry is a frequent lecturer at conferences across the country and abroad on topics that include asset/mortgage securitization, structured product workouts and restructurings, transportation finance, real estate finance, and alternative investments.

## BIOGRAPHIES: Board of Directors

### **Bruce Schoen**

#### **Chief Financial Officer, Anthem Memory Care**

Bruce Schoen is the Chief Financial Officer of Anthem Memory Care providing operational and programmatic support to the company. He actively participates in setting Anthem's financial strategy as well as overseeing the accounting staff and providing leadership in financial administration, business planning and budgeting activities, as well as risk management and human resources. Prior to his semi-retirement, Bruce was the Executive Vice President and Chief Financial Officer of Encore Senior Living, which operated 15 senior living communities throughout the country. He was a founding member of Encore and serves on its Board of Directors. Bruce has over 35 years of experience in the senior living and health care industry. Prior to the formation of Encore, Bruce served as Senior Vice President of Brim, Inc. (Encore's predecessor company) and directed the implementation of strategic acquisition plans to acquire hospitals, senior living facilities, and other health care related facilities. Bruce has a BA in Economics from Stanford University and an MBA degree in Real Estate and Urban Land Economics from the University of Oregon.

### **David Shapiro**

#### **CEO & President, MENTOR**

David Shapiro is the CEO of MENTOR: The National Mentoring Partnership, the unifying champion for expanding quality youth mentoring relationships. MENTOR was founded 25 years ago to build and activate a youth mentoring movement. Since then, the number of mentoring relationships has grown from 300,000 to more than four million. Under David's leadership, the organization has been highlighted by the Social Impact Exchange, the Stanford Social Innovation Review, and Grantmakers for Effective Organizations, and was selected by the U.S Department of Justice to establish and operate the National Mentoring Resource Center. In 2014, MENTOR's report, *The Mentoring Effect*, found that 1 in 3 young people reach adulthood without a mentor. MENTOR's strategy to close that gap incorporates policy expertise and advocacy, public awareness and mobilization. The organization bridges research to practice, and develops and delivers standards, training and tools in collaboration with its national network of affiliate *Mentoring Partnerships*. David was previously the CEO of MENTOR's Massachusetts affiliate, Mass Mentoring Partnership and he has held positions with the US Golf Association Foundation and the American Red Cross of Massachusetts Bay. He chairs the Mass Nonprofit Network board, is a board member of *Friends of the Children – Boston*, and serves as a volunteer leader with America's Promise Alliance and National Human Service Assembly.

### **Dan Shull**

#### **Management Consultant, Packman & Associates, Inc.**

Dan Shull served as the first Chief Information Officer of Signet Jewelers Limited, the largest specialty jewelry retailer in the US, UK, and Canada. As CIO, Dan was responsible for Signet's Information Technology systems across its three divisions and works to ensure

## BIOGRAPHIES: Board of Directors

IT solutions and investments are aligned with the company's vision and growth. Previously, Dan spent over seven years at Nike, Inc. where he held senior IT leadership roles including Global Retail CIO. Most recently, Dan was Vice-President of Strategy, Architecture & Portfolio for the entire \$27 billion enterprise. Prior to Nike, Dan spent 15 years at Borders Group, where he rose to Interim Chief Information Officer and served as Vice President, Application Development, and also held key merchandising leadership roles. Dan holds a BSIT from the University of Phoenix and an MBA from the University of Michigan.

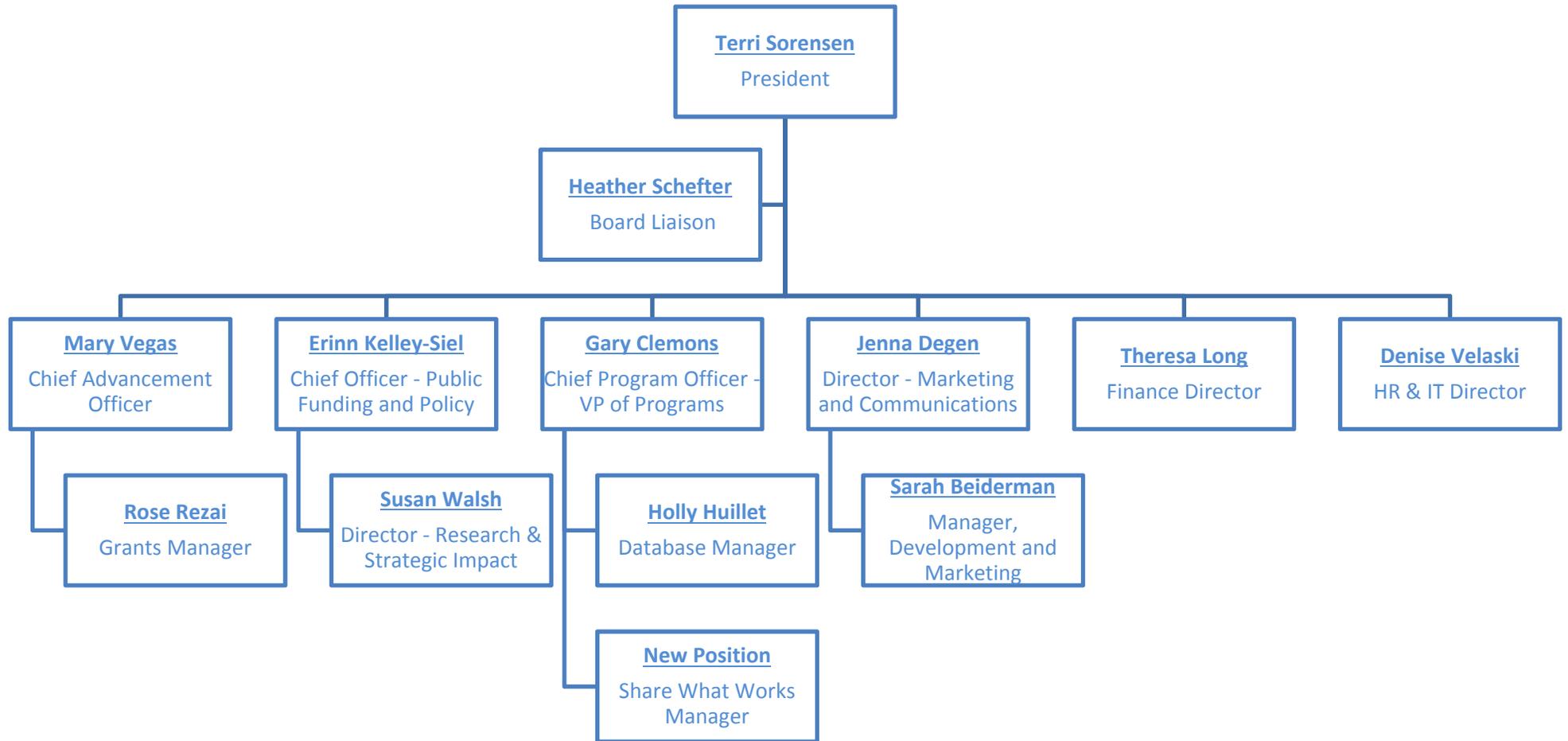
### **Vanessa Wilkins**

#### **Director, Nike School Innovation Fund: Nike, Inc.**

Vanessa is the Director of the Nike School Innovation Fund and leads a statewide initiative to accelerate college and career readiness across Oregon. Vanessa brings a unique background in nonprofit governance, business, and education to her current role. Previously, Vanessa worked as a consultant with Partners in Scale focused on education and development programs globally. Prior to consulting, Vanessa served as the Managing Director at Friends of the Children and VP for Worldwide Human Resources at EF Education. Vanessa received a BS in Finance from Boston University and an MBA from Harvard.

ORGANIZATION CHART

# FR1ENDS of the CH1LDREN



## RELEVANT RESEARCH STUDIES: Overview of the Longitudinal Study

The current longitudinal randomized-control study of our model was launched in 2007. The Edna McConnell Clark Foundation and the National Institute of Mental Health funded critical pilot work at Oregon Social Learning Center (OSLC) that ultimately led to the award of a research grant from the Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD) for the first 5-year phase of this study. The study has also received additional funding in recent years from the Edna McConnell Clark Foundation, the Robert Wood Johnson Foundation and the Campbell Foundation. In 2013, the Office of Juvenile Justice and Delinquency Prevention, part of the U.S. Department of Justice, invested nearly \$500,000. Dr. Mark Eddy, the principal investigator of the study, is the Director of Research for Partners for Our Children at the University of Washington. Most recently, the Silver Family Foundation invested to continue the study.

Over a 3-year enrollment period, Friends of the Children Chapters observed over 2000 children attending public schools in Boston, New York, Portland, and Seattle. Teachers completed questionnaires and, using this information and a standardized rating system, Friends staff and school personnel identified the top 25% of children at high risk for and low protection against adjustment problems in adolescence. Children were then randomly assigned to either the “intervention” group (those with a Friend) or to the “control” group (those without).

A variety of standardized methods and instruments are being used to follow a range of child social, educational, and developmental milestones within five domains: youth/Friend relationship; child social-emotional development; child cognitive development; child identity development; and child relationships with peers, caregivers, and other adults. The first of these domains, the 1:1 relationship between the child and youth advocate, is the primary intervention process of importance in the Friends model. The other domains are outcomes hypothesized to be directly or indirectly related to the quality of this relationship. To decrease bias associated with any one informant or measure, researchers use a multi-agent/multi-method, repeated measures assessment strategy. Across time, they examine the perceptions of both program “insiders” (e.g. children, Friends) and program “outsiders” (e.g. parents, teachers, collection of school records) on measures of intervention processes and outcomes. Following a baseline assessment, participants (most frequently parents, but on a yearly basis, children and teachers) are being assessed every six months.

We take a long-term approach specifically because of previous evidence that highly vulnerable children are in need of greater depth and duration of relational support to make a sustainable impact on their life trajectory. The primary purpose of this study is to definitively measure the impact of our unique and promising model. Therefore, the longitudinal nature of the study is essential to accomplishing this purpose. Study participants are currently in 5th-7th grade, and differences between the groups are expected to emerge as they enter adolescence.

Another purpose for the study is to address critical gaps in youth development research that must be filled to advance both scientific knowledge and public policy. Jean Grossman, noted researcher from Princeton University, stated: “[The study is needed] because of the program’s innovative approach, its apparent success in retaining youth, and its implications for policymakers and funders concerned by both high levels of negative and costly outcomes among youth, and the increasing numbers of high-risk children.”

## RELEVANT RESEARCH STUDIES: Overview of the Longitudinal Study

During the early years of the study, no significant differences were found between the control and intervention groups on study outcome measures. Possible explanations include the young age of the participants, the long-term structure of the program, and the initial emphasis on relationship-building.

Preliminary evidence of favorable effects is emerging now that the children are older (averaging eleven years old) and have participated in the Friends of the Children program for an average of five years. As reported by parents at the most recent assessment point, children who did not receive the program (i.e., the control group) were exhibiting more antisocial (disruptive, non-compliant) behavior than the Friends of the Children study participants. There is strong precedent in research that childhood antisocial behavior is an early predictor of adolescent drug and alcohol abuse, as well as other risky behaviors, like academic failure, juvenile delinquency, early sexual behavior, and dropping out of school.

The current analysis also found that parents reported participants in Friends of the Children were more likely to exhibit prosocial behavior as reflected in more positive behavior in school and a “total strength scale”, measuring domains such as family involvement, school functioning, and interpersonal skills. These trends support the theory of change for Friends of the Children, namely that long-term successful outcomes will be achieved through an intervention that builds pro-social resiliency. It should be noted that no statistically significant differences have been found to date between the control and intervention groups on assessments completed by the youth or their teachers.

# FR1ENDS of the CH1LDREN

**The Research, Evaluation and Fidelity Committee is an advisory committee to the Friends of the Children National Network Board and staff of the organization. It oversees network program research, evaluation and fidelity, including:**

- The Longitudinal Randomized Control Longitudinal Study and other research projects in the network
- Annual third-party network program evaluation
- Program quality, fidelity, best practices and innovation

Members:

Thomas Keller, Ph.D., Portland State University (Chair)

Orin Bolstad, Ph.D., Ohio Health Sciences University

Tim Cavell, Ph.D., University of Arkansas

David DuBois, Ph.D., University of Illinois

Mark Eddy, Ph.D., University of Washington

Jean Grossman, Ph.D., Princeton University

Charles Martinez, Ph.D., University of Oregon

Jean Rhodes, Ph.D., University of Massachusetts

Renee Spencer, Ph.D., Boston University

## RELEVANT RESEARCH STUDIES: SOCIAL RETURN ON INVESTMENT



### BREAKING THE CYCLE OF POVERTY: Social Return on Investment

In the **CYCLE OF POVERTY** children are born into poverty, live life in poverty, and bear children in poverty. The cycle of poverty is **EXPENSIVE**: The cost of each year's cohort of US children born into poverty is estimated to be **\$500 billion over their lifetimes**. **BREAKING THE CYCLE** means helping children gain the skills needed to become productive members of society and avoid the traps that will keep them in poverty.

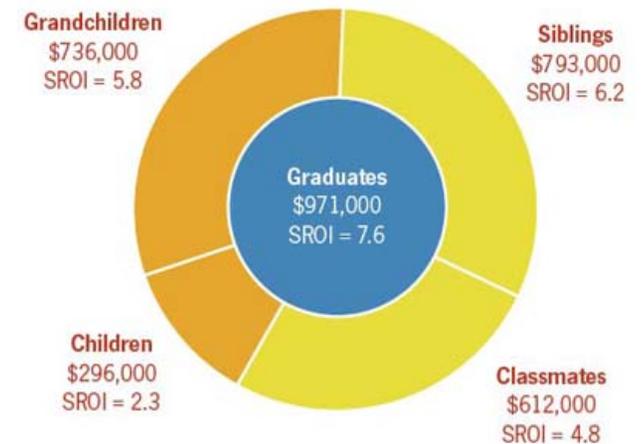
#### HOW FRIENDS OF THE CHILDREN BREAKS THE CYCLE OF POVERTY

Highly at-risk children who receive 12 ½ years of intensive, professional mentoring through Friends of the Children achieve impressive and measureable results relative to similar children not served.

#### For every 100 FOTC graduates, society gains:

- 24 more high-school or college graduates;
- 59 fewer teen parents;
- 30 fewer people getting an early start in prison and correspondingly fewer victims of the crimes they would have committed.

Members of the Harvard Business School Association of Oregon conducted a pro bono analysis to quantify FOTC's effects on the cycle of poverty. We looked at three groups: 1) FOTC graduates, 2) their siblings and classmates, and 3) their children and grandchildren. The social return on investment (SROI) was estimated by comparing the benefits of those effects to the cost of the FOTC program.



CHILDREN & GRANDCHILDREN	GRADUATES	SIBLINGS & CLASSMATES
We combined data on poverty and birth rates with the effects on FOTC graduates to estimate how many children and grandchildren would escape poverty and how big the benefit would be.	We estimated a lifetime benefit per FOTC graduate of \$971,000. Of that, 33% is due to education, 35% from avoiding the justice system, 26% from avoiding teen parenting, and 6% from lower health care costs.	We surveyed Friends and teachers to gauge the effect of Friends' interactions with program youths' siblings and classmates. The effects are smaller than for graduates but they apply to multiple children.
We estimate, in total, \$3.4 million in social benefit due to mentoring each FOTC graduate. The social return on investment (SROI) is 26.8 times the cost of the FOTC program.		

## RELEVANT RESEARCH STUDIES: SOCIAL RETURN ON INVESTMENT

### THE 26.8 SOCIAL ROI IN CONTEXT

FOTC graduates experience greater educational achievement as well as decreased involvement in the justice system and teen parenting compared to similar youth that do not have access to the program. These achievements relate directly to the ability to escape the cycle of poverty. The poverty rate amongst FOTC graduates is roughly 20 percentage points below what would have been otherwise. For every 100 FOTC graduates we, as a society, would spend \$5.4 million less on health costs. We would get siblings, classmates, and descendants with better role models and better lives. For every 100 FOTC graduates we produce we gain over \$340 million.

For every 100 FOTC graduates we *don't* produce society forfeits \$340 million in benefits we could have had.

### FREQUENTLY ASKED QUESTIONS

#### Where did your data come from?

- Our analysis of the cycle of poverty relied on government statistics and academic research. Some data came from our surveys of Friends, teachers, and school principals. All are documented in our full report.
- We used results from our 2010 SROI analysis of FOTC, which in turn used government statistics and academic research for its calculations of the benefits of education, avoiding the juvenile justice system, and avoiding teen parenting. It used FOTC measurements on the success of its graduates in those areas.

#### You're covering a lot of years. When do the impacts come? At what age?

- FOTC's benefits exceed its costs by age 19 for FOTC graduates, accounting for 29% of the \$3.4 million total benefit. That's because big benefits – avoiding crime and teen parenting – come early in the graduate's life. Additional benefits, including higher earnings due to education, accrue over the graduate's life.
- Sibling benefits (about 23% of the total social ROI) will mirror the FOTC graduate's, offset a few years in either direction. Classmate benefits (about 18% of the total impact) come slightly later because we looked only at their education-based benefits. Descendant benefits (about 30%), obviously, come later.
- The large majority of the total benefits (over 70%) occur within the graduate's lifetime.

#### What makes your numbers “conservative”?

- We used multiple methods to calculate numbers when we could. We chose to use numbers at or near the bottom of the ranges that we found.
- We didn't do anything based on speculation. For example, it's likely that there are positive effects of FOTC through parents, lower spending on special-education programs, impacts on mental health and substance abuse, and so on. If analyzed they would almost certainly add to FOTC's social benefit.

### ABOUT THE STUDY AND THE AUTHORS

The study was conducted pro bono by members of the HBSAO Community Partners program. Listed alphabetically, the authors are Bruce Hamilton, Christine Cruver, John “Spike” Symonds, Jon Down, Mark Chussil, and Sara Crate. You can contact HBSAO at [TakeAction@hbsao.org](mailto:TakeAction@hbsao.org).

## COMPETITIVE ANALYSIS

**COMPETITORS:** This table describes the competitors and potential community partners for Friends: Youth service programs with a large national footprint that serve children in communities with high percentages of children living in poverty.

<b>PROGRAM MODEL</b>	<b>Friends of the Children</b>	<b>Big Brothers Big Sisters of America</b>	<b>Boys and Girls Clubs of America</b>	<b>Communities in Schools</b>	<b>Court Appointed Special Advocates</b>	<b>Head Start</b>	<b>Nurse Home Visit Program</b>
<b>Large national footprint</b>		X	X	X	X	X	X
<b>Long-term commitment: 12+ years</b>	X						
<b>Intensive: 16+ hours mentoring/month/child</b>	X					X	
<b>Individualized developmental plans</b>	X			X	X	X	X
<b>Comprehensive: Spend time with youth during school, in their homes, and in the community</b>	X					X	
<b>Full-time, paid, professional mentors or advocates</b>	X						X
<b>Individualized one-on-one relationships with each child</b>	X	X			X	X	X
<b>Start early: Before first grade</b>	X	X			X	X	X
<b>Formal selection process for highest risk children</b>	X				X	X	X
<b>Evidence of preventing school failure</b>	X	X		X		X	X
<b>Evidence of preventing early parenting</b>	X					X	X
<b>Evidence of preventing involvement in the criminal justice system</b>	X					X	X

## MARKETING PLAN METRICS

### Marketing Metrics: Number of Presentations and Meetings

Approach	Affinity Sectors	Current Year	Year 1	Year 2	Year 3	
Conferences	Grantmakers	1	1	2	2	<b>Conference Assumption:</b> Chapters will be doing regional presentations in Year 2 & 3
	Evidence-Based Practice (EBP)	0	0	1	2	
	Social Entrepreneur	1	2	4	5	
	Providers	2	3	6	10	
	Provider/Funder Advocacy Coalition	0	0	2	4	
	University EBP and Policy Forums	0	1	2	3	
Approach	Affinity Sectors	Current Year	Year 1	Year 2	Year 3	
1:1 Meetings	Policy-Makers/Agency Leaders	8	27	40	57	<b>Meetings Assumption:</b> Chapters will be doing regional meetings in Year 1, 2 & 3 **
	System Change/SIF Funders	3	5	6	7	
	Scaling Thought leaders	0	2	4	5	
	Collective Impact Convenors	1	2	3	4	

## AFFILIATE & NEW CHAPTER ORGANIZATION FEASIBILITY PROCESS

### **Stage 1: Introduction**

- Exploratory phone conversations between leadership
- Sharing of Friends core program aspects, ROI, and key model considerations
- Sharing of overview of criteria for establishing a new site
- Interested party visits a Friends of the Children demonstration site (meets leadership, going on Friend/child outing)

### **Stage 2: Research**

- Criteria for establishing a new site is explored by interested party
- Friends leadership determines that criteria are or can be met

### **Stage 3: Agreement**

- MOU is established between Friends of the Children and interested party to enter into a new relationship (create new site or embed model in Affiliate)
- National board approves establishment of new site

### **Stage 4: Implementation**

- Key staff is hired or identified at new site
- Key staff visit demonstration sites for internal Friends of the Children residencies
- Friends development, program, and executive leadership visits new site to continue training key staff

### **Stage 5: Refresh**

- Criteria measured on regular basis – monthly performance scorecard
- Friends staff mini-residencies/site visits conducted to evaluate implementation and fidelity, and to provide guidance through organizational development stages

## AFFILIATE & NEW CHAPTER ORGANIZATION FEASIBILITY REQUIREMENTS

**Organizations wishing to become Affiliates, and Champions wishing to start a new Chapter, must demonstrate the following:**

### **IDENTITY**

- Individual, group, or organization is well-respected and established in their community
- Organization has large regional or national footprint (if seeking Affiliate status)
- Mission-alignment; matching or complementary organizational cultures

### **FUNDRAISING:**

- If organization or group already exists, must have stable funding
- Fundraise at least \$1.5 - 2M
- Develop sustainable fundraising plan
- Champion

### **INFRASTRUCTURE:**

- Recruit or maintain at least 10 board members with strong capacity for fundraising
  - Board members can give or get \$10K/year
  - Board makeup shows broad diversity, measured by board matrix (ex - At least one CPA, connections to various philanthropic circles, etc...)
- Friends hired using Friends of the Children process
- Effective Executive Director with focus on fundraising and community awareness
- Local/regional market analysis shows need and desire for Friends
  - Philanthropists
  - Community Leaders
  - Schools
- One development staff for every \$500K raised
- 3-year strategic plan

## **AFFILIATE & NEW CHAPTER ORGANIZATION FEASIBILITY REQUIREMENTS (CON'T.)**

### **PROGRAM**

- If organization exists, must have track record of successful outcomes serving youth and families
- Join and consistently use the network database
- Annual third-party program evaluation

### **SUSTAINABILITY**

- 3-year commitment to Friends of the Children, renewable every 3 years