

FR1ENDS of the CH1LDREN

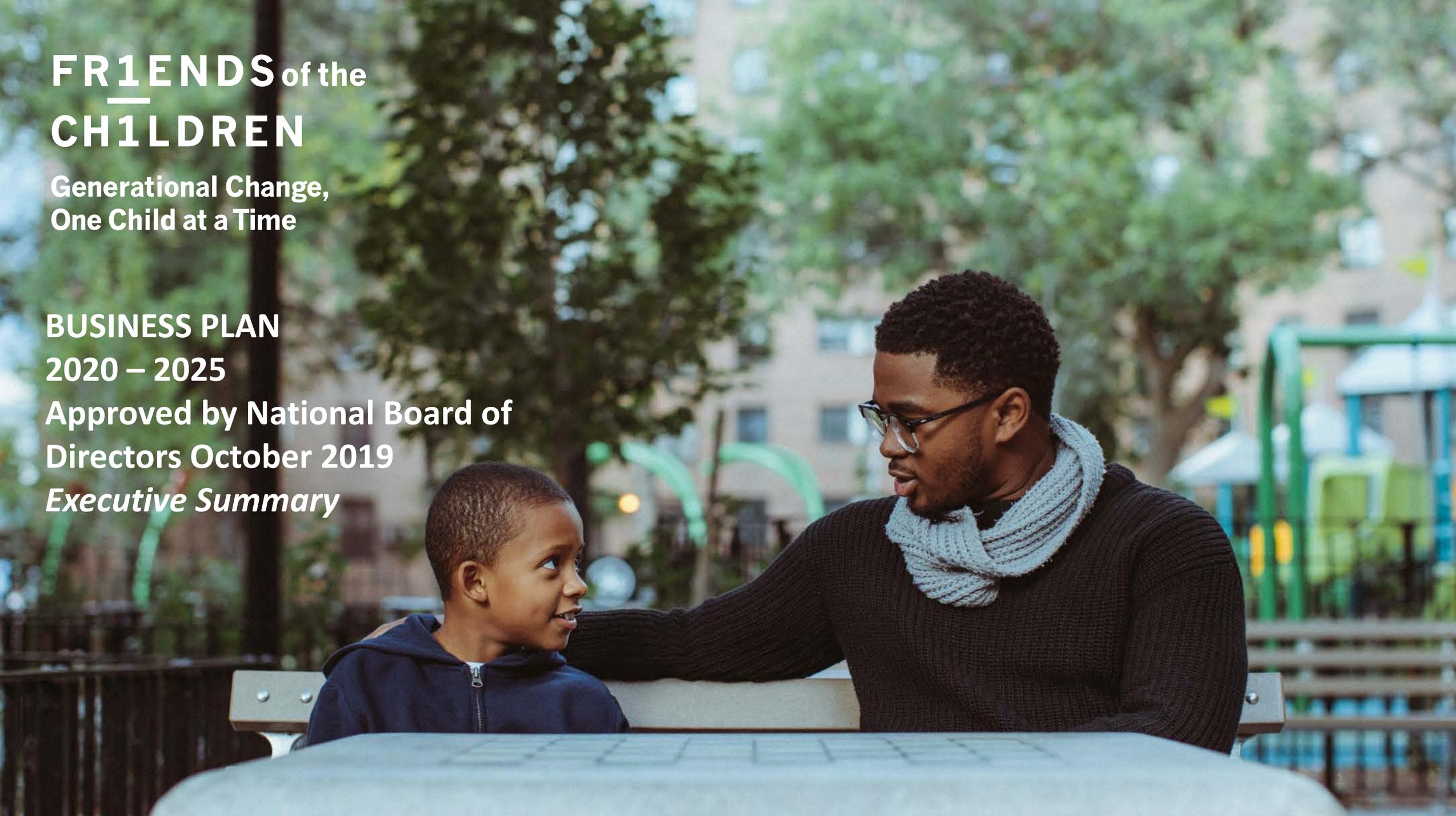
**Generational Change,
One Child at a Time**

BUSINESS PLAN

2020 – 2025

**Approved by National Board of
Directors October 2019**

Executive Summary



OVERVIEW

Why We Exist:

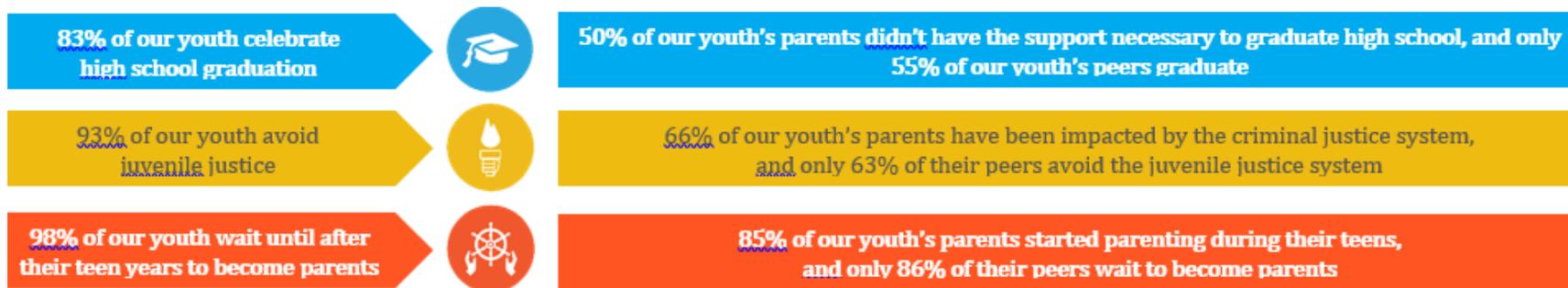
Generation after generation, children and families find themselves stuck in poverty. Particularly for the thousands of children and families at risk of experiencing foster care – and those for whom foster care does become a harsh reality – the problem of poverty is amplified by a myriad of factors that include inadequate public systems, systemic racism, under-resourced schools, and criminal justice. These children and families encounter a lack of equity and opportunity, and most of the services available lack the intensity and duration needed to change their life trajectories. Friends of the Children has a powerful model that works.

Our Mission & Unique Model:

Friends of the Children is impacting generational change by empowering youth who are facing the greatest obstacles through relationships with professional mentors – 12+ years, no matter what. We proactively select children ages 4-6 facing the most significant barriers to future success. Using a rigorous process, validated by research as effective for identifying children facing the greatest obstacles, we select children directly from schools, the foster care system, and through community partners with our two-generation (2Gen) foster care approach. We provide children and families with intensive, individualized guidance from full-time, highly trained, salaried mentors (called Friends) for 12+ years. Friends of the Children has a unique ability and rare intentionality to establish relationships and build trust with children and families who are the hardest to reach. And we maintain those relationships. From ages 4-6 through graduation - *no matter what*.

Successful, Evidence-based Long-term Outcomes:

100% of our youth are at risk of foster care. Over 40% of our youth/caregivers have experienced foster or kinship care. Yet our youth achieve great success. Third-party evaluation shows incredible achievement. In addition, 92% of our youth achieve one of the 3 E's: enrollment in post-secondary education, enlistment in the military, and/or employment.

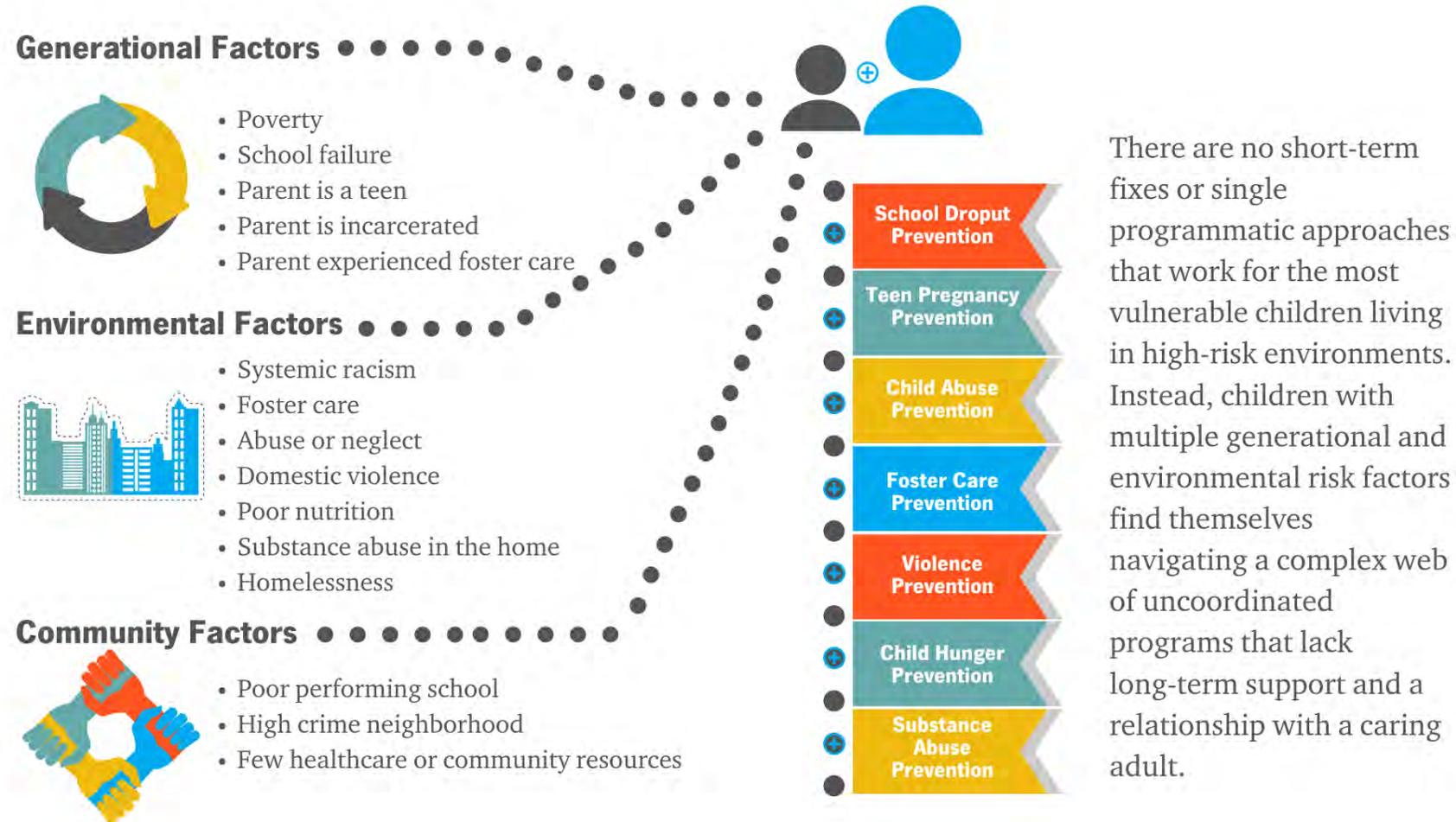


Scaling Initiatives:

We are growing from 18 to 25 locations by 2025, leveraging our model for prevention and intervention of foster care and systems change. Our plan includes: (1) Scaling new and existing chapters to empower more youth; (2) Implementing our two-generation (2Gen) innovation at all locations, empowering parents and siblings; and (3) Growing public partnerships to catalyze systems change.

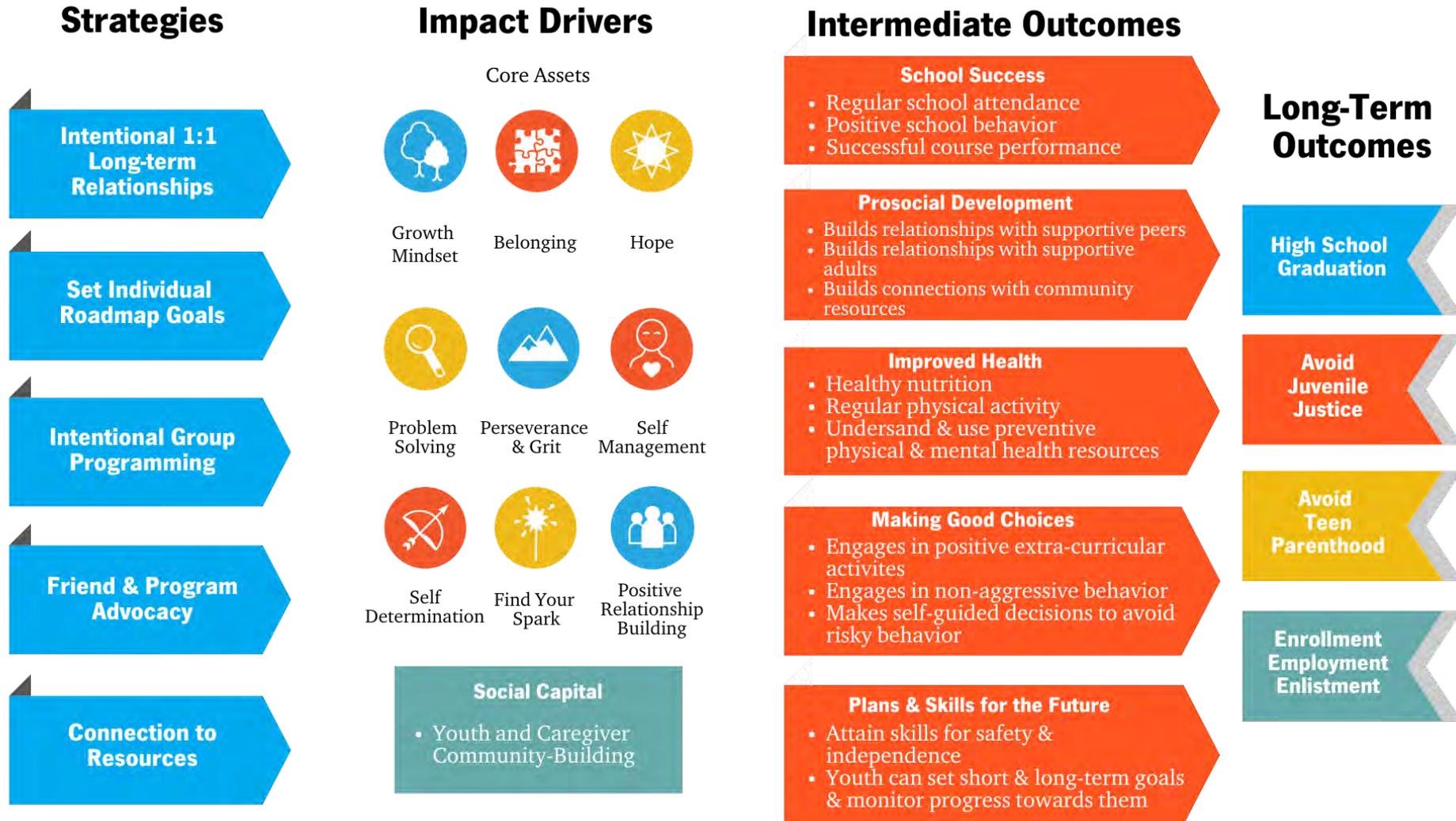
MARKET CONTEXT & NEED

While there are many programs for vulnerable children, there are very few programs that offer a long-term, individualized, and comprehensive approach for children in the highest-risk environments. Of these, there are even fewer programs that deliver outcomes that break the cycle of poverty. With its long-term, relationship-based approach, Friends is uniquely positioned to meet the demands of children with multiple barriers to success.



PROGRAM LOGIC MODEL

We begin by partnering with public schools, child welfare agencies and community organizations to identify children ages 4-6 who are least likely to overcome extreme risk factors without long-term support. We start every invitation to caregivers to join our program by asking, “What hopes and dreams do you have for your child?” Then, we provide a salaried, professional mentor – a Friend – to partner with youth and families for 4 hours a week, every week, for 12+ years, *no matter what*.



RESEARCH & EVALUATION

Friends of the Children is committed to continuous improvement. We ensure alignment with our mission and logic model through internal and external evaluation and live our value of Demand Equity by incorporating youth, caregiver, and Friend voices.

Internal Evaluation:

In our Program Performance Scorecard System, Friends record every participant interaction, academic data, contacts with families, and youth-led assessment in our shared Efforts to Outcomes (ETO) database management system. Executive and Program directors review monthly, quarterly, and annual scorecards to track youth progress over time. Trends are used to reflect, adjust, and drive strategy for youth empowerment.

We share the Program Performance Scorecard with our National Board of Directors so that our strategy will continue to align with our mission and we can collectively engage in strategic initiatives to improve program quality.

External Evaluation:

- **Regular third-party evaluation:** allows analysis of our data with respect to our 3 long-term outcomes.
- **Return on Investment (ROI) study by Harvard Business School Association of Oregon:** For every \$1 invested in Friends of the Children, there is a savings to society of over \$7.
- **Annie E. Casey Foundation Study:** Conducted by the University of Washington, this study reported positive impact from the Friends of the Children program on families and caregivers.
- **ICF: Two-Generation (2GEN) Study:** Evaluates our 2Gen innovation for effectiveness in preventing removals from home for children of parents associated with the child welfare system
- **Longitudinal Randomized Control Trial (RCT) Study:** We are the subject of a multi-site RCT study conducted by researchers affiliated with the University of Washington, New York University, Princeton University, University of Oregon, and University of Texas. Currently in its twelfth year with funding from the National Institutes of Health.
- **Social Innovation Fund Implementation Evaluation & Foster Care Study:** ICF is evaluating the fidelity of program implementation and conducting a comparison group analyses of our impact on children selected from foster care.

	Target	Actual	% Youth												
Worked on youth Social & Emotional Development	143	140	98%	5.81	44,27%	4.88	84.1%	2.26	37.4%	4.08	32,41%	3.84	88.0%	4.48	88.0%
Worked on youth Making Good Choices	143	140	98%	5.81	44,27%	4.88	84.1%	2.26	37.4%	4.08	32,41%	3.84	88.0%	4.48	88.0%
Completed contacts per month	143	140	98%	5.81	44,27%	4.88	84.1%	2.26	37.4%	4.08	32,41%	3.84	88.0%	4.48	88.0%
Unremoved Youth	143	140	98%	5.81	44,27%	4.88	84.1%	2.26	37.4%	4.08	32,41%	3.84	88.0%	4.48	88.0%

SCALING PLAN

We are growing to 25 locations by 2025, leveraging our model for prevention and intervention of foster care and systems change. Our plan includes 3 interlocking scaling strategies, creating a positive feedback loop that allows for life transformation of youth and families:

#1 Scale New and Existing Chapters

Friends has grown from impacting 24 children at its founding chapter in Portland, OR to reaching thousands of children and families in 18 locations across the country and the UK. We grow to serve all youth in need by launching new chapters and by expanding existing chapters. We leverage efficiencies and ensure sustainability and success through shared services and strong performance management. All of our locations use the same model and core program elements. National provides on-the-ground support through the first 2-3 years of launch, and as needed afterward. Challenge matches are a cornerstone of this strategy.

#2 Scale 2Gen Innovation

This builds on our success with child welfare systems and the recent study on our model, funded by the Annie E. Casey Foundation. Our two-generation (2Gen) innovation uses a whole family approach to select youth at risk of foster care, and to also intentionally support their parents. Friends focus on family strengths, supporting parents and caregivers to build resilience, develop parenting skills and gaining knowledge of resources that decrease exposure to risks and more importantly, promoting health and well-being for the entire family. By supporting parents and caregivers, we stabilize the family and empower youth; when we support youth, we empower parents.

#3 Scale Collaborative Partnerships through Systems Change

In response to the needs of our major systems – like child welfare, education, and juvenile justice – Friends of the Children is scaling our collaborative partnerships through systems change. Public partners – like the LA County Department of Mental Health, which invested \$2.1 million in our LA Chapter – have identified us both as an alternative and an addition to their service continuum. We affect systems change by: reducing the need for public services in the community and making public services more efficient and effective. By establishing and growing partnerships with public funding agencies, we can embed our model into existing service continuums to achieve better results for youth and families. Our relationship-based approach, lasting longer than most programs, is challenging public systems to think beyond short-term, transactional approaches to achieve long-term, sustainable results.



READINESS TO SCALE

Friends of the Children was founded in Portland, OR, over 26 years ago. We are a strong network of independent 501c3 chapters led by a national office that uses a shared service model for efficiencies and to ensure success. National supports the growing network by: raising funds to provide catalytic and sustainable funding, facilitating strong performance management systems, providing training and technical assistance, leading branding and marketing, overseeing research and evaluation, and promoting the sharing of best practices, innovation, and program fidelity. Through catalytic capital aggregation and growing evidence on our model, we added 13 locations over the past 6 years alone. Now, we are an 18-site, \$28 million network. Based on market signals and philanthropic commitments, we are poised to scale to 25 locations by 2025.



Leadership:

Our experienced National team includes Terri Sorensen, Chief Executive Officer, who has led expansion for 16 years; Erinn Kelley-Siel, JD, Chief Officer of Expansion and Policy, former Director of the Oregon Department of Human Services; Abby Weast, MBA, with 20 years in operations and finance; and Carmi Brown, MA, Chief Program Officer, a leader from public and privatized child welfare.

The diverse National Board of Directors includes: our founder, executive directors of our NY and LA sites, the former Deputy General Counsel for PwC, major foundation leaders, and key executives for corporations like Nike and AT&T.

Friends of the Children is Well-Positioned to Scale:

- Experienced in scaling from the founding chapter in Portland to 18 diverse locations across the country
- Developed a \$28 million annual operating network of local chapters
- Focused on systems change via prevention and intervention of foster care
- Completed a \$25 million National expansion campaign in under 3 years
- Launched a \$50 million expansion campaign to provide catalytic investment matches to new communities

Scaling goals by 2025:

Scale New and Existing Chapters	Add 7 new locations and provide matching grants and subawards	Youth: 4,000 Locations: 25
Scale 2Gen Innovation	Scale 2Gen to all locations, impacting families: siblings and parents/caregivers	Family: 10,000 Community Partners: 625
Scale Collaborative Partnerships through Systems Change	Establish federal, state, and municipal partners (e.g. child welfare, criminal justice, etc.)	Public partnerships: 20

FINANCIAL PLAN

Friends of the Children is a cohesive national network of local chapters, 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, with National providing catalytic funding for expansion. Friends of the Children National’s role is to scale the model while supporting research and best practices. Funding for National comes from the board of directors, private philanthropy, federal, regional, and local public partners, national corporations and foundations, revenue sharing agreements with chapters, technical assistance fees, and proceeds from a National endowment, established by a philanthropist in 2013.

CAPITAL REQUIRED

To expand to 25 locations and impact 14,000 youth and families by 2025, Friends of the Children must secure \$50 million to:

- Provide challenge match grants to establish new Friends of the Children chapters and expand existing chapters;
- Hire key National staff, including a lobbyist in Washington, DC, additional fundraising support, and added program management to provide leadership for our expanded network of chapters; and
- Build evidence through our longitudinal RCT study and other evaluations on youth and families, to inform the field and systems leaders. This support will be raised through our expansion campaign to new and current donors (individual, foundation, public, and corporate) for multi-year commitments.

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: the Office of Juvenile Justice & Delinquency Prevention (OJJDP), Social Innovation Fund, LA County, City of Portland, Michael Jordan, The Pinkerton Foundation, King Philanthropies, Conrad N. Hilton Foundation, Cambia Health Foundation, AT&T, the Hearst Foundations, the Stand Together Foundation, and Ballmer Group.

PRO FORMA FINANCIAL (Consolidated – Chapters Included)							
	FY20	FY21	FY22	FY23	FY24	FY25	Total
Children & Family Served*	3,000	5,300	9,500	10,900	12,400	14,000	14,000
Cost/Person Served	\$9,333	\$5,660	\$3,368	\$3,119	\$2,903	\$2,714	
Staff FTE	250	300	350	400	450	500	500
Revenue & Expenses (\$ in millions)	FY20	FY21	FY22	FY23	FY24	FY25	Total
Revenue							
Individuals	\$5.5	\$6	\$6.5	\$7	\$7.5	\$8	\$40.5
Foundations	7.75	7	6.5	6	5	4	36.25
Corporations	1	1.5	1.75	1.75	2	2.25	10.25
Government	2	5	7	10	14	19.25	57.25
Endowment	.5	.55	.6	.65	.7	.75	3.75
Total Revenue	\$16.75	\$20.05	\$22.35	\$25.4	\$29.2	\$34.25	\$148
Expenses							
Personnel	\$25	\$26.5	\$28.25	\$30	\$31.75	\$33.5	\$175
Operating Expenses	2.5	3	3.25	3.5	3.75	4	20
Research & Evaluation	.5	.5	.5	.5	.5	.5	3
Total Expenses	\$28	\$30	\$32	\$34	\$36	\$38	\$198
Investment Capital Needed	\$11.25	\$9.95	\$9.65	\$8.6	\$6.8	\$3.75	\$50
*Children & Family Served includes scaling to expand the number of youth served and the siblings and parents/caregivers served through our 2Gen Innovation.							

VISION & IMPACT

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. This way of thinking and acting must be embedded in our governing systems and supported through shared values. At Friends of the Children, we work toward this vision every day, empowering generational change through core values: Put Children First, Build Relationships on Love, Commit to Empowerment, Pursue Goals Relentlessly, and Demand Equity. The incredible stories of our youth and families show what it means to truly live out our values, vision, and mission.



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 knowing that she could have the same transformative impact in the lives of children just like her. Friends of the Children has over 500 program graduates that are extending the impact of Friends of the Children in their communities.

We believe that every child and family should have the necessary support to break generational cycles of poverty. Everyone deserves to have a long-term, consistent role model who believes in them. Salaried, professional mentoring is the missing piece to affecting real change. Together we can lead the paradigm shift that empowers youth and families to transcend poverty. Join us.

For more information, or to view the full business plan with appendices, please visit our website at:

www.friendsofthechildren.org, or call 503-281-6633.

We look forward to hearing from you!