

2016 Results: This Train Still Runs on Time

Dear Donors, Supporters and Friends,

Today's world is changing at a dizzying pace. Assumptions that felt like bedrock in years past now seem far less stable.

As we all adapt to a future in flux, we believe the value of **consistency** is higher than ever. Simply put, children and families depend on our grantees, and our grantees depend on us. The graphs on p. 2 suggest that grantees are indeed fulfilling their promise (and improving along the way). The [results](#) from our 2016 grantee survey indicate that the effort we all put into AB is consistently paying off as well. Together, we stand committed to providing this unshakeable support in the years to come.

As always, we'll endeavor herein to be **substantive, candid and brief**. We look forward to hearing your feedback!

Best,  +  **arborbrothers**
engaged philanthropy

Arbor Brothers finds, funds and supports the most promising early-stage education and workforce development nonprofits in the New York tri-state area.

For context and transparency, we provide a snapshot of AB's historical and projected finances:

| Contributions Summary | | | | |
|------------------------------|-------------|-------------|-------------|-------------|
| <i>in \$000s</i> | 2014A | 2015A | 2016A | 2017P |
| Contributions to AB | \$ 1,130 | \$ 1,565 | \$ 1,760 | \$ 1,750 |
| <i>Growth %</i> | 16% | 38% | 12% | |
| Core Funds Budget | | | | |
| | 2014A | 2015A | 2016P | 2017P |
| Nonprofit Support | | | | |
| Cash grants | 62% | 60% | 59% | 62% |
| Consulting support* | 30% | 31% | 33% | 31% |
| Nonprofit Support | 92% | 91% | 92% | 92% |
| Operating costs* | 8% | 9% | 8% | 8% |
| Total | 100% | 100% | 100% | 100% |

**Includes allocated portion of compensation and benefits*

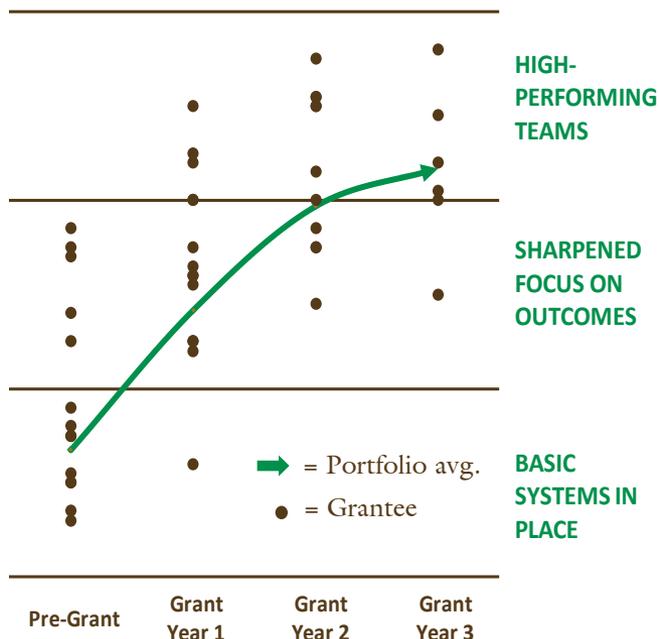
Our 2017 revenue goal is \$1.75M. This temporary flattening will enable Arbor Brothers to support 9-10 grantees, keep operating costs below 10% and set the stage for our 2020 growth plan. Stay tuned on that front!



Portfolio Progression Continues to Support AB Thesis

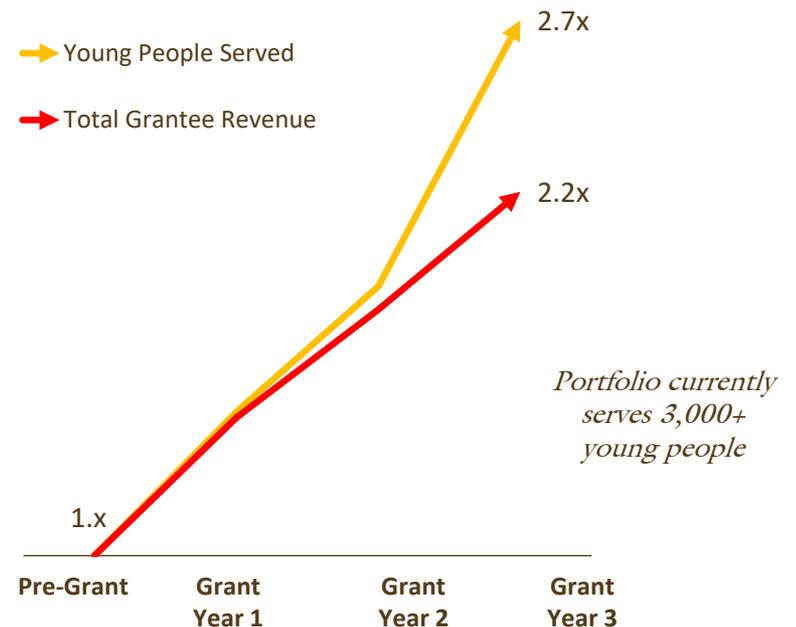
Reminder of our core investment thesis: As grantees build systems and a **culture focused on outcomes** (left graph), they will generate better results and increasingly **attract resources and grow** (right graph).

Building Outcomes-focused Cultures...



As our 2016 data rolls in, our **portfolio continues to reflect improvement** on our “outcomes focus” [scorecard](#), which targets tight programming, prudent resource allocation and aligned stakeholders.

...Drives Increasing Revenue and Scaled Services



This focus on generating quality outcomes fuels growth:

- After 3 years with AB, grantees more than **double** their revenue and youth served.
- **ROI:** Grantees’ annual fundraising run-rate increases by an average of **4x** the total amount of their AB grant.

Promoting Diversity, Equity and Inclusion (“DEI”)

How can AB advance its mission by addressing racial inequities head on? We broached this topic in [last summer’s newsletter](#) and summarize our conclusions below. In short, we are convinced expanding opportunities for diverse talent makes us more effective in driving social change, and we are earmarking ~5% of our 2017 budget to this end.

The Talk

AB statement of commitment to DEI

We are our best when we stand together.

Arbor Brothers recognizes that institutional racism and unconscious bias continue to disproportionately deny people of color access to opportunity.

We believe that in order to fulfill our mission of addressing the root causes of poverty, we need to deploy our grantmaking resources with these racial barriers in mind.

To this end, we have committed to learning from like-minded leaders, adopting best practices, and earmarking specific resources to promote diversity, equity and inclusion both within our portfolio and our organization.

The Walk

AB resource commitments to DEI

Grants for Emerging Entrepreneurs of Color

We will develop a stronger AB portfolio pipeline by making grants to early-stage orgs that fit our mission and are led by a person of color.

2 x **\$10_k** & **50**
grants each hours of support, each

Helping Grantees Cultivate Diverse Talent

For interested grantees and alumni, we will subsidize engagements with facilitators who are skilled in building organizational cultures supportive of talent from all backgrounds.

Acknowledging that this is just one piece of the puzzle, we invite you to dive in to [the thinking](#) behind these DEI efforts. In the meantime, we thank you for your feedback to-date and look forward to engaging in further conversation.



Reflecting Back, Looking Ahead

We Blew It!

(lessons learned the hard way)

As with every young organization, we are making some mistakes as we grow. By acknowledging and reflecting upon them, we hope to avoid making similar oversights in the future. Here are some excerpts from a long list:



- 1. End of Year Reviews are a Delicate Matter:** Commingling annual performance reviews with compensation conversations risks sending mixed messages. We should have listened to our board chair who advocated quarantining those sometimes charged dialogs into discrete discussions.
- 2. Don't Fast-Forward the Rationale.** We have recently invested considerable time as a team plotting AB's course for the years ahead. We unveiled a draft plan in our IQ board meeting, but raced ahead to our (rather exciting) conclusions without walking the board through our reasoning step-by-step. We need to build the case more methodically for other supporters.
- 3. When Your Spreadsheet Pulls an All-Nighter...** you may be using the wrong tool. We have built a really comprehensive data analysis tool for one of our grantees, but the file takes a *very* long time to load or modify. This constraint pushes us to advocate that grantees invest in better database software.

Please feel free to contact us for any additional information:

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Current Arbor Brothers Portfolio



Grantees Up Close

[ScriptEd](#) hosted members of the AB family for a mini-Hackathon in January. Super-impressive! If you'd like to join for our next site visit to [OneGoal](#) this spring, let us know!



News from Our Network

- AB alumni grantee Green City Force was featured on [NBC GiveTV with Jenna Bush](#) (at 8:05 mark), won NYCHA's [Project of the Year](#) and got a [shout out](#) from Council Speaker Mark-Viverito in her State of the City Speech.
- All this growth means that most grantees are hiring. Check out [this job postings link](#), and forward on to your networks.
- We welcome [Noel Anderson](#), Director of the Steinhardt School's Educational Leadership Program at NYU, to the AB Board. So happy you've joined us, Noel!

