

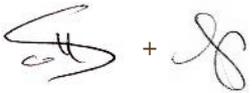
2017 Retrospective (Brian Boitano Edition)

Dear Donors, Supporters and Friends,

As demonstrated in PyeongChang these last weeks, the world's best athletes get that way by obsessing about incremental improvement. We at AB have tried to emulate their approach.

On the grantmaking ice rink, we landed two double axels in 2017: (1) support from our investors helped us **exceed our fundraising target**, and (2) our most recent [portfolio survey](#) suggests we remain among our grantees' most **trusted and valuable partners**. But consistently propelling our grantees to improve their outcomes focus? That's the triple Lutz. We landed a good number last year, but can do better (analysis on page two).

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:

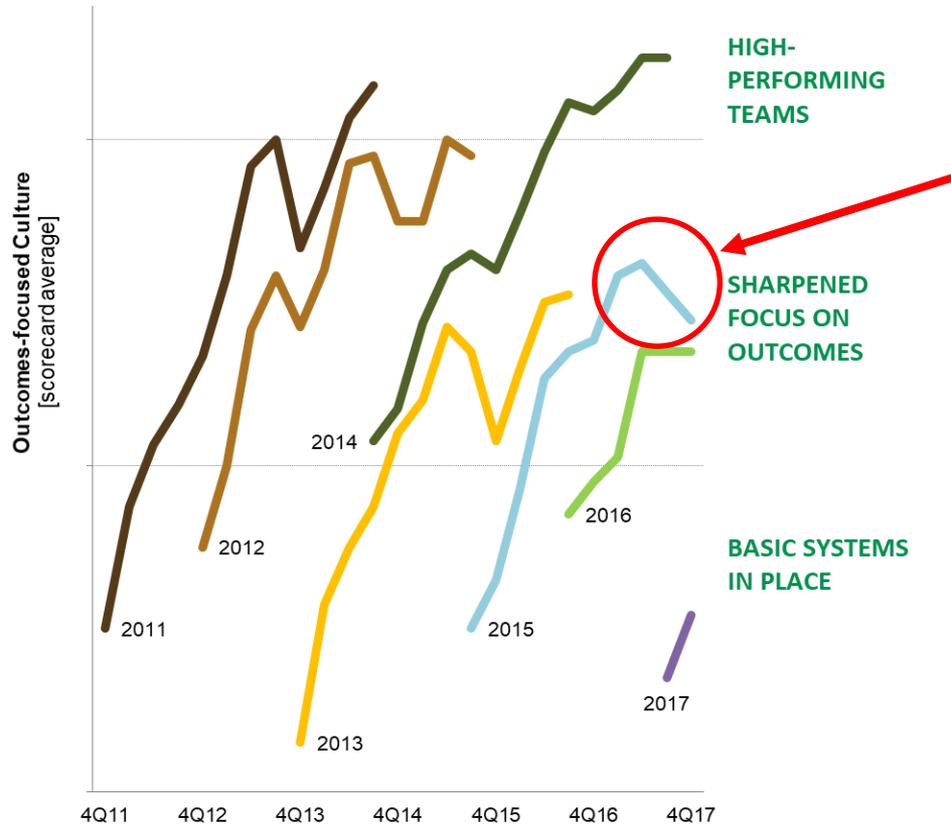
Contributions Summary				
<i>in \$000s</i>	2015A	2016A	2017A	2018P
Contributions to AB	\$ 1,565	\$ 1,760	\$ 1,880	\$ 2,050
<i>Growth %</i>	38%	12%	7%	9%
Core Funds Budget				
	2015A	2016P	2017A	2018P
Nonprofit Support				
Cash grants	60%	59%	60%	52%
Consulting support*	31%	33%	32%	38%
Nonprofit Support	91%	92%	92%	90%
Operating costs*	9%	8%	8%	10%
Total	100%	100%	100%	100%

**Includes allocated portion of compensation and benefits*

Our 2018 revenue goal is \$2.05M. As a reminder, our [2020 Growth Plan](#) calls for ~10% average annual revenue growth with investments in additional staff to support grantees.



Dissecting Grantee Performance



Note the 2015 vintage’s recent downtick. The underlying drivers here exemplify the “bumpiness” of progress in this stage. We’re confident that this group will turn the corner this year, particularly now with Erica’s management expertise on the case.

Driver	AB Response
One grantee mis-hired for a key position and the clean-up is taking a while	Actively coach management through specific challenging personnel situations
One grantee struggled to balance staff preferences with mission necessities	Help grantees frame and convey elevated expectations for staff performance
One grantee grew faster than the skills and time of the management team could handle	Build a performance management system to institutionalize goal-setting and feedback

As a reminder, we aim to help grantees build a high-performance culture focused on outcomes. We measure progress based on a [scorecard](#), charted above by initial funding year.

See the peaks and valleys? These kinks suggest that while grantees generally improve year over year, progress is non-linear.



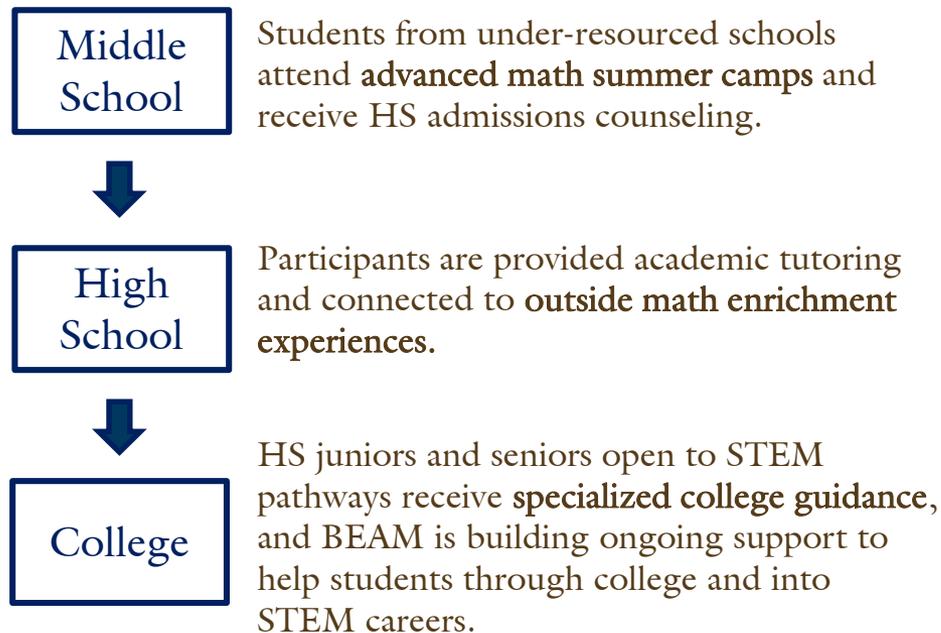
Grantee Spotlight: BEAM



BEAM (*Bridge to Enter Advanced Mathematics*) creates realistic pathways for underserved students to become scientists, mathematicians, engineers and programmers through a comprehensive sequence of supports from middle school through college.

Tiered Program

To cultivate rigorous quantitative thinking...



Overview

- Founded in 2011
- Budget: \$1.6M (FY17)
- 9 FTEs and 150+ summer staff
- Serving 445 students from 35 schools
- >80% of students are under-represented minorities and/or from low-income families



Learn more at beammath.org



Long-term Goal

BEAM aims to be the **leading developer of exceptional mathematical talent** from within underserved communities, with

50%

of BEAM students going on to earn a degree in a STEM field.

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. Neither Bean-Counters Nor Bleeding Hearts.** We are working with a number of grantees this year to better manage staff performance. When helping leaders define quantitative goals for their team, we have at times failed to convey our view that such numerical targets are best employed as diagnostic tools for learning and resource allocation, not just as carrots or sticks. We aim to properly emphasize this going forward.
- 2. “Responsibility Silos” Limit Cross-Pollination.** As our portfolio has grown, we’ve had to divide-up responsibility for grantee projects among team members. Whereas previously each project was the subject of dynamic internal debate, we now have fewer organic opportunities for group reflection. To remedy this, we’ve scheduled regular lunch meetings to brief each other on challenges and troubleshoot solutions.
- 3. 13th Time is the Charm?** Theories of Change sometimes require multiple drafts to ensure clarity...maybe not this many.

Please feel free to contact us for any additional information:

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Current Arbor Brothers Portfolio



Grantees Up Close

We’re headed to visit AB grantee [COOP](#) in mid-March. If you’d like to tag along and see how they are leveling the playing field to build the tech workforce of tomorrow, drop us a line.

News from Our Network

- [BRICK](#) (through its [South Ward Children’s Alliance](#)) was awarded \$30 million to make Newark’s South Ward a [Promise Neighborhood](#). This is the largest grant an AB alum has earned to-date – congratulations Dominique!
- AB’s perspective has recently been featured in a new book, [Social Startup Success](#), and a guest lecture at Harvard’s [SICI](#).

Know a Wealth Advisor?

Folks in this business have been inquiring about our approach to philanthropy on behalf of their clients. If you know someone in this milieu who might be interested, we’d love to connect.

