



This discussion and analysis of Shoes and Clothes for Kids, Inc. (SC4K) financial performance provides an overall review of SC4K's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at SC4K's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of SC4K's financial performance.

2017 Shoes and Clothes for Kids Financial Review

Executive Summary

In fall 2016, the Shoes and Clothes for Kids (SC4K) Board of Directors completed a strategic planning and direction process that led to an update of the organization's mission. SC4K's renewed focus is to work with its community partners to remove barriers to school attendance by providing new school appropriate clothing, shoes, school supplies and more to needy K-8 students.

2017 was a year of growth and change for SC4K. The Board voted to invest in a program growth plan that would help it have a bigger attendance impact on more students over the next several years.

Among the highlights of the past year are:

- In 2017 we continued to expand our core program, to provide uniforms and other school appropriate clothing to students identified by our distribution partners and the Cleveland Metropolitan School District. In 2017, more than 5,000 students received uniforms from our programing. We measure the impact of our program on school attendance and have found that in certain categories of chronically absent students we have been able to improve attendance by 25%. For an individual student, that means a whole week in the classroom each month.
- The organization added the Cleveland Kids in Need Resource Center (CKIN), an affiliate of the national Kids in Need Foundation, to its programming. Through this new program, SC4K provides new school supplies to students we were already serving and additional students through our network of nearly 4,000 teachers in Greater Cleveland's neediest schools. With the addition of CKIN and our new direct

relationship with teachers, we have learned that school supplies are in fact a barrier to an effective learning environment and that our teachers are the “first responders” who effectively identify students in need.

- The addition of CKIN was an investment our Board believes is additive to our mission and approved the expenditure of additional funds to support additional staffing, rent and overhead. Because of this investment, we were able to distribute approximately \$3 million of school supplies to the Greater Cleveland community in 2017.
- We were able double our fundraising support from 2016 to 2017 to \$1.2 million thanks to the generous support of our foundation partners and the community. There is certainly more work to be done. We served 11,000+ students and 3,300 teachers in 2017 and plan to grow this to 13,000-15,000 students and 4,500 teachers by 2020. In 2018, we will continue to focus on developing new funding relationships to meet these growth plans.
- On our balance sheet, we have identified a specific pool of funds as funds functioning as endowment. The Board is committed to running a fiscally responsible organization and has designated operating reserves at a level to provide consistent support to students throughout the economic cycles.
- It is important to note that SC4K was able to deliver on its new mission thanks to the tireless work of our volunteers who provided approximately 12,000 volunteer hours of service in 2017. This significant level of support allowed 90 cents of every dollar donated to SC4K be spent on delivering programs.
- SC4K continues to challenge our delivery system, how student needs are identified and what additional impact we might have in removing barriers to attendance and providing an effective learning environment. By utilizing pilot programs, which deliver our services in different ways, we will to continue to learn how we can better meet our teacher and student needs.

The SC4K Board remains committed to investing in the growth and impact of our mission. We know one of the best ways to help break the cycle of poverty is to help kids get an education. We encourage your review of our programs, financials and growth plans.

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Co-chairs Shoes and Clothes for Kids Finance Committee

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Chair, Shoes and Clothes for Kids

August 15, 2018