



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, 2018. 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.

2018 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 with the acquisition and integration of our school supply program, the Cleveland Kids in Need Resource Center and expansion of our uniform programs.

In 2018 the organization continued to grow the number of students and teachers served, ensure the impact of programming on attendance goals and identify new and innovative programming and fundraising sources.

Among the highlights of the past year are:

- In 2018 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 (CMSD). In 2018, more than 6,800 students received uniforms from our programming, an increase of 700 students over 2017. 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.
- Through our Cleveland Kids in Need Resource Center (CKIN), an affiliate of the national Kids in Need Foundation, SC4K provides new school supplies to students we were already serving and additional students through our network of more than

4,300 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.

- Because of the success of our uniform program at improving attendance and expanded relationships with teachers, we created a new pilot program, the Classroom Guarantee, which will provide full classrooms of K-3rd grade students with our uniform and school supply programs at five CMSD schools. The goal of this approach is to improve both attendance and the effectiveness of classroom learning environment. By doing so, we expect that those students will improve their performance on the Third Grade Reading Guarantee assessment. We have secured funding for the first year of this three year pilot. The program will kick it off at the 2019-2020 school year.
- Our fundraising support has remained steady at approximately \$1.1 million. This allowed us to serve 11,000+ students and 4,300 teachers in 2018 and we plan to grow this to 13,000-15,000 students and 4,500 teachers by 2020. In 2018 we expanded our development activities to include securing uniform and school supply donations from national organizations including the Kids In Need Foundation, Delivering Good and a key uniform vendor.
- 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 10,000 volunteer hours of service in 2018.
- 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.

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.

Craig Gutridge

Ron Marcin

Co-chairs, Shoes and Clothes for Kids Finance Committee

A. Lamont Mackley

Chair, Shoes and Clothes for Kids

June 19, 2019