



Annual Report

For Fiscal Years 2015–2016
October 1, 2015–September 30, 2016

Change Machine



Launch Party

First Annual National Financial Goal Day

Thursday, October 15

Dallas • Washington, DC • Hawaii • Los Angeles • Madison • New York City



Dear Friends:

The past two years at The Financial Clinic have been electrifying. We celebrated our 10th Anniversary with a rigorously evaluated study that demonstrates that our financial coaching model works, then provided a platform to scale it by launching Change Machine to the public!

We launched our first financial security ecosystem through WorkBOOST NYC, were named a Citi Community Progress Maker, and saw Change Machine grow to support more than 10,000 customers served using the platform in its first year. Perhaps most exciting of all, Refund529, a bill we spent years advocating for, was signed into law, allowing the 7 million tax filers in New York to put a portion of their refund directly into a 529 college savings account!

Our staff and budget have grown; we are serving more individuals, practitioners and social service organizations than ever before. These indicators alone could be signs of an enterprise on the rise, but what we're most proud to share from the past two years is that we're getting ever closer to our vision.

The Clinic envisions a nation where everyone is financially secure, and hopes to realize some of that vision by building financial security for 1 million Americans by 2020. We know that in order to do that, the Clinic must work towards large-scale, systems-level solutions. To that end, the Clinic built Change Machine to bring the Clinic's "gold-standard" financial coaching model to practitioners nationwide; we are collecting and analyzing Change Machine's data to identify key issues & solutions around financial insecurity; and we use our on-the-ground and behind-the-data insight to pursue practices, products and policies that create lasting change for working poor Americans.

I am proud to share the results of the past years with you here, and look forward to building upon these accomplishments to ever more impactful ends in the years ahead!

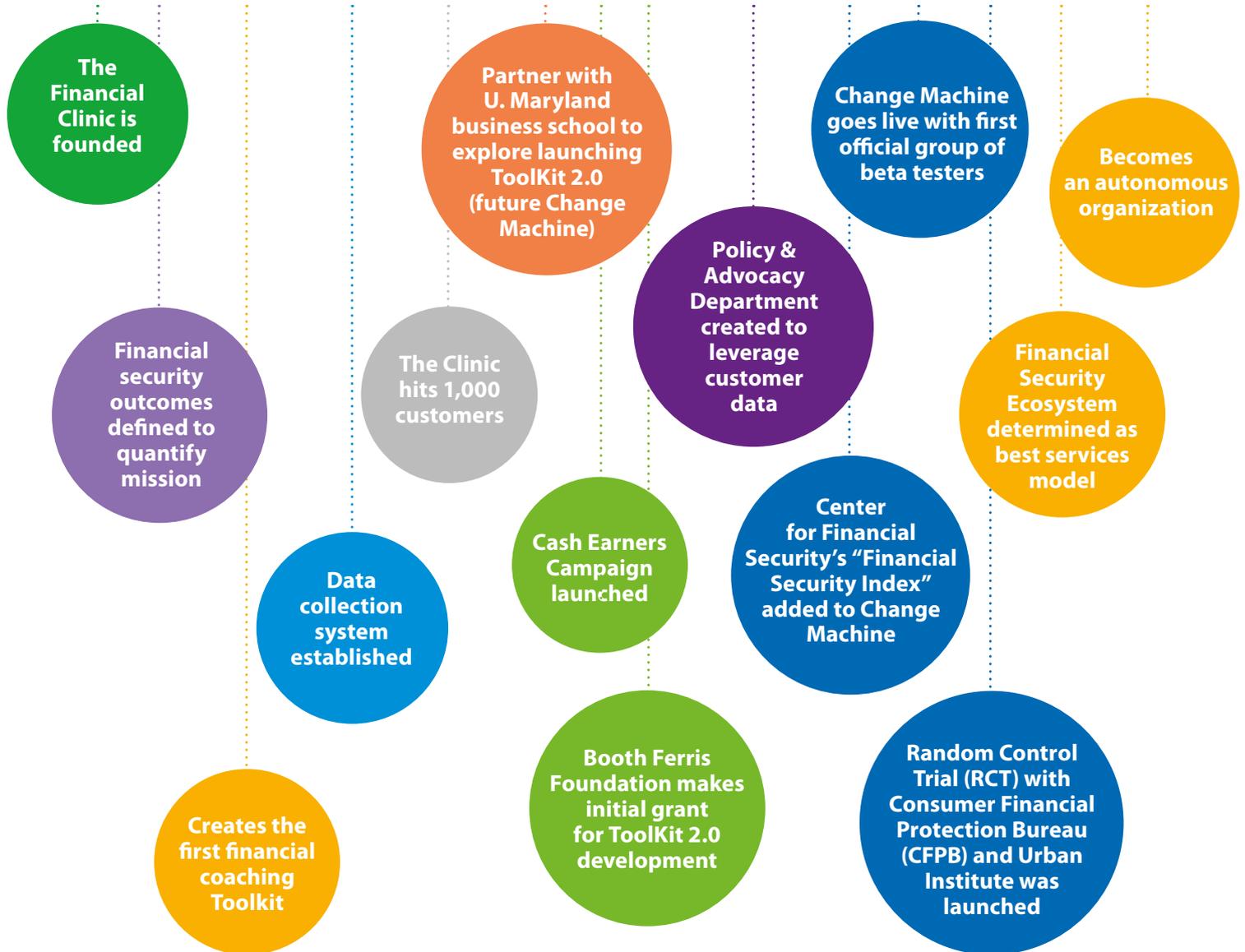
Warm regards,



Mae Watson Grote
Founder & Chief Executive Officer

Strategic Growth

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014



2015

2016

Merges with NYCfNAC to form The Financial Clinic VITA Coalition

Organization restructured to match ecosystem model

Embeds city-wide ecosystem through the launch of WorkBOOST NYC

Celebrates 10-year Anniversary

Public launch of Change Machine

Reaches \$50 million in cash-value returned to customers

Pilot ecosystem partnership with The Fortune Society

Urban Institute announces RCT results that prove financial coaching works

Change Machine serves over 10,000 customers

JPMC awards the Clinic its first \$1 million grant

Citi names the Clinic a Community Progress Maker



FROM ITS FOUNDING IN 2005 with one volunteer at a community development credit union in Brooklyn to 32 locations across New York City and Newark to a growing national presence across 26 states, the Clinic has helped over 40,000 households become more financially secure. As the need for service grows, so does the Clinic.

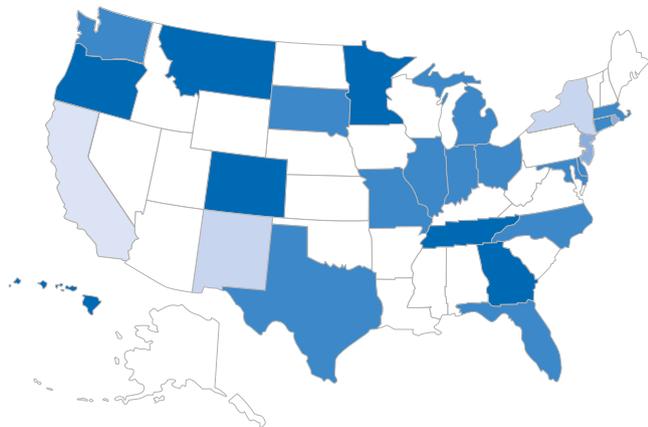
From delivering direct services in America's neediest neighborhoods to helping nonprofits serve their customers' needs by creating a future built on solid financial footing, the Clinic has expanded to reach families across America who are working hard, but earn too little to be self-sufficient and too much for public assistance.

To place the tools for financial security in the hands of the greatest number of practitioners and organizations, the Clinic created its web-based platform, Change Machine. Service practitioners have instant access to the Clinic's knowledge base, training tools, and a professional social network. Change Machine also enabled the Clinic's new model for service delivery, the financial security ecosystem, a holistic partnership approach that builds financial security at scale and accelerates sector-specific missions and outcomes. The ecosystem embeds the Clinic's strategies—capacity building, direct service, and lasting change—seamlessly into partner organizations' existing services. By meshing strategies for ending poverty, the Clinic and its ecosystem partners provide a more complete solution for Americans in need.

With the numbers of working poor steadily increasing, the Clinic isn't just working on quick fixes; it's working to transform lives.

The Financial Clinic's Growth Since Inception

2006–2008
2009–2011
2012–2013
2014–2016



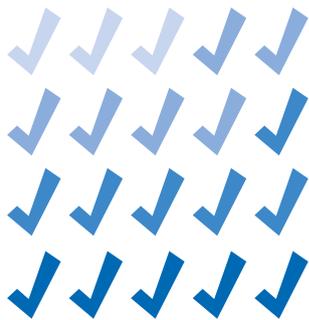
TRAINING EXPANSION

3 STATES
5 STATES
19 STATES
26 STATES



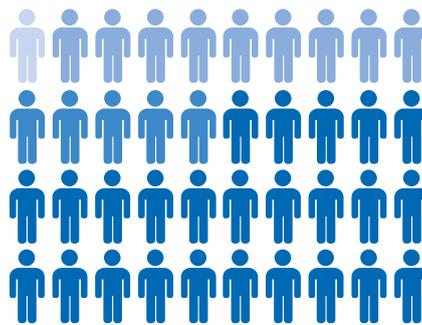
CASH VALUE

\$2,384,993
\$12,876,432
\$23,117,100
\$54,776,143



PRACTITIONERS TRAINED

308
937
1,527
2,062



CUSTOMERS SERVED

692
8,877
15,000
40,791

Financial Security Ecosystem



Years of experience informed the Clinic that financial insecurity is pervasive, but different resources are appropriate for different issues and outcomes. By building financial security where customers already are, the Clinic can serve more customers, according to their specific needs. Based on proven results, the Clinic developed a financial security ecosystem that brings “faster, better, cheaper” outcomes to partners. Borrowing a popular metaphor from the high-tech world, “business ecosystems” leverage the power of connections, collaborations, and continuous evolution to create and capture new value, thus advancing not only our vision and our partners’ unique missions, but the anti-poverty field as a whole.

The ecosystem is a holistic partnership approach that builds financial security at scale and accelerates sector-specific missions and outcomes to provide a more complete solution. The goal of the ecosystem is to ensure that financial insecurity is not keeping families and individuals from achieving other facets of the American dream, like full-time employment, a secure home, education, and financial mobility.

The ecosystem bundles the Clinic’s best practices, designed to seamlessly collaborate with a partner organizations’ existing services:

- **Capacity Building**, providing technical assistance and training to partner organization front-line staff;
- **Direct Services**, delivering financial coaching and legal supports to customers with more complicated financial security concerns;
- **Lasting Change**, using data and research to leverage lessons learned on-the-ground to inform best practices, the field, and public policy; and
- **Change Machine**, making it easy for partners to adopt the strategies and sustain the work far into the future.

The ecosystem was piloted at The Fortune Society, a re-entry services provider with a holistic, one-stop model of service, working toward a vision to foster a world where all who are incarcerated or formerly incarcerated will thrive as positive, contributing members of society. Twenty-five members of the front-line staff were trained to incorporate financial security building strategies into their work. The Clinic-trained admissions team screens the more than 1,000 annual individuals who come through Fortune's Long Island City location for financial security issues and refer those with the most need to the Clinic's onsite financial coach, who has met with over 200 customers. More than 60 percent of these customers have achieved a financial security outcome, like opening a savings account or repaying a debt.

Building on the experience and lessons-learned through the Fortune ecosystem, the Clinic launched WorkBOOST NYC in May 2016, embedding the ecosystem approach into four leading workforce development organizations in New York City—Madison Strategies Group, Opportunities for a Better Tomorrow, Phipps Neighborhoods, and Stanley M. Isaacs Neighborhood Center—with plans to expand to four additional organizations in 2017.

“For a long time, we wanted to integrate a robust suite of financial services into our career readiness programs to ensure that all of our participants had an opportunity to meet with a coach... A key component of the WorkBOOST NYC program is the capacity building of our own staff to care for clients on how best to address their financial challenges. This is exactly what we have been looking for.”

—Debbie Beeber, Executive Director of
Madison Strategies Group



Direct Services

The Clinic's direct services bring financial coaches into neighborhoods of high need, conducting workshops to help individuals and families address immediate concerns, and providing one-on-one coaching for a complete assessment to build financial security.

Clinic financial coaches continue to provide gold-standard services through contracts with the Office of Financial Empowerment, Single Stop USA, University Neighborhood Housing Program, and Ridgewood Bushwick Senior Citizen's Council with consistent high-quality service. Senior Financial Coach, Alyssa Keil, was honored with awards for the Most Customer Sessions, Most Customer Outcomes, and Highest Customer Retention Rate among all Financial Empowerment Center coaches in 2015. The Clinic team also achieved the most outcomes of any provider in New York City for 2016. In July 2016, coaches Alma Rojas and Viviana Steinberg and Program Associate, Amy Cao, gave testimony for a New York City Council hearing, resulting in increased outreach on consumer protection issues that adversely affect low-income women, older adults, and immigrants.

Following a merger with NYCfNAC, the Clinic began to lead The Financial Clinic VITA Coalition, which has since helped more than 10,000 VITA participants file their taxes for free.



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“When I go out into the real world, I remember everything she’s taught me or said to me. She gives me advice, even for my children, and it helps me to push myself more. Because of Kristen, everything fell into place. I felt like it was real, and I could be who I wanted to be and gain everything that I wanted to gain.”

–Jeniffer Rajnarain on Financial Coach, Kristen Browne

Capacity Building

“We really start to see our clients more holistically, and by just starting the conversation...they’re really able to incorporate that vision in their work, during counseling, and that’s really amazing.”

–Teal Inzunza, The Anti-Violence Project

The Clinic partners with nonprofits and social service organizations nationwide through its capacity building services—providing support, training, and technical assistance to seamlessly embed financial security strategies into the fabric of their daily work and service delivery. **Through Fiscal Years 2015 and 2016, the team worked with over 600 practitioners in more than 100 organizations.**

The capacity building team empowered financial coaches working with United Way of Southeastern Michigan’s network to support low-income Detroit residents; helped 18 organizations in Dallas and Fort Worth to help low-income individuals and families get on a path to financial stability; embedded financial security building strategies within three of Los Angeles’ largest agencies serving formerly incarcerated individuals; and trained health center staff in New York City to address financial security issues with their patients. After continued work with the Clinic’s capacity building team, the NYC Human Resource Administration changed its contract to include financial security as a condition for funding. The Clinic’s capacity building services were sought for multi-state and city-wide projects; and proven successful across social service sectors.



Lasting Change

Drawing on our on-the-ground experience with thousands of customers, the Clinic shapes and influences large-scale reforms and solutions that impact the financial security of communities throughout the country. The Clinic shapes its work towards lasting change through Practice, Product, and Policy.

PRACTICE: The Clinic’s financial coaching model was evaluated in a random control trial led by the Urban Institute and supported by the Consumer Financial Protection Bureau. The milestone study, “Financial Education Program Evaluation Support Services Study,” conclusively demonstrates the Clinic’s model and programs is a “gold standard” in helping low- and moderate-income people move toward achieving their financial goals. It shows for the first time that financial coaching makes a measurable difference in an individual’s financial well-being by helping customers take financial control of their lives, resulting in improved credit, reduced debt, and increased savings.

PRODUCT: The Clinic leveraged its on-the-ground free tax preparation experience and co-founded the New York Asset Development Coalition with the Citizens Committee for Children of New York, drafting two New York legislative bills that would allow filers to split the state refund and make direct contributions to a savings account like a 529 college savings account. The two bills unanimously passed both houses in spring 2016. In November 2016, Governor Andrew Cuomo signed “Refund529” into law, creating an unprecedented opportunity for the 7 million New York filers to save at tax time. Within five years of implementation, we anticipate 250,000 New Yorkers will save \$6 million for higher education.

POLICY: After examining the dramatically improved outcomes of domestic violence shelters embedding the Clinic’s financial security building strategies, the New York City Human Resources Administration (HRA) made the decision to integrate financial security building as a core requirement for providers. Not only did the HRA overhaul their contract requirements to support this new model, but they also provided over a million dollars in funding for a full-time Economic Empowerment Specialist to be on staff at each of their organizations. Thousands of New York City survivors and their families have improved financial security as a result of this crucial systemic change, and those numbers will continue to grow far into the future.

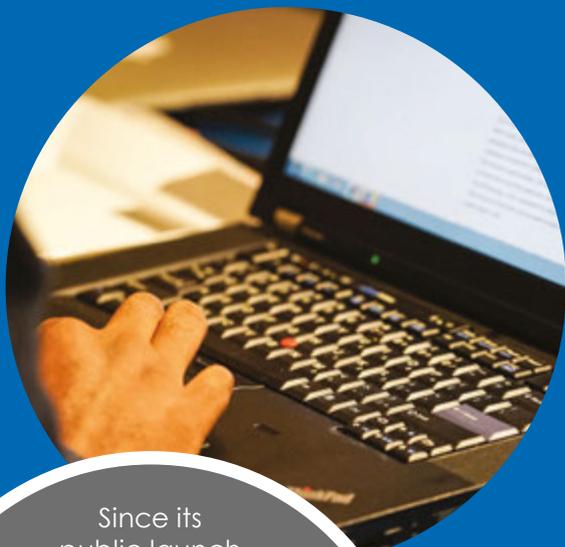


Change Machine

The Clinic's web-based financial coaching platform, Change Machine, significantly improves social service delivery. Built by practitioners for practitioners, Change Machine provides a single platform to learn best financial coaching practices; access all the tools and worksheets needed to coach customers; a professional social network specifically designed for the field to share best practices; and special access for supervisors to manage their staff, customers, and data. Sector-specific pathways with customized content continue to be developed to best meet our partners' needs, including domestic violence, re-entry services, and workforce development.

"Change Machine made my job easier. I had everything I needed in one place; tools, worksheets, the client database, and the SHARE page that helped me when I was stuck on a specific situation with a client. And I can't say enough on how convenient it is to have access to the platform online."

—Marina Garcia, Wesley Mission Center, Mansfield, TX



Since its public launch in October 2015, Change Machine has enabled over **2,000 users** to serve **12,500 customers** across **23 states** and **7 countries**, with over **\$5 million** cash-value returned to customers.

Leonard Drake



Worn-out and tired of the monthly struggle to afford all of his bills, Leonard proactively sought the help of a financial coach. His income was primarily from Social Security Disability Insurance, accompanied by a small pension, and his rent was staggering—over 80 percent of his income. He had no choice but to run a deficit every month. He found a roommate to share in the expenses, but when his roommate moved away, he was again left juggling the bills alone. Since his career had been in the film business, he was able to tap

into some helpful resources, such as the Actors' Fund for grants, but it wasn't enough. He was running out of options, and his income was too high to qualify for most public benefits.

Leonard's goal was to find more affordable housing, but he knew it would be difficult to be approved since he didn't have a credit score. Following his coach's advice, he applied for a secured credit card and started using it every month to pay one bill. He also worked with his coach to clear up errors on his credit report, which included an erroneous judgment.

Within a year, he went from no score at all to having a credit score in the excellent range, an increase of over 600 points!

He is now approved under the NYC Affordable Housing program and is in the final application stages—his rent will decrease by half with the new apartment.

William Johnson

Willie first came to his financial coach three years ago. He was ready to start fresh after being released from incarceration, only to be met with over \$120,000 in defaulted student loan debt. Even though Willie was certified with a master's degree in library science, he was unable to get a job in his field because of his record and had to make ends meet with part-time work in various hospitals.

Financial coaching helped Willie remain positive so that he could **clear up his unwieldy debt and successfully manage his finances.**

He opened both checking and savings accounts, and he created a budget with his coach so that he was able to save as much as he could from his part-time paychecks. Willie was able to consolidate his student loans, resolve a judgment, and obtain a secured credit card. His coach taught him how to keep his balance low and pay it off on a regular basis. Soon, his credit score increased over 150 points, and he was able to secure a brand new apartment.

Willie now has a full-time job as a drug counselor at a major hospital, and his income is significantly higher. He is also back in school and will have a master's in social work by next spring. Having saved a milestone \$2,000, Willie just returned from his lifelong dream of a trip to Europe. Now he is looking ahead to the future, and saving for his new financial goal—to purchase a small condo in New Jersey!



Liz McGuinness*



Liz was losing hope over ever getting her finances in order, with seven student loans in default. In fact, she had tried to bring the loans out of default four times before in previous years but had become discouraged due to the predatory nature of default resolution and the mysterious intricacies of the federal student loan collection procedures. She called New York City's 311 and was recommended to a Clinic financial coach who helped her to use the National Student Loan Data System to track down the current loan holders and **negotiate a payment plan to get loans out of default**, aided in part by newer federal student loan collection policies. This process took five months of weekly meetings as the debt was being bought and sold by a number of third party debt collectors who demanded Liz sign repayment agreements without seeing any contracts, with thousands of dollars of collection fees tacked on to the original loans. In the meantime, Liz and

her coach worked together on a realistic budget that would allow Liz to repay the loans to bring them out of default and eventually consolidate them to qualify for Public Service Loan Forgiveness. Now, she is free to concentrate on her dream of returning to school for a PhD!

**pseudonym*

The Clinic at Large



The Clinic is proud to have been featured in numerous publications, news outlets, and conferences. Recent appearances include:

PRESS

The New York Times
Wall Street Journal
Inside Philanthropy
Fox Business
International Business Times
PBS
NY1

PUBLICATIONS

The Professionalizing Field of Financial Counseling and Coaching Journal
What It's Worth

CONFERENCES

CFED's Assets Learning Conference
Citi Community Progress Makers Fund Convening
Mission Asset Fund's Lending Circles Summit
Aspen Institute's Expanding Prosperity Impact Collaborative (EPIC) Convening
New America/CFSI's Leveraging Innovation to Support the Financial Health of LMI Families with Children
National Council of La Raza's Annual Conference
Center for Financial Services Innovation's EMERGE Forum
Points of Light Conference
Federal Reserve Bank of Philadelphia's Biennial Conference



Organizational Budgets

Fiscal Year 2015 • October 1, 2014–September 30, 2015 | Fiscal Year 2016 • October 1, 2015–September 30, 2016

	FY 2015			FY 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Program service fees	\$ 1,188,996	\$ –	\$ 1,188,996	\$ 804,902	\$ –	\$ 804,902
Grants	104,835	1,225,757	1,330,592	642,475	5,276,499	5,918,974
Merger Contributions	335,935	–	335,935	–	–	–
Special events	10,561	–	10,561	–	–	–
In-kind services	15,343	–	15,343	199,235	–	199,235
Miscellaneous income	11,311	–	11,311	17,583	–	17,583
Total support and revenue	\$ 1,666,981	\$ 1,225,757	\$ 2,892,738	\$ 1,664,195	\$ 5,276,499	\$ 6,940,694
EXPENSES						
Programs	1,776,753	–	1,776,753	2,302,143	–	2,302,143
Fundraising	249,660	–	249,660	251,948	–	251,948
General Management	510,028	–	510,028	725,325	–	725,325
Total Expenses	\$ 2,536,441	–	\$ 2,536,441	\$ 3,279,416	–	\$ 3,279,416
Net assets released from restriction	992,530	(992,530)	–	2,021,326	(2,021,326)	–
Change in net assets (deficit)	123,070	233,227	356,297	406,105	3,255,173	3,661,278
Net assets (deficit) – beginning of year	(518,635)	156,250	(362,385)	(395,565)	389,477	(6,088)
Net assets (deficit) – end of year	(395,565)	389,477	(6,088)	10,540	3,644,650	3,655,190

Thanks to Our Generous Supporters

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Citi Foundation

David and Katherine Moore Family Foundation

Edward & Ellen Roche Relief Foundation

FJC

Help USA

Internal Revenue Service

Ira W. DeCamp Foundation

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Lily Auchincloss Foundation

MetLife Foundation

Office of Financial Empowerment,
NYC Department of Consumer Affairs

Queens Legal Services

RBSCC Community Empowerment Center

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SeaChange Capital Partners

SingleStop USA

The Edward S. Moore Family Foundation

The Hyde and Watson Foundation

The New York Community Trust

The New York Women's Foundation

The Nicholson Foundation

The Prudential Foundation

The Robin Hood Foundation

Wells Fargo Bank

“Research has shown that consumers benefit most from having the right financial information and tools at the right time. We are proud to support The Financial Clinic and their work to meet families where they are with valuable financial coaching.”

–Colleen Briggs, Vice President, Financial Capability Initiatives, JPMorgan Chase & Co.

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**BUILDING
THE FINANCIAL
SECURITY OF**

**1 MILLION
PEOPLE**

BY 2020







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