



FINANCIAL CLINIC

Annual Report

For Fiscal Year 2013

BUILDING

AL SECURITY AND

PROV

CIAL A BILITY



Dear Friends:

The Clinic's single greatest achievement this year: building the financial security of 3,400 working poor Americans.

As long as the number of working poor families is on the rise, and the data shows that it is, the Clinic will continue to meet the demand.

The Clinic is meeting that demand by deploying Financial Coaches directly to the neediest neighborhoods and delivering the full range of financial development services—education, coaching, counseling, and planning—that working poor families need to achieve financial security.

The Clinic is meeting the demand by working to fix institutions and systems that hinder, rather than help, individuals trying to help themselves. A newly formed Policy Advisory Group will assist in making it easier for people to get ahead.

The Clinic takes a forward thinking approach to financial development. Using extensive research, strategic partnerships, and practical expertise gained on the ground providing direct services to the working poor, the Clinic develops sustainable, replicable solutions.

The Clinic is meeting the demand by embedding financial development directly into the service delivery models of the thousands of social service agencies who dedicate time and energy to ending homelessness, transitioning job seekers to the workplace, and retaining students in school, but struggle to address the underlying financial insecurity that creates or compounds these challenges.

Change Machine (www.change-machine.org), the Clinic's new online community of practice is one of those replicable solutions. With Change Machine's case management, customized training, and eCommunity capabilities, the Clinic is able to extend its services to hundreds of thousands, and eventually millions, of working poor Americans.

As a respected trailblazer in the financial development field, the Clinic will continue to lead the development of best practices and purposefully adapt its model to meet the ever-increasing need for working poor people to attain financial security.

We look forward to sharing our successes with you in the coming year.

Warm regards,



Mae Watson Grote
Founder & Executive Director



Margarita Brose
Board Chair

Strategic Growth

2005 2006 2007 2008 2009 2010 2011

The Financial Clinic is founded.

"Financial development" coined.

First examination of customer data.

Team up with Brandeis U. to crunch 1000's of customer data points refining the "taxonomy".

Financial security outcomes defined to quantify mission.

The Clinic creates Strategic Initiatives Department.

Partner with U. Maryland business school to explore launching ToolKit 2.0.

Data collection system established.

The first financial coaching ToolKit created.

The Clinic hit 1,000 customers.

Booth Ferris Foundation makes initial grant for ToolKit 2.0 development.

Coined the term "Savings is an activity, not an amount."

The Clinic imagines ToolKit 2.0, an online ToolKit.

Analyze customer data and begin work on Financial Security Index.

Cash Earners Campaign launched.

2012

Solidified taxonomy.

ToolKit 2.0 is used by more than 200 practitioners.

CFPB selects Clinic for randomized control study.

ToolKit 2.0 prototype tested with over two dozen coaches.

ToolKit 2.0 is renamed and "Change Machine" iteration on Salesforce began.

Policy & Advocacy Department created to leverage customer data.

2013

First official group of Change Machine beta testers.

Former partners invited to join Change Machine beta community.

Became an autonomous nonprofit organization.

Center for Financial Security's "Financial Security Index" added to Change Machine.

Policy Advisory Group formed.

Random Control Study (RCT) with Consumer Financial Protection Bureau (CFPB) and Urban Institute was launched.

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 19 states, the Clinic has helped over 15,000 working poor households become more financially secure. As the need for services grows, so does the Clinic.

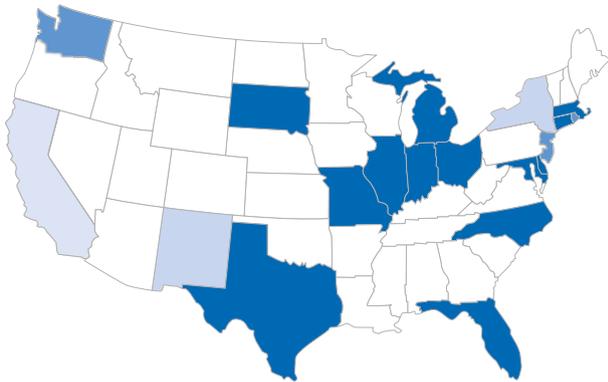
From delivering direct services in America's neediest neighborhoods to helping nonprofits look beyond their customers' immediate needs to a future built on solid financial footing, the Clinic has expanded to reach families across America who are working hard but earn too little to be self-sufficient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

To place the tools for financial security in the hands of the greatest numbers of individuals and organizations, the Clinic's knowledge base and training tools are now available online with Change Machine. Change Machine is user friendly and dynamically generated for specific target populations so it can have the greatest impact on those most in need. Through Change Machine, the Clinic will acquire an even more nuanced understanding of what financial security means for people from an array of communities. Change Machine will offer multiple approaches to look at financial security, enabling the Clinic to advocate for policies that support the financial security of those who are struggling the most.

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



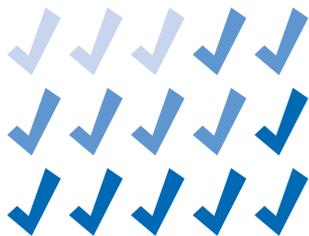
TRAINING EXPANSION

3 STATES
5 STATES
19 STATES



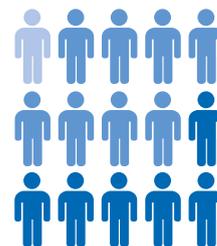
CASH VALUE

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



PRACTITIONERS TRAINED

308
937
1,527



CUSTOMERS SERVED

692
8,877
15,000

Direct Services

The Clinic's direct services component bring financial development services into neighborhoods of high need. Financial Coaches work strategically within these communities, conducting workshops to help working poor individuals and families address immediate concerns and providing one-to-one coaching for a complete assessment of financial status and to develop concrete plans to achieve goals toward a more financially secure future. Using the Clinic's key outcome areas—Assets, Banking, Debt, Credit, Taxes, and Goals—Financial Coaches use Change Machine's online tools to help customers create their own trajectories, thus empowering them to take charge of the process. Customers can access robust Financial Coaches' services and outside of meetings, Coaches use check-ins to congratulate customers on taking steps toward their goals, identifying challenges that may exist in their households, and staying on action plans.

The Clinic's financial coaching model has been invited to take part in a random assignment design study led by the Urban Institute on behalf of the new Consumer Financial Protection Bureau (CFPB). Titled "Financial Education Program Evaluation Support Services Study," this evidence-based study will create systemic change by establishing new best practice standards to lead the financial development field.

“Because of the Clinic, I was able to deal with a burdensome financial debt and help my family, too. My daughter was pregnant when I began working with the Clinic. I am a proud grandfather and have also been approved on my default application.”

—Eddie L. Matthews

The Clinic
brings financial
development
services into
neighborhoods
of high need.

*“We screen for debt now. We check for credit reports now. It **becomes real** then and we can ask our students ‘Are you taking hold of this rather than running away?’”*

–Lettisha Boyd, Academic Counselor, College and Community Fellowship

*“I’ve had the pleasure of working with the Clinic for the past two years while conducting a rigorous Random Control Study evaluation of their services. I am impressed with the **caliber of the Clinic’s staff** and the level of dedication and attention they bring to both direct services and evaluation.”*

–Brett Theodos, Senior Research Associate,
Urban Institute





The Clinic develops practical policies that will improve the lives of 10 million working people.

*“I’ve worked steadily throughout my life, very little debt, and paid all my accounts on time. However, a long and debilitating illness led to unemployment and a financial hole. I couldn’t get anywhere on my own. At the Clinic, **I learned about credit scores, saving for emergencies, shopping for banks, and creating simple step-by-step goals.** I’ve since joined the Clinic’s Policy Advisory Group because it gave me the opportunity to give back.”*

–Marco Aurelio

Policy Agenda

The Clinic's leverages what it learns on-the-ground providing direct services to help other poverty-alleviating nonprofits address the multi-faceted needs of the working poor. The Clinic then develops practical policies to address these impediments and advocates assiduously for solutions that will improve the lives of millions of working poor. The Clinic's policy agenda includes addressing the specific concerns of domestic violence survivors and "cash earners" as well as tax credits and savings vehicles for families. In January 2013, the Clinic launched a Policy Advisory Group who gives invaluable feedback on how to navigate political relationships, insight on how to shepherd through legislation, and overall support in drafting and advancing the Clinic's policy initiatives.

*"The Clinic has proven to be a **national leader** in the area of the development of financial capability among vulnerable families. The Clinic not only identifies cutting edge issues and programs, it also gets directly involved in research and analysis, as well as leading policy changes locally and nationally. The Clinic's staff is recognized as **innovators at the highest levels.**"*

–J. Michael Collins Faculty Director Center for Financial Security,
University of Wisconsin-Madison

Change Machine

Change Machine, www.change-machine.org, is a digital delivery solution that serves as a case management system, training resource, and eCommunity to address the financial barriers facing the nation's working poor. The Clinic's extensive ToolKit, including customizations for various service sectors, like domestic violence, housing, workforce development, has been migrated online and Beta testing is underway. With Change Machine, Financial Coaches record data as they work with customers, creating dynamic, user-friendly action plans to achieve financial goals. By helping practitioners rethink their business models, Change Machine strengthens their services, allowing them to achieve "faster, better, cheaper" outcomes.



.....
*"The Clinic approaches program evaluation holistically. This begins with fostering a **culture of inquiry**. The Clinic analyzes program data to both better understand customers and to ensure that on-the-ground successes are translated into best practices for the field."*

–Josh Blankenbeckler, Manager, Data and Program Evaluation, The Financial Clinic

*“We embraced the training. It was the missing piece of our program. We didn’t talk about finances with our clients before. Now we can just start the conversation. It is really very **empowering to understand your finances**. So many people are afraid or embarrassed, but when you find out there’s a way out of it, you want to share that.”* –Nadya Sadloski, Program Director, The Doe Fund

“We have a unique opportunity to shift the lens of how we look at financial stability.”

–Stanley Richards, Senior Vice President,
The Fortune Society

**Change
Machine
strengthens
services, allowing
organizations to
achieve “faster,
better, cheaper”
outcomes.**



Oscar Zagalo

When Mr. Zagalo first came to the Clinic, he did not know his credit score, nor had he ever seen his personal credit report. Working with his Financial Coach, he has been a consistent and proactive financial coaching customer. He has downloaded his own credit report and developed a solid savings plan by setting up an automatic transfer into his savings account. Through his meetings with his Financial Coach, **Mr. Zagalo is taking active steps toward building lifelong saving and planned spending habits, the foundation of financial security.**

He is now in a position to take himself and his family to the next level of financial mobility. Mr. Zagalo is also currently enrolled in Queensborough Community College and is excited about what the future will bring for him and his family.



Customers
who improve their
credit score see an
**average
increase of
44 points.**



Customers
who have created
and implemented a
savings plan
have saved
an average
of \$1,090.

Destiny Rivera

When Ms. Rivera came to see the Clinic's Financial Coach, she had about \$16,500 in debt including credit cards and student loans. Her immediate focus was to pay down these debts and learn better money management skills. Her long-term goal was to buy a car since she had a long commute to her job with a nonprofit organization. Ms. Rivera worked on a budget to cover the new expenses including loan payment, insurance, gas, and maintenance. After closely examining expenses that could be reduced to cover these costs, **Ms. Rivera determined that she could save \$200 per month.** As of year-end, Ms. Rivera has paid down approximately \$4,000 of her credit card debt. Her Coach also helped her get on an income-based repayment plan for her student loan of \$50 per month. With her reduced credit card debt, Destiny's credit score increased by 30 points. She is sticking to her budget and now has approximately \$3,000 in her savings account.

Gregg Cavaluzzi

When Mr. Cavaluzzi first met with the Clinic's Financial Coach six months ago, he had recently been released from prison.

He was living in a halfway house, had no job or bank accounts, and had \$95,000 in debt including defaulted student loans, federal and state tax, traffic violations, credit card balances, and several judgments. Mr. Cavaluzzi quickly got a job and then put together a detailed budget which showed that, since he was not paying rent, he could begin saving aggressively for an apartment as well to reduce his debt obligations. He opened a bank account. He paid off his traffic violations and got back his driver's license. In addition, **he arranged a manageable payment plan** on his state and federal tax debt. Recently, to work on improving his credit score, he took out a \$750 secured loan. He also purchased a used car for cash and is making plans to move into an apartment within the next month.



Customers who
switched to lower
cost banking services
saved an average
of \$200 a year.

Organizational Budget

Fiscal Year 2013

October 1, 2012–September 30, 2013

UNRESTRICTED INCOME

Earned Income	\$ 612,284
Government Contract	292,254
Individual Contributions	61,109
Corporate Contributions	60,896
Philanthropic Grants	968,476
Total Unrestricted Income	\$ 1,995,019

EXPENSES

Personnel	
Full Time Employees	\$ 1,127,669
Part Time Staff	57,236
Taxes & Fringe Benefits	364,159
Other than Personnel Services	278,622
Overhead	164,492
Total Expenses	\$ 1,992,177

Growth Plan

	FY 2014	FY 2015
UNRESTRICTED INCOME		
Earned Income	\$ 786,963	\$ 910,000
Government Contract	329,306	440,000
Individual Contributions	114,761	155,000
Corporate Contributions	–	85,000
Philanthropic Grants	914,455	621,743
Total Unrestricted Income	\$ 2,145,485	\$ 2,211,743
EXPENSES		
Personnel	\$ 1,603,397	\$ 1,651,499
Other than Personnel Services	371,207	382,343
Overhead	169,427	174,510
Total Expenses	\$ 2,144,030	\$ 2,208,351

Board of Directors

Margarita Brose

Brose Group LLC

Chair

Maria E. Melendez-Wada

Vice President, Head of Business Planning
Corporate Communications & Planning,
Pershing LLC, a BNY Mellon company

Vice Chair

Marc Khouzami

Vice President, DB Climate Change Advisors

Treasurer

Cassandra M. Porter

Counsel, Lowenstein Sandler PC

Secretary

Daisy Wademan Dowling

Head of Talent Development,
The Blackstone Group

Mae Watson Grote

Founder & Executive Director,
The Financial Clinic

Jordana Ingber Grunfeld

Co-Founder, Elect and Connect

Ken Press

Senior Vice President, Retirement Marketing,
Bank of America Merrill Lynch

Paul Van Hook

Director, Alternative Investments,
Private Fund Group

Tom Watts

Chairman, Watts Capital Partners, LLC

Matt Zisk

Partner, Skadden, Arps, Slate, Meagher

Thanks to Our Generous Supporters

Earned Income

Barrier Free Living, Inc.
Brick City Development Corporation
CABO
Center for Economic Progress
Center for Excellence in Financial Counseling
CFED
Edwin Gould Services for Children & Families
Federation Employment and Guidance Services
Fifth Avenue Committee
Food Bank For New York City
Good Shepherd Services
Help Roads
Innovations for Poverty Action
Jewish Board of Family and Children's Services
Nazareth Housing NYC
NeighborWorks America
New York Asian Women's Center
Queens Legal Services
Safe Horizon
Sanctuary for Families
Seamen's Society for Children and Families
SingleStop USA
The Anti-Violence Project
The National Bureau of Economic Research
The Urban Institute
United Way for Southeastern Michigan
United Way of Central Ohio
Urban Justice Center
Violence Intervention Program, Inc.

Government Contract

New York City Department of Consumer Affairs

Philanthropic Grant/Corporate Income

Capital One
Edward & Ellen Roche Relief Foundation
FJC
Fund for the City of New York, Inc.
HSBC North America Community Investment
Mertz Gilmore Foundation
Mizuho USA Foundation, Inc.
NYSE Euronext Foundation, Inc.
Rockefeller Philanthropy Advisors
Rose Foundation for Communities and the Environment
The Annie E. Casey Foundation
The Harry and Jeanette Weinberg Foundation, Inc.
The Hyde and Watson Foundation
The New York Community Trust
The New York Women's Foundation
The Prudential Foundation
Tiger Foundation
United Way of New York City
University of Minnesota
Wachs Family Foundation