The Edna McConnell Clark Foundation seeks to transform the life prospects of impoverished and vulnerable youth. We make large, long-term investments, frequently partnering with other funders, to expand programs with compelling evidence they can help more young people become successful adults.

Today, more than one in five children live in poverty and the numbers are rising. Nearly one in three public school students fails to graduate from high school, while many are unable to attain meaningful employment. And one in four young people aging out of foster care becomes homeless at some point.

Though the problems confronting these youth may seem intractable, we believe solutions exist.

Our Investment Approach uses a comprehensive, competitive and rigorous process to identify, assess and invest in high-performing organizations that help economically disadvantaged youth, ages 9–24, get an education, find a good job, and stay out of trouble such as teen pregnancy or crime.

Our goal: to dramatically expand the numbers of vulnerable youth served by effective programs that make a real and enduring difference in their lives.

Yet we know the sums currently invested in programs that work are dwarfed by the enormity of the challenges facing these young people, and to meet them will take more resources and expertise than any one funder can provide.

That’s why we pioneered in 2007 a new form of coordinated, collaborative investment we call Growth Capital Aggregation. This approach drives significantly greater resources to the most promising organizations—those with the greatest potential for growth and the strongest evidence of their programs’ effectiveness. Such investment helps these nonprofits expand and enable more young people to become productive adults who contribute to their communities and the economy.
OUR CURRENT GRANTEES

- BELL (Building Educated Leaders for Life)
- CAS-Carrera
- Center for Employment Opportunities
- Children's Home Society of NC
- Children's Institute, Inc.
- Citizen Schools
- Communities In Schools
- First Place for Youth
- Gateway to College National Network
- Good Shepherd Services
- Harlem Children’s Zone
- Hillside Work-Scholarship Connection
- National Guard Youth ChalleNGe Program
- Nurse-Family Partnership
- PACE Center for Girls
- Reading Partners
- SEED Foundation
- Youth Villages

OUR CO-INVESTING PARTNERS

- ArcLight Capital
- The Atlantic Philanthropies
- Andrew and Melora Balson
- Bank of American Charitable Foundation
- Josh and Anita Bekenstein
- Mike Bruns
- Caithness Energy
- Carnegie Corporation of New York
- The Annie E. Casey Foundation
- Day Foundation
- Deerbrook Charitable Trust
- Stanley Druckenmiller
- The Duke Endowment
- FedEx Corporation
- Paul and Phyllis Fireman Charitable Foundation
- Bill & Melinda Gates Foundation
- GreenLight Fund
- The William and Flora Hewlett Foundation
- Jeness Group
- Robert Wood Johnson Foundation
- The JPB Foundation
- George Kaiser Family Foundation
- W.K. Kellogg Foundation
- The John S. and James L. Knight Foundation
- The Koogle Foundation, a donor-advised fund at Silicon Valley Community Foundation
- The Kresge Foundation
- The Lovett-Woodsum Foundation
- Open Society Foundations
- The Penzance Foundation
- The Picower Foundation
- Dan and Lise Revers
- The Robertson Foundation
- Arthur and Rebecca Samberg
- The Samberg Family Foundation
- The Schusterman Family Foundation
- Skoll Foundation
- The Starr Foundation
- Strategic Grant Partners
- Tipping Point Community
- The Wallace Foundation
- Weingart Foundation
- Citizen Schools Board of Directors
- Harlem Children’s Zone Board of Directors
- Nurse-Family Partnership Board of Directors
- Youth Villages Board of Directors
- Anonymous
WHAT WE’VE ACCOMPLISHED

Since 2000, EMCF has invested $333 million in 42 grantees, helping these organizations reach approximately 61,735 additional youth annually.

MORE YOUTH SERVED

• On average, during the period of EMCF’s investment grantees increased the number of youth they served by 244 percent, with an average compound annual growth rate of 19.3 percent.
• In 2012, EMCF’s 18 current grantees served more than 140,600 young people, ages 9–24, in 49 states, Washington DC and Puerto Rico.

STRONGER ORGANIZATIONS

• EMCF has helped its grantees increase their annual operating budgets by a total of $473.7 million.
• On average, during the period of EMCF’s investment grantees increased their revenues by 249 percent, with an average compound annual growth rate of 23.1 percent.
• EMCF’s current grantees earned a total of more than $768 million in revenue in FY 2012, an increase of 11 percent over the previous fiscal year.

GREATER EVIDENCE OF OUTCOMES

• Our grantees have progressed toward ever more rigorous evaluation of their programs’ effectiveness.
• Sixteen of our current 18 grantees have completed or are currently undertaking experimental or quasi-experimental evaluations. Eight have already proven the effectiveness of their programs by meeting the most rigorous empirical standard, while one has demonstrated its program’s effectiveness by reaching the next-highest level of evidence.
• Since 2000, the proportion of young people benefiting from EMCF-supported programs validated by independent research has risen from zero to 64 percent.

MORE GROWTH CAPITAL

• Since 2007, EMCF has leveraged $105 million of its own resources to help 13 grantees secure $249 million in growth capital from 46 philanthropic co-investors, and $30 million from the federal Social Innovation Fund.
When we consider investment opportunities, we look for:

- A service or program with empirical evidence of its impact on youth
- Strong leadership and a vision for growth
- Commitment to measuring and evaluating performance
- Financial and operational capacity to expand

ABOUT EMCF’S INVESTMENT APPROACH

We identify and invest in organizations that have outstanding leadership, strong evidence of their impact on youth, and the potential to expand significantly.

BEFORE THE INVESTMENT — OUR SELECTION PROCESS

First and foremost, EMCF seeks to select well among the promising nonprofits that make a meaningful difference in the lives of disadvantaged youth.

Preliminary Review

We begin by conducting extensive research to identify promising nonprofits and broaden our search by consulting experts in youth development, other foundations and nonprofits, and local groups.

A preliminary assessment determines whether EMCF’s investment approach might help an organization expand to greater scale. If this assessment is encouraging, the organization proceeds to due diligence.

Due Diligence

We consider due diligence the heart of our work, and spend hundreds of hours poring over every aspect of a prospective grantee’s program and operations to be confident an EMCF investment will benefit the organization and vulnerable youth.

Competitive Review

A competitive review of every investment opportunity compares it to other opportunities under consideration as well as to investments already in our portfolio. This helps us decide whether investing in a new organization — and also whether continuing to invest in a current grantee — will put to best use the Foundation’s resources and have the greatest impact on disadvantaged youth.
THE FOUR COMPONENTS OF OUR INVESTMENT APPROACH

Once we select grantees, we strive to invest well. We invest on the basis of sound business planning, we provide growth capital to help implement a plan, and we hold a grantee accountable for executing the plan by measuring its performance. Our investments help build the evidence base and organizational capacity grantees need to improve, expand and sustain their operations at greater scale.

Augmenting our financial support, we try to support well. Our investment approach incorporates four major components:

**Growth Capital**

Our multimillion-dollar investments consist of flexible growth capital that a nonprofit can use to strengthen its organizational capacity and the evidence of its program’s effectiveness.

By aggregating growth capital, we help an increasing number of grantees secure upfront all the resources they need to execute their business plans.

**Business Planning**

EMCF helps grantees think strategically about their needs and develop sound plans to achieve their growth, evaluation and quality goals.

**Relationship Management and Support**

We augment our financial resources with the strategic counsel of an experienced EMCF portfolio manager who can also provide access to technical assistance.

**Measuring Performance**

All our investments are structured so that payout depends on a grantee’s progress toward goals that are the terms of our investment. This progress is quantified by mutually agreed-upon performance measures that reflect the goals set during business planning.
Although many of the features that distinguish growth capital aggregation are not without precedent, we believe their combination is unusual and holds great promise for disadvantaged youth and great advantages for the investors and nonprofits that champion them. Capital aggregation adds three elements to EMCF’s investment approach:

1. **Flexible Growth Capital**
   EMCF leverages its resources with those of co-investors whose commitments we help to secure, providing upfront not just some but all of the flexible growth capital a grantee needs to achieve its plans to expand to scale.

2. **Structured Collaborative Investment**
   A structured collaborative investment unites co-investors and grantees behind common goals:
   - All co-investors fund a single plan for growth.
   - All co-investors and the grantee agree to the same terms and conditions of investment, performance measures, reporting and payout.
   - All co-investors share learning with each other and the public.

3. **Co-investor Community and Collaboration**
   The network of co-investors amplifies aggregated capital with the power of partnership:
   - Co-investors assist grantees with expertise and exposure.
   - Co-investors help each other with knowledge and networking.
   - Co-investors seek to promote a funding and policy environment more favorable to evidence-based programs.

In 2007, the Edna McConnell Clark Foundation pioneered a new approach to amassing and directing growth capital to its’ grantees. We call this form of coordinated, collaborative investment *growth capital aggregation*. We hope this approach will influence philanthropy and public policy toward even greater good.
TWO MODES OF GROWTH CAPITAL AGGREGATION

Growth capital aggregation is evolving, and EMCF currently implements it in two different forms:

1. Investing in Individual Grantees
   
   We are partnering in four investments in single grantees:
   
   • Citizen Schools (total investment: $48.8M)
   • Harlem Children’s Zone ($80M)
   • Nurse-Family Partnership ($50M)
   • Youth Villages ($85M)

2. Investing in a Portfolio of Grantees

   In 2011, we introduced an alternative approach by establishing the True North Fund, aggregating $120 million in capital to support a portfolio of nine organizations selected by EMCF to receive Social Innovation Fund grants. We will add 3–5 more grantees to this portfolio in June 2013.