Dear Friends,

Thanks to all of you, 2017 was a banner year for FII and our family partners, with meaningful progress made on a number of fronts — continued site expansion, launch of the UpTogether Fund, the introduction of the Initiative Score, and an increase in those joining our movement to name but a few.

With over 3,000 family partners nationwide, we continue to demonstrate that families achieve collective prosperity when they have choice, control and a sense of community. It is now time to call upon government, foundations, the private sector, and all of you to join us in proliferating practices that listen and learn from families. Join us in proactively advocating for radical systems change nationwide and creating a new environment where families are trusted and invested in directly.

We are focused on our mission to disrupt and change the narrative of low-income communities in the U.S. We invite and encourage your active involvement. Together, we can look forward to the day where all families across the United States have equal access to resources and opportunities to pursue their goals and dreams.

Yours in the movement,

Jesús Gerena
CEO

Diana Smith
Board Chair

FII - National Office
1201 Martin Luther King Jr. Way
Oakland, CA 94612
(510) 452-9341
info@fii.org

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Paula Sneed, Vice-Chair
Jesse Casso Jr.
Amina Fahmy
Tony Mayer
Melinda Marble
Mauricio Lim Miller
Clara Miller
Stephen Schaible
Sameer Srivastava
We trust and invest in low-income families across the nation so they can work individually and collectively to achieve prosperity.
One day all families across America will have access to all the resources and opportunities needed to achieve their goals and dreams.
The Path to Change

With a presence across 12 cities in nine states, plans to add Illinois and Texas to the network in 2018, over 3,000 family partners, a continually evolving state-of-the-art technology platform, millions of data points that definitively point to success, and growing traction with stakeholders in key sectors across the country, our momentum is charging a movement and changing the narrative about those living in poverty.
After learning from hundreds of families over the past 17 years, the Family Independence Initiative has discovered that cycling in and out of poverty is not due to a lack of individual or family initiative or ability. Instead, this cycle can be traced to well-intentioned but inadequate governmental and charitable policies and practices that have three things in common:

**Lack of Information** – a lack of reliable information on the creative ways in which families achieve economic and social mobility.

**Resource Gap** – limited access to affordable capital which fuels families’ efforts to achieve their goals and dreams.

**Individual Focus** – a misplaced focus on individual achievement that overlooks the power of communities to lift people into the middle class, just as communities have done for hundreds of years.

To realize meaningful gains in the war against poverty, all sectors must join the family-led movement and play key roles in the all-important narrative and systems change required to create the environment for all families to thrive.
In order to influence dramatic narrative and systems change in the traditional social sector and beyond, it is critically important that we leverage the intelligence we have gleaned over the last decade and a half to share the many strengths of those who find themselves living in poverty — strong work ethic, resourcefulness, ingenuity, and creativity, just to name a few. We have collected millions of data points from our family partners over the last seventeen years and, through the use of sophisticated analytic techniques, have amassed a robust body of learning that is not only helpful to our families but of significant interest to other stakeholders.

Ultimately, we see the FII UpTogether platform as the hub through which millions of low-income Americans engage and collaborate to support one another, and where third-party stakeholders recognize and reward family initiative. By continuing to collect data that demonstrates family efforts to improve social and economic mobility, we will be able to further analyze and better understand the initiatives families undertake and ensure that adequate and targeted capital is available to them. The more value we are able to create for families, the more they will engage, the more data that will be shareable, and the greater the learning that will occur.

In the late fall of 2017, with the goal of informing its investments in early childhood services, the Boston Foundation partnered with FII to design and distribute a survey to 146 FII-Boston families. The Foundation and FII collaboratively designed and distributed the survey, which asked families about the experiences they have had with early childhood services in the City of Boston. Those surveyed were also asked for suggestions about how to improve child care options and quality. Survey questions were both multiple choice and open-ended. To interpret the open-ended questions, FII’s Analytics team used a technique called topic modeling to categorize text responses and analyze them. Survey responses were augmented with data extracted from family-specific monthly journals, providing deeper context.

During the acceptance period for early childhood services grant requests, the Boston Foundation included FII-Boston family partners in their review and investment decision making process.

“The perspective of parents with small children is critical to understanding the strengths and weaknesses in early childhood services. The results of the survey conducted with FII are helping to inform the decisions we are making as we move forward with our grant making in the early childhood space.”

Elizabeth Pauley
Associate VP for Education to Career
The Boston Foundation
Critically important to the widespread adoption of FII’s approach to eradicating poverty is the engagement of philanthropists and private capital providers in developing and offering creative financial solutions unavailable to low-income communities. Lack of access to non-usurious funds on the open market has been shown to be a key roadblock to low-income families’ ability to achieve and sustain social and economic mobility. FII has long provided loans and direct investments to family partners. It is now time for outside capital to support additional financing programs generally available to the mass population. Ideally, participating financial institutions will offer their FII-customized services and capital through our UpTogether platform, providing easy access for families by leveraging an already familiar gateway, and making previously unavailable data accessible to providers to enhance their learning and inform product roadmaps for this population segment.

We invite those in the private and philanthropic sectors to facilitate greater family access to capital by working collaboratively with low-income communities. Understanding the capabilities and needs of this largely invisible population can be gleaned from the families themselves using data collection and analysis, survey results, and community gatherings. Increasing the number and type of financial options available to those who may not have a traditionally ‘acceptable’ credit score or who may not have a credit score at all due to their background and life experience to date must be a priority if we are serious about eradicating poverty in this country.

In Albuquerque, the Nusenda Credit Union, in partnership with the W.K. Kellogg Foundation and FII, is piloting an innovative loan product that offers FII families substantially higher dollar loans than have been available through FII, at market rates. Prior to program design and launch, FII distributed a survey to FII-Albuquerque families where collaboratively designed questions were used to elicit loan preferences (i.e., dollar amounts and contract terms) and the learning gleaned was used to inform the loan structure and offerings.

Today, as a result of the combined efforts of all parties, qualified Albuquerque FII families have access to low interest personal loans from Nusenda Credit Union through FII’s UpTogether platform. Loan values go as high as $10,000, term lengths range from one to fifteen years, and, based on family interest levels as gauged by survey results, final demand is forecasted to be between $75,000 and $100,000. As part of this first of its kind partnership, FII is providing 10% of the loan capital and has a first loss position. W. K. Kellogg is providing 70% of the loan capital and Nusenda the remaining 20%. In 2016 and 2017, FII’s loan portfolio experienced a default rate of only 3%, giving us confidence in the success of this new partnership.

"Access to safe and affordable capital is critical to a families’ success and economic inclusion. It is even more crucial for those families living in low-wealth communities who are trying to build stability. We are excited to be part of this important collective work and we thank FII for their partnership."

Robin Brulé, Executive Director
Nusenda Foundation
The fifty-year war on poverty has made living in poverty more tolerable but it has not made it more escapable. To effect sustainable narrative and systems-change for low-income families and communities, government bodies, agencies, systems, and programs — local, regional, and national — must radically shift from hand-out and hand-up approaches to embrace a model of trust and direct investment.

Leveraging extensive family data and associated insights and learning, FII is addressing the challenges of changing mindsets head on. While we recognize that government entities may be entrenched in a system that focuses on needs rather than strengths, we have compelling evidence that demonstrates that families have the capacity to lead themselves out of poverty. In addition to sharing our hard data along with many inspiring family stories, we have been working aggressively to enlist the advocacy of key influencers and community members in each of our sites.

We are making good inroads with a number of government organizations across the country and anticipate this sector will be a primary source of expansion opportunities for families and communities alike. As these collaborations mature and FII family partners’ success is evident in cities and towns of all ilk, we believe the FII approach will be adopted as the standard nationwide. Only then can we expect to see the eradication of poverty begin.

**Multnomah County**

Multnomah County in Oregon is our first municipality partner, and began earnest discussions with FII in 2016 through the Oregon Department of Human Services (DHS) ‘Multnomah Idea Lab’, a learning laboratory for active experimentation with new ideas and human-centered solutions to better achieve long-term change in the community. They were exploring a redesign of the deployment of Temporary Assistance for Needy Families (TANF) dollars, with the longer-term goal of revolutionizing the delivery of human services statewide. In their 2014 Report, Poverty in Multnomah County, the Oregon DHS estimated that one third of their population was living in poverty. With TANF subsidies declining and the number of those living in poverty growing, Multnomah County was seeking a new approach to tackling poverty.

In addition to providing guidance in launching a fully operational FII site in Multnomah County, we have been collaboratively exploring a variety of creative policy changes for low-income families in Oregon, including tax credits for FII participation. Since launch, Multnomah County has enrolled over 100 families across eight jurisdictions, including the City of Portland.

“This partnership will not only inform our County’s response to poverty, but also that of the state, ultimately changing the way we invest in solutions.”

Mary Li, Division Director Community Services Division of the Dept. of County Human Services
family stories
“It all sounded too good to be true, but my dear friend had experienced such great success as a FII family partner, we decided to give it a try.”

Karla - Boston/Cambridge

I first heard about FII three years ago through a long-time friend who was experiencing positive changes after joining FII-Boston. When she mentioned it again recently, I was delighted to learn that FII had expanded their reach into Cambridge. I discussed what I knew of FII with all my friends who have children and everyone I grew up with in high school and we went to a local information session. It all sounded too good to be true but my dear friend had experienced such great success as a FII family partner, we decided to give it a try.

In September 2017, I took the plunge to better my family and myself and enrolled in FII with my beautiful daughter and supportive fiancé. Already, I have been more involved and engaged with my community. I am working to formally launch a painting business with my fiancé and helping my mother to expand a side business she has of selling jewelry to friends and coworkers with dollars drawn from the UpTogether Fund. I am walking to help meet my health goals and have become more outgoing, meeting more and more people in my community – in fact, I was just voted in as the Vice President of my Condo Association! I have already found success in progressing toward my personal weight loss and financial goals, and in making the time to schedule more fun activities with my family. I am in the right state of mind to know what I want and I know my worth.

Monthly journaling and meetings with my group are really important parts of my journey. By putting everything in writing, I am forced to be thoughtful – I think about what I have done or what I could be doing with my family, my goals, and my friends. I look forward to my monthly cohort meetings because my group is so supportive, offering their ideas to accelerate my progress and relaying their own and others’ success stories. They help me to remember what is possible.
Cornelia - Detroit

I was recruited into FII-Detroit through a friend in January 2017 and chose to get involved for two reasons. I wanted to progress toward my goals and I knew I needed the accountability that the group structure offered if I wanted to find success. In the past, it has always been so easy for me to give up on my goals when there’s no accountability involved. The monthly group meetings and journaling were just what I needed to keep me focused.

My current number one goal is to complete my Master’s degree in Elementary Education but the financial challenge that presents for me and for my household is a real burden. Because I chose to enroll in an accelerated course, two years of coursework and tuition are condensed into one, making it impossible for me to continue to work full time and keep up with my assignments. But the combination of scholarships I’ve been granted (thanks to my 4.0 GPA), loans I’ve been approved for, and family assistance I’ve been blessed with, allow me to keep up with both my schoolwork and my tuition bills. And dollars I withdrew from the UpTogether Fund to pay for a monthly parking pass save me valuable time and money, not to mention lessening the additional stress associated with each day’s search for a parking space.

I am proud to say that I am currently doing my student teaching and have only two classes left. My Master’s degree will be completed by August and I will be teaching in my own classroom in the Fall of 2018!

As I had hoped, my FII group has remained very encouraging to me throughout my journey and the monthly journals are helping to keep me on task. With my group’s steady support, I am mindful of where I was, where I am going, and how far I have come.

“As I shared my story with my group, they began to suggest resources that they thought could help me out. That’s how I learned about a head-start program for my daughter — once she was enrolled, I was able to work more hours and make more income.”
“FII was genuinely interested in listening to me and to others in my community—they did not have a laundry list of requirements to join and they were not interested in telling me what to do.”

Mary - Albuquerque

My husband and I live in Albuquerque and have two beautiful boys, now ages 4 and 12. We have been associated with FII since 2015 so are well past the formal 24-month partnership period. But, like so many others, we found the approach worked for us and have continued to live our lives according to the tenets learned through that community.

To be honest, when I joined FII, my husband was not on board. To him, it all sounded too good to be true. But it seemed to me that we had nothing to lose and I trusted FII in a way that I hadn’t other programs – FII was genuinely interested in listening to me and to others in my community – they did not have a laundry list of requirements to join and they were not interested in telling me what to do. I persevered for the first six months on my own and then appealed to my husband’s dream of teaching BMX racing to my oldest – I applied for funds to pay for a training class and the rest is history. We began to hold family meetings in my home, where we discussed our goals and laid out our plans.

Although past the 24-month period, we continue to accelerate our progress toward goals because the accountability we learned from and modeled in our FII group meetings is now a part of our life. We’ve leveraged the direct investments FII made in us to fulfill our dreams and reach our goals. I’m pursuing a career in coaching, releasing my first book, and regularly demonstrate cooking lessons focused on health and nutrition to a growing audience via Facebook. My husband is certifying to be a full-fledged mechanic and my son continues to set and achieve interim goals.

We’ve completed home improvements to enhance our quality of life, we’ve managed to find time for fun family activities, and we’ve doubled our savings with an eye to buying a home—in cash! Life is good.
family data
About Our Families

FII partners with creative, industrious, and hardworking low-income families who harbor dreams of economic independence and stability. Many work multiple jobs, most have children, and some are responsible for extended family members. Yet, in spite of the many challenges these families face, they make progress. Through their partnership with FII, that progress accelerates.

Family Economic Impact*
After Two Years in FII = $15,180

- Median Annual Income Increase for Family of Four
- $3200: The maximum investment made directly to families enrolled in FII over two years.
- $1959: Families increase their average liquid assets from $623 to nearly $2,582.
- $1039: The average amount families save through newly established Retirement Investment Accounts.

*Economic impact defined as the sum of earned income, spending on goods and services, government subsidies and stipends received, taxes paid, and social capital exchanged with others in their community.
The UpTogether Fund is a pool of dollars set aside to directly support initiatives that are important to FII families. Eligible families visit UpTogether.org and see the dollar amount available to them based on their Initiative Score. If they decide to draw on the available funds, all they have to do is indicate how they plan on using them. Local FII staff verify eligibility based on each family’s Initiative Score and funds are transferred directly to a family’s bank account. Given that each family forges its own unique path toward mobility, funds that are drawn support a wide variety of initiatives.

In 2017, there were 1,335 total draws and $1,136,549 funds disbursed to FII families through the UpTogether Fund.

The charts below visually depict 100 percent of total draws and total dollars disbursed. As you can see, the categories with the highest percentage of draws in 2017 do not necessarily have the highest percentage of dollars disbursed.

For example, the draws associated with “Education” account for only 19% of the total but a whopping 30% of total funds distributed. On the other hand, “Children and Family” draws account for 28% of the total, but only 12% of total funds distributed, highlighting that a relatively small dollar investment, $361 on average, fulfills a most fundamental need for these families, providing an opportunity for extracurricular activities for their children and sharing quality time as a family unit.
To say we are encouraged by the progress we, and our families, made in 2017 would be an understatement. To make radical system changes that focus on the strengths of all rather than the weaknesses of those living in poverty, we need the active participation of all stakeholders – Families, Individuals, Private Capital, Philanthropy, Government, and Technology.

Traditional command and control programs neither encourage nor reward initiative and ignore the innate human desire for self-sufficiency. Dignity and self-respect are often stripped away. Only when there is true collaboration between and among all stakeholders will the war against poverty be won.

We invite all stakeholders to collaborate, see the strengths and initiative of those living in low-income communities, and invest in them directly, resulting in the creation of win-win solutions that put choice and control squarely back into the hands of families.

### HOW CAN I HELP?

- Trust low-income communities
- Reject negative stereotypes
- Focus on family capabilities
- Focus on family strengths
- Share what you know
- Advocate for change
- Invest in families
- Donate at fii.org

**PLEASE JOIN US**

- How can I help?
  - Trust low-income communities
  - Reject negative stereotypes
  - Focus on family capabilities
  - Focus on family strengths
  - Share what you know
  - Advocate for change
  - Invest in families
  - Donate at fii.org
### Financials

#### Statement of Financial Position
For the Year Ended December 31, 2017

##### ASSETS

**Current assets**
- Cash and cash equivalents: $3,528,253
- Contributions and grants receivable: $1,685,922
- Prepaid expenses: $18,072
  - **Total current assets**: $5,232,247

**Noncurrent assets**
- Contributions and grants receivable, net of current portion: $2,084,566
- Other accounts receivable: $100,991
- Deposits: $20,447
  - **Total noncurrent assets**: $2,206,004

**Total assets**: $7,438,251

#### LIABILITIES AND NET ASSETS

**Current liabilities**
- Accounts payable: $60,908
- Accrued salaries and other: $83,081
  - **Total current liabilities**: $143,989

**Net assets**
- Unrestricted: $96,893
- Temporarily restricted: $7,197,369
  - **Total net assets**: $7,294,262

**Total liabilities and net assets**: $7,438,251

#### Statement of Activities
For the Year Ended December 31, 2017

##### Revenues and Support
- Individual/Stock Contributions (9%): $650,902
- Earned Revenue (9%): $661,860
- Other Revenue (0.1%): $10,767
  - **Total Revenues and Support**: $7,521,269

##### Functional Expenses
- **Program Services**
  - Direct to Families (38%): $2,333,610
  - Technology (14%): $838,570
  - Operations (29%): $1,730,205
    - **Total Program Services**: $4,902,385

- **Support Services**
  - Management and General (10%): $593,336
  - Fundraising (9%): $560,669
    - **Total Support Services**: $1,154,005

  - **Total Functional Expenses**: $6,056,390

- **Change in net assets**: $1,464,879
- **Net assets, beginning of year**: $5,829,383
- **Net assets, end of year**: $7,294,262

- **Functional Expenses**
  - **Total Functional Expenses**: $6,056,390

- **Revenues and Support**
  - **Total Revenues and Support**: $7,521,269
We thank our 2017 donors for their continued generosity.

We thank everyone who has given in support of Family Independence Initiative. Your generosity enables us to continue to trust and invest in low-income families and communities.

$1,000,000+
- Chan Zuckerberg Initiative
- The F.B. Heron Foundation*
- The Greater Cincinnati Foundation*
- The James Irvine Foundation*
- New Profit Inc.*
- Ray and Tye Noorda Foundation*
- W.K. Kellogg Foundation*

$500,000 - $999,999
- GreenLight Fund, Inc.*
- The Kresge Foundation*

$100,000 - $499,999
- Amherst Wilder Foundation*
- Dudley Street Neighborhood Initiative*
- Eos Foundation
- Fortitude Fund
- Horace W Goldsmith Family Foundation*
- Levi Strauss Foundation*
- Barbara and Tony Mayer McGregor Fund*
- MetLife Foundation
- Multnomah County, Department of County Human Services*
- Oak Foundation*
- The San Francisco Foundation*
- Skillman Foundation
- United Way Southeastern Michigan

$50,000 - $99,999
- Cambridge Community Foundation
- Catholic Charities of the Diocese of Rochester*
- Community Foundation for Southeast Michigan
- Greater New Orleans Foundation
- John Hancock Foundation
- Josephine and Louise Crane Foundation
- The Mayer-Phillips Foundation
- New Life Community Development Center
- Roger I. and Ruth B. MacFarlane Foundation
- Kat Taylor and Tom Steyer TomKat Foundation

$25,000 - $49,999
- Deborah Munroe Noonan Memorial Fund
- Deutsche Bank

$10,000 - $24,999
- Lawrence Bass and Paula Sneed
- The Boston Foundation
- Burt Family Foundation
- Civil Service College
- Friedman Family Foundation
- JoAnna Jacobson
- Jacobson Family Foundation
- The Janey Fund Charitable Trust
- Kuehn Charitable Foundation
- Jennifer Leary
- Christine and David Letts
- Mauricio Lim Miller
- Marguerite Casey Foundation
- Mayerson Family Foundations
- Newman’s Own Foundation
- Bruce Patton and Diana Smith
- Santander Bank
- SC Ministry Foundation*
- Stephen Schallie
- Brian and Stephanie Spector
- United Way of Central New Mexico

$5,000 - $9,999
- Anonymous
- David & Jill Adler
- Jesse Casso and Cheryl Marino Community Foundation of Greater Chattanooga
- Jean Hammond and Michael Krasner
- InvestCloud Inc.
- Dana and Lloyd Taylor Giving Fund
- Lovett-Woodsum Foundation
- Anne and Paul Marcus
- Mark Mayer
- The Pittsburgh Foundation
- Susana Sarmento
- Patty Stonesifer and Michael Kinsley
- United Way of Greater Cincinnati Child Poverty Collaborative

Watt Family Foundation
WeWork

$1,000 - $4,999
- Anonymous
- Henry and Joan Barry
- Jeff Bradach
- Elizabeth Bruce
- Jay Cantor and Melinda Marble
- Mary Jane Ferraro
- Deborah Frieze
- Rebecca Gelenberg
- Michele Jolin
- Alan and Judy Kosloff
2017 Donors, continued

Richard Marks and Jennifer Morrison
Kelly Pfeifer
Gary Roewe
Adam and Ashley Sherwin
Justin Steele
Anne Stuhldreher and Tim Wirth
Thorman Boyle Foundation
Watkins Family Fund

$500 - $999
Anonymous
William Bailey
Brian Billz
Michelle Chao
Chloe Cheimets
Vanessa Freytag
Nancy Halloran
Lauren Hittner
Faridah and Pouria Inanlou
David Jones

Angela Kenyatta
Matthew Lim
Deborah Moy
Nadikerianda Ponnamma
Alex Reid and Gretchen Saffner
Sameer Srivastava
Jennifer Thomas
TripAdvisor

$250 - $499
Anonymous
Jennifer Bender
Amina Casewit
Amy Constant
James Cook
Danielle and Jesus Gerena
Margaret Hall
Idealistics
Chinyelu Kenyatta
Anita Lucierella
Jonathan Lowden and Suki McCoy
Katherine McHugh
John Melville
Lisa Rose
David and Kristin Shapiro
Jessica Taubner
Lynn Tibbets
Jolly Zhou

Up to $249
Anonymous (4)
Ivonne Almodovar
Amazon Smile
Crimilda Andrade
Kate Barrett
Jorge and Stacy Blandón
Evan Bloom
Kalonji Bobb
Trina Brown
Catherine Burden
Jennifer Chatie
Thomas Choske
Jamie Choy
Gloria Chua
Barbara Cohen
John Cooper
Philip Dearing
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Google Employee Matching Program
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Sara Ishikawa
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Norty and Summers Kalishman
Sithara Kodali
David Latella
Fermina Lopez
Edward Madara
Sharif Masary
Sarah and Don Moore
Crystal Murphy
Chris Navin
JP Nerbun
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Tara Nolans
Melissa Pacheco-Armijo
Wandy Peguero and Daneris Peguero-Neris
Deborah Plaza
Ona Porter
Bernard and Sue Pucker
Courtney Ready
Karen Renaud
Rachel Renaud
Lauren Renaud
James Patrick Robinson
Vashli Rutledge
Julia Saelee
Paul Schmitz
Shanti Serdy
Reyna Tovar
Shelle VanEtten de Sanchez
Nicholas Weininger

* reflects multi-year award.
This list includes all gifts received during the fiscal year beginning January 1, 2017 and ending December 31, 2017. We have done our best to ensure the accuracy of these lists. We apologize for errors or omissions and would appreciate having any mistakes brought to our attention.