Phipps Neighborhoods helps children, youth, and families in low-income communities rise above poverty. We work in South Bronx neighborhoods where we can address the greatest barriers to lasting success through education and career programs, and access to community resources.

We’re dedicated to our neighborhoods for the long term, supporting individuals and families as they establish self-sufficiency. Our services create opportunities for people to thrive in every aspect of their lives.
MESSAGE FROM
DIANNE MORALES
PHIPPS NEIGHBORHOODS
EXECUTIVE DIRECTOR AND CEO

I grew up in the Bedford Stuyvesant section of Brooklyn. Much of my youth was spent in a five-block radius, among families, small business owners and visitors that comprised what I fondly remember as my neighborhood. I enjoyed being a part of a community where people looked after one another and neighbors were family.

As I think about the work we do at Phipps Neighborhoods, it reflects the same spirit of inter-connectedness, safety and possibilities I was exposed to back then. Today, we’re dedicated to meeting the current needs of our South Bronx neighborhoods by tapping into the traditions, strengths and history of this borough that’s been written off by many.

We know that poverty often begets poverty, which can lead to violence, unemployment and other ills of society. This self-perpetuating ecosystem leaves men, women and children feeling discouraged and trapped in a cycle of despair.

While it may sound like we’re singing a dirge, we believe that the same phenomena that create a downward spiral can also be a catalyst for positive change. But in order for that to happen, there needs to be an initial spark to get things moving in the right direction.

I’M HAPPY TO REPORT THAT OPTIMISM IS ALIVE AND WELL IN THE SOUTH BRONX!

This optimism isn’t just a feeling of vague hope, it’s the reality of the positive impact we’ve already observed in families. Our neighborhood-based strategy has been affirmed with recognition from peers and partners, as well as evidenced by our service to 10,000 individuals.

Collective efficacy has taken root throughout our neighborhoods and will continue to increase as we move forward with proven initiatives in Education Achievement, Career Readiness and Community Resources. In addition to the four fantastic programs outlined in this report, we also serve others through Summer Youth Employment, Senior Services and many other initiatives.

We are thankful for our donors, supporters, partners and community members who make it possible for us to mobilize a renaissance in our neighborhoods.

Dianne Morales
Phipps Neighborhoods
Executive Director and CEO
2015 was a year of great success and innovation for Phipps Neighborhoods. We incubated, along with partner institutions, a stunningly successful career development program that beats the odds for employment of young, out of work adults. We gave a financial leg up to 1,070 clients in our Financial Empowerment Centers. Through the many offerings of Phipps Neighborhoods, we now serve 10,000 people whose communities have historically lacked the kinds of resources found in wealthier ones. We’re intent on changing that trend.

Phipps Neighborhoods’ community-based programs go hand-in-hand with the efforts of its sister not-for-profit organization, Phipps Houses, which develops and stewards high-quality affordable housing in these very communities. Providing a stable base through an affordable, well-maintained home, then enriching the surrounding neighborhood with community services is a model we’ve followed for decades. We believe these long-term investments in communities will keep New York City a healthy, vibrant place, attracting new arrivals, and ensuring that no family gets left behind.

WE LOOK FORWARD TO WORKING WITH YOU TOWARD THESE GOALS IN 2016 AND WELL BEYOND.

Adam Weinstein
Phipps Neighborhoods, Chairman
Phipps Houses, CEO
The cost to incarcerate one inmate in the City of New York is $167,000 per year, while the Phipps Neighborhoods’ Arches program can serve up to 40 young people each year for $194,000.¹

When we prevent recidivism in two or more Arches participants, the numbers immediately add up to fiscal success.

But that’s just the beginning.

MORE THAN MONEY
Keeping young men and women out of jail isn’t just about the dollars that go toward prison costs—or the money we invest into preventing recidivism. Unfortunately, incarceration has become a way of life in our neighborhoods. Lack of educational and job opportunities prevent many of our young people from leading successful lives, but we are changing that.

In order to break this cycle in our neighborhoods, we must provide proven tools and resources. Initially funded by NYC CEO’s Young Men’s Initiative (YMI), Arches helps justice-involved young adults (ages 16–24) move out of the criminal justice system by strengthening their attachment to education, work and community.

STRENGTH. SAFETY. STABILITY.
With a focus on building stronger and safer neighborhoods, The New York City Department of Probation (DOP) directs court-involved youth to Arches. Parole Officers (POs) provide individuals with one-on-one interaction and our team facilitates growth through group mentoring.

Serving a population with a 4:1 men-to-women ratio, the majority of Arches participants haven’t completed high school. Our culturally-competent mentors guide these young adults through an evidence-based curriculum designed to help them gain a better understanding of personal responsibility and enhance their interpersonal skills.

Our program consistently has great outcomes, surpassing the DPO requirements of 50% average attendance and 60% completion rates. Although a 10% reduction in recidivism is the DPO goal, Phipps Neighborhoods believes that a greater reduction is possible—and we’re committed to making that happen.

MOVING FORWARD TOGETHER
The Arches program also includes the opportunity for participants to earn stipends. And although securing employment for these young people isn’t a DPO contract requirement, our Phipps Neighborhoods mentors often connect them to educational and vocational resources.

Incarceration doesn’t have to be the beginning of a downward spiral for our young adults. Instead, Arches provides the redirection and resources needed to break the cycle of imprisonment—leading to long-term safety and stability in the South Bronx.

Strengthening the heart of our neighborhoods... with compassion, connections and courage.
The numbers don’t lie. And they’re certainly not pretty.

- More than 23% of young people (ages 18–24) in Bronx Community Districts 3 and 6 are unemployed or out of school.
- Nearly 43% of families in these neighborhoods are living at or below the federal poverty index.

At Phipps Neighborhoods, it’s our goal to help prevent this group of young people from becoming the next generation of unemployed adults living in poverty. One of the ways we have worked toward this goal is with our employment initiative—Career Network: Healthcare.

**TOGETHER, WE ARE STRONGER**

Launched in 2014, this collaboration between Phipps Neighborhoods, Montefiore Health System and Hostos Community College prepares participants for careers in the high-demand (and well-paying) health sector. The 13-week career exploration and training program incorporates case management, academic training, technology instruction, externships, job shadowing and networking opportunities.

With career coaching and contextualized work readiness, program graduates are well-prepared to begin employment almost immediately. Early results show that 70% of participants complete the program, which culminates in a job interview at Montefiore or the opportunity to enroll in one of 13 allied health certificate programs at Hostos.

**NOT JUST ANOTHER JOB**

Because these young people begin their employment with a clear understanding of the job requirements and professional expectations, Montefiore is seeing a 90% retention rate.

Earning a good living is about more than just the money. It’s about becoming self-sufficient, taking pride in one’s work, continuing to grow, and stemming the tide of poverty.

**Strengthening the heart of our neighborhoods... with careers that make a difference.**
Possessing financial literacy is critical to proper money management and debt control, especially for the individuals and families in our community. The Financial Empowerment Center was created to provide this vital education and support.

Although we counsel individuals within a wide range of income, age and knowledge, the vast majority of our clients are on the lower spectrum of financial stability. While some clients make a proactive self-referral, individuals more often come to us in the aftermath of a serious money-related incident such as an eviction or a debt problem.

Certified by the City University of New York (CUNY), our trained and compassionate counselors work with clients who may attend one mandated visit or return periodically for several years. A large number of situations are heartbreaking (such as becoming penniless due to a family member’s death), while others are more upbeat (like when a consumer asks for help with budgeting money earned at a new job).

While there are differences between individual cases, the common thread is that we’re providing knowledge and encouragement to empower men and women in our neighborhoods. Unlike for-profit “credit menders” and other predatory financial organizations, our service offerings are always free and confidential:

- Resolving credit card and other debts.
- Understanding and improving credit scores.
- Disputing incorrect credit report items.
- Opening a bank account and increasing savings.
- Researching and applying for government benefits.
- Detecting and reporting identity theft.
- Developing a budget and prioritizing spending.

LEADING THE WAY

Nearly a decade ago, Phipps Neighborhoods was the pilot program for Financial Empowerment Centers (FEC) offered through the New York City Department of Consumer Affairs Office of Financial Empowerment. We were then extended an opportunity to be the first FEC in the United States.

Since that time, we’ve conducted more than 2,300 sessions per year with approximately 270 outcomes. Our system tracks 30 milestone outcomes in the areas of Access to Banking, Improving Credit, Reducing Debt and Increasing Savings. Even when a client’s resolution doesn’t fit one of the 30 milestone outcomes, the joy in our service is seeing them walk out the door armed with new fiscal knowledge.

The reality is that money affects all aspects of our lives. And because our FEC is a part of Phipps Neighborhoods, we’re able to cross-refer internally to provide our clients with access to education resources, job training and other related services. This collaborative and caring approach demonstrates our long-term commitment to the people of the South Bronx.

Strengthening the heart of our neighborhoods... with the power of financial literacy.
Few deny the importance of education. But not everyone realizes the significant impact early education has on the future of neighborhood safety and stability. Here are the facts:

• Almost 80% of a child’s brain develops before age 5.²

• Two-thirds of students who can’t read proficiently by the end of fourth grade will end up in jail or on welfare.³

• Truancy can be associated with teen pregnancy, drug use and criminal activity.⁴

**NOT JUST FUN AND GAMES**

Getting students engaged from the earliest age possible helps establish a love of learning and the habit of attending school. Coming to a safe, fun, loving and structured environment on a daily basis provides students with a positive impression of education and educators. And since Universal Pre-K is free for families, it removes one of the barriers to education.

At Phipps Neighborhoods we’re getting great results! Children who go through our pre-K program perform above average on five areas taught through the curriculum, resulting in both kindergarten preparedness and an enthusiasm for lifelong learning.

**STUDENTS OF ALL AGES**

While our young students are developing relationships with their neighborhood friends and dedicated teachers, something else is taking place—we’re achieving our parallel goal of bringing parents and other caregivers into the education domain. Since a large number of these adults haven’t graduated from high school, exposing them to a positive learning environment can have an impact on their view of education.

Recent statistics show that more than 35% of the students in Community District 3 were chronically absent, which is significantly higher than the national average of less than 10%.⁵ Many factors contribute to this truancy, including a caregiver’s ability to consistently get children to school and traveling through unsafe areas each day.

That’s one of the reasons we’ve made it a priority to build a family-oriented education model, even though there isn’t a funding source for family involvement. We believe it’s critical to inform parents about how they can best support their children with regular attendance, encouragement and the pursuit of their own education.

**HOLISTIC FAMILY SUPPORT**

There is a tremendous amount of need among the families in our neighborhoods, which is why our two-pronged approach is critical to helping these children stay in school and prepare for the future. Some of our outreach efforts include:

• Hosting a female empowerment week.
• Holding a guys’ night for dads, uncles and grandfathers.
• Offering GED classes for adults of families at these schools.
• Building relationships with families to determine what they need and how we can help.
• Providing access to case managers and referrals for needed services.

Achieving kindergarten readiness is an objective outcome of our pre-K programs. But just as important are the subjective results—students who are excited to learn and adults who are catching their enthusiasm.

Strengthening the heart of our neighborhoods... one student at a time, one family at a time.
Our program surpasses DPO requirements which include:

- 50% average attendance
- 60% completion rates

DPO goal is a 10% reduction in recidivism, but we are committed to a greater reduction.

Financial Empowerment Center

Our congressional district is the poorest of all.

- More than a quarter-million people in the South Bronx are living in poverty.*
- 435 districts

Because 49% of children in our neighborhoods are living in poverty,* it’s imperative that we provide their parents and grandparents with the knowledge they need to manage their money and debt, so we can break the cycle of multi-generational poverty.

* U.S. Census Bureau
CAREER NETWORK: HEALTHCARE

PHIPPS NEIGHBORHOODS INVESTMENT PER ENROLLEE
$9,000 PER YEAR

AVERAGE PROGRAM GRADUATE WAGE
$16–32 PER HOUR

TYPICAL TIMEFRAME TO CONVERT JOB INTO FULL-TIME POSITION WITH BENEFITS
4 MONTHS

UNIVERSAL PRE-KINDERGARTEN

91 STUDENTS ENROLLED IN UNIVERAL PRE-KINDERGARTEN WITH A 1:9 TEACHER STUDENT RATIO

43 DALY AVENUE APARTMENTS
32 LEBANON WEST FARMS
16 ROSCOE C. BROWN APARTMENTS

2015 ANNUAL REPORT
YOU CAN MAKE A DIFFERENCE!

We sincerely appreciate the support we’ve received from our generous donors—both financially and with their words of encouragement. Because of this commitment to the South Bronx, we are making a difference in the lives of those who call it their home.

We are making a return to the neighborhoods of old. Neighborhoods where people know each other, are furthering their education, have viable career opportunities and are given a second chance. Neighborhoods where families thrive.

Your continued support makes it possible to bolster service to our neighbors. We invite you to remain a part of this life-changing movement—or take the first steps to join us. Please visit phippsneighborhoods.org/donate to make your contribution!
In 2014, Phipps Neighborhoods’ Board of Trustees approved a change in the organization’s fiscal year end from December 31 to June 30. This change in reporting cycle began January 1, 2015. The change allowed the organization to align with most of its major government contracts and facilitate streamline budget and reporting.

**STATEMENTS OF ACTIVITIES**
Period from January 1, 2015 to June 30, 2015 and year ended December 31, 2014

**UNRESTRICTED NET ASSETS**

<table>
<thead>
<tr>
<th>Revenue and Other Support</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phipps Houses</td>
<td>$735,644</td>
<td>$967,227</td>
</tr>
<tr>
<td>Other</td>
<td>52,840</td>
<td>412,209</td>
</tr>
<tr>
<td>Program and grant revenue</td>
<td>1,216,704</td>
<td>2,290,557</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>-</td>
<td>841,450</td>
</tr>
<tr>
<td>Investment and other income</td>
<td>48,467</td>
<td>137,635</td>
</tr>
<tr>
<td>Net assets released from restrictions—satisfaction of program restrictions</td>
<td>7,158,148</td>
<td>12,708,555</td>
</tr>
<tr>
<td><strong>Total Revenue and Other Support</strong></td>
<td><strong>9,211,803</strong></td>
<td><strong>17,357,633</strong></td>
</tr>
</tbody>
</table>

| Expenses                  |          |          |
| Program expenses          | 8,519,826| 15,346,026|
| Management and general    | 930,167  | 2,109,390 |
| Fundraising               | 284,395  | 701,945  |
| **Total Expenses**        | **9,734,388** | **18,157,361** |

Loss from Unrestricted Activities Before Postretirement Benefit Adjustment: (522,585) (799,728)

Postretirement Benefit Adjustment: 32,500 65,295

Decrease in Unrestricted Net Assets: (490,085) (734,433)

**TEMPORARILY RESTRICTED NET ASSETS**

Program and grant revenue: 1,106,492 31,355,530

Net assets released from restrictions—satisfaction of program restrictions: (7,158,148) (12,708,555)

(Decrease) Increase in Temporarily Restricted Net Assets: (6,051,656) 18,646,975

**PERMANENTLY RESTRICTED (ENDOWMENT) NET ASSETS**

Investment income (loss): 69,464 (79,412)

(Decrease) Increase in Net Assets: (6,472,277) 17,833,130

Net Assets, Beginning of Year: 36,990,614 19,157,484

Net Assets, End of Year: $30,518,337 $36,990,614
REFERENCES

Page 6
1) The cost to incarcerate one inmate in a New York City jail in 2012 was $167,731 per year, according to the Independent Budget Office of the City of New York. www.ibo.nyc.ny.us/cgi-park2/?p=516

Page 9
2) www.wnet.org/education/video/pre-k-for-all/
3) Statistic from National Assessment of Adult Literacy (NAAL) www.begintoread.com/research/literacystatistics.html
5) www.nynmedia.com/news/nyn-daily-10-2#sthash.Qrk12EEw.dpuf