

Portfolio Update

Rehabilitation Enables Dreams (RED)

Presented by The USIT Foundation in Spring '23

Originally Presented in Spring '21

Charity Summary

Charity Overview

- Founded in 2016, RED runs a 12-month program for first time felony offenders in cohorts of 20-25 young adults (aged 17-28)
 - RED’s program consists of 12 programming modules (70% of costs), record restriction (10%), GED assistance (4%), and other various program activities (33%)
 - RED’s program currently maintains a cumulative recidivism rate of approximately ~10% since inception, 5x lower than Georgia’s recidivism rate of ~50%
 - RED participants experience an 85% increase in employment relative to pre-arrest rates and 47% increase in educational attainment. Importantly, RED works with each participant to ensure record restriction at graduation, which opens up significant opportunities for future employment
 - RED’s 2022 inflows and outflows totaled \$403K and \$416K, respectively
- While Georgia provides an alternative to imprisonment in its Accountability Court system, the results and costs are disappointing relative to RED’s solution

	3-Year Recidivism Rate	Graduation Rate	Cost
RED	~5%	95%	\$5-10K (free to participant)
Georgia Accountability Courts	38%	40%	~\$17.5K (\$15.5K State-funded over 2 years and \$2K cost to participant)
Adjudication	50%	--	~\$20K (State-funded)

Plans for Expansion

- RED continues to invest in its roadmap of growth over the next 1-3 years, including expanding its in-person operations throughout the Greater Atlanta metroplex as well as distribute its curriculum to other nonprofit, for-profit, and governmental organizations
 - RED expects to expand its physical presence to 2-3 cohorts in 2023
 - RED is planning to accredit and license its digital modules to pre-trial diversion programs, allowing RED to progress towards financial self-sustainability

Charity Updates & Forward Trajectory

Notable Highlights

Funding:

- RED grew funding 56% from 2021 to 2022 despite losing the Arthur Blank Foundation (due to internal funding struggles), which comprised ~40% of funding in 2021
- RED was recognized as the 2022 Atlanta Falcons' NFL Inspire Change Changemaker and plans to continue partnering with the NFL for support going forward
- In 2022, RED had its first ever Charity Golf Classic Fundraiser, which raised \$74K

County Expansion:

- RED launched its inaugural cohort in Gwinnett County in 2022 with 21 participants and an 86% graduation rate. The success of the program led to a request from Gwinnett County for RED to expand the size and number of cohorts per year
- RED continued to operate in DeKalb and Cobb Counties digitally and has an aggregate impacted 61 lives in 2022

Future Plans

Key Forward Priorities:

- Digital Program Licensing: RED plans to grow in self-sufficiency by exploring avenues to license its digital programs to local counties (as modules in pre-trial diversion programs), nonprofit organizations, and for-profit organizations (i.e., use cases of financial literacy and emotional intelligence modules)
- Consider providing greater resources in areas of substance abuse, mental health, and transportation, which are the main reasons for why participants may drop out of the program

Expansionary Challenges:

- Bureaucratic delays have been the primary obstacle in RED's county expansion plan
- Original 2021 goal was to host four cohorts in 2022 and have a presence in six jurisdictions by 2023

Unit Economics

KPI	2019	2020	2021	2022	2023
Revenues	\$109,418	\$192,187	<p>RED was not able to host cohorts this year due to cases being stalled and district attorney not being in court as a result of the pandemic</p>	\$403,873	<p>Data to be obtained at the end of this year (2023)</p>
Total Expenses	\$116,384	\$160,892		\$416,834	
Admin & Office Expenses	2% admin & office	6% admin & office		15% admin & office	
Number of Cohorts	1 cohort	1 cohort		1 cohort launched, 3 cohorts impacted digitally	
Number of Participants	25 people per cohort	25 people per cohort		21 people per cohort	
Average Cost per Participant	\$2,145 per participant	\$1,970 per participant		\$9,469 per participant	
3-Year Recidivism Rate	9%	9%		7.5%	
Post-Program Employment Rate	N/A (Did not have resources to track)	N/A (Did not have resources to track)		89% of graduates employed	
Number of GEDs provided by RED	0 GEDs	0 GEDs		3 GEDs	
Other Commentary / Timeline of Operations	Newly established digital program is up and running	Began pursuing social justice events	Launched first cohort in Gwinnett County	Licensing digital programs as pre-trial diversion modules	

RED Pricing Project & Other Updates

- RED is hoping to partner with The USIT Foundation to understand the implications of accrediting and licensing its digital modules as (a) a path to generate self-sustaining inflows and (b) a method of expanding and disseminating its programming content
- The scope of this project consists of two primary questions:
 1. Should RED undergo the accreditation process for its curriculum?
 2. How much should RED charge for its digital content?

Accreditation Process

- There are various agencies that each provide slightly different forms of accreditation. RED is most familiar with Cognia, which was recommended by a board member, but further work is required to understand the optimal accreditation to maximize RED's addressable market
- The Cognia accreditation process requires a two-step investment consisting of a \$5-10K application cost and an ongoing PhD on staff, which would cost a minimum of \$36K annually if hired part-time

Demand & Pricing

- Despite not having done any outreach, RED has received inquiries from four institutions in the Greater Atlanta area (non-profits and for-profits) to license its digital content
- RED's founder, David Windecher, has also been in communication with municipality leaders regarding the implementation of RED's programming (e.g., Ft. Lauderdale, Houston, Atlanta Eleventh circuit court)
- Preliminarily, RED would assume a price point of ~\$500 per person for their pre-trial diversion modules prior to receiving accreditation

Leveraging Fixed Costs Across Cohorts

- Set forth below is an illustrative comparison of unit costs per participant based on a 2023 budgeting exercise provided by RED management. Based on the budget, as cohort counts scale, additional Staff Salaries expenses would include Executive Director pay (i.e., David would not receive compensation if RED only accommodates one cohort) and more assistants
- Programming Expenses include digital curriculum improvements, in-class meals, speaker fees, rent, and GED-related fees
- Other Expenses include consulting fees, marketing, printing, and other miscellaneous fees
- If RED is operates around three cohorts, the cost per participant is ~\$7.4K. This would decrease to \$5.1K if RED scales to serving six cohorts in 2023

Cohort Count	1	2	3	6	10
No. Participants	25	50	75	150	250
Expenses (\$ '000s):					
Staff Salaries	\$217.9	\$297.0	\$375.0	\$496.3	\$536.3
Programming Expenses	\$58.3	\$92.5	\$126.6	\$198.3	\$266.6
Other Expenses	\$25.3	\$39.2	\$51.2	\$71.0	\$87.0
Total Expenses	\$301.5	\$428.7	\$552.8	\$765.5	\$889.8
Cost per Participant	\$12.1	\$8.6	\$7.4	\$5.1	\$3.6

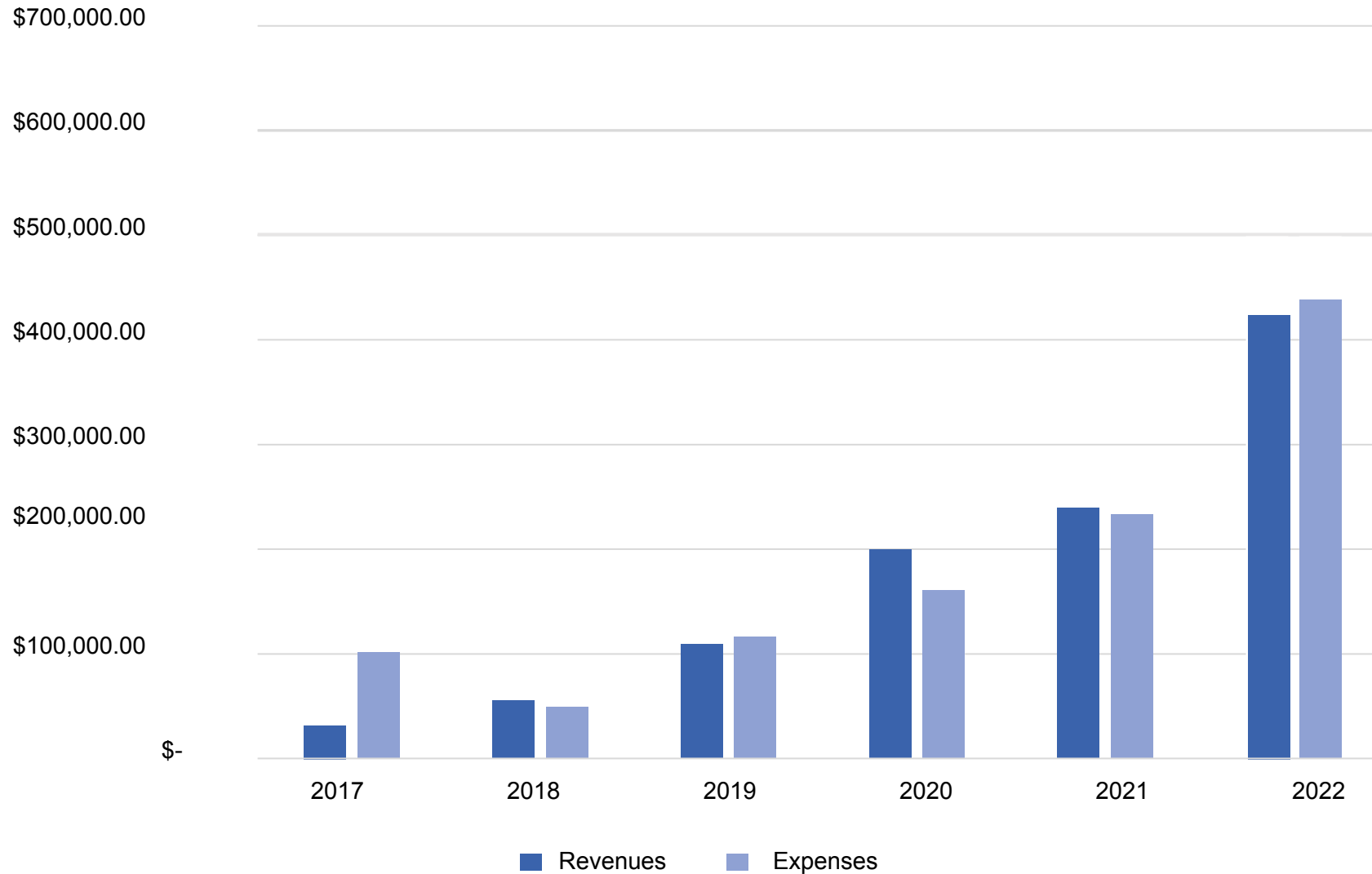
Appendix

Relevant Links

- 2023 relevant links
 - [Financial Information](#)
 - [Budget Information](#)
 - [Annual report](#)
- Original relevant links
 - [Rehabilitation Enables Dreams \(RED\) Folder](#)
 - [Impact Report](#)
 - [Data](#)
 - [KPIs](#)
 - [Red Pricing Project Call Notes](#)
 - [Analyst Call Notes](#)
 - [Theory of Change Study #1](#)
 - [Theory of Change Study #2](#)
 - [Website](#)
 - [FAQ Sheet](#)
- Existing Decks
 - [Rehabilitation Enables Dreams \(RED\) Original Presentation](#)
 - [Rehabilitation Enables Dreams \(RED\) 2022 Portfolio Update](#)

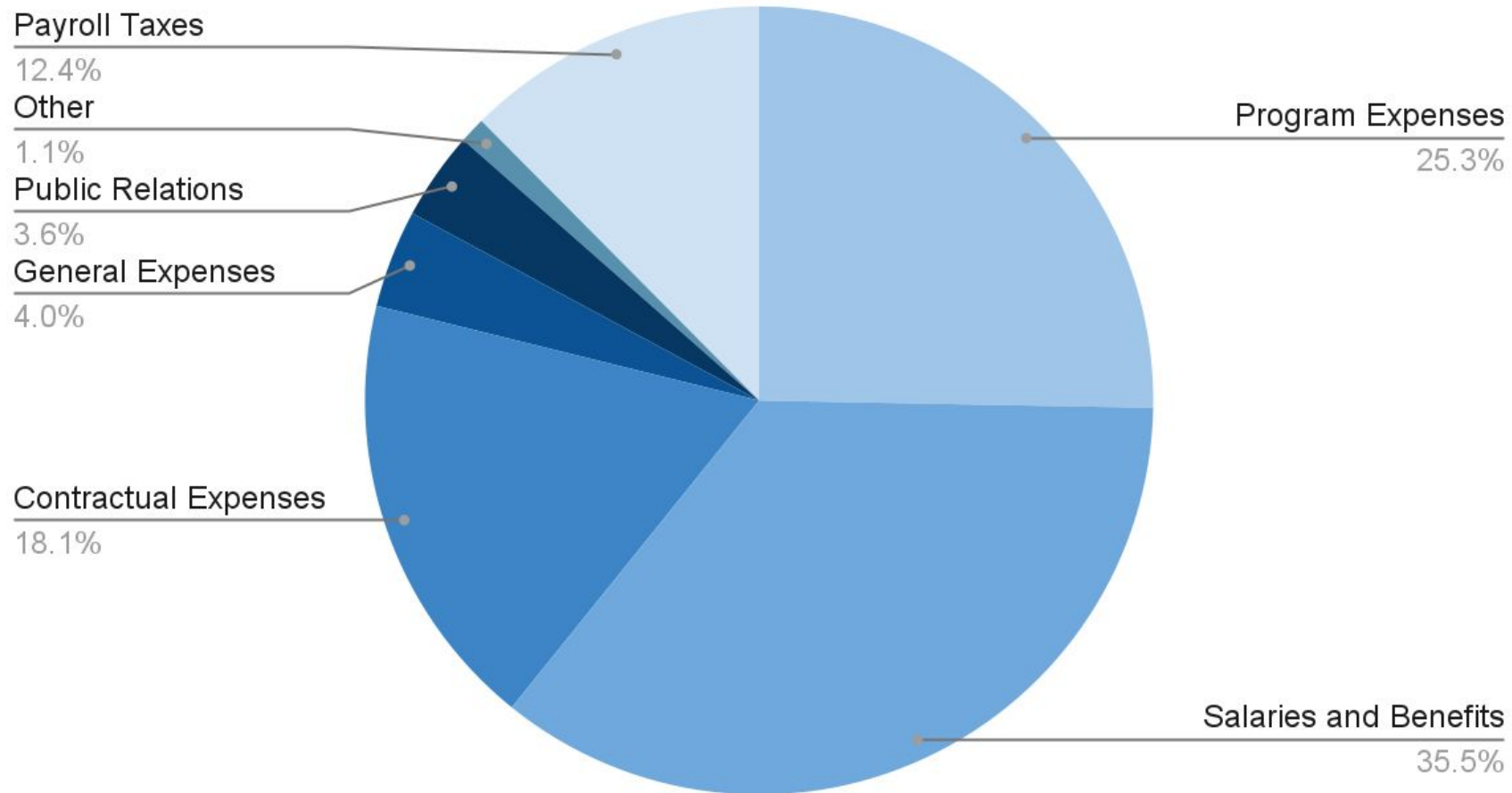
Summary of Financial Performance

Revenues and Expenses over Time



2022 Expenses Breakdown

RED 2022 Expenses Breakdown



USIT Foundation Relationship

Prior Engagement & Analyst Verdict

- Partnered with Center for Employment Opportunities, working with them during or after program
- Sustained relationship, RED is looking for PIT's advice on how to allocate \$50k on their program decisions
- Pursuing Fulton County expansion thanks to flexibility from PIT's previous donations

Contact History

2/16 - Licensing/ Accreditation Call with David Windecher & Dale Richardson

- RED has successfully expanded to Gwinnett County, another cohort of people who will not go back to prison
- \$30k donation can turn into \$100k for RED because they can expand their program and increase interest

2/22 - Update call with David Windecher & Dale Richardson

- Next steps include accrediting their digital programs and licensing them to pre-trial diversion programs
- Emphasis on bolstering funding initiatives, grown over 50% in funding without internal focus

Misc. Updates

Analyst Verdict:

- RED will utilize PIT's donation to meet its goal of expanding number of cohorts/ participants in Gwinnett County
- RED is poised to become financially sustainable with the implementation of their licensing/ accreditation initiative

The USIT Foundation

usitfoundation.org | texasusit.org

The PIT Representatives

History

The Philanthropy Investment Team was formed in Spring 2020 at The University of Texas at Austin by request of the University Securities Investment Team (USIT) Foundation and Alumni Network, which wished to establish a partnership with the student organization to source charitable investment opportunities.

This fund generates ideas and performs diligence on charities that merit a donation with a value investing framework. Through the primary and secondary research of undergraduate Analysts, the Philanthropy Investment Team is developing a model of impact measurement, both for initial investment diligence and subsequent staged donations. Its funds are replenished yearly, comprising 1% of the total Annual Gross Income of the Alumni Network.

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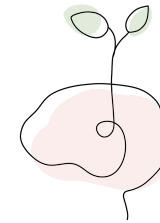
About the USIT Foundation

The USIT Foundation is the 501(c)(3) parent organization of the University Securities Investment Team, the largest student-run investment fund at The University of Texas at Austin. Comprised of alumni who started their investing journeys with the team, the USIT Foundation works closely with student leadership in the contexts of investing, data science, and philanthropy.

The USIT Foundation supports and advises the USIT student organization and marshals and engages its alumni to promote personal and professional growth through active charitable giving. In Spring 2020, the alumni of the USIT Foundation initiated a philanthropic Giving Pledge to commit time and resources to better our communities.

Philosophy and Approach

The USIT Foundation is committed to evidence-based philanthropy and continuously builds upon a model of effective, responsible capital deployment. In its months-long competitive annual process, the Foundation identifies and performs deep diligence, including client testimonials, data room modeling, and impact stress testing, on charities. In the 2022-23 academic year, the Foundation plans to provide \$120,000 in donations to several charities that operate within the three observed impact verticals, with the initial donation opening the door for years-long engagement and follow-on investments.



Education

Ensuring that students of all ages receive high-quality, equitable education while community members are properly supported.



Justice & Opportunity

Breaking down systemic barriers to assist the reentry transition and reduce nationwide recidivism.



Climate Change

Reducing emissions and waste to invest in a cleaner planet and higher quality of life for communities.