

Engagement Case Study: KKGS

Underwriting Process (as of 2017)

Organization Overview

- » **Description:** Knock Knock Give a Sock (“KKGS” or the “Organization”) is a 501(c)(3) organization founded in 2012 that collects / donates socks to people experiencing homelessness. KKGS also organizes dinners bringing together those who are and are not experiencing homelessness in order to encourage discussion and ultimately dissipate the stigma of homelessness
- » **Mission Statement:** KKGS is a non-profit organization dedicated to humanizing homelessness by bringing neighbors together and distributing goods which allow communities to meet and share with one another
- » **Founder:** Founded by Adina Lichtman while she was a student at NYU; Adina has since pursued a masters in social work
- » **Relevant Awards/ Grants:** Pollination Grant, Presidents Services Award at NYU, Clinton Global Initiative University
- » **Operations Summary:**
 - **Sock Sourcing & Delivery:** Socks are collected predominantly via campus and office sock drives and are delivered directly via shelters or KKGS’s volunteers
 - **Meet Your Neighbors Dinners:** Dinners are coordinated at locations near shelters where individuals who are and are not experiencing homelessness can meet, eat and chat
- » **Performance:** ~\$15k raised in FY16; ~55k pairs of socks distributed, <10 MYN dinners organized since inception

Key Info & Statistics⁽¹⁾

Homelessness

~600,000

Homeless in U.S.

~63,000

Homeless in NYC

~2x Increase

NYC Homeless over 10-yr

25%+

U.S. homeless are children

Stigma

Intangible issue around homelessness

Socks

9/10 Donors of Clothes

Never donated socks

#1 most requested

Item at homeless shelters

\$1.35 per pair

Cost of Socks (incl. Delivery)

~7 days of straight use

Will wear out a pair of socks

\$40.5 million (30 million pairs of socks) per year

Total Addressable Need

Impact Thesis Summary

EGP’s Impact Criteria Evaluation of KKGS

✓ Under-supported pain-point	Socks most requested, least donated Painful, unhealthy, dangerous
✓ Competitive differentiation	Direct access to dozens of homeless shelters across NYC and other states
✓ Strong management team	Adina meets all characteristics of a PEAR manager
✓ High IOI potential	\$1.35 / pair x 38k pairs ÷ \$15k funding = 3.42x IOI (plus Impact from MYN)
✓ Room Impact Maximization	See following page

(1) Source: EGP market interviews, KKGS management, online research and estimates.

Engagement Case Study: KKGS (cont'd)

Impact Maximization

Impact Maximization Blueprint Summary

Area of Focus	Plan of Action	Target Benefits
1) Implement Financial Budgeting	Establish accounting systems and modeling	Better manage fundraising, budgeting, outcome tracking
2) Maximize Sock Collection Strategy	Analyze sock collection by channel, partner, etc.	Identify areas of improvement by category or partner
3) Review Sock Distribution Logistics	Improve inventory planning, transport, and storage	Decrease time and cost associated with distributing socks
4) Co-Design Organization Structure	Plan for longer term hiring and recruitment needs	Establish hiring cadence for next quarter, year, 3-years
5) Analyze Fundraising Approach	Focus fundraising efforts on highest IRR opps	Allocate efforts towards most lucrative sources of capital
6) Initiate Partnership Opportunities	Introduce, coach and assist with key partners	Lead to potential donors or sock donation partners
7) Introduce Functional Experts	Share industry best practices across G&A roles	No need to “reinvent wheel”

Performance Improvement Highlights

KPI	FY2016	FY2018	Growth
Socks Collected / Distributed	~38,000	~300,000	~8x increase; 180% CAGR
Meet Your Neighbors Dinners Organized	5	27	5x+ increase; 130% CAGR
KKGS Funding	~\$15,000	\$103,500	~7x increase; 160% CAGR
Impact on Investment⁽¹⁾	3.42x IOI	3.91x IOI	

(1) Impact on Investment analysis calculated by measuring impact of socks divided by dollar of funding; assumes \$1.35 cost per pair of socks; does not include impact of MYN dinners.

Representative Activities To-Date

- **Diligence:** EGP professionals met with Adina multiple times to discuss core issues around homelessness, and goals / objectives
- **Finance/Accounting:** EGP led accounting implementation and financial modeling projects leading to sustainable fin. management
- **Sourcing:** EGP quickly collaborated on sourcing initiatives
 - Commitment from Corporate Partners for 250,000 pairs p.a.
 - Streamlined campus and office drives given low IOI
- **Distribution:** EGP introduced logistics experts to aid in planning
- **Recruiting:** EGP identified delegable functions for key hire
- **Fundraising:** EGP has helped KKGS prepare for its fundraisers and developed “underwriting” case presented to potential donors