



Raising the Bar

Challenging ourselves to scale change

The Redwoods Group
Annual Report **2015**



Many of the photographs in this annual report were taken during a week-long visit to the YMCA of Greater Boston.

We dedicate this report to the staff and volunteers at all youth-serving organizations who work hard each day to create real, scalable change in the communities they serve.

Photography: Stephen Hurst

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“The global mobilization behind the Millennium Development Goals has produced the most successful anti-poverty movement in history.”

—Secretary-General Ban Ki-moon, United Nations

You wouldn’t know it from watching the cable news, or from checking your Twitter feed, but humankind has just achieved some incredible things.

The Millennium Development Goals, drafted by the United Nations and signed onto by world leaders in 2000, represented a landmark commitment to tackling the world’s most pressing and persistent problems.

Not one of them was a layup.

And yet from improving the living conditions of 100 million slum dwellers to achieving parity between boys and girls in primary education, we accomplished many of these goals entirely, and several of them we achieved well ahead of schedule.

So why aren’t we shouting from the rooftops in celebration?

Successes are Often Ignored

It’s a sad fact of life, but success does not have the same megaphone as failure. As we now “enjoy” the high drama and fractious debate of an exceptionally partisan and profane election year, we only have to look around to understand that tearing others down, focusing on the negative, and preying on fear is easier to do than aiming for something higher.

And yet the world’s most effective leaders—the people who have left a positive legacy on the history books—have always been able

to articulate an inspirational vision. They’ve always pushed us to be better versions of ourselves.

Sustained Progress in Drowning Prevention

Every year at Redwoods, our team gathers to review the aquatic incidents we’ve investigated in the past year. During the course of these reviews, we have seen an encouraging overall trend.

The number of drowning deaths in YMCA pools is a fraction of what it used to be. In 2002, for example, there were 10 drowning deaths in YMCA pools. In 2015, that figure was just one. And the number of drowning deaths has fluctuated between zero and two since 2009.

That means that the organizations we work with are doing a better job of training their lifeguards, implementing and enforcing rules and identifying swimmers who are showing signs of distress. And from customers phasing out dangerous 12- and 15-passenger vans to protecting kids from sexual harm, we see similar signs of progress in other areas of concern.

Tragedies Get the Headlines

Yet because the ultimate success of such efforts is measured in terms of the injuries that *didn’t* happen, the drowning events that *didn’t* occur or the kids that *weren’t* abused, it’s easy for us all to overlook the incredible work that’s been done.

In 2015, as we celebrated the one-millionth distance learning course completed at The Redwoods Institute, we were struck by how far we’ve come.

< Schoolgirls in Afghanistan learn about computing as part of the One Laptop per Child (OLPC) initiative.

Photo: Todd Huffman, Creative Commons (CC BY 2.0)

That’s why I’d like to take a moment to thank you—our partners—for the incredible work you’ve been doing to keep our communities safe. As a result of our collective efforts, thousands of children are safer than they were before. Communities are stronger for it, too.

“the success of such efforts is measured in terms of the injuries that didn’t happen, the drownings that didn’t occur or the kids that weren’t abused, it’s easy for us all to overlook the incredible work that’s been done”

We can and should take a moment to pat ourselves on the back. But celebrating success must not be confused with resting on our laurels. And embracing a vision must not come at the expense of seeing the world for what it really is. Even one drowning death a year is one death too many. And while we have seen significant improvements in preventing non-swimmer drowning deaths, we have also seen Shallow Water Blackout emerge as an equally significant risk—preventable tragedies that also deserve our unwavering attention.

In reality, we can celebrate success *and* we can demand more.

On a global level, as we celebrate the successes of the Millennium Development Goals, we cannot allow ourselves to be lulled into comfort.

Massive Challenges Remain

Here we are in the twenty-first century, and yet we still have hundreds of thousands of child soldiers engaged in armed conflicts

around the world. We have the entire community of Flint, Michigan, poisoned for years due to a lack of access to safe drinking water. And in 2015 we saw an estimated 60 million refugees around the world—a figure higher than any time since World War II.

Righteous anger at the status quo is a valid and proper response, but only if it leads us to action.

On September 25, 2015, the UN ushered in a fresh set of goals. These seventeen goals and corresponding 169 targets—known collectively as the *Sustainable Development Goals*—mark a significant step up in terms of impact and comprehensiveness. In fact, they chart a course for ambitious international development priorities through 2030.

Here’s just a sample:

- End poverty in all its forms everywhere.
- Ensure access to affordable, reliable, sustainable and modern energy for all.
- Sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.
- Promote just, peaceful and inclusive societies.

Let’s stop for a moment to repeat just one of these goals: To end poverty in all its forms everywhere.

That’s right, *everywhere*.

Scaling Up Ambition

If the Millennium Development Goals were ambitious, then it would be tempting to describe the Sustainable Development Goals as almost impossibly daunting.



Mentorship and peer support programs at youth-serving organizations are crucial in helping young people reach their full potential.



A Place to Gather

The chapel at the YMCA of Greater Boston's Huntington Avenue location was built when the facility was first constructed in 1911. The room fell into disrepair over the years, until Y team member and head of their residence program, Lisa Mattina, decided to breathe new life into it. She found the original pews in storage, added a fresh coat of paint, and turned it into a gathering place that could be used for funeral services of individuals she and the residence program community have lost over the years.

The challenges we face require us to think big. And the remarkable technological and societal progress we have made suggests that we can achieve seemingly impossible tasks.

If we can build a self-driving car, then we can also build a school system that enriches everyone. If we can fly 10 years and four billion miles to land a probe on a comet, then we can also commit to providing access to clean water for all. If we can spend \$264 billion every year on smart phones, then we can also afford to replenish our oceans and protect our forests.

At Redwoods, we are realizing that in order to fulfill our mission, we must significantly raise our ambitions. That's why we rebuilt our ownership structure: to bring our work to scale.

Sacrificing Independence for Mission

In April of 2015, we made one of the biggest—and in some ways hardest—announcements that we have ever had to make. We revealed that The Redwoods Group was purchased by Fairfax Financial Holdings and was becoming an underwriting member of the Crum & Forster family of insurance companies. In effect, we were giving up our independence in order to fulfill our mission.

At the time, we made some pretty bold claims about what this new relationship would allow us to do:

- We'd have more autonomy to provide the coverage and services our customers and brokers need.
- We'd have more resources to create new and more engaging safety guidance.

- And we'd be more competitively priced than ever before.

So how did we do?

Thanks to the many years we have known him, we were aware that Crum & Forster Chairman and CEO Marc Adee already knew the unique needs of our customers. That understanding was immediately helpful to us.

Reviewing our appetite for covering wind- and weather-exposed properties, for example, Marc was quick to grasp that many youth-serving organizations are ideally placed to weather a storm:

"Aren't many of them used as hurricane shelters in an emergency? Doesn't that suggest they are built to last?"

Where others saw an undifferentiated catastrophe risk, Marc saw an opportunity. As a result, we are now well resourced to serve wind-exposed customers with the coverage they need.

Our Model Gains Traction

Similarly, the Crum & Forster team has been enthusiastic about our prevention-based approach to insurance, supporting our investments in new safety trainings, such as our recently launched full-length Child Sexual Abuse Prevention Training, our shorter version for volunteers, as well as an innovative series of safety shorts—one-to-two minute videos designed as reminders on key safety topics.

In fact, Crum & Forster folks have been so intrigued about our model they invited us to create trainings for three of their other insurance markets.

>

The concept of insurance as harm prevention, not just risk transfer—once thought of as radical and perhaps even naïve—is beginning to take hold and spread.

As promised, we’ve also seen a marked improvement in our ability to compete on price with commodity providers. While we always heard from our customers that they valued our role as a mission-aligned partner, we know enough about the nonprofit world to understand that budgets are not limitless and that pricing does still matter.

More Competitive than Ever

As we look back on our first six months of writing with Crum & Forster, we are struck by how quickly our transactional results have improved. Today, in 2016, 73% of the organizations who seek a proposal from us join Redwoods—that’s double the rate from the last few years. And more than 95% of our customers choose to stay with us when their policies renew, in an industry where anything north of 70% is considered good.

Now that we can price at a rate that’s both competitive and sustainable, our existing customers are showing us that they have no reason to leave. And we anticipate that many YMCAs, Jewish organizations, and camps will be encouraged to take a fresh look at our unique, mission-aligned approach to insurance.

Our customer base is now growing in every segment, and we are launching important new coverage options like Directors and Officers Insurance (with a remarkable disappearing retention) and our own Workers’ Compensation, both of which will be designed to deepen our relationships and find new and innovative ways to keep communities safe.

But we can’t scale our impact by just focusing on better serving our existing markets. If we are to truly take on the pernicious challenges that our communities face, then we also need to grow the network of partners that we work with.

Now Insuring Boys and Girls Clubs

For the first time ever, for example, we are now insuring Boys and Girls Clubs—a wonderful network of organizations who annually serve more than four million children with safe spaces to go as well as career, education, character-building and recreational opportunities.

Together, we believe that we can continue to reinvent insurance, working toward a goal where safety and well-being is at the heart of every community we serve.

In a global community that faces nearly unimaginable challenges, there has been profound progress. Every day, every one of us can make choices and do work that makes the world a better place. Through civil discourse, innovative thinking, deep faith and great hope we live into the universal shared values identified by Rush Kidder in his great book *Moral Courage*: caring, honesty, respect, responsibility and fairness.

Thank you, as always, for the important work you do. We have come a long way, and yet we still have a long way to go.

We are honored to be on this journey with you.

Kevin A. Trapani

Kevin Trapani



At a time when many public schools are cutting back on physical activity, sports programming provides important opportunities for young people to get active and build discipline, team work and leadership skills.

Global Development: Successes & Challenges

▲
1 Billion

fewer people now
live in extreme
poverty than in 1990

▼
836 Million

people still live on
less than \$1.25 a day

▲
91%

of primary school-
age children across
the world are now
enrolled in school, up
from 83% in 2000

▼
57 Million

primary school age
children are still not
enrolled in school

▲
15.6 Million

deaths have been
prevented worldwide
thanks to measles
vaccination between
2000 and 2013

▼
**43 in
every
1,000**

children still die
before the age
of five

▲
45%

fewer women die
during childbirth
than did in 1990

▼
2.1 Million

new cases of HIV
infection are still
diagnosed every year

▲
37 Million

deaths were
prevented between
2000 and 2013
through tuberculosis
prevention, diagnosis
and treatment

▼
42,500

people became
refugees every
single day in 2014

▲
2.6 Billion

people have gained
access to improved
drinking water since
1990

▼
880 Million

people still live in
slum-like conditions
in cities around the
world

Finally, Our Financial Success & Our Mission Success Are Directly Aligned

Since our inception, The Redwoods Group has pursued a radical vision of insurance: one where our role is not just transferring risk, but actually preventing harm from happening.

The result is a company culture where we deeply feel the human impact of injuries in our customers' programs. In fact, it would be rare to hear discussion of a drowning death or other tragic event where members of our team wouldn't immediately reference the victim's name and the circumstances of their death.

We have always been proud of this deep-seated cultural commitment to mission.

Aligning Structure with Mission

Yet, until last year, our business structure was such that our metrics for financial success were not necessarily aligned with our metrics for mission success. As a program administrator, our financial performance depended solely on our commission revenues less our operating expenses—meaning risk-bearing profits were

captured by our insurance carriers, not by us.

With our acquisition by Crum & Forster, all this changes. We are no longer a program administrator, but rather an independent insuring arm of the Crum & Forster companies. And that means our financial success is directly linked to our ability to avoid losses and prevent harm from happening.

Old model of financial performance

Commission - Expenses = Profit or Loss

New model of financial performance

Premium - Losses - Expenses = Profit or Loss

“We are no longer a program administrator, but rather an independent insuring arm of the Crum & Forster companies. And that means our financial success is directly linked to our ability to avoid losses and prevent harm from happening.”

Because this shift in our operating model changes everything about our financial metrics, and because the sale happened one-quarter of the way through 2015, posting a comparison to previous years' revenues and premiums as we typically have done would be an apples to oranges exercise.

What we can tell you is that things are looking good:

Early Results Promising

We saw \$42,750K in written premiums for 2015, and we're projecting \$51,710K for 2016. We have \$19,917K in stockholders' equity as a result of our sale, and we have \$38,568K in total assets. While our 2015 combined operating ratio (premium-losses-expenses/100) was 128%, this is distorted because it does not include revenues prior to our acquisition—and yet we continued to handle Zurich and AIG claims and related expenses throughout the rest of 2015. This disconnect is illustrated by the fact that we are projecting a much healthier 93% operating ratio for 2016.

With the full weight of Crum & Forster behind us, we have access to more support and more resources than ever before. We chose the path of strategic partnership in order to be able to scale our impact and we and our customers are experiencing the benefits of the transaction every day.

** At the time of writing, The Redwoods Group has not yet been audited for 2015. Once our audit is complete, we will be posting a full set of financials to our website.*

Since 2002, we have seen a dramatic and sustained reduction in the number of non-swimmer drowning deaths. Yet we have also seen Shallow Water Blackout emerge as an equally important risk.



From providing children with learning and growth opportunities, to allowing parents to work and earn a living, the childcare services our customers provide are a critical community service and an opportunity for social change.

When You Chase Big Goals, You Learn New Things

In 2015, our partners at the YMCA of Centre County, PA became the first YMCA in the country to train 5% of the adult population in their community in child sexual abuse prevention. According to the writings of Malcolm Gladwell, this 5% number marks a potential tipping point, where an idea or concept achieves critical mass and begins to build a momentum of its own. Given that Centre County was at the epicenter of the Penn State child sexual abuse scandal, it is both fitting and encouraging that this community has put such enormous resources into preventing such abuse from ever happening again.

But Centre County is just one community. And 5% of this one community is just over 5,000 people. In other words, a tiny fraction of the overall numbers we need to reach nationally. In fact, the original goal of the YMCA's Partners in Prevention initiative was to train 12 million adults. It's clear we have a long way to go—it's time to add in a broader range of tactics.

“The more we understand about the complex social problems we are tackling, the more the need for large-scale, culture-wide change becomes apparent. Even as we celebrate our successes, we cannot shy away from the fact that there is much more work to do.”

The Redwoods Group Foundation's year was marked by many such realizations. The more we understand about the complex social problems we are tackling, the more the need for large-scale, culture-wide change becomes apparent. Even as we celebrate our successes, we cannot shy away from the fact that there is much more work to do.

Here's how our year played out:

Child Sexual Abuse Prevention

Successes

- **More people trained:** The YMCA Guardians Against Child Sexual Abuse network trained more than 18,000 adults in Darkness to Light's *Stewards of Children* program, bringing the total trained to more than 95,000 people since we started this effort.
- **One tipping point reached:** As described above, the YMCA of Centre County, PA became the first to hit their 5% tipping point goal—training 5% of their community, and thereby paving a way forward for that community after the Sandusky incident.
- **New resources developed:** We developed a toolkit of effective policies and procedures for youth-serving organizations. We will be using it to lead workshops for youth-serving organizations in Wake County, North Carolina, training them on best practices for abuse prevention in their

programs. Both the toolkit and the workshops are supported by a grant from the John Rex Endowment. We're excited how this approach can become a model for other communities to use as well.

The Road Ahead

- **New partners:** In 2015, we began convening a collaborative group of influential youth-serving organizations, focusing on leveraging their collective power for abuse prevention. Confirmed partners include the YMCA of the USA, the American Camp Association, the Boy Scouts of America, the Boys & Girls Clubs of America, the JCC Association, the National Children's Alliance and the Salvation Army. We're excited to bring these groups together for the first time in 2016.
- **New strategies:** We know Darkness to Light's Stewards of Children training is terrific, but it has become increasingly clear that a full two hour training isn't always the most accessible way to engage new people in the movement. A broader portfolio of community engagement strategies is needed. As one example, in 2015, we began planning for Five Days of Action for Child Abuse Awareness from April 4-8, 2016. As part of that effort, we'll work with partners at YMCAs and Darkness to Light to raise awareness during Child Abuse Prevention Month through a set of simpler, more accessible strategies including short videos, email blasts, social media posts and more.

Aquatic Safety

Successes

- **Supporting swim lessons:** The Redwoods Group Foundation grants covered the cost of teaching 495 kids to swim, helped catalyze two new learn-to-swim programs; and provided 183 lifejackets to make pools safer.
- **Understanding the benefits:** In 2015, we completed an assessment of the impact

that learning to swim has on academic and developmental success, including data from more than 150 third graders. Initial results did not show a connection (see below).

The Road Ahead

- **Wider reach:** Moving forward, we will continue to become more effective with our grant making and reach more kids with swim lessons.
- **Increase our influence:** We are actively working to find new and better ways to support efforts to promote access to swim lessons, since there are still too many kids without the opportunity to learn this potentially life saving skill.
- **Continued research:** Despite the fact that our initial research did not show a correlation between swimming and academic achievement, there is considerable anecdotal evidence that encourages further investigation. A stronger set of data could add needed support to making swimming part of the school day and finding funding for it. We are exploring new research projects that could include teacher assessments and input, in addition to student-reported information.

Supporting Social Entrepreneurship

Successes

- **More businesses certified:** The Redwoods Group Foundation helped 25 new businesses achieve Green Plus certification, largely through a partnership with the PRO*ACT USA network of food distributors.
- **Growing our movement:** We provided fiscal sponsorship for the North Carolina B Corp Champions, which held events to spread awareness of the B Corp movement in NC. As part of these efforts, the group successfully recruited the 2016 Global B Corp

Champions Retreat to be held in Durham in October, 2016. This will be a great opportunity to create enormous momentum for social entrepreneurship in the Triangle and all of North Carolina.

The Road Ahead

- **Pivot to nonprofits:** Given the momentum that B Lab and other organizations have created for bringing a mission-focused approach to business, we're exploring how Green Plus could shift its attention toward nonprofit coaching and certification. We see much less conversation and emphasis being placed on how non-profits align their business operations with their missions, and think that may be an under-served opportunity where Green Plus can help catalyze change.

Leaning Into Our Strengths

In 2015, as part of the acquisition of The Redwoods Group by Crum & Forster, many Redwoods employees donated a portion of their stock sale proceeds to The Redwoods Group Foundation. This vote of confidence in our work played a critical role in sustaining our efforts through 2015. Also, as a consequence of the sale and the new resources available to us, The Redwoods Group itself became able to make a larger financial commitment to our Foundation moving forward.

In this new financial situation, our board took a hard look at our work and where we could create the most impact. These discussions led to an important set of realizations:

- Our greatest social return on investment comes when we convene, catalyze and support groups of partners who have influence well beyond our own.
- On the other hand, the work we have been doing to directly engage with and provide technical assistance to individual organizations and



communities has not been able to become financially sustainable, nor has it delivered the same high social return on investment.

Becoming Financially Self-Sufficient

With this in mind, the board recommended that we refocus our work on a backbone-style convening and facilitating role with networks, as that is the best way we can play a part in catalyzing and supporting large scale change. We can advance that work under a lower cost structure, meaning The Redwoods Group can cover its ongoing operations on its own.

Not only will this move allow us to cease fundraising to cover our own costs, it also allows us to moderately grow our grant making budget for the first time in a number of years, influencing more change in the community with our dollars. With that refocused structure and chart of work, we're looking ahead to increasing the number and impact of our successes in 2016.

We know this is critical. There is much left for us to do.

US Development: Successes & Challenges

Our United States at a Glance

▲
88%

The number of African Americans in a 2014 poll saying they were “very satisfied” or “somewhat satisfied” with their quality of life

82%

The number of respondents in the same survey who were concerned that whites make more than blacks for doing the same jobs

▲
5%

The overall US unemployment rate in December 2015

11.2%

The youth unemployment rate in the same month

▲
22%

The decline in imprisonment rates of black men since 2000

580%

The continued gap in incarceration rates between black and white men in 2015

The Mission Continues

The Redwoods Group’s annual social audit, which is compiled by an independent, third-party assessor, provides a public record of our efforts to create a positive social impact. The audit uses the B Corp Impact Assessment as the starting point for its analysis, and incorporates additional quantitative and qualitative research to account for aspects of our social impact not covered by the B Corp assessment tool.

The following page contains an abbreviated executive summary of the report. Our full social audit will be available for download from our website.

Download the
full social audit at
[www.redwoodsgroup.com/
2015SocialAudit/](http://www.redwoodsgroup.com/2015SocialAudit/)

The merger of The Redwoods Group with Crum & Forster, announced in April 2015, served as an opportunity for Redwoods to remain focused on its social mission and make an even broader impact in the long term by sharing best practices and influencing Crum & Forster’s social mission. The acquisition did not impact Redwoods social structure as a Certified B Corporation, and the company is poised to maintain their certification and continue to “Serve Others” as an independent insuring arm of the Crum & Forster Enterprise.

New B Assessment as a Subsidiary
As a part of the B Corp certification process, organizations are required to take an assessment every two years in order to evaluate their effectiveness and progress. The Redwoods Group participated in the assessment in 2014 as an independent company and, once the Crum & Forster acquisition was finalized, the company was required to retake the assessment under its new status as a wholly owned subsidiary of a larger company.

While the overall social strategy remains in place, and Redwoods continues to expand its social reach and depth, there were a few areas that were impacted by the change in the corporate structure. The employee ownership plan, for example, was no longer possible under the new ownership structure and was therefore terminated. This move adversely impacted the company’s assessment score. Conversely, Crum & Forster’s robust whistle-blowing policy—which was now applicable to Redwoods’ operations, strengthened the organization’s score for corporate governance.

A Culture of Philanthropy
The philanthropic capital expenditures continue to be the most obvious daily manifestation of Redwoods’ “Serve Others” mission. Many employees give above the required 40 hours of service to the community and often serve as leaders to all of the stakeholders of The Redwoods Group. Partner organizations and suppliers reflect a similar dedication to service and the community.

As detailed in the Foundation Letter elsewhere in this report, the acquisition has meant that The Redwoods Group is now able to fund The Redwoods Group Foundation’s operations entirely. As a result, the organization has been able to shift its focus from fundraising to grant making and operations. This means that the foundation will now be able to expand its reach and award a greater number of safety grants. The foundation continues to center its goals on child safety with Childhood Sexual Abuse Prevention and Drowning Prevention, a shared focus of the business and foundation.

Symptoms to Systems
In its insuring and risk consulting operations, the company continues to maintain its Symptoms to Systems approach with its customers, encouraging them to systemically integrate safety into the heart of their operations, thus reducing the need for reactive responses to isolated symptoms. In 2015, in pursuit of this approach, the consulting team implemented the 2014 social audit recommendations to enhance the delivery model of this message to its customers. As a result, customers have a greater flexibility in driving awareness to their stakeholders of the specific safety issues and recommendations that affect them individually.

As Redwoods continues to deepen its relationships with all of its stakeholders and strives to strengthen the communities it serves, the collection and analysis of data is the source of strength for strategic and tactical decisions. Safety recommendations that have been tracked for the last ten years show that customers can prevent devastating losses. For those that haven’t implemented safety measures consistently, the risks continue to be high.

With a new parent company and its support of Redwoods’ social mission and strategy, Redwoods can make an even greater impact on childhood safety, social enterprises and the communities it serves.

2015 RECOMMENDATIONS
Social audits are a good way to record successes. More important, however, is their role in identifying opportunities and setting priorities. Please see the complete social audit for a full set of 2015 recommendations.

- 1. General**—Data collection on a deeper level for year-to-year progress on internal and external processes is needed to guide recommendations to an even higher degree of effectiveness.
- 2. Employees**—Increased communication through a written workplace manual and 360-degree feedback process.
- 3. Community**—Track diversity outreach based on the 2015 commitment to The Triangle Diversity Business Council.
- 4. Environment**—Develop an environmental management system that includes a policy statement documenting the organization’s commitment to the environment.



A member of the Crum & Forster Enterprise



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