

## **Victory Programs, Inc.**

### Growing Through Strategic Alliances

*Originally, Victory Programs was “Victory House” – the identity of the organization was wrapped up in a physical structure. When we made the decision to include “Programs,” we set out to be an umbrella organization that could expand or contract, and encapsulate many different types of agencies.*

—Jonathan Scott, President and Executive Director, Victory Programs

### **Introduction**

With little fanfare, Victory Programs, Inc. (VPI), a Boston-based health and housing services nonprofit organization, has been faithfully serving disenfranchised populations for nearly thirty-five years. Since the 1975 inception of its first program, Victory House, VPI has grown a reputation for embracing people who are often avoided and stigmatized, from gay men in the early days of the AIDS crisis to clients on methadone maintenance therapy today. Henri Soucy, a longtime board member at the agency, explains that “pushing the envelope, and not shying away from controversy, is an important part of VPI’s identity.” The organization began as a halfway house for Vietnam War veterans who had returned struggling with alcoholism and substance use addiction. Since then, it has evolved into a multifaceted nonprofit that served more than 850 unique clients in 2008, primarily in the areas of health and housing services.

With a mission that “opens doors to recovery, hope and community to individuals and families facing homelessness, addiction or other chronic illnesses,” VPI’s current configuration is the result of a strategic decision made early on to be a client-driven umbrella organization that would broaden its reach through partnerships and mergers. In light of this strategic decision, this case study seeks to answer three questions: first, what are the factors that have led to success with strategic alliances? Second, how can current mergers be understood in light of past examples? And finally, how do recent alliances extend VPI’s impact?

### **Key Players**

When Ted Cantone and John de Miranda opened the doors of Victory House in 1975, they set out with a simple yet powerful purpose – to address unmet needs. As a result, the agency attracted people who were accustomed to being avoided; at various points in the agency’s history, this group included individuals who were homeless, disabled, mentally ill and living with terminal diseases. Since then, VPI has remained on the vanguard of care, refusing service to no one and cultivating a nonjudgmental environment for its clients and residents. Tracing his involvement with VPI to the original Victory House program, Jonathan Scott started out as an undergraduate intern, and has since provided the agency with a link to its past, as well as vision and leadership as it approaches its thirty-fifth year serving the City of Boston.

## Overview of Strategic Alliances

The following table contains an overview of several partnerships and mergers that have taken place at VPI, providing some context for an elaboration on two recent mergers (ReVision House and AIDS Housing Corp.) which illustrate VPI’s success with strategic alliances.

**Table 1: Overview of Selected Strategic Alliances (See Exhibit 1 for further description)**

	<b>Partnerships</b>	<b>Notes</b>
1994	Living and Recovering Community (LARC)	A collaboration with Dimock Health Center that was brokered by AIDS Housing Corp. (AHC)
1994	Bobbie White House	Product of a combined city-level renovation project and a state-level AIDS housing program
2007	Joelyn’s Family Home	Built in partnership with the Boston Health Commission and the not-for-profit AIDS Action Committee
2008	Victory Housing on Warren Street	Diverse group of collaborators includes the City of Boston, Wainwright Bank and Boston Community Capital
	<b>Mergers</b>	<b>Notes</b>
1986	Women’s Hope	Initiated when a women’s chemical dependency program on the verge of bankruptcy appeals to VPI for help
1994	Flynn Houses	Homelessness/alcoholism program run by Flynn Christian Fellowship is in jeopardy of closing and asks VPI for help
1994	Shepherd House	Request for VPI’s help comes from the Commissioner of Public Health for a program reeling from an internal crisis

Source: VPI Internal Documents

### *The ReVision House and ReVision Urban Farm*

The ReVision House merger, which took place in 2005, came about under familiar circumstances. The board of directors at ReVision House, seeking assistance with day-to-day operations after an incident of internal mismanagement, was introduced to VPI by an independent consultant, and after a few months of VPI’s operating assistance, both sides felt that a merger could be mutually beneficial. This particular merger stands out in that it demonstrates VPI’s ability to recognize areas of future growth and to expand into programs outside its traditional strengths. Although an emergency shelter for women and children and a plot of farmland represented unfamiliar territory for VPI, the agency realized this was a chance to include workforce development opportunities in the form of a weekly farm stand and a Community Supported Agriculture (CSA) subscription model into its service portfolio. The Farm, which brings the health benefits of fresh, locally-grown produce to ReVision House residents, also provides VPI with the chance to develop new skills by running a social purpose enterprise supported by an earned income stream.

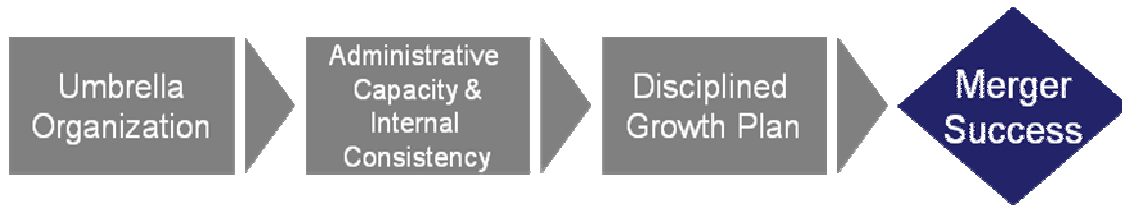
### *AIDS Housing Corporation*

With VPI’s most recent merger, it continues to expand into new areas of competency, partnering with AHC, a nationally recognized technical assistance provider for the development of housing for people with HIV/AIDS. The two agencies have had experience collaborating in the past, and with the merger, VPI’s capacity as a housing provider grows to include technical assistance expertise, which encompasses the set of skills necessary to facilitate housing development. Further, with AHC Executive Director Joe Carleo’s background in public policy and advocacy work heading up the National AIDS Housing Coalition in Washington DC, VPI can attract greater visibility on a regional and national stage.

### **Success Factors**

The record of success with strategic alliances at VPI can be explained by three observations: first, a decision was made early on for the agency to function as an umbrella organization; second, steps were taken to grow administrative capacity and ensure internal consistency within the organization as it steadily grew through partnerships; and third, VPI’s discipline of mapping out a strategic growth plan every three years gave it the platform to accumulate housing services expertise, which proved to be particularly fertile ground for mergers when the funding outlook for nonprofit agencies in general became prohibitive.

Figure 1: Summary of Success Factors for Strategic Alliances



### *An Umbrella Organization*

VPI has earned a reputation for being a relevant and innovative agency through its client-driven approach, which in turn has been the impetus behind its decision to operate as an umbrella organization. Client needs often evolved faster than VPI’s ability to address them, and the umbrella model of growth, in which strategic alliances are the primary path to building capacity, presented a way to meet the changing, multifaceted needs of their population despite the limitations.

Michael Botticelli, Director of the Bureau of Substance Abuse Services at the Massachusetts Department of Public Health, had this to say about one of VPI’s strengths as an organization: “Victory Programs looks strategically at where they want to be in the future, and responds to the landscape around them and the shifting needs of the population, and then moves to meet those needs, whether through merger or by creating their own capacity.” Frequently cited by those interviewed as a vitally important quality of human service agencies, an organization’s ability to recognize changing needs within its target population

and in turn respond to them is a skill that is prerequisite for the survival and success of an organization. VPI has taken this ability one step further by not only identifying individual needs as they arise, but also by grasping the inherent links among seemingly disparate services such as housing, health and workforce readiness.

Although it is often characterized by its substance use treatment programs, VPI's reputation as a housing provider has grown in recent years, evidenced in part by the ReVision House and AHC mergers. In 2007, VPI made the decision to explicitly incorporate the Housing First approach into the language of its strategic priorities. The basic tenet of Housing First is that clinical services such as those associated with recovery from substance abuse are more effective when they are administered within the context of stable housing, and this idea has been the rationale behind VPI's decision to deliver its clinical services through a housing platform. The fact that the agency has been doing this from the beginning at Victory House reveals a prescient understanding of the positive, multiplying effects that stable housing has on all manner of health and wellness issues, from drug and alcohol addiction to HIV/AIDS and Hepatitis C, as well as the benefits of reliable housing for those looking to complete their high school education or obtain the skills necessary to reenter the workforce.

Within the nonprofit sector, there is little margin for error when considering a potential merger, especially if the candidate is a capital-intensive housing agency. Operating on very thin margins itself, VPI has had to develop a methodical and comprehensive way to evaluate the financial implications of a strategic alliance, as well as determine organizational fit with strategic priorities and mission. To that end, VPI has developed a due diligence checklist to screen potential mergers; candidates are assessed against an exhaustive list of considerations, and the results of this analysis are brought before the board of directors for a formal vote on any given merger proposal (Exhibit 2). Elizabeth Dugan, who has served as Vice Chair of the Board of VPI since 2007, credits the thorough diligence work done by Scott and the rest of the executive team for two results: first, the agency's strong record for identifying and executing sustainable mergers; and second, for keeping the board informed throughout the merger life cycle, so that final vote on whether to merge is often a foregone conclusion.

When evaluating the sustainability of a merger, potential cost savings figure prominently into the final determination of its success. With the merger of two organizations, efficiencies can come from obvious places, such as paying for one annual audit as opposed to two or reaching a critical mass of employees to negotiate better terms with insurance carriers. However, aside from these one-off savings, there are structural financial benefits to mergers, as shown in the following tables:

**Table 2: AHC Merger – Financial Ratios<sup>1</sup> (2007)**

	AHC	VPI	Combined	Benchmark
Current Ratio	18.32	8.42	8.94	1.25
Debt/N.A. Ratio	0.00	0.80	0.76	0.85
Cash Ratio	10.04	1.23	1.46	1.00
Cash Days	69	29	33	30-90

Source: VPI Internal Documents

With little outstanding debt and positive cash reserves, the AHC merger improved VPI's liquidity and solvency positions, albeit to a minimal degree because of the relative sizes of the two organizations. As this is a recently-completed alliance, it is not yet possible to evaluate another important measure of financial sustainability, the effect on the agency's cost structure. For this, the ReVision House merger provides some insight:

**Table 3: ReVision House Merger – Financial Ratios (2005)**

	ReVision House	VPI	Combined	Benchmark
Current Ratio	3.09	4.87	4.45	1.25
Debt/N.A. Ratio	1.87	0.64	0.75	0.85
Cash Ratio	2.22	2.69	2.58	1.00
Cash Days	99 <sup>1</sup>	51	58	30-90

Source: VPI Internal Documents; 1 - Computed from 2004 financial statements for ReVision House

In contrast to AHC, ReVision House actually weakened VPI's position on most financial indicators, although the agency was still well within healthy benchmark levels in 2005. The key to understanding the success of this merger became apparent a year after the transaction took place, when looking at the before and after expense ratios:

**Table 4: Expense Ratios Before and After ReVision House Merger**

	Pre-Merger		Post-Merger	
Program Services	\$4,239,954	77.69%	\$5,570,919	79.89%
Administration	\$1,007,221	18.46%	\$1,153,054	16.54%
Fundraising	\$210,511	3.86%	\$249,016	3.57%
Total Expenses	\$5,457,686	100%	\$6,972,989	100%

Source: VPI Financial Statements, Form 990 (2006)

As a percentage of total expenses, VPI was able to reduce its overhead costs (administration plus fundraising) by approximately two percentage points. More importantly, those cost efficiencies translated directly into the provision of services, which accounted for almost 80% of total expenses in the fiscal year after the ReVision House merger. Since this

<sup>1</sup> Definitions of Financial Ratios:  
 Current = Current Assets/Current Liabilities  
 Debt/Net Asset = Total Debt/Net Assets  
 Cash = (Cash + Equivalents)/Current Liabilities  
 Cash Days = (Cash + Equivalents)/(Total Expenses/365)

merger, VPI has been able to devote an increasing percentage of expense dollars to programs, on par with significantly larger agencies that benefit from scale efficiencies due to their size:

**Table 5: Comparison of Boston Housing and Human Service Nonprofits – Program Expense Percentages (2007)**

	Program Expenses	Total Expenses	Percentage
Vinfen Corporation	\$70,464,359	\$82,233,029	85.7%
Bay Cove Human Services	\$44,311,581	\$50,400,163	87.9%
Pine Street Inn	\$26,892,658	\$32,345,523	83.1%
Boston Health Care for the Homeless	\$19,448,432	\$35,188, 418	77.2%
Victory Programs	\$6,608,471	\$8,051,015	82.1%
Boston Living Center	\$2,049,720	\$2,494,250	82.2%
Habitat for Humanity Greater Boston	\$315,031	\$727,221	43.3%

Source: [Guidestar.org](http://Guidestar.org) Form 990 Database

Finally, when describing VPI as an umbrella organization, it is worth noting the challenge of branding, and VPI’s practice of keeping the merged agency’s name and identity when they are critical to the continued success of the program. Director of Development Donna Clark articulates this policy by stressing that VPI is “not a gobbler of agencies; it is important for acquired agencies to maintain their identity, because that is how we maintain good relations with their surrounding communities.” In the case of the ReVision House merger, retaining the brand was essential in preserving hard-won community support for the program, as well as ensuring that the shelter’s founding mission to support homeless women and children would not be compromised. AHC, the other recent merger partner, was not a direct services provider, and therefore did not have the same physical community surrounding its work. The decision to retain the AHC name, which carries considerable cachet, made sense as a valuable opportunity for greater national brand recognition for VPI, in addition to expanded opportunities for fundraising.

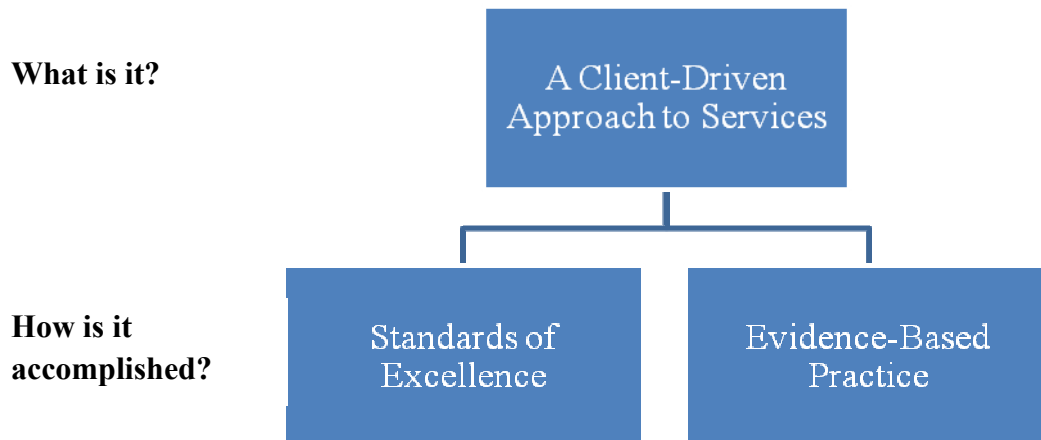
*Internal Consistency*

Given the number of agencies that have merged into Victory Programs over its 35 year history, it is not difficult to imagine the importance of internal unity to the ongoing success of VPI. Dugan notes that “the greatest challenge in conducting a successful merger is what happens after it formally takes place – the integration of two cultures, and maintaining a firm understanding of why VPI exists and what types of services it offers.” The ReVision House merger provides an apt illustration of Dugan’s sentiments, as it not only led VPI to redefine its mission to include a homelessness component, but also unearthed the cultural clashes that

can occur when two organizations merge. Ultimately, the merger reinforced the agency’s understanding that respect and humility are crucial when approaching any form of strategic alliance. In the absence of other unifying characteristics, as was the case in the ReVision House merger, VPI has been able to successfully integrate multiple programs over its history by making client interests the priority of all employees within the organization.

At VPI, establishing common ground across its history of mergers and partnerships begins with a client-driven approach to services. In contrast to a directive model of care in which the provider determines the goal and the steps to reaching it, VPI’s client-driven model asks the client what the goal should be, and then provides options for its attainment. Two governing ideas undergird the client-driven approach. First is VPI’s “Standards of Excellence in Client Care,” published in 2003 and the result of a two year effort to codify effective research-based treatment techniques (Exhibit 3). The Standards define the values that should guide every relationship and interaction at VPI, and through ongoing workforce development and training, they are incorporated into all aspects of operations. One notable example of this client-oriented mindset is the Consumer Advisory Board (CAB), which meets monthly and gives current and former clients the opportunity to provide feedback and suggestions for improvement on the services they receive.

**Figure 2: VPI Philosophy of Care**



Second, VPI uses evidence-based practices to support its client-driven approach. Motivational interviewing, harm reduction and cognitive behavior therapy are some examples of techniques that have been confirmed by research and adopted by the agency. Jason George, house manager of the ReVision House program, describes his responsibility to the residents as “they talk, I listen; we always try to put the issue back on the resident, rather than give advice or impose our opinions.” This description of motivational interviewing techniques being employed at a recently merged agency serves as an example of the type of internal consistency VPI is trying to foster – one based on a common commitment to a set of values and evidence-based practices.

As mentioned previously, VPI takes great care to preserve the unique identities of its merger partners, seen in part by the fact that agencies continue to operate under their original names. While this practice poses obvious challenges to maintaining a cohesive internal identity, VPI has been able to strike the delicate balance between unity and diversity through its uncompromising commitment to its distinct philosophy of care. The agency has found a way to create unity around core values and ideas, rather than names and programs, to the extent that the Standards of Excellence and evidence-based practices are the *modus operandi* for all employees at Victory Programs.

Further contributing to consistency within the organization is the strong alignment that exists between the Board of Directors and executive team at VPI. Several long-standing board members expressed their personal commitment to the agency's mission as a reason for their decision to serve multiple terms, and compared to their experiences serving on other boards, board members at VPI describe their involvement with the agency as "passionate" and "personal." Consistent communication between the executive team and the Board has produced an iterative process in which the executive team makes the necessary changes when the Board is not comfortable with a particular aspect of a merger.

The Board also plays a robust accountability role for the agency, in a fiduciary sense, as well as in broader issues such as a potential merger's fit with VPI's mission and strategic priorities. The responsibility of mitigating "founder's syndrome," a term used to describe the tendency for nonprofits to be overly dependent on its charismatic founder, falls chiefly to the Board, according to former VPI Board Chair Bradford Swing. Dennis Balog, a current Board member who counts thirty years of involvement with VPI, provides an example of this type of contingency planning, citing the 2004 hiring of VP and COO Jim Pettinelli, widely considered to be a natural fit at VPI. The creation of the VP role, which was previously filled by the President, allowed Scott to move away from daily operating responsibilities and spend more time cultivating vital relationships with potential partners and funders.

### *Housing Expertise*

Allen Spivack, Director of Residential Support Services and Training at the Department of Public Health, describes a current trend among nonprofit housing providers: "Social service entities with housing components want to shed them, because they require a lot of expertise. Some agencies have underestimated the cash demands of running housing programs as well, and the result is that there is a natural consolidation going on right now." Historically, VPI mergers have occurred largely in the context of an agency's distress, whether financial or managerial. In acquiring no fewer than five housing-related organizations via merger over its thirty five year history, VPI has amassed considerable knowledge around housing, from how to run residential treatment and supportive housing programs to higher level aspects of technical assistance – program evaluation, needs assessment, community planning and project development. With each new merger, VPI's reputation as a housing agency has grown, in turn attracting new requests for strategic alliances. As mentioned previously, the recently finalized AHC merger brought a whole new set of competencies to VPI, which will likely increase the effect of this "virtuous cycle."

As economic conditions have led to reductions in funding across public and private sources, nonprofit housing entities with mortgage obligations and the requisite cash needs have felt increasing pressure. State funding officers like Spivack have observed some agencies respond by spinning off their housing arms, and ironically, a combination of the ongoing recession and a wealth of housing experience have put VPI in strong position to expand in a down economy. Two potential transactions on the horizon for VPI – an asset transfer with Cambridge Cares About AIDS (CCAA) and a contracts transfer with Latin-American Health Institute (LHI) – are prime examples of the actions some agencies are considering to deal with liquidity constraints. Although these transactions have their considerable risks, it is a telling observation that VPI is actively fielding merger requests at a time when many nonprofits in the housing arena are seeking to scale down and redeploy their resources elsewhere.

## Extending Impact

A primary goal for any strategic alliance between two agencies should be to generate additional value, whether through increased capacity to accomplish the mission or through cost efficiencies, which would not otherwise exist absent the partnership. VPI has been able to realize this goal through its various alliances, putting the agency in a position of relative strength at a time when many nonprofit organizations are struggling to remain viable. VPI's example undoubtedly supports the case that the merger option should be a priority for individual organizations seeking to grow their impact. More broadly, as VPI and AHC begin the hard work of post-merger integration, the combined agencies have an opportunity to set a precedent for nonprofit mergers that retain valuable staff members from both organizations.

### *A Comparative Look at Crittenton Women's Union (CWU)*

In July 2006, two historic Boston nonprofits serving low-income families completed a high-profile merger. Crittenton was established in 1824 and became known for the quality of its programming in housing, education, workforce development and family and life skills support. The Women's Union, founded in 1877, focused more on economic self-sufficiency for women and their families, and gained notoriety for the strength of its research and public policy advocacy work. When the Presidents of both agencies decided to step down, discussions about a potential merger began, followed by a period of collaborative due diligence, when both agencies observed firsthand the positive impact that could result from merging operations. By consolidating staff and administrative services, the CWU was able to save \$800,000, and as confirmation of its success, the agency was chosen to be one of eight finalists among 600 nominations nationwide for the \$250,000 Collaboration Prize, honoring excellence in nonprofit cooperation.

Aside from commonalities in locale, staff size and budget, there are noteworthy similarities between CWU and VPI, and a comparison of the two agencies' merger experiences could provide useful knowledge to the nonprofit sector as a whole. To start, the organizations involved in the CWU merger did not collaborate out of compulsion; both Crittenton and the Women's Union were financially stable and well-established in their

respective areas of expertise, and in a similar way, VPI and AHC were not experiencing any form of crisis prior to merging. In the absence of a profit motive, as exists among for-profit mergers, it is rare to see nonprofit organizations merge strategically and from a position of strength; Michael Goldrosen, a Director at the Boston Public Health Commission, comments that the most prevalent merger scenario is when a weaker organization is essentially rescued by a more stable one. The recent merger experiences of CWU and VPI are an illustration of the benefits of a proactive merger, in which agencies add value to the organization by shoring up underdeveloped competencies through collaboration.

In light of this comparison, an integration challenge occurs when Executive Directors Jonathan Scott and Joe Carleo both remain at the agency, with Carleo taking on the newly created role of Director of Community Affairs and Scott continuing on as Executive Director (Exhibit 4). While Crittenton and the Women's Union were rightly recognized for putting aside over 300 combined years of operating independence in favor of increased capacity and cost efficiency, VPI has been utilizing strategic partnerships throughout its short history to the same effect, and now has the opportunity to provide a model for nonprofits looking to merge the human resources of two distinct organizations. The dynamics of power and autonomy should not be underestimated in any merger, nonprofit or otherwise, and Scott and the rest of the executive team have done much to create a "win-win" situation around the arrival of Carleo and his staff. Finally, an important takeaway going forward lies in recognizing the causal link between having a sound rationale for a merger and retaining valuable personnel. The combination of VPI's innovative programming and AHC's technical, policy and advocacy expertise produced a complementary fit and minimized redundancies, which in turn created the organizational space for key staff members to stay with the agency and leverage their unique skills.

In the span of thirty-five years, Victory Programs has grown from one house serving a small group of unwanted men to a multi-service agency with seven housing programs containing a total of seventy-two housing units and six distinct health and wellness programs. In terms of scale and scope, the organization has changed almost beyond recognition when compared to its days at Victory House. However, the agency's commitment to client needs has remained unchanged, and as its mission has evolved to include homelessness, addiction and other chronic illnesses, it has taken a thoughtful approach to growth. Strategic alliances have served as the primary vehicle to increasing capacity, and in cultivating a distinct organizational identity around shared values, as well as positioning itself to properly evaluate and incorporate mergers and other partnerships into its growth plan, VPI has compiled a record of success that can provide insight to other nonprofit organizations considering mergers as a path to greater impact.

## **Interviewees, Reviewers and Resources**

Donna Clark, Director of Development, VPI

Jose Mandes, Co-Director of Victory Health, VPI

Lorraine Franciose, Director of Programs and  
Clinical Care, VPI

Sidney Burton, Director of MIS, VPI

Dennis Balog, VP of Customer Financial Services at  
Hachette Book Group and Board member, VPI

Melissa Pullin, Director of EHS Results at the  
Executive Office of Health and Human Services  
and Board Treasurer, VPI

Henri Soucy, Senior VP of Commercial Real Estate  
at Wainwright Bank and Trust Co. and Board  
member, VPI

Kathy Crehan, Co-Director of Victory Health, VPI

Jim Pettinelli, VP and COO, VPI

Alan Gentle, Director at Roxbury Resource Center  
and Board member, VPI

Cecile Durham, Director of Human Resources, VPI

Joe Carleo, Director of Community Affairs, VPI

Andrea Dodge, Chief Administrative Officer,  
Executive Office of Health and Human Services

Bradford Swing, Director of Energy Policy, Office of  
the Mayor (City of Boston)

Gerald Robbins, Director of Quality Enhancement  
and Data Evaluation, VPI

Deborah Ruhe, Executive Director of Hostelling  
International USA (Eastern New England  
Council) and Board member, VPI

Andrea Martinez, Program Associate, The Boston  
Foundation

Elizabeth Dugan, Program Director at St. Mary's  
Women and Children's Center and Board Vice  
Chair, VPI

Allen Spivack, Director of Residential Support  
Services and Training, Massachusetts  
Department of Public Health (Office of  
HIV/AIDS)

Jonathan Scott, President and Executive Director,  
VPI

Steve Pratt-Otto, VP of Community Development  
Lending, Wainwright Bank and Trust Co.

Andrea Laing, Assistant Director of Affordable  
Housing Compliance at the Boston  
Redevelopment Authority and Board Chair, VPI

Michael Goldrosen, Director of HIV/AIDS Services  
Division, Boston Public Health Commission

Jeff Hayward, Senior VP, United Way of  
Massachusetts Bay and Merrimack Valley

Michael Botticelli, Director of the Bureau of  
Substance Abuse Services, Massachusetts  
Department of Public Health

Jacob Smith-Yang, Executive Director,  
Massachusetts Asian and Pacific Islanders (MAP)  
for Health

---

Kenneth Lima, Director of Government and  
Foundation Relations, VPI

Alison Merrill, Development Associate, VPI

Jessica Lee, Program Manager, New Sector Alliance

Alejandro Maldonado, Investment Professional,  
H.I.G Capital

---

Press Release, Crittenton Women's Union, "The  
Women's Union and Crittenton Merger  
Operations" (3/9/06); "Crittenton Women's  
Union is Named Finalist for \$250,000 Nonprofit  
Collaboration Prize" (1/14/09)

## **Exhibit 1      Selected List of VPI Partnerships**

### *Living and Recovering Community (LARC)*

Founded in 1994, LARC was originally a partnership between Dimock Health Center and VPI, and grew out of a need for a housing model for people living with symptomatic HIV, who also had histories of chronic drug relapse. Another nonprofit agency, AIDS Housing Corporation (AHC), was pivotal in negotiating with the Department of Public Health to fund and site the program, which VPI officially took under its management in 1997.

### *Bobbie White House*

Also founded in 1994, the Bobbie White House was created when an informal network of AIDS housing advocates in Boston, including Jonathan Scott, combined a renovation project undertaken by Boston Citywide Land Trust with a new AIDS housing program being proposed by the Department of Public Health. The result was Bobbie White, the first coed housing program in Massachusetts specifically designed for recovering addicts living with AIDS.

### *Joelyn's Family Home*

In partnership with the Boston Health Commission and the AIDS Action Committee, VPI opened Joelyn's Family Home on Long Island (Boston Harbor Islands) in 2007. The program serves the short-term transitional housing needs of recovering women and their children, and the attractive facilities are widely regarded as a model for what can result when multiple public sector resources are utilized cooperatively.

### *Victory Housing on Warren Street*

In 2008, VPI was selected by the City of Boston to purchase two properties formerly operated by the Veterans' Benefits Clearinghouse that were at risk of foreclosure. With financing from Wainwright Bank and Trust, a private lender with a track record of supporting community development efforts, VPI renovated the properties and named the program Victory Housing on Warren Street, which provides 14 units of permanent housing, along with concierge services that help build community and aid in the tenants' adjustment process. As this was a tax-credit project, VPI partnered with other groups such as Boston Community Capital, a community development financial institution, and in doing so acquired a new set of competencies around the development of low-income permanent housing.

### *Women's Hope*

In 1986, Bea LeBarre founded the Women's Chemical Dependency Program at Massachusetts Osteopathic Hospital as a response to the lack of community treatment options for "Section-35" women, who were sent to jail because their addiction issues posed a threat to themselves and others. Because of complications leading up to potential bankruptcy, the program was in danger of closing in 1989 when LeBarre contacted Scott for help. The result was an agreement by VPI to take over the program, which was renamed Women's Hope.

### *Flynn Houses*

The programs at Flynn Houses were dedicated to helping homeless alcoholics and in 1994 Steve Harkins, the President of the Board of Flynn Christian Fellowship, placed a call to Jonathan Scott asking for help in keeping the programs from closing. Eventually, this collaboration led to a full merger of Flynn's housing programs into VPI, after which extensive renovations took place.

### *Shepherd House*

Founded as a program for recovering women alcoholics, Shepherd House came under VPI's assistance in the context of an escalating internal crisis in 1994. David Mulligan, then the Commissioner of Public Health, made an urgent request to Jonathan Scott, asking for help stabilizing fiscal and programmatic operations, and a year later, the board of Shepherd House voted to execute a full merger with VPI.

**Exhibit 2 VPI Due Diligence Screen**
**Screen and Checklist for New Programs and Other Affiliations**
**Screen for Evaluating New Programs/Mergers**

- Fit with mission
- Fit with overall strategy
- Market attractiveness
  - Size of market
  - Ease of entry
  - Growth potential
  - Profitability
  - Competition
- Internal capabilities
- Board interest and expertise
- Management interest and expertise
- Distinctive competence
- Impact on existing programs
- Financial commitment

**Screen for Evaluating Affiliations with Other Organizations**

- Potential advantages
  - Improving quality of existing programs
  - Community service
  - Access to capital
  - Economies of scale in operations
  - Utilizing excess capacity
  - Generating profits
  - Recruiting/retaining employee

*- Screen prepared by Felton Planning Associates*

**Due Diligence Activities**
**Financial Stability**

- Audited Financial Statements for 5 to 10 years
- Management letters for 5 to 10 years
- Report on internal control and compliance for 5 to 10 years
- Real estate issues (restriction, environmental, inspection)
- Economic dependency
- Related parties
- Inkind contributions
- Any State performance reviews, federal audits, or program reviews
- Budgets
- Restricted funds and bequests
- Ratios analysis
- Banking relationship
- Contingent liabilities (guarantor, claims, etc.)
- Financial obligations (commitments, POs)
- Outstanding liabilities, security agreements (collateral, UCC filings)

**Legal Matters**

- Lawsuits
- Affiliates (obtain Financial Statements and taxes)
- Annual report filing with Secretary of State
- By-laws and/or Articles of Organization



- Minutes of Board of Directors meetings
- Business/strategic plans

### **Employment and Labor Issues**

- Union contract
- Severance pay
- MCAD suits
- Independent contractors vs employees
- Personnel policies
- Benefit plans (health, pension, etc.)
- Key employees (directors, program heads)

### **Contracts Existing**

- Grant agreements
- Vendor agreements

### **Leases**

- Space
- Equipment
- Automobiles

### **Insurance**

- Bonding
- General liability
- Workers compensation
- Unemployment (self funded)
- Physical assets
- Director & Officer

### **Regulatory Issues**

- UFR filing
- Deficiency letters
- Licenses and permits
- Pre-qualification – (if State funded agency)

### **Operational Issues**

- Organizational chart
- Policy and procedures manuals
- Accounting system
- Control environment
- Control systems

### **Tax Issues**

- Tax exempt letter
- Returns properly filed (Form 990, PC, Form 3 ABC, payroll taxes)
- Correspondence from IRS, DOR or AG
- UBIT

### **Exhibit 3      Standards of Excellence in Client Care**

**1) We communicate effectively.**

At Victory Programs, we listen attentively to what a person says, and use kind and calming language in our conversations.

**2) We respond with patience.**

Everyone we meet in our work for Victory Programs is entitled to a patient and thoughtful response. We are mindful that clients' attitudes and behaviors are often what brought them to treatment and we respond consistently with understanding and patience.

**3) We respect boundaries.**

At Victory Programs, we respect professional boundaries, including, but not limited to, physical, social, and emotional boundaries. It is unethical and inappropriate to violate any of these boundaries.

**4) We use authority appropriately.**

Whether acting in our capacity as supervisors, managers, or direct care providers, we are aware of the ways in which our positions and titles can confer power and authority that must be used responsibly.

**5) We respect confidentiality.**

At Victory Programs, the privacy of our clients and colleagues is meticulously honored. Operating under strict confidentiality laws, all records, material, or conversations with or about clients are strictly confidential.

**6) We apply policies and procedures in a fair and consistent manner.**

At Victory Programs, we apply and enforce policies and procedures fairly and consistently. We balance these values with responsiveness to the individual needs, cultures, histories, and styles of those with whom we work and we refrain from showing favoritism to co-workers, vendors, funders, or clients.

**7) We do not tolerate discrimination.**

At Victory Programs, we value diversity. There is zero tolerance for discrimination against anyone due to, but not limited to, race, ethnicity, religion, sexual orientation, physical or mental ability, literacy, treatment choice, or socioeconomic or medical status.

**8) We individualize treatment.**

At Victory Programs, we provide treatment appropriate to the individual needs of the client. We educate clients on treatment options rather than imposing our own personal beliefs. Clients have the ultimate treatment choice.

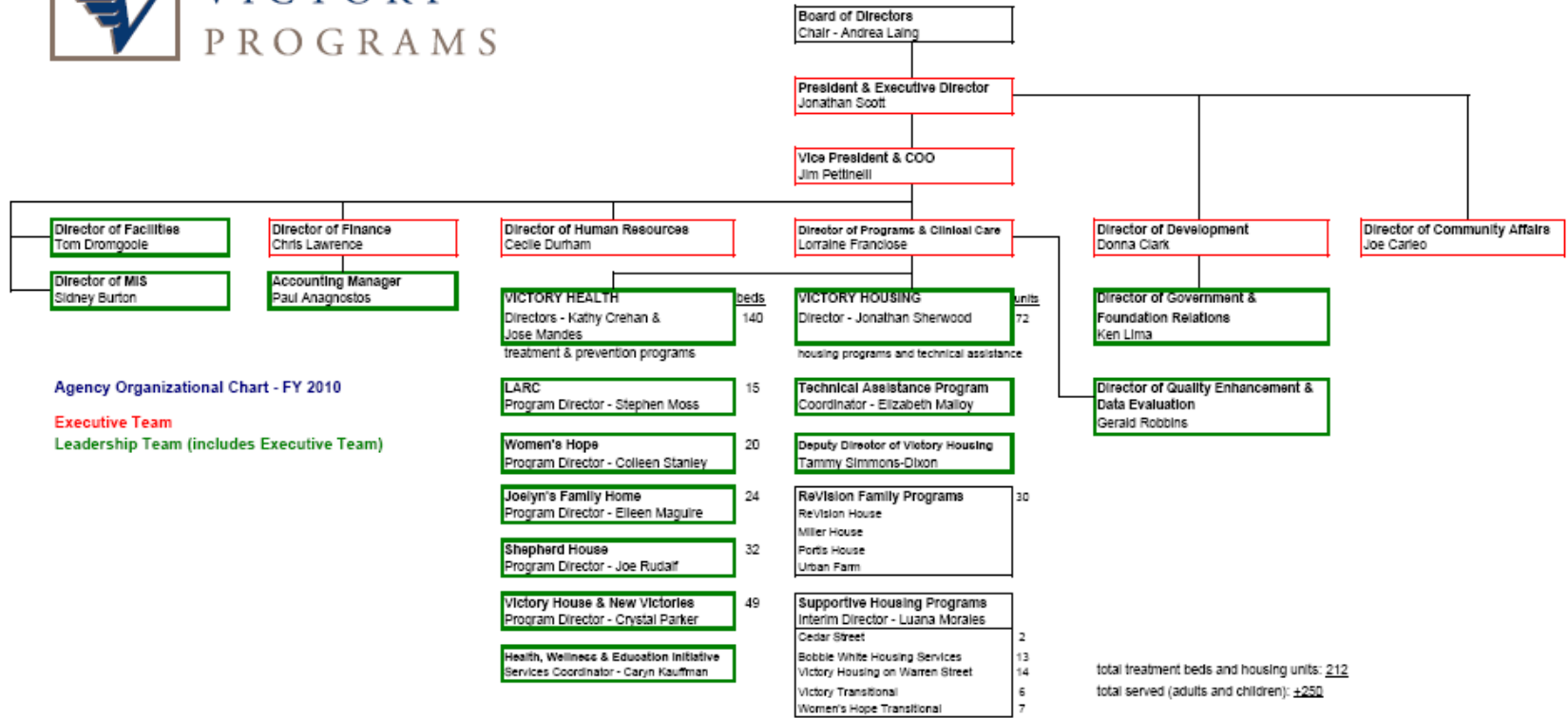
**9) We are attentive to client needs.**

At Victory Programs, we give clients our undivided attention, which reinforces positive regard and respect.

**10) We work with clients from a strength-based perspective.**

At Victory Programs, we focus on positive qualities and accomplishments while acknowledging areas in need of change.

**Exhibit 4 VPI Organizational Chart**



Agency Organizational Chart - FY 2010

Executive Team

Leadership Team (includes Executive Team)

Updated 7/10/2009