

The Strachan Foundation

Twelve Year Report: 1994 -2006



Strachan Foundation History and Mission

The Strachan Foundation was established in 1994 by Harry W. Strachan to honor the work of his grandparents, Harry and Susan B. Strachan, his parents, R. Kenneth and Elizabeth W. Strachan, and his aunt and uncle, W. Dayton and Grace S. Roberts. Each of these individuals as missionaries in Central America made important contributions not just of a religious nature but in the struggle against poverty, illness, ignorance and injustice. Their legacy encompasses a variety of activities and institutions in Central and South America that are still making social contributions today. The Strachan Foundation's work reflects a desire to carry on this heritage of commitment and stewardship.

The Strachan Foundation invests in innovative programs and activities in Central America and Panama that prepare and empower people and communities to creatively solve the problems they face. Within this objective, the focus is mainly on formal and informal education programs though the Foundation also supports programs in health, sustainable development and sound public policy. Although many of the institutions supported have strong spiritual orientation and heritage, the Foundation does not provide support for projects whose primary objective is to spread a specific spiritual message or political ideology.

The Foundation looks for the following elements in its projects:

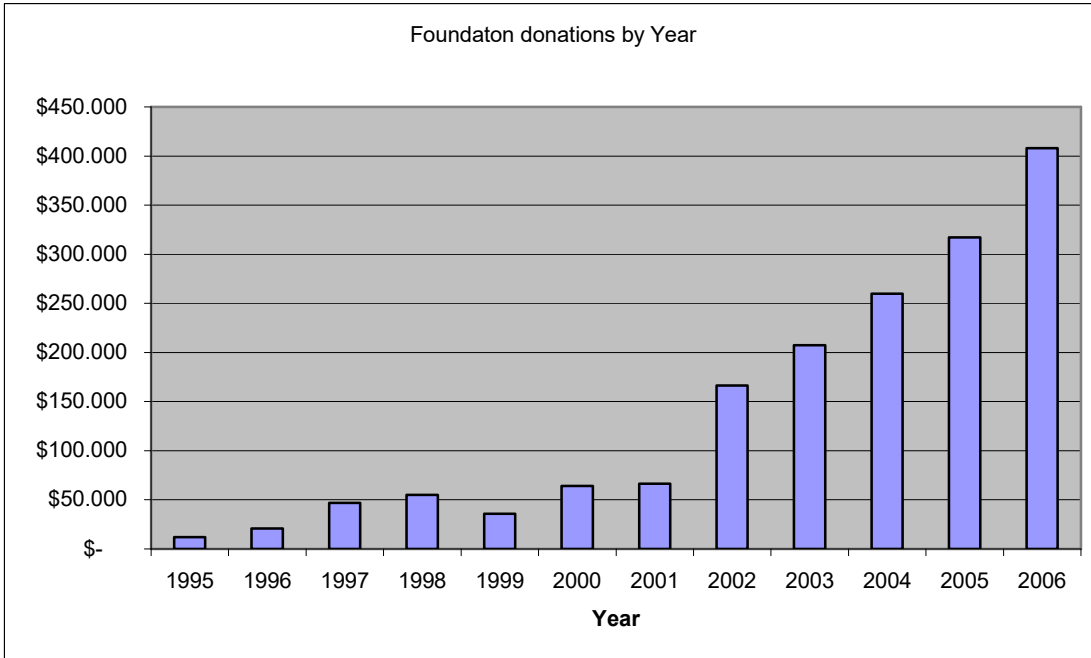
- Innovative, practical program models
- Systemic problem-solving
- Community-based strategies
- Potential for financial sustainability
- Committed, capable leadership
- Clearly articulated objectives

The first part of this Report of Twelve Years of Activity from 1994-2006 is about our **Grantees**, a wonderful group whose dedication to others is inspiring. We are deeply impressed with how much they have accomplished under difficult circumstances with few resources. We recognize that it is their efforts, their talents and those of the volunteers they mobilize, that are the key contributions causing positive impact and solving problems. We are honored to have had the privilege of providing some support to their efforts.

The second part describes briefly our approach to managing the Strachan Foundation, evaluating potential grants, investing the endowment and some of the directions we are planning for the next five years.

Overview of Grants

The Strachan Foundation has disbursed over \$1.6 million in grants over the last 12 years. Most of the grants are in the \$5,000 to \$20,000 / year range. Some multiyear grants have been given. In 2006 the annual grants approached half a million dollars a level the foundation expects to continue or increase. The following graph shows disbursements from 1995 through 2006.



The focus of the Strachan Foundation has been Central America from Guatemala to Panama. Although projects have been concentrated in Costa Rica (41% of projects), the foundation is looking for a more balanced regional geographic distribution in the future,

Region or Country	Number of Projects	Amount Invested	Percent of Total
Regional Projects	7	\$ 322.398	19,4%
Guatemala	5	\$ 370.000	22,3%
El Salvador	3	\$ 96.000	5,8%
Honduras	1	\$ 19.000	1,1%
Nicaragua	4	\$ 157.755	9,5%
Costa Rica		\$ 682.130	41,1%
Panama		\$ -	0,0%
Other	2	\$ 13.000	0,8%

We believe committed people create successful projects. . Projects come to us through their own initiative and at the recommendation of family and friends, and we encourage voluntary involvement by Strachan family members and friends.. The following tables show the percent of projects in which family members and friend co-funders are involved.

Projects w/ Foundation Consulting	Number	Amount
	13	\$ 751,255
Percent	30%	45%

Project w/ Family Active Involvement	Number	Amount
	12	502,098
Percent	28%	30%

Projects w/ co-funding alliances	Number	Amount
	14	564,200
Percent	33%	34%

II. Grantees



The following table shows the Strachan Foundation grantees by geographic focus, target population and project focus. We are pleased with all the projects but in the sections which follow we have provided some more information on some of the larger, multi-year initiatives.

Ref. No.	Grantee & Project	Geographic Focus	Target	Project Focus
	Internship Program U. of Washington	1 Regional	Adults	Education
	Andrea's Educational Study	1 Regional	Children/Teens	Education
1	CALI (INCAE & ASPEN)	1 Regional	Adults	Education
2	CAFTA (CCAA)	1 Regional	Community	Econ Dev.
3	INCAE	1 Regional	Adults	Education
4	Teensmart / Emory University	1 Regional	Children/Teens	Education
5	Smithsonian Project	1 Regional	Adults	Education
6	FUNDAP	2 Guatemala	Children/Teens	Education
7	FUNDEMI	2 Guatemala	Adults	Education
8	Mil Comunidades	2 Guatemala	Adults	Education
9	Pennat Fundacion	2 Guatemala	Children/Teens	Education
10	Beatriz Manz/San Carlos	2 Guatemala	Children/Teens	Education
11	ASEMOS	4 Honduras	Children/Teens	Education
	Universidad del Valle	2 Guatemala	Adults	Education
12	FUSAL / Libras de Amor/SAHF	3 El Salvador	Community	Health
	AGAPE	3 El Salvador	Community	Education
13	ESEN	3 El Salvador	Adults	Education
14	Bilwaskarma/Pete Haubert/ Health Unlimited	5 Nicaragua	Community	Health
15	Laura Parajon / ProvadeNicaragua	5 Nicaragua	Community	Health
16	Fundacion Adelantes / Tom Frist	5 Nicaragua	Community	Econ Dev.
17	ANAI / Assoc Ciencia y la Edu Moral (ACEM)/Nature Conservancy	6 Costa Rica	Community	Ecology
	CEPAD	5 Nicaragua	Community	Education
18	ADA / Asociación Amigos del Aprendizaje	6 Costa Rica	Children/Teens	Education
	Asemeco/ IRSSI	6 Costa Rica	Community	Health
19	Asoc. Costa Rica Cristiana para una Generación Restaurada (Amor en la Calle)	6 Costa Rica	Children/Teens	Education
20	Asociación Artística para Niños	6 Costa Rica	Children/Teens	Education
21	CEDCAS	6 Costa Rica	Community	Health
22	FUNCENAT	6 Costa Rica	Community	Econ Dev.
23	Fundacion Nuestra America (FUPENA)	6 Costa Rica	Children/Teens	Education
24	Fundacion Abraham	6 Costa Rica	Children/Teens	Education
25	Paniamor	6 Costa Rica	Children/Teens	Education
26	Fundacion Rahab	6 Costa Rica	Children/Teens	Education
27	Robleatlo	6 Costa Rica	Children/Teens	Education
28	Asociación Conservacionista Yiski	6 Costa Rica	Community	Ecology

28	Comercio Alternativo	6 Costa Rica	Community	Ecology
	Fundacion Alfa y Omega	6 Costa Rica	Community	Education
	Fundacion Amigos del Cocco	6 Costa Rica	Community	Ecology
	Interlochen Center of Art	6 Costa Rica	Children/Teens	Education
	Patronato Pro-Nutricion Infantil	6 Costa Rica	Children/Teens	Health
	PAVE	6 Costa Rica	Children/Teens	Health
	Pete Nelson Amphitheatre at Camp Roblealto (LAM)	6 Costa Rica	Children/Teens	Education
	Soli Dei Gloria	6 Costa Rica	Children/Teens	Education

Regional Grantees

Note: This is a partial list of projects that have received support and provides an overview of the types of programs the Foundation encourages.

1. The Central America Leadership Initiative (CALI)



The Central America Leadership Initiative is a joint venture of the Aspen Institute and INCAE to identify and train young high potential leaders in Central America. Each year for the following five a group of 24 Central Americans will be chosen 50% from the private sector, 25% from NGOs and 25% from the Public sector for four Seminars. They are successful in their

activities and ready to undertake a larger role in society. The program is modeled on the successful Henry Crown Program of Aspen and each fellow is expected to undertake a special public service project on graduating.

2. Carribbean Central America Action (CCAA) -Post CAFTA Capacity Building

This project seeks to take full advantage of CAFTA by promoting integration, infrastructure and diversified exports once the Free Trade Agreement is approved in order to reduce poverty, obtain political support and insure social cohesion.

3. INCAE

INCAE is a private, non-profit, multinational, management school aimed at training leaders capable of successfully holding top management positions in Latin America. It was founded in 1964 with support from the Harvard Business School. Over the years it has produced many of Central America's leaders in the private, public, and non-profit sector. It plays a composite role in the region of educational institution, think tank, and forum for cross-regional, cross-sector dialog and problem solving.



4. Teensmart International



Teensmart International is a non-profit organization based in Costa Rica and Atlanta, Georgia. The project seeks to raise awareness among adolescents about risk involved in a variety of practices including use of alcohol, drugs and cigarettes; malnutrition; lack of exercise; accidents; suicide; and acts of violence. The project has virtual tutors that respond to questions participating adolescents may have. Participating organizations receive a four-day training that includes presentation of the Teensmart tools and the seven Habits of Successful People of Steven Covey.

5. Smithsonian “Adelante Fellows”

This is a program for providing research grants to young Latin American scientists for projects which they undertake under supervision of the Smithsonian scientists in Panama in various areas of biology, natural history and ecology. Each project is three to four months and the fellowship covers travel, \$750/month, and some of the expenses associated with the research project. Supervision and overhead costs are provided by the Smithsonian.

Grantees in Guatemala

6. FUNDAP



FUNDAP is a development NGO that has 6 main programs in the areas of health, education, micro credit, agriculture, environment, and artisan

development. Each program is independent although programs share administrative costs. The educational program is called the Programa de Educación Integral para la Vida (PEVI) and has several components: support to self-administered public schools, scholarships for girls, small libraries, center for technical skills and mobile skills training centers.

7. FUNDEMI/Talita Kumi

FUNDEMI/Talita Kumi has been working in the education of indigenous people in Guatemala since 1997. FUNDEMI applies the Tutorial Learning System or SAT system designed by the Fundación para la Aplicación y Enseñanzas de las Ciencias with headquarters in Cali, Colombia. The SAT is a methodology that allows men and women who have completed primary school to continue their studies without having to move to the town or city.

8 Mil Comunidades

Mil Comunidades, a project designed by the Red de Organizaciones de la Sociedad Civil (Network of Organizations of Civil Society), is designed to promote the use of information technology in 5 villages of Alta Verapaz. Talita Kumi, a member of the Network, is responsible for project implementation. Talita Kumi has started computer centers in the municipalities of San Pedro Carcha which includes the communities of Tzunutz, Esperanza Chison, Chahimal, Quixal, Tanchí I, Pequicuch, and Chison; and in the municipality of Chamelco including the communities of Caquiepec, Chirreocob, Saquib, Seoguis, Paapa, Chamil, Chamisún, and the Biblioteca Gabriela Mistral in Chison.



9. Proyecto Educativo del Niño, Niña y Adolescente Trabajador (PENNAT) .

PENNAT works with child and adolescent laborers who need to help their families to make a living by offering them an education that is adapted to their local context. PENNAT has educational and health programs in various sites of Guatemala City including the Central Market, one of the most dangerous areas of the city.



10. Santa María Tzeja

Santa María Tzeja is a village in El Quiché, Guatemala. The community has a scholarship program for young students seeking teaching and university degrees. Professor and researcher Beatriz Manz from the University of California at Berkeley has been the main

contact for this program. Students receiving a scholarship make a commitment to teach at the village school for one year and contribute 10% of their salary upon receiving their degree.

Grantees in Honduras

11. Asociación Semilla de Mostaza (ASEMOS)



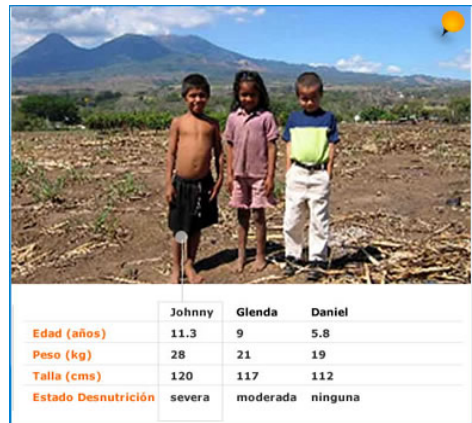
ASEMOS seeks to improve education in Honduras by offering teachers an opportunity to introduce Montessori methods in their classrooms. ASEMOS runs a Montessori school inside the ZIP Buffalo Industrial Park in San Pedro Sula. Students recently received the Banco Uno Excellence in Education Prize. ASEMOS provides training for public and private school teachers in Montessori techniques as a way of improving student interest, motivation and comprehension.

Grantees in El Salvador

12 Fundación Salvadoreña para la Salud y el Desarrollo Humano FUSAL

FUSAL has been in existence for approximately 20 years and offers a variety of programs centered on health and education. The Libras de Amor Project supported by the Strachan and Mesoamérica Foundations is a recent creation (started in 2004). Libras de Amor seeks to reduce malnutrition in El Salvador by offering dietary compliments and vitamins, training to mothers and health care for community members, especially pregnant women and children under five years of age. The project has shown some very good results in a short time.

Severe malnourishment was eliminated (previously at 2%), moderate malnourishment was significantly reduced (down to 3% from 12%) and low malnourishment was also reduced (down to 30% from 55%).



13. Escuela Superior de Economía y Negocios (ESEN)

ESEN is a university in San Salvador funded by the Fundación para la Educación Superior which was created by Fundación Poma, Grupo TACA, Textiles San Andrés (now Inversiones Hilasal), La Prensa Gráfica, CESSA and Banco Agrícola. ESEN offers bachelor's degrees in economy, business and law. The Foundation's mission is to form

leaders in El Salvador and Central America in a holistic way so that they can lead with dynamism and vision in the public and private sectors; and to contribute to the creation of a critical mass of professionals that can promote the sustainable development of the region.

Grantees in Nicaragua

14. Bilwaskarma



Bilwaskarma is a rural community located on the Coco Rio near the border with Honduras. The project provides community health services to 10 small communities within a 10km radius of Bilwaskarma, where the main clinic is located. The project offers training in community health issues to community leaders and members. The project has been able to raise awareness of various health issues including the need for prenatal care.

15. Provadenic

Provadenic is also a rural community health project. Under the leadership of Laura Parajón the project became sustainable and achieved some very good results in terms of reducing malnourishment and infant morbidity and mortality in the communities.

16. Fundación Adelante

This project was designed in response to a request for help from a group of Nicaragua friends including President Bolaños. After evaluating various options Tom Frist spent 2003-2005 focusing his efforts on helping develop a “Tourism Cluster” in the Rio San Juan area of Nicaragua, one of the poorest areas. Tom’s activities included community development, infrastructure lobbying, facilitating C.R. tourists travel into the region, marketing materials for tourism, attraction of donors, small business loans, and other activities. Most of the initiatives are still being carried forward by local groups.

Grantees in Costa Rica

17. Asociación para la Ciencia y la Educación Moral (ACEM).

ACEM trains indigenous leaders in the Talamanca and Pacific areas of Costa Rica. It uses a mentoring methodology through which itinerant trainers visit communities and offer various modules on leadership training. Materials are



reviewed in periodic workshops that gather communities together in central locations. ACEM has a set of 12 leadership training modules. The project also uses theatre and radio programs to reinforce topics.

18. Amigos del Aprendizaje (ADA).



ADA seeks to improve reading and comprehension skills in children between kindergarten and third grade in public schools. ADA offers training and mentoring to teachers, and involves parents and volunteers in the learning process. Comparative studies in 2005 showed that kindergarten students and first grade students who were taught by teachers prepared by ADA had better results in standardized tests for school risk, vocabulary and reading.

19. Amor en la Calle.

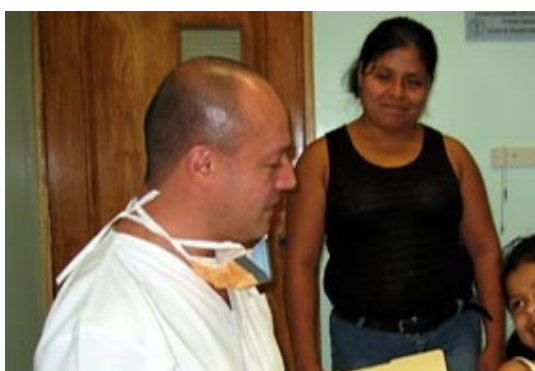
Amor en la Calle is a ministry that attends homeless children and youth. Amor en la Calle has four programs: attention to homeless children and youth in the streets of San Jose, ministry to young people in prisons, shelter for homeless youth (ages 13 through 18), and development work in the marginal urban communities of Los Guido and Sagrada Familia. Amor en la Calle offers direct assistance, evangelism and seeks ways to help children to be reintegrated into homes.

20. Asociación Artística para Niños (ASART)

ASART seeks to increase the self esteem of children that have been abused or neglected in San Jose. The project is implemented in the PANI shelters (PANI is the government agency in charge of child protection) and in public schools from impoverished neighbourhoods. ASART uses visual arts and music as a means of expression for children. The project has the support of the University of Costa Rica and Fidelitas University who send students to complete their social service requirement.



21. Centro de Educación, Capacitación y Atención en Salud (CEDCAS).



CEDCAS is a community-based health care center and education program in Los Lagos, Heredia. CEDCAS was started in 1985 by Lillian Solt. CEDCAS has three main areas of work: the health clinic, community health and

faith in action. The health clinic offers medical services with a sliding scale for payment. Community health includes working with the elderly and youth. Faith in action includes the feeding of children, development of churches and the Heifer Project in Limon and Sixaola

22. Centro Nacional de Alta Tecnología Dr. Franklin Chang Díaz (CENAT).

CENAT is a specialized center for research and graduate programs in high technology and technical innovation shared by four public universities that are members of the Board of Directors. The goal of the organization is to implement training, research and services in science and technology in five strategic areas that will provide Costa Rica with the appropriate technology for a competitive development in economic, social and environmental areas. The Foundation and Mesoamerica grants facilitate involving the private sector in the research projects and supporting a incubator program for businesses that utilize the technology.

23. Fundación Pedagógica Nuestra América (FUPENA).



Engánchate al Cole is the name of FUPENA's project. It seeks to reduce drop out rates among 7th grade students in the public schools of the Desamparados Canton in San José by offering tutoring and mentoring to 6th and 7th grade students. 10th grade students are coached and offer the tutoring sessions for 6th and 7th grade students. The project also offers social activities that engage the students' family.

24. Proyecto Abraham

Proyecto Abraham is implemented by Lighthouse Community Christian Association (LCCA), a Christian organization that operates a home for abandoned children and has built a day care center that serves children ages _____ from homes in the nearby poor communities. Children assisted by LCCA come from impoverished families where drug abuse, alcoholism, physical and sexual abuse are common. The day care center has 12 classrooms and cafeteria. Children attending the day care center participate in structured lessons, games, activities and crafts. Activities meet Ministry of Education requirements.

25 Paniamor

Paniamor started in September of 1987 as an organization that sought to prevent physical, sexual and verbal abuse against children. Over the years it has developed into an organization that has 3 main strategies focused on children and adolescents: prevention of violence, promotion of public policies and social development. Paniamor has been very successful in its efforts to raise awareness about violence against children and adolescents and has been a leader in the struggle against commercial sexual exploitation. As a result of innovative programs, Paniamor has won grants from Microsoft and Intel to use information technology as a means to reach out to adolescents.



26. Proyecto Rahab

The Rahab Foundation has been working on the restoration and reintegration of commercial sex workers in San Jose, Costa Rica over the last 10 years. They do this through providing individual attention to women including counselling, spiritual education, formal education, training in various skills such as bakery, sewing, and use of computers. Participants also meet in support groups. Project participants include women and their children.

27. Roblealto

Roblealto was started 75 years ago by the first generation of the Strachan Family in Costa Rica and has witnessed the involvement of four generations of Strachan in its work. Roblealto has 3 children's centers and a home for children that are separated from their parents called the Hogar Bíblico. They offer assistance to 650 children from different communities including Desamparados, Alajuelita, Curridabat, San Calletano, Zapote and Hatillos. Each center has a multidisciplinary team that includes a psychologist, nurse and social worker. Roblealto also has a school for parents where it helps parents to deal with the challenges of raising children.



28. Yiski

Yiski is a conservation group that was originally directed by Tico Times owner, Richard Dyer in 1992. Yiski works for the defense, improvement and protection of the environment and natural resources, defense of human rights and of animals through research, communication and action.

FOUNDATION MANAGEMENT

Investment Strategy and Performance

Funding for the Strachan Foundation has mainly come from Harry Strachan's income generating activities in Central America through Strachan & Associates. In the early years 80% of the Foundation income went to start building up an endowment. The target for grants has been 20% of the income plus 5% of the endowment.

Rio Fuerte a family investment company that manages Harry's family's savings also manages the endowment. The investment philosophy from the beginning has been the same as that used for the family savings, one which is quite different from that used by most Foundations. We invest as much as possible in high return, highly illiquid private equity investments, investments which when risk adjusted provide the greatest return over the long term and which have the additional benefit of creating jobs and economic activity.

It is hard to estimate returns over the last 12 years returns given the illiquid portfolio where book value rarely reflects real value. Nevertheless, a quick estimate suggests that the IRR earned on Foundations money 1994-2006 have been in the 13-15% range.

Governance

The foundation is managed by part-time Executive Director, Miguel Tello, who is supported by a board composed of various family members. Harry Strachan, the Chairman, and Sandra Conanath Strachan, former Executive Director, who live in Costa Rica work closely with Miguel in the approval process. The board, described below, approves grants and provides expert support as appropriate in various areas.

Miguel visits projects, reviews proposals, provides a variety of training and technical assistance programs, and facilitates the Board's review and final approval of contributions.

The board meets once a year to review the year's program and to develop strategies for the future. It reviews all requests for funding on a quarterly basis.

The board has intentionally maintained a simple set of policies and procedures, and its guidelines allow for flexibility both in the types of programs that are funded as well as in the use of the monies (e.g. support is given for administrative and operating costs as well as for specific projects.)

The actual disbursement of grants, the accounting and management of investments is done in the offices of Mesoamerica Investments where Harry is a partner by the same firm that handles Strachan and Associate accounts.

GRANT CRITERIA AND EVALUATION

As mentioned previously, we believe that successful programs need capable leadership, strategies that lead to sustainability, an innovative, community-based approach and clear, realistic objectives. We look for a strong base of community support, as well as solid financial, administrative and management systems. Increasingly, the foundation is providing assistance in areas where small organizations struggle (e.g. fund raising, monitoring and evaluation.)

In the overall design of the programs, we seek to support groups that have clear models for change that are logical and have measurable outcomes.

We ask each organization for simple reports at mid-year and year end that include their accomplishments (both anecdotal and numerical), challenges and issues, and financial accounting.

FUTURE DIRECTIONS

In the August 2006 Board Retreat the major policies of the Strachan Foundation were reviewed and its commitment to education, both formal and informal in Central America was reaffirmed. New initiatives include studying the viability of greater involvement in the area of public policy formulation, hosting a conference on family philanthropy and ensuring more equitable geographic coverage across the region.

Strachan Foundation Board Members

Harry Strachan (President)
Sandra Conant Strachan
Sarah Strachan
Kenneth Strachan (Treasurer)
Cathy Lindenberg
Neil Goslin
Andrea Dyrness

Miguel Tello
Executive Director

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