

IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS
OF CENTRE COUNTY, PENNSYLVANIA

IN RE: THE SECOND MILE

ORPHANS' COURT NO. 14-12-0255

ORDER

AND NOW, this _____ day of _____, 2012, upon consideration of the Petition for Distribution of Assets of The Second Mile Pending Dissolution, and all responses thereto, and, following a full evidentiary hearing and upon this Court's express finding that the ability of The Second Mile to carry out its charitable purpose has been irrevocably compromised and the proposal of Arrow Child & Family Ministries, Inc. ("Arrow"), and Arrow Child & Family Ministries of Pennsylvania, Inc. ("Arrow-PA"), most closely approximates and effectuates that purpose and the donors' intent, it is ORDERED and DECREED that the Petition for Distribution of Assets of The Second Mile Pending Dissolution is hereby GRANTED and that:

- a. The Asset Transfer and Program Continuation Agreement between The Second Mile, Arrow and Arrow-PA is approved.
- b. The Second Mile's Plan for disposition of assets as set forth in Paragraph 65 of its Petition is approved.
- c. Arrow-PA is designated as the successor to The Second Mile for all pledges, bequests, devises and all other forms of planned giving.
- d. All remaining assets shall be retained by The Second Mile without donor restriction subject to regular and necessary business expenses.

BY THE COURT:

J.

**IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS
OF CENTRE COUNTY, PENNSYLVANIA**

IN RE: THE SECOND MILE

ORPHANS' COURT NO. _____

**PETITION FOR DISTRIBUTION OF
ASSETS OF THE SECOND MILE PENDING DISSOLUTION**

The State Board of Directors of The Second Mile ("Petitioners"), by its attorneys, hereby files this Petition for Distribution of Assets Pending Dissolution pursuant to Sections 5547(b) and 5981 of the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa. C.S. §§ 5101 et seq. ("PA Nonprofit Law"), and, in support thereof, states as follows:

FACTUAL BACKGROUND.

1. The Second Mile, founded and incorporated in 1977 as a Pennsylvania non-profit corporation, currently maintains its principal place of business located at 1402 South Atherton Street, State College, Centre County, Pennsylvania.
2. The Internal Revenue Service recognized The Second Mile in 1978 as a federal tax-exempt organization under Section 501(c)(3) and a public charity under Section 509(a)(1) of the Internal Revenue Code.
3. The mission of The Second Mile is to challenge young people to achieve their potential as individuals and community members by providing opportunities for them to develop positive life skills and self-esteem. Additionally, The Second Mile provides, as part of its mission, education and support for parents and professionals addressing the needs of youth.
4. From its origins in 1977 as a Pennsylvania non-profit corporation first formed to establish and operate a home for foster children, The Second Mile has grown into a statewide organization providing nine different programs that reach more than 100,000 Pennsylvania children annually, with over 6,000 individuals receiving direct services. All programs are

offered free of charge and are provided in partnership with parents, teachers, school counselors and other youth professionals.

5. The Second Mile's programs are generally categorized into three areas, Early Intervention, Community-Based and Prevention, with nine specific programs within these three areas:

a. Early Intervention: Challenge Program, Friend Program and Friend Fitness Program.

b. Community-Based: Foster Family Support Program, Counseling & Referral Services and Children's Fund (grants, community service awards and post-secondary scholarships).

c. Prevention: Leadership Institute, PEAK (Prevention: Education and Awareness for Kids) and Nittany Lion Tips.

6. The following are detailed descriptions of The Second Mile programs which are the focus of this Petition:

a. Challenge Program.

(i) The Challenge Program is a week-long residential summer camp, held near State College, Pennsylvania, and at Paradise Farm Camps in Downingtown, Pennsylvania, that assists youth at risk, ages 8 through 12, from across the Commonwealth to develop life skills. A senior Challenge Program residential summer camp is also held for one week each year for youth at risk between the ages of 12 and 15 in Centre, Huntingdon and Clearfield Counties.

(ii) During the week, campers participate in typical camp activities such as swimming and hiking.

(iii) Campers also receive instruction and guidance by camp staff and

volunteers on conflict resolution, effective communication and goal setting.

(iv) Each camper sets behavior and academic goals and plans a community service project for the upcoming school year.

(v) In 2011, 492 children participated in the Challenge Program and approximately 415 children are anticipated to attend the Challenge Program in the summer of 2012.

(vi) Data collected from an Assessment of Liability and Exposure to Substance Abuse and Antisocial Behavior (“ALEXSA”) indicates that Challenge Program participants achieve better academically, experience lower levels of depression, commit more strongly to school, engage in more effective problem solving skills and resort to maladaptive coping behaviors less often following participation in the Challenge Program. The ALEXSA data assessing the effectiveness of the Challenge Program is included in the Appendix as Exhibit “A.”

b. Friend Program.

(i) The Friend Program is a mentoring and recreational activities program that pairs collegiate volunteers (“College Friends”) with elementary students, grades kindergarten through 5 (“Young Friends”), in need of extra support.

(ii) At monthly events, College Friends and Young Friends participate together in activities such as picnics, holiday parties, swimming and bowling.

(iii) Outcomes from College Friend evaluations indicate growth of the participating children in the areas of pro-social development, attitude, and communication skills. An assessment of the outcomes of the Friend Program for The Second Mile’s Centre Region is included in the Appendix as Exhibit “B.”

(iv) The Friend Program will continue throughout 2012 to be conducted at the following six sites: Blair County, Centre Region, Clinton County, Lancaster County,

Lehigh Valley and the Southeast Region serving approximately 575 children.

(v) In 2011, 587 Young Friends participated in 54 events.

c. Friend Fitness Program.

(i) The Friend Fitness Program assists struggling teens to achieve personal, academic and fitness goals through individualized strength training with adult mentors.

(ii) This Program also includes social and team building activities such as picnics, group workouts and luncheons for students and mentors.

(iii) In 2011, 27 teens participated in the Friend Fitness Program in Centre County.

(iv) During bi-weekly sessions, 34 adult mentors assisted students in working on their goals while providing positive encouragement.

(v) A review of yearly school data shows that participants in the Friend Fitness Program had a 65% increase in school attendance or maintained perfect attendance. Assessment data on the Friend Fitness Program is included in the Appendix as Exhibit "C."

(vi) Additionally, participants in the Friend Fitness Program experienced a 75% reduction in unexcused absences while 71% of participants improved their grades in core courses such as English, Math and Science.

(vii) Approximately 25 teens have participated in the Friend Fitness Program in Centre County in 2012.

d. Foster Family Support Program.

(i) In partnership with other Pennsylvania County Children and Youth Services ("CYS"), The Second Mile's Foster Family Program supports and recognizes foster parents statewide in their efforts to assist children in need of foster care.

(ii) The Foster Family Program's goals are to recruit foster parents,

provide recognition for outstanding foster parents and offer recreational activities for foster families.

(iii) The Program sponsors recreational events, at no cost to the participants, which include multi-county activities at sites which include Hershey Park, Central Pennsylvania Rodeo, Allenberry Playhouse, Knoebels Amusement Park, Reading Public Museum and Lakemont Park.

(iv) A survey of foster parents demonstrated that the Foster Family Support Program benefits foster children and parents in the following areas: increased opportunities for educational and recreational activities; gains in feelings of mutual support; increased opportunities for structured visits with birth siblings, if living separately in foster care; and improvements in feelings about the level of community support. Evaluation data regarding the Foster Family Support Program is included in the Appendix as Exhibit "D."

(v) In 2005, the Foster Family Program was awarded the Community Partner Award from the Pennsylvania State Foster Parent Association (now the Pennsylvania State Resource Family Association).

(vi) In 2011, the Foster Family Support Program benefitted more than 4,550 foster family members.

e. Leadership Institute.

(i) The Second Mile Leadership Institute is a four-day conference that is designed to encourage and empower high school students to become involved in their communities.

(ii) Each spring, teams of high school sophomores, together with faculty mentors, attend the Leadership Institute, which is held at the Ramada Conference Center in State College, Pennsylvania.

(iii) The Leadership Institute features workshops and guest speakers that focus on topics ranging from fund raising and publicity to group function and communication styles.

(iv) Students are asked to identify a problem in their school or community and develop a program to address the problem.

(v) A two-year follow-up study with both students and faculty mentors participating in the Leadership Institute demonstrated positive outcomes for the students in regards to leadership skills and attitudes towards their schools as well as a positive impact on the faculty mentors who are a crucial part of the leadership teams. A copy of the study is included in the Appendix as Exhibit "E."

(vi) Moreover, since its inception, the Leadership Institute has been the catalyst for hundreds of student-led service projects in communities throughout Pennsylvania, impacting thousands of students and community members.

(vii) In 2011, over 245 participants attended the Leadership Institute and, in April, 2012, 99 participants attended the Leadership Institute.

7. The Second Mile's programs are delivered by The Second Mile's Program Staff, who work in conjunction with a large contingent of volunteers, including parents, teachers, school counselors and other youth professionals.

8. The success of these programs also has been accomplished through the efforts of a network of over 10,000 individuals, consisting of staff, school counselors, parents, volunteers and financial supporters.

9. As a private, non-profit corporation, The Second Mile historically has relied on the efforts of local volunteers and financial support from individuals, businesses and organizations in order to fund its programs and serve children in communities throughout the

Commonwealth of Pennsylvania.

10. Under its current Bylaws, The Second Mile is governed by its State Board of Directors, which is self-perpetuating.

11. The Second Mile also has Regional Boards of Directors for each region of the Commonwealth served – Central, South Central and Southeast. Each Regional Board is self-perpetuating.

12. ParenteBeard, LLC, certified public accountants, audited the financials for The Second Mile for its fiscal year ended August 31, 2011. A copy of that report is included in the Appendix as Exhibit “F.”

13. On November 4, 2011, the news media widely reported on the findings of a Statewide Investigating Grand Jury that Mr. Gerald Sandusky (“Sandusky”), the founder of The Second Mile, had engaged in alleged acts of child sexual abuse, and that Sandusky had been indicted for such allegedly unlawful conduct.

14. As Sandusky was widely associated with The Second Mile as its founder and a prominent fund raiser, it immediately became apparent that the allegations against Sandusky, especially as they focused on child sexual abuse, jeopardized the very existence of The Second Mile.

15. As a result of the Sandusky disclosures, donations to The Second Mile virtually ceased. The Second Mile’s volunteer base, on which it relies to deliver its programming, shrank considerably, and certain referral sources to the Second Mile’s programs expressed their reluctance to refer children to The Second Mile programs while Sandusky was under a cloud of suspicion.

16. Consequently, The Second Mile was faced with three potential courses of action:
(a) restructuring the organization and keeping its programs operational, even if at a reduced level

of service and funding; (b) maintaining the programs by transferring them to other child services organizations; or (c) discontinuing all operations and programs.

17. The Second Mile conducted an informal survey among donors, supporters and parents of children receiving services from The Second Mile to determine their views and attitudes in light of these recent events and their recommendations for the future. That survey disclosed strong support for the continuation of The Second Mile's programs, but a decided reluctance among donors to continue financial support to The Second Mile.

18. In the wake of the Sandusky indictment and consequent speculation in the news media that its own future was in jeopardy, The Second Mile received numerous inquiries from a number of other nonprofit child service provider organizations, both seeking to provide support to The Second Mile and expressing interest in continuing the work of The Second Mile's programs through their own organizations.

19. Petitioners determined that the Sandusky indictment and the developments described above rendered the accomplishment of the charitable objects of The Second Mile impracticable, if not impossible, within the meaning of 15 Pa.C.S.A. § 5981(1), and concluded that The Second Mile could not continue its charitable purpose but should transfer its programs to another nonprofit provider and, ultimately, dissolve.

20. Petitioners now seek the approval of this Court for the transfer of The Second Mile programs to another nonprofit child services provider organization, together with sufficient assets to ensure continuation of those programs.

21. Subject to this Court's approval, The Second Mile resolved to transfer certain of its programs, as described below, and title and possession of certain of its assets to Arrow Child & Family Ministries, Inc. ("Arrow"), another nonprofit child services provider organization, and its related entity, Arrow Child & Family Ministries of Pennsylvania, Inc. ("Arrow-PA").

22. The terms and conditions under which The Second Mile desires to transfer those assets and programs to Arrow are set forth in the Asset Transfer and Program Continuation Agreement (“Transfer Agreement”) between The Second Mile and Arrow, a true and correct copy of which is included in the Appendix as Exhibit “G.”

23. Petitioners approved the Transfer Agreement at the Special Meeting of the Board held on May 15, 2012. A true and correct copy of the Resolution approving the Transfer Agreement is included in the Appendix as Exhibit “H.”

24. Arrow’s and Arrow-PA’s Boards of Directors approved the Transfer Agreement by Written Consents in Lieu of Meeting of Directors dated April 18, 2012. True and correct copies of the Written Consents are included in the Appendix as Exhibit “I.”

LEGAL FRAMEWORK.

25. All charitable organizations in the Commonwealth of Pennsylvania are subject to supervision by both the Orphans’ Court and the Attorney General, exercising her parens patriae powers as acknowledged by the Pennsylvania Supreme Court in In re Pruner’s Estate, 390 Pa. 529 (1957).

26. This Court has exclusive jurisdiction over The Second Mile and its assets pursuant to Section 711(21) of the Probate, Estates and Fiduciaries Code (“PEF Code”), 20 Pa.C.S.A. § 711(21), and Pennsylvania Rule of Judicial Administration 2156, Pa.R.J.A. No. 2156.

27. The Pennsylvania Nonprofit Law governs and restricts the operations of nonprofit charities such as The Second Mile. Such organizations are not permitted to take any action which would result in a fundamental change or disposition of assets without Orphans’ Court approval.

28. Assets of a nonprofit corporation cannot be “diverted from the objects to which [they were] donated, granted or devised” without an order of the Orphans’ Court approving the

disposition of the property. 15 Pa.C.S.A. § 5547(b).

29. In the event a nonprofit corporation determines to wind up proceedings and dissolve under Section 5981 of the Pennsylvania Nonprofit Law, 15 Pa.C.S.A. § 5981, the nonprofit corporation also must obtain Orphans' Court approval prior to any disposition of property. 15 Pa.C.S.A. § 5976(b).

ARROW.

30. Arrow is a Section 501(c)(3) non-profit organization that operates various disciplines of social service programming in order to serve vulnerable children and families. A full description of Arrow's organization and programs is set forth in detail in its Proposal to Acquire Certain Programs of The Second Mile, a true and correct copy of which is included in the Appendix as Exhibit "J."

31. Arrow was founded in 1992 in Texas as a nonprofit corporation, but, over the years, has grown into a \$36 million dollar annual operation serving over 1,700 children each year in the states of Texas, Maryland, California and Pennsylvania. Arrow has established separate Section 501(c)(3) nonprofit corporations in each state to operate its programs in that state. All of these separate nonprofit corporations are managed and staffed by Arrow.

32. Arrow provides programs that strengthen families at risk of child abuse and neglect. Specifically, Arrow focuses on treatment and foster care for children who have been severely traumatized by abuse and/or neglect and, to that end, Arrow provides clinical case management and in-home therapy to children who have been physically, psychologically or sexually abused, are medically fragile or have been in trouble with the authorities.

33. Arrow and its related entities have a total of 382 employees, representing a diverse mix of ethnicities, religions, and socio-economic backgrounds. All employment decisions, including those relating to hiring, training, promotions, transfers, benefits, compensation, placement, and termination, are made without regard to race, color, religion, age,

national origin, gender, disability, economic status, veteran status, sexual orientation, or any other class protected by law.

34. Approximately 96% of income in fiscal year 2011 for Arrow and its related entities was derived from contracts with state and county welfare agencies. However, fluctuations in state budgets and Arrow's goal of delivering services well above the standard of care set by the states require Arrow and its related entities to raise private funds in order to meet service goals.

35. To meet the increasing need for private funding, Arrow established a Development Team in 2008. In fiscal year 2010, Arrow raised \$942,000 in private funding and, to date in fiscal year 2012, has raised \$1,247,000.

36. Arrow has unique connections to Pennsylvania as Arrow's founder and CEO, Mark Tennant, grew up in Washington, Pennsylvania, but, unfortunately, was severely abused by his mother's live-in boyfriend. After being removed from his family and placed in multiple foster care homes, Mr. Tennant was relocated to Bedford, Pennsylvania, where he was placed in the loving home of a foster family.

37. To remain connected with Pennsylvania, Arrow founded Arrow-PA, a Pennsylvania nonprofit corporation, in 2004. Under the original name "The Arrow Project of Pennsylvania," Arrow-PA was organized for the establishment of foster homes and educational facilities for quality childcare and family resources for orphaned, homeless, abused, neglected or under-privileged children and dysfunctional families in Pennsylvania, and has been operating since 2007.

38. Arrow-PA serves approximately 300 children in seven counties – Blair, Bedford, Cambria, Centre, Clearfield, Huntingdon and Mifflin – from its location at 3220 Pleasant Valley Boulevard, Altoona, Pennsylvania 16002.

39. Arrow-PA currently holds a “Certificate of Compliance,” from the Pennsylvania Department of Public Welfare, Office of Children, Youth and Families, to operate a “Private Children & Youth Agency,” a “Foster Care Program,” and an “Adoption Agency” in Pennsylvania.

40. Arrow and Arrow-PA currently offer the following programs in Pennsylvania:

a. Child Abuse Prevention

(i) Through free community training, Arrow-PA informs parents and those who work with children how to protect them from abuse, recognize abuse, and report suspected abuse. Arrow-PA also sponsors Mandated Reporter training for social workers, medical and mental health professionals, teachers and child care providers.

b. Foster Care

(i) Arrow-PA recruits and trains foster parents, and places in those homes children and youth who have come into the custody of the Children and Youth system due to their families being unable to care for them.

c. Family Preservation

(i) This service focuses on assisting families with crisis management and restoring healthier coping strategies so children can safely remain at home. Arrow-PA also provides families with tools to help keep future crises from developing.

d. Family Reunification

(i) Once a child is removed from the home, an Arrow family specialist builds on the family’s innate strengths to safely parent the child in order for the child to be able to return home.

e. Kinship Support

(i) This service allows extended family members to care for children

who would otherwise be placed into traditional foster care. The child is able to maintain family connections in a safe and familiar environment while receiving support tailored to meet the child's and family's needs.

f. Public and Private Adoption Services

(i) Arrow-PA facilitates adoptions for children in the foster care system whose birth parents voluntarily sign over their parental rights or who have had their rights terminated, as well as adoptions through the private arena.

g. Reflections for Life

(i) For adults who have not thoroughly processed negative events from their past causing anti-social behavior, Reflections for Life prepares them, both emotionally and psychologically, to live free of grief and reside comfortably in society outside of the legal system.

h. Life Paths

(i) This is a six-month in-home support program aimed at children who are currently involved with the Juvenile Probation Department. The program engages children and their families or kin to develop self-awareness in relation to past loss, family connections and how those events are impeding them from realizing their full potential.

TRANSITION OF PROGRAMS.

41. Following discussions with various organizations, Petitioners created a seven-person task force, comprised of individuals with decades of experience with its programs, to conduct further investigations of those organizations deemed most compatible with The Second Mile's mission.

42. The task force conducted detailed due diligence on and had discussions with the youth services organization candidates deemed most suitable by the task force.

43. At the same time, Arrow conducted its own due diligence with respect to The Second Mile to insure that The Second Mile's programs could effectively be integrated into

Arrow's operations and programs.

44. As a result of the foregoing process, Arrow was selected by the task force, and approved by Petitioners, as the most suitable organization to continue the work of The Second Mile and its programs through its own organization.

45. Arrow's selection was based upon the following factors:

a. Arrow's mission was deemed consistent with the objectives and goals of The Second Mile programs insofar as the latter are designed to challenge young people to achieve their potential as individuals and members of the greater community by providing opportunities for the development of positive life skills and self-esteem and by providing education and support for parents and professionals addressing the needs of young people.

b. Throughout its 20-year history, Arrow has demonstrated proven experience in the development, implementation and operation of various disciplines in social service programming in order to serve the needs of vulnerable children and families in various communities across the United States and abroad.

c. The programs operated by Arrow demonstrate a strong synergy with existing programs of The Second Mile, including summer camps operated by both organizations and positive mentoring relationships.

d. Arrow intends to open a new program center in State College, Pennsylvania, a location which fits well strategically with Arrow's existing office in Altoona, Pennsylvania, and current operations within seven counties across the Commonwealth.

e. The demonstrable synergy of youth programs presently operated by both Arrow and The Second Mile will provide for a seamless transition and a continuation of care and support for at-risk young people through prevention, early intervention, crisis intervention and long-term services.

f. Arrow's creation of a State College program center, as well as divisions based in the Harrisburg and Philadelphia areas, will afford a smooth and seamless transition of the family and youth services programs of The Second Mile and minimize disruption to those school counselors, children and parents that depend on those programs.

g. Arrow-PA's expertise in child welfare will add value to the existing programs offered by The Second Mile:

(i) Arrow-PA's expertise in serving children who have been severely abused and/or neglected adds a layer of care currently not offered by The Second Mile.

(ii) Arrow-PA is a leader in treatment foster care for children who have been removed from their homes by authorities and are severely traumatized by abuse and/or neglect.

(iii) Arrow-PA is licensed to provide clinical case management and in-home therapy or therapeutic support to children who have been physically, psychologically or sexually abused.

(iv) Once The Second Mile programs are transferred to Arrow- PA, services that can be offered to a child who reports an incident of abuse at home include, but are not limited to: Family Preservation programs that help families modify their home environment or the behavior of family members so the child can remain in the home safely; Kinship Support which allows extended family members to care for a child that would otherwise be placed in foster care; and Basic and Therapeutic Foster Care whereby Arrow-PA places the abused child with foster families that have been specially trained in childhood behavioral problems stemming from maltreatment.

PROGRAMS TO BE TRANSFERRED TO ARROW.

46. Pursuant to the terms of the Transfer Agreement [Appendix, Exhibit "G"], The Second Mile and Arrow have determined that five key programs currently operated by The

Second Mile should be transferred to Arrow: the Challenge Program, the Friend Program, the Friend Fitness Program, the Foster Family Support Program and the Leadership Institute.

47. Once transferred, these programs will be managed and operated by Arrow-PA as its School and Community Based Programming Division, which will operate from a satellite office to Arrow-PA's existing Altoona facility, as more fully reflected in Section 7 of Arrow's Proposal, a copy of which is included in the Appendix as Exhibit "J."

48. Following the transition, all current offices of The Second Mile will be closed and Arrow-PA will open new offices in (a) State College, which will be called the Central Region office and will serve as the headquarters for the new Division of Arrow-PA; (b) the Harrisburg area, which will be called the South Central Region; and (c) the Philadelphia area, which will be called the South East Region. It is anticipated that there will be a total of 11 employees in the School and Community Based Programming Division for the first 24 months of operations.

49. Arrow has held initial interviews with all current employees of The Second Mile. It is Arrow's intention to offer the current program employees the opportunity to continue with those programs as Arrow employees once the transfer of assets is finalized, provided they pass all screening and background check procedures as required by Arrow.

50. Because many of these programs involve volunteer mentors, Arrow has engaged the services of Praesidium, a national leader in abuse risk management and loss control services, to ensure implementation of the best training and protocol measures available.

51. Arrow will also seek Praesidium accreditation, and will undergo a rigorous risk assessment to review and scrutinize eight primary operational areas within its business, including: policies, screening and selection, training, monitoring and supervision, consumer participation, feedback systems, responding and administrative systems. Existing Arrow policies and procedures designed to avoid child sexual abuse are included as part of the exhibits to its

Proposal. [See Appendix, Exhibit “J.”]

52. In transitioning The Second Mile programs to Arrow, The Second Mile and Arrow-PA will contact its network of individual supporters, who will be advised of the transition plans and solicited to continue their support.

53. These contacts will include direct mailings and a series of group and individual meetings where Arrow personnel will be available.

PROPOSED ARROW BUDGET.

54. The proposed Arrow budget to fund the transition and programs for the initial twelve (12) months after transfer is \$1,353,732. Arrow’s transition and monthly budget is fully described in Section 8 of its Proposal, and related exhibits. A copy of Arrow’s budget is included in the Appendix as Exhibit “J.”

55. The proposed Arrow budget to fund these programs for the subsequent (second) 12 months of operations is \$1,166,207. For the most part, all costs were carried over from the initial 12 months, with reductions in professional services, travel, rebranding and legal. Arrow’s transition and program budget is fully described in Section 8 of its Proposal, and related exhibits. A copy of Arrow’s budget is included in the Appendix as Exhibit “J.”

56. During and following the 24-month transition period, Arrow will attempt to resuscitate and duplicate The Second Mile’s fund-raising success prior to November, 2011, including The Second Mile’s network of stakeholders that includes staff, partners (school counselors), parents, volunteers and financial supporters. Arrow-PA intends to launch an aggressive outreach campaign aimed at retaining and growing donor relationships.

THE SECOND MILE’S ASSETS.

57. As of April 30, 2012, The Second Mile’s principal assets were as follows:

Cash	\$ 47,985
Real Property and Equipment	\$ 2,560,000
Program Restricted Assets	\$ 43,627

Endowment	\$ 487,045
CFE/Campaign	\$ 3,081,004
Pledges/Contributions Receivable	\$ 1,037,706
Sandusky Society (Planned Giving)	\$ 764,818 (approx.)

The Second Mile Asset and Liability List as of April 30, 2012, is included in the Appendix as Exhibit “K,” and the amounts of Pledges and the Sandusky Society Planned Giving are included in the Appendix as Exhibit “L.”

58. The assets identified as CFE/Campaign include the unspent contributions on hand as of April 30, 2012, by donors to the Capital Campaign for construction of the Center for Excellence, a proposed center of approximately 40,000 square feet and playing fields to be built on 60 plus acres at 2400 Bernel Road, Bellefonte, Pennsylvania, and for support of The Second Mile’s programs and activities.

59. The balance of certain endowment gifts received from donors as of April 30, 2012, is maintained by The Second Mile as “The Second Mile Endowment Fund.”

60. The current Endowment Fund Policies as adopted by Petitioners are included in the Appendix as Exhibit “M.”

61. The assets identified as “Program Restricted Assets” on The Second Mile’s Asset and Liability List are the funds restricted solely by the Petitioners for the Challenge Camp and Leadership Institute Programs.

62. Historically, The Second Mile was paid 93% of the amount pledged, which currently totals \$1,037,706.

63. The Sandusky Society represents planned giving intended for The Second Mile and includes those individuals who agreed to make a planned or deferred gift commitment to The Second Mile, such as a bequest in a will or living trust or the designation of The Second Mile as the beneficiary of a retirement plan or a life insurance policy.

64. The Second Mile contemplates that its current assets will be used to fund on-going programs and administrative costs pending the transfer of assets to Arrow if approved by this Court.

65. The Transfer Agreement contemplates the disposition of these assets as follows:

a. The Second Mile Endowment Fund:

(i) The Endowment Fund was established by Petitioners to provide donors – through direct contributions and estate bequests – the opportunity to contribute money which would be held as principal in an endowment for the purpose of providing a permanent source of income for the operation of programs within The Second Mile.

(ii) These funds are included in the assets designated as “donor designated assets.”

(iii) As of April 30, 2012, the Endowment Fund had a balance of \$487,045, which generates available cash of approximately \$20,000 per year pursuant to The Second Mile’s Endowment Fund Policies. The Asset and Liability List as of April 30, 2012 is included in the Appendix as Exhibit “K.”

(iv) The Transfer Agreement contemplates that the entire amount of The Second Mile Endowment Fund be transferred to Arrow but remain as an endowment fund for program support in accordance with (a) Arrow’s Endowment Fund Policy, a copy of which is included in the Appendix as Exhibit “N,” and (b) Pennsylvania law.

(v) The principal donors of funds to The Second Mile Endowment Fund have been served with a copy of this Petition at the last known address of each such donor. The Donor List is included in the Appendix as Exhibit “O.”

b. Center For Excellence Capital Campaign (“CFE Campaign”):

(i) The CFE Campaign was initiated (a) for the purpose of designing,

building and operating a \$12 million Instructional and Recreational Center and associated playing fields located at 2400 Bernel Road in State College, Pennsylvania, to be known as The Center For Excellence; (b) for supporting The Second Mile's programs and activities; and (c) to reflect the donors' personal commitment and investment in The Second Mile.

(ii) To do so, donors submitted a form of agreement, titled as an "Investment Commitment," to The Second Mile for the CFE Campaign, including the Center for Excellence and for investment in The Second Mile generally. A true and correct copy of a form of Investment Commitment is included in the Appendix as Exhibit "R."

(iii) Following the Sandusky disclosures in November, 2011, a \$3 million grant through the Pennsylvania Redevelopment Assistance Capital Program, which had been previously committed to the CFE Campaign, was withdrawn by Centre County.

(iv) In addition, processing of a construction loan necessary for the CFE Campaign was stopped.

(v) Consequently, while the design was complete and certain construction had begun, The Second Mile had no ability to fully fund the construction phase of The Center For Excellence. As earthwork and site utility construction for the Center and playing fields had commenced in July 2011, a formal stop work order was issued on November 29, 2011, although The Second Mile was required to complete soil stabilization work, which will continue through the Spring of 2012.

(vi) Although plans for the completion of the Center were abandoned, the programs and activities to be housed there are continuing to be operated by The Second Mile.

(vii) As of April 30, 2012, the balance in the CFE Campaign was \$3,081,004.

(viii) The Transfer Agreement contemplates that, upon Court approval,

\$2,000,000 of the current net cash balance of the CFE Campaign be distributed to Arrow, based upon its projected start-up budget, as fully set forth in Arrow's Proposal. [Appendix, Exhibit "J."]

(ix) The CFE Campaign donors have been served with a copy of this Petition at the last known address of each such donor. The CFE Campaign donor list is included in the Appendix as Exhibit "P."

(x) As reflected by the executed Consents to Asset Transfers, copies of which are included in the Appendix as Exhibit "Q," donors representing \$3,616,499.76 in total CFE Campaign donations (a) believe that it is in the best interest of the youth served by The Second Mile and the community to insure the continuation of the programs presently offered by The Second Mile and (b) having been informed of the proposed transfer of these programs to Arrow and Arrow-PA, together with assets of approximately \$2,000,000, have given their advance consent to the proposed transfer as consistent both with the mission of The Second Mile and their intent in making donations to The Second Mile.

c. Pledges/Planned Giving

(i) The Transfer Agreement contemplates that, as Arrow's and Arrow-PA's existing and future proposed programs most closely approximate the programs maintained by, and the goals of, The Second Mile, this Court be asked, pursuant to Section 5550 of the PA Nonprofit Law, 15 Pa. C.S.A. § 5550, to designate Arrow-PA as the successor to The Second Mile for all outstanding pledges/contributions owed to The Second Mile, as well as the successor to The Second Mile for all bequests, devises or related instruments, known as the "Sandusky Society."

(ii) Donors who have submitted pledges, or who have notified The Second Mile of any form of planned giving to The Second Mile, have been served with a copy of

this Petition at the last known address of each such donor. The list of such donors is included in the Appendix as Exhibit “S.”

d. Reverse Drawing.

(i) Historically, one of the key fund raisers for The Second Mile’s Central Region had been an annual Reverse Drawing, a multi-draw raffle where the holder of the last number drawn is the grand prize winner.

(ii) The 2011 Reverse Drawing was cancelled following the announcement of the allegations against and indictment of Sandusky.

(iii) After certain donors requested that their contributions for the Reverse Drawing be transferred to unrestricted funds, the balance held by The Second Mile for the 2011 Reverse Drawing is \$32,075, as reflected in The Second Mile’s Asset and Liability List as of April 30, 2012. [Appendix, Exhibit “K.”]

(iv) The Second Mile contemplates the refund of the remaining Reverse Drawing funds to the donors who contributed such funds upon this Court’s approval.

(v) The Reverse Drawing donors that will receive refunds have been served with a copy of this Petition at the last known address of each such donor. The Reverse Drawing donor list is included in the Appendix as Exhibit “T.”

e. Real Estate.

(i) The Transfer Agreement contemplates that the following real estate assets of The Second Mile will be sold to the highest responsible purchaser and that the proceeds of such sales will be allocated to The Second Mile’s fund of unrestricted cash:

a) 1402 South Atherton Street, State College, Pennsylvania.

1) The Second Mile owns the real property known as 1402 South Atherton Street, State College, Pennsylvania (“Atherton Property”), which is The

Second Mile's registered office and principal office and is utilized as the Central Region Second Mile Office.

2) The Atherton Property consists of approximately 0.26 acres +/- of land improved by a two-story office building (which has undergone significant improvements over the past several years) containing roughly 8,015 square feet of leasable space, all of which is currently being used by The Second Mile.

3) The Atherton Property was acquired by The Second Mile by deed in December 1999 for \$1.00 as a donation from the previous owners.

4) Additional consideration included in the sale included the assumption of an existing mortgage on the Atherton Property at the time of sale.

5) The mortgage balance as of March, 2012, on the Atherton Property is \$74,741.

6) The most recent appraisal (as of December 13, 2011) obtained by The Second Mile determined the market value of a fee simple interest in the Atherton Property to be \$560,000. A true and correct copy of the appraisal is included in the Appendix as Exhibit "U."

7) The Atherton Property has been listed for sale by The Second Mile with Coldwell Banker, a commercial real estate broker in State College, Pennsylvania, at the asking price of \$750,000.

b) 2400 Bernel Road, State College, Pennsylvania.

1) The Second Mile also owns property known as 2400 Bernel Road, State College, Pennsylvania ("Bernel Road Property").

2) The Bernel Road Property, which was the intended site for The Center For Excellence, consists of 60.68 acres of land with one detached residential

dwelling.

3) The Bernel Road Property represents a consolidation of two adjacent parcels purchased separately – 20.00 acres acquired by deed from Winston Corp. in 1981 for \$64,000 and 40.68 acres acquired by deed from Pennsylvania State University in 2002 for \$168,500.

4) A deed of consolidation of these two parcels has been recorded.

5) The deed from Pennsylvania State University contained a right of first option retained by Pennsylvania State University to repurchase the unimproved portion of the 40.68 acres acquired from Penn State on the terms and under the conditions set forth in the Deed. A copy of this Deed is included in the Appendix as Exhibit “V.”

6) The Second Mile does not carry a mortgage obligation on this Property.

7) The most recent appraisal (as of December 13, 2011) obtained by The Second Mile determined the highest and best use of the Bernel Road Property was as farm property and that the market value of the Property was \$910,000. A true and correct copy of the appraisal of the Bernel Road Property is included in the Appendix as Exhibit “W.”

8) On February 14, 2012, The Second Mile entered into an Agreement of Sale for the Bernel Road Property with Avalon Partners, LLC, for a purchase price of \$2.1 million. A copy of the Agreement of Sale is included in the Appendix as Exhibit “X.”

9) The Second Mile requested and received a waiver

of Pennsylvania State University's first option. A copy of the waiver is included in the Appendix as Exhibit "Y."

f. Equipment/Furnishings/Vehicles.

(i) The Transfer Agreement provides that certain specified equipment be transferred to Arrow, as reflected in the asset list included in the Appendix as Exhibit "Z."

(ii) The Second Mile will not transfer any documents or data without preserving hard copies or fully imaged electronic data.

(iii) All equipment and furnishings owned by The Second Mile that are not transferred to Arrow will be sold and the proceeds of such sales will be allocated to The Second Mile's fund of unrestricted cash.

66. Following this phase of the transition, The Second Mile shall collect and hold all remaining assets (subject to regular and ongoing costs and expenses) pending disposition of all litigation, claims or related matters, at which time The Second Mile will present a proposal for the final disposition of any then remaining assets, including transfers, on a pro rata basis, to other charitable organizations as proposed by donors, and then the ultimate dissolution of the organization, all subject to this Court's approval after appropriate notice.

67. Notice of the filing of this Petition has been given to the Attorney General of the Commonwealth of Pennsylvania by letter dated May 25, 2012, a copy of which is included in the Appendix as Exhibit "AA."

WHEREFORE, Petitioners, The State Board of Directors of The Second Mile, respectfully request that, as the ability of The Second Mile to carry out its charitable purpose has been severely compromised and as the proposal proffered by Arrow and Arrow-PA most closely approximates that purpose and the donors' intent, this Petition for Distribution of Assets of The Second Mile Pending Dissolution be granted as follows:

- a. The Asset Transfer and Program Continuation Agreement be approved.
- b. The Second Mile's Plan for disposition of assets be approved (Paragraph 65).
- c. Arrow-PA be designated as the successor to The Second Mile for all pledges, bequests, devises or other form of planned giving.
- d. All remaining assets be retained by The Second Mile without donor restriction subject to regular and necessary business expenses.
- e. The Court grant such additional relief as it deems necessary and proper.

OF COUNSEL:

ARCHER & GREINER, P.C.

One Liberty Place

Thirty-Second Floor

1650 Market Street

Philadelphia, Pennsylvania 19103-7393

Telephone: (215) 963-3300

Facsimile: (215) 963-9999

7548933v4



HOWARD A. ROSENTHAL

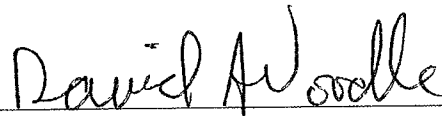
FRANCES A. McELHILL

GARY D. FRY

Attorneys for Petitioners

VERIFICATION

David Woodle, being first duly sworn according to law, deposes and says that he is President of The Second Mile, and that he is authorized to make this Verification on its behalf, and, further, that he has reviewed the foregoing Petition and that the statements contained therein are true and correct based upon his personal knowledge or, otherwise, on information and belief. This Verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

A handwritten signature in black ink that reads "David Woodle". The signature is written in a cursive style with a horizontal line underneath it.

David Woodle
President

IN THE ORPHANS' COURT DIVISION OF THE COURT OF COMMON PLEAS
OF CENTRE COUNTY, PENNSYLVANIA

IN RE: THE SECOND MILE

ORPHANS' COURT NO. _____

CERTIFICATE OF SERVICE

The undersigned counsel for Petitioners certify that true and correct copies of the foregoing Petition For Distribution of Assets of The Second Mile Pending Dissolution, proposed Order and supporting Appendix (2 Volumes) were served on the Attorney General of Pennsylvania on May 25, 2012 in the manner noted and addressed as follows:


VIA E-MAIL AND UPS HAND DELIVERY

Mark A. Pacella, Esquire
Chief Deputy Attorney General
Charitable Trusts & Organizations Section
Office of Attorney General
16th Floor
Strawberry Square
Harrisburg, PA 17120

Copies of the Petition For Distribution of Assets of The Second Mile Pending Dissolution, proposed Order and supporting Appendix (2 Volumes) are also being served on all interested parties whose names appear on the Service List attached as Exhibit "A," by depositing such copies in the United States Mail, first class postage prepaid.

OF COUNSEL:

ARCHER & GREINER, P.C.
One Liberty Place
Thirty-Second Floor
1650 Market Street
Philadelphia, Pennsylvania 19103-7393
Telephone: (215) 963-3300
Facsimile: (215) 963-9999



HOWARD A. ROSENTHAL
FRANCES A. McELHILL
GARY D. FRY
Attorneys for Petitioners