

COMMON IMPACT

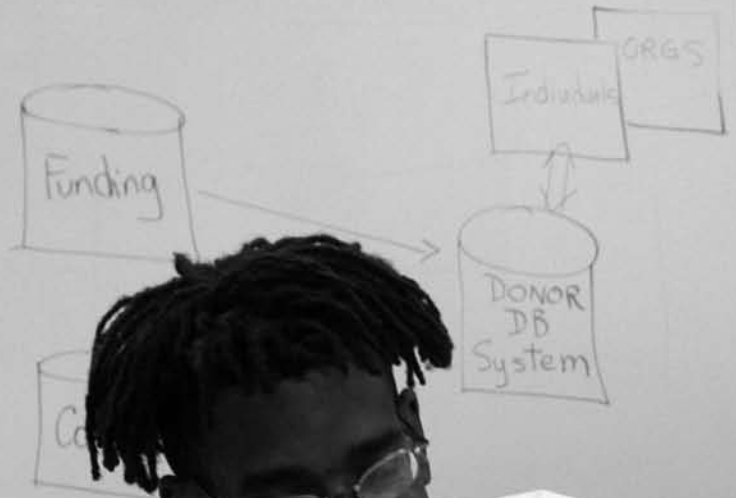
Performance & Financial Report 2006

*At Common Impact, our philosophy is simple:
we catalyze organizational development so that
nonprofits can focus on doing what they do best
—improving the lives of those in need.*

CONTENTS

3	<i>Letters from the CEO and Chairman</i>
7	<i>A Step Forward</i>
9	<i>The Social Challenge</i>
11	<i>Introduction to Common Impact</i>
14	<i>Integrated Model of Social Change</i>
15	<i>The Corporate Opportunity</i> <i>Employee & Individual Needs</i> <i>Capacity Needs of Nonprofits</i>
16	<i>Summary of Impact & Financials</i>
19	<i>Partners in Our Mission</i>
23	<i>The Road Ahead</i>

Summerbridge
Donor Database System





DEAR FRIENDS OF COMMON IMPACT,

In 1998 as you walked the streets of Washington, DC, you quickly learned that one out of every three adults you passed was not able to read the menu board at Starbucks; the same proportion could not fill out the application required to apply for most jobs; and the children of these illiterate adults were highly likely to follow their parents in growing up in both poverty and illiteracy. By all accounts, these adults were living lives very different from mine.

1998 was also the year after I graduated from Dartmouth College, during which I had the privilege of working with Literacy Volunteers of America—National Capital Area (LVA-NCA). This fledgling nonprofit was doing yeoman's work teaching adults how to read and, in doing so, giving them critical skills for a better life. Despite the success of these programs, LVA-NCA struggled to recruit volunteers to strengthen the organization—volunteers who had the skills to improve the efficiency of our operations, to strengthen financial controls, to serve on our board, and to support fundraising efforts so that we could continue to provide these critical services free-of-charge. As a result, LVA-NCA served only 100 adults each year, barely 1% of those who needed our help.

What does any of this have to do with Common Impact? Everything. Through this exposure to the hidden challenges of a small, community-based nonprofit, I began to comprehend some of the underlying reasons it has been so difficult to overcome issues like illiteracy. While many small to mid-sized nonprofits understand intimately the social needs within their communities and develop powerful approaches to address them, they often lack the basic business skills required to improve and expand service delivery.

At the same time, I developed an educated hunch that in the private sector, among the millions of talented professionals who spend their days building databases, marketing programs and financial controls, I could find thousands ready and willing to apply those same skills to help others. Common Impact was founded to break through the barriers that I believed were standing in the way of a movement waiting to happen: *skills-based volunteering*. Through skills-based volunteering engagements, Common Impact has been exposing people who work in America's leading companies to the needs in their own backyard—and encouraging these individuals to bring the whole of their personal resources to bear as volunteers.

We started small and slowly, but we have made remarkable strides since 2001. Let me share some of the key highlights. We are now:

- Working with employees from five of the country's leading companies.
- Returning over \$6 million in *pro bono* support to these organizations. In the next five years, we will dramatically increase this number to \$25 million in *pro bono* support.
- Fostering lasting relationships between community-based organizations and the volunteers who work with them. Nearly one-third of our volunteers remain involved with the organizations at which they volunteered.

Our long-term goals are ambitious. In order to mobilize the skilled volunteers we need to support the work of organizations like LVA-NCA in key cities throughout the country, we aim to partner with 10 percent of America's Fortune 500 companies by 2012. We will link these companies and their employees to some of the most promising community-based nonprofits working to provide better education, housing, and healthcare to people in poverty.

Just as many people have nurtured the vision of Common Impact to life, we need all of you to help us as we work to achieve our vision for the next five years. I thank our tremendous community of friends, volunteers, and supporters for all that you have done, and invite those of you who are just learning about Common Impact to get involved. I can't wait to see what the next five years hold!

In the spirit of service,

HERESA M. ELLIS
CEO AND FOUNDER



DEAR FRIENDS AND SUPPORTERS,

2006 was a pivotal year at Common Impact. Looking back, I am struck by the significant progress that was made toward an ambitious set of goals. The merger of Harbinger Partners and the Corporate Volunteer Network, which gave rise to our new name and an expansion of services, has positioned our organization to offer leading companies and nonprofit organizations more opportunities for mutually rewarding collaboration. We now have a strong management team to complement our talented CEO, and the staff as whole has grown from 4 to 10 people. Perhaps most importantly, the team mapped out and has begun to implement a new business model and growth strategy that should sustain the organization as it sets its sights on achieving scale.

On behalf of the Board of Directors, I would like to state how proud we are of the entrepreneurial excellence of this team. I also want to express the gratitude we feel toward our donors, volunteers, and corporate partners who have so generously supported Common Impact.

Speaking personally, I am inspired by the work of this organization for one very simple reason: our model works. With every volunteer engagement, we are building a more effective social sector and deepening the impact

of corporate social responsibility initiatives. As worthy as these outcomes are, there is an additional outcome that I find even more compelling. What makes Common Impact so exceptional is its ability to bring together people—people who would not otherwise meet—and, in so doing, foster the creation of lasting relationships and mutually broadened perspectives. When Common Impact engages people from the private sector in skills-based volunteering engagements, a subtle but profound change occurs for many of the volunteers. While volunteers are using their professional skills in a new environment, they begin to appreciate how much impact they can have in addressing some of the most critical, yet intractable, issues of our time: challenges such as improving education, housing, and healthcare. The Common Impact experience often inspires their continued engagement with community-based organization in a host of ways, as board members, donors, and ongoing volunteers. As one former nonprofit client said recently, “Through Common Impact, we gained friends for life. This was an outcome no one would have foreseen at the outset.”

Over the last five years, Common Impact has invested enormous energy in proving the efficacy of its cross-sector model and making it replicable. The next stage of the organization’s journey will be largely about growth. At its core, our value proposition is based on the belief that there resides within each of us—no matter how busy we are—a huge untapped capacity to help solve social problems. Common Impact represents a bold attempt to transform some of this

untapped capacity into a potent force for change. We hope to continue to earn your support of this critical mission.

With deep appreciation,

EDWIN M. KANIA, JR.
CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS

EDWIN M. KANIA, JR.
Board Chair and Managing Partner
and Chairman, Flagship Ventures

KATHERINE COLLINS
Portfolio Manager, Fidelity
Management & Research Company

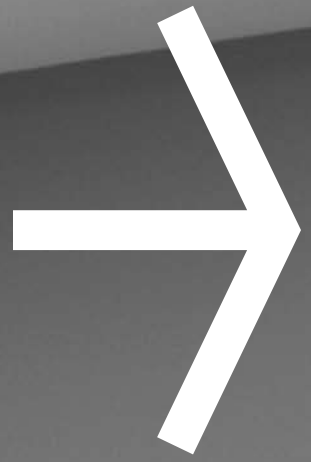
THERESA M. ELLIS
CEO and Founder, Common Impact

ELIZABETH SHEA FRIES
Partner, Goodwin Procter LLP

JIM MATHESON
Partner, Flagship Ventures

PAMELA PATON
Senior Vice President, State Street
Corporation

STEPHEN M. PRATT
President, Boston After School
and Beyond





A STEP FORWARD

Connecting people, solving problems

Do you imagine a world where everyone takes a stake in mending their own backyard? Building healthier communities in which to raise a family, run a business, and narrow the gaps that separate us?

We do.

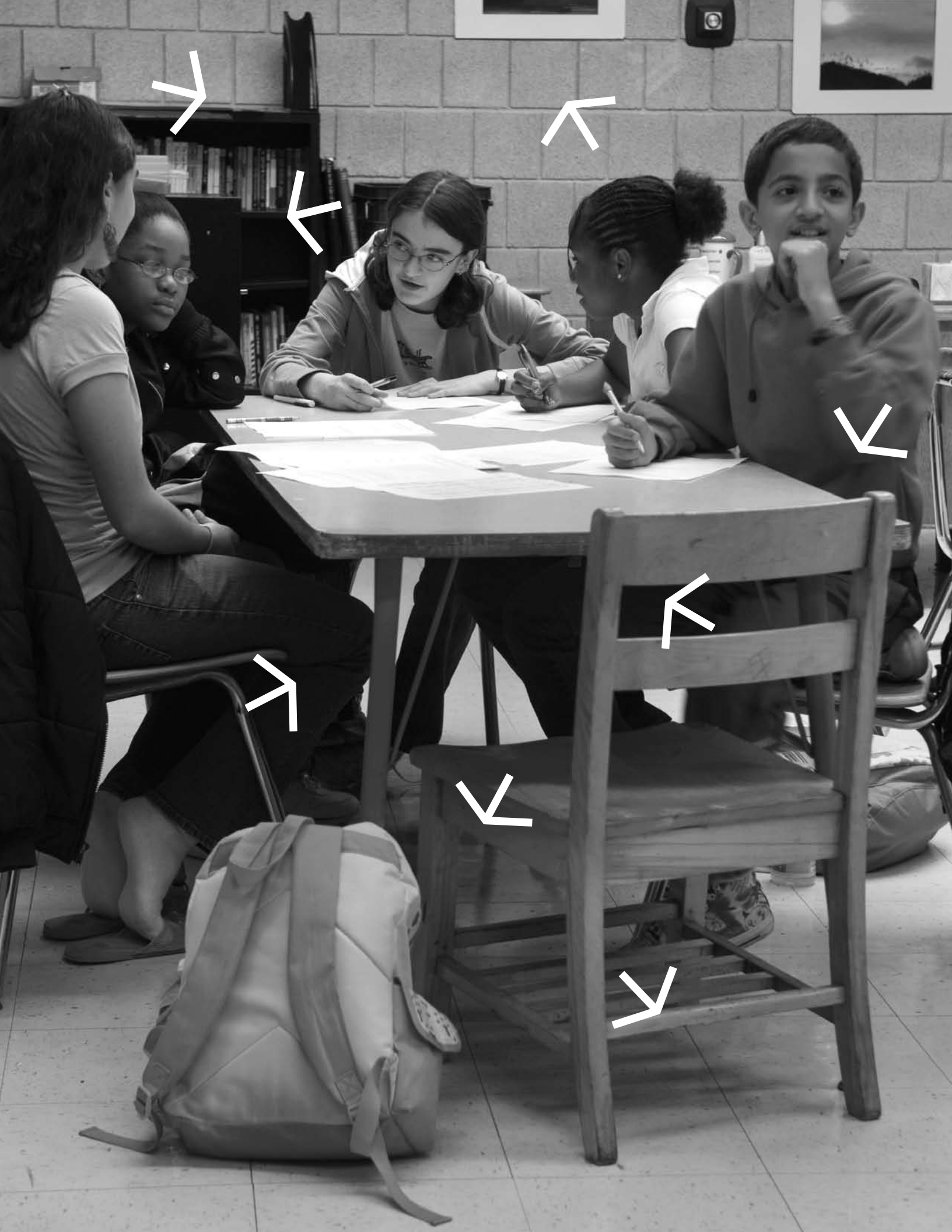
Despite the abundance of wealth and innovation our society has at its disposal, the U.S. faces extensive shortfalls in serving the basic needs of its citizens. Even those of us who live in healthy, vibrant, and safe communities know that a few miles or even a few blocks away, our neighbors—people who are too often invisible to us—live without personal safety and adequate access to healthcare, housing, and education.

As government institutions at all levels look increasingly to the private and nonprofit sectors to support and deliver public services, we must tap into new resources to ensure that we are prepared to meet these demands. The place each of us can start is in our own backyard.

Common Impact wants to make it easy for individuals from the private sector to make an impact. We help

people take that first step toward engagement and see for themselves that their small investment can have a radical impact. Not an investment of money, but of their professional skills. The same skills they use on the job every day.

By connecting teams of skilled professionals with expertise in technology, marketing, human resources, and other functional areas to community nonprofits that need their talents, Common Impact is empowering a new wave of engaged citizens to help high-potential nonprofits reach new heights.



THE SOCIAL CHALLENGE

Knowing where things stand in your community

How can we help the highest-performing nonprofit organizations better meet their missions with the resources they have?

EDUCATION & YOUTH

In the Commonwealth and nationwide, there are clear disparities between children from high- and low-income families; very different realities exist for those with a good education who are pulling ahead, and those who are falling quickly behind.

- In 2004, only 36% of Boston's third-graders were reading at grade level.¹
- Only 22% of Boston's teenagers are engaged in out-of-school time programs.¹
- For every two Massachusetts kids with mentors, there is one waitlisted.²

HEALTH & HUMAN SERVICES

An aging population coupled with rising healthcare costs and uncertainty over social security has created a healthcare crisis in the U.S. Massachusetts faces distinct challenges due to its high rates of uninsured and underinsured.

- Massachusetts is the 12th "oldest" state in the nation.³
- Massachusetts is one of only five states with an increasing rate of uninsured residents.¹
- Public health funding in Massachusetts was reduced by 24% in real terms in fiscal year 2005.⁴

HOUSING & HOMELESSNESS

There is no more basic a need than having a safe place to live. Boston's housing costs and proportion of residents who lack housing are among the highest in the nation. Families are the most rapidly growing segment of the homeless population.

- Over the next 10 years, the region will need to add at least 30,000 new housing units in order to meet demand.¹
- Homelessness in Boston was up 9% in 2005.⁵
- The national average age of a homeless person is nine years old.⁶

Sources: 1—The Boston Foundation; 2—Mass Mentoring Partnership; 3—Health Care For All; 4—Massachusetts Budget and Policy Center; 5—City of Boston Emergency Shelter Commission; 6—Project Hope



WRITER'S PURPOSE

10/

manas

Body

identify

technia

(evidence

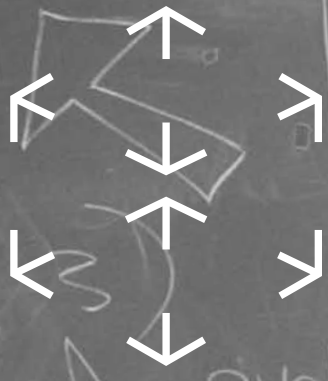
scribe

er

is

evalua

conclu



COMMON IMPACT

*Connecting people, organizations,
and companies for lasting change*

*What inspires a volunteer? What is different about
volunteering professional skills?*

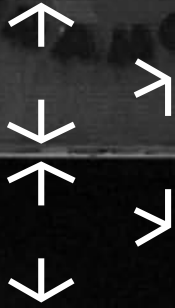
*How do you create a sense of community and
common cause within a company?*

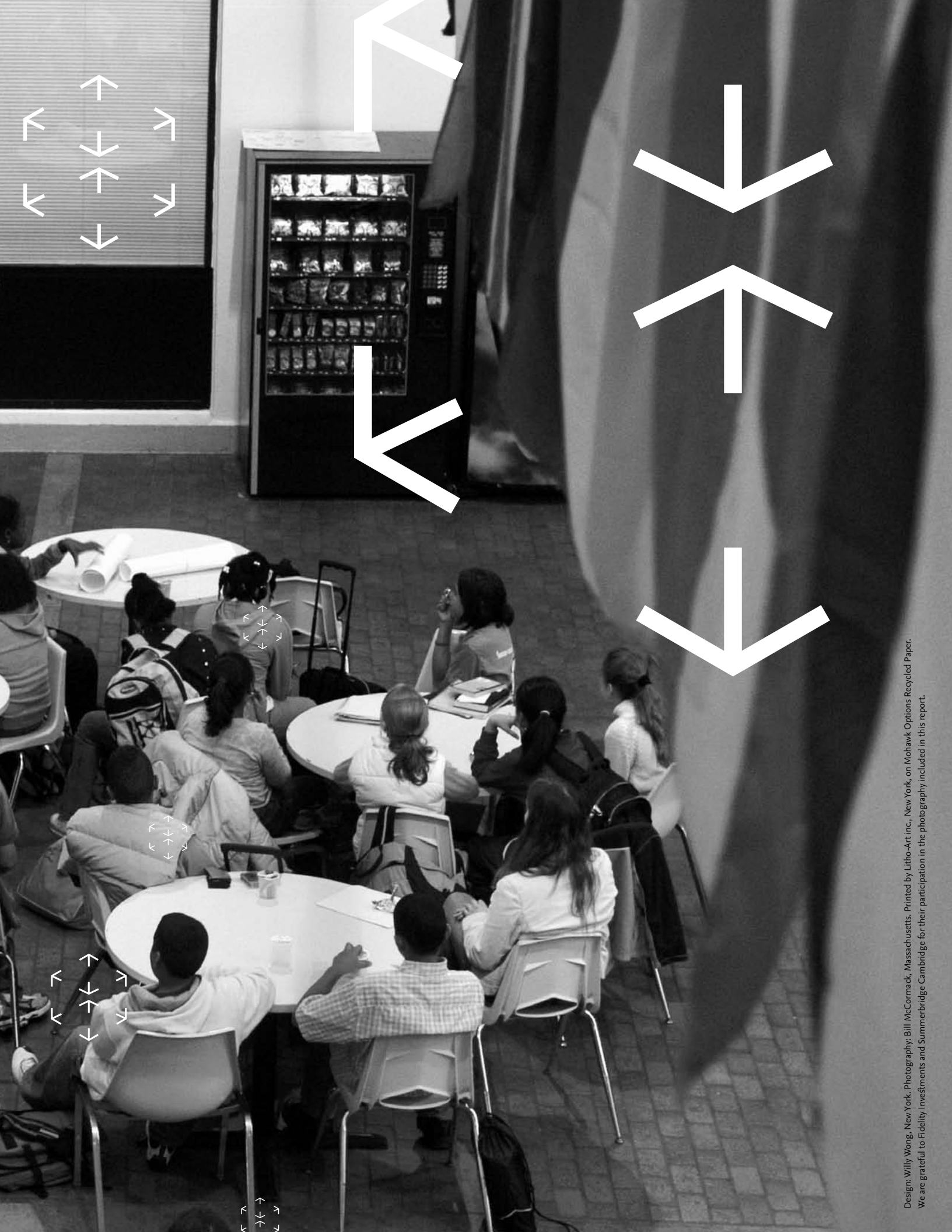
*What is missing from the social sector? Why do
so few nonprofits build organizational capacity?*

Common Impact is part of a movement that sits at the intersection of these questions. We have seen that skills-based volunteering can break down barriers between the private and social sectors—and spur lasting relationships to form between companies, individuals, and nonprofit organizations. Practical problems are solved. Value is created. Momentum builds.

*The cycle of one volunteer team working
alongside one community-based nonprofit
can be replicated thousands of times.*

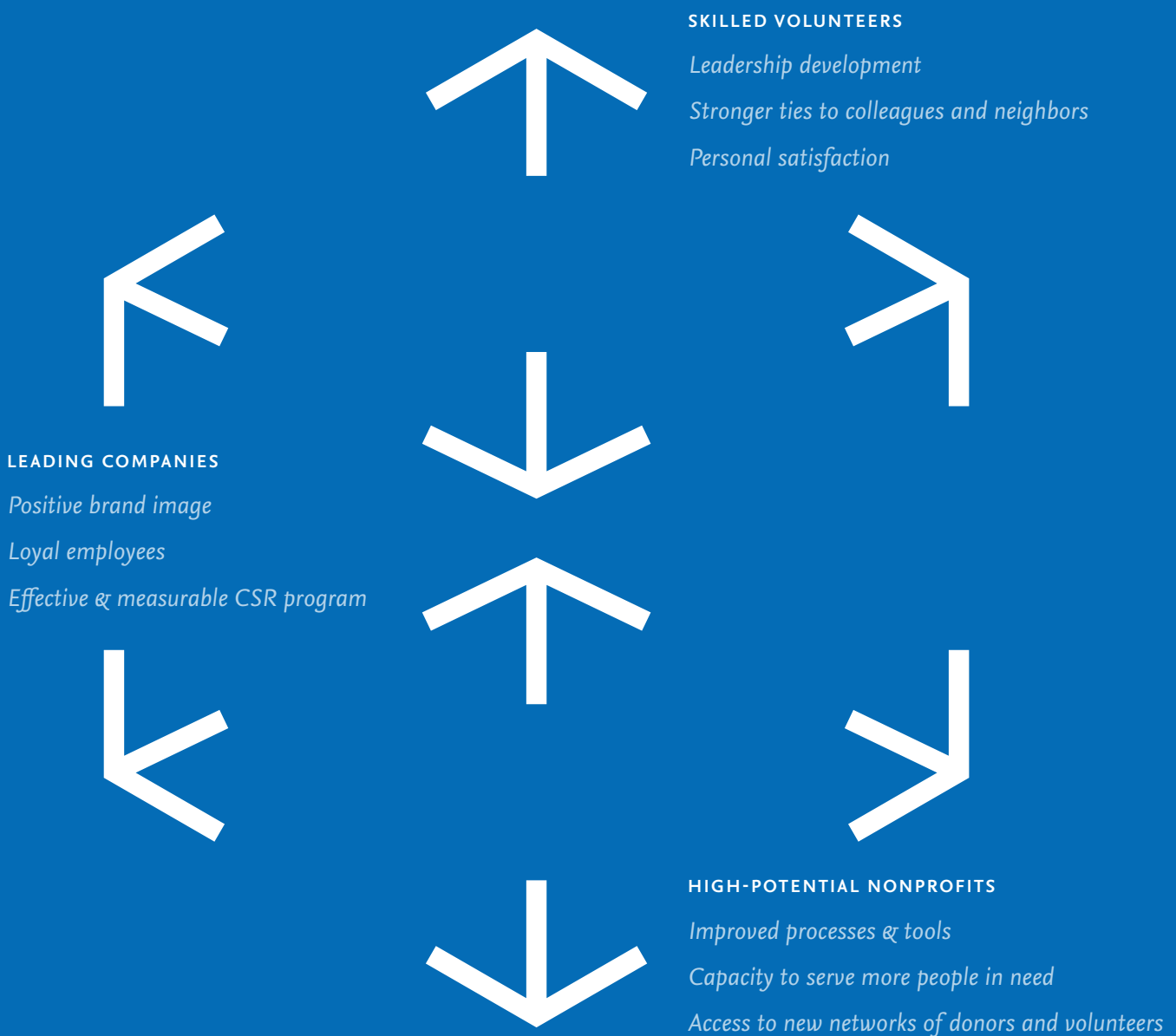
CAMBRIDGE
SAVINGS BANK





COMMON IMPACT

Integrated Model of Social Change





“Making an impact on big problems takes two qualities. We must be a great company—with the capability, reach, and resources to make a difference. But we must also be a good company—because true impact means defining success in ways that go well beyond the bottom line.”

—Jeff Immelt, Chairman and CEO of GE¹

THE CORPORATE OPPORTUNITY

Corporate social responsibility has evolved from being a “nice to have” component of doing business to being an integral part of business strategy that companies want to embed into the DNA of their culture and operating model. Tomorrow’s leaders are the companies that are innovating today—not only in their core products and services, but more broadly in the ways that they collaborate with stakeholders, preserve the environment, and strengthen the communities in which they operate. Common Impact’s solution for companies seeking innovative community engagement is called the **CORPORATE RESPONSIBILITY INITIATIVESM**.

EMPLOYEE & INDIVIDUAL NEEDS

Now more than ever, individuals want to experience a sense of connectedness with other people—at home, in the workplace, and in their community. Until now, there have been few opportunities for corporate employees to use their skills to help nonprofits due to the logistical challenges of plotting and coordinating these projects. Common Impact opens the door for these individuals to make a lasting difference while fulfilling a natural desire to build meaningful relationships with other people. Common Impact’s program for corporate professionals is called the **CORPORATE VOLUNTEER NETWORKSM**.

CAPACITY NEEDS OF NONPROFITS

Recognizing that nonprofits require excellence in “back office” and “front office” operations just like a for-profit company, Common Impact connects teams of skilled professionals to pre-selected community nonprofits to tackle a discrete problem. We lead each team through a structured process that starts with strategic planning and ends with a tangible product. The results are transformative. Our nonprofit clients tap into top-notch expertise and meet volunteers who often remain involved. Plus, they gain the tools they need to meet their missions. Common Impact’s solution for nonprofits is called the **SOCIAL SECTOR CATALYST INITIATIVESM**.

Sources: 1–2006 GE Citizenship Report

SUMMARY OF IMPACT

“Until one is committed, there is hesitancy, the chance to draw back, always ineffectiveness, concerning all acts of initiative (and creation). Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now.”

—Johann Wolfgang Von Goethe

WHAT MAKES US DIFFERENT?

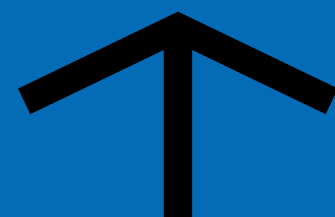
- We connect people who would otherwise not meet in ways that help to form ongoing relationships.
- We design employee volunteering programs that link community engagement to business strategy.
- We measure the value generated for all participants—nonprofits, volunteers, and corporate partners.

WHO WE SERVE

- High-potential nonprofits in the following target areas:
 - Education & Youth
 - Health & Human Services
 - Housing & Homelessness
- Leading companies committed to corporate citizenship and employee development.
- Skilled volunteers with professional expertise in IT, marketing, graphic design, or human resources.

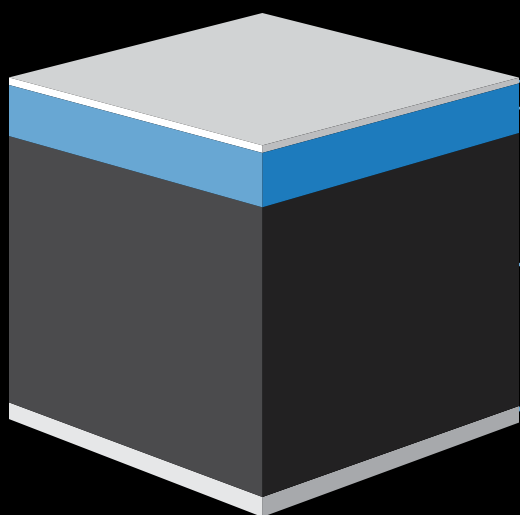
WHAT WE’VE ACHIEVED

- Since 2001, Common Impact has engaged more than 165 skilled professionals who have contributed 3,830 volunteer hours.
- We create \$7 in value to the community for every \$1 invested.
- 94% of our nonprofit clients reported that the volunteer project significantly impacted their ability to meet their mission.
- Two-thirds of our volunteers meet new colleagues, and one-third develop new skills.



FINANCIAL OVERVIEW

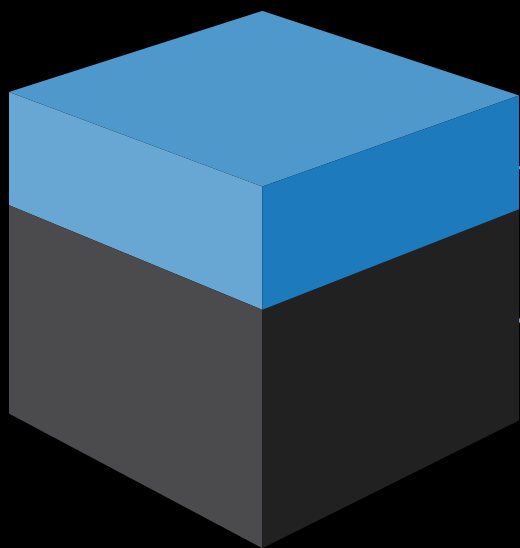
Year ended June 30, 2006



SOURCES OF REVENUE

Corporate contributions \$5.7
Nonprofit Clients \$55.3
Donors & Foundations \$419.7
In-kind donations \$11.3

Total Funding \$492.1



EXPENSES

Salaries & benefits \$324.2
Office & other \$167.9

Total Expenses \$492.1

Change in unrestricted net assets \$19.0
Unrestricted net assets at beginning of year \$90.3
Unrestricted net assets at end of year \$90.3

(Dollars in thousands)

COMMON IMPACT IS A
501(C)(3) ORGANIZATION





COMMON IMPACT TEAM

LESLEY A. EDWARDS
Vice President of Partnerships

THERESA M. ELLIS
Chief Executive Officer

ZACHARY E. GOLDSTEIN
Vice President of Consulting

ALISSA FENCSIK
Consultant

KAREN HORWITZ
Consultant

LAUREN PLATE
Associate Consultant

SAMEEN SAEED
Special Assistant to the CEO

WESTON SMITH
Development and
Communications Associate

CLIENTS

ACCESS
AFC Mentoring
Alternatives for Community
and Environment
Arts in Progress
Bank of America Celebrity Series
Boston Learning Center
Boston-area Youth Organizing Project
Bowdoin Street After-School Program
BELL (Building Educated Leaders for Life)
Cambridge Arts Council
Cambridge Senior Volunteer
Clearinghouse
Cape Verdean Community UNIDO
Community Art Center
Community Dispute Settlement Center
Community Farms Outreach
Community Health Connections
Community Health Leadership Program
Community Training and
Assistance Center
Courageous Sailing Center
Cradles to Crayons
Crossroads for Kids
Dimock Community Health Center
Dudley Street Neighborhood Initiative
Eagle Eye Institute
EMH Recovery
Families First Parenting Programs
Father Bill's Place
Friends of the Shattuck Shelter
Full Service Schools Roundtable
Generations Incorporated
Global Habitat Project
Good Sports
Greenwood Shalom After-School Program
Hattie B. Cooper Community Center
Health Care for All
HEARTH
Holden School
Hyde Square Task Force
ICIC (Initiative for a Competitive
Inner City)
Inquilinos Boricuas en Accion
InterValley Project
JamnaStics
Jewish Family Service of Worcester
JFYNetWorks

Jobs for the Future
Lazarus House
MAB Community Services
Margaret Fuller Neighborhood House
Mass Mentoring Partnership
Massachusetts Affordable Housing
Alliance
Massachusetts Alliance for Arts Education
Massachusetts Association of CDCs
Massachusetts Service Alliance
MATCH-UP Interfaith Volunteers
MYTOWN (Multicultural Youth
Tour Of What's Now)
National Alliance for the Mentally Ill
of Massachusetts
National Arts & Learning Collaborative
Oíste—The Massachusetts Latino Civic
Education Initiative
On The Rise
Organization for a New Equality
Partners for Youth with Disabilities
Peace Games
Pioneer Institute
Prime Time After-School Program
at the Mason Pilot School
Project R.I.G.H.T.
Showdown Youth Development
Social Capital, Inc.
Somerville-Cambridge Elder Services
Sportsmen's Tennis Club
SquashBusters
St. Mary's Women and Children's Center
Summerbridge Cambridge
Talking Information Center
The City School
The Home for Little Wanderers
The Network/La Red
Tutoring Plus
Unitarian Universalist Urban Ministry
United Leaders
Urban League of Eastern Massachusetts
Vietnamese-American Civic Association
Volunteer Lawyers for the Arts
Women's Institute for Housing
and Economic Development
Women's Lunch Place
WriteBoston
Youth Tech Entrepreneurs
YouthBuild Boston
YouthBuild USA



CORPORATE PARTNERS

BEA Systems
CA
Cisco Systems, Inc.
Fidelity Investments
State Street Corporation

CORPORATE VOLUNTEERS

BEA Systems

Jeff Bradburn
Tom Hardy
Stephanie Harrington
Lisa Iacono
Christina Lamkin
Anonymous (3)

Cisco Systems, Inc.

Dongdong Liu
Anonymous (5)

Fidelity Investments

Brenda Appleby-Williams
Peter Attwood
Adam Betts
Marisa Carnevale
Mary Chang
Peter Chin
Scott Cockrell
Jim Comperchio
Feissal Damaa
Kevin Fitzpatrick
Walter Francolini
Georgina Fulton
Michael Gratton
Diane Hickey
Susan Johnson
David Kane
Patty Kausel
Dan Lepow
Ming Long
Paul Mallier
Jennifer Melton
Richard Moore
Ken Oasis

Agnes Olshansky
Ken Palmer
Anush Ramani
Marilyn Real
Jennifer Rice
Andy Ross
Mark Roy
Marc Rudkowski
Ranjan Sahay
Kimberly Sears
Kim Selzer
Sindhura Sunkara
Raman Tallamraju
Al Toby
Christopher Whitlock
Melinda Winters
Anonymous (12)

Society for Information Management

James Brody
Anonymous (3)

State Street Corporation

John Agnew
Tom Anderson
Lisa Arnold
Amy Baribeault
Amanda Bellino
Irving Bornstein
Kevin Bownes
Michelle Chappuis
Rosie Chinsee
Donna Cotterell
LuAnn Cull
Lech Czerski
Victoria Daskal
Nicole Delory
Natalie Dyckes
David Dyckman
Sheryl Elderfield
Tom Ellis
Barbara Farrell
Julio Fuentes
Jack Garvey
Richard Gatnik
Kevin Griggs
John Halloran

Robert Hardesty
Thomas Hart
Ben Hinchey
James Hutchins
Patrick Johnson
Gail Kennedy
John Ketner
Lina Krom
Matt Lau
Raymond Lau
Stella Lee
Franklin Liao
Eric Linker
Kai Matsumoto
Brian McAnern
Michelle Mitchen
John Moritz
Jeffrey Morrissey
Michael Murray
Ashley Nagle
Katie Neff
Rob Neufeld
Nancy Nguyen
Catherine Norcott
Mike O'Neil
Neysa Pelletier
Andrea Polino
Kenneth Powers
Seth Rubin
Trisha Santos
Kishore Saokar
Jesse Savage
Justin Schellenger
Ravi Thatavarthy
Theresa Vradenberg
Chris Waldron
Ryan Wiswesser
Karen Witham
Anonymous (23)



2006 DONOR LIST

INDIVIDUALS AND FAMILY FOUNDATIONS

Annual Fund (\$1 to \$2,499)

Anonymous
Cara Abercrombie and David Freccia
David and Amy Abrams
Gene Koo and Rachel Anderson
John and Judy Axten
Robert and Penny Binswanger
Bobolink Foundation
Bob Bordone
Jess Brooks and Russ Neufeld
Tom and Sarah Caputo
Glenn and Laura Carlson
Charles Cassidy
Peter and Lisa Colli
Mary T. Conway
Brendan Doherty and Robyn Altman
Charles and Sylvia Ellis
Birdy Ellsmore
Keith Gayler
Alison Goldberg and Jonathan Lewis
Diane Hickey
Barry Horwitz
Bob and Pat Johnston
Gareth Jones
Mike Jorda
Henry and Elaine Kaufman
Foundation, Inc.
Cristina Kuechmann
Christine W. Letts
Chris Marston
Jim and Julie Matheson
Kristen McCormack
Campbell McKellar
Heather McMan
Joe Moore and Annette LaMond
John Moukad
Peter Mucchetti
Dr. Richard O'Bryant
Elise O'Connell
David and Lois Overton
Earl Martin Phalen
Ian Schneiderman

Bill and Roberta Schnoor
Ross E. Sherbrooke
Katya and Paul Smyth
Stephen J. Socolof
Fred L. and Charl Swiggum
Tom Tomai
Donna and Steve Tritman
John Vogel and Judy Music
Katie Wang
Darcy Wheelles and Chris McCaslin
Mark Winters

Major (\$2,500 to \$4,999)

Theresa M. Ellis and Adam Steinmetz
Liz and Thom Fries
Robert and Carol Henderson
Jewell Foundation
Ullas Naik
Gordon Russell

Leadership (\$5,000 to \$9,999)

Anonymous
R. Stephen Cheheyl
Anne and Paul Marcus Family
Foundation
Leo McKenna

Principal (\$10,000 and above)

John Goodhue and Anne Smith
Ed and Ann Kania
Lars Foundation
Holly McGrath
Mr. and Mrs. Herbert S. Wagner III



FOUNDATIONS

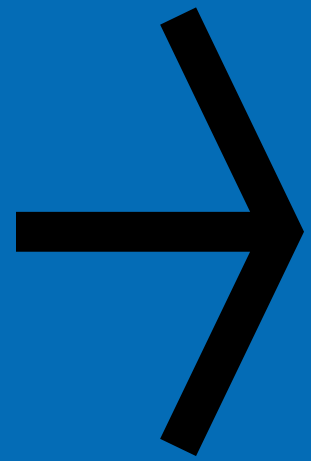
484 Phi Alpha Foundation
Anonymous (2)
Boston Foundation
Cambridge Community Foundation
Charles H. Pearson Trust, Bank of
America Trustee
JPMorgan Chase Foundation
State Street Foundation

CORPORATE AND IN-KIND SUPPORTERS

Belarc, Inc.
Boston Projects, Inc.
Boston Web Design
Cisco Systems, Inc.
Davis Marcus Partners
Flagship Ventures
Goodwin Procter LLP
IBM
Society for Information Management



THE ROAD AHEAD



“Within the next 15 years, you can be certain to expect a shift from creating shareholder wealth as the first priority of business, to creating an environment that attracts and holds knowledge workers.”

—Peter F. Drucker

As corporate volunteering continues to grow in popularity and business leaders look for more strategic impact from their philanthropic endeavors, Common Impact will lead the way in providing these services. The desire among individuals and companies to take a greater stake in their communities by leveraging their unique assets has been verified countless times. Our team has the passion, commitment, and energy to replicate this successful model in new geographic regions, expand the areas of service we offer, and mobilize thousands of volunteers to engage their skills.

Over the next five years, Common Impact will work hard to become the leading national provider of skills-based volunteering programs. With the right timing, the right people, and most importantly, a commitment to

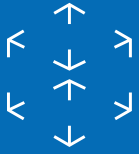
providing the highest quality of service to our nonprofit clients, corporate partners, and skilled volunteers—we are on our way to making our ambitions a reality.

BY 2012, WE WILL

- Reach national scale.
- Engage 10% of Fortune 500 companies and their employees.
- Achieve three layers of impact: scale consulting services, disseminate knowledge, and advocate for structural change.
- Generate groundbreaking benchmarking data that will redefine our collective understanding of capacity building in the social sector.

GREAT POTENTIAL FOR IMPACT IN BOSTON AND BEYOND

In 2006, we served 25 nonprofit clients, and since our inception we have worked with over 93 nonprofit clients in the Greater Boston area. We are extremely proud of the impact of our work to date, but also recognize that we must scale our model to achieve our vision of stronger, self-sufficient communities not only in Boston, but across the nation.



COMMON IMPACT

formed by the merger of Harbinger Partners and the Corporate Volunteer Network

JOIN US

We invite you to join us in providing nonprofits with the capacity they need to address our nation's toughest challenges. You can be a part of our mission in many ways:

- Refer grant and investment opportunities
- Make a personal donation to Common Impact
- Volunteer your time and talents
- Introduce us to dynamic corporations or high-performing nonprofit organizations

Please contact Common Impact by telephone at 617 492 3105 or by email at tellis@commonimpact.org for more information.

22 Hilliard Street
Cambridge, MA 02138
tel 617 492 3105
fax 617 492 2605
www.commonimpact.org