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About Network for Good

Who We Are

• One of the Internet’s largest charitable resources, bringing together donors, volunteers and charities online to accomplish good in four ways:
  • **Online donations**: Network for Good enables giving to any charity registered in the US (more than one million) at [www.networkforgood.org](http://www.networkforgood.org), through fundraising widgets on social networks, and via partners’ websites
  • **Research and Volunteerism**: At [www.networkforgood.org](http://www.networkforgood.org), users can research any charity and search from among more than 40,000 volunteer opportunities
  • **Fundraising tools**: Network for Good helps nonprofits (NPOs) raise money on their own websites and on social networks with free and low-cost fundraising tools
  • **Star power**: Network for Good links people with celebrity philanthropists including Kevin Bacon, Ellen DeGeneres, Robert Duvall, Colin Firth, Ricky Gervais, Joaquim Phoenix, in the ‘Six Degrees.org’ initiative

• Non-profits can access tools for fundraising, volunteer recruitment, donor communication and donor management
• Founded in 2001 by AOL, Cisco Systems and Yahoo!
• Independent 501(c)(3) nonprofit organization headquartered in Bethesda, MD
BUSINESS MODEL
Driving Resources to NPOs and NPOs to Resources

Consumers: The largest publicly accessible website dedicated to charitable giving and volunteering

The Network for Good Model

Consumer Products & Services
- Partner Websites
- Media Partnerships
- www.networkforgood.org

Resources to NPOs
- Donate Now / Donation Processing
- Expanded NP0 Tools
- Advertising & Sponsorships

NPOs to Resources

“B-to-C”

Nonprofit Products & Services

Nonprofits: Tools for raising funds and recruiting volunteers
“By linking Yahoo! News and information to Network for Good, we give people the opportunity to instantly act when they have a desire to help others. The speed of the Internet is transforming the pace of philanthropy.”

– Murray Gaylord, (formerly) VP Brand Marketing, Yahoo!, Inc.
Why Our Work Matters

• **Increasing charitable giving**: By making donations online convenient and secure, Network for Good increases giving and drives more resources to nonprofits.

• **Helping the helpers**: We help small and medium-sized nonprofits harness the power of the Internet with simple tools to raise money and recruit supporters.

• **Leveling the playing field**: Smaller nonprofits gain access to broader constituencies, extending their reach and contributing to a leveling of the philanthropic playing field.

• **Streamlining philanthropy**: By moving philanthropy online and tapping the powerful reach of partners like Yahoo! and AOL, we enable charities to spend less time and money attracting resources.

“Today’s marketplace requires nonprofits to compete for attention and resources at unprecedented levels. We invest in Network for Good because it enables even the smallest organizations to attain the technological and fundraising capacity they need to reach people and get results.”

– Vincent Stehle, Program Officer
Surdna Foundation
What’s Special About Network For Good?

• **Scope and size**: Largest giving site, with access to and information on 1.5 million charities; we have processed $135 million in donations

• **Trusted, secure brand**: Highest security levels, AOL-hosted servers, brand associated with security at time when consumers concerned about fraud

• **Efficiency**: Network for Good passes along more than 95-98% of donations direct to charity

• **Partnership experience**: Proven track record with Yahoo!, AOL, Time Warner, Cisco, White House

• **Businesslike approach**: Founded by private sector partners and staffed by social entrepreneurs, Network for Good understands how to work with business
Resources for Nonprofits

- **Donation Processing**: Online tool to help nonprofits establish their own online fundraising program and receive funds via electronic transfer from Network for Good
- **Email Outreach**: Tools to help nonprofits email donors and receive and track donations and export data to their own databases for donor cultivation
- **Donor Management**: With the Donor Management Suite powered by Salesforce.com, nonprofits can manage all aspects of their organization’s donor data.
- **Volunteer Recruitment**: Tools powered by VolunteerMatch to post volunteer opportunities and recruit volunteers online
- **Fundraising Widgets**: Charity badges and widgets are cutting-edge, web 2.0 functionality and Network for Good was first to market with widgets in the charitable space

In 2005, *Network for Good and Groundspring, the two largest nonprofit providers of Internet-based fundraising and donor management tools, merged*. The merger created one effective resource for small- to medium-sized nonprofits seeking affordable, easy-to-use, web-based tools for raising funds, communicating online and managing donors.
Online giving is increasingly the choice of donors (half of all Hurricane Katrina relief giving was online).

Total online giving in the US reached approximately $6.87 billion in ‘06, a 51% increase over ‘05 estimates.

More than 65% of donors visit websites before making a donation to a nonprofit (Kintera study).

“\textit{If you look at the face of online giving, you glimpse the future of philanthropy: an increasing number of younger donors who contribute at higher levels. The growth we see on the Internet will drive greater impact on the ground, wherever and whenever people need help.}”

\textit{– Scott Case  
Network for Good Board Chairman}
Online giving outpaces offline giving because the Internet allows donors to instantly act when they feel most motivated to give, resulting in more gifts at higher levels.

Especially at times of emergencies or crisis, the timing of traditional offline fundraising vehicles such as telemarketing and direct mail may lag donor interest. In addition, people generally spend more on online than offline transactions, especially when using their credit card.
Making Philanthropy More Efficient

Giving Through Network for Good is More Efficient than Traditional Means*

*Network for Good’s cost to raise a dollar reflects transaction costs for online donation processing

Sources: Fund-Raising Cost Effectiveness (James Greenfield), Cost-Effectiveness of Nonprofit Telemarketing Campaigns (Keating, Parsons & Roberts) and Network for Good.
The Young and The Generous
A Study of $100 Million in Online Giving to 23,000 Charities

- Online givers are young (38-39 years old) and generous, giving several times more than offline donors on average.
- Virtually all of them (96%) have given to charity before, but a sizable proportion (38%) is new to online philanthropy.
- Online giving is tracking to the trends of online shopping and banking, and it is the avenue of choice for donors during disasters.
- Most people give online during the week, during business hours – most commonly, between 10am and noon.
- New York is the most generous state for online giving; Mississippi and North Dakota are the least generous.
- Giving online follows the same “long tail” phenomenon seen in online sales of books and music.
- Most online giving goes to disaster agencies.
- People say they give online because it’s easier than writing a check and a fast way to respond to disasters.
“Goodness is the only investment that never fails”

-Henry David Thoreau

Network for Good's multiplier effect

In 2006, every dollar “invested” in NFG was converted to $18 for the nonprofits it served. Since inception, every dollar “invested” in NFG was converted to $9 for the nonprofits it served.

2006 return on investment:

- 236,000 donations to 11,000 charities
- $32.3 million in contributions
- 7.2 million user sessions
- Over 55,000 volunteers referred

Avg. Dollars per Month: $2.9M
Avg. Donations per Hour: 30.5 DPH
Avg. Dollars per Hour: $4,037 $PH
## 2006 RESULTS
### Network for Good: 2006 Scorecard

#### Network for Good Success Metrics 2006

<table>
<thead>
<tr>
<th>Metric</th>
<th>2004 Actual</th>
<th>2005 Actual</th>
<th>2006 Goal</th>
<th>2006 Actual</th>
<th>% Exceed over Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Income</td>
<td>33.92%</td>
<td>56.11%</td>
<td>50.00%</td>
<td>50.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Avg Monthly Rev Per Customer</td>
<td>N/A</td>
<td>$26.25</td>
<td>N/A</td>
<td>$24.78</td>
<td>N/A</td>
</tr>
<tr>
<td>Avg Customer Acquisition Rate (monthly)</td>
<td>N/A</td>
<td>73</td>
<td>100</td>
<td>103</td>
<td>3.00%</td>
</tr>
<tr>
<td>Attrition Rate*</td>
<td>N/A</td>
<td>6.4%</td>
<td>6.0%</td>
<td>11.96%</td>
<td>99.33%</td>
</tr>
<tr>
<td>Total New Subscriptions</td>
<td>N/A</td>
<td>870</td>
<td>1,200</td>
<td>1,241</td>
<td>3.42%</td>
</tr>
<tr>
<td>NonProfit Organizations Served**</td>
<td>8,608</td>
<td>10,972</td>
<td>16,000</td>
<td>16,012</td>
<td>0.08%</td>
</tr>
<tr>
<td>Donations (Amt.)</td>
<td>$16,432,117</td>
<td>$32,273,050</td>
<td>$20,300,000</td>
<td>$35,365,890</td>
<td>74.22%</td>
</tr>
<tr>
<td>Donations (Qty.)</td>
<td>111,164</td>
<td>236,340</td>
<td>145,000</td>
<td>267,329</td>
<td>84.36%</td>
</tr>
<tr>
<td>Unique Donors</td>
<td>89,875</td>
<td>180,794</td>
<td>111,500</td>
<td>160,184</td>
<td>43.66%</td>
</tr>
<tr>
<td>Volunteer Referrals</td>
<td>39,737</td>
<td>55,173</td>
<td>50,000</td>
<td>32,647</td>
<td>-34.71%</td>
</tr>
<tr>
<td>Transaction Processing Costs***</td>
<td>12.50%</td>
<td>4.33%</td>
<td>&lt; 10%</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Site Visitors</td>
<td>3,280,999</td>
<td>7,150,269</td>
<td>4,000,000</td>
<td>2,243,864</td>
<td>-43.90%</td>
</tr>
<tr>
<td>Site Uptime</td>
<td>99.99%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Notes:**
*Includes NPOs who deactivate accounts during non-giving seasons (to return later) and therefore actual attrition is lower
**May be minor overlap between NFG East and NFG West NPOs
***Formerly called Fundraising Efficiency; excludes GS in 2006 and 2007
2006 RESULTS
Network for Good’s Impact

- Have created a secure, convenient donation system that makes it possible to give to any charity, anywhere, anytime – online and (soon), via phone
- Made it possible for even the smallest nonprofit to find supporters online
- Raised over $130 million in online donations to more than 25,000 different nonprofit organizations
- Matched more than 230,000 volunteers with thousands of nonprofits
- Recognized for revolutionizing philanthropy by Computerworld, Forbes, ePhilanthropy Foundation, Wired, STEP Inside Design and Marketing Sherpa
- Enabled partners like AOL, Charity Navigator, Cisco, Warner Brothers, and Yahoo! to easily incorporate any charity into their outreach and track results
2006 RESULTS
Record Year-end Giving

December is traditionally a time for peak volume, but in 2006 we had our highest month to date:

- 121 new subscriptions to our nonprofit services
- $14M in donations compared to $9.6M in ‘05
- 55,310 unique donors
Recognition and Honors

- Network for Good was recognized by STEP Inside Design as “the best use of the web” for our website and we increased our conversion by 30%.

- Also named a Computerworld Laureate as a finalist in the nonprofit and government competition.

**Computerworld Honors**

**insight the best use of the web**

BY NANCY BERNARD

WHAT MAKES THIS SITE GREAT ISN'T JUST ITS ATTRACTIVE, EFFECTIVE DESIGN. IT'S THE FACT THAT IT EXPLOITS THE POWER OF THE WEB TO BRING PEOPLE TOGETHER IN MEANINGFUL WAYS.

Last issue's theme, corporate community service, led me to look for a related site to review in this Best of Web issue. I found one that not only does a lot of good, but also offers a terrific user experience. The content, messaging, informational hierarchy, visual design, and interface all address donors' and volunteers' concerns beautifully.

The first thing you see on the networkforgood.com home page is “donate now” in a big yellow button. That's the point of the site, and since it's so prominent, it's likely to be the first thing visitors click on. It leads to a page that tells you how to use the site, lets you search for charities, and helps you figure out what level of giving is right for you.

For non-clickers who may have doubts about the site, the home page answers key questions in a way that's more "about you" than "about us." Why is this site special? Because you can "give to your favorite charities in one place." Is this organization trustworthy? The first box under the yellow button tells you that it's easy, and that they'll keep all your donation records for tax time, while the logo below assures you that Network for Good is backed by great companies. It's OK to donate here! The second box says that one million others have already done so. "Learn more" buttons in each box link to testimonials and details on effectiveness, such as that 97 percent of your donation goes straight to charities. Another
2006 RESULTS
Impact: Taking Volunteerism Local

- Launched California Volunteers in partnership with the Office of the Governor in September 2006
- First of its kind local portal for volunteerism
- Capitalizes on the USA Freedom Corps Volunteer Network data and its potential to drive civic engagement on both national local levels
Impact: Taking Giving Viral

• Network for Good and Kevin Bacon launched at Sundance Film Festival in January 2007

• Site capitalizes on the trends of celebrity philanthropy, user-driven content and social networking to raise funds for charity

• SixDegrees.org highlights more than 50 celebrities’ charitable causes; Non-celebrities can also raise money for their favorite nonprofits with charity badges or “widgets” that can be displayed on blogs and social networking sites

• Generated over $630,000 and 500,000+site visitors in the first 4 months

Impact: Disaster Relief

**Tsunami**
- Network for Good processed over 82,000 donations and raised more than **$11 million** in support of relief efforts
- Network for Good supported 124 charities providing relief on the ground

**Hurricane Katrina**
- Network for Good, with the help of its partners, media and generous individuals, raised more than **$13 million** in donations to more than 344 organizations speeding relief to the Gulf Coast and tens of thousands of evacuees
## Network for Good Statement of Financial Position
### December 31, 2005 and 2004

<table>
<thead>
<tr>
<th>Assets</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,056,525</td>
<td>$291,914</td>
</tr>
<tr>
<td>Grants for distribution</td>
<td>6,964,657</td>
<td>9,735,441</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>199,889</td>
<td>126,812</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>77,348</td>
<td>150,000</td>
</tr>
<tr>
<td>Other assets</td>
<td>16,616</td>
<td>--</td>
</tr>
<tr>
<td>Transaction processing costs, net of accumulated amortization of $835,107 and $183,636</td>
<td>314,809</td>
<td>367,277</td>
</tr>
<tr>
<td>Furniture and equipment, net of accumulated depreciation of $8,480 and $2,140</td>
<td>33,585</td>
<td>6,858</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>452,823</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$9,116,242</strong></td>
<td><strong>$10,778,302</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$388,735</td>
<td>$362,998</td>
</tr>
<tr>
<td>Salaries payable</td>
<td>225,862</td>
<td>144,799</td>
</tr>
<tr>
<td>Grants payable</td>
<td>6,964,657</td>
<td>9,735,441</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>7,579,254</strong></td>
<td><strong>10,243,238</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets - Unrestricted</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,536,988</td>
<td>$535,064</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Liabilities and Net Assets</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$9,116,242</strong></td>
<td><strong>$10,778,302</strong></td>
</tr>
</tbody>
</table>

---

Grants payable in 2004 were abnormally high due to increased donations towards tsunami relief efforts.

Certain amounts from 2004 have been reclassified to conform to the 2005 presentation.

Notes to the financial statements are an integral part of GAAP statements and are not included in this annual report. For a complete set of notes to the financials, please review the audited financial statements.
Network for Good’s Board of Directors

Network for Good’s Board consists of 13 members:

Jim Bankoff
Former Executive Vice President AOL Programming
America Online

Scott Case
Chairman of the Board
Network for Good

Rich D’Amato
Former Vice President for Community Investment
America Online

Meg Garlinghouse
Community Affairs Manager
Yahoo!, Inc.

S. Murray Gaylord (on temporary leave)
Vice President Marketing
NYTimes.com

Alisa Gravitz
Executive Director
Co-op America

John Klaffky
Managing Director
BearingPoint Nonprofit Consulting Practice

Drummond Pike
President
Tides Foundation

Danica Remy
Managing Director
Tides

Denise Shephard
Tides

Bill Strathmann
CEO
Network for Good

Tien Tzuo
Senior Vice President and Chief Marketing Officer
Salesforce.com

Michael Yutrzenka
Executive Director
Cisco Systems Foundation

Gary Dillabough
Vice President
eBay
# Network for Good Partners

## Founding Partners
- AOL/TW Foundation
- Cisco Systems
- Yahoo!

## Foundation Supporters
- Carnegie Corporation of New York
- The Case Foundation
- The Cisco Systems Foundation
- Rudolf Steiner Foundation
- Surdna Foundation
- UPS Foundation
- The William and Flora Hewlett Foundation
- The W.K. Kellogg Foundation

## Corporate Partners
- Microsoft
- Salesforce.com
- WebSideStory, Inc.

## Nonprofit Partners
- VolunteerMatch
- Groundspring
- GuideStar
- Charity Navigator
Sustainability by 2009

- Network for Good’s financial standing has continued to strengthen each year – with earned income as a percentage of total expenses at 50% YTD in 2006. Network for Good will continue to grow its earned income stream through:

  - **Online Fundraising and Communication Tools** – Network for Good’s enhanced online tools for engagement will be released during the summer of 2007. Network for Good will offer:
    - NPO Suite of services with a set up fee and monthly fees depending on the annual budget of NPOs.
    - Ala Carte services to accommodate various NPO needs
    - Training services

  - **Licensing Fees** – USAFC Volunteer Network

  - **Transaction Processing Fees** – 4.75% for NFG.org and Basic DonateNow
Key Milestones for Network for Good

**Network for Good was Founded – November 19, 2001**

2001

2002

2003

2004

2005

2006 - 2008

- Processed $10M in donations
- USAFC Volunteer Network Created
- Processed $17.5M in donations
- 3% Transaction Fee
- Processed $50M in donations
- Hired Bill Strathmann as CEO
- Acquired DirectHelp
- Processed $60M in donations
- Salesforce.com Partnership
- Disaster Relief Support
- Merger with Groundspring
- Board Increases to 13 Members
- Processed $78M in donations
- Sustainability by 2009
- Processed $100M in donations