



Building Impact Prospectus



Description:

Building Impact unlocks the civic potential of companies and individuals by engaging them where they work and live – in office and residential buildings. By partnering with building owners, Building Impact delivers structured community involvement opportunities to companies, their employees, and building residents to connect with local nonprofit organizations addressing the issues of Youth & Education, Hunger & Housing, Health & Wellness, and Employment & Job Training in Greater Boston.

Location:
Boston, MA

Website:
www.buildingimpact.org

Founded: 2003/2004

Current Budget: \$338,312

Geography & People Served:

Small and medium-sized companies, employees, residents, and nonprofit organizations in the Greater Boston metropolitan area

Social Problem:¹

- Nearly half (47%) of Boston residents surveyed in a Boston Foundation Social Capital Community Benchmark Survey felt they had encountered barriers to becoming involved in their communities.
- Forty-one percent of Boston respondents said “occupational and workplace barriers” prevented them from being more involved in community volunteer work.
- Close to 40% felt they lacked information on how to get involved.

Key Accomplishments & Social Impact:

- In 2006, Building Impact operated in 26 buildings with access to over 200 companies and 6,600 individuals - a 117% growth in buildings since January 2004.²
- Last year, the organization generated over \$400,000 of community impact for its 15 nonprofit partners in the form of volunteer hours, money raised, and in-kind goods donated.
- Building Impact has expanded to 10 new suburban communities, while continuing to grow in downtown Boston.

Goals – 18 Months (June 2007 – December 2008):

- Grow operations to 58 commercial and 20 residential properties.
- Generate over \$1.1 million in community impact.
- Generate 43% of total revenues through earned income.³

Total Philanthropic Investment – 18 Months: \$197,000

¹ The Boston Foundation, “Social Capital in Boston: Findings from the Social Capital Community Benchmark Survey,” 2001.

² From historical data provided by Building Impact.

³ Earned income expected to represent 31% of total revenues in 2007.

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Ways to Invest

In-Kind Support

- Join a panel of residential development advisers
- Join a panel of technology advisers
- Develop training materials for new Community Connectors
- Conduct branding assessment and review, leading to the development of programming materials

Financial Support

- \$50,000** Train and fund one Community Connector for a year = 17 new buildings
- \$25,000** Develop and enhance program materials
- \$10,000** Create new website functionalities
- \$5,000** Expand grant writing and development capabilities
- \$1,000** Develop and conduct performance metric survey



Need & Opportunity

Social Problem

Over the past 30 years, our nation has experienced a significant deterioration in its civic health. According to a September 2006 report published by the National Conference on Citizenship, our trust in one another has declined; our connections to civic and religious groups are down; our families and friends feel less connected; and American citizens are generally less well-informed about public matters.⁴

Community and religious affiliations no longer wield the social influence they used to. In 1975, over 60% of all Americans attended at least one club meeting per year. Today, less than 40% of Americans do so. In 1975, more than 40% of Americans participated in at least one community project a year, compared with just 25% today. Finally, three decades ago, more than 70% of Americans belonged to at least one voluntary association. Today, that number has dropped about 10 percentage points. Religious attendance nationwide has also dipped over time, although not as dramatically.⁵

Civic disengagement has colored both our national and our local landscapes. According to the Census Bureau, Massachusetts ranked 41st out of 50 states plus the District of Columbia in volunteerism from 2002 to 2005.⁶ Volunteer work makes an important economic contribution to society, by increasing overall economic output and reducing the burden on government spending. Volunteering also helps build strong communities. "It fosters trust between citizens and helps develop norms of solidarity and reciprocity which are essential to stable communities."⁷

Root Cause Factors

The Boston Foundation, in a Social Capital Community Benchmark Survey, identified the following reasons for the decline of civic engagement in the Boston area:⁸

- Nearly half (47%) of Boston respondents felt they had encountered barriers to becoming involved in their communities.
- Occupational barriers, such as long hours at work or lack of adequate childcare, were mentioned by 41% of respondents.
- Close to 40% felt they lacked information about how to get involved.
- Furthermore, almost 30% said they did not participate in community activities because they felt unwelcome.

Current Landscape

In the past, employees and individuals worked directly with religious and voluntary organizations (such as churches and clubs) to develop community solutions to social problems. Today, the average working American spends most of his or her waking hours on the job. The dual-earning couple with kids is the norm. Work has become an increasingly important part of our lives, and the workplace has emerged as a means to build civic engagement.⁹

⁴ The National Conference on Citizenship in Association with CIRCLE and Saguaro Seminar. "America's Civic Health Index: Broken Engagement," September 18, 2006. *The National Conference on Citizenship – a non-profit organization chartered by the U.S. Congress – created "America's Civic Health Index" in association with the Center for Information and Research on Civic Learning and Engagement (CIRCLE), the Saguaro Seminar: Civic Engagement in America, and a network of 250 civic institutions. The principal findings of this report are based on 40 indicators of civic health organized into 9 categories. The survey information is nationally representative of the population as a whole and runs from 1975 through 2004 (with information from 2005, where available, included).*

⁵ "America's Civic Health Index: Broken Engagement," p. 17.

⁶ "America's Civic Health Index: Broken Engagement," p. 25. Data from the Census Bureau's Current Population Supplement; reflects the percentage of respondents who had participated in a volunteer activity since September 1st of last year.

⁷ Davis Smith, Justin Dr. "Volunteering and Social Development: A Background Paper for Discussion at an Expert Group Meeting." The paper was commissioned as the main background document for an Expert Group Meeting discussing Volunteering and Social Development, convened to present recommendations to the United Nations Secretariat for the Geneva Special Session in January 2000.

⁸ The Boston Foundation. p. 13.

⁹ Putnam, Robert and Feldstein, Lewis M. *Better Together: Restoring the American Community*. New York: Simon & Schuster. September 10, 2003.



Large companies have the resources to develop company-sponsored community involvement programs and volunteer events, but 98% of the businesses in Massachusetts are small to medium-sized companies.¹⁰ Workers have indicated that they want to get involved but lack the opportunity, knowledge, and time.

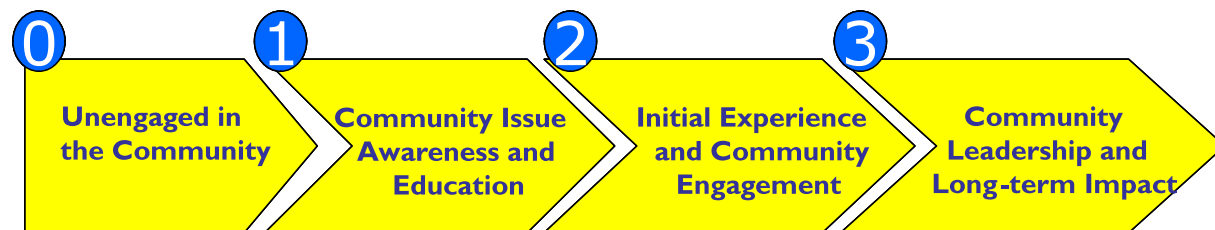
While many large cities have central volunteer organizations that organize scheduled team activities, these models typically rely on individuals to take the initial step of reaching out and signing up to volunteer, and/or on companies to organize teams internally.

Social Venture Opportunity

Building Impact taps the unengaged and the unaware by bringing volunteer opportunities to the places where people work and live. It connects companies, employees, and building residents with local nonprofit organizations by delivering structured community involvement opportunities in office and residential buildings. Building Impact helps employees and residents overcome work, time, and other participation constraints to unleash their full civic potential, building by building. The goals of Building Impact are to 1) create civic participants and 2) generate community impact.

Long-Term Goal #1: Create Civic Participants

Building Impact develops captive corporate employees into engaged corporate citizens and apartment residents into active civic participants. Building Impact's goal is to move employees and residents along the Civic Engagement Continuum (illustrated below) from Stage 0 (unengaged) to Stage 3 (committed civic participants). Over time, Building Impact aims to develop an army of corporate citizens and civic participants who will become Boston's next generation of community leaders.



Long-Term Goal #2: Generate Community Impact

Building Impact channels resources to over 15 Boston-area nonprofits working in four key community issue areas: Community Health, Employment and Job Training, Youth and Education, and Hunger and Housing. Building Impact harnesses the collective power of individuals efficiently to generate approximately four dollars of community impact for each philanthropic dollar spent.¹¹ Community impact is calculated by adding together the total number of volunteer hours (@ \$18.90/hr.) plus in-kind donations collected plus cash donations contributed.¹² Over \$400,000 in community impact was generated in 2006. In addition, Building Impact does not currently quantify the future lifetime contributions of volunteers who will continue to give to their communities beyond Building Impact.

¹⁰ According to the US Small Business Administration Office of Advocacy in 2005, <http://www.sba.gov/advo/research/profiles/05ma.pdf>.

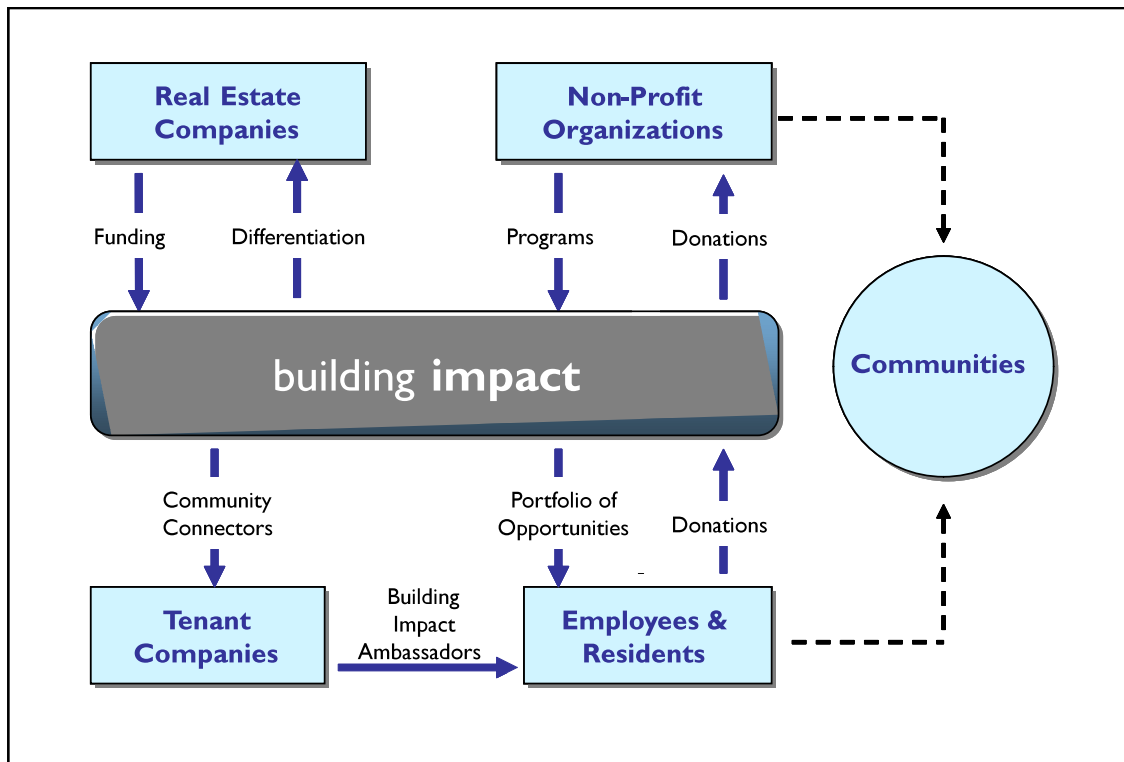
¹¹ Building Impact data from 2004-2006.

¹² The estimated dollar value of volunteer time is calculated by www.independentsector.org, a leadership forum for charities, foundations, and corporate giving programs committed to advancing the common good in America and around the world.



Social Innovation in Action: The Building Impact Model

Building Impact acts as a social capital intermediary to guide resources from one constituency to another, using the process flow shown below. It partners with real estate companies and tenant companies to deliver involvement opportunities to employees and residents so they can participate in the work of nonprofit organizations to address social problems pertaining to their local communities. Building Impact does not seek to replace the direct engagement of employees and residents with nonprofit organizations but merely tries to **increase** the flow of social service and civic engagement by minimizing key barriers.



How It Works

Building Impact works by harnessing together the following stakeholder groups:

1. Real Estate Companies
Building managers pay annual fees of \$.03 per square foot per year for a commercial building and \$25 to \$30 per residential unit per year to Building Impact to provide structured and convenient opportunities for civic engagement to their employees and residents.¹³ Building Impact builds goodwill and engagement on behalf of building owners and managers, providing a point of differentiation that leads to higher building occupancy and retention rates.
2. Tenant Companies
Community Connectors, who are Building Impact staff members, set up and coordinate activities within the buildings. Building Impact Ambassadors, volunteer assistants working or living within the buildings, partner with Community Connectors to mobilize employees and residents. These ambassadors serve as internal point persons for Building Impact activities.

¹³ Fee structure determined by Building Impact. Last year, Building Impact doubled its commercial properties' fee from \$.015 per square foot to \$.03 per square foot without losing any buildings, a testament to the tangible results and positive outcomes generated by its programming. Residential properties' fee is being tested currently in a pilot program.



3. Employees and Residents

Employees and residents become involved in three main ways:

- a) They donate time, today and in the future.
- b) They donate cash or in-kind gifts, today and in the future.
- c) They become more educated and knowledgeable about community issues.

Volunteers can choose from a menu of activities, which vary by length, activity type, and nonprofit cause. They can participate within their office and apartment buildings or offsite. Having choices allows employees and residents to achieve work-life balance while contributing to their communities and developing camaraderie with colleagues and neighbors.

4. Nonprofit Organizations

Local nonprofit organizations collaborate with Building Impact to develop an annual program of community involvement opportunities. Themes rotate among Health & Wellness, Employment & Job Training, Youth & Education, and Hunger & Housing every two to three months to expose employees and residents to a wide variety of pressing social issues. For examples of nonprofit partners, see the 2007 calendar of scheduled events below.

<i>Theme</i>	<i>Focus</i>	<i>Events/Activities</i>	<i>Core Non-Profit Partners</i>
<u>January & February:</u> Community Health	<ul style="list-style-type: none"> • Health Screenings • Workplace Wellness • Emergency Preparedness 	<ul style="list-style-type: none"> - Mobile blood drives - Training sessions with the Red Cross for emergency response and preparation to local, national or international disasters - Distribute Health Screening Information 	<ul style="list-style-type: none"> - American Red Cross - American Cancer Society
<u>March & April</u> Hunger & Housing	<ul style="list-style-type: none"> • Affordable Housing Issues in MA • Hunger and Nutrition • Children: hunger and homelessness 	<ul style="list-style-type: none"> - Food Drives - Hunger and Nutrition workshops - Lunchtime roundtables to discuss housing and advocacy - Promotion of ongoing volunteer events regarding housing and hunger 	<ul style="list-style-type: none"> - The Greater Boston Food Bank - Project Bread - Habitat for Humanity
<u>May & June</u> Workforce Development	<ul style="list-style-type: none"> • Mentoring Job Trainees • Placement of Job Trainees • Youth Opportunities 	<ul style="list-style-type: none"> - Business-appropriate clothing drive to benefit graduates of job training programs - Volunteer opportunities with job trainees including mock interviewing and resume reviewing - Hosting Job Trainees in unpaid internships 	<ul style="list-style-type: none"> - Morgan Memorial Goodwill Industries - YMCA's Training Inc.
<u>May, June, July & August:</u> Youth & Education	<ul style="list-style-type: none"> • Out of School time • Mentoring • School-based Volunteering 	<ul style="list-style-type: none"> - Backpack and School Supply Drives - Recruiting groups and individuals for school-based mentoring and tutoring - Recruiting individuals for one-on-one mentoring - Corporate Sponsorship of classrooms 	<ul style="list-style-type: none"> - Mass Mentoring - United Way of Mass Bay - Cradles to Crayons - School systems local to the buildings
<u>November & December:</u> Holiday Giving	<ul style="list-style-type: none"> • Simply ways to give back • Pre-screened donation activities • Organized volunteer events 	<ul style="list-style-type: none"> - Pie in the Sky (Thanksgiving Pie Sale Fundraiser) - Holiday Card sales to benefit local non-profit organizations - Gift drive for kids and families in need 	<ul style="list-style-type: none"> -Community Servings -Cradles to Crayons -Travelers Aid Family Services

5. Communities

Communities are the end beneficiaries of increased civic engagement and participation. "When citizens volunteer and connect with their neighbors, they ensure that their communities are better places to work

and live,” says Robert Grimm, Jr., Director of Research for the Policy Development Corporation for National and Community Service.¹⁴



Business Growth

History & Growth to Date

Building Impact’s program was established in 1998 by Paradigm Properties as a value-added tenant amenity program called *Community Connection*. It was piloted in the lobbies of 12 Paradigm-owned buildings downtown. The success of *Community Connection* in engaging previously unengaged tenant companies and individuals and creating new resources for the community led to the establishment of Building Impact as an independent 501(c)3 not-for-profit organization beginning in 2004. From 2004 to 2005, Building Impact expanded its reach to suburban Boston and developed an earned income revenue model.

In 2006, Building Impact operated in 26 buildings across 10 communities in the Greater Boston area. It brought together over 200 companies and 6,600 individual employees with 15 nonprofit partners to create over \$400,000 in immediate annual community impact, plus future contributions from engaged employees and residents.¹⁵

Market Opportunity & Growth Strategy

First-Mover Advantage

Building Impact is currently the only organization that attempts to connect individuals with nonprofit organizations where they live and work. Building Impact enjoys the trust of its constituents because of a proven track record of tangible results and steady growth. It also has a unique earned income revenue stream that covers a larger percentage of the operating budget each year. Because of the significant untapped market of multi-tenant office and residential buildings combined with shortage of major competition, Building Impact has tremendous growth potential in the Greater Boston market and nationwide.

Current Growth Priority: Grow in the Commercial Properties Market

According to a 4Q 2006 report from the real estate company CB Richard Ellis, there are more than 1,800 commercial buildings representing over 186 million square feet of space in downtown Boston, suburban Boston, and Cambridge. Building Impact currently operates in 2.1 million of the 186 million square feet of office space, or about 1% of the Greater Boston commercial real estate market.

If Building Impact continues to scale up at its current trajectory, the organization has the potential to grow to 118 commercial buildings encompassing over 9.4 million square feet by 2010. This would represent 5% of the Greater Boston commercial real estate space and (assuming a fee increase to \$.04 per square foot per year beginning in 2009) earn \$342,400 for the organization, comprising 33% of total revenues.

BUILDING IMPACT COMMERCIAL PROPERTIES GROWTH						
Metric	2005	2006	2007	2008E	2009E	2010E
Buildings	12	26	36	58	94	118
Square Feet*	960,000	2,080,000	2,880,000	4,640,000	7,520,000	9,440,000
Companies**	60-96	130-208	180-288	290-464	470-752	590-944
# People Reached***	1,500-2,400	6,600	4,500-7,200	7,250-11,600	11,750-18,800	14,750-23,600
Revenue****	\$ 31,528	\$ 33,745	\$ 65,276	\$ 111,200	\$ 248,000	\$ 342,400

* Each Building Impact building assumed 80,000 sq. ft.

** Each building contains 5-8 companies.

*** Each company includes 25 employees on avg. 2006 numbers based on actuals.

**** 2005-2007 revenues based on actual data. Future revenues based on projections.

¹⁴ “America’s Civic Health Index: Broken Engagement,” September 18, 2006. p. 22.

¹⁵ Community impact calculated by volunteer hours (\$18.90/hr.) + in-kind donations + cash



Building Impact offers a strong value proposition for the small and medium-sized companies that make up 98% of all businesses in Massachusetts and has developed expertise in servicing the following types of commercial properties.¹⁶

- Size: 80,000+ square feet
- Tenant Mix: Multi-tenanted properties with a mix of small, medium, and emerging companies
Each building houses 5-8 companies on average, and each company includes 25 employees on average.
- Location: Metro Boston, Metro West, and inside of the Route 495 loop
- Owners: Philanthropically inclined companies that invest in building meaningful relationships with tenants and own a cluster of office buildings
- Manager: On-site property management or staff or engaged & supportive off-site management

Short-Term Growth Priority: Expand into Residential Properties Market

With the acquisition of its first apartment complex customer in late 2006/early 2007, Building Impact is also poised to expand into residential properties. Based on past growth, Building Impact expects to scale to 56 residential buildings with 16,800 units by 2010. Residential earned income fees, which are calculated by unit rather than by square foot, will total \$303,000 by 2010, comprising 30% of total revenues. The earned income from commercial and residential buildings combined will make up 63% of total revenues by 2010.

BUILDING IMPACT RESIDENTIAL PROPERTIES GROWTH				
Metric	2007	2008E	2009E	2010E
Buildings	7	20	44	56
Units	2,100	6,000	13,200	16,800
# People Reached	2,520	7,200	15,840	20,160
Revenue*	\$ 39,166	\$ 87,000	\$ 198,000	\$ 303,000

* 2006-2007 Revenues based on actual data; future revenues based on projections.

The Building Impact residential partner has the following profile:¹⁷

- Size: 300 units or less
- Tenant Mix: Each apartment houses approximately 1.2 residents.
- Location: Metro Boston, Metro West, and inside of the Route 495 loop
- Owners: Philanthropically inclined companies that invest in building meaningful relationships with tenants
- Manager: On-site property management or staff

Long-Term Growth Priority: Expand Geographically

To increase civic engagement and community impact, Building Impact intends to begin expanding its services nationwide. In the next three to five years, Building Impact plans to launch into another market in the Northeast region and then expand region by region.

Community Impact

As Building Impact grows, so too will its impact on the surrounding community. In 2007, Building Impact will generate nearly \$800,000 of immediate community impact by reaching nearly 10,000 participants in its 43 commercial and residential properties. By reaching more employees and residents in the greater Boston area, Building Impact is converting ever more unengaged individuals into corporate citizens and civic participants. By 2010, Building Impact expects to generate over \$3.2 million dollars of immediate community impact by reaching over 43,000 participants among 174 commercial and residential properties.

¹⁶ From historical data provided by Building Impact.

¹⁷ Ibid.



COMMUNITY IMPACT										
Metric	2006C	2006R	2007C	2007R	2008C	2008R	2009C	2009R	2010C	2010R
Buildings	26	NA	36	7	58	20	94	44	118	56
# People Reached	6,600	NA	7,200	2,520	11,600	7,200	18,800	15,840	23,600	20,160
Community Impact	\$ 400,000	NA	\$ 695,160	\$ 100,485	\$ 894,697	\$ 208,148	\$ 1,646,178	\$ 521,087	\$ 2,386,426	\$ 837,291
Total People Reached	6,600		9,720		18,800		34,640		43,760	
Total Impact	\$400,000		\$795,645		\$1,102,845		\$2,167,265		\$3,223,717	

C = Commercial; R = Residential

Financial Sustainability

Financial Projections

Rising operating costs for Building Impact (see below) will come mainly from the variable cost of hiring additional Community Connectors to manage additional commercial and residential properties. The number of Community Connectors will grow from two in 2007 to nine in 2010, and the number of buildings managed will grow correspondingly.

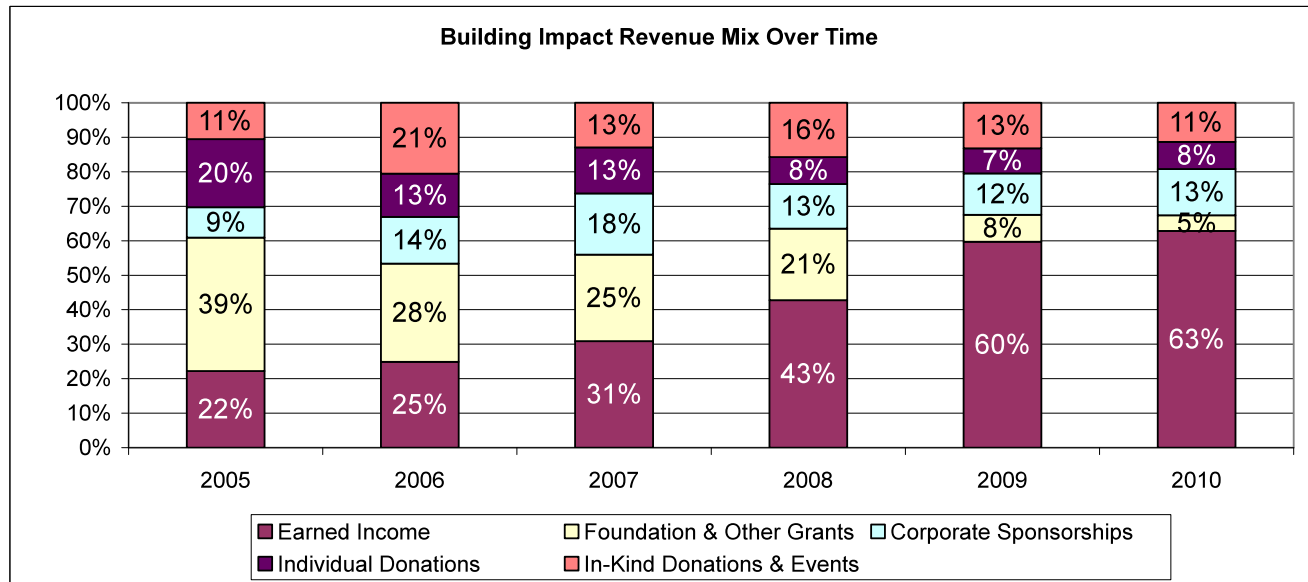
	2006	2007	2008E	2009E	2010E
Community Connectors	1	2	4	7	9
Number of Buildings	26	43	78	138	174

BUILDING IMPACT FINANCIAL PROJECTIONS						
	2005	2006	2007	2008E	2009E	2010E
REVENUE						
Earned Income	\$ 31,528	\$ 43,745	\$ 104,442	\$ 198,200	\$ 446,000	\$ 645,400
Foundation & Other Grants	\$ 55,000	\$ 50,000	\$ 85,000	\$ 96,000	\$ 58,000	\$ 46,400
Corporate Sponsorships	\$ 12,500	\$ 23,868	\$ 60,000	\$ 60,000	\$ 90,000	\$ 138,000
Individual Donations	\$ 28,000	\$ 22,030	\$ 45,000	\$ 36,000	\$ 54,000	\$ 81,000
In-Kind Donations & Events	\$ 15,000	\$ 36,120	\$ 43,870	\$ 73,000	\$ 98,750	\$ 116,400
TOTAL REVENUE	\$ 142,028	\$ 175,763	\$ 338,312	\$ 463,200	\$ 746,750	\$ 1,027,200
COSTS OF OPERATIONS						
Salaries	\$ 105,444	\$ 110,989	\$ 226,020	\$ 280,161	\$ 446,629	\$ 646,881
Overhead	\$ -	\$ 30,905	\$ 30,120	\$ 54,000	\$ 78,750	\$ 108,000
Contingency	\$ -	\$ -	\$ 12,000	\$ 24,000	\$ 36,000	\$ 36,000
Rent	\$ -	\$ 6,000	\$ 11,250	\$ 36,000	\$ 78,750	\$ 108,000
Supplies	\$ 2,300	\$ 859	\$ 9,600	\$ 10,800	\$ 15,750	\$ 21,600
Technology	\$ 1,200	\$ 748	\$ 9,000	\$ 10,000	\$ 32,000	\$ 34,000
Services	\$ 1,500	\$ 8,531	\$ 3,000	\$ 3,000	\$ 3,000	\$ 5,000
Insurance	\$ 1,250	\$ 2,102	\$ 4,200	\$ 6,400	\$ 9,700	\$ 6,500
Other	\$ -	\$ 2,244	\$ 2,200	\$ 5,400	\$ 7,875	\$ 10,800
TOTAL COSTS	\$ 111,694	\$ 162,378	\$ 307,390	\$ 429,761	\$ 708,454	\$ 976,781
NET SURPLUS	\$ 30,334	\$ 13,385	\$ 30,922	\$ 33,439	\$ 38,296	\$ 50,419



Change in Revenue Mix

Building Impact continues to decrease its dependence on foundation grants while increasing earned income, corporate sponsorships, and individual donations – sustainable sources of revenue. Earned income will rise from 31% of total revenues this year to 63% of total revenues in 2010.



Required Investment

Building Impact will require a total philanthropic investment of \$197,000 over the next two years to meet the following milestones:

- Grow operations to 58 commercial and 20 residential properties.
- Generate over \$1.1 million in community impact.
- Generate 43% of total revenues through earned income.
- Develop rigorous performance metrics to prepare for a commercial fee increase from \$.03 to \$.04 beginning in 2009, in order to be completely free from reliance on foundation funding for ongoing operations by 2012.

This initial investment will help Building Impact solidify impact measurement and evaluation and implement its growth strategy to increase earned income, allowing it to achieve greater sustainability in 2009 and 2010.

Leadership

Building Impact was founded by and grew rapidly under the dedicated leadership of Kevin McCall, who also serves as President and CEO of Paradigm Properties and Paradigm Capital Advisors. It is led by longtime Executive Director Lisa Guyon and Program Manager Elihu Miles. Lisa Guyon began her career as a tenant-amenities manager at Paradigm Properties and oversaw the growth of the program into a nonprofit organization. Two full-time Community Connectors will join the organization in 2007 to provide additional capacity for program and partnership development and increased program outcomes.

Building Impact enjoys close relationships with its peers in the industry, who support the organization by providing buildings, licensing fees, corporate financial donations, and in-kind donations and services. Building Impact's Founding Real Estate Partners are Paradigm Properties, National Development Corporation, Davis Marcus Partners, and New Boston Fund Inc.



In addition, Building Impact receives strategic advice and support from its longtime Board of Directors, made up of seven executives in the nonprofit, consulting, and financial services industries. Current members actively fundraise, manage staff, provide financial guidance, conduct strategic planning sessions, and recruit additional Board Members on behalf of Building Impact.

Key Funders

Building Impact has a diverse revenue base, made up of earned income, foundations and other grants, corporate sponsorships, individual donations, and in-kind donations. Sample donors from each key funding category are listed below.

<u>Earned Income</u>	<u>Foundations & Other Grants</u>	<u>Corporate Sponsorships</u>	<u>Individual Donations</u>	<u>In-Kind Donations</u>
Commercial Building Contracts Residential Building Contracts	The Boston Foundation The Evans Family Foundation The Roy A. Hunt Foundation Other	Real Estate Founding Partners	Current Donors New Donors Board Members	Paradigm Properties