



MAL WARWICK | DONORDIGITAL

2015 BENEFIT REPORT

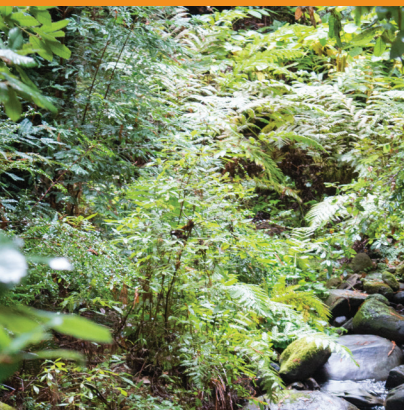


TABLE OF CONTENTS

Introduction | 2

Mission | Vision | Values | 3

Benefit Corporation | 5

Our Board, Leadership, and Employees | 7

More about our Employee Owners | 8

Our Community | 9

Our Clients | 10

Successes & Challenges | 11

INTRODUCTION

This has been a truly transformative year for Mal Warwick | Donordigital.

As an integrated direct response company, we improved the suite of products and services that we were able to offer our clients, and we developed a greater ability to deliver those services efficiently and cost-effectively. We expanded the size of our staff in both the Berkeley and Washington DC offices — which now total 44 employees — and we made significant investments in our organizational infrastructure. We enjoyed a seamless and successful transition in our senior leadership team last fall, a change that was widely applauded by staff, stakeholders, clients, and industry gatekeepers.



We continued to focus on serving the nonprofit community — all of our clients are nonprofit organizations — and to provide a more comprehensive set of services. In helping our clients to expand and integrate their direct response programs, we became a “stickier” agency as we’ve increased our value in our clients’ development and communications departments. Last year, we served a total of 37 clients and the number of integrated clients (those clients who retain Mal Warwick | Donordigital for both our direct mail and our online services) has never been greater.

And we grew! In addition to increasing our staff size, our services, and our client base, our net income was greater last year than over the past three years. We were particularly excited to be chosen to lead the direct response program of the Democratic National Committee (DNC) in Washington, DC, and with this year’s election we believe we are poised for another exciting year of growth and transformation.

Cheers,

A handwritten signature in black ink, appearing to read "Mal Warwick".

OUR MISSION

Mal Warwick | Donordigital's mission is to help private voluntary organizations build the base for a better world. Our challenge is to help these organizations—principally, nonprofit public interest groups and political committees—to identify, recruit, understand, inform, and motivate individual members or donors.

By providing our clients with fundraising and communications services, we help them generate financial support for their work, and provide their individual supporters with opportunities to serve the public interest as donors, volunteers, or both. We seek to provide our clients with the full range of services necessary to realize the true potential of their organization-building programs—whether Mal Warwick | Donordigital itself provides those services or obtains them from affiliated companies or other vendors.

OUR VISION

- 1) To make a significant contribution to the quest for world peace, social justice, and environmental quality;
- 2) To furnish our clients with cost-effective service of the highest quality—honoring not just our contractual obligations but also the concerns we share for the importance of their work;
- 3) To maintain our reputation for responsiveness, technical skill, creativity, resourcefulness, honesty, commitment to principle, and understanding of our clients' goals and needs—by demonstrating these qualities in all our dealings with them;
- 4) To take sufficient profits in order to generate cash reserves and capital for innovation and growth, as well as a fair return to investors; and
- 5) To provide employees with fair pay and benefits, a pleasant and rewarding work environment, and opportunities to participate in exciting and meaningful work as well as to acquire valuable job skills.

OUR VALUES

Social and economic justice: Since our founding in 1979 we have consistently sought out as clients nonprofit causes and institutions, candidates, and political committees that are dedicated to fostering social and economic justice.

Environmental action: From the time of our incorporation in 1983, we have actively taken steps to minimize the company's environmental footprint and to urge our vendors and service providers to do so, too.

Fairness in the workplace: For decades, we have worked to promote fairness in the workplace by equalizing company-wide profit-sharing among all full-time employees, by contributing as generously as possible to our Employee Stock Ownership Plan (which is now the company's majority owner), and by fostering diversity and inclusion from top to bottom.

Superlative client service: In an industry where it is standard practice for companies like ours to assign inexperienced young employees to learn on the job as "consultants," with senior staff members preoccupied by other matters, we have consistently entrusted our clients' fundraising and marketing programs to teams actively led by senior executives with many years of experience.

Giving back to our community: We acknowledge how our neighbors and our professional peers have helped make our success possible—by contributing financially to community organizations in both cities where our offices are located, and by dedicating the time of senior executives to provide leadership in professional organizations, to teach at fundraising conferences and workshops, to publish case studies and insightful articles about our work both in print and online, and to offer *pro bono* service to nonprofit organizations that cannot afford our fees.

BENEFIT CORPORATION

WHAT IS A BENEFIT CORPORATION?

A benefit corporation is a new legal tool to create a solid foundation for long-term mission alignment and value creation. It protects mission through capital raises and leadership changes, creates more flexibility when evaluating potential sale and liquidity options, and prepares businesses to lead a mission-driven life post-IPO.

BENEFIT CORPORATIONS:

- 1) have an expanded purpose beyond maximizing share value to explicitly include general and specific public benefit;
- 2) are required to consider/balance the impact of their decisions not only on shareholders but also on their stakeholders; and
- 3) are required to make available to the public, except in Delaware, an annual benefit report that assesses their overall social and environmental performance against a third-party standard. Such report does not need to be certified or audited by a third party, but use the standard as an assessment tool.

Becoming a benefit corporation gives entrepreneurs and investors an additional choice when determining which corporate form is most suitable to achieve their objectives.

What makes us a better company?

B IMPACT REPORT

Certified since: May 2007

Summary:	Company Score	Median Score*
Environment	10	7
Workers	28	18
Customers	42	N/A
Community	13	17
Governance	16	6
Overall B Score	108	55

80 out of 200 is eligible for certification
*Of all businesses that have completed the B Impact Assessment
Median scores will not add up to overall

OUR THIRD-PARTY ASSESSMENT: B LAB

We have been involved in the B Corporation movement since B Lab began operations. Mal Warwick's book, *Values-Driven Business: How to Change the World, Make Money, and Have Fun*, co-authored with Ben Cohen of Ben & Jerry's, contains a checklist at the end of each chapter that readers may use as a guide to the steps to take in implementing socially and environmentally responsible principles and practices in their companies. Several years later, the cofounders of B Lab told us they used those checklists as a starting-point when they wrote the first version of the B Corporation online questionnaire. Also, Mal Warwick served for one year on the committee that reviewed and revised that first iteration of the questionnaire. However, neither Mal Warwick

nor the company has received any financial or other benefit from these contributions to B Lab, nor have we gained any special consideration. We qualified as a Founding B Corporation with the highest score then yet achieved on the questionnaire.

In ignorance of Mal Warwick's role in the origins of the B Corporation screening questionnaire, we turned to B Lab for certification a decade ago for four principal reasons: first, unlike the existing third-party standards promoted for use by major corporations, the B Corporation questionnaire was clearly intended for small and medium-sized companies like ours; second, despite being comprehensive and exceedingly detailed, the questionnaire was user-friendly and could be completed in a reasonably short time; third, the requirements to receive certification were rigorous (so that most applicants failed to pass); and, fourth, B Lab viewed its certification process as the precursor to the passage of benefit corporation legislation throughout the country that would provide us with legal protection to pursue the public good even if it diminishes our profits.

OUR BOARD, LEADERSHIP, AND EMPLOYEES

OUR BOARD

Mal Warwick
Chairman & Founder

Berit Ashla

Paul Hammond
Ex Officio

Allison Kelly

Sherri Q. Pittman

Mwosi Swenson
President & CEO

OUR OWNERS

The Mal Warwick Trust

The MWA ESOP

Christina Chavez

David Dogan

Daniel Doyle

Melissa Ford

Margo Nelson

Eric Overman

William Rehm

Peter Schoewe

Mwosi Swenson

Julene Weidenbach

Beyond being an equal opportunity employer we are proud of the diversity in our staff, senior management, and independent Board of Directors. Sixty percent of our staff (and sixty-seven percent of our Board of Directors) are women, and thirty percent are racial or ethnic minorities.

At the executive level in our company, sixty-four percent of the company's Vice Presidents and stock holders are members of previously excluded populations (including racial or ethnic minorities, women, and the LGBTQ community).

We indeed count ourselves as one of the most (if not the most) socio-economically diverse fundraising agencies in the nation across ownership, governance, leadership, and our entire workforce.

A MESSAGE FROM OUR BOARD

The Board of Directors of Mal Warwick | Donordigital hereby finds that the company has successfully pursued the public benefit in three principal ways:

- By devoting its professional expertise in support of nonprofit, tax-exempt causes and institutions that serve the public in diverse and demonstrable ways;
- By managing its resources and conducting its business to the benefit of all its stakeholders—its clients, employees, contractors, and vendors as well as the communities where it is based; and
- By taking specific steps to conserve natural resources so as to minimize its environmental footprint.

MORE ABOUT OUR EMPLOYEE-OWNERS

When Mal Warwick made the decision to turn over the ownership of his company to the employees — through an Employee Stock Ownership Plan (ESOP) in 2002 — his motivation was more than creating a simple transition plan. His vision was to lay a foundation that would change the very nature of the company he had founded 25 years earlier. He saw it as an opportunity to embolden the employees into being more innovative and invested, as owners, to carry on the important work of building a company that served the nonprofit community, while continuing his overarching goal of providing the employees-owners with generous compensation and benefits, as well as providing meaningful and fulfilling work that served the greater public interest of society.

A COMMITMENT TO FAIR PAY AND BENEFITS



Since the time of our founding, fair pay and benefits have been a priority for Mal Warwick I Donordigital's leadership, starting with Mal. In 1981, he wrote into our Company's first Mission Statement, we "provide employees with fair pay and benefits, a pleasant and rewarding work environment, and opportunities to participate in exciting and meaningful work as well as to acquire valuable job skills." We pay competitive base salary wages, along with profit sharing, and we offer 401(k) funding and employee ownership through our ESOP. And the benefits at Mal Warwick I Donordigital are democratically dispersed and fairly applied to all employees who meet eligibility requirements.

We're proud of our entire suite of benefits—which has grown exponentially over time—and we survey employee satisfaction every year to keep our offerings attuned to a growing and diverse staff. From fully-paid medical and dental, life insurance and long-term care, to work-from-home accommodations and paid parental leave, our offerings support the needs of our employees and help build their assets over time.

BUILDING EMPLOYEE ASSETS



The 401(k) and ESOP:

Once eligibility is met, every employee joins the 401(k) and ESOP plans. Both plans include automatic contributions made by the Company equal to a percentage of each employee's compensation. As explained above, the ESOP enables every employee to gain a share in the ownership of the Company. And our employer 401(k) contributions mean that even in times when employees are unable to set aside their own salary, we are helping to build those future assets now.

Profit Sharing:

Profit Sharing affords every employee at Mal Warwick I Donordigital the opportunity to reap the benefits of all our hard work. At the end of every fiscal year, we set aside between 10% and 15% of our operating income to a profit-sharing fund. And from that, every full-time employee receives the same amount, regardless of their position in the Company or base salary.

OUR COMMUNITY

Mal Warwick | Donordigital commits 5% of our pre-tax profits to be distributed annually as matching contributions against employees' personal eligible donations made throughout the year.



This past year, our recipients included:

American Association of University Women, Contra Costa—Tech Trek
American Diabetes Association
American Foundation for Suicide Prevention
AmeriCares Foundation, Inc.
Appalachian Trail Conservancy
ASPCA
Be the Match Foundation
Berkeley Public Education Foundation
Big Cat Rescue
Black Lives Matter Minneapolis
Building Opportunities for Self-Sufficiency (BOSS)
Canine Partners for Life
Capitol Area Food Bank
Center for Investigative Reporting
Center for Reproductive Rights
Council on American Islamic Relations

Crowded Fire Theater
Cycles of Change
Cystic Fibrosis Foundation—DC Chapter
Danbury Museum & Historical Society
Dancers' Group
DC Abortion Fund
Ellerhorst PTA
Food & Water Watch
Food and Friends
Global Exchange
Golden Gate national Parks Conservancy
Greenbelt Alliance
Guttmacher Institute
Habitat for Humanity
Heifer International
International Medical Corps.
Marine Toys for Tots Foundation
Martha's Table

Matthew Shepard Foundation
Miriam's Kitchen
National Organization for Women Foundation
Options Recovery Services
PETA
Physicians Committee for Responsible Medicine
Physicians for Reproductive Health
Playground Affordable Housing
Rosie the Riveter Charitable Trust
Save the Bay
Sempervirens Fund
Sequoia Dads' Club
Sojourners
Sonoma Valley Museum of Art
The Mission Continues
Washington Humane Society
World Vision
Wounded Warrior Project
Youth Radio

EXCEPTIONAL CAUSE AWARD: Employees of Mal Warwick | Donordigital from our two office locations also nominate and collectively elect one local non-profit to receive a \$2,500 cash award. Here's a little bit about our recipients this past year:

American Association of University Women (Tech Trek)



A summer camp designed to pique the interest of rising eighth-grade girls in science, technology,

engineering, and mathematics (STEM). Girls are identified by their math or science teachers and go thru an interview process, if selected they pay only \$50 and receive the remaining \$950 as a scholarship. The girls attend a week long STEM camp and live on the college campus. They take classes based on a STEM curricula and enjoy lectures by women in the STEM field. Girls are exposed to college majors and careers they were previously unaware of, and gain confidence in their math and science abilities. This \$2500 donation will pay the tuition for 2 ½ girls to have this opportunity.



Washington Humane Society

The Washington Humane Society (WHS)—the only Congressionally-chartered animal welfare agency in the United States—has been the area's leading voice for animals since 1870. Chartered by Congress 146 years ago, WHS established the city's first public housing facility for stray and unwanted animals. And, throughout the years, the organization has helped spearhead new legislation to protect the animals that live in the nation's capital.

WHS operates two shelter locations and, as the open-access shelter in the Nation's Capital, the Washington Humane Society provides comfort and care to over 51,000 animals annually through its broad range of programs and services.

OUR CLIENTS



CLIENT SPOTLIGHT: APLA HEALTH

APLA Health, a client of Mal Warwick | Donordigital for more than 20 years, is one of the largest and most comprehensive AIDS service organizations in the nation — and has been providing prevention education, treatment, compassion, and advocacy for people living with and affected by HIV/AIDS in Los Angeles County since 1982.



CLIENT SPOTLIGHT: EARTHJUSTICE

Earthjustice, a client of Mal Warwick | Donordigital since 2011, uses the rule of law to take on some of the most critical environmental issues and challenges of our time. Earthjustice goes to court to protect the earth's most magnificent places, preserve its natural resources and protect its wildlife — fighting corporations, regulatory agencies and the federal government for a healthy environment — because sometimes the Earth needs a good lawyer.

From its inception, Mal Warwick | Donordigital has sought to build the foundation for a better world by helping its clients recruit, educate, and build enduring relationships with millions of donors who share their commitment to positive social change.

We are careful to select as clients only those organizations that, in our opinion, make a significant contribution to making the world a better place. The work we do for our clients is far and away the most significant contribution we make to our country and our community.

Since 1979, hundreds of nonprofit organizations, institutions, and causes have benefited from our work, as have dozens of progressive political candidates and committees. Our clients in FY2015-16 included:

Action Against Hunger USA	National Organization for Women NOW Foundation
APLA Health	People for the Ethical Treatment of Animals
American Friends Service Committee	Ploughshares Fund
AmeriCares Foundation, Inc.	Population Connection Population Connection Action Fund
Be the Match Foundation® National Marrow Donor Program®	Oglala Lakota College
Berkeley East Bay Humane Society	Ocean Conservancy
Children's Health Fund	Pittsburgh Parks Foundation
Children's National Medical Center	Red Cloud Indian School
Consumer Reports	Save the Children
Corporate Accountability International	San Francisco AIDS Foundation
Cystic Fibrosis Research, Inc.	Sempervirens Fund
Democratic National Committee	Share Our Strength
Earthjustice	Sojourners
Human Rights Campaign	TechnoServe
International Medical Corps	Wildlife Conservation Society
KQED Public Media for Northern CA	Women for Women International
Morris Animal Foundation	
Mercy For Animals	
National Alliance on Mental Illness	
National Center for Lesbian Rights	

SUCCESSSES & CHALLENGES

OUR SUCCESSSES

During the past fiscal year, our company was fortunate to generate a greater profit than we have over the past three fiscal years, enabling us to give employees larger profit-sharing bonuses, an expanded benefits program, and an increased amount of matching giving in the Philanthropic Fund. While we have always shared our successes with the employees, this year we were able to be particularly generous because of the hard work of our employees.

We were also able to give back to the nonprofit community by making more matching gifts to eligible 501 (c) 3 organizations, offering more pro bono services, being more generous in sponsoring our client's gala events, and providing greater opportunities for employees to volunteer their time. The vendor-partners of Mal Warwick | Donordigital, who provided much of the production work, also benefitted from our successful year by serving more clients, assisting us on a larger number of the fundraising or advocacy projects — often at greater volumes — and thereby generated more revenue for their own businesses and employees.

CHALLENGING CIRCUMSTANCES

In years when profits are slim or nonexistent — in the wake of the 2007-2010 Great Recession, for instance — we are unable to be so generous and it is a challenge to determine how to allocate our limited resources. Do we use those resources on behalf of the employee benefits, increase our investment in research and development, or attempt to reduce our environmental footprint?

We continue, for instance, to care deeply about the decline of the environment as a result of global economic development and global warming. And yet, our growth this past year has contributed to it. We have not been fully successful in reducing our environmental footprint precisely because of our commitment to serving our stakeholders. Some of the steps we've taken to benefit the environment — reducing our use of water and energy, for example — are offset by other actions, such as increasing our air travel to service our growing roster of clients, which require more frequent face-to-face meetings. Across the board, doing good business in a stakeholder-centered company requires making trade-offs. We cannot be all things to all good people.

INTEGRATED FUNDRAISING, ADVOCACY AND MARKETING

