



2007 Annual Report

Contents

ISC Around the World	2
Our Donors	2
2007 Financial Report	4
ISC Board of Directors	4



Openings for Change

Since 1991, ISC has worked side by side with people in 18 countries on practical projects that have transformed communities—making them stronger and more sustainable. 2007 was no exception.

From the start, ISC's niche has been to work with communities in transition. Even when the new reality is harsh — a rough adjustment to the post-communist world or the severe degradation of natural resources — it can still create an unforeseeable opening for change.

Serbia's democratic transition and economic growth, for example, continue to be hampered by such issues as the status of Kosovo and European integration. Despite the fact that nearly half of the nation's young people are unemployed, young Serbs have become a beacon of light. Last year they mobilized public discussion of difficult issues in dozens of communities. ISC is proud to support their path-breaking work.

Transformation is also evident in Moss Point, Mississippi, which was devastated by Hurricane Katrina. A turning point came in 2007, when ISC brought

city officials and community members on a study tour to Charlottesville, Virginia. There they not only learned best practices in community planning and development, but left behind old divisions to form a common vision of a world-class river city.

Guangzhou, China, is another, albeit much bigger, river city in transition, where growing pollution threatens the quality of life. There ISC is working with government leaders, businesses, educators and other community members to demonstrate practical solutions to reverse this process. This exciting work is a cornerstone of ISC's new program to deal with the causes and consequences of climate change.

Earlier this year, Julia Beatty of the 21st Century Foundation wrote to us about our U.S. Gulf Coast program: "You all rock. We're proud to be supporters of your work."

To Julia, and to all of our donors: Thank you for making it possible for us to find these openings for change.

ISC gives passionate, committed people around the world the tools, skills, and resources they need to make their communities better places to live.

ISC At Work Around

Serbia

After a decade of conflict and momentous changes, a stable, prosperous future is especially important for Serbia's youth. 2007 saw the establishment of a Ministry of Youth and Sports—an achievement that capped a five-year grassroots campaign by young people across the country. ISC and its partners also helped boost civic participation through interactive public forums and by urging citizens to exercise their voice by voting.



U.S. Gulf Coast

Recovering from a devastating hurricane is a long-term process, and the coastal communities with which we work are making great strides. In 2007, with our help, the city of Moss Point, Mississippi began to implement a revitalization strategy that includes plans for “green” rebuilding. ISC also began to nurture a new network that will help small cities and neighborhoods gain access to the resources they need to rebuild equitably and sustainably.



Macedonia

In 2007, media outlets teamed up with nongovernmental organizations to produce documentaries about the unsung heroes who provide critical needs to the disadvantaged. And an investigative series by newly trained Roma journalists put a rare spotlight on the discrimination that the Roma community faces. This media exposure was just one aspect of ISC's broad program to build support for the nation's civic sector.

Our Donors

Our work would not be possible without the generosity of our donors. The list below includes

\$50,000 and up

Chemonics
Citi Foundation
Nathan Cummings Foundation
Ford Foundation
GE Foundation
Charles & Mary Grant Foundation
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Helen & William Mazer Foundation

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Roger & Joyce DeGroot

and the World

Ukraine

ISC's program in Ukraine serves as a major resource for civil society organizations, providing advocacy training, networking opportunities and a range of other supports. This includes work to improve policies that govern the sector and to secure diverse funding sources. In 2007 our efforts to boost corporate philanthropy came to fruition as the number of companies with corporate social responsibility (CSR) programs grew exponentially.



Russia

With the addition of Sakhalin Island in 2007, ISC's energy efficiency work has been implemented in 40 towns or regions across Russia. Its "magical multiplier effect" can be seen in the number of people eager to improve their communities using the money saved—and in the drop in and greenhouse gas emissions.



China

In 2007, ISC launched a program in the province of Guangdong, China's "factory to the world," to help people at all levels—government, business, and community—address deteriorating public health, spiraling greenhouse gas emissions, and severe air, water, and soil pollution. Through a partnership with GE and other corporations, and in consultation with government agencies, we began to design a self-sustaining Chinese academy that will train managers at small and medium-sized companies to improve compliance with environment, health and safety (EHS) regulations.



cludes people who gave between October 1, 2006 and May 1, 2008. We thank you for your support.

Cynthia & Peter Elias
Nancy Everhart
John & Jane Ewing
Martha Falcone
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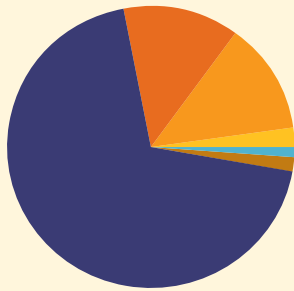
FY07 Financial Report

For the fiscal year ending September 30, 2007, ISC's revenue totaled \$10.8 million with expenses totaling \$11.9 million. Approximately \$10.2 million, or about 86% percent, of our expenses were direct program services and

subgrants to partners and local organizations.

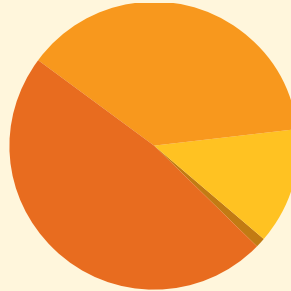
For ISC's complete audited financial statements, please see our website, www.iscvt.org, or contact us at (802) 229-2900.

SOURCES OF REVENUE



- In-Kind Donations - 12%
- Foundations - 13%
- Corporations - 2%
- Individuals - 2%
- Other - 2%
- Government - 69%

EXPENDITURES



- Programs - 48%
- Subgrants - 38%
- Administration - 13%
- Fundraising - 1%

Madeleine M. Kunin
Founder
 Distinguished Visiting Professor, University of Vermont; Governor of Vermont (1985-1991)

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 Vice President, Corporate Environmental Programs, General Electric Company (1990-2008)

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