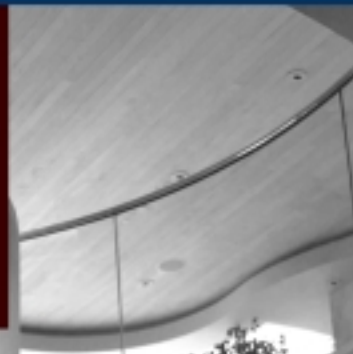
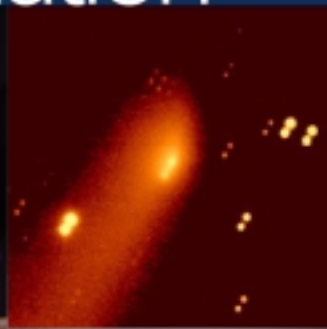


1999-2000 Annual Report



Effecting Change through
Strategic Giving and Advocacy

kirschfoundation



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Foundation Activities FY 1999-2000

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Dear Friends:

Our Vision: We want a safe and peaceful world, one without the threat of destruction. We want a healthy world, one without disease and without pollution of our air, water and land, and one in which all species have the ability to survive and flourish.

The Foundation's first year in operation proved exciting and gratifying. We were, in many ways, a typical start-up: we had a lot of great ideas, we grappled with our vision, strategy and goals, we had to establish an organizational identity, and we recognized – reluctantly – that we had to focus on a few core issues in order to be most effective.

Unlike most start-ups, however, we had long-term financing! The charitable gifts from Steve and Michele Kirsch that established the Foundation were valued at \$50 million in July 1999. As of June 30, 2000, the market value of the Foundation's assets had increased to more than \$76 million.

We accomplished a great deal during this past year:

- We **identified the core issues** we care about and want to tackle, such as keeping the world safe from destruction, curing major diseases, preserving and restoring our environment, and encouraging others to become philanthropists.
- We determined that **we would use whatever means were available to us**, whether lobbying and advocacy, strategic grantmaking, collaborative efforts, and/or educational outreach, to leverage our financial and human resources.
- We **inaugurated five grants programs**: environment; medical and scientific projects; political reform and global issues; multi-year, basic science Investigator Awards; and Silicon Valley community. Through these five programs, we made grants totaling \$4,083,550 between July 1, 1999, and June 30, 2000. This includes \$928,200 in discretionary grants that were made to organizations and institutions by the Kirsches and the Board of Directors.
- We established an **effective lobbying presence and clear environmental legislative agenda** within California, and had success with legislation providing a benefit to zero-emission vehicles.
- We selected a **Scientific Advisory Board**, whose members provided us with invaluable guidance given our desire to leverage our medically-based grant funds and to cover a broad array of medical problems at the same time.
- We entered into a partnership with AllCharities.com to encourage charitable giving over the Internet.

We appreciate the efforts of Community Foundation Silicon Valley (CFSV). Its senior staff worked closely with us to establish the Steven and Michele Kirsch Foundation as a support organization of CFSV and to guide its early days. Special thanks to CFSV's President and CEO, Peter deCourcy Hero, to its former Vice President for Programs, Winnie Chu, and to Robert Rosendale, Vice President for Investments & Finance, for their counsel and expertise. With their support, our trail-blazing – as a support organization and entrepreneurial foundation – was made easier. We also want to recognize and thank the two Kirsch Foundation Board members who represent CFSV: Harry Saal and Perry Olson. Each has made invaluable contributions to the development of the Foundation over the course of its first year.

We are optimistic that our start-up days are behind us. We have a complement of five staff members, including an Environmental Programs Director and a Medical and Scientific Programs Director, to move us forward with dispatch. We believe the Foundation is poised to make a **real – and strategic** – difference and that our efforts will help to make the world safer and healthier.

Steven T. Kirsch
Founder and Board Chairman

Michele Kirsch
Founder

Kathleen Gwynn
President & CEO

Environmental Programs

As our first step toward improving our surroundings and ensuring a "healthy world," we are focused on cleaning up the air in California. Through aggressive lobbying and strategic grantmaking, we have made significant gains in the battle to improve California's air quality by leveraging our resources – both human and monetary – toward that end. Through examining global issues such as climate change and clean energy, while also honing in on specific statewide and regional concerns such as the availability of zero-emission vehicles, the Foundation is becoming known as a champion of, and visionary for, clean air.

Legislative/Lobbying Accomplishments

Over this past year we have focused on zero-emission vehicle (ZEV) issues, specifically the preservation and continuation of California's ZEV production requirements.

- We played an instrumental role in the passage and implementation of Assembly Bill 71 (Cunneen), which allows ZEVs in the car-pool lane as of July 1, 2000, regardless of occupancy. In September 1999, California Governor Gray Davis signed the bill into law and it will be in effect through December 2007. We had major roles in designing the special decals/stickers that are affixed to qualifying ZEVs and in promoting this incentive to the public.

- We are active participants and leaders within the ZEV Alliance, the principal coalition working to preserve California's ZEV program. While the result of the debate between automakers and environmental, public health, energy, and other advocates will not be resolved until sometime during the upcoming year, the Foundation's role, both as a lobbyist and as a funder, has been critical throughout the long, often-heated campaign.



The Foundation was instrumental in the final design of this sticker allowing solo drivers of ZEVs access to car-pool lanes in California.

Grants Awarded July 1, 1999 – June 30, 2000

Through 14 grants totaling \$351,000, the Foundation supported a variety of environmental organizations working to make a difference in California, the United States, and globally. More than 30% of the grants supported leading institutions working on zero-emission vehicle (ZEV) campaigns, studies, and outreach. More than 75% of the grants were made to organizations utilizing dramatic and unique techniques to achieve success in combating stationary and mobile source pollution, protecting marine biodiversity, and mobilizing people to take action. Fully 100% of our grants were focused on environmental education, research, activism, lobbying, and/or coalition building.

Focus for the Upcoming Year

The Foundation's focus during the coming year remains as clear as our air is dirty: to clean up the air in California by reducing pollution from mobile sources. We also expect to expand our air quality focus by becoming more engaged in efforts to reduce global warming.



Photo courtesy of Greg Hanssen.

An EV1 at the foot of El Capitan in Yosemite.

Kirsch Investigators Program

We invest in people who have the expertise and experience to conduct leading-edge, basic biomedical research. By funding these stellar individuals, we hope there will be breakthroughs that will lead to the prevention and/or cure of major diseases.

2000 Investigator Award Recipients

The highly-competitive Kirsch Investigator Awards debuted in June 2000. The Foundation's Scientific Advisory Board established the criteria and eligible institutions, and selected the recipients from the 20 nominees from the California Institute of Technology, the Harvard Medical School, Stanford School of Medicine and University of California, San Francisco. We committed \$2,160,000 to the Kirsch Investigators Program with these initial awards.

- **Ben A. Barres, MD, PhD**, Associate Professor of Neurobiology, Stanford School of Medicine
- **Elizabeth H. Blackburn, PhD**, Professor, Department of Biochemistry and Biophysics, and Professor, Department of Microbiology and Immunology, University of California, San Francisco
- **Ronald A. DePinho, MD**, American Cancer Society Research Professor, Professor of Medicine and Genetics, Harvard Medical School; Director of Transgenesis and Gene Targeting, Dana Farber Cancer Institute
- **Alexander J. Varshavsky, PhD**, Smits Professor of Cell Biology, California Institute of Technology

Plan for the Upcoming Year

The Program will expand to five new Investigator Awards, and our financial commitment to the new Investigators and their research will equal \$2.7 million over three years. The Scientific Advisory Board will expand the number of eligible institutions to broaden our reach into the basic biomedical research community.

Medical and Scientific Project Grants Program

Our extensive commitment to the health and safety of the world cannot be fully addressed through the number of Kirsch Investigator Awards that we are currently able to make each year. The project grants enable us to be flexible and responsive to individuals or institutions who find themselves needing funds at critical points in a research process, including seed grants, gap funding, or funding to complete projects.

Grants Awarded July 1, 1999 – June 30, 2000

Six organizations received seven grants totaling \$700,000 during the year.

Focus for the Upcoming Year

With the hiring of a Director, Medical and Scientific Programs, we will become proactive in seeking out individuals and institutions who are leading researchers in specific basic biomedical topics. Funding the identification of Near-Earth Objects will remain our top scientific project priority.



Scientific Advisory Board: (top row, left to right) Harry B. Greenberg, MD; Robert J. Glaser, MD; Stanley N. Cohen, MD. (Bottom row, left to right) Gordon N. Gill, MD; Judith L. Swain, MD. Not pictured: Baruch S. Blumberg, MD, PhD.

Silicon Valley Community Grants

We are committed to the local community, its vitality, its leadership, and its desire to ensure a high quality of life for everyone living in it. We primarily support the arts, "safety net" services for those in need, educationally-oriented projects, innovative projects, and capital campaigns.

Grants Awarded July 1, 1999 – June 30, 2000

During the year, we awarded \$1,384,350 to 37 Silicon Valley nonprofit organizations. This includes a total of \$417,105 in grants made at the discretion of Steve and Michele Kirsch and the Board of Directors. In evaluating proposals for competitive grants, we valued the reach of a particular institution or project throughout the community, or the leverage our support provided.

Focus for the Upcoming Year

We expect to continue to support the arts, "safety net" services for those in need, educationally-oriented projects, innovative projects, and capital campaigns, with a focus on the reach of any given organization or project and the leveragability of our support.



Photo courtesy of Children's Discovery Museum

Children expressing the artist inside them through creative projects at the Children's Discovery Museum.



Kirsch Foundation Board and Officers: (top row, left to right) Perry Olson, Director; Kathleen Gwynn, President & CEO; Peter deCourcy Hero, Secretary; Robert Rosendale, CFO. (Bottom row, left to right) Harry J. Saal, Vice-Chairman; Steven T. Kirsch, Chairman.

Political Reform and Global Theme Program

This program emerged from our conviction that the potential for nuclear destruction remains the most important and troubling issue of our time. And it is not receiving the attention it deserves from leaders around the world. The U.S. Senate's rejection of the Comprehensive Test Ban Treaty in late 1999 provided strong evidence of this fact.

We believe that reform of the current U.S. campaign finance system to ensure that elected officials are accountable to the public, not simply special interests, is one means to achieving nuclear non-proliferation and disarmament.

Grants Awarded July 1, 1999 – June 30, 2000

We contributed a total of \$526,750 through 7 grants to 6 organizations, including grants to 501(c)(4) lobbying entities as well as 501(c)(3) organizations.

Focus for the Upcoming Year

We will remain focused on two issues through the grants program and educational/advocacy activities for the foreseeable future:

- Nuclear non-proliferation and disarmament;
- Campaign finance reform, with a focus on "clean money" initiatives.

Discretionary Grants

Steve and Michele Kirsch made grants totaling \$401,450 to 21 organizations with which they are affiliated and/or which they chose to support when those entities did not fit within the guidelines of the formal grants programs. The total includes one contribution made anonymously.



Kirsch Foundation Staff: (left to right) Nancy S. Hart, Executive Assistant; Kathleen Gwynn, President & CEO; Sarah J. Caddick, PhD, Director, Medical and Scientific Programs; Carla Pantoja, Program Assistant. Not pictured: Susan E. Frank, Director, Environmental Programs.

Learn more about these organizations by visiting the Foundation's web site:
www.kirschfoundation.org.

Environmental Grants Program

California State Parks Foundation	\$ 1,000
Californians for Safe Neighborhood Parks and Clean Water	50,000
CalPIRG Foundation	10,000
Coalition for Clean Air	25,000
EarthAction Network	15,000
Earthjustice Legal Defense Fund	15,000
Institutes for Journalism and Natural Resources	20,000
Marine Conservation Biology Institute	15,000
Natural Resources Defense Council	25,000
Remote Sensing Institute	50,000
Resource Renewal Institute	15,000
Solar Electric Light Fund	10,000
Union of Concerned Scientists	75,000
Youth for Environmental Sanity	25,000

Medical and Scientific Project Grants Program

Columbia University (Dr. Angela Christiano)	\$100,000
Foundation Fighting Blindness	100,000
Sansum Medical Research Institute	100,000
Stanford University (Drs. Ben A. Barres and Mark S. Blumenkranz)	200,000
Steadman-Hawkins Sports Medicine Foundation	100,000
University of Arizona/Spacewatch	100,000

Political Reform and Global Theme Program

Center for Public Integrity	\$ 50,000
Citizens Research Foundation	15,000
Ploughshares Fund	100,000
Public Campaign	750,000
Public Campaign Action Fund	86,750
State of the World Forum	25,000

Silicon Valley Community Grants Program

Albert L. Schultz Jewish Community Center	\$ 4,000
All Stars Helping Kids	5,000
American Chemical Society (Santa Clara Chapter)	5,000
American Musical Theater of San Jose	500,000
Bay Area Action	520
Big Brothers Big Sisters of San Francisco and the Peninsula	5,000
Cantor Center for Visual Arts (Stanford University)	4,975
Center for Excellence in Nonprofits	15,000
Children's Discovery Museum	10,000
Children's Health Council	14,100
City Year San Jose/Silicon Valley	25,000
Community School of Music and Arts	5,040
Community Foundation Silicon Valley	324,400
Compass Point Nonprofit Services Silicon Valley	15,000

Computer Museum History Center	\$ 64,000
Cultural Initiatives Silicon Valley	25,000
De Anza College	2,000,000
El Camino Hospital Foundation	5,000
Foothill-DeAnza Community Colleges Foundation	60,000
Los Altos Cultural Association	20,000
Los Altos Educational Foundation	20,000
Meals of Marin/A Bunch of Good Guys	5,000
Menlo School	5,000
National Multiple Sclerosis Society (Silicon Valley Chapter)	4,000
Odd Fellow-Rebekah Children's Services	20,000
Opportunities Industrialization Center West	10,000
Peninsula Conservation Center Foundation	5,000
Planned Parenthood Mar Monte	5,000
Resource Area for Teachers (RAFT)	100,000
Ronald McDonald House	10,000
Sacred Heart Community Service	25,000
Santa Clara County Biotechnology Education Partnership	32,325
Santa Clara County Bar Association Law Foundation	30,000
San Jose Children's Musical Theater	25,000
Sor Juana Ines Services for Abused Women	5,000
The Tech Museum of Innovation	100,600
United Way Silicon Valley	50,000
YMCA of the Mid-Peninsula	50,000

Discretionary Grants

ARCS Foundation (Northern California Chapter)	\$ 1,650
The Aspen Institute	10,000
Avon Breast Cancer 3-Day	3,000
Exploratorium	1,000
FIRST	81,500
Junior League of Palo Alto/Midpeninsula	19,100
Mills College	25,000
MIT	13,100
MIT Club of Northern California	2,500
MIT Entrepreneurship Center	2,100
National Public Radio	5,000
ORBIS International	10,000
Project Open Hand	800
Rotary Foundation of Rotary International	1,000
Saddle Pals Therapeutic Center	19,750
ShareSpace Foundation	50,000
Solar Motions	90,000
United Way of the Bay Area	950
Unihi Foundation/University High School	50,000
WYO Theater	10,000

Learn more about these organizations by visiting the Foundation's web site:
www.kirschfoundation.org.

Balance Sheet

(As of June 30, 2000 - unaudited)

Assets

Cash	\$ 7,779
Investments	<u>78,473,232</u>
Total Assets	\$ 78,481,011

Liabilities and Net Assets

Liabilities	
Grants Payable	\$ 4,185,000
Accounts Payable	<u>186,275</u>
Total Liabilities	4,371,275

Total Net Assets	<u>74,109,736</u>
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Total Liabilities and Net Assets	<u>\$ 78,481,011</u>
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Statement of Activities

(July 1, 1999 — June 30, 2000 - unaudited)

Revenue

Contributions	\$ 12,374,584
Interest and Dividend Income	251,916
Net Unrealized Gain on Investments	26,472,935
Net Realized Gain on Investments	<u>6,630,850</u>
Total Revenue	<u>\$ 45,730,285</u>

Expenses

Grants (See Note 1)	\$ 8,268,760
Support Fee (See Note 2)	624,392
Administration	<u>469,203</u>
Total Expenses	<u>\$ 9,362,355</u>

Change in Unrestricted Net Assets	\$ 36,367,930
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Unrestricted Net Assets, July 1, 1999	<u>\$ 37,741,806</u>
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Unrestricted Net Assets, June 30, 2000	<u>\$ 74,109,736</u>
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Note 1: This includes multi-year grants awarded but not yet fully disbursed.

Note 2: Fee to Community Foundation Silicon Valley as a supporting organization.

Internet Giving Foundation activity is not included in these statements.

kirschfoundation

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