



Steven T. Kirsch
Co-founder & Board Chairman

Michèle Kirsch
Co-founder

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.

Our Mission:

We invest in causes where high-impact, leverageable activities can result in a safer and healthier world. Using whatever means are most effective, we work to solve significant problems and issues that place individuals, the world community, and the world itself at risk.

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www.kirschfoundation.org

Dear Friends:

Our second year was a challenging one. We started the year with great plans to build on our first-year successes in lobbying and funding just as the U.S. stock market began a long, significant downturn. Despite that harsh economic reality, the Kirsch Foundation:

- Developed a reputation as a consistent and socially progressive voice in national and California public policy discussions and debates.
- Created a new medical science research funding model.
- Strengthened our knowledge of and commitment to nuclear disarmament and political reform issues and organizations.
- Maintained a strong grants program in Silicon Valley.

Strategy and Progress

In December 2000, the Board approved a strategic plan to guide our efforts over the coming years. The goals, which tower in scope, address our concerns for the planet, the environment and all species, especially humankind:

- Ensure world safety
- Restore the world's environment to an unpolluted state
- Eliminate all diseases
- Make our community a model of a safe, healthy, and enriching environment for all residents

While some may consider us audacious, even naïve, for the extraordinary breadth of these goals, we would rather aim high than settle for less.

Economic Overview

At the beginning of July 2000, our endowment was \$75 million. A year later, after grants, grant payments and operating expenses of \$10 million, the endowment had shrunk to \$35 million. Because there are diseases we want to cure, air quality that we want to improve, peace that we want to secure, and a community we want to help, we decided not to reduce our budget during the year, even as the asset base declined.

Our investment policy is an aggressive one, based on our belief in the long-term importance and vitality of the technology sector. Our budgeting – for operations and grants – is equally aggressive. As necessary, we will continue a high expense-to-asset percentage rate during the coming years. We would rather do what we can today in order to speed progress toward solutions than build a certain financial future for the Foundation itself.

Our Thanks

We want to acknowledge four groups of people whose contributions greatly strengthen the Foundation. We are grateful for all they do.

- Perry Olson and Harry Saal, the independent Directors on the Board, support the Foundation's vision and insure clarity and congruence as we proceed.
- Our Scientific Advisory Board members lend their expertise to assess and select promising medical researchers.
- The Community Foundation Silicon Valley Board and staff, especially its CEO, Peter deCourcy Hero, encourage philanthropy among a new type of donor, including our Foundation.
- The talented and dedicated staff at the Foundation lives and breathes the vision and mission on a daily basis and brings us closer to our goals.

Finally, in light of the political and economic turmoil of this past year, we believe all efforts to help make the world safer and healthier are critical. We hope you join us in this work.

Steven T. Kirsch
Co-founder and Board Chairman

Michèle Kirsch
Co-founder

Kathleen Gwynn
President/CEO/CFO

Lobbying and Advocacy - Continued

Medical/Science

- Supporting federal funding for embryonic stem cell research, given that stem cells hold great promise for curing devastating diseases such as Alzheimer's disease, cancer, heart disease, spinal cord injury and diabetes, by active participation in a coalition including patient groups, scientists and other funders of research.
- Urging Congressional members to pressure the Administration to approve federal funding of all stem cell research.

Campaign Finance Reform

- Advocating passage of clean money initiatives in Oregon and Missouri in the November 2000 vote by supporting Public Campaign Action Fund both financially and through extensive information on the Foundation's website.



Kirsch Foundation Staff: (top row, left to right) Carla Pantoja, Public Policy and Communications Assistant; Connie Padre, Executive Assistant; May van Scherrenburg, Program Assistant, Medical and Scientific Programs; Sarah J. Caddick, PhD, Director, Medical and Scientific Programs. (Bottom row, left to right) Kathleen Gwynn, President/CEO/CFO; Susan E. Frank, Director, Public Policy.

Grants

Overview

We made grant payments of \$4,594,830 through our program areas.

Environmental.....	17 grants	\$ 399,000
Kirsch Investigator Awards.....	8 grants	1,440,000
Medical/Science Projects.....	4 grants	360,000
Political Reform and Global Issues.....	6 grants	575,000
Silicon Valley Community.....	64 grants	1,169,580
Discretionary.....	24 grants	651,250

Summary

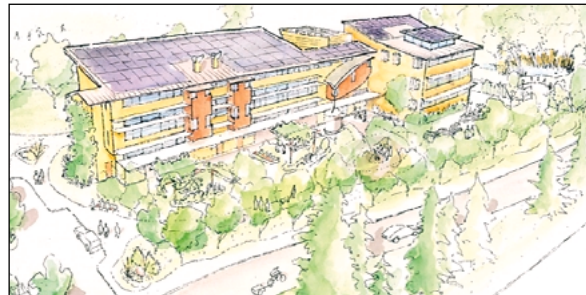
As part of our continuing evolution as a new Foundation:

- We honed the focus of our Environmental Grants Program to complement and augment our advocacy of clean air.
- We identified and funded key initiatives in political reform (efforts to reform the U.S. election process in light of the 2000 Presidential election) and nuclear disarmament (an alternative nuclear posture review for the new Presidential Administration to consider).
- We designed and began to implement a creative model for funding medical science research that builds on our risk-taking approach and leverages our limited resources.
- We demonstrated our continued commitment to Silicon Valley, our local community, with substantial operating support and capital and program funding.

We were pleased that the Glaucoma Research Foundation, a leading funder of research in the area, agreed with our ideas and became our partner in this new, creative research approach.

Kirsch Center for Environmental Studies – DeAnza College

To further our environmental goals, to establish a model project, and to support our local community and its residents, we made a \$2 million grant to De Anza College to initiate its campaign to construct the first-ever "green building" on a community college campus. This landmark Center will also be the first of its kind on any college campus west of the Mississippi.



Artist's rendering of the planned, environmentally-friendly Kirsch Center.

Major Grants

Four grants are representative of significant Foundation initiatives during the year:

Catalyst for a Cure

In a joint venture with the Glaucoma Research Foundation, we launched a new model for medical research project funding: collaborative funding for collaborative research teams. After months of discussion and research, the Foundation's Board adopted this new model in order to meet two key objectives: leverage of our financial resources and a keen focus on determining and then meeting measurable outcomes. We believed that research into glaucoma, a debilitating eye disease, would benefit from bringing new researchers into the field.

Some of the environmentally-friendly design specifics the Kirsch Center will incorporate are: passive solar orientation and photovoltaic (PV) panels for energy production, natural day-lighting and ventilation, recycled steel, certified sustainable wood products, electric vehicle recharging stations and a pollution prevention and waste management plan. Equally important, we know that other educational and governmental leaders will become educated on the use of renewable and energy-efficient technologies in buildings, thus leveraging our grant.

Grants - Continued

Mills College – Kirsch Building at Education Complex

As a graduate of Mills College and a strong proponent of quality education, Michèle Kirsch made a \$1 million contribution to the College to advance its highly regarded teacher preparation program.



Mills College President Janet L. Holmgren (on left) with Michèle Kirsch at the ribbon-cutting ceremony for the Kirsch Building.

Each year, 150 graduate students work toward a teaching credential, Master's degree or Doctoral degree in education. The new, three-building Education Complex opened in April of 2000. The Kirsch Building, already in use, houses the classrooms and faculty offices of the Education Department.

ACLU Foundation of Florida – The Florida Project on Equal Voting Rights

Given our democracy is based on "one person, one vote" and our political system requires reform to ensure that elected and appointed officials are accountable to the people, we made a \$300,000 grant to the ACLU. Its purpose was to seek changes in the Florida voting system to guarantee that the right to vote and the right to have one's vote accurately recorded and counted are respected.

Following the November 2000 election, the Florida ACLU received numerous complaints that there were efforts to intimidate voters, that voters were not allowed to vote if they did not produce two picture identifications and that the names of registered voters were missing from the official voter rolls. The ACLU has been working with the state legislature and through the courts to reduce racial and other disparities that were evident and to establish standards for recounting disputed ballots and procedures for processing absentee ballots. With the nation's attention focused on Florida in the aftermath of the 2000 election, we expect that the successes of the Florida ACLU will lead to similar changes in other parts of the U.S., thus leveraging our resources.



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

This list, totaling \$4,825,830, displays all grants approved by the Board, including total commitments for multi-year grants, with the exception of pass-through grants made by the Foundation doing business as the Internet Giving Foundation. Learn more about these organizations by visiting each organization's website.

Environmental

American Lung Association http://www.californialung.org	\$50,000
Breakthrough Technologies Institute http://www.yournextcar.org	25,000
CalPIRG Charitable Trust http://www.calpirg.org	25,000
Chemical Strategies Partnership http://www.chemicalstrategies.org	22,000
Coalition for Clean Air http://www.coalitionforcleanair.org	25,000
Earth Communications Office http://www.oneearth.org	17,000
Environmental Working Group http://www.ewg.org	25,000
Friends of the Earth http://www.foe.org	25,000
Izaak Walton League of America http://www.iwla.org	25,000
Los Angeles County Bicycle Coalition http://www.labikecoalition.org	25,000
Natural Resources Defense Council http://www.nrdc.org	25,000
Project Clean Air http://www.projectcleanair.org	25,000
Taxpayers Against Polluter Protection http://www.nextgeneration.org/noon37/	20,000
Union of Concerned Scientists http://www.ucsusa.org	15,000
University of California, Davis http://www.engr.ucdavis.edu/~its/	25,000
University of Delaware http://www.udel.edu	25,000

Kirsch Investigator Awards

Dr. Allison Doupe, MD, PhD, University of California, San Francisco	\$180,000
Dr. Geraldine Seydoux, PhD, Johns Hopkins School of Medicine	180,000
Dr. Jonathan Tilly, PhD, Massachusetts General Hospital	180,000
Dr. Susan Wenthe, PhD, Washington University	180,000

Medical/Science Projects

Academy for International Health Philanthropy http://www.healthphilanthropy.org	\$ 25,000
Glaucoma Research Foundation http://www.kirschfoundation.org/who/affiliated.html#Anchor-Glaucom-37279	575,000
The American Society for Cell Biology http://www.ascb.org	30,000
University of Arizona http://www.lpl.arizona.edu/spacewatch/	100,000

Political Reform and Global Issues

Californians Against Phony Reform-NO on 34 http://www.voteno34.org	\$ 50,000
Global Security Institute http://www.gs institute.org	25,000
Ploughshares Fund http://www.ploughshares.org	100,000
Public Campaign Action Fund http://www.publiccampaign.org	100,000
Union of Concerned Scientists http://www.ucsusa.org	50,000

Silicon Valley Community

American Musical Theater of San Jose http://www.amtsj.org	\$ 90
American Red Cross, Palo Alto Area Chapter http://www.paarc.org	20,000
Arts Council Silicon Valley http://www.artscouncil.org	470
Brave Kids http://www.bravekids.org	5,000
Bullis-Purissima School PTA http://bullis.losaltos.k12.ca.us/	10,000
Campfire Boys and Girls http://www.campfire-sc.org	20,000
Children's Discovery Museum http://www.cdm.org	5,000
Clara-Mateo Alliance http://www.clara-mateo.org	15,000
Coalition for Excellence in Science Education http://www.hpretirees.com/hprv/current-projects.htm	5,000
Community Foundation Silicon Valley http://www.cfsv.org	137,500
Community School of Music and Arts http://www.arts4all.org/	15,000
Computer Museum History Center http://www.computerhistory.org	25,000

East Palo Alto Kids Foundation http://www.epak.org	20,000
East San Jose Community Resource Center http://www.svdp.org	100,000
Environmental Volunteers http://www.evols.org	25,000
Facing History and Ourselves http://www.facing.org	25,000
Family Service Mid-Peninsula http://www.fcservices.org	10,000
Ground Zero http://www.groundzero.org	10,000
Homeless Care Force http://www.smpsv.com/ministries/	25,000
Hospice of the Valley http://www.hospicevalley.org	35,000
Housing Trust Fund http://www.housingtrustfund.org	1,000
Humane Society of Santa Clara Valley http://www.scvhumane.org	3,300
Industry Initiatives for Science and Math Education http://iisme.org	26,750
International Law Society http://www-acc.scu.edu/Clubs/ilsa/homepage.html	10,000
Junior Achievement of Santa Clara County, Inc. http://www.jascc.org	1,500
Junior League of Palo Alto-Mid Peninsula http://www.thejuniorleague.org	30,150
Law Foundation of Silicon Valley http://www.lawfoundation.org	14,100
Learning and Loving Education Center http://home.pacbell.net/edctr/	10,000
Los Altos Cultural Association	5,000
Los Altos Educational Foundation http://www.springer.losaltos.k12.ca.us/thank_you/laef	10,000
Los Altos Town Crier Holiday Fund http://www.losaltosonline.com/lac.html	5,000
Menlo School http://www.menloschool.org	25,000
Next Door http://www.nextdoor.org	3,800
Palo Alto Art Center Foundation http://www.city.palo-alto.ca.us/artcenter	5,000
Palo Alto Medical Foundation http://www.pamf.org	2,500
Parent Observation	5,000
Parents Helping Parents http://www.php.com	10,000
Peninsula Center for the Blind and Visually Impaired http://www.pcbvi.org/ui/index.htm	3,070
Planned Parenthood Mar Monte http://www.plannedparenthood.org	50,000
Rebuilding Together http://www.rebuildingtogetherpeninsula.org	10,000
San Jose Mercury News Wish Book Fund http://www0.mercurycenter.com/special/wishbook/	10,000
San Jose Symphony http://www.sanjosesymphony.org	100
Santa Clara University School of Law http://www.scu.edu/SCU/Departments/Law	2,500
Shelter Against Violent Environments http://www.save-dv.org	10,000
Shelter Network http://www.shelternetwork.org	25,000
Stanford Sleep Disorders Clinic http://www.med.stanford.edu/school/psychiatry/sleepclinic/	1,000
The Health Trust http://www.healthtrust.org	35,000
The Tech Museum of Innovation http://www.thetech.org	269,250
Unity Care Group http://www.unitycare.com	12,500

Discretionary

American Civil Liberties Union (ACLU) Foundation of Florida http://www.aclufi.org	\$ 300,000
America's Promise http://www.americaspromise.org	50,000
Athena Foundation http://www.athenafoundation.org	10,000
California State Parks Foundation http://www.calparks.org	1,000
CARE http://www.care.org	2,500
FIRST http://www.usfirst.org	25,000
Future Families, Inc. http://www.futurefamilies.org	2,500
Global Security Institute http://www.gsinstitute.org	5,000
Habitat for Humanity International http://www.habitat.org	2,000
Milagro Foundation http://www.milagrofoundation.org	500
Mills College http://www.mills.edu	1,035,000
NetDay http://www.netday.org	10,000
Opportunities Industrialization Center West http://www.oicw.org	1,000
Passport 2000 HIV/AIDS Benefit http://promotions.yahoo.com/promotions/macyspassport/	15,250
San Francisco AIDS Foundation http://www.sfaf.org	15,000
San Francisco Boys and Girls Clubs http://www.sfbgc.org	16,000
San Francisco Zoological Society http://www.sfzoo.org	1,000
Snowline Hospice http://www.snowlinehospice.org	500
Steadman-Hawkins Sports Medicine Foundation http://www.shsmf.org	25,000
World Affairs Council of Northern California http://www.wacsf.org	5,000
World Institute on Disability http://www.wid.org	25,000

Financial Statements

Balance Sheet

(As of June 30, 2001)

Assets

Cash and equivalents	\$ 17,606
Investments, at fair value (See Note 1)	36,169,544

Total Assets	<u>\$ 36,187,150</u>
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Liabilities and Net Assets

Liabilities

Grants Payable	\$ 3,749,334
Accrued Expenses & Other Liabilities	29,728
Total Liabilities	<u>3,779,062</u>

Total Net Assets	<u>32,408,088</u>
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Total Liabilities and Net Assets	<u>\$ 36,187,150</u>
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Statement of Activities

(For the year ended June 30, 2001)

Revenue

Contributions - Internet Giving Foundation	\$ 465,506
Interest and Dividend Income	142,960
Net Realized Gain (Loss) on Investments	(19,403,977)
Net Unrealized Gain (Loss) on Investments	(16,477,493)
Total Revenue	<u>(35,273,004)</u>

Expenses

Grants Authorized (See Note 2)	4,825,830
Grants Authorized - Internet Giving Foundation	465,506
CFSV Support Fee (See Note 3)	430,243
Administration	711,271
Total Expenses	<u>6,432,849</u>

Change in Net Assets	(41,705,854)
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Beginning Net Assets	<u>74,113,941</u>
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Ending Net Assets, June 30, 2001	<u>\$ 32,408,088</u>
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Note 1: This includes \$628,755 in venture capital funds and an investment in LearnNow, Inc.

Note 2: This includes multi-year grants awarded but not yet fully disbursed.

Note 3: Fee to Community Foundation Silicon Valley as a supporting organization.

kirschfoundation

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De Anza College

Mills College