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.
Mission/Vision ................................................................. 2

Letter from the Founders and President & CEO ................. 4

Foundation Activities
  Lobbying and Advocacy .................................................. 5
  - Environment ............................................................... 5
  - Nuclear Disarmament .................................................... 5
  - Medical/Science .......................................................... 6
  - Campaign Finance Reform ........................................... 6

Grants ............................................................................ 7
  - Overview .................................................................. 7
  - Summary .................................................................. 7
  - Major Grants ............................................................ 7

Grants Awarded ............................................................... 9

Financial Statements ......................................................... 11

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.
**Foundation Activities**

The Foundation is substantially engaged in lobbying and educational activities, as well as grant-making, to meet the strategic plan's goals. Our tactical flexibility enables us to put resources where they can be best deployed. And each activity leverages the resources we have devoted to the other.

Our public policy and lobbying activities enhance our effectiveness as a grantmaker. We learn about and can then support organizations that share our point of view and have demonstrated the ability to successfully advance an issue. When we became committed to cleaning up the air in California, our initial approach was political and legislative. Through our public policy work, we became familiar with a number of organizations that needed financial support to pursue a clean air agenda. And our grant to the Natural Resources Defense Council to maintain current environmental legislation resulted from our keen awareness of the potential consequences of new regulations and laws supported by the new Administration.

Our flexible grantmaking enables us to participate in major policy debates when we have identified a specific outcome to an issue as critical to our goals. When the issue of federal funding for embryonic stem cell research became a national topic, for example, we knew our medical grant resources would be best leveraged in the long term if federal funding of stem cell research became a reality. Our grant in support of the Coalition for the Advancement of Medical Research (CAMR) enabled us to have a voice and role in the debate that far exceeded the financial value of the grant. We became an active member of CAMR and made use of our political contacts to promote federal funding.

**Lobbying and Advocacy**

One of our defining attributes is that we actively participate in the development of public policy to further our vision. Consistent with our desire to effect change at various levels, we led or contributed to several significant policy debates during the year. The election of a new U.S. President heralded a mid-year shift in our lobbying focus from California clean air issues to the disturbing possibility of increased threats from the use of weapons of mass destruction, particularly nuclear arsenals. We also found ourselves drawn into the national discussion over federal funding of embryonic stem cell research because of its potential to cure diseases. Highlights of our activities and successes in lobbying and advocacy include:

**Environment**

- Sponsoring zero-emission vehicle (ZEV) incentive legislation that provides a grant to bring the cost of leasing a ZEV close to price parity with gasoline vehicles (California Assembly Bill 2061, Alan Lowenthal, D-54th District), securing its passage by both houses of the State Legislature, and obtaining Governor Gray Davis's signature.
- Helping to defeat Proposition 37, which would have prohibited California from levying mitigation fees for environmental pollution without a two-thirds vote of the State Legislature, on the November 2000 ballot.
- Working as part of the statewide ZEV Alliance to ensure that the California Air Resources Board (CARB) held fast to its rule requiring automakers to produce and sell ZEVs in substantial numbers by 2003.

**Nuclear Disarmament**

- Adopting a strong position in opposition to a National Missile Defense system, and in support of unilateral reduction of U.S. nuclear warheads, the lowering of alert status of U.S. and Russian nuclear missiles ("de-alerting"), and reconsideration and ratification of the Comprehensive Test Ban Treaty.
- Contacting elected officials and senior Administration officials to discuss, and request careful consideration of, an alternate nuclear posture.
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.

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.

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.

Some of the environmentally-friendly design specifics the Kirsch Center will incorporate are: passive solar orientation and photovoltaic (PV) panels for energy production, natural daylighting 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.

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.
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](http://www.californialung.org) $50,000
- **Breakthrough Technologies Institute** [http://www.yournextcar.org](http://www.yournextcar.org) 25,000
- **CalPIRG Charitable Trust** [http://www.calpirg.org](http://www.calpirg.org) 25,000
- **Chemical Strategies Partnership** [http://www.chemicalstrategies.org](http://www.chemicalstrategies.org) 22,000
- **Coalition for Clean Air** [http://www.coalitionforcleanair.org](http://www.coalitionforcleanair.org) 25,000
- **Earth Communications Office** [http://www.oneearth.org](http://www.oneearth.org) 17,000
- **Environmental Working Group** [http://www.ewg.org](http://www.ewg.org) 25,000
- **Friends of the Earth** [http://www.foe.org](http://www.foe.org) 25,000
- **Izaak Walton League of America** [http://www.iwla.org](http://www.iwla.org) 25,000
- **Los Angeles County Bicycle Coalition** [http://www.labcyclecoalition.org](http://www.labcyclecoalition.org) 25,000
- **Natural Resources Defense Council** [http://www.nrdc.org](http://www.nrdc.org) 25,000
- **Project Clean Air** [http://www.projectcleanair.org](http://www.projectcleanair.org) 25,000
- **Taxpayers Against Polluter Protection** [http://www.nextgeneration.org/noon37/](http://www.nextgeneration.org/noon37/) 20,000
- **Union of Concerned Scientists** [http://www.ucsusa.org](http://www.ucsusa.org) 15,000
- **University of California, Davis** [http://www.engr.ucdavis.edu/~its/](http://www.engr.ucdavis.edu/~its/) 25,000
- **University of Delaware** [http://www.udel.edu](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 Wente, PhD, Washington University 180,000

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

### Political Reform and Global Issues
- **Californians Against Phony Reform-NO on 34** [http://www.votenoon34.org](http://www.votenoon34.org) $50,000
- **Global Security Institute** [http://www.gsinstitute.org](http://www.gsinstitute.org) 25,000
- **Ploughshares Fund** [http://www.ploughshares.org](http://www.ploughshares.org) 100,000
- **Public Campaign Action Fund** [http://www.publiccampaign.org](http://www.publiccampaign.org) 100,000
- **Union of Concerned Scientists** [http://www.ucsusa.org](http://www.ucsusa.org) 50,000

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

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
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<tbody>
<tr>
<td>East Palo Alto Kids Foundation</td>
<td>$20,000</td>
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<tr>
<td>East San Jose Community Resource Center</td>
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<tr>
<td>Environmental Volunteers</td>
<td>$25,000</td>
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<tr>
<td>Facing History and Ourselves</td>
<td>$25,000</td>
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<tr>
<td>Family Service Mid-Peninsula</td>
<td>$10,000</td>
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<tr>
<td>Ground Zero</td>
<td>$10,000</td>
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<tr>
<td>Homeless Care Force</td>
<td>$25,000</td>
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<tr>
<td>Hospice of the Valley</td>
<td>$35,000</td>
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<tr>
<td>Housing Trust Fund</td>
<td>$1,000</td>
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<tr>
<td>Humane Society of Santa Clara Valley</td>
<td>$3,300</td>
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<td>Industry Initiatives for Science and Math Education</td>
<td>$26,750</td>
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<tr>
<td>Junior Achievement of Santa Clara County, Inc.</td>
<td>$10,000</td>
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<tr>
<td>Junior League of Palo Alto-Mid Peninsula</td>
<td>$30,150</td>
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<td>Law Foundation of Silicon Valley</td>
<td>$1,000</td>
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<tr>
<td>Learning and Loving Education Center</td>
<td>$10,000</td>
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<tr>
<td>Los Altos Cultural Association</td>
<td>$5,000</td>
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<tr>
<td>Los Altos Educational Foundation</td>
<td>$10,000</td>
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<tr>
<td>Los Altos Town Crier Holiday Fund</td>
<td>$5,000</td>
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<td>Menlo School</td>
<td>$25,000</td>
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<tr>
<td>Next Door</td>
<td>$3,800</td>
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<td>Palo Alto Art Center Foundation</td>
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<td>Palo Alto Medical Foundation</td>
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<td>Parent Observation</td>
<td>$5,000</td>
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<td>Parents Helping Parents</td>
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<tr>
<td>Peninsula Center for the Blind and Visually Impaired</td>
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<td>Planned Parenthood Mar Monte</td>
<td>$50,000</td>
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<tr>
<td>Rebuilding Together</td>
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<td>San Jose Mercury News Wish Book Fund</td>
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<td>San Jose Symphony</td>
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<td>Santa Clara University School of Law</td>
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<td>Shelter Against Violent Environments</td>
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<td>Shelter Network</td>
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<td>Stanford Sleep Disorders Clinic</td>
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<td>The Health Trust</td>
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<td>The Tech Museum of Innovation</td>
<td>$269,250</td>
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<td>Unity Care Group</td>
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## Discretionary

<table>
<thead>
<tr>
<th>Organization</th>
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<tbody>
<tr>
<td>American Civil Liberties Union (ACLU) Foundation of Florida</td>
<td>$300,000</td>
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<tr>
<td>America's Promise</td>
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<tr>
<td>Athena Foundation</td>
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<td>California State Parks Foundation</td>
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<tr>
<td>CARE</td>
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<tr>
<td>FIRST</td>
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<td>Future Families, Inc.</td>
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<tr>
<td>Global Security Institute</td>
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<td>Habitat for Humanity International</td>
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<tr>
<td>Milagro Foundation</td>
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<td>Mills College</td>
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<td>NetDay</td>
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<td>Opportunities Industrialization Center West</td>
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<td>Passport 2000 HIV/AIDS Benefit</td>
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<td>San Francisco AIDS Foundation</td>
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<td>San Francisco Boys and Girls Clubs</td>
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<td>San Francisco Zoological Society</td>
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<tr>
<td>Snowline Hospice</td>
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<td>Steadman-Hawkins Sports Medicine Foundation</td>
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<td>World Affairs Council of Northern California</td>
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<tr>
<td>World Institute on Disability</td>
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</tbody>
</table>
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 $ 36,187,150

Liabilities and Net Assets
Grants Payable $ 3,749,334
Accrued Expenses & Other Liabilities 29,728
Total Liabilities 3,779,062
Total Net Assets 32,408,088

Total Liabilities and Net Assets $ 36,187,150

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 (35,273,004)

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 6,432,849

Change in Net Assets (41,705,854)

Beginning Net Assets 74,113,941

Ending Net Assets, June 30, 2001 $ 32,408,088

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.