A New Way Forward
A look at Silicon Valley Community Foundation’s first year
JUST THE BEGINNING

January 1, 2007 offered a unique chance to start fresh. That was the day when Silicon Valley Community Foundation officially opened for business, the result of the historic merger of Community Foundation Silicon Valley and Peninsula Community Foundation.

Our new organization represents the first merger of equals involving two of the country’s leading community foundations. Our creation set new precedent in the philanthropic sector, and we have the opportunity – and responsibility – to serve as a catalyst and leader for innovative solutions to the region’s most challenging problems.

As is typical of successful mergers, our first year was just the beginning of a long, exciting journey. We achieved many important milestones, experienced growing pains, learned a few lessons and made some adjustments. In some cases, the amount of change led to some service and communication breakdowns with our donors and grantees. We deeply regret the customer service issues that some of you experienced and believe we have made the necessary adjustments to correct all of the issues that arose going forward.

We appreciate the ongoing support, patience and feedback from across this wonderful region, and look forward to many more years of working with donors and nonprofit organizations to create positive change. We have many miles to go, but we are proud of our tremendous progress and enthusiastic about the opportunities that lie before us.

Emmett D. Carson, Ph.D. CEO and President

WHAT WE HAVE ACCOMPLISHED

New Headquarters
After several months of construction, new paint, carpeting and unpacking we opened the doors Aug. 15 to our new, centrally located headquarters in Mountain View at 2440 West El Camino Real. The new location, where the community foundation leases two floors, was made available through a partnership between our Real Estate Trust and the Sobrato family, who are among the area’s leading, locally focused philanthropists.

Our new office has become a vibrant hub of activity and information, a free center for the community to convene, a place to host small conferences, and a destination for donors, professional advisors and community members who want to take advantage of the expertise of our staff. Along with new space at our headquarters, we continue to provide conference and meeting facilities in San Mateo and San José that community organizations can use free of charge.

New Team

Today, 109 professionals work alongside each other at Silicon Valley Community Foundation. They bring a wealth of experience to new responsibilities, job titles and reporting relationships in a structure designed to build a comprehensive center for philanthropy, inspire greater civic participation, improve quality of life and address the region’s most challenging problems.

One of the biggest challenges of the merger has been bringing together the outstanding professional staffs of the two parent foundations. Fortunately, the two organizational structures were similar, and the skills and experience of the key people enabled us to create an outstanding management team. But the move to new offices, new roles and new commutes for many, and anxiety about the degree of change led a number of staff to seek other opportunities. Some of the highest turnover has come among donor engagement staff who work directly with fund advisors, and we are working hard to address challenges that has created. While 60 percent of the new community foundation’s staff worked for one of our parents, the remaining 40 percent are new.

The community foundation’s board brought together nine members from each of our parents and added three new members. Gregory Avis, founding managing partner of Summit Partners, was the first chair, and Patricia Bresee, an attorney and former Superior Court commissioner in San Mateo County, served as vice chair and will become chair in 2008.

Grantmaking
Donors and advisors to the community foundation’s 1,500 funds were responsible for $216 million in grants through November 2007. While developing a new grantmaking structure, we continued reviewing and providing about $5.2 million in endowment grants in San Mateo and Santa Clara counties. With requests and targeted grants in the pipeline, we expect to grant more than $8 million by the end of 2007, a slight increase over the combined total of our parents’ endowment grantmaking in 2006. More than $5 million of that will go to nonprofit organizations in San Mateo County, consistent with the merger agreement.

Community Input Project
The Community Input Project has provided the building blocks to help the community foundation develop a new grantmaking structure. Bringing together extensive research, comprehensive reports and a series of nine strategic conversations with community groups and leaders, this project has examined the areas of greatest need across San Mateo and Santa Clara counties. The information gathered is critical to the development of a community impact agenda, including grantmaking priorities, donor engagement opportunities, community initiatives, and a research and public policy agenda.

The strategic conversations have drawn 40 to 80 participants, from grantees...
and donors to funders and community and government leaders, focusing on affordable housing, arts and culture, child and youth development, civic engagement, community economic development, education, environment, health and immigration. They heard keynote addresses from national and regional experts and thought leaders, then participated in breakout sessions that stimulated regional conversation and identified solutions for meaningful and transformative change. Our continued dialogue with community leaders, practitioners, advocates and other funders will help us determine gaps and identify strategic and timely opportunities. Issue briefs, meeting summaries and video are available on our website.

**Fundraising**

Although the true measure of our merger will be two or three years down the road and involve much more than financial statistics, fundraising is one important measure of confidence in our new organization. Through November 2007, we raised $232.6 million, compared with an impressive $166.8 million raised by both of our parent organizations during the same time period in 2006.

**Investment Options and Fees**

The community foundation rolled out new, more diversified investment opportunities to help donors meet their philanthropic goals, merged the parent organizations’ investment portfolios, and created a standard fee structure that lowered fees for a number of funds.

The new pools include primarily time-based options along with additional opportunities to make a social impact.

Following an extensive search, our board’s investment committee selected Colonial Consulting LLC as our investment consultant. Our investment advisor works closely with staff and the investment committee to recommend and implement investment policy, asset allocation and investment manager selection, and to evaluate and monitor investment performance.

**Serving Donors and Funds**

Thousands of individuals, families, corporations, nonprofit and government organizations, and community leaders work with us to address critical needs and make an impact through effective programs and inspired philanthropy. To that end in 2007, we have:

- Served 1,500 funds and their advisors, including 41 corporate funds, 16 supporting organizations, five city affiliates and 45 scholarship funds.
- Responded to nearly 75 inquiries from nonprofits, donors and fund advisors each week.
- Processed 185 grants each week, conducting the requisite due diligence required by the IRS, ramping up to 800 or more each week at the end of the year.
- Received $6.5 million from 90 separate gifts each week.

We have created additional efficiencies and will continue taking steps to lower costs. For example, our ratio of administrative costs to total assets is now .75 percent, which is less than administrative costs of 1 percent or more at our parent foundations.

**Events**

Nearly 1,600 guests visited our new headquarters, attending open house celebrations, special donor events and a community input project session. We hosted a series of events in our headquarters and across the region, including the inaugural Legacy Luncheon, day-long Philanthropy Incubator institutes on strategies in philanthropy and financial review of grants, holiday service projects, and the Conference on Charitable Giving co-hosted with the Stanford Office of Planned Giving. The community foundation highlighted “couples philanthropy” at an event hosted at a donor’s home and partnered with the Tech Museum of Innovation to offer fund advisors a special donor reception and private tour of the Body Worlds 2 exhibition.

As we opened for business, community leaders hosted 15 special gatherings to introduce CEO and President Emmett D. Carson, Ph.D., and get to know the new community foundation’s leadership. From a town hall-style meeting in South San Francisco to a reception at the Mexican Heritage Center in San José where 150 representatives of 25 immigrant organizations from San Mateo and Santa Clara counties came together for the first time, these events reflected our commitment to serving a vibrant and diverse community.

**Research and Partnerships**

The community foundation released its first study, *Corporate Philanthropy in Silicon Valley*, exploring the scope and impact of corporate giving in Silicon Valley. The study also revealed multiple approaches, innovative yardsticks, intriguing predictions and unusual incentives. At a time of rampant mortgage defaults *Families Saving and Building Hope*, a report from the community foundation and Lenders for Community Development, showed how financial education and matched savings can bring families back from the brink.

The community foundation and Joint Venture: Silicon Valley Network will team up to expand and enhance the Silicon Valley Index, a nationally recognized report that measures the strength of the economy and the health of our community. Under an agreement approved by the organizations’ boards, the community foundation also will become lead sponsor of the State of the Valley conference, the town hall-style meeting that brings together leaders from across the region and included a keynote in 2007 by former Vice President Al Gore.
WHAT REMAINS TO BE DONE

As we approach our second year, we have much to celebrate. Mergers are, by definition, difficult. However both the large and small items on our to-do list are being checked off. Although the merger list is getting shorter, our opportunities and aspirations continue to grow.

We will continue implementing our comprehensive action plan to meet our commitment to provide world-class donor services. As we have integrated staff into a new structure and extensive information from two separate databases, some donor service issues have arisen. So we are redoubling our efforts to make sure that we listen and reach out to donors in the ways that work best for them.

We are developing our grantmaking priorities and strategies to fully engage the interests and potential of our donors and fund advisors, and we will soon be implementing a high-impact, coherent grantmaking program that addresses the most pressing challenges facing our region.

New guidelines for the community foundation’s endowment grantmaking program, informed by the Community Input Project, will be announced in the spring. Until then, we will make a final round of grants using the guidelines of our parent foundations, with an application deadline of Feb. 15, 2008.

Beginning in January 2008, we will rebalance all funds on a monthly basis. This means funds will be regularly rebalanced to match advisors’ chosen investment allocations, even as new contributions are received and grants are distributed.

For our first year, we maintained the two databases used by our parent organizations, which has been burdensome and time-consuming. We will migrate to an interim, single database in early 2008. This will enable our information systems to better serve our constituents while we develop a comprehensive, long-term strategic plan for information technology.

In addition to conversations, convening meetings, emails and phone calls, we will survey important audiences for feedback on our projects and ways we can serve donors and our community better. A Community Input Project online survey in early 2008 will complement information gathered our convenings. A survey of donors, fund advisors and other partners will provide invaluable input and advice on customer service and priorities.

The new community foundation serves as a partner and resource to organizations improving the quality of life in our region and to those who want to give back locally, nationally and internationally. With $1.9 billion in assets under management, we are one of the nation’s largest community foundations. But assets are only a means to a greater end.

As we begin our second year, we will continue to be steadfast in our mission to strengthen the common good, improve quality of life and address the most challenging problems across our beautiful, vibrant community.