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Peninsula Community Foundation and Community Foundation Silicon Valley Vote Unanimously to Take Next Step toward Merger

PALO ALTO, Calif., — In an effort to better serve the local community and create positive social impact on a larger scale, leaders of two of the nation's leading community foundations, located in Santa Clara and San Mateo counties, voted Wednesday to move forward in the process to form a united foundation to serve the area, to be named Silicon Valley Community Foundation.

The unanimous approval in separate meetings by the boards of directors for Community Foundation Silicon Valley and Peninsula Community Foundation represents the next step in a unification process that started in January, but has been discussed frequently since 1991.

“This region has long been known as the world’s capital for innovation, creativity and entrepreneurship,” said Patricia Bresee, chair of Peninsula Community Foundation. “Our intent with this vote is to bring together the knowledge, talent, networks and best practices of both foundations into one foundation capable of operating at an even higher level of excellence and service. The new foundation will be more effective and create more of an impact than CFSV and PCF could realize alone.”

“In Silicon Valley, visionary thinking extends to not only business and technology, but to philanthropy as well,” added Greg Avis, chair of Community Foundation Silicon Valley. “This new foundation will be a philanthropic hub that will provide world-class services to donors and nonprofits, and inspire greater civic participation across the San Francisco Peninsula and Silicon Valley.”

Established in 1954, Community Foundation Silicon Valley manages more than 650 charitable funds with total assets of \$919 million. Peninsula Community Foundation was established in 1964 and manages assets of \$612 million, including more than 750 charitable funds. The newly integrated foundation would be among the top community foundations in the nation, with more than \$1.5 billion in assets under management and 1,400 philanthropic funds.

In determining whether to move forward with integrating the two foundations, the boards commissioned an outside study by McKinsey & Company and evaluated interviews with more than 90 donors, grantees, community leaders, board members and staff, and surveys of more than 60 professional donor advisers. The overwhelming majority of respondents were supportive of the two foundations joining forces. Board members also reviewed satisfaction reports from grantees, and examined geographic overlap, financial data, business models and program offerings.

Based on this research and their own analysis, both boards expect the new foundation to provide:

- Better investment options and management, leading to greater donor satisfaction and increased giving;
- Greater capacity to connect donors to causes locally and globally;
- Innovative programs that result in a deeper and broader impact on the community;
- Streamlined grants programs and improved technical assistance for local nonprofits;
- Greater program expertise and capacity; and
- Increased efficiency in operations.

Many of these improvements will come from economies of scale. Others will come by blending the different, complementary strengths of each existing foundation — resulting in a single organization greater than the sum of its parts. For example, Community Foundation Silicon Valley is an expert in raising corporate-advised funds and developing partnerships with supporting organizations, while Peninsula Community Foundation is an expert in building an endowment of unrestricted gifts and spearheading award-winning initiatives.

By voting to approve a Memorandum of Understanding, which marks a significant milestone toward realizing a merger, the boards also approved:

- Naming the new foundation “Silicon Valley Community Foundation;”
- Locating a new central office in Palo Alto or East Palo Alto, with regional offices in San Jose and San Mateo;
- Maintaining historic funding for San Mateo County, while committing to increase support for the entire region;
- Honoring all prior geographic or programmatic restrictions on donations.

One of the goals of the new entity is to grow a joint endowment for San Mateo and Santa Clara counties to provide additional unrestricted funding across the two-county region. Of the \$92 million in grants awarded by PCF and \$76 million by CFSV in 2005, a significant portion of these funds were restricted or donor-advised. Currently, PCF's \$125 million endowment provides grants primarily focused in San Mateo County; CFSV's \$19 million endowment provides grants in Santa Clara County. In support of the merger, an anonymous donor has already committed \$3 million for discretionary grant making throughout the entire region.

“Corporate competition, new government regulations, and unprecedented philanthropic generosity represent a fresh challenge to the way we’ve operated,” said Avis. “We believe now is the time to take action to ensure that in 50 years we’re still making this community a better place to live, work and raise a family.”

“With significant changes in the external landscape and changes at both foundations, both boards believe that the strategic opportunity is now to pursue increased collaboration,” added Avis. “The departure of PCF’s former Chief Executive Officer Sterling Speirn at the end of 2005, and the planned retirement of CFSV’s President Peter Hero in 2008, lent new urgency to our vision.”

To succeed, Bresee said, the new foundation will need the input and guidance of the people and organizations affected to help shape its direction. To that end, both foundations have posted a survey on their Web sites and will sponsor open meetings beginning in August.

“Implicit in our deliberations and in the votes today is a commitment to make sure we keep the ‘community’ in the new community foundation — in practice, not just in name,” said Bresee.

Members of the board of directors for the new foundation were elected from the current boards of PCF and CFSV:

Laura Arrillaga	Greg Gallo	Jennifer Raiser
Greg Avis	Naren Gupta	John M. Sobrato
Patricia Bresee	Chip Huggins	Richard Wilkolaski
Gloria Brown	Susan M. Hyatt	Erika Williams
Caretha Coleman	Bill Johnson	Jane Williams
Debra Engel	E. Richard Jones	Anne Yamamoto

The new foundation's board will convene formally later this month to select a Chief Executive Officer. Peter Hero, the current CEO of Community Foundation Silicon Valley, will continue as a senior adviser. Final approval of the integration agreement will be scheduled for mid-October. Pending legal review and an IRS ruling on tax exemption, Silicon Valley Community Foundation will replace the Peninsula Community Foundation and Community Foundation Silicon Valley by the end of the year.

For more information, including a copy of the Memorandum of Understanding approved Wednesday by the foundation boards, please visit: www.pcf.org or www.cfsv.org.

About Community Foundation Silicon Valley

Innovative and entrepreneurial philanthropy are the hallmark of Community Foundation Silicon Valley. Created in 1954 with \$55,000 left in the War Chest from World War II, CFSV today manages more than 650 individual, family and corporate funds, as well as nonprofit endowments. Much of CFSV's growth came in the past 20 years: in 1990, assets totaled \$9 million. Today they total \$919 million. CFSV partners with more than 25 Valley corporations, 10 supporting foundations, and more than 650 families and individuals to manage their philanthropic giving. CFSV's innovative programs include the Silicon Valley Social Venture Fund (SV2) giving circle, groundbreaking research on philanthropy and civic engagement, and community initiatives including Young Readers - Future Leaders, Advancing the Arts, and the HP Nonprofit Leadership Initiative.

About Peninsula Community Foundation

Since 1964, Peninsula Community Foundation has built community investment through strategic and inspired philanthropy. PCF develops resources and innovative programs that make it easy for Peninsula and Silicon Valley residents to support the common good and connect with causes they care about in the Bay Area and beyond. With assets of \$612 million, including a \$125 million endowment, the Foundation is a recognized leader in meeting community needs in the areas of children and families, education, health and human services, the environment, the arts and strengthening nonprofits. PCF stewards more than 750 charitable funds established by individuals, families and corporations, and has distributed \$630 million in grants locally, nationally and internationally since its founding. PCF's award-winning divisions and initiatives include the Center for Venture Philanthropy™, Raising A Reader®, the Peninsula Partnership for Children, Youth and Families™, and the Peninsula Nonprofit Center.

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