

The Schmidt Family Foundation

Annual Report 2006

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Mission Statement

The Schmidt Family Foundation supports efforts, using best expert information, to help transform the world's environmental and energy practices in the 21st century. Our mission, at its broadest, is to advance the creation of an increasingly intelligent relationship between human activity and the use of the world's natural resources.

With this as our fundamental goal, we work strategically, and often in collaboration, to create successful models of our vision. This includes the restoration and protection of vulnerable historic places while improving their environmental profile, using new technologies and the growing knowledge about the impact of the built environment on the Earth's climate system. We support efforts around the world to improve health, education, transportation and communications through investing in a pattern of economic development that includes green, sustainable environmental practices and design. In addition, we support public education around issues of energy and the environment and promote public understanding of the science of climate change. Among the world's poorest populations, the Foundation works to improve their future prospects in the world economy, using the latest tools of communication.

Message From the President of the Foundation



*Wendy Schmidt,
Foundation President*

It's an exciting time in history to have the opportunity to apply the tools of philanthropy to some of the world's most challenging problems. As The Schmidt Family Foundation completes its first active year, we look back and realize that in this time, we have increasingly found the core of our mission for the coming years.

We began by funding a Foundation program, The 11th Hour Project, that works to reach out to new and strategic audiences in the task of public education around global warming and issues arising out of climate change. This activity has given us a window of opportunity, and access to intellectual resources and partnerships, through which we are now shaping our platform and the initiatives for future funding.

In the broadest terms, the Foundation is involved in the transformation of a 20th century understanding of energy and the environment to a new vision for this century: one based on a growing body of information about the interdependence of energy systems, human activities and the sustainability of natural resources. We can live well and wisely; we can replace old thinking and technologies with new and better ones, using the knowledge we have gained since the first Industrial Revolution. We can use our understanding of technology to continually improve the environmental profile of our built environment and our industrial activities, old and new.

In the United States, we are in a position to lead the world through the creation of exemplary models of how this transition can be achieved. This is not only desirable from an environmental perspective, but necessary from a demographic one. A world full of American consumers is simply unsustainable. This requires us to rethink the way we use things, make things and where humans really fit into the single, unique biosphere we share with all living things.

As we continue our work at the Foundation, we are focused on bringing this vision into each project and program activity, wherever we operate in the world.

Wendy Schmidt

Message From the President of the 11th Hour Project



*Amy Rao,
President of the
11th Hour Project*

The 11th Hour Project marked its first full-year in 2006, continuing our mission of promoting high-quality information about climate change.

From our inaugural event at Stanford in December 2005, we learned that Al Gore's message of global warming resonated particularly well with audiences. Our goal for 2006 was to broaden the awareness around global warming and help find new audiences for this urgent message. To facilitate this ambitious goal, we hired our first dedicated staff, Joe Sciortino, who joined us in June 2006. He quickly spearheaded our main project for 2006: "Spotlight on Global Warming," a collaborative effort with The Regeneration Project and The Energy Foundation. The Spotlight project exceeded all of our expectations, with over 4,000 congregations requesting a copy of "An Inconvenient Truth" to screen to their members. An estimated 500,000 people attended a screening in October 2006 and the feedback we received was overwhelmingly positive.

The Spotlight project established a successful model for 11th Hour's future program activities. By adding our resources to the network and expertise of other organizations, we were able to create a partnership that was truly greater than the sum of its parts. We recognize that no single entity can solve the climate problem and we must forge new and unexpected alliances to find the way forward.

As 11th Hour Project looks ahead to 2007, we foresee the awareness of global warming reaching new heights. Strategically, we will evolve from promoting awareness to promoting the energy and technology solutions needed to reduce our global carbon emissions. The answers to the climate problem are out there and all of our resources will be dedicated to promoting the right solutions and making sure a wide spectrum of audiences have access to this knowledge. As a non-partisan organization, and without any affiliations, we are uniquely positioned to act as honest brokers of high-quality information. This advantage will allow us to continue collaborating with the most credible and knowledgeable experts in the field.

We remain hopeful that our effort is one of many that will succeed in building a sustainable energy future for all of us.

Amy Rao

2006 Grants

THE SCHMIDT FAMILY FOUNDATION

Grants Authorized 2006:

NATURAL RESOURCES DEFENSE COUNCIL \$5,000,000

www.nrdc.org

New York, NY

For the advancement of international and domestic environmental priorities.

THE ENERGY FOUNDATION \$1,500,000

www.ef.org

San Francisco, CA

For the advancement of clean energy technologies as a means of reducing global warming and pollution in the United States and China.

ENVIRONMENTAL MEDIA ASSOCIATION \$100,000

www.ema-online.org

Los Angeles, CA

For a project to distribute the global warming documentary, "An Inconvenient Truth."

AOPA AIR SAFETY FOUNDATION \$50,000

www.aopa.org/asf/

Frederick, MD

For education and quality training in air safety.

SAN FRANCISCO STATE UNIVERSITY FOUNDATION \$25,000

foundation.sfsu.edu

San Francisco, CA

For early childhood education.

NANTUCKET ATHENEUM \$11,200

www.nantucketatheneum.org

Nantucket, MA

For sponsorship of a Family Night program at the Children's Library.

BOSTON MEDFLIGHT \$2,500

www.bostonmedflight.org

Bedford, MA

For critical care medical air transportation.

2006 Grants

THE 11TH HOUR PROJECT Grants Authorized 2006:

THE REGENERATION PROJECT
www.theregenerationproject.org
San Francisco, CA

\$100,000

For the Interfaith Power and Light campaign, a national campaign to promote a religious response to global warming.

THE 11TH HOUR PROJECT PROGRAM ACTIVITIES:

11th Hour Project completed its first full year of activity in 2006. Our program activities for 2006 featured “Spotlight on Global Warming,” a collaborative effort between 11th Hour Project, Energy Foundation and The Regeneration Project. The Spotlight program distributed the DVD of “An Inconvenient Truth” to The Regeneration Project’s network of churches, synagogues and mosques during the first week in October (to coincide with St. Francis Day). Each DVD was accompanied by a screening kit to aid the host congregation in producing a successful event. We included materials that explained the science of global warming and why a religious response to climate change was vital. With the help of the Energy Foundation, we also created state-specific materials that addressed climate and energy issues relevant to each congregation’s region.



From left: Program Director Joe Sciortino,
Program Manager Erin Strain,
Foundation President Wendy Schmidt,
and 11th Hour President Amy Rao

The response from congregations was overwhelming, with over 4,000 requesting a DVD and screening kit, representing every state in the U.S. Based on surveys returned by attendees, over 90% would participate again in this type of event. Dozens of media stories ran on radio, TV and print, including NPR, CBS News and The New York Times. The urgent message of global warming found an entirely new, faith-based audience. The success of the event relied upon the message being delivered in a familiar setting, by trusted messengers.

As the awareness of global warming increased in 2006, we began looking to promote solutions. In May 2006, we held a dinner at the Village Pub in Woodside to feature the growing interest in biofuels. Vinod Khosla spoke to an assembly of Silicon Valley leaders about emerging technologies in biofuels. As 11th Hour looks forward to 2007 and beyond, we will conduct more program activities that promote the energy and technology solutions needed to solve the climate problem.



Statement of Financial Position

December 31, 2006

ASSETS

Cash and cash equivalents	\$ 6,541,131
Investments	72,986,254
Unsettled stock proceeds	5,353,300
Total assets	<u>\$ 84,880,685</u>

LIABILITIES & NET ASSETS

Accrued liabilities	\$ 616,482
Grants payable	5,545,722
Total liabilities	6,162,204
Net assets - unrestricted	78,718,481
Total liabilities and net assets	<u>\$ 84,880,685</u>

Statement of Activities and Changes in Net Assets

January 24, 2006 through December 31, 2006

Unrestricted revenues and other support:	
Contributions	\$ 82,230,991
Net gain on investments	4,112,145
Dividend and interest income	1,017,296
Contributed facilities and services	27,399
Total revenue and support	87,387,831
Investment related expenses	(77,572)
Federal excise tax	(1,742,422)
Net revenue and support	85,567,837
Expenses:	
Program services - grants awarded	6,334,422
Program services - other	397,122
Management and general - contributed services and facilities	27,399
Management and general - other	90,413
Total expenses	6,849,356
Increase in net assets	\$ 78,718,481

Foundation Leadership

October 2007

BOARD OF DIRECTORS

Wendy Schmidt

Eric Schmidt

Sophie Schmidt

STAFF

Wendy Schmidt
President

Eric Schmidt
Vice President

Jeanne Huey
Chief Financial Officer

William J. Arthur
Secretary

Mandy Quach
Controller

Shally Shanker
Investment Officer

Joe Rose
Treasurer

AUDIT COMMITTEE

Teling Peterson
Committee Chair

INVESTMENT COMMITTEE

Eric Schmidt
Committee Chair

Donald R. Dixon

Beth Strutzel

THE 11TH HOUR PROJECT

Amy Rao
President

Joe Sciortino
Program Director

Erin Strain
Program Manager