



THE SCHMIDT FAMILY FOUNDATION

ANNUAL REPORT 2007

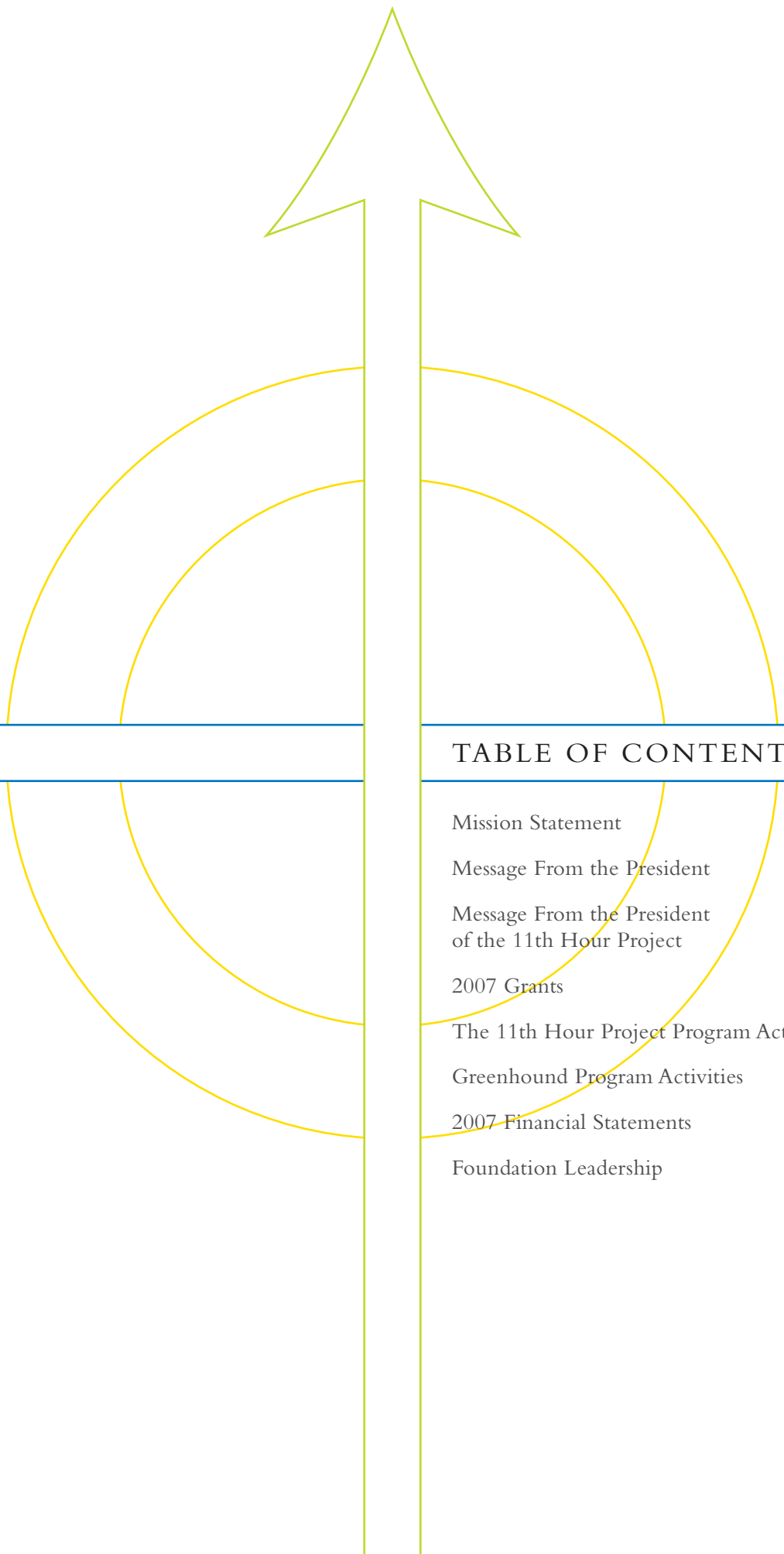


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The Schmidt Family Foundation supports efforts, using best expert information, to help transform the world’s environmental and energy practices in the 21st century. Our mission, at its broadest, is to advance the creation of an increasingly intelligent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

“No problem can be solved from the same level of consciousness that created it.”

– Albert Einstein



MESSAGE FROM THE PRESIDENT

As we look back at 2007, the Schmidt Family Foundation sees the emergence of basic building blocks in our work to support the transition from an old understanding of energy and resources to one that reflects new values for the 21st Century.

Those new values reflect our growing knowledge of the interdependence of human and natural systems. Technological advancement in the 20th century brought an unprecedented and widespread prosperity to much of the developed world, but also left in its wake a devastating legacy of environmental degradation. Globalization became a fact of our worldwide communications and trade, but has tended to favor principles of economic rationalism over those of meaningful community. We see the effects of these trends all over the world, which makes the task before our foundation global in scope and significance.

Twentieth century energy systems were designed at a time when fossil fuels were cheap and plentiful. Now, at the dawn of a new century, those fuels are no longer cheap, and if they are plentiful, we know their true cost must be measured in the price we pay in the uncontrolled growth of greenhouse gases in the atmosphere. We look forward to the time when our energy resources are once again cheap and plentiful; that is, when they are infinitely renewable, clean and locally distributed.

Wendy Schmidt
President, The Schmidt Family Foundation



We look forward to a time when our energy resources are once again cheap and plentiful: that is, when they are infinitely renewable, clean and locally distributed.



MESSAGE FROM THE PRESIDENT OF THE 11TH HOUR PROJECT

In 2007, the 11th Hour Project completed its second year, bringing high quality messaging about climate change to diverse audiences.

We continued to expand our outreach to new audiences and were delighted to partner once more with The Regeneration Project as well as foster new partnerships with Green for All and Energy Action. We recognize that no single entity can solve the climate problem and we must forge new and unexpected alliances to find a way forward.

Due to the overwhelming success of projects such as the Spotlight on Global Warming in 2006, we realized that awareness of climate change had skyrocketed and – faced with this daunting knowledge – many people began asking what could be done. To help us become stronger messengers of solutions, we created a new website for 11th Hour and brought in volunteer Sarah Bell to help manage and develop our communications strategy. On our website, we began highlighting actions that individuals could take to combat climate change and accelerate the transition to a sustainable future. We believe effective communication is critical to the visualization and realization of a regenerative future.

Looking ahead, we know the United States will see much change in 2008. During this critical time, we realize the need to rebrand the climate crisis as a critical opportunity for advancement and empowerment for all people. We will continue to cultivate new partnerships and look forward to seeing seeds planted this year come to fruition as 2008 progresses.

To bluer skies,

Amy Rao
President, The 11th Hour Project



The climate crisis is a critical opportunity for advancement.

— 2007 grants



THE SCHMIDT FAMILY FOUNDATION

SCHWAB CHARITABLE FUND \$4,500,000

www.schwabcharitable.org/scf
San Francisco, CA
For the advancement of various environmental causes.

NATURAL RESOURCES DEFENSE COUNCIL \$1,000,000

www.nrdc.org (1st of 5 year/ \$5 million)
New York, NY
For supporting communications about international and domestic environmental priorities.

THE ENERGY FOUNDATION \$500,000

www.ef.org (2nd of 3 year/ \$1,500,000)
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.

CAROLINA FOR KIBERA \$500,000

cfk.unc.edu
Chapel Hill, NC
For efforts to build community, improve public health and education in Kibera, Kenya.

COLUMBIA CENTER FOR CHILDREN'S ENVIRONMENTAL HEALTH \$50,000

www.ccceh.org (1st of 3 year/\$150,000)
New York, NY
For a longitudinal study of health risks to mothers and children from environmental pollutants generated by coal-fired power plants in China.

— 2007 grants



THE SOPHIE EMERSON SCHMIDT CHARITABLE FUND

ORPHANS OF RWANDA \$75,000
www.orphansofrwanda.org
New York, NY
For creating scholarships to higher education for young people in Rwanda who have been affected by the 1994 genocide.

THE 11TH HOUR PROJECT

CALIFORNIA ACADEMY OF SCIENCES \$500,000
www.calacademy.org (1st of 2 year/ \$1,000,000)
San Francisco, CA
For the climate change exhibit, “Altered State,” developed for the new Academy building in Golden Gate Park.

CENTER FOR INVESTIGATIVE REPORTING \$200,000
www.centerforinvestigativereporting.org (1st of 2 year/ \$700,000)
Berkeley, CA
For production of a documentary on coal and related technologies to help educate the public & policymakers on coal’s viability as a solution to the climate and energy crisis.

NATURAL CAPITAL INSTITUTE \$125,000
www.greenforall.org
Oakland, CA
For Green For All’s “green collar jobs” mission—to develop job training, employment and entrepreneurial opportunities in the emerging green economy

CENTER FOR INVESTIGATIVE REPORTING \$100,000
www.centerforinvestigativereporting.org
Berkeley, CA
For “Hot Politics,” an examination of the money and politics behind climate change.



THE 11TH HOUR PROJECT [continued]

GREENPEACE FUND \$100,000
www.greenpeace.org
Washington, D.C.
For Project Hot Seat, a campaign to educate congressional leaders about climate change, and supply them with the information they need for effective legislation.

NATIONAL RELIGIOUS PARTNERS FOR THE ENVIRONMENT
www.nrpe.org \$100,000
Amherst, MA
For support of a coalition of religious organizations that is mobilizing religious Americans to demand climate change solutions.

THE REGENERATION PROJECT \$75,000
www.theregenerationproject.org
San Francisco, CA
For grass-roots outreach to the religious community on climate change.

THE TIDES FOUNDATION \$25,000
www.institutoterra.us
Aimorés, Brazil
For Instituto Terra’s recovery program of Atlantic rainforest in Brazil’s Rio Doce basin.

CAMPUS CLIMATE CHALLENGE \$20,000
www.climatechallenge.org
San Francisco, CA
For the PowerShift2007 youth rally in Washington, D.C.

NANTUCKET SHELLFISH ASSOCIATION \$15,000
Nantucket, MA
For conversion of the Brant Point Boat House into a propagation and research facility for coastal marine life.



THE 11TH HOUR PROJECT [continued]

VOTE SOLAR INITIATIVE \$15,000

www.votesolar.org
San Francisco, CA
For efforts to ensure that municipal utilities develop and implement solar programs and meet their statutory requirements.

GLOBAL LABOR INSTITUTE \$5,000

www.ilr.cornell.edu/globallaborinstitute
New York, NY
For the North American Labor Assembly on Climate Crisis event in New York City.



— activities

THE 11TH HOUR PROJECT PROGRAM ACTIVITIES

The 11th Hour Project completed its second full year of activity in 2007. We continued to find innovative ways to meet our mission of delivering high-quality information about the climate crisis. Again, we turned to Al Gore’s landmark film, “An Inconvenient Truth,” to help spread awareness of climate change. This year, we helped college students at over 500 different campuses hold screenings of the film, in partnership with the youth-led Energy Action Coalition. The students’ passion for this issue culminated in a high-profile event in Washington D.C. called PowerShift 2007, which assembled over 6,000 youth to demand action on climate policy from Congress. Plans are already underway to double this turnout for PowerShift 2009. The 11th Hour Project is proud to help these important voices become a part of the discussion on climate change.

We believe engaging new voices on climate change will ultimately lead to success. We continued to work with religious groups, mainly through The Regeneration Project. We assisted them in assembling national leaders from the Islamic, Christian and Jewish faiths. The leaders attended a two-day summit in San Francisco to hear the latest thinking on climate change and its solutions, including a visionary presentation by renowned sustainability expert, Bill McDonough. Additionally in 2007, The 11th Hour Project proudly sponsored another true visionary, Van Jones, with his nascent Green For All organization. Van and his team are leading the way for “green-collar job” creation and the realization of a future where a new energy economy can lift millions out of poverty. Green For All engages lower-income communities, a constituency that has been left behind in past environmental movements.

In addition to reaching out to new audiences, The 11th Hour project also focused on improving communication efforts around climate change. We planted three seeds that should see fruition by winter 2008-2009. Acknowledging the reduced resources of the news media, we are proud to support the Center for Investigative Reporting, as they begin a two-year investigation into the coal industry and its tactics. Our second budding project will be fully realized in late 2008, when the California Academy of Sciences opens with the



“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it’s the only thing that ever has.”

– Margaret Mead



— activities

definitive exhibit on climate change, an informative and empowering permanent feature in their state-of-the-art building. The last of the three seeds was planted for the start-up of Climate Central, a new organization staffed by climate scientists and media experts. Climate Central will be an honest broker of climate change science, producing compelling, media-ready reports on the latest research on climate change and its solutions. In order to make the right decisions, policymakers will need the clearest, best information communicated by credible sources.

As we look forward, The 11th Hour Project is committed to working with new audiences and finding creative ways to compellingly deliver information on climate change. We believe effective communication strategies are vital to moving us to a more sustainable future.

GREENHOUND PROGRAM ACTIVITIES

Greenhound, LLC was formed on September 26, 2007 as a limited liability company to further the Foundation’s mission by working with the Town of Nantucket and the Nantucket Regional Transportation Authority to help develop a better model for the island’s seasonal bus system. The goal is to reduce traffic congestion in the historic downtown streets and offer islanders and visitors an attractive mass transit option that the Foundation hopes will become a zero-emission operation.

Greenhound has purchased property in Nantucket, and in 2008 intends to facilitate its use by the Town of Nantucket and the Nantucket Regional Transportation Authority as a downtown bus stop and an information center that encourages visitors to explore Nantucket on foot, by bike, or by the bus system.

before



after



“And after they had explored all of the stars in the universe and all of the planets around each sun they realized they were alone, and they were glad, for they now realized that they would have to become all of the things they had hoped to find.”

– Lanford Wilson



— 2007 financials

STATEMENT OF FINANCIAL POSITION

| ASSETS | DEC 31, 2007 | DEC 31, 2006 |
|---|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 3,725,155 | \$ 6,541,131 |
| Investments | 214,439,482 | 72,986,254 |
| Investment related receivables | 1,284,928 | 5,353,300 |
| Investment related prepaids | 129,879 | - |
| Deposits | 600 | - |
| Property and equipment | <u>3,770,403</u> | <u>-</u> |
| Total assets | <u>\$ 223,350,447</u> | <u>\$ 84,880,685</u> |
| LIABILITIES & NET ASSETS | DEC 31, 2007 | DEC 31, 2006 |
| Accounts payable | \$ 172,564 | \$ - |
| Other current liabilities | 5,070 | - |
| Accrued liabilities | 97,563 | 616,482 |
| Grants payable | <u>5,366,275</u> | <u>5,545,722</u> |
| Total liabilities | 5,641,472 | 6,162,204 |
| Net assets - unrestricted | <u>217,708,975</u> | <u>78,718,481</u> |
| Total liabilities and net assets | <u>\$ 223,350,447</u> | <u>\$ 84,880,685</u> |

— 2007 financials



STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

| | FOR THE YEAR ENDED DEC 31, 2007 | FOR THE ELEVEN MONTHS ENDED DEC 31, 2006 |
|---|---------------------------------------|--|
| REVENUE AND OTHER SUPPORT | | |
| Contributions | \$ 143,469,165 | \$ 82,230,991 |
| Net realized & unrealized gain on investments | 1,384,410 | 4,112,145 |
| Dividend and interest income | 4,467,508 | 1,017,296 |
| Contributed facilities and services | <u>82,994</u> | <u>27,399</u> |
| Total revenue and support | <u>149,404,077</u> | <u>87,387,831</u> |
| Investment related expenses | (186,768) | (77,572) |
| Federal excise tax | <u>(1,486,811)</u> | <u>(1,742,422)</u> |
| Net revenue and other support | <u>147,730,498</u> | <u>85,567,837</u> |
| EXPENSES | | |
| Program services - grants awarded | 7,725,553 | 6,334,422 |
| Program services - other | 880,291 | 397,122 |
| Management and general - contributed services | 58,993 | 14,733 |
| Management and general - contributed facilities | 24,000 | 12,666 |
| Management and general - other | <u>51,167</u> | <u>90,413</u> |
| Total expenses | <u>8,740,004</u> | <u>6,849,356</u> |
| Change in net assets | 138,990,494 | 78,718,481 |
| Net assets, unrestricted, beginning of period | <u>78,718,481</u> | <u>-</u> |
| Net assets, unrestricted, end of period | <u>\$ 217,708,975</u> | <u>\$ 78,718,481</u> |

— foundation leadership

NOVEMBER 2008



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
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Investment Officer
- ▶ Joe Rose
Treasurer

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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
- ▶ Sarah Bell
Communications Manager

GREENHOUND, LLC

- ▶ Melissa Philbrick
Senior Advisor
- ▶ Rachel Hobart
Project Manager

“We cannot live only
for ourselves. A thou-
sand fibers connect us
with our fellow men.”
— Herman Melville