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Case Study

The Charity That Big Tech Built

By Marc Gunther

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CASE STUDY
AN INSIDE LOOK AT ONE ORGANIZATION

The Charity That Big Tech Built

The **Silicon Valley Community Foundation** has grown to become one of the world's most well-funded foundations. But who in the Valley benefits from this largesse?

BY MARC GUNTHER

Silicon Valley technology has been unkind to traditional middlemen. Streaming music punished the record industry. Netflix killed video stores. Life has become harder for intermediaries such as travel agents and stockbrokers.

So it is perplexing that when it comes to philanthropy, Silicon Valley has given birth to an intermediary that has rapidly grown into one of the world's biggest foundations. The Silicon Valley Community Foundation (SVCF), which was formed 10 years ago by the merger of two smaller community foundations, connects the region's wealthy donors to nonprofit organizations that they want to support, around the corner and around the world.

With assets under management of more than $8.2 billion, the Silicon Valley Community Foundation last year made more than 108,000 grants valued at $1.3 billion, pushing more money out the door than the Ford, Rockefeller, Hewlett, or Packard foundations—more, indeed, than any foundation in the United States, except for the Bill & Melinda Gates Foundation.

Community foundations are nothing new. Cleveland's came first, in 1914, when Frederick H. Goff, a banker and lawyer, had the idea of pooling the resources of the city's philanthropists into a single endowment to benefit Cleveland in perpetuity. Today, every big city has one, as do such places as Holdrege, Neb., and Orcas Island, Wash. The United States has nearly 800 community foundations, according to the Foundation Center.

The Silicon Valley Community Foundation towers over them all and has thus attracted national attention. But as the SVCF has enabled its donors to give to whatever charities they want—more than half of its grants leave the San Francisco Bay Area, and many that remain go to global institutions such as Stanford University—local community-based organizations and advocates for the poor feel neglected. Some social critics argue that the influx of wealth to Silicon Valley has made life harder for working-class and middle-class people, and that the rich are thereby obligated to mitigate some of the damage they have caused.

That is debatable. But there is no doubt that the region's wealth disparities are stark. You will not find Silicon Valley on a map—it is more of an idea than a place—but let us define it for our purposes as two counties, San Mateo and Santa Clara, that are south of San Francisco and home to technology giants Apple, Google, and Facebook. About 2.7 million people live in the two counties; they include 76,000 millionaires, and about 12,600 households have investable assets of at least $5 million, according to Joint Venture Silicon Valley, a research group. More than 1,100 private foundations, with combined assets of $31.6 billion, operate in the two counties.

Yet about 800,000 people in Santa Mateo and Santa Clara counties, or nearly one-third of those who live there, need public or private assistance to make ends meet. More than 30 percent of public school students access free or reduced-price lunches. Housing is wildly expensive; the median home price in Santa Clara County is $1.2 million, twice what it was just five years ago. Poor people crowd into tiny apartments or endure long commutes.

"Silicon Valley is ground zero of income inequality," says Jen Ratay, executive director of the Silicon Valley Social Venture Fund, a donor group. "Local community organizations are struggling."

These issues and statistics were spotlighted last year by "The Giving Code," a much-discussed report about Silicon Valley philanthropy commissioned by the David and Lucile Packard Foundation and published last year by philanthropy consultants Alexa Cortés Culwell and Heather McLeod Grant. They wrote, "Many of these community-based organizations face considerable challenges that threaten their ability to achieve impact and scale—including, in some cases, a failure to attract local philanthropy and the mindshare of local entrepreneurs that could help them gain traction." Silicon Valley donors and local nonprofits, the authors argue, are so disconnected that they even seem to speak different languages; it is a caricature, but a useful one, to say that young, tech-savvy

PHOTOGRAPH COURTESY OF SILICON VALLEY COMMUNITY FOUNDATION

Emmett Carson, CEO and president of the Silicon Valley Community Foundation, addresses his organization's 2014 regional meeting.

donors want disruption, innovation, metrics, and impact, while the nonprofits are simply desperate for them to care.

How, then, is the Silicon Valley Community Foundation trying to bridge this divide? As the Bay Area's biggest grantmaker, what obligation, if any, does it have to alleviate the suffering of its neighbors? And if the foundation cannot, by itself, solve the region's biggest problems, what should its role be?

OTHER PEOPLE'S MONEY

"I have been driven all of my life," Emmett Carson tells me, "to want to make a difference in people's lives."

As the founding chief executive of the SVCF, Carson has led the foundation through a decade of phenomenal growth—17 percent compounded annually, during a period when community foundations grew by an average of 5 percent a year. A veteran of the foundation world with a PhD in international affairs from Princeton University, Carson is a charismatic albeit controversial figure. He has a raft of fans and a surprising number of detractors, although few of the critics are willing to be quoted by name.

A hard-charging fundraiser, Carson has tapped into the enormous wealth created in Silicon Valley. "The fact that they've raised over $7 billion in donor-advised funds is really great," says Carol Larson, president of the Packard Foundation. Rick Williams, the chief executive of the Sobrato Family Foundation, which is also based in Silicon Valley, says of Carson, "He's passionate, committed, and bright." Nationally, the Silicon Valley Community Foundation is "driving the conversation" about the changing role of community foundations, in part by expanding the definition of "community" to include any place to which its donors feel an attachment, says Brad Smith, president of the Foundation Center.

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Carson greets me with a big smile and firm handshake when we meet at the foundation's headquarters, which occupy two floors of a modern seven-story office building on a commercial strip in Mountain View. A 57-year-old African-American man with a commanding presence, Carson grew up in Chicago, where his father was a city inspector and his mother was head cook in the public schools. He earned degrees in economics and international affairs, and found his way to the Ford Foundation, where he led a program on rights and social justice.

Carson then led the Minneapolis Foundation, a community foundation whose assets tripled under his watch, before heading for the Bay Area, where he oversaw the merger of the Community Foundation of Silicon Valley, which was based in Santa Clara County, with the Peninsula Community Foundation, based in San Mateo County, that created the SVCF.

By Carson's account, that was a Herculean task. Nonprofit mergers are never easy. "The smart money said we couldn't do it. The smart money said it would fail. *The New York Times* ran an article that said my days were numbered," Carson recalls. Then came the Great Recession. Since then, he said, "we have exceeded everyone's expectations on every metric you can have, having started with the worst possible scenarios of the economy, of teams that were not just disparate, they saw themselves as competitors."

The foundation's board of directors, which includes executives from Facebook, Microsoft, and eBay, tracks Carson's performance against a list of metrics that include fundraising, grantmaking, operational improvements, and surveys of individual donor and corporate satisfaction. (The foundation has a growing business advising companies on their philanthropy and social responsibility.) His compensation was $900,000 in 2015, the most recent year for which data is available; that is double his initial base salary, reflecting the board's satisfaction with his performance.

Tracking Carson's impact on the community—however defined—is more difficult, largely because of the foundation's peculiar role. Of that $1.3 billion that flowed out the door last year, all but a sliver—$19.2 million, or less than 2 percent—came from funds that are held by the SVCF but controlled by others. (The $19.2 million came from SVCF's own community endowment.) Some are corporate-advised funds, which are administered for companies like eBay and Cisco, who retain control over their giving. Others come from so-called supporting organizations, which are similar to private foundations but operate with fewer restrictions. But by far the majority of the assets held by the SVCF are donor-advised funds, or DAFs.

DAFs function as rest stops for charity dollars. The fastest-growing segment of philanthropy, DAF assets have increased from $33.6 billion in 2010 to $78.6 billion in 2015, according to the National Philanthropic Trust. They can be parked at community foundations, religious charities, universities, banks, or the charitable arms of for-profit asset managers such as Fidelity, Schwab, and Vanguard. For tax reasons, DAFs have special appeal to donors who (like many in Silicon Valley) generate substantial capital gains from a public stock offering or the sale of a company and want to give to charity but have not decided how or when.

Donors can deposit their gains into a DAF, claim an immediate tax benefit, and "advise" the umbrella organization holding the DAF until they decide where the money will be donated. (Ninety

The Promise of Local Impact

It has never been easier to open a donor-advised fund. With $5,000, an Internet connection, and a Social Security number, you can start a fund at Fidelity Charitable or Schwab Charitable in about five minutes and pay as little as $100 in annual fees.

This poses a problem for community foundations, which offer similar accounts but charge higher fees. They need to stand out from the crowd of competitors who want to manage the money of wealthy donors.

Most do so by focusing locally, according to Deborah Ellwood, president and CEO of CFLeads, a nonprofit that seeks to improve the effectiveness of community foundations. "At their best, community foundations are local organizations that are using a whole toolbox to strengthen their communities," Ellwood says. "They have local knowledge. They create and disseminate local information. They can also, of course, engage residents, and not just residents with titles after their names. They're also working across sectors. They can fund advocacy, and they can lobby. They are trusted, so they can be even-handed conveners."

Here are snapshots of three community foundations that aim to strengthen their hometowns:

The Boston Foundation

When this community foundation dug into its history as part of its centennial celebration in 2015, executives were surprised to find that it had provided seed money to about 100 nonprofit startups, including Brigham & Women's Hospital and public broadcaster WGBH-TV. More recently, it helped to launch such notable nonprofits as BELL (Building Educated Leaders for Life), City Year, and Citizen Schools. "Receptivity to new ideas, for whatever reason, got into the DNA of the foundation from the beginning," says Paul Grogan, who has led the foundation since 2001. "Smart people could go up to the open window and get backing." While birthing some organizations, the foundation helps others to transition through its Center for Nonprofit Effectiveness, which looks for ways to encourage nonprofits with overlapping missions to join forces. The foundation has been involved in "a number of significant mergers but not as many as we would like there to be," Grogan says.

percent of donors surveyed by Fidelity named the tax benefit as the main reason for starting a DAF.) DAFs are also not subject to payout requirements, and donors who choose to can remain anonymous.

As most acknowledge, DAFs depend on a legal fiction that is widely ignored. While the law requires that DAFs be controlled by the parent charities like the SVCF, it is the donors, in practice, who decide how the funds will be spent. When I ask Carson about how much influence he has over donor-advised funds, he replies with a question of his own: "Do you have kids? When they can't talk, you have a lot of control. When they can, you have less and less." Suffice it to say, his donors can talk. "They are some of the smartest people in the world," he says.

Carson and his development team of about a dozen people operate in a crowded market, competing with low-cost, large-scale providers of DAFs such as Fidelity and Schwab at one end, high-priced bespoke philanthropy advisors at the other, as well as staffed family offices, faith-based federations, politically liberal and conservative DAFs, and giving circles. It is no wonder that Carson does not lobby donors too vigorously. Indeed, he explains, SVCF staff members see themselves not as advocates or even as counselors but as facilitators or partners.

"The traditional community foundation model," says Carson, "is one in which we set up as the guide. I'm going to guide you through this world of philanthropy. I'm going to take you on the trails that I know. We're going to avoid the difficult places. Come with me."

That is not his approach. "Our model is, it's a jungle out there. We're going to learn together. We're going to discover this is a dead end. We're going to share the frustrations. We're going to share the joy of success. That's the partnership," says Carson.

"We start out by saying, where are you trying to get to? What gives you satisfaction? What do you care about out there?" Carson says. Success, he says, is a satisfied donor or, in the argot of business, a repeat customer. "Did this grant fulfill your goals as a donor? Did it do good in the community? Does it make you want to do more in the community? That's what I am trying to facilitate and grow—not did I get you to do the things I wanted to do."

To Carson, it is not merely counterproductive but wrong to push donors too hard. He rejects the claim that some causes matter more than others. "Philanthropy is intensely personal," he says. "The fact that I think housing and transportation are critically important, does that mean hospitals aren't important? Does that mean the arts aren't important?"

Some say that is a cop-out. Other community foundations advocate for local nonprofits, saying their role is to spotlight local needs and coordinate collective action. (See "The Promise of Local Impact" on page 20.) The two community foundations that merged to form the Silicon Valley Community Foundation were locally focused by design, according to Sterling Speirn, who was president of the Peninsula Community Foundation from 1990 to 2005. "What about the poor kids in East San Jose?" Speirn asks. "Wouldn't you like to think that their lives are markedly different because they live in the same place as the Silicon Valley titans?"

The perception that the SVCF is insufficiently committed to local needs has been reinforced by several recent moves. The foundation opened a San Francisco office, ruffling feathers because community foundations generally avoid soliciting donors outside of their own locality. (San Francisco has its own community foundation, The San Francisco

Community Foundation for Greater Buffalo

In 2011, this 98-year-old foundation identified public schools that "were not delivering the workforce the community needs" as one of the region's biggest problems, says Clotilde Perez-Bode Dedecker, its president and CEO. The community foundation brought governments, companies, and donors together; formed a partnership with a national nonprofit called Say Yes to Education; and developed a comprehensive program to "radically improve the life course of an entire generation of public school students" in Buffalo with a mix of college scholarships, academic help, and counseling. The resulting Say Yes Buffalo program built a management system, which it says is the first of its kind in a public-school district in the nation, to track academic, attendance, behavioral, and health indicators for each student based on input from schools, students, and parents; those students who veer off track get help. High school graduation rates are up by 15 percent, and enrollment in college and postsecondary trade schools is up by 10 percent. "We are seeing all the macro trends going in the right direction," Perez-Bode Dedecker says.

The San Francisco Foundation

Last year, this foundation set a clear and ambitious agenda to "disrupt the trajectory of inequality" in the San Francisco Bay Area. "Race and economic inclusion are the North Star for us," says Fred Blackwell, the foundation's chief executive. "The work that we are embarking on, and the level of ambition that we have, requires us to go far beyond our role as a grantmaker and a service provider to donors." Its efforts have intensified since the election of President Donald Trump. "We had a lot of donors who were asking us how they could respond," Blackwell says. The foundation made a $3.5 million grant to defend people against deportation, which was matched with $1 million from the city of Oakland. The foundation also created a Rapid Response Fund for Movement Building that is making onetime grants of $3,000 to $15,000 to grassroots advocacy groups working to advance racial and economic equity. Blackwell is fortunate that the foundation's own endowment holds about $800 million of its $1.3 billion of assets. "It gives us a good amount of flexibility to drive discretionary grantmaking," he says.

Foundation.) It relocated an executive to New York City, although she is there largely to service East Coast corporate accounts, including PepsiCo and *Glamour* magazine. (The SVCF worked with *Glamour* on The Girl Project, a program to help poor girls in the United States and abroad to stay in school.) The foundation also made it easier for donors to give overseas. It produced a report on philanthropy in India, supported a donor circle for Africa, and created a global charity database of 1,100 NGOs; it now processes global donations in multiple currencies.

Carson has no patience for those who question the global grantmaking. He notes that the plan for the SVCF, which predated his arrival, says the foundation will "meet donor partners where they are and support their personal definitions of building community—locally, nationally, and around the globe." This expansive view reflects Silicon Valley's demographics as a magnet for talented people from around the world, who retain emotional ties to the places where they grew up. "We had a lot of donors who did work around the Ebola crisis," he says. "Do you think we should wait to do something about Ebola until it's in San Mateo or Santa Clara county?" For all the attention paid to the SVCF's global grantmaking, donations to nonprofits outside of the United States amounted to just $10.5 million last year.

PROBLEMS IN THE VALLEY

While Emmett Carson and his colleagues will not tell philanthropists with donor-advised funds where to give, they do control the foundation's endowment, along with whatever funds they can raise year to year. Unfortunately, of the $8.2 billion in assets held by the SVCF, only $216 million, or less than 3 percent, sits in the endowment. Other community foundations, by contrast, have bigger piggy banks of their own. The San Francisco Foundation holds $1.3 billion in assets, of which $800 million sits in an endowment, available for discretionary grantmaking. Of the $1 billion held by the Boston Foundation, about $300 million is an endowment. To the degree that money confers power, the presidents of those community foundations have more than Carson.

Last year, the endowment, coupled with other fundraising, enabled the SVCF to make $19.2 million in discretionary grants, all locally focused, in four areas: education, the education of immigrants, regional planning, and economic security, which focuses on "financial education as well as opportunities to save, invest, and protect family wealth."

These categories exclude many nonprofits, including those focused on the arts, the environment, and, notably, social service programs such as food banks and homeless shelters. "We want to be going after the root causes," says Erica Wood, the foundation's chief community officer, who oversees discretionary grantmaking and public policy. "If we want to be about impact, we have to be focused." Of course, some would counter that providing meals to the hungry or temporary shelter to families has impact.

The strategic focus is, in any event, a departure. "The predecessor foundations spread money around in ways that were not impactful," Carson says. Wood, who worked at the Peninsula Community Foundation, agrees: "We are a far more courageous organization today than we were back then." Grantmaking at the SVCF is now aligned with research, advocacy, and policy work.

One example: In 2009, after the Great Recession, the foundation commissioned a report designed to raise awareness of the negative effects of payday lending. The SVCF then gave about $3.4 million in grants to organizations that oppose payday lending and urged local governments to protect low- and moderate-income families from unscrupulous lenders. Since then, 14 Silicon Valley jurisdictions, including San Mateo and Santa Clara counties, have enacted ordinances to restrict payday lending. "SVCF's funding not only stimulated formal and informal coalitions; it deepened the capacity of the participating organizations," says a 2017 report commissioned by the foundation. (Under IRS rules, community foundations have the freedom to fund advocacy and lobbying, and to engage in lobbying themselves.) SVCF grantees have taken the campaign against payday lending to other California cities and the State Legislature. The foundation counts these as significant victories.

Carson is also proud of the SVCF's multipronged efforts to end so-called math misplacement, a euphemism for discrimination against minority and low-income students who are forced to repeat algebra classes despite passing grades and test scores. The problem was brought to light in 2010 by research commissioned by the Noyce Foundation and further documented in a report called "Held Back," funded by the SVCF and produced by the Lawyers' Committee for Civil Rights. The SVCF hired a law firm to file Freedom of Information Act requests with 54 school districts, which revealed that the problem was widespread. Carson was outraged. "You're demoralizing a kid who actually won the race. It was doing irreparable harm to these kids," he says. The SVCF advised school districts on how to overcome the bias and, working with legislators, sponsored a bill to curb the practice that was signed into law in 2015 by California Gov. Jerry Brown.

These efforts are not trivial, but they are not terribly ambitious, either. Critics say that the SVCF should be bolder. John Maltbie, the veteran San Mateo County manager, wishes the community foundation would tackle poverty alleviation and affordable housing. "If you ask the average person who lives in Silicon Valley, 'What makes your life more difficult?' they would talk about transportation and they would talk about housing. Those aren't issues that the Silicon Valley Community Foundation has been very involved in," Maltbie says. "I would question their commitment to community if those issues don't rise up on their agenda. My sense is that more and more they are donor directed."

Others contrast the SVCF with the much-smaller Sobrato Family Foundation, which focuses on local grantmaking and disbursed $16.2 million in the Valley in 2015, nearly as much as the

Joined by US Rep. Zoe Lofgren, then-San Jose Councilman Ash Kalra, and others, Emmett Carson speaks about the dangers of payday lending at a December 2014 event.

PHOTOGRAPH COURTESY OF SILICON VALLEY COMMUNITY FOUNDATION

SVCF. A hub of local philanthropy, Sobrato provides rent-free office space to 71 nonprofits. The executive director of one of them, who asked not to be named, says, "We love Sobrato. They fill a huge need."

Carson says he constantly exposes donors to the problems of the poor. Last spring, the SVCF hired an investigative reporter to describe the struggles of several thousand low-income people living on the southern Pacific coast of San Mateo County; it showcased her findings in a blog post and podcast. "We are always talking to our donors about opportunities," Carson says. But he thinks that local nonprofits need to make the case for themselves. "I have given up on the idea that it is our job to make the case for the development officers of every nonprofit," he grumbles.

When Carson and the SVCF have tried to do more, the results have been lackluster. In January, the SVCF created a fund called Opportunity for All, saying that one of its top priorities was to help the region's immigrants. The SVCF set a modest goal of raising $1 million to support legal aid and provide information and other resources to immigrants; it has raised only about $250,000. A month later, after a flood forced the evacuation of 14,000 people from a San Jose neighborhood, causing an estimated $73 million in damages, the foundation and the city's mayor set up a relief fund. A California billionaire, Kieu Hoang, gave $5 million, but the fund brought in only another $1.4 million, with very little coming from the tech industry.

Several factors explain the tepid responses to these campaigns, as well as the frustrations of other local fundraisers who cannot tap into Silicon Valley's riches. In part, they reflect what "The Giving Code" describes as "the barriers and tensions between local philanthropists and local nonprofits and why they seem to keep missing each other."

Heather McLeod Grant, coauthor of the report, says the new generation of young philanthropists who made their money in tech have scant interest in business-as-usual nonprofits. They bring "an innovative and disruptive approach to their philanthropy," she says. "They approach giving as investing, not charity. They're very interested in disrupting the status quo."

But how do you disrupt a soup kitchen? "It *is* hard to disrupt soup," laughs Cat Cvengros, vice president of Second Harvest Food Bank of Santa Clara and San Mateo counties. The food bank today serves more people—largely poor and working-class families being squeezed by higher rents—than it did during the Great Recession. To

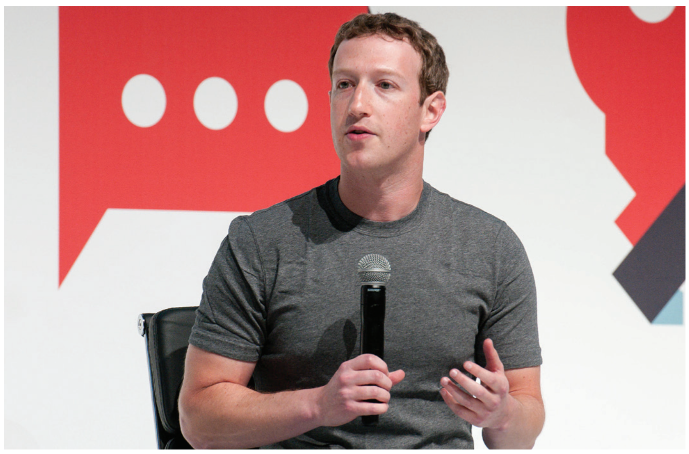
GoPro's Nicholas Woodman (left), Facebook's Mark Zuckerberg (center), and WhatsApp's Jan Koum have donated hundreds of millions of dollars to the Silicon Valley Community Foundation.

meet the growing demand—and to appeal to tech-savvy donors—the food bank is researching ways to improve, perhaps by building an app. "We want to launch an innovative effort to reimagine food banking," says Cvengros, adopting the lingo of the Valley.

The Sobrato Foundation's Rick Williams ascribes the disconnect between wealthy donors and local nonprofits not to a lack of empathy but to a "lack of rootedness in the community." Most people in Silicon Valley come from somewhere else, and many are intensely focused on their work. "It is very hard to get the new wealth to understand the nonprofit community," Williams says. Carson "may be trying," Williams acknowledges, "but it's just not working." If current trends continue, he worries, Silicon Valley will be increasingly unlivable for all but the well-to-do.

Foundations in the region need to collaborate more, all agree. "I don't understand why this place can't be a laboratory," says Daniel Harris, the San Jose program director at the John S. and James L. Knight Foundation. "We have broken school districts, we have a big issue of inequity, we have people who are homeless, we have people who are stuck in endless traffic on the 101—depending on what your issue is, there's an opportunity here to think big." Another Silicon Valley grantmaker, who asked not to be identified, says that unlike the best community foundations, the SVCF has failed to establish itself as a trusted hub, a place where foundations, governments, nonprofits, and businesses can come together to tackle the most important local problems. The Opportunity for All immigration fund, for example, fell short of expectations because the "ask" was too small and the SVCF chose to go it alone, this grantmaker suggested: "They don't have a lot of influence because they don't have a lot of credibility."

"The Giving Code" says, pointedly, that Silicon Valley "needs a central, credible place to go for good and reliable information on local nonprofits." Tech donors in particular say they care about maximizing the impact of their charitable donations, by supporting the best nonprofits. Packard's Larson says, "There's a good percentage of donors who would be interested in more information and guidance.



The SVCF could fill this gap, but its evaluations of local nonprofits lack the rigor that other intermediaries, such as GiveWell or The Center for High Impact Philanthropy at the University of Pennsylvania, bring to that task. Those organizations carefully study nonprofits and look for third-party evidence of effectiveness; by doing so, GiveWell has attracted tech money, notably from Dustin Moskovitz, a cofounder of Facebook. While the SVCF touts its own accomplishments in "impact reports" and elsewhere—it commissioned not one but two reports marking its 10-year anniversary and sponsored a series of promotional blog posts in the *San Francisco Chronicle*—it provides limited guidance to donors looking for effective nonprofits.

A NUMBERS GAME

The Silicon Valley Community Foundation takes pride in the $1.3 billion of total grantmaking that it achieved in 2016. But there is less to that figure than meets the eye. Most of the $1.3 billion is pass-through philanthropy from donor-advised funds and businesses. In addition, about 42 percent of the total comes from a single donation of $550 million, from Facebook founder Mark Zuckerberg's donor-advised fund to the Chan Zuckerberg Biohub, a San Francisco-based research institution that is just getting off the ground. If nothing else, this transaction illustrates the outsized impact that a few major donors can have on the numbers cited by the SVCF.

In 2013, for example, Zuckerberg donated 18 million shares of Facebook stock worth almost $1 billion to the SVCF, accounting for 70 percent of the money raised that year by the foundation. In 2014, 73 percent of the donations to the SVCF came from four donors, including Nicholas and Jill Woodman, founders of the GoPro camera company, who gave $500 million; and Jan Koum, the founder of WhatsApp, who gave $556 million. In 2015, 70 percent of the SVCF's contributions came from 12 donors.

Why do these mega-donors choose to park their money at the SVCF? They are not saying, and neither is the foundation. "My charm," Carson replies, laughing, when I ask him. He goes on to say

PHOTOGRAPHS BY: (LEFT) REUTERS/MIKE SEGAR; (CENTER) WENN LTD./ALAMY; (RIGHT) DPA PICTURE ALLIANCE/ALAMY that the foundation prides itself on its customer service and offers a "one-step, turnkey solution, and you can expect a level of expertise and excellence." Donors give to the SVCF in a variety of ways, including hard-to-value shares in private companies. Carson says, "We've taken Bitcoin. We've taken Ripple. We take buildings. We get art."

The timing of these large gifts indicates that they are driven by the desire to offset capital gains generated by so-called liquidity events. GoPro's Nicholas and Jill Woodman, for example, made their $500 million donation to the SVCF in 2014, shortly after GoPro sold shares to the public and just before Woodman cashed in nearly $300 million of stock. The donation to the SVCF likely offset tax liabilities from that sale. It is not known whether Woodman has made any charitable gifts out of his donor-advised account, and GoPro did not respond to requests for comment. For its part, the SVCF has no financial incentive to push its donors to give away their money; to the contrary, it supports its operations from the fees it generates from donor-advised accounts, so more money parked there means more revenues for the SVCF.

About those fees: The SVCF is certainly not the cheapest place to maintain a donor-advised fund. It charges an annual fee of 1 percent for accounts up to $3 million, less for larger accounts. Fidelity, Vanguard, and Schwab charge administrative fees of 0.6 percent annually, less for larger accounts. The differences can add up; one donor told me that she moved her account from the SVCF to Schwab so that she would have more money left to give to charity.

What do donors get for those higher fees? Not enough, some gripe. Three high-net-worth donors told me that they opened accounts at the SVCF because they wanted to support the community but grew disappointed with the quality of advice provided by the foundation, even after staff were asked to identify local giving opportunities.

It is hard to know whether major donors like Zuckerberg seek or receive guidance from the SVCF on their philanthropy. The SVCF does not merit a mention in *The Prize*, a book by Dale Russakoff about Zuckerberg's $100 million donation to reform Newark, N.J.'s public schools. The effort delivered mixed results, partly because of a failure of the young philanthropist and his allies to consult with the community. The SVCF declined comment, citing donor confidentiality.

There are other signs of donor dissatisfaction with the SVCF. One of the largest grants reported by the SVCF in 2016 was a $25 million "contribution" to a donor-advised fund at Goldman Sachs. In 2015 and 2016, another $21 million left the SVCF for donor-advised funds at Fidelity, Schwab, Vanguard, Bank of America, and elsewhere. These grants are transfers to financial institutions that do not do charities any good, but they are logged as "grantmaking" by the SVCF.

All of this makes it difficult to definitively answer the questions posed at the start of this story about the impact of the SVCF and about its proper role. At the very least, the foundation has encouraged the wealthy in Silicon Valley to become more generous, by making it easy and advantageous, tax-wise, for them to set aside assets and earn a financial return while they develop strategies for charitable giving. It is, in this regard, much like the charitable arms of Fidelity or Schwab, except that the fees that the SVCF earns support its other work in Silicon Valley.

Carson's willingness to let his donors define community in any way they like also makes sense, despite the grumblings from local nonprofits. Many if not most of those donors have roots outside of Silicon Valley and do business internationally. Arguably, philanthropists in Silicon Valley and elsewhere in the United States should do more global giving, not less: The needs are greater in poor countries, and donations go further there than they do close to home.

As for the foundation's own initiatives, whether around payday lending or math displacement, they are laudable, if not pathbreaking. With his less than $20 million of the foundation's own money, Carson and his colleagues have no hope of tackling the region's big problems on their own. Like all but the very biggest foundations, they are playing an incremental game.

And that, in the end, might be the most surprising thing about the SVCF: how little this seemingly huge foundation reflects the ambition and spirit of Silicon Valley. Except for his embrace of global philanthropy, which is hardly radical, Carson has done nothing that could be called bold or innovative. The SVCF has accumulated billions of dollars of assets, to be sure, but you would expect that, given the wealth of Silicon Valley.

You would also expect that Silicon Valley's high rollers would be more committed to improving the lives of their less fortunate neighbors. But so far, this has not been the case, even as some people have grown so angry about inequality that they throw rocks at the Google bus. Carson and his team at the SVCF have been slow to collaborate with other foundations, and they have been unable or uninterested in establishing the SVCF as the go-to place that brings the movers and shakers of Silicon Valley together to drive exciting, transformational change.

A region with so much money and even more brainpower, as well as persistent and worrisome problems, has somehow produced a community foundation that is, except for its size, unexceptional. For all of Silicon Valley to thrive, the SVCF will have to become more innovative, more collaborative, and more focused on the needs of the poor. Most important, it needs to measure its success not by assets under management but by lives changed. ■