

April 3, 2013

Mr. Dan Pulcrano
Executive Editor & CEO
Metro Silicon Valley
and SanJoseInside.com
550 South First St.
San Jose CA 95113

Dear Mr. Pulcrano:

Recent articles published in the Metro/San Jose Inside assert that Cindy Chavez had a conflict of interest in connection with certain transactions between Santa Clara Family Health Foundation and Working Partnership USA, because Ms. Chavez is the Executive Director of Working Partnerships and also serves as a director of the Foundation. Serving in both capacities is not illegal; in fact, California nonprofit law specifically covers situations in which a director plays a role with both parties in a transaction.

Under Section 5233 of the California Nonprofit Corporation Law, a “self dealing transaction” involves a transaction in which the nonprofit corporation is a party and one or more of its directors has a material financial interest. The facts below indicate that no director financial interest was involved.

Working Partnerships is a nonprofit public benefit corporation that is recognized by the Internal Revenue Service as a Section 501(c)(3) charity. By law, the organization does not have any shareholders, and any increase in net assets as a result of increased revenue may not be paid out to private individuals, including Ms. Chavez.

In addition, Ms. Chavez’s compensation is not contingent on Working Partnerships receiving Foundation funding. The organization’s financial information, publicly available on its Form 990 filed annually with the Internal Revenue Service, shows that Working Partnerships had sufficient resources to cover Ms. Chavez’s compensation, even if it had not received any funds from the Foundation. (Working Partnership’s Form 990 for 2011 and earlier years is publicly available; its Form 990 for 2012 is not due until later this year.)

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It also should be noted that Ms. Chavez, in her capacity as a Foundation director, did not vote on a decision to engage Working Partnerships or to approve a Foundation budget that included an earmark for Working Partnerships, as one article suggests. According to the Foundation board meeting minutes from June 8, 2012, the Foundation board approved a budget that included a general allocation for community outreach. The budget did not earmark any funding for, or even refer to, Working Partnerships.

Very truly yours,



David A. Levitt

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