Unwavering in Our Commitment

2020 ANNUAL REPORT

The California Endowment
25 Years of Transforming the Future for All Californians
Introduction

A California for All

Reflecting on
25 Years Serving Our Communities + Partners

Dear Family,

A California for All is More Than Just Our Vision. It’s the promise that we at The California Endowment work to fulfill every day.

For our communities and partners, 2020 brought challenges we never could have imagined. A crippling pandemic. Constant reminders of racial inequities. Imbalances in resources and attention for those most in need. Despite all of this, partners were resilient and redoubled efforts to support their communities through it all.

Throughout 2020 our partners continued to build healthy communities, providing experience and creative thinking, even in the face of crisis. Speaking specifically to the COVID-19 pandemic, they stood on the front lines, providing by any means necessary support and strong voices for those most negatively impacted by the pandemic. And when our country once again saw repeated incidents of racial inequality, partners let their voices be heard and pushed for solutions and transparent and honest conversations to move us forward on ridding systemic racism and white supremacy. The result was Black power being built into the framework of our organizations, communities and systems.

In support of these monumental achievements, we stepped up our own support and pushed ourselves to be in greater partnership with community and grantees. We worked to strengthen and expand our support and help where resources were needed most. Moving forward, we are committed to walk side by side and work together and in partnership to build on these investments, talent, and efforts to change health outcomes for everyone in California.

This year, as we celebrate the 25th anniversary of The California Endowment, we take a moment to reflect on the lessons learned in the last quarter-century. No matter the grant, its size or scope, its location, or the partner involved, here are three things that you, our grantee partners, have taught us and that have shaped our vision for the future.

1. Unequivocally, it starts with people power. In order to be successful, engaging the most vulnerable, impacted and ignored communities and learning from their wisdom is the key to a successful strategy for structural change.

2. The path forward is as simple as ABC. We believe in Agency, the spirit of Belonging and inclusion, and when you invest in those things we all see the power of Changed Conditions in the health of communities.

3. We must go together. The smartest, truest path to a healthy community is a robust, inclusive democracy where all people can participate and have their voices heard. We’ve seen positive health outcomes—from transforming juvenile justice, access to wellness and health in school settings—happen when communities have a voice and are included in the democracy that builds power.

Rest assured that you have been heard and seen as our journey together has taught us much. This wisdom has become indelible throughout our foundation, forming our beliefs and guiding our actions as we boldly look ahead to continuing our work for the next 25 years.

After a year unlike any other, California stands stronger today thanks to partners like you, tirelessly working to create a better future.

In Partnership and Power,
Robert K. Ross, CEO
Bishop Minerva Carcaño, Board Chair
Kurt Chilcott, Board Vice Chair
Meet our board of directors

The California Endowment

We are a private non-profit, statewide foundation that supports work to make California a healthier place for all.

INCLUSIVE. CONNECTED. FOCUSED.

We Aim to Increase Social Justice and Health Equity in these Five Focus Areas:

• Health Systems
  Our health system works best when every Californian has access to quality and affordable health care.

• Inclusive Community Development
  Our communities and neighborhoods thrive when policies advance health and racial equity for all Californians.

• Justice Reinvestment
  Re-imagining a criminal justice system that centers on prevention and healing.

• Power Infrastructure
  Building power in resilient communities across the state for a stronger California.

• Schools
  Academic achievement, inclusive learning environments, and health go hand in hand.

Today, with more than $3.5 billion in assets, The Endowment is the largest private health foundation in the state.

Each and every day in partnership with community organizations, The California Endowment seeks ways to improve the state of health in California. We know every aspect of our life impacts our health. More than just visits to the doctors office, health happens in our homes, our schools, and our communities. That’s why since its inception, the Endowment has awarded more than 22,000 grants totaling over $2.9 billion to community-based organizations throughout California.

During 2020 alone, the Endowment awarded 1,149 grants totaling $175,230,551 to organizations who share our values and are working to create impact.

Current Board

Bishop Minerva Carcaño, Chair
Kurt Chilcott, Vice Chair
Robert K. Ross, MD, President/CEO
Stephen Bennett
Maria Blanco
Hector Flores, MD
Katherine Flores, MD
Shawn Ginwright, PhD
Britta Guerrero
Kris Hayashi
Leslie Kautz, CFA
Marta McKenzie
Karthick Ramakrishnan, PhD
Michele Siqueiros
Vien Truong
Daniel Walker, PhD
Torie Weistton-Serdan
Kiah Williams
Winston Wong, MD, MS

Emeriti

J. Kendall Anderson
Richard S. Atlas
Leroy T. Barnes, Jr
Susan Berresford
Hallie Ann Beacham, MD
Daniel Bogdan
John E. Bryson
Walter Buster, EdD
Jesse Casso, Jr.
Arthur Chen, MD
Maria Contreras-Sweet
Molly J. Cое, MD, MPH
Shan Cretin, PhD
James Allen Crouch
Adrienne Crowe
Leobardo F. Estrada, PhD
Herman Gallegos
Jane Garcia
Dean Germaino
Russell Gould
Zachary Guevara
Leigh A. Guerrero
Beverly Hamilton
Sherry Hirota

* Founding board members

LED BY OUR BOARD OF DIRECTORS, PRESIDENT AND CEO ROBERT K. ROSS, MD, AND THE FOUNDATION’S EXECUTIVE TEAM, THE CALIFORNIA ENDOWMENT STRIVES TO SET THE STANDARD FOR ACCOUNTABILITY, TRANSPARENCY, EQUITY, AND IMPACT.
Key Lessons from 25 Years of Experience

THE CALIFORNIA ENDOWMENT IS COMMITTED to promoting shared learning among our partners, board, and staff to create healthier communities. While in most cases we publish overarching strategic evaluations of programs and methodologies, reflecting on our last 25 years allows us a unique opportunity to share something special: Lessons gleaned from relationships with hundreds of partners, and impact created for tens of thousands.

We recognize their importance as these ideals have become institutional in our approach. Fundamental beliefs are shaped throughout our diverse experiences. We shared a few of these in our opening letter, and offer a comprehensive list here.

1. People Power drives change. We are engaging the most vulnerable and impacted communities and centering their wisdom as the key to a successful strategy for structural change.

2. A-B-C. We believe in Agency, the spirit of Belonging, and when you invest in those things you see Changed Conditions in the health of communities. Keep the strategic focus here and you’ll be able to deliver.

3. Inclusion has power. The smartest, truest path to a healthy community is a robust, inclusive democracy where people can participate and have their voices heard. This leads to positive health outcomes—from transforming juvenile justice, providing access to wellness and health in school settings, an inclusive voice in our democracy that drives power.

4. Racism is the biggest challenge for communities of color. Because of a legacy of racial and economic segregation, anti-immigrant policies, and a host of other historical “isms,” there are many communities in California where the neighborhood environment conspires to harm residents. These environments lack basic health-protective amenities like parks, grocery stores, decent schools, jobs, and housing.

5. Every Aspect of Our Life Impacts Our Health. Access to affordable, quality health coverage when you’re sick is important, but we believe that Californians need neighborhood environments that support health.

6. Transformative, Sustained Change Requires An Ecosystem Where we live, our race and our income each play a big part in our health status and life expectancy. Research shows that in many areas nationwide, a mile can mean 15 more years of life for someone living in an affluent neighborhood compared with someone living in a low-income disinvested neighborhood, just several blocks away.

7. Key lessons from 25 years of experience

Bringing Social Justice and Health Equity to Every Community

These Three Bold Ideas Align and Drive Our Work

PEOPLE POWER
Developing young and adult leaders to work intergenerationally to raise up marginalized communities’ voices and promote greater civic activism as essential building blocks for an inclusive, equitably prosperous state.

REIMAGINED PUBLIC INSTITUTIONS
Transforming our public institutions to become significant investors in, and champions of, racial and social equity, and in the healthy development and success of young people for generations to come.

A 21ST CENTURY “HEALTH FOR ALL” SYSTEM
Ensuring prevention, community wellness, and access to quality health care for all Californians.

A Bold Plan for the Next 10 Years
Our plan for the decade ahead is to expand our reach across California and increase impact from the previous 14 Building Healthy Community sites. It’s centered around organizing, advocacy, and movement building to transform California into a place where a person’s health destiny isn’t determined by one’s ZIP code. By empowering the work of nonprofit organizations and government entities through grant-making, we’re striving towards a state that is a healthier place to live, free from social inequality and racial injustice; one that can become a model for the rest of the nation.
An Unforgettable Year. Remarkable Progress.

ACHIEVING HEALTH EQUITY AND RACIAL JUSTICE IS NOT A STRAIGHT ROAD.

In 2020, this was evident from the impressive response our teams were able to create given the harsh circumstances they faced to provide partners and communities with the necessary resources they needed to tackle large and looming challenges. Whether that meant thinking more broadly about how to allocate resources by region to create the most good, have the insight to delve deep into the heart of the systemic racism and white supremacy needed for change on behalf of black communities, or rapidly respond to the crisis of COVID-19, our foundation was led by the boldness of our partners to show the resilience and creative thinking needed to navigate 2020. Our partners have taught us that being a philanthropic leader means not being afraid of making changes, deviating from norms, and working to build results fast when the situation calls. From this perspective, comes the important task of reflection and learning after such a tumultuous year. With the hope that these learnings become part of our muscle memory as we walk into the future.

With this fresh approach to our goals and focused strategies for how to create lasting change, our 2020 partner grant list truly reflects a bold step forward in the way we invest in the future.

Across all our work, the right alignment between The California Endowment’s investment in and commitment to power-building represents the absolutely right investment for the pivotal moments of the past year.

BUILDING HEALTHY COMMUNITIES

In 2020, we wrapped up our first decade of Building Healthy Communities, which laid the groundwork that helped us react to the impact of the COVID-19 pandemic and the national reckoning with racial injustice that unfolded over the year. Like the work of the broader Endowment, the recent years of work and laid groundwork to respond to the crises of 2020 with thoughtful measure—helping to forge a new future that is more successful in achieving health equity and racial justice.

Here are some highlights of BHC’s efforts:

- A new and strong health equity dialogue in California
- A richer understanding of power-building that starts with community organizing and builds connections to other sources of influence
- Policy “game changers” that affected millions of lives, often achieved through a cumulative capacity-building approach to systems change
- The foundation of a new ecosystem approach centered on racial and health equity

Over the past decade, the partners of Building Healthy Communities have created impact that is long-lasting. Our 14 BHC communities have expanded into surrounding neighborhoods, communities and counties. They form an ecosystem of power-building centered on local non-profit organizations that are creating regional and statewide influence. To date, these efforts have led to over 1,200 wins both at the community and state levels.

BLACK POWER ORGANIZING

2020 saw the Black Lives Matter movement take on new and significant momentum as a force for real, sustainable change to reverse the systemic racism that is rampant throughout our nation’s institutions. In response to this call, The California Endowment denounced these practices and pledged its own renewed focus on working to right the injustices created through racist grantmaking practices that have historically and disproportionately denied Black-led organizations and Black-led work.

In July 2020, The California Endowment Board of Directors committed to a 10-year $225 million pledge to strengthen Black-Led organizations and organizing throughout California.

COVID-19 RESPONSE EFFORTS

In one of the most unique ramp-ups in our tenure, we demonstrated how putting resources to work when it mattered most was possible. For an initial wave, we put our response fund to work in just 72 hours, and then it took less than seven months to allocate Phase 2 funds (April—December 2019) to unleash the resources to help sustain communities during the height of the COVID-19 pandemic.

Listen. Pivot. Adapt.
From Initiatives to a Way of Working

Building Healthy Communities was a 10-year, $1.8 billion comprehensive community change initiative launched by The California Endowment in 2010.

Its mission was to advance policy and systems change at the local and state level, change the narrative, and begin to transform 14 California communities devastated by health and racial inequities into places where all people and neighborhoods thrive.

This initiative became more than a program to us. With over 1200 wins, it has set out a road map for how we support strategic work to create systemic change for the future. Seeing the need across a community and addressing them holistically, rather than acutely.

BUILDING A BETTER APPROACH BY BUILDING HEALTHY COMMUNITIES

Driving true, lasting health equity and racial justice in California means partnering to support the ongoing grassroots efforts that are deeply rooted in the hearts of the most at-risk and overlooked of our communities.

The initiative’s contributions are comparably weighty and significant:

- A new health equity dialogue in California, with a richer understanding of power-building that starts with community organizing and builds connections to other sources of influence.
- Policy and system “game changers” that affected millions of lives, often achieved through a cumulative capacity-building approach to systems change.
- The beginning of a new ecosystem approach to realizing health and racial equity.

Improving health status by building “people power,” transforming policy and public systems, and expanding opportunities in communities that have been historically marginalized.

Building Voice & Power

Our partners cultivated a vibrant and dynamic adult and youth organizing ecosystem that yields meaningful local and state policy wins. This infrastructure will help sustain these wins, while the youth voice will continue to play a critical role in leading change for generations to come.

Health Happens in School

BHC partners advocated for more equitable funding of California’s schools through the Local Control Funding Formula policy, which resulted in much-needed increased per-pupil spending and lower teacher-to-student ratios. Plus, Building Healthy Communities partners contributed to a 50% decrease in suspension rates over the last decade. A restorative justice approach cemented in place of harsh school discipline policies.

Health Happens with Prevention

California has become a national model of success, working with partners that also contributed to policies that expanded healthcare access to children, undocumented youth, providing healthcare access to millions of Californians and/or new policies.

Health Happens in Neighborhoods

With a focus on a holistic approach, health outcomes are being built into decisions and policies. Which means resources are shifting to create local and state-wide change that is focused on health outcomes.
Black Power-Building

Creating Ecosystems For Change

In 2020, the swirling new headlines of racial inequality across the nation, ignited by the police-killing of George Floyd in Minneapolis, forced a reckoning with the very root causes of systemic racism in America.

Black Lives Matter became a multi-racial, intergenerational, cross-gender rallying call to abolish racist systems, engage in deep democracy, and re-imagine institutions that are community-controlled and purpose to protect our sacredness and secure our collective well-being.

As an organization, The California Endowment was given the opportunity to renew our commitment not only to eliminating racial bias in our philanthropy—but to stand in solidarity, partnership, and resources for the movement. We met the issue head-on, listening for and understanding any deficiencies, and acting with resolve to and show leadership in a historic way.

In July 2020, The California Endowment Board of Directors made a 10-year $225 million pledge to strengthen Black-led organizations and organizing throughout California. Black Power Rapid Response Fund grantmaking process and resulting grants will help to inform strategy development to meet our commitment to strengthening the Black power-building ecosystem in alignment with the Black liberation movement.

In addition to the pledge, a roadmap to address rooting out structural racism in philanthropy was conceived.

We called for our own organization to recognize and promote a narrative that gives credit to the community organizers and allies that have put in decades of work—essentially “tilled the soil” for this movement to develop, and for it to be ready with clear-minded answers to the challenges of the time. We know this point is critical for philanthropy to grapple with, as it is real-time proof of what it looks like to have organized power. It is the clearest case for funding, sustaining, and growing racially-just community organizing and supporting interconnected power-building ecosystems at multiple levels, over sustained periods.

This means helping to frame the necessary power-building infrastructure that reflects the population and the depth of need. Simply put, our organization, and many like it, needed to take the steps to build the muscle of true Black power-building—supporting black-led groups that have been under-sourced or haven’t been supported before.

This work fundamentally shifted the focus with an aim to support anchoring institutions. Recognizing that the needs may be grassroots, and supporting a new ecosystem of partners. And that rather than being reactionary, we can be mindful and intentional (think regional strategies or systemic strategies) about choosing to build partnerships that create the greatest levels of change.

Included in this development work was the creation of our desired Outcomes for Black Power Funding. For both our base-building partners and ecosystem partners, we outlined key goals specifically addressing the root causes of systemic racism, interlocking systems of oppression, and their adverse health impacts on Black people and communities at the local, regional, or state-wide level in California.

**OUR WORK LED TO NEW GUIDING PRINCIPLES, CREATED BY THE BLACK POWER FUND STAFF COMMITTEE, AS A MEASURE OF ITS RAPID RESPONSE FUND GRANTS:**

1. Hold both a short and long-term view to protect, stabilize and build a Black power-building infrastructure.  
2. Let the movement lead.  
3. Cultivate space for the inclusion of new and emerging partnerships.  
4. Discontinue or amend policies and practices that disproportionately disadvantage nascent or emerging Black power-building development and infrastructure.  
5. Consideration of pooled funds.  
6. Develop TCE’s communications capacity to reframe racialized narratives, move away from race and power-neutral language and be explicit about how structural racism deliberately harms Black people and other people of color.  
7. Attempt to develop shared analysis, strategy, and alignment with COVID-19 funding.

As we hold true to our mission, vision, and values, we welcome the more just, inclusive, kind, and all-around healthy world that is being demanded of philanthropic work moving forward.
Fighting Fast, Fighting Thoughtfully

Our COVID-19 Response

WHEN WORD OF COVID-19 SPREAD ACROSS THE NATION, we didn’t have to learn of its impending menace from the news. Its effects were already bubbling their way into the work of our partners, creating new, immediate challenges. Fortunately, the day-to-day work of The California Endowment had been laying the groundwork to react quickly in a time of crisis.

Phase 1: A 72-hour response, putting resources into play rapidly

Each year, The Endowment creates a disaster-response fund for use in critical situations. While we could not have foreseen using the reserve in such ominous circumstances, its existence proved its use, being deployed within just 72 hours of the governor declaring a state of emergency in California.

Our focus on partnering with the community to improve the health of all Californians came under severe duress during the beginning of the pandemic. Creating the most help for people on the ground was delivered via those we could trust to make the most impact right away.

Recognizing it wasn’t a ‘business as usual’ situation, the COVID response team received swift support from the organization and the board—adjusting to immediate learnings from the early months of the COVID-19 crisis. Employing a ‘whatever it takes’ attitude, the team responded to local community needs.

**PHASE 1 HIGHLIGHTS:**
- Rapid deployment of $5 million to 21 organizations across the state for immediate relief
- Co-funded statewide efforts to develop a COVID-19 case finding and contact tracing health workforce
- Targeted $1M local response in Los Angeles, including $500K to support undocumented residents
- GCIR/California Immigrant Resilience Fund, $500K for a statewide network of 61 organizations to offer direct relief, which leveraged $75 million from the State of California

**Phase 2:**
Digging in for a Long Fight Against A New Enemy

As it became clear that the COVID-19 response would require much more than rapid action, the team began crafting a measured, longer-term answer.

Creating a model for success meant creating a cross-functional team all focused on the most impactful outcomes: program managers, grant-making teams, and finance came together to collaborate on a solution.

With this outlook, an emphasis was placed on organizations that have the capabilities and commitment to deliver on behalf of vulnerable communities. All this was done without losing focus on the importance of supporting the partners who were power-building and advocating for those most disenfranchised. Having a track record of partnership with those organizations who were most essential to the community allowed us to react uniquely.

- Center for Self-Help ($2M) to provide technical assistance for nonprofits to access Paycheck Protection Program (PPP) and strengthening the network of Community Development Financial Institutions (CDFIs) advancing racially just lending

COVID-19 brought an opportunity to change the way we talk about the structural and systemic racism that has created policies and social conditions that have put people of color at risk. It also created a window of opportunity to challenge and transform the institutions that have created these same systematic policies and conditions that impact the health and well-being of communities of color.

Our Phase 2 strategic communications narrative set a new standard for working in sync with communities and their needs. Here’s how:

1. Bridge communications and narrative change work to respond to the immediate communications needs of directly impacted communities while building narrative change capacity to address the long-term racial inequities COVID-19 is amplifying
2. Prioritize power-building & grassroots community organizing while centering racial equity, by aligning the COVID-19 communications and narrative funding with our existing investments in the power-building ecosystem
3. Strategically leverage The California Endowment’s voice and power
California Physician Specialties Fund
California Planned Parenthood Education Fund, Incorporated
California Primary Care Association
California Rural Indian Health Board, Inc.
California Rural Legal Assistance, Inc.
California School-Based Health Alliance
California State Parks Foundation
California State University, Bakersfield Foundation
California State University, Fresno Development Center
California State University, Los Angeles
California Urban Partnership
Calmanova
Californians for Justice Education Fund, Inc.
Cambodian Family Capital
Capitol Public Radio, Inc.
Caruthers Unified School District
Cascade 0101, Inc.
Castroviejo Community
Catholic Charities of Stockton
Catholic Charities of the Diocese of Fresno
Catholic Charities of the Diocese of Oakland
Causa Justa Just Cause
CCF Community Initiatives Fund
Center for Community Action and Environmental Justice
Center for Community Advocacy
Center for Community Health and Well-Being, Inc.
Center for Community Solutions
Center for Domestic Peace
Center for Empowering Refugees and Immigrants, Inc. - CERI Center for Media Justice Center for Non-Violent Education and Parenting
Center for the Study of Social Policy
Center for Young Women’s Development
Center for Youth Wellness
Central Coast Innerfaith Sponsors, Inc.
Central Valley Episcopal Community Foundation
Central Valley Health Network Inc.
Central Valley Social Justice Institute
Central Coast Alliance United for a Sustainable Economy
Central Coast Innerfaith
Centro Binacional Para El Desarrollo Indigena Oaxaqueno
Centro Cultural de Mexico en el Condado de Orange
Centro La Familia Advocacy Services, Inc.
Century Villages At Cabrillo, Inc.
Cesar Chavez Foundation
Comite Civico Del Valle, Inc.
Comité para un Pueblo Libre
Committee for a Better Environm...
As an organization, 2020 taught us many things. The importance of being flexible, resilient, open to criticism, and continually working together to build a better endowment. We’ve also been reminded of the additional, simple lessons like supporting resilience among power-building partners, aiming to focus on the most impacted, shoring up our rapid response capacity, and nurturing relationships with intermediary partners for reach and leverage—that underpin our work.

Together, we’ll continue to strive to create the change that is representative of our progressive views and values. We’re committed to being a leader in the philanthropic space, in one of our nation’s largest states, bringing meaningful, lasting effects for communities.

One Final Lesson from 2020

In a year where our learning moved at warp speed to keep pace with the challenges and needs of communities, we were reminded of the importance of the TCE Community. As we support the many organizations and grantees, we acknowledge that this impact wouldn’t have been possible without the hard work and dedication of a team that embodies the mission of our organization.

Every Day is a New Opportunity for Growth

The Work of Advancing Health and Racial Equity in California Means a Constant Commitment to Listening, Understanding, and Partnering to Create Change in the Smartest Ways Possible.

As an organization, 2020 taught us many things. The importance of being flexible, resilient, open to criticism, and continually working together to build a better endowment. We’ve also been reminded of the additional, simple lessons like supporting resilience among power-building partners, aiming to focus on the most impacted, shoring up our rapid response capacity, and nurturing relationships with intermediary partners for reach and leverage—that underpin our work.

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The state of our financial outlook is strong.

Over the next few pages, we’ll demonstrate our fiscal preparedness for our goals ahead.

Consolidated Statements of Financial Position
MARCH 31, 2020 AND 2019

<table>
<thead>
<tr>
<th>(in thousands of dollars)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 18,528</td>
<td>$ 32,907</td>
</tr>
<tr>
<td>Investments</td>
<td>$ 3,248,626</td>
<td>$ 3,639,281</td>
</tr>
<tr>
<td>Program-related investments, net</td>
<td>$ 51,908</td>
<td>$ 49,491</td>
</tr>
<tr>
<td>Other assets</td>
<td>$ 1,733</td>
<td>$ 1,619</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>$ 18,659</td>
<td>–</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 82,917</td>
<td>$ 85,408</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 3,422,371</td>
<td>$ 3,808,706</td>
</tr>
</tbody>
</table>

| **Liabilities and Net assets without donor restrictions** | | |
| Liabilities | | |
| Accounts payable and other liabilities | $ 8,195 | 11,537 |
| Grants payable, net | $ 76,909 | 97,371 |
| Accrued post retirement obligation | $ 6,746 | 1,820 |
| Deferred tax liability | – | 2,836 |
| Total liabilities | $ 91,850 | 113,564 |

Net assets without donor restrictions | $ 3,330,521 | 3,695,142 |

Total liabilities and net assets | $ 3,422,371 | 3,808,706 |
## Consolidated Statements of Activities

**YEARS ENDED MARCH 31, 2020 AND 2019**

**IN THOUSANDS OF DOLLARS**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>investment return</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) / gain on investments</td>
<td>$ (191,190)</td>
<td>$ 179,990</td>
</tr>
<tr>
<td>Program-related investment interest and other income</td>
<td>4,262</td>
<td>4,526</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>(186,928)</td>
<td>184,516</td>
</tr>
<tr>
<td><strong>expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants awarded</td>
<td>136,974</td>
<td>164,189</td>
</tr>
<tr>
<td>Direct charitable expenses</td>
<td>18,237</td>
<td>17,369</td>
</tr>
<tr>
<td>Program operating expenses</td>
<td>25,596</td>
<td>25,891</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>7,357</td>
<td>5,806</td>
</tr>
<tr>
<td>Program-related investment expenses</td>
<td>1,826</td>
<td>466</td>
</tr>
<tr>
<td>Interest expense</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td>Tax provision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>4,597</td>
<td>4,489</td>
</tr>
<tr>
<td>Deferred</td>
<td>(21,494)</td>
<td>2,812</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>173,193</td>
<td>221,082</td>
</tr>
<tr>
<td>Change in net assets without donor restrictions before minimum pension liability adjustment</td>
<td>(360,121)</td>
<td>(36,566)</td>
</tr>
<tr>
<td>Minimum pension liability adjustment</td>
<td>(4,500)</td>
<td>(5,040)</td>
</tr>
<tr>
<td><strong>Net assets without donor restrictions</strong></td>
<td>$ (364,621)</td>
<td>$ (37,070)</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Cash Flows

**YEARS ENDED MARCH 31, 2020 AND 2019**

**IN THOUSANDS OF DOLLARS**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets without donor restrictions</td>
<td>$ (364,621)</td>
<td>$ (37,070)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized (gain) / loss on investments</td>
<td>214,657</td>
<td>(163,314)</td>
</tr>
<tr>
<td>Dividends, interest, and other investment income, net of fees</td>
<td>(27,810)</td>
<td>(20,795)</td>
</tr>
<tr>
<td>Amortization of program-related investment discount</td>
<td>(2,035)</td>
<td>(2,845)</td>
</tr>
<tr>
<td>Depreciation on property and equipment</td>
<td>3,383</td>
<td>3,391</td>
</tr>
<tr>
<td>Provision on program-related investments</td>
<td>1,582</td>
<td>533</td>
</tr>
<tr>
<td>Net periodic pension cost</td>
<td>1,176</td>
<td>964</td>
</tr>
<tr>
<td>Change in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program-related investments</td>
<td>(1,964)</td>
<td>(2,286)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(114)</td>
<td>(214)</td>
</tr>
<tr>
<td>Contributions into post retirement plan</td>
<td>(750)</td>
<td>(414)</td>
</tr>
<tr>
<td>Accrued post retirement obligation</td>
<td>4,500</td>
<td>504</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>(1,170)</td>
<td>(414)</td>
</tr>
<tr>
<td>Grants payable</td>
<td>(20,462)</td>
<td>23,579</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>(21,495)</td>
<td>2,912</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(215,123)</td>
<td>(195,055)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(892)</td>
<td>(972)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(305,578)</td>
<td>(343,263)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>507,214</td>
<td>541,125</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>200,744</td>
<td>196,890</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from line of credit borrowing</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Repayment of line of credit borrowing</td>
<td>(20,000)</td>
<td>(20,000)</td>
</tr>
<tr>
<td><strong>Net cash (used in) provided by financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(14,379)</td>
<td>1,835</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>32,907</td>
<td>31,072</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$ 18,528</td>
<td>$ 32,907</td>
</tr>
</tbody>
</table>

### Supplemental disclosures of cash flow information

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid during the year for federal excise taxes</td>
<td>$ 7,999</td>
<td>$ 4,446</td>
</tr>
<tr>
<td>Cash paid during the year for interest</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td>Cash paid during the year for agency transactions</td>
<td>—</td>
<td>200</td>
</tr>
<tr>
<td>Non-cash investing activities</td>
<td>10,890</td>
<td>(5,907)</td>
</tr>
</tbody>
</table>
For all Californians

THE CALIFORNIA ENDOWMENT
2020 ANNUAL REPORT

In partnership and humility, we, with our grantee partners, are strengthening the fabric of our democracy by investing in the growth of the social and economic power of the very residents who have been the targets of exclusion, stigma, and discrimination.