# Welcome Letter

We are proud to present The California Endowment’s 2022 Annual Report. This report highlights the incredible work of grantee partners who in partnership with our foundation are creating a California for all, where everyone matters, belongs and is healthy to thrive.

As our nation continues to recover from the COVID pandemic and the racial divide that has plagued our country, we are hopeful that our commitment to build power and uplift the voices of residents and young people will bring us all together to recognize that we are stronger together.

This past year we have seen continued assaults on the rights of so many in our beloved community. From the misguided policy attacks on the trans community, the SCOTUS decision that takes the right of women to make decisions for their own bodies; and the many lives lost in senseless gun violence, just to name a few.

While these attacks are designed to divide us all, we at The California Endowment stand in strong resolve to continue to echo that everyone is welcome in our beloved community and those good troublemakers are who we know will help to heal this nation and all of us.

Please enjoy reading more about our Belonging campaign, Impact Investing, Social Bond work, and the school’s teamwork highlighted in the report. There is so much great work going on with our grantees it is always hard to highlight just a couple of the incredible and powerful examples.

We stand in solidarity with you all as we build a California where every person matters and are seen and heard.

Sincerely,

Robert K Ross, MD  
CEO / President  
Bishop Minerva Carcaño  
Board Chair  
Kurt Chilcott  
Board Vice Chair

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CURRENT BOARD MEMBERS

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Chair
Kurt Chilcott
Vice Chair
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President/CEO

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Katherine Flores, MD
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*Founding Board Members
OUR MISSION
The California Endowment’s mission is to expand access to affordable, quality health care for underserved individuals and communities and to promote fundamental improvements in the health status of all Californians.

OUR VISION
We envision a California that leads the nation as a powerful and conscientious voice for wellness, inclusion, and shared prosperity.

- Where the talent and genius of all young people are no longer left on the sidelines, but are central to the state’s future;
- Where California invests in the wellness of all and assures meaningful opportunities for all, particularly the next generations, and those who have been excluded from opportunity because of discrimination, marginalization and stigmatization;
- Where there is racial truth and reconciliation, justice and healing;
- Where public institutions are responsive to, and reflective of, the will of all the people;
- Where all have voice, and are empowered to participate in a robust democracy;
- Where health destiny is not determined by a person’s ZIP code;
- Ultimately making California the nation’s healthiest state, and a model that fulfills America’s true promise of equality and justice for all people.

Together we will work toward a California for All in the 21st Century.
In response, The Endowment issued a Social Justice Bond - a $300-million fund that invests in much-needed organizational and power infrastructure to advance and sustain efforts to secure health, wellness, and racial equity for all Californians.

The bond is another tool designed to meet the resource and infrastructure needs of California’s nonprofits, community organizations, and health systems. “While we do not claim to have all the solutions, we do understand the important role philanthropy must play in supporting those on the front lines of racial justice work,” says Bishop Minerva Carcaño, The Endowment’s Board Chair. “We look forward to helping build the capacity of social justice and civic engagement organizations and strengthen the pipeline of our healthcare workforce.”

How the Bond Works. The Endowment wanted that social justice was not only the call for funding through the social bond, but that all aspects of the bond work was focused with a social justice lens.

The priority areas for the Bond are power-building, resilient communities, a health workforce, access, as well as research and evaluation.

The Endowment committed to having 50 percent of the underwriting work be supported by Black, Indigenous, and people of color-owned and women-owned firms.

It also established an internal committee of Endowment staff to develop strategic frameworks and create a rubric to inform the bond grant making and collaborate directly with the Board of Directors to finalize these frameworks.

In addition, a select group of community members, consultants, and advisory committee members provided input on The California Endowment’s bond grantmaking priority areas.

Over the next few years, The California Endowment will be allocating the Bond proceeds in grants to a host of nonprofit organizations focused on grassroots community organizing, leadership development, and building economic power.
One of The Endowment’s bond grantee partners, the California Black Freedom Fund (CBFF) is building and sustaining Black-led organizations, coalitions, and networks across the state. In its first two years of operating, CBFF has distributed $15.26 million in grants to 77 Black power-building groups.

Another social bond partner, the Dolores Huerta Foundation, is focused on strengthening community organizing capacity and leadership among youth and adults while training organizers to advance health equity and racial justice across the Central Valley and beyond.

The Latino Power Fund is a dynamic new initiative from the Latino Community Foundation that will amplify Latino-led grassroots organizations across the state. Through funding from the Social Justice Bond, the Latino Power Fund will ramp up their investments to build civic and political power with efforts like community polling in advance of the 2022 midterm elections and the launch of the 2022 Latino Nonprofit Accelerator.

“This grant is a game-changer. The Latino Community Foundation has been on a mission to unleash the civic and economic power of Latinos,” says Jacqueline Martinez Garcel, CEO of The Latino Community Foundation. “This investment in our Power Fund will help us accelerate our mission and help us build a stronger network of Latino-led grassroots organizations anchored in justice and social change.”

Looking Ahead. The California Endowment is collaborating with other funders and movement groups to launch the i-Center, a network of physical and digital spaces that will support changemakers across California to build connections across movements, develop intergenerational leaders, and facilitate healing and restorative practices.

By using a participatory design process, the upcoming i-Center can shape California’s organizing culture for generations to come.

“It is our hope that what emerges from The Endowment’s social bond investments is a radically different future for California,” says Dr. Robert K Ross, The Endowment’s President.

— Dr. Robert K Ross, President and CEO

“We envision a state where thousands of young people have been empowered to become social justice and civic leaders, there is a robust pipeline of community organizers and a strong statewide network of organizations, and everyone has health coverage regardless of immigration status.”

— Dr. Robert K Ross, President and CEO
It’s bold. It’s ambitious. And in the words of Dr. Bob Ross, president, and chief executive officer of The California Endowment, “it’s asserting the best of what’s possible in America.”

The “it” is We Belong, a new, long-term campaign that plants a flag for The Endowment for what the foundation and partners want to do in the next 10 years: broaden and raise the profile of California’s narrative, which is a narrative of inclusion.

We all belong.

For The Endowment, this is the next logical step after a decade of policy wins and systems changes throughout the state, primarily driven by the Building Healthy Communities movement, and it’s also a direct response to the political and cultural divisiveness that threatens to tear our country apart.

“What we learned from [Building Healthy Communities] is we can make a policy change. We are very good at it,” says Dr. Tony Iton, senior vice president with The Endowment.

“In partnership with 600-700 partners, we were able to achieve 1200-1300 policy wins. We can do that. However, we can’t just do policy, wipe our hands, and walk away. So we concluded that we need to invest in changing and maintaining a new narrative in California, and it’s a narrative of inclusion and belonging.”

“We belonging and inclusion matter, and it’s the positive message to counteract the negativity in our nation right now,” Ross adds. Ross also points out that this isn’t just a slogan or a campaign, it’s a constructive and helpful approach to creating healthy neighborhoods everywhere for everyone. “From the lofty to the more practical, we see [We Belong] in health policies for every American,” he explains. “No one left behind and everyone included means we see a justice system that puts care and health as the first option and jail as the last option. We see immigration that recognizes the value of all and welcomes people. We see a justice system that reduces the incarcerated population and even closes youth prisons. Our perspective is that the healthiest path for California and the nation is when everyone is considered as belonging to this great nation and state. This sets the tone for real health and wellness for all of us.”
When it comes to making this work, there’s no place like home. California is the perfect launching pad for this bold path forward. Our state will lead.

“When I talk to people from other parts of the country, I say I’m from the future, I’m from California,” Iton says. “I say, ‘You watch, because we’re building a world that we’re all going to thrive in, and you will benefit.’”

For both Ross and Iton, this new phase of work represents way more than “work”; it’s deeply personal.

“It’s emotional to me. Belonging is the healing process and the way to heal the wound and it’s a deep wound,” Iton says. “It’s the most essential work I will ever do. I’m sold. This is the way forward.”

“I’m a very proud American. That flag is mine as well,” says Ross. “Yes, we have lots of trouble and faults, but I love America and health is foundational for that. I take pride that this nation is capable of fulfilling its promise.

Belonging, inclusion, and wellness represent the very best of America. We shouldn’t be shy about lifting that and asserting that point of view.”

**Inclusion, not exclusion.**
We Belong in California and America.

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“We talk to people from other parts of the country, I say I’m from the Future, I’m from California.”
— Dr. Tony Iton, Senior Vice President, The California Endowment

**Hey, California! Empowerment looks good on us.**

#WeBelongInCA Join us @calendow
We don’t need to reform on the margins. We need to go further in transforming our systems.

— Sybil Grant, Deputy Director, The Alliance of Boys And Men of Color
When I heard [Dismantle, Heal, Build], I thought that’s the framework right there,” said Gomez, who is based in Salinas and is the executive director and cofounder of MILPA, Motivated Individual Leadership for Public Advancement. “Our folks can get behind this. Our people can understand this. I think this can move us to real solutions and get us focused on doing something other than working on policies and get us [focused on] developing leadership pathways, making sure our people are the leaders, the ones to make real change.”

According to Castle Redmond, TCE’s managing director of the foundations Education Justice team and Central Region team, all three components of this path are critical to ultimate success.

“We can’t do one without the other,” he explains. “We have to work on all of these at the same time. We can’t just dismantle; we need to build. And we can’t go from a dysfunctional environment to something better and safer without healing. We must do all three. We have to constantly work to improve the learning environment, so each school is a place where all students can stay and learn and thrive.”

Dismantle, Heal, Build may be the campaign slogan, but to bring the words to life, The Endowment funded grantee partners are focusing on establishing community schools, which means, among other things, that students and families have an equal and respected voice in decision-making, there is no reliance on punitive practices or police presence; there is an authentic relationship between students, families, educators and community partners, what is taught is culturally responsive and fosters racial justice; and mental health, wellness and healing-centered supports are available.

“Racially just, relationship-centered schools—where power and decisions are shared with students, families, educators and community—is the foundation of a transformational education system built by and for us all,” Grant said.

The timing also coincides with the State of California’s investment of over $4 billion for the California Community Schools Partnership Program and another $4 billion in the Children and Youth Behavioral Health Initiative. With this new focus, along with these additional resources, Tony Thurmond, state superintendent of public instruction, feels a major shift is on the horizon.

“I’m very excited,” Thurmond said. “Because when I hear [Dismantle, Heal, Build], I think there is an underlying understanding of what the problems are and what we need to address. As difficult as the pandemic has been, this is now a time to put a spotlight on the inequities that have existed for far too long. It’s a great moment of opportunity.”

The bottom line is Dismantle, Heal, Build puts the effort where it should always be creating the places and environments to bring out the best in students.

“We need to have the mindset that this student isn’t getting in the way of me doing my job, this student is my job,” Redmond said. “It’s time to Dismantle, Heal, Build.

What this work means for community schools

- Students and families have an equal and respected voice in decision-making
- There is no police presence
- There is an authentic relationship between students, families, educators and community partners
- What is taught is culturally respectful and fosters racial justice
- Mental health, wellness and healing-centered supports are available.

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- What is taught is culturally respectful and fosters racial justice
- Mental health, wellness and healing-centered supports are available.
The California Endowment’s innovative Impact Investing program uses its Program-Related Investments (PRI) to build the infrastructure for mission-driven capital that supports low-income residents and people of color across the state. This body of work has a real-world impact that changes lives, improves community infrastructure, and supports wealth creation.

As of March 31, 2021, The California Endowment has deployed over $125 million in PRI loans and guarantees.

The Endowment and Self-Help Federal Credit Union formed a partnership in 2016 to provide critical financial services that support financial inclusion and equity to combat predatory financial models that harm communities of color in California. Self-Help is a low-income designated credit union dedicated to serving working families and businesses in underserved communities.
In 2020, The Endowment provided Self-Help and its community-based outreach network with a $1.1 million grant to establish a California-wide Paycheck Protection Program (PPP) network of California small business lenders and technical assistance providers to ensure that BIPOC small businesses and nonprofits could access this critical resource.

The investment had a significant impact that resulted in the network making 3,600 loans totaling $156 million to small businesses and nonprofit organizations in California in the second round of PPP, with 66 percent of these loans going to businesses or nonprofits led by people of color.

This network, established to respond to the urgency of PPP, has now evolved into an ongoing coalition – the California Small Business Coalition for Racial Justice. This Coalition brings together 17 small business lenders and technical assistance providers to build the movement for more racially just small business lending. It has supported innovative ways to respond to funding challenges for underserved small businesses, challenged the community development industry to prioritize racial justice in their operations and lending practices, and advocated for policies and legislation that use a racial justice lens and benefit underserved small businesses.

The partnership with Self-Help facilitated the launch of new credit union branches in City Heights, San Diego, and South Sacramento. Self-Help is pushing itself and the industry to innovate and find new ways to provide capital that meets the needs of residents across the state.

People of color and low-income communities have not had the same opportunities for capital due to systemic racialized practices and policies, and the COVID-19 pandemic exacerbated their ongoing health and economic disparities. While 43 percent of California’s 4.2 million small businesses are owned by people of color and employ 50 percent of California’s workers, many minority small business owners are largely excluded from access to low-cost financing.

Mission Economic Development Agency (MEDA), a nonprofit committed to advancing a national equity movement by building Latino prosperity, community ownership, and civic power, is a steering committee member and the current facilitator of the Coalition. With deep community ties, MEDA provided technical assistance and loan packaging expertise that helped small businesses access PPP to save their businesses. Hitting the streets and going door-to-door in San Francisco’s Mission District, MEDA staff assisted small business owners, primarily Spanish-speaking Latino families, to reapply for PPP loans they had been previously denied.

Fredy Gamez owns the Mission Street Oyster Bar, and his business was decimated by the COVID-19 pandemic shutdown. His business has been able to bounce back from the brink. “With the money, it helped me to bring back all my employees and helped me to buy food, pay rent and utility bills. The loan helped us to stay in business,” he said.

The funding was a lifeline for Lina Mills, owner of Creative Ideas Catering in San Francisco and she not only survived but also thrived. Mills rebuilt her business that shut down during the pandemic and is preparing to expand. “That was something that was in the works before the pandemic, and now it’s happening,” she said.
The California Endowment’s grant making is guided by our three bold ideas: People Power, Reimaging Institutions and a 21st Century Health System for All.

**NUMBER OF GRANTS, CONTRACTS AND PRIs AWARDED.**

We awarded 1,151 grants, contracts, and PRIs to 696 organizations.

**DOLLAR VALUE OF GRANTS, CONTRACTS AND PRIs AWARDED.**

We awarded $175.5M in grants, contracts, and PRIs.

**WHAT WE FUND**

- Single & multi-year grants
- Program support grants
- General operating support grants
- Direct Charitable Activity (DCA)
- Program-Related Investments
- Special project grants (SPGs)
## Consolidated Statements of Financial Position

**March 31, 2021 and 2020** | in thousands of dollars

### Assets

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<tr>
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<th>2021</th>
<th>2020</th>
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<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$329,603</td>
<td>$18,528</td>
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<tr>
<td>Investments</td>
<td>$4,155,569</td>
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<td>Program-Related Investments—Net</td>
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<td>Other Assets</td>
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<td>Deferred Tax Asset</td>
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<td>Property and Equipment—Net</td>
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<td><strong>Total Assets</strong></td>
<td>$4,646,432</td>
<td>$3,422,371</td>
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### Liabilities and Net Assets Without Donor Restrictions

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<tr>
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<th>2021</th>
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<tbody>
<tr>
<td>Liabilities:</td>
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<tr>
<td>Accounts payable and other liabilities</td>
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<td>Grants payable—net</td>
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<td>Long-term debt</td>
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<td>Accrued postretirement obligation</td>
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<td><strong>Total Liabilities</strong></td>
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<td>Commitments and Contingencies (Note 9)</td>
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<td>Net Assets Without Donor Restrictions</td>
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<td>$3,330,521</td>
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<tr>
<td><strong>Total Liabilities and Net Assets Without Donor Restrictions</strong></td>
<td>$4,646,432</td>
<td>$3,422,371</td>
</tr>
</tbody>
</table>
### Table: Consolidated Statements of Activities (March 31, 2021 and 2020)

#### INVESTMENT RETURN:

- **Net gain (loss) on investments**: $1,162,527 $ (191,190)
- **Program-related investment interest and other income**: 3,745 4,262

**Total income**: $1,166,272 $ (189,928)

#### EXPENSES:

- **Grants awarded**: 136,652 136,974
- **Direct charitable expenses**: 18,423 18,237
- **Program operating expenses**: 25,931 25,596
- **General and administrative expenses**: 6,323 7,367
- **Program-related investment expenses**: 1,317 100
- **Interest expense**: 4,101 1,684
- **Tax provision**: 1,640 4,597
- **Deferred**: 5,984 (21,494)

**Total expenses**: $202,371 $ 173,193

#### EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES:

**Change in net assets without donor restrictions**: $967,520 $ (364,621)

#### Net Assets Without Donor Restrictions:

- **Beginning of year**: 3,330,521
- **End of year**: 4,298,041

**Ending balance**: $3,330,521

### Table: Consolidated Statements of Cash Flows (March 31, 2021 and 2020)

#### CASH FLOWS FROM OPERATING ACTIVITIES:

**Change in net assets without donor restrictions**: $967,520 $ (364,621)

- **Net realized and unrealized gain (loss) on investments**: $3,745 $ (25,493)
- **Grants and other contribution income**: 139,772 18,423
- **Dividends, interest, and other investment income**: 1,360,515 255,000
- **Amortization of program-related investment discount**: 3,131 3,289
- **Depreciation on property and equipment**: 3,734 1,082
- **Other**: 6,323 4,101
- **Net periodic pension cost**: 1,684 1,176

**Net cash used in operating activities**: $232,523 $ (215,123)

#### CASH FLOWS FROM INVESTING ACTIVITIES:

- **Purchase of property and equipment**: $5,984 $ (21,494)
- **Purchases of investments**: 120,718 196,813
- **Proceeds from sales of investments**: 1,326,691 507,214

**Net cash provided by investing activities**: $251,393 $ 200,744

#### CASH FLOWS FROM FINANCING ACTIVITIES:

- **Proceeds from bond issuance**: 306,000
- **Payments of debt issue costs**: 1,395
- **Proceeds from line-of-credit borrowing**: 20,000
- **Repayment of line-of-credit borrowing**: 30,578

**Net cash provided by financing activities**: $298,607

**Net increase (decrease) in cash and cash equivalents**: $311,075 $ (14,379)

#### Cash and Cash Equivalents:

- **Beginning of year**: 18,528 32,907
- **End of year**: 325,603 $ 18,528

#### Supplemental Disclosures of Cash Flow Information:

- **Cash paid during the year for federal excise taxes**: 5,457 7,999
- **Cash paid during the year for interest**: 1,317 100
- **Noncash investing activities—pending investment trades**: (13,628) 10,890