

2021

SOBRATO
Philanthropies



Photo courtesy of EL Program Grantee, SEAL

2021 ANNUAL REPORT

Sobrato Philanthropies

sobrato.org

Dear Friends,

2021 was a year of extremes and contradictions, but also a time of rebuilding and possibility. We entered the year hoping for the end of the pandemic, and watched as new variants brought us back in our homes. We breathed a sigh of relief as significant relief funds flowed into our region, but then grappled with the challenges of equitably distributing those funds given the cost of the extended crisis on our communities and institutions. We made significant commitments to addressing institutionalized racism, only to face a fierce backlash playing out in statehouses across the country. In these moments, I find strength in the concept of the opposable mind, seeking opportunity in the tension and new possibilities from the complexity. There is much to do and a moral imperative for action. We have no time to waste.

For Sobrato Philanthropies, this imperative is playing out in multiple ways. We continue to implement the family's ambitious growth plan, and deepen our support for low-income families and nonprofit organizations in Silicon Valley, while expanding our focus to include a new climate initiative alongside our oceans portfolio. We made new strategic investments in racial equity and justice, prioritized grants to smaller organizations and those led by people of color, and embarked on our own internal work around diversity, equity, and inclusion. We expanded our team from 18 to 24 people, and began exploring opportunities to leverage capabilities across The Sobrato Organization to ensure we're using all the tools in our toolbox. In particular, we expanded our impact investments portfolio to include a range of new program-related investments (PRIs) and mission-related investments (MRIs) that leverage philanthropic dollars for social as well as financial benefit. This is a good start, but we have so much more to do.

To succeed, we have to go much further, which will require not just growing our financial commitments but rethinking how we give. In the coming year, we will be seeking ways to integrate and optimize programs to be mutually reinforcing within Silicon Valley, throughout Sobrato Philanthropies, and across The Sobrato Organization. We want to start with deep listening to ensure we are informed by and prioritizing community voice. And we want to seek out collaborative approaches and models that bring others in alongside us to streamline efforts and align resources. Changing the world is a team sport and none of us can do it alone.

We are embarking on an evolutionary journey and commit to engaging with our partners along the way. Your voices will matter, and we will continue to share our thinking and our learning as we go. Change can be hard, but it's time for new approaches because the old choices just bring us back to where we started. We look forward to this process and learning and evolving together.



Sandy Herz
President



Photo courtesy of Housing Industry Foundation Grantee, picturing the Hernandez-Ayala Family

Investing in Silicon Valley

The Silicon Valley income and wealth divide continues to widen against a backdrop of increasing costs, housing instability, and continued deepening of inequities accelerated by COVID-19. Sobrato Philanthropies' Silicon Valley Programs increase stability and economic mobility for low-income individuals in the region and build a resilient and effective nonprofit community. As [inequality of opportunity](#) continues to grow in the region, we [partner](#) with local nonprofits, funders, and the community to capture the full potential of individuals and families and ensure equitable access to a strong safety net and pathways to economic mobility. The Economic Mobility Program makes grants across three portfolios—Essential Human Services, Pathways for Success, and Postsecondary Success—toward a vision of expanded opportunity for low-income Silicon Valley residents. Sobrato Philanthropies also invests directly in the region's nonprofit ecosystem by providing in-kind office and meeting space through our Sobrato Center for Nonprofits program.

Based on learning from community leaders and grantees, we maintained [investments](#) in anchor direct service organizations while initiating new partnerships with 41 organizations, particularly smaller organizations and those [led by](#) and [serving communities of color](#). Across Silicon Valley Programs, Sobrato Philanthropies invested in ensuring equitable access to basic needs and essential services, strengthening [pathways](#) for individuals and families, [building capacity](#) of nonprofits, and [pursing social justice](#).



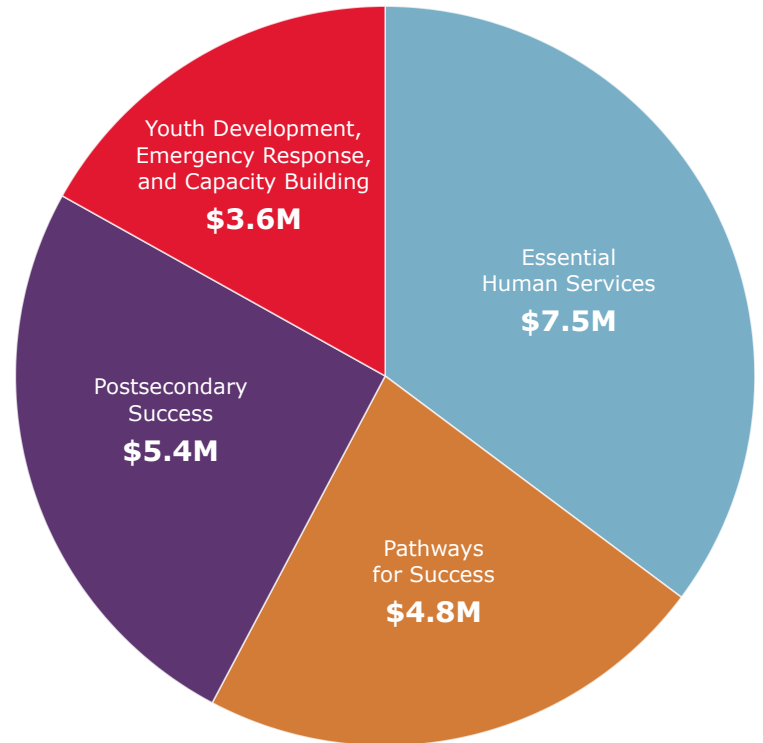
Photo courtesy of Housing Industry Foundation Grantee, Unity Care, Avalon Work Day

Economic Mobility

Essential Human Services

The Essential Human Services program supports front-line and safety net organizations, meeting the needs of communities most impacted by the COVID crisis and rising cost of living by providing essential services and supports such as [food](#), [financial assistance](#), and [legal assistance](#). In 2021, Essential Human Services supported 39 safety net organizations with multiyear general operating support and COVID-19 response funding, and supported [community-driven](#) initiatives and [collaborative pilots](#) to [empower](#) communities of color to prevent eviction and homelessness. Given the [urgent needs of youth](#), we launched support for youth development organizations to bolster the capacity and infrastructure of [grassroots](#) and [anchor](#) organizations supporting youth.

TOTAL FUNDS GRANTED FOR ECONOMIC MOBILITY IN 2021



Pathways for Success

The Pathways for Success program leverages three strategies—training pathways, support for small business owners and entrepreneurs, and financial capability—to [increase income](#), [earning potential](#), and [financial resilience](#) for low-income Silicon Valley residents. The COVID-19 pandemic exposed and continues to [deepen the inequities baked into the labor market](#), and as communities shift toward recovery, Pathways grantees are driving efforts toward a more inclusive economy, requiring coordination, collaboration, and integrated cross-systems solutions. As the pandemic exposed client needs beyond job and skill training, Pathways grantees provided [wraparound services](#) to promote success in training programs and launched emergency relief funds for clients. Additionally, COVID-19 response grants supported [small business owners](#) who were hard-hit during the pandemic.

Postsecondary Success

Although postsecondary success is a key driver of economic mobility, significant barriers impact college-going and college-completion rates for Silicon Valley’s low-income, first-generation, and students of color. Postsecondary Success community partners deploy [advising](#), [family engagement](#),

Total Grantees and Total Funds Granted for **Economic Mobility** in 2021



TOTAL GRANTEES

109



TOTAL FUNDS

\$21,245,000

and [navigation supports](#) to shepherd students through eligibility requirements and enrollment, drive up matriculation and persistence rates, and strengthen access to [strong first jobs](#). In the context of [plunging national college-going rates](#) in 2021 among students from high-poverty schools, grantees are supporting students to matriculate and persist at rates significantly higher than state averages for low-income students. In 2021, Postsecondary Success grantees provided more than 2,000 graduated high school seniors with academic and social supports to combat the “[summer melt](#)” and launched an emergency microgrants program, alleviating [unanticipated basic needs crises](#) among first-generation college students and enabling them to stay on the path to persist in college.

Sobrato Centers for Nonprofits

Quality, affordable office space is difficult for nonprofits to find and retain in Silicon Valley, where costs are among the highest in the nation. To support nonprofit organizations doing critical work in our communities, Sobrato Philanthropies converted commercial office properties into multi-tenant nonprofit centers. The Sobrato Centers for Nonprofits provide in-kind, high-quality office space, enabling our tenant grantees to reinvest their rent savings in their organizations and deepen their mission impact. The fourth Sobrato Center for Nonprofits opened in 2021 to help meet the need for affordable office space for nonprofits in Palo Alto. Our new [Palo Alto Center](#) welcomed 10 new tenants who are mission aligned and serve Silicon Valley low-income individuals with a focus on East Palo Alto.



Due to the COVID-19 pandemic, our Nonprofit Centers were closed all year and operated on a essentials-only basis with few key staff going in for necessities. We continued to waive all Common Area Maintenance (CAM) charges and provided in kind rent and CAM savings. While it is uncertain how office space will operate with hybrid work schedules, the need for affordable and quality space for nonprofit partners and communities to will remain. The Centers for Nonprofits program and portfolio now comprises four Nonprofit Centers, 31 free conference center rooms, and 78 office space grantees.

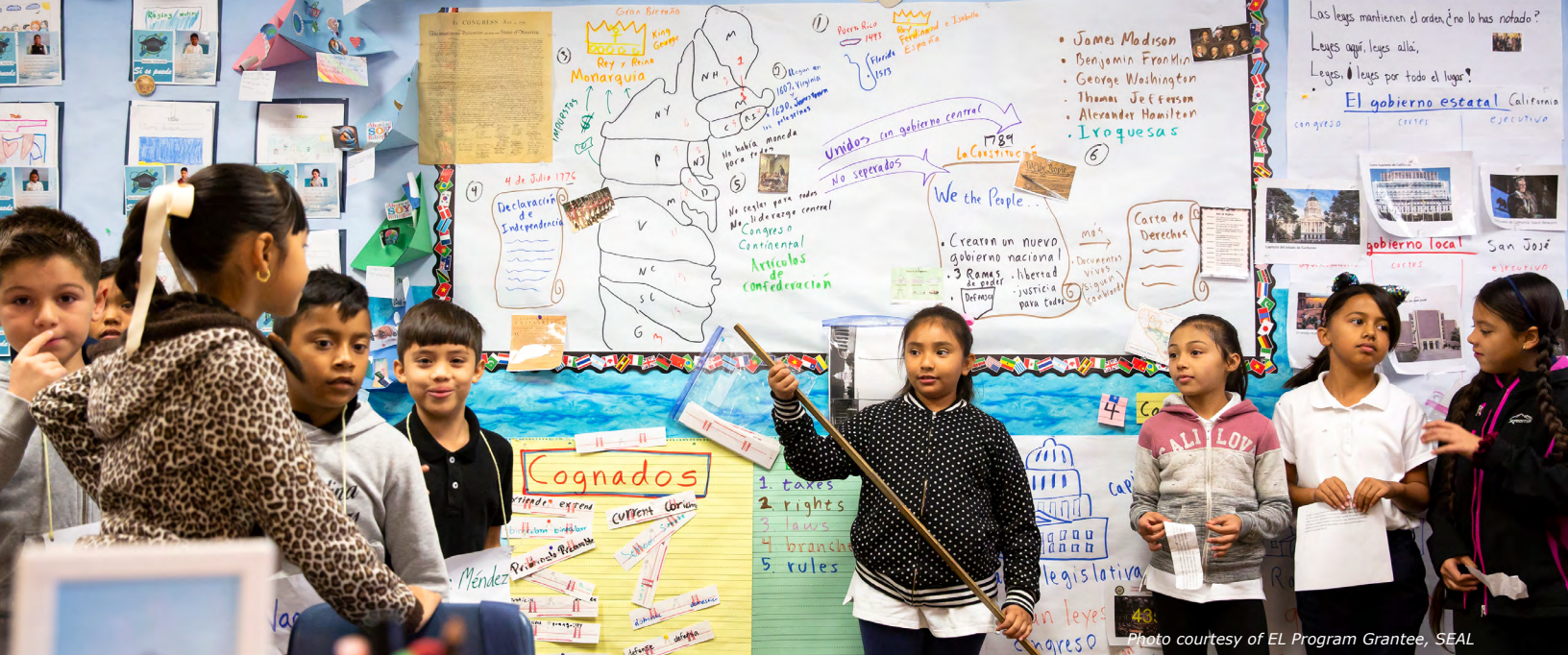


Photo courtesy of EL Program Grantee, SEAL

Advancing English Learners (ELs) in California

California is home to the largest population of English Learners (ELs) in the United States, including 60% of children under age five and 19% of students in kindergarten to 12th grade. Nearly 42% of students in California’s public schools speak a language other than English at home. These children and youth represent the future of California.

The EL Program invests in four key areas:

Statewide Impact

We engage advocates, state and local policymakers, families, and students to work individually and collectively to champion ELs. In 2021, our partners put forward a [bold agenda](#) for an equitable school restart, crafted a [new vision](#) for state accountability, monitored how districts [supported ELs during the pandemic](#), and guided districts on how to [best use pandemic relief funds for ELs](#), among other key milestones.



Photo courtesy of EL Program Grantee, SEAL



Photo courtesy of EL Program Grantee, Youth Leadership Institute



Photo courtesy of EL Program Grantee, Ben Gibbs, Early Edge CA

Regional Opportunities

We make grants in two regions—the Central Valley, with a particular focus on Fresno County, and Los Angeles County—to strengthen policy implementation, highlight innovative approaches to bilingual education, and uplift family and community voices. In 2021, our partners captured [insights from parents of ELs in Los Angeles schools](#) and trained parents on [educational supports for ELs in Fresno schools](#). Los Angeles advocates also continued making progress on a [state and local agenda for EL success](#).

EL Ecosystem

We cultivate cross-sector partnerships and support narrative change to help all Californians recognize the value of ELs as assets who will help our state thrive. In 2021, our partners shed light on timely policy issues, including the [disproportionate impact of the pandemic on ELs](#), the [distance learning strategies in schools statewide](#), and the state funding mechanisms for [serving ELs with special education needs](#). Additionally, they released a [new toolkit of best practices and resources](#) for educators of EL children.

Sobrato Early Academic Language (SEAL)

Piloted in 2008, [SEAL](#) is a comprehensive model for systemic change in districts that centers the educational assets and needs of ELs. SEAL is currently working with 29 districts, 14 county offices, and other institutions across California. In 2021, SEAL published lessons learned on [building an effective early childhood workforce](#) and [investing in bilingual teachers](#), released the [findings from a multi-year evaluation](#), and launched a new strategic planning process.

Total Grantees and Total Funds Granted for **English Learners (ELs)** in 2021



TOTAL GRANTEES

32



TOTAL FUNDS

\$13,630,000

Photo courtesy of EL Program Grantee, Californians Together





Emerging and Responsive Issues

In addition to our program areas, we made \$6.4M in grants and donations on emerging and responsive issues. These investments included:

- Piloting and investing in a new area of work around race, equity, and justice
- Supporting Dixie and Caldor fire relief in El Dorado and Plumas counties
- Supporting Silicon Valley COVID-19 response and recovery
- Staff and board matching and discretionary grants



Photo courtesy of East Palo Alto Academy Foundation



Photo courtesy of East Palo Alto Academy Foundation

Total Grantees and Total Funds Granted for **Emerging and Responsive Issues** in 2021



TOTAL GRANTEES

104



TOTAL FUNDS

\$6,384,000



Photo courtesy of Oceans 5 Grantee, Ocean Outcomes China Fisheries Subsidies Inshore small scale fishing vessel - Wang Jianmin

Sustainability

Between 2020 and 2021, the Sobrato family approved two new areas of exploration—climate and oceans. In total, \$5M was deployed across both areas in 2021, with greater giving planned for 2022.

Climate

After eight months of learning, the Sobrato Philanthropies board approved in 2021 an exploratory \$23M, 3-year portfolio focused on combating the climate crisis. The portfolio includes three essential levers: reducing domestic methane emissions, slowing the rapid growth of fossil fuel infrastructure while encouraging a just transition to a more equitable energy future, and reducing tropical deforestation by supporting indigenous land tenure.

Curbing the emissions of methane, one of the most potent and harmful greenhouse gases, is one of the most promising opportunities to immediately slow the rate of climate change. The shift away from coal, advancements in extractive technology (i.e., fracking), and recent global events are a few of the catalysts that have spurred a rapid growth in oil and gas industry. No other region in the United States has seen more of that growth than the



Permian Basin and Gulf regions of Texas and Louisiana. Focused efforts on slowing the buildout of infrastructure in these regions, along with support for a just transition to a more equitable energy future, are imperative to ensuring a future less dependent on harmful extractive practices. While working to immediately curb greenhouse gas emissions, and curb future emissions, this portfolio also aims to lower the harmful greenhouse gases already in the atmosphere. Protecting Earth's natural carbon sinks, particularly tropical rainforests, will not only sequester carbon naturally and help fight climate change, but will also help preserve rapidly disappearing ecosystems.

This portfolio, through each of these three levers, is deeply anchored in equity and a desire to support those who are often under resourced yet disproportionately impacted by climate change. As we launched this portfolio at the end of 2021, these same topics became focal points at the international Conference of the Parties and shortly after we became official signatories to the Global Methane Pledge and the Indigenous Peoples and Local Communities Pledge.

Oceans

Despite being critical to many forms of life, our oceans have been and continue to be degraded and devalued, creating significant risks to the future health of our planet. In 2020, the Sobrato family committed to an exploratory \$25M, three-year initiative focused on oceans. Through this portfolio, we seek to restore and protect a healthy ocean that can nurture and sustain life for future generations. We are committed to supporting key partners working on one of our three focus areas: marine protected areas, over and illegal fishing, and plastic pollution.



Photo courtesy of Oceans 5 Grantee - WWF Sea of Okhotsk

2021 provided the opportunity to connect with key partners in this space and learn about the unique challenges they were facing. Throughout 2021 our key partners not only had to grapple with the impacts of COVID but also had to shift their strategies based on changing political contexts. Sobrato's grant to UNICEF to recycle plastic pollution into bricks to build schools was briefly put on hold due to the pandemic. However, they used that time to refine their approach and strategize the best path forward while navigating complex changes to supply chains. Meanwhile, both Oceana Mexico and Oceana Philippines found themselves in shifting political environments in their respective regions and adjusted accordingly. Our key partners in this space continue to show resilience and perseverance as we continue to learn from them.

Total Grantees and Total Funds Granted for **Sustainability** in 2021



TOTAL GRANTEES

5



TOTAL FUNDS

\$5,075,000



Family Initiatives

The Family Initiatives and New Opportunities team launched in early 2021 and is responsible for supporting individual family members with their philanthropic giving, facilitating collaborative interest groups, designing and shepherding new areas of giving for the family, and supporting the family to engage with each other around their philanthropic pursuits. The Sobrato family members have remained passionate and active in their individual philanthropy over the course of 2021, directing a total of \$114M throughout the year. Below are a few illustrative projects:

Silicon Valley

- Supported the development of a state of the art new building at Santa Clara University focused on STEM.
- Made a deep commitment to housing the unhoused in San Mateo County, with the first of a series of gifts in partnership with the county.
- Supported a range of education initiatives, including KIPP Bay Area Schools and the University of California Berkeley.
- Provided a major gift to Santa Clara University for an endowed chair to advance child and adolescent mental health training
- Made significant contributions to Children’s Health Council and the creation of the UCSF Brain Tumor Survivorship program.
- Provided a major anchor gift to the ¡Sí Se Puede! Collective to provide local support in East San Jose. Organizations within the collective provide basic needs assistance, resource navigation services, childcare and education, economic mobility, housing, community organizing, and preservation of culture.

Photo Credits –

Top row from left to right: SOB SIL Grad; Oceana - Rodrigo Friscione - Creole Wrasse and corals in Alacranes Reef; SEAL; Housing Industry Foundation, East Palo Alto Renovation; East Palo Alto Academy Foundation

Bottom row from left to right: Californians Together; Youth Leadership Institute; Unknown; Unknown; Education Trust-West

National and Global

- Supported several organizations, including the Institute for Political Innovation, for their work to address Congressional gridlock and increase elected official accountability through open primaries in which the top five candidates advance to the general election and the winner chosen through an instant runoff.
- Supported the American Civil Liberties Union Foundation, and Rosie’s Foundation to provide learning and workforce development for people with disabilities.

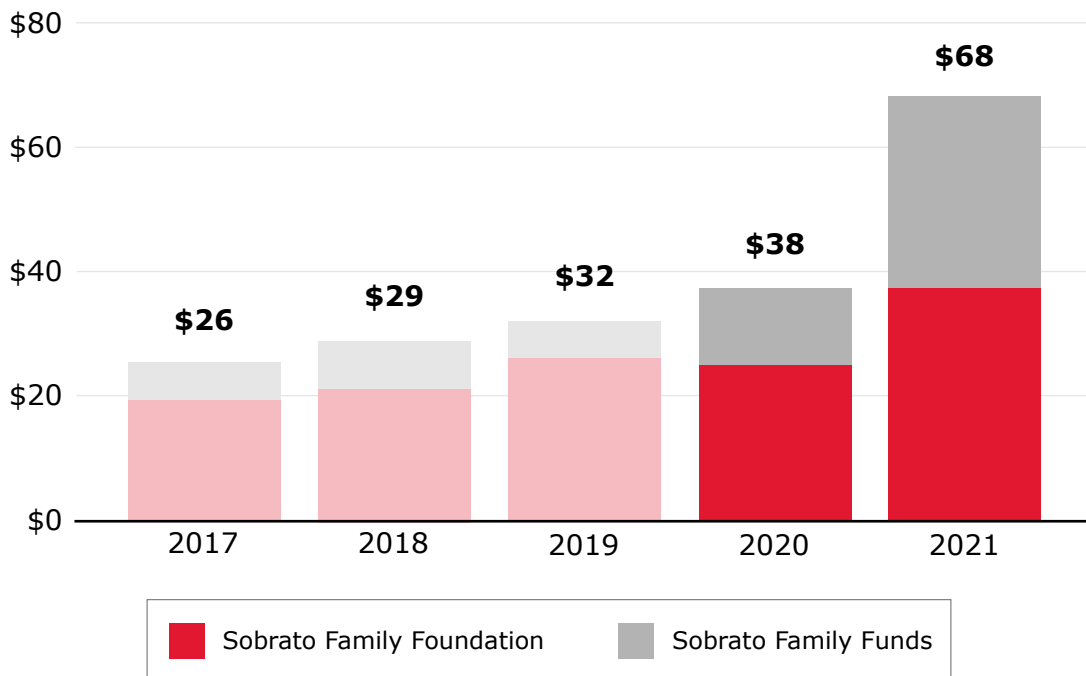
Impact Investing

In pursuit of sustainable, scalable impact, Sobrato Philanthropies uses the full range of financial tools available to partner with a diverse set of organizations. Building on its historic work in grantmaking, Sobrato Philanthropies has now established a significant portfolio of impact investments and participates with program- and mission-related investments in direct debt and equity positions as well as in funds, resulting in a 79% increase in impact investments in 2021.

Impact investments complement our traditional areas of focus and reflect individual family members’ interests in sustainable food systems, alternative protein, and regenerative agriculture; innovations and interventions to address climate change; ocean health; gender equity; promoting pediatric health and addressing rare disease; and supporting entrepreneurship as a path to economic mobility. Deploying capital along the full continuum from fully concessionary to fully market-rate return expectations to maximize impact is a continued strategic priority and we anticipate our impact investing portfolio will continue growing as we scale capacity.

TOTAL ACTIVE IMPACT INVESTMENTS

U.S. Dollars (in Millions)

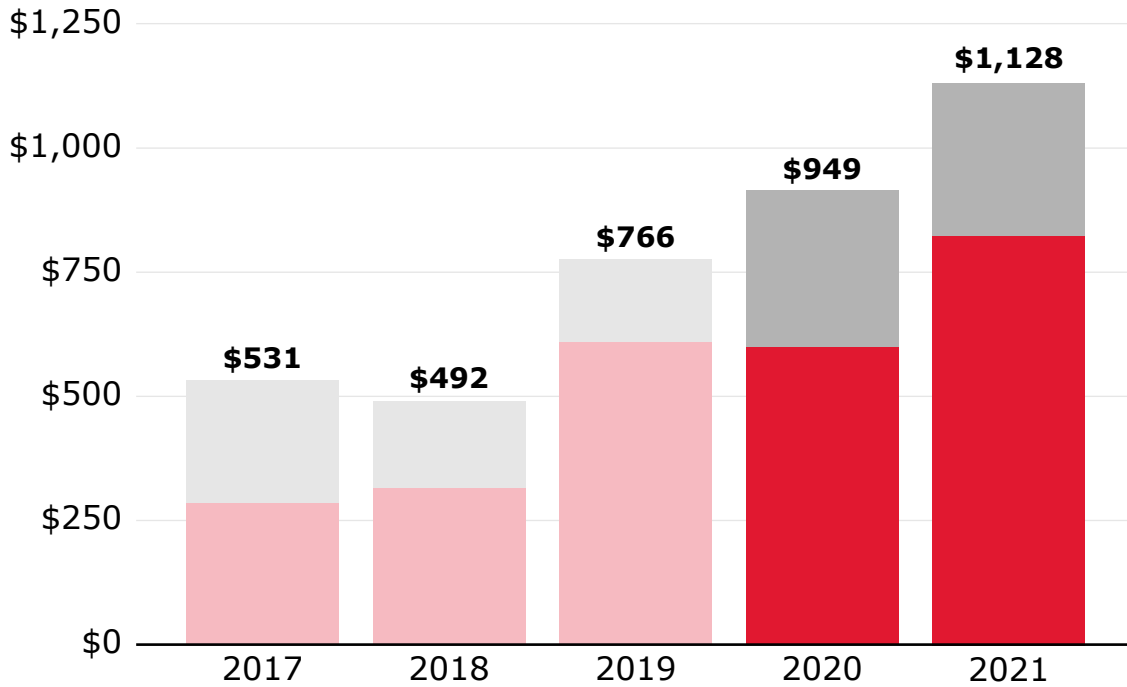


Financial Highlights

Sobrato Philanthropies comprises the family’s collective, collaborative, and individual giving through its business, foundation, and other philanthropic vehicles. Sobrato Philanthropies is not an endowed philanthropy but part of The Sobrato Organization, an enterprise that creates value and contributes to our charitable asset base and grant funds on an ongoing basis. These charts visualize the organizations’ annual assets and annual grant commitments from 2017 - 2021.

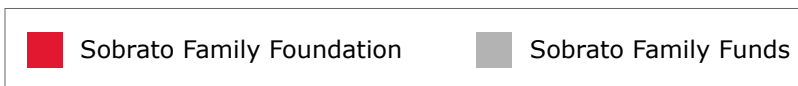
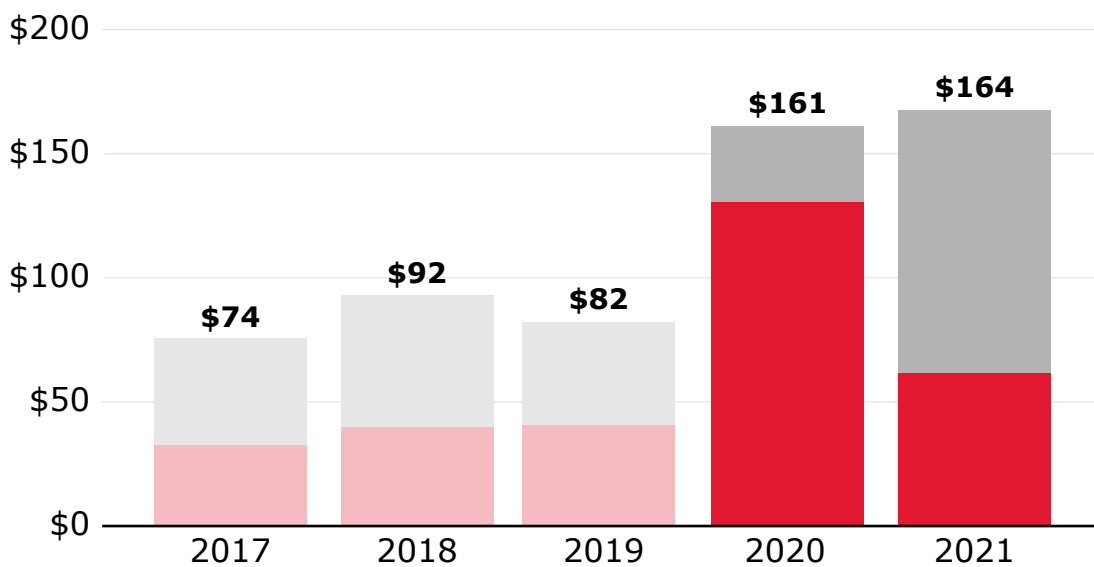
PHILANTHROPIC ASSETS

U.S. Dollars (in Millions)



GRANTS AND DONATIONS

U.S. Dollars (in Millions)



SOBRATO
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