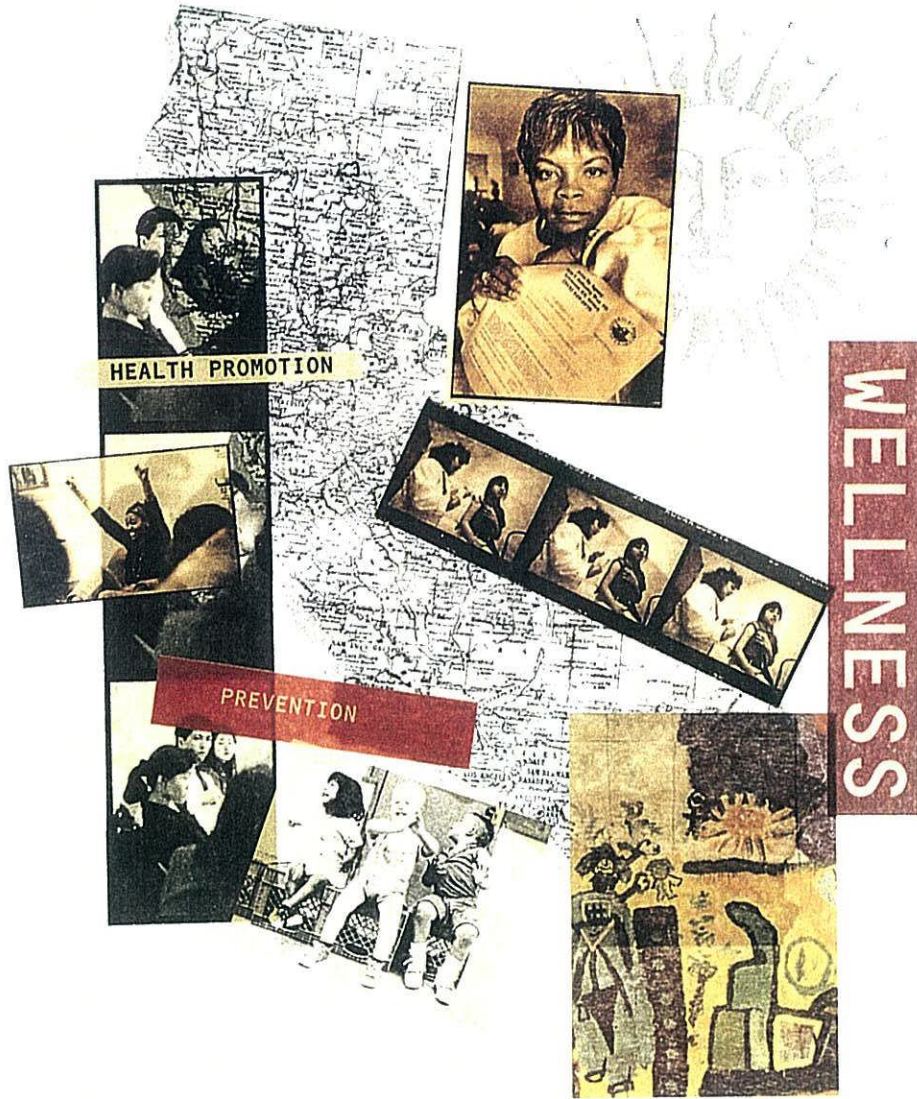


FIRST ANNUAL REPORT
1993



THE CALIFORNIA WELLNESS FOUNDATION

FOCUS

The California Wellness Foundation exists because Roger Greaves, president, chairman, and CEO of Health Net, had a vision of a philanthropic foundation dedicated to health promotion and disease prevention for Californians. As Health Net converted from not-for-profit to for-profit status, Roger Greaves ensured that the Foundation would be the direct beneficiary of its conversion.

When I became president and CEO of the Foundation in late 1991, we had assets totaling \$50,000 and no staff. In January of 1994, the merger between Health Net and QualMed, another large HMO, resulted in the formation of Health Systems International, and the net assets of the Foundation rose to more than \$750 million.

During the past two years, I and my fellow directors and staff have had the unique honor of implementing and adding dimension to Roger Greaves' vision. As a result of the generosity of Health Net, the determination and resourcefulness of our board of directors, and the labors of our staff, we have already

become one of the nation's largest foundations and are establishing The California Wellness Foundation as a pivotal resource for addressing the most pressing problems facing California's children, youth, and families.

Our board of directors was elected in February 1992.

By the following summer, it had set the parameters of our grant-

making program priorities

and determined that our first proactive funding effort, the Violence Prevention Initiative, would be launched. The criteria established by the board were that we make a unique contribution, address health policy issues, and seek to effectively leverage our funds. Our decision to launch a \$25 million initiative focusing on youth violence, with a public health emphasis, met those criteria.

Since launching the Initiative in November 1992, numerous headline incidents have pushed violence to the top of both public and political agendas and we have been joined by a number of funding partners in California. The presence of our comprehensive and integrated approach has already provided the infrastructure for many violence prevention activities throughout the state and may serve as a model for grantmaking in the future.

A COMPREHENSIVE AND INTEGRATED APPROACH

We reaffirmed the Foundation's focus on children, which Health Net had initiated, for several reasons. First, preventive efforts, even as early as the prenatal period, result in improved health status throughout life. Second, it is during the formative years that children are most receptive to establishing healthful or unhealthful habits and lifestyles. And third, children are the future of California. By focusing on children and their families, we hope to have long-term effects on health and wellness.

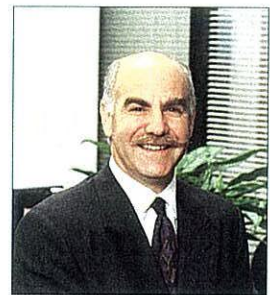
We have joined with several other foundations in California, a variety of state agencies, and the Governor to support Healthy Start and other efforts to make our youth-serving institutions more responsive to the health and social service needs of children and families, and to integrate education with these services to ensure academic success. We believe that health and education are intricately linked; children must be healthy in order to achieve their potential, and experience has taught us that "one-stop shopping" approaches are more effective and readily received.

Recognizing the central role of government in the lives of all Californians, we have not shied away from involvement with government and public policy issues. Instead, we have embraced opportunities to affect public policy and leverage public funds. In some situations,

this has meant straightforward evaluation of government-sponsored social and health service programs. In others, we have partnered with government to attempt to influence the shape of new or existing public programs. As the health care reform debate evolves into concrete public policy, for example, we are interested both in ensuring that prevention assumes a central role and in helping to coalesce reform efforts within California.

Although we have become most known for our leadership in violence prevention, our entire grants program reflects our commitment to defining a new vision of prevention and becoming a resource for prevention efforts throughout California. As you read this report, the results of our efforts are just beginning to bear fruit. During the coming two years, the Foundation's grantmaking will become increasingly proactive and directed toward specific programmatic goals.

I have recently announced my departure from the Foundation, effective in the Spring of 1994. It has been a great honor to have built The California Wellness Foundation into what I believe will become a trusted and respected resource for California.



A handwritten signature in black ink that reads "Howard A. Kahn". The signature is written in a cursive, flowing style.

Howard A. Kahn
President and CEO