Improving the health and reducing the burden of illness of the people of New Hampshire
FROM THE PRESIDENT
Fulfilling our mission in an atmosphere of “rational concern”

In October 1999, when the Endowment for Health came into being, New Hampshire was enthralled by a vibrant economy that, for a while, succeeded in reducing the unemployment rate to historic levels, eliminated state budget deficits for 1996 and 1997 and generated a small surplus in the state treasury for 2000. The sentiment was expressed memorably by the Chairman of the Federal Reserve Board as a time of “irrational exuberance.”

New conditions. What followed must be considered extraordinary from many points of view, although three conditions have created a unique set of circumstances for the Endowment for Health. The first has been the change in our state’s economy and the second is a profound change in our philosophy of government. Finally, New Hampshire and our country no longer enjoy a period of “irrational exuberance,” but instead find ourselves in an atmosphere of “rational concern” as the forces that brought down the World Trade Center towers propel us toward a preemptive war.

In New Hampshire. The change in New Hampshire’s economy, while not as severe as in other parts of New England and the nation, is significant and well documented. A few examples will suffice (Source: Vital Signs 2003, Department of Employment Security. Figures for 2001 unless otherwise noted): The number of unemployed increased to 24,336 (a rise of 3.5%) both figures surpassing each of the preceding three years. The number of weeks compensated for unemployment more than doubled to 254,856. Although the percentage of New Hampshire citizens living below poverty remains low relative to the region and the United States, it rose to 6.5% in 2001 as compared to 5.2% in 2000. Temporary Assistance to Needy Families (TANF) increased as compared to the preceding three years during which annual decreases were noted. Perhaps most notable of all has been the arrival of state budget deficits. In the fiscal year ending June 30, 2002 the state accumulated a $37.9 million deficit while in the current budget year ending June 30, 2003, an additional $80 million is predicted (Source: The Telegraph, February 16, 2003, pg. 1).

Running government like a business. The philosophy of “running government like a business” is evident at both the state and national level. In some ways, this seems rather odd given the record of “business” during the days of “irrational exuberance,” yet here it is. Just what this means is not entirely clear but what is beyond dispute is that "business," in the usual sense of the word, means selling a product or service to generate wealth for the company owners. In times past, we might have believed that government, assisted by charitable and philanthropic organizations, helped those who did not participate in the success of the business model. But as government and business become more unified, what resources are available for help in resolving issues of access to health care, affordable housing, support of the indigent, education, substance abuse, mental illness, and transportation to mention only a few afflictions of the less fortunate among us?

Government is the only way we, as a society, act collectively on behalf of others beyond our family and our community. An atmosphere of “rational concern” creates, one might suggest, a mindset of turning inward and protecting our own assets. Of course, there is the traditional rhetoric of "local control," a phrase which, like many political buzz words, does not mean what it attempts to convey. What it really means is a shift and a fragmentation of collective concern back to New Hampshire’s 236 cities and towns.

Our challenge. These features of our current environment are exerting great pressure on the Endowment for Health as we struggle to fulfill our mission of “improving the health and reducing the burden of illness of the people of New Hampshire” with a particular concern for those who are disadvantaged, underserved and vulnerable. But, we have held, since our inception, that it is not within our resources to perform those functions that should be exercised by government nor is it a moral or legal obligation to do so. Instead, we assist organizations trying to meet many of our citizen’s fundamental needs but we do not underwrite operating expenses.

Our response. This year we continued to focus on our main themes of oral health and barriers to access while broadening our dedication toward developing a better understanding of these critical issues. To this end we have launched a broad public policy initiative that is described elsewhere in this report (see page 5). The development of an oral health plan for the state of New Hampshire is an excellent example of how private and public resources can complement one another in addressing an important public policy issue.

In addition, we developed our website (www.endowmentforhealth.org) allowing us to communicate with the citizens of New Hampshire as well within the circle of the Board of Directors, the Advisory Council and the staff.

Finally, we are proud that our grant awards now total $6 million dollars since the summer of 2001.

On the horizon. Ahead lie a number of challenges including: The development of a system of evaluation for ourselves and for our grantees in an attempt to know whether or not we have truly added value to New Hampshire, and holding our expenses in line to make available the maximum amount of grant awards consistent with a decline in the value of our investment portfolio.

Perhaps most important of all, we continue to seek opportunities to help organizations develop and refine their vision to benefit individuals and families that might otherwise be overlooked or neglected by the economic changes within our state, and by the new philosophy and style of New Hampshire government in an era of “rational concern.”

James W. Squires M.D.
President
FROM THE CHAIR
Making change possible...

Four years ago, if any of you had asked those of us involved in the establishment of the Endowment for Health if this new organization would be successful, I’m sure everyone would have answered “yes.” But I don’t think any of us fully appreciated, then, the breadth and scope of the challenges we faced. Nor could we have imagined our impact in 1999.

In four short years, thousands of lives have been touched and several creative public-private partnerships forged and developed. Important initiatives - reaching every corner of our state - hold great promise in helping us move closer to fulfilling our mission.

To improve the health and reduce the burden of illness of the people of New Hampshire.

Mission matters. In times like the present, when the economy is shaky and public funding cuts are imminent, our mission keeps us centered on our purpose. While we may pay some attention to trends in health grantmaking, we do not become caught up in what has been euphemistically referred to as the “issue du jour.” Our grantmaking focus - informed by our mission and the funding priorities that were established four years ago - remains in place.

Addressing the issues. The Endowment for Health, along with the nonprofit organizations and agencies we fund and partner with, is addressing a huge issue. Actually, it is many “huge issues” we grapple with throughout the year. Access to health care, just to name one, is tremendously complex. Solutions tend to be multi-faceted and don’t come easily.

As we tackle the intricate and often confounding aspects of any issue, we are committed to continually assess the impact of our efforts on the communities we serve, so that our resources remain focused upon positive change.

Establishing a culture of change. The word “culture” comes from the Latin verb, colere, “to cultivate.” The Endowment for Health is deeply committed to cultivating a culture of change. An important aspect of this commitment is paying close attention to our own organization.

Our Board is in the midst of an inevitable transition: from a Board comprised almost exclusively of those who were there “in the beginning,” to a Board now welcoming several newer members. The fundamental values of humility, accessibility, and respect continue to inform and inspire our discussions, and we have been both challenged and energized by these new voices.

We have also created a way to bring new expertise to the Board table, without being a Board member. By inviting members of our Advisory Council – and other New Hampshire citizens – to serve on our Board committees, we are able to bring a much broader range of voices to our discussions. This adjustment in our governance structure, while invisible to most, reflects the fundamental value of openness that the Endowment seeks to embrace at every level of its operations.

The pursuit of accountability. The Endowment for Health, like many foundations and nonprofits, has made great improvements in the area of accountability - both in relationship to our grantees, and for ourselves.

We realize that measuring “units of service” is no longer particularly meaningful or sufficient. We now try to look more deliberately and creatively at outcomes. We continually ask ourselves the question: “Is something we are doing or funding effective?” The answer to this question helps us confirm that we are, indeed, making positive changes in the lives of the those to whom we are ultimately accountable: the people of New Hampshire.

Leadership. This year I appreciated, in new ways, the leadership demonstrated by each member of our Board, Advisory Council, committee members, and staff. I have been energized by the leadership of
The Board of Directors is comprised of individuals who have demonstrated interest in, and understanding of, the communities and individuals intended to benefit from the Endowment's activities.

Public Members of the Board include those who are members of the “general public,” defined as anyone who is not (1) an employee, officer, or director of an organization that primarily sells health care services, or (2) engaged in the practice of a health care profession.

The Board includes two gubernatorial appointments.

PUBLIC MEMBERS
Elizabeth Abrahams
Sylvio Dupuis, O.D., Chairman
Laura Monica
Jane Nisbet, Ph.D., Governor Appointee
James Oates, Treasurer
Martha Van Oot, Secretary
Charles Whittemore

NON-PUBLIC MEMBERS
Susan Chollet, Vice Chair
Deanna Howard
Gustavo Moral
Ann Peters
Donald Shumway, Governor Appointee

The Advisory Council is comprised of 30 to 40 individuals, a majority of whom must be members of the “general public” (see the definition of “general public” under “Board”). To reflect the diversity of the state of New Hampshire, it is our intention that every county be represented on the Advisory Council.

PUBLIC MEMBERS
CARROLL COUNTY
Jeanne Rye
Linda Fox Phillips
GRAFTON COUNTY
Bill Walker
HILLSBOROUGH COUNTY
Harry Figueroa
Robin Gregg
Nury Marquez
Marie Metoyer, M.D.
Timothy Soucy
MERRIMACK COUNTY
Monica Ciolfi
Rabbi Richard Klein
David Lamarre-Vincent
David Robar
Thomas Raffio
Clyde Terry
Rodney Tenney, Chairman
ROCKINGHAM COUNTY
Sue Donahue Suter
Jackie Weatherspoon
Timothy Phoenix

NON-PUBLIC MEMBERS
BELKNAP COUNTY
Thomas Clairmont
CARROLL COUNTY
Mary Bidgood-Wilson
CHESHIRE COUNTY
Susan Chollet
COÖS COUNTY
Adele Woods
GRAFTON COUNTY
Mary Ruppert
William Boyle, M.D.
HILLSBOROUGH COUNTY
Gina Balkus
Michael Ostrowski
Selma Deitch, M.D., M.P.H.
MERRIMACK COUNTY
Jennifer Frizzell
Richard Silverberg
SULLIVAN COUNTY
Claire Bowen
Sean Lyon

Staff
James W. Squires, M.D., President
Mary Vallier-Kaplan, Program Director
Lindsay Josephs, Program Specialist
Sue Fulton, Executive Assistant
Peg LePage, Administrative Assistant
During the past year, the Endowment for Health has made several commitments— and dedicated significant resources—that are technically outside our typical grant-making areas. These grants are listed at the right under the heading “Special Project Grants.”

Particularly in uncertain economic and political times like the present, there is a critical need for health care research, planning, and education. Unfortunately, history tells us that often in times of economic and political uncertainty, it is this type of work that gets “cut” – from organizational budgets, from governmental thinking, and ultimately from informed and considered public discourse.

The Endowment for Health, in initiating and funding the “Special Projects” described here, is responding to what we believe to be the critical informational needs of our elected officials—and the many other stakeholders involved in the New Hampshire health care system. We also believe that these initiatives move us closer to fulfilling our mission to “improve the health and reduce the burden of illness of the people of New Hampshire.”

We invite your participation and comments as we move forward.

THE UNINSURED
The columnist E. J. Dionne (Concord Monitor, February 11, 2003, pg. B7) writes: “We are now confronted with a strange inversion. If the old left thought that only government ownership could produce a just society, the new right seems to think that free market solutions – or solutions dressed up that way – will always produce greater efficiency. Preachers of the new doctrine believe as a matter of faith that private companies are bound to do better than government… But inequalities in basic health coverage [referring to Medicare] are morally objectionable… This debate should rest on facts and logic, not doctrine.”

During the period described in this Annual Report, the Endowment for Health has made a major research commitment to examine the problem of the uninsured and underinsured citizens of New Hampshire. We know that people faced with this economic barrier to health care are often sicker, and die at a younger age.

Other than this situation being “morally objectionable” we believe that a portion of the rapid increase in health insurance premiums in New Hampshire is attributable to two factors:

• The existence of approximately 90,000 individuals in our state without any health insurance (75% of whom are employed).

• The significant cost shifts to the private sector as government programs (Medicare and Medicaid) fail to adequately cover the costs of their beneficiaries.

Initiative: Research and Public Awareness
Our support for a substantial research project, being undertaken by the New Hampshire Center for Public Policy, demonstrates our desire to position the discussion of the uninsured squarely on “facts and logic” as opposed to doctrine. How we communicate these findings to the citizens of New Hampshire is the focus of a separate award to the Frameworks Institute. Our support for “Health Desk” at New Hampshire Public Radio, and our award to the New Hampshire Citizens Alliance reflect our efforts to raise public awareness about this critical issue that impacts all New Hampshire citizens.

We believe that all people have the right to equal access to quality health care.

The philosophy statement of the Avis Goodwin Community Health Center in Rochester, a 2002 grantee. Community health centers like Avis Goodwin serve thousands of working New Hampshire families each year who do not have health insurance.
DECLINING ORAL HEALTH
In response to distinct and growing concerns from New Hampshire communities about the declining oral health of New Hampshire’s citizens, the Endowment for Health placed oral health among their highest grantmaking priorities. Since its inception, the Endowment has invested over $1.5 million (through September 30, 2002) in projects to improve oral health in New Hampshire.

As critical as this support has been for a variety of oral health projects and programs during the past few years, we also realized that we lacked crucial information to guide us in our grantmaking decisions. If we were to truly seek ongoing and systemic improvement in oral health, a plan to guide policy and funding decisions was needed.

Initiative: An Oral Health Plan for New Hampshire
In July 2002, the Endowment for Health funded the creation of The Coalition for New Hampshire Oral Health Action. This task force, created in partnership with the New Hampshire Department of Health and Human Services (DHHS), is comprised of a broad spectrum of stakeholders from across the state, including representatives from the Endowment, DHHS (and other state agencies), and nonprofits. Concerned New Hampshire state legislators, dentists, physicians, nurses, educators, and consumers are also represented on the Coalition.

Their task: The creation of a comprehensive plan to improve the oral health of New Hampshire citizens.

It is our goal to create a plan that will provide New Hampshire “decision makers” - as well as the voting public - with hard data, professional analysis, and concrete recommendations that reflect the collective wisdom of New Hampshire’s most experienced researchers, direct service workers, and providers. We have also invited several key national consultants to participate. These consultants help us understand health care policy work from a national perspective, as well as the ever-changing funding climate in Washington, D.C.

In January 2003, the Coalition reviewed the first draft, with publication of the plan slated for late spring, 2003.

LANGUAGE BARRIERS IN ACCESSING HEALTH
Language can present a significant barrier to some New Hampshire citizens in receiving health services. When individuals and families with limited English language skills require critical or routine medical services, where can they - or a medical provider - turn for help?

In 2001, the Endowment for Health,

Tooth decay is the most common chronic medical condition experienced by the children of our state. An astounding 47% of New Hampshire children between the age 2-9 have untreated tooth decay.

The Coalition for New Hampshire Oral Health Action, an Endowment for Health grantee, is in the process of creating a comprehensive oral health plan for all residents of New Hampshire.
the New Hampshire Community Grants Program, the New Hampshire Minority Health Coalition, and the Southern New Hampshire Area Education Center came together to develop a medical interpretation training program to serve the southern part of the state. This initiative, funded with a three-year grant from the Endowment, has made significant progress in developing an interpretation program and system that works for both medical practitioners, and those who need medical interpretation help.

Initiative: Medical Interpretation Pilot Project

In June 2002, primarily as a result of this initiative, New Hampshire was selected as one of three states (along with Iowa and Florida) to serve as a pilot site for improving access to health care services for people with limited English proficiency. This important pilot project is being lead by two national organizations: The Access Project and The National Health Law Program.

As both the funder and facilitator of this pilot project in New Hampshire, the Endowment for Health convened representatives from the New Hampshire Hospital Association, the Southern New Hampshire Area Health Education Center, the New Hampshire Department of Health and Human Services, and the New Hampshire Minority Health Care Coalition.

Over the coming year, this core group of stakeholders will be working collaboratively with the Endowment to systemically address the communication issues involved in increasing awareness among health care providers and immigrant populations about medical interpretation services, and the availability of federal funds to defray the cost of these services.

The development of a “Language Services Action Kit” – for national distribution – is one of the ultimate outcomes of this pilot project.
The Endowment for Health primarily uses grantmaking to achieve its mission to improve the health and reduce the burden of illness of the people of New Hampshire. We are particularly interested in addressing the needs of those most vulnerable in our communities, and those currently underserved by New Hampshire’s health system.

In 2002, the Endowment for Health made grant awards totaling $3,321,435 to 50 organizations.

GRANTMAKING AREAS
The Endowment for Health utilizes several types of grants to achieve our mission:

- Theme Grants
- Applied Research Grants and Other Initiatives
- Planning, Convening, and Technical Assistance Initiatives
- Discretionary Grants

Our grantmaking primarily focuses on several health-related themes. The current themes are:

- Oral Health
- Economic Barriers to Accessing Health and Health Care
- Geographic Barriers to Accessing Health and Health Care
- Social-Cultural Barriers to Accessing Health and Health Care

NEW IN 2002
Improving our grantmaking process
Our 2002 Theme Grant program expanded to fund leadership development, community collaboration, and public education. We also successfully developed a Letter of Inquiry process for our Theme Grants. The Letter of Inquiry creates the basis for a dialogue – between the Endowment for Health and the grantee applicant – about interesting ideas and their potential for funding.

Also, there are now two cycles of Planning, Convening, and Technical Assistance grants. This change provides more timely access to these funds for our grantees.

We also will be collaborating with other New Hampshire funders to assess how to most effectively implement technical assistance initiatives.

PROGRAM YEAR 2002 GRANT AWARDS
In the following list of 2002 Grant recipients, information is reported as follows: The organization name (bold type), the project title (regular type), and the geographic area served (italic type), and the amount of the grant award. "HSA" stands for Health Service Area. More information about grant recipients and projects can be found at www.endowmentforhealth.org or by calling the Endowment office at 603-228-2448.

www.endowmentforhealth.org
Our website provides, among other features, easier access to our application materials. As always, we invite your suggestions and comments as we continue to make improvements to this online resource.

Stay up to date in the year ahead by visiting our website from time to time. Here you will find the latest information about our grantmaking program, as well as updates on some of the key initiatives we will be pursuing over the coming months.

Building our network
We continually strive to collaborate and build relationships with other health grantmakers. These collaborations help us improve our collective grantmaking, often enabling us to take a regional or statewide approach, and keeps us apprised of emerging issues in the "foundation world." We collaborate with several other New Hampshire funders as a member of New Hampshire Health Grantmakers, with New England regional foundations such as the Maine Health Access Foundation, with professional associations such as Grantmakers in Health, and with national health grantmakers such as the Robert Wood Johnson Foundation.

Looking ahead
A significant investment in 2003 will target the development of a model foundation evaluation system. This initiative will support not only the Endowment’s work, but also will help our grantees to learn about the effective utilization of resources to improve the health of New Hampshire residents.
While social stigma continues to inhibit many victims from disclosing domestic and sexual violence and abuse, over 11,000 victims contacted crisis centers for assistance in 2001. From a report by the Governor’s Commission on Domestic and Sexual Violence, a 2002 Endowment grantee. The report summarized survey results to determine current gaps in services to victims, and the training needs of those who work with them.

**Foundation for Healthy Communities**
Community Health Prevention & Treatment Initiative
Dover, Franklin, Laconia, and Rochester HSAs
$75,000

**Governor's Commission on Domestic and Sexual Violence/NH Coalition**
Against Domestic and Sexual Violence
Survey Committee, Governor’s Commission on Domestic & Sexual Violence
State of NH
$11,750

**NH AH EC/Dartmouth Medical School**
NH Access to Primary Care Indicator Project
State of NH
$83,817

**NH Minority Health Coalition**
Medical Interpretation Services
Exeter, Manchester and Portsmouth HSAs
$70,066

**NH Institute for Health Policy & Practice/UNH**
Empowering Communities Through Access to Information and Training
State of NH
$266,479

**Prevent Child Abuse NH**
Call to Action - Child Abuse in NH
State of NH
$50,000

**UNH Cooperative Extension-TAP**
Multi-Community Gender Study
State of NH
$13,683
Many New Hampshire parents need education, guidance, and advocacy to access the services that can help their children grow up healthy and strong.

From a report by Child Health Services in Manchester, a 2002 grantee. The Endowment grant helped Child Health Services hire and train pediatric family support workers.
**DISCRETIONARY GRANTS**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Program Description</th>
<th>Conway and Wolfeboro HSAs</th>
<th>Nashua HSA</th>
<th>Derry, Manchester and MA Border HSAs</th>
<th>Exeter, MA Border and Portsmouth H SAs</th>
<th>Nashua HSA</th>
<th>Greater Derry/Greater Salem Regional Transportation Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agape Ministries Servants, Inc.</td>
<td>Agape Ministries Vehicle Need</td>
<td></td>
<td>$10,000</td>
<td></td>
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<tr>
<td>Avis Goodwin Community Health Center</td>
<td>Emergency Funds</td>
<td></td>
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<tr>
<td>Brain Injury Association of NH</td>
<td>Adolescent Injury Prevention Program</td>
<td></td>
<td></td>
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<tr>
<td>Community Diversion Program</td>
<td>Victim Offender Mediation</td>
<td></td>
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<tr>
<td>Foundation for Healthy Communities</td>
<td>NH Hospitals Mutual Aid Network</td>
<td></td>
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<tr>
<td>Greater Derry/Greater Salem Regional Transportation Council</td>
<td>Greater Derry/Greater Salem Regional Transportation Council</td>
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<tr>
<td>Nashua Pastoral Care Center, Inc.</td>
<td>Norwell Transitional Funding</td>
<td></td>
<td>$14,900</td>
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<tr>
<td>N H College and University Council</td>
<td>Social Norming Conference</td>
<td></td>
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<tr>
<td>N H Division of Alcohol and Drug Abuse</td>
<td>N H Substance Abuse Conference</td>
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<tr>
<td>NH Healthy Kids Corporation</td>
<td>Booster Seat Campaign with United Way</td>
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<tr>
<td>Pastoral Counseling Services</td>
<td>Pastoral Counseling Information System – Matching Grant Proposal</td>
<td></td>
<td>$2,469</td>
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</tr>
</tbody>
</table>

**From a report by the North Country Health Consortium, a 2002 grantee. The Endowment grant facilitated the design and implementation of a coordinated transportation system in the Lancaster/Littleton area.**

Transportation to a doctor's appointment is a major dilemma for thousands of New Hampshire's residents, and the options are limited.

Transportation to a doctor's appointment is a major dilemma for thousands of New Hampshire's residents, and the options are limited.

**2002 ANNUAL REPORT**
A year ago when I wrote this report, we had hoped that 2002 would be an improvement over the previous year. Obviously, this was not the case. In fact, it was another most difficult year. For the year ended September 30, 2002, we experienced the same difficult investment environment that negatively impacted most long-term investors. Our investable assets dropped from $74 million to $63 million over the fiscal year, a decline of 9.6%. The return excludes our cash reserves that were established in 2001.

Our Endowment has the dual purpose of supporting today’s programs with current income and growing the principal for increased funding in future years. Our long-term target is a total return that averages 9% per year. Accordingly, we have our Endowment invested 61% in equities and 39% in fixed income instruments.

We remain cognizant that the Endowment has an indefinite time horizon to assist current and future residents of New Hampshire. Our patience and investment strategy as the current stewards is focused on the long-term financial health of the Endowment.

Similarly to last year, as this report is being written, the markets have somewhat recovered from their September 2002 lows. From October 1, 2002 through November 30, 2002, the Endowment increased to $76 million, returning +7.7%.

Our thanks go to the hard-working investment and finance committee and the staff at the Endowment for Health, and our consultant, Clifford L. White, Managing Director of Deutsche Bank Alex. Brown. We look forward to the upcoming year, as always with a cautious yet hopeful view.

Submitted by,
James M. Oates
Treasurer

FINANCE AND INVESTMENT COMMITTEE
Harold Janeway; Gustavo Moral; James Oates, Chair; Rodney Tenney; Charles Whittenmore

FROM THE FINANCE AND INVESTMENT COMMITTEE:

STATEMENTS OF FINANCIAL POSITION
For the Year Ended September 30, 2002 and For the Year Ended September 30, 2001

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>3,864,923</td>
<td>7,583,013</td>
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<tr>
<td>Prepaid expenses</td>
<td>55,310</td>
<td>52,126</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>113,596</td>
<td>122,997</td>
</tr>
<tr>
<td>Investments, at fair market value</td>
<td>63,346,146</td>
<td>70,369,487</td>
</tr>
<tr>
<td>Deposits</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 67,384,975</strong></td>
<td><strong>$ 78,132,623</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued payables and accrued liabilities</td>
<td>143,479</td>
<td>108,620</td>
</tr>
<tr>
<td>Grants payable</td>
<td>3,160,360</td>
<td>2,741,188</td>
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<tr>
<td>Capital lease obligation</td>
<td>10,593</td>
<td>13,101</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>3,314,432</strong></td>
<td><strong>2,862,909</strong></td>
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<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
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<tr>
<td>Board designated</td>
<td>64,070,543</td>
<td>75,269,714</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 67,384,975</strong></td>
<td><strong>$ 78,132,623</strong></td>
</tr>
</tbody>
</table>

ASSET ALLOCATION

Diversification of Funds (as of September 30, 2002)

- Cash (3%)
- U.S. Equities Small Cap (5%)
- International Equities (10%)
- Bonds (37%)
- U.S. Equities Large Cap (45%)
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2002 and For the Year Ended September 30, 2001

REVENUE AND SUPPORT

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions – Anthem/Blue Cross Blue Shield of New Hampshire</td>
<td>—</td>
</tr>
<tr>
<td>Investment Income</td>
<td>791,908</td>
</tr>
<tr>
<td>Realized gains (loss) on investments</td>
<td>(3,854,153)</td>
</tr>
<tr>
<td>Donations</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>(3,057,245)</strong></td>
</tr>
</tbody>
</table>

EXPENSES

Program:

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
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<tbody>
<tr>
<td>Salaries and related expenses</td>
<td>258,181</td>
</tr>
<tr>
<td>Grant expense</td>
<td>3,323,934</td>
</tr>
<tr>
<td>Program support</td>
<td>17,135</td>
</tr>
<tr>
<td>Professional fees</td>
<td>80,967</td>
</tr>
<tr>
<td>Operating expense</td>
<td>15,874</td>
</tr>
<tr>
<td><strong>Total program expenses</strong></td>
<td><strong>3,696,091</strong></td>
</tr>
</tbody>
</table>

Management and general:

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related expenses</td>
<td>129,619</td>
</tr>
<tr>
<td>Administrative support</td>
<td>23,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>213,380</td>
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<tr>
<td>Investment expense</td>
<td>297,962</td>
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<tr>
<td>Operating expense</td>
<td>85,015</td>
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<tr>
<td>Facility expense</td>
<td>53,865</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>29,791</td>
</tr>
<tr>
<td>Tax expense</td>
<td>961</td>
</tr>
<tr>
<td>Interest expense</td>
<td>718</td>
</tr>
<tr>
<td><strong>Total management and general expenses</strong></td>
<td><strong>834,111</strong></td>
</tr>
</tbody>
</table>

**Total expenses** | **4,530,402** | **3,830,514** |

Unrealized loss on investments | (3,611,524) | (12,069,359) |

INCREASE (DECREASE) IN NET ASSETS | (11,199,171) | (11,979,159) |

NET ASSETS – beginning of year | 75,269,714 | 87,248,873 |

NET ASSETS – end of year | $ 64,070,543 | $ 75,269,714 |