

**UNIVERSAL HEALTH CARE
FOUNDATION OF CONNECTICUT, INC.**

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

February 28, 2007

Board of Directors
Universal Health Care Foundation of Connecticut, Inc.
290 Pratt Street
Meriden, CT 06450

We have audited the accompanying statement of financial position of Universal Health Care Foundation of Connecticut, Inc. as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Universal Health Care Foundation of Connecticut, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Universal Health Care Foundation of Connecticut, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink that reads 'Maletta & Company'. The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

ASSETS

	2006	2005
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 377,507	\$ 1,236,293
Due from CHART	7,310	6,910
Prepaid Expenses	42,978	24,636
Other Receivables	49	2,520
Total Current Assets	427,844	1,270,359
 INVESTMENTS		
Investments	50,796,065	50,182,220
 FIXED ASSETS		
Equipment	244,699	185,614
Leasehold Improvements	40,287	20,465
Less: Accumulated Depreciation	(60,104)	(28,629)
Net Equipment	224,882	177,450
 OTHER ASSETS		
Security Deposit	5,000	5,000
 TOTAL ASSETS	\$ 51,453,791	\$ 51,635,029

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 244,672	\$ 53,827
Grants Payable	718,028	644,924
Accrued Expenses	12,878	78,851
Deferred Income	-0-	50,000
Accrued Annual Leave	39,895	17,555
Accrued Payroll	16,071	8,607
Payroll Taxes Payable	1,229	772
Total Current Liabilities	1,032,773	854,536
 NET ASSETS		
Unrestricted Net Assets	50,421,018	50,780,493
Total Net Assets	50,421,018	50,780,493
 TOTAL LIABILITIES AND NET ASSETS	\$ 51,453,791	\$ 51,635,029

The accompanying notes are an integral part of these financial statements.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
OPERATING REVENUE		
Income from Investments (See Note 2)	\$ 663,960	\$ 671,545
Realized Gain on Investments	832,848	2,799,606
Unrealized Gain on Investments	3,787,726	(952,067)
Branding Revenue	50,000	-0-
Miscellaneous Income	11,445	-0-
Total Operating Revenue	5,345,979	2,519,084
OPERATING EXPENSES		
Functional Expenses		
Management & General	879,899	508,642
Program Grants	3,170,448	1,747,747
Research	294,284	481,251
Strategic Communication	1,300,413	298,107
Convening	60,410	74,864
Total Expenses	5,705,454	3,110,611
CHANGE IN NET ASSETS	(359,475)	(591,527)
NET ASSETS, BEGINNING OF YEAR	50,780,493	51,372,020
NET ASSETS, END OF YEAR	\$ 50,421,018	\$ 50,780,493

*The accompanying notes are an integral
part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (359,475)	\$ (591,527)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	31,475	16,085
Unrealized Gain on Investments	(3,787,726)	952,067
<i>Add</i>		
Decrease in Prepaid Expenses		1,084
Decrease in Other Receivables	2,471	2,217
Decrease in Security Deposit		2,200
Increase in Accounts Payable	190,845	5,721
Increase in Grants Payable	73,104	
Increase in Accrued Expenses		2,232
Increase in Annual Leave	22,340	2,421
Increase in Accrued Payroll	7,464	
Increase in Payroll Taxes Payable	457	
	296,681	15,875
<i>Less</i>		
Increase in Prepaid Expenses	(18,342)	
Increase in Due from CHART	(400)	(360)
Increase in Other Receivables		
Increase in Accrued Expenses	(65,973)	
Increase in Security Deposit		
Decrease in Deferred Income	(50,000)	
Decrease in Accrued Payroll		(15,046)
Decrease in Payroll Taxes Payable		(683)
Decrease in Accounts Payable		
Decrease in Grants Payable		(223,388)
	(134,715)	(239,477)
Net Cash Flow Provided by Operating Activities	(3,953,760)	153,023
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(78,907)	(170,084)
Purchase of Investments (Net)	3,173,881	1,092,896
	3,094,974	922,812
Sale/Net Cash Flow from Investing Activities	3,094,974	922,812
NET INCREASE (DECREASE) IN CASH	(858,786)	1,075,835
Cash and Cash Equivalents, Beginning of Year	1,236,293	160,458
Cash and Cash Equivalents, End of Year	\$ 377,507	\$ 1,236,293

Operating activities reflect interest paid of \$-0- and \$-0- income taxes paid for 2006 and 2005.

*The accompanying notes are an integral
part of these financial statements.*

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Management & General	Program Grants	Research	Strategic Communication	Convening	Total 2006	Total 2005
Wages	\$ 202,917	\$ 301,137	\$ 59,274	\$ 255,628	\$ 14,531	\$ 833,487	\$ 467,057
Payroll Taxes	14,697	21,804	4,293	18,008	1,052	59,854	32,885
Fringe Benefits	42,832	63,545	12,511	52,482	3,067	174,437	79,983
Pension Expense	12,348	18,319	3,607	15,130	884	50,288	31,679
Conferences & Seminars	834	1,254		848	663	3,599	6,746
Travel Expenses	3,509	8,453		3,271	7,052	22,285	16,848
Board Expenses	47,760					47,760	30,028
Grants							14,110
Health Advocacy		1,142,548				1,142,548	751,150
Organizing		1,140,428				1,140,428	216,705
Action Research						-0-	201,150
Sm. Business Network		278,014				278,014	120,000
Legal Fees	12,561			4,187		16,748	14,767
Accounting						-0-	10,814
Audit	12,500					12,500	12,500
Finance Operations	77,835	19,459				97,294	91,320
Program Operations		25,749	6,958	44,727	1,098	78,532	34,994
Legislative Monitoring			11,500	11,500		23,000	7,750
Technical Consultants		57,879	171,536	5,219	500	235,134	507,998
Technical Assistance						-0-	88,531
Communications	115,060	82,689	24,605	846,202	22,383	1,090,939	126,178
Technology	38,857	780		1,224		40,861	17,929
Recruitment	8,883			8,200		17,083	4,262
Temporary Help	52,490					52,490	68,806
Facilities Expense	112,943					112,943	66,018
New Space Expense						-0-	32,796
Dues and Subscription	16,237	6,257		100		22,594	8,424
Office Operations	106,794					106,794	47,433
Meetings	842	2,133		20	9,180	12,175	1,748
Website				33,667		33,667	-0-
Total Expenditures	<u>\$ 879,899</u>	<u>\$ 3,170,448</u>	<u>\$ 294,284</u>	<u>\$ 1,300,413</u>	<u>\$ 60,410</u>	<u>\$ 5,705,454</u>	<u>\$ 3,110,609</u>

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Universal Health Care Foundation of Connecticut, Inc. (UHCFC) is presented to assist in understanding UHCFC financial statements. The financial statements and notes are representations of UHCFC's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities

Universal Health Care Foundation of Connecticut, Inc. is a private, not-for-profit corporation established in 2000. The Universal Health Care Foundation's mission is to be a catalyst that engages people and communities in shaping a democratic health system that provides universal access to quality health care and promotes health in Connecticut. The Foundation believes that health care is a fundamental right and that their work is part of a broader movement for social and economic justice.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 116, "*Accounting for Contributions Received and Contributions Made*", and SFAS No. 117, "*Financial Statements of Not-for-Profit Organizations*." Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UHCFC and changes therein are classified and reported as follows:

Unrestricted net assets are not subject to donor-imposed stipulations or the restrictions have expired. These assets may be designated for specific purposes by action of UHCFC officers and Board of Directors.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of UHCFC or that expire by the passage of time.

Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit UHCFC to use or expend part or all of the income derived from the related investments for general or specific purposes.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues, including promises to give, are reported as increases in unrestricted net assets unless use of the related asset is limited by donor or grantor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Income Tax Structure

Under provisions of the Internal Revenue Service Code, section 501(c)(3), UHCFC is exempt from taxes on income other than unrelated business income. For the year ended December 31, 2006 and 2005, UHCFC did not have any unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(3).

Investments

UHCFC follows the provisions of SFAS No. 124, "*Accounting for Certain Investments Held by Not-for-Profit Organizations*," which requires all publicly traded debt and equity securities to be recorded at fair market value generally determined on the basis of quoted market values. Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are based on average cost.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, expenses are recorded directly to program services or general and administrative categories based on specific identification.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in checking accounts, money market funds or short-term investments with original maturities of three months or less, except for those short-term investments managed by UHCFC investment managers as part of their long-term investment strategies. UHCFC maintains cash accounts with banking institutions insured by the FDIC. At December 31, 2006, the carrying amount was \$377,507 and the bank balance was \$970,048, of which \$870,048 was not covered by FDIC insurance. In addition, the carrying amount was \$1,236,293 and the bank balance was \$1,409,549, of which \$1,309,549 was not covered by FDIC insurance at December 31, 2005.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governance

The Universal Health Care Foundation of Connecticut, Inc. is the supporting organization for the Connecticut Health Advancement & Research Trust, Inc., (CHART). CHART is the sole member of Universal Health Care Foundation of Connecticut, Inc. CHART holds the power to select all members of the board of directors for the Foundation.

The nature of the relationship is such that CHART makes recommendations for approval by Universal Health Care Foundation of Connecticut, Inc.

NOTE 2 – INVESTMENTS

UHCFC maintains the endowment fund in multiple investment management accounts. Investments in stocks and fixed income securities are valued based upon quoted market prices. Investments by type consisted of the following as of December 31, 2006 and 2005.

	2006	
	Cost	Fair Value
Cash and Cash Equivalents	\$ 169,010	\$ 169,010
Common and Preferred Stocks	33,720,287	43,497,157
Mutual Funds	6,961,863	7,129,898
Totals	\$ 40,851,160	\$ 50,796,065
	2005	
	Cost	Fair Value
Cash and Cash Equivalents	\$ 160,887	\$ 160,887
Common and Preferred Stocks	27,933,381	34,535,620
Mutual Funds	15,694,045	15,485,713
Totals	\$ 43,788,313	\$ 50,182,220

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 2 – INVESTMENTS (CONT'D)

The following schedule summarizes the results for investment managers for the years ended December 31, 2006 and 2005.

	2006	
	Cost	Fair Value
Bank of America Money Market	\$ 169,010	\$ 169,010
Alliance Capital Management	5,037,395	6,557,189
SIRE Hedge Fund	2,500,000	3,149,919
Ariel Capital Management	4,225,668	5,157,660
Boston Common	5,626,473	9,909,785
Longwood Asset Management	2,722,986	3,108,444
Walden Asset Management	5,941,860	7,652,319
Loomis Sayles	5,000,000	5,185,643
Private Advisors	2,665,905	2,776,198
PIMCO Bond Fund	6,131,139	5,889,930
Principal Real Estate Investment Fund	830,724	1,239,968
	<u>\$ 40,851,160</u>	<u>\$ 50,796,065</u>
Totals	<u>\$ 40,851,160</u>	<u>\$ 50,796,065</u>

	2005	
	Cost	Fair Value
Bank of America Money Market	\$ 160,887	\$ 160,887
Alliance Capital Management	4,354,206	5,361,172
SIRE Hedge Fund	2,500,000	2,810,349
Ariel Capital Management	4,151,241	5,043,017
Boston Common	3,626,472	5,952,578
Longwood Asset Management	4,699,429	5,269,342
Walden Asset Management	6,102,033	7,532,364
Private Advisors	2,500,000	2,566,798
PIMCO Bond Fund	14,378,097	13,902,838
Principal Real Estate Investment Fund	1,315,948	1,582,875
	<u>\$ 43,788,313</u>	<u>\$ 50,182,220</u>
Totals	<u>\$ 43,788,313</u>	<u>\$ 50,182,220</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31, 2006 and 2005.

	2006
Income from Investments (Net of \$364,648 in expenses)	\$ 663,960
Realized Gain on Investments	832,848
Unrealized gain on Investments	3,787,726
Totals	<u>\$ 5,284,534</u>

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 2 – INVESTMENTS (CONT'D)

	2005
Income from Investments (Net of \$335,954 in expenses)	\$ 671,545
Realized Gain on Investments	2,799,606
Unrealized gain on Investments	(952,067)
Totals	\$ 2,519,084

NOTE 3 – PROPERTY AND EQUIPMENT

UHCFC follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset.

		2006	
	Cost	Depreciation	Accumulated Depreciation
Computer Equipment	\$ 74,292	\$ 12,294	\$ 31,391
Office Furniture	149,628	14,355	21,579
Office Equipment	6,290	842	842
Telephone System	14,489	1,223	2,413
Leasehold Improvements	40,287	2,761	3,879
Totals	\$ 284,986	\$ 31,475	\$ 60,104

NOTE 4 – EMPLOYEE BENEFIT PLAN

UHCFC participates in the National Organizers Alliance 401(k) savings plan that covers all employees. Under the plan, UHCFC has elected to contribute 7% of the gross salaries of all eligible employees. For the years ended December 31, 2006 and 2005, employees may also contribute up to an aggregate of \$15,000 and \$14,000 annually, respectively. For the years ended December 31, 2006 and 2005, individual's age 50 or older may contribute an additional \$5,000 and \$4,000 per year, respectively. For the years ended December 31, 2006 and 2005, UHCFC contributed \$50,288 and \$31,679 to the plan, respectively.

NOTE 5 – GRANTS PAYABLE

Grants payable consist of amounts awarded, but not paid, to nonprofit groups to assist the Foundation in implementing its vision of universal and affordable health care. As of December 31, 2006 and 2005, UHCFC had grants payable totaling \$718,028 and \$644,924, respectively.

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 6 – DUE FROM CHART

UHCFC is a supporting organization to the Connecticut Health Advancement and Research Trust, Inc. As of December 31, 2006 and 2005, UHCFC has incurred \$7,310 and \$6,910, respectively, of expenditures that are reimbursable from CHART.

NOTE 7 – LEASES

UHCFC has entered into several operating lease arrangements effective February 2006. UHCFC leases office equipment and office space located at 290 Pratt Street, Meriden, CT 06450. The minimum annual lease payments are as follows:

<u>Periods Ending December 31,</u>		
2007	\$	93,026
2008		90,968
2009		92,282
2010		86,625
2011		79,750