

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

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

**FOR THE YEARS ENDED  
DECEMBER 31, 2007 AND 2006**

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
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**FOR YEARS ENDED DECEMBER 31, 2007 AND 2006**

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## INDEPENDENT AUDITOR'S REPORT

March 14, 2008

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, 2007 and 2006, 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, 2007 and 2006, 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 cursive script that reads "Maletta & Company". The signature is written in black ink and is positioned above the printed name of the firm.

Maletta & Company  
Certified Public Accountants

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**ASSETS**

	2007	2006
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 311,087	\$ 377,507
Due from CHART	7,310	7,310
Prepaid Expenses	34,900	42,978
Other Receivables	683	49
Total Current Assets	353,980	427,844
 <b>INVESTMENTS</b>		
Investments	47,457,852	50,796,065
 <b>FIXED ASSETS</b>		
Equipment	268,460	244,699
Leasehold Improvements	57,387	40,287
Less: Accumulated Depreciation	(101,033)	(60,104)
Net Equipment	224,814	224,882
 <b>OTHER ASSETS</b>		
Security Deposit	5,000	5,000
 <b>TOTAL ASSETS</b>	\$ 48,041,646	\$ 51,453,791

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 660,706	\$ 244,672
Grants Payable	515,507	718,028
Accrued Expenses	32,859	12,878
Accrued Annual Leave	59,581	39,895
Accrued Payroll	28,422	16,071
Payroll Taxes Payable	-0-	1,229
Total Current Liabilities	1,297,075	1,032,773
 <b>NET ASSETS</b>		
Unrestricted Net Assets	46,744,571	50,421,018
Total Net Assets	46,744,571	50,421,018
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 48,041,646	\$ 51,453,791

*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, 2007 AND 2006**

	2007	2006
<b>OPERATING REVENUE</b>		
Income from Investments (See Note 2)	\$ 616,707	\$ 663,960
Realized Gain on Investments	4,568,030	832,848
Unrealized Loss on Investments	(2,627,311)	3,787,726
Branding Revenue	-0-	50,000
Miscellaneous Income	-0-	11,445
Total Operating Revenue	2,557,426	5,345,979
<b>OPERATING EXPENSES</b>		
Functional Expenses		
Management & General	707,366	879,899
Program Grants	3,278,078	3,170,448
Research	224,249	294,284
Strategic Communication	1,491,935	1,300,413
Convening	532,245	60,410
Total Expenses	6,233,873	5,705,454
<b>CHANGE IN NET ASSETS</b>	(3,676,447)	(359,475)
<b>NET ASSETS, BEGINNING OF YEAR</b>	50,421,018	50,780,493
<b>NET ASSETS, END OF YEAR</b>	\$ 46,744,571	\$ 50,421,018

*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, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (3,676,447)	\$ (359,475)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	40,929	31,475
Unrealized (Gain)/Loss on Investments	2,627,311	(3,787,726)
<i>Add</i>		
Decrease in Prepaid Expenses	8,078	
Decrease in Other Receivables		2,471
Decrease in Accrued Expenses	19,981	
Increase in Accounts Payable	416,034	190,845
Increase in Grants Payable		73,104
Increase in Annual Leave	19,686	22,340
Increase in Accrued Payroll	12,351	7,464
Increase in Payroll Taxes Payable		457
	476,130	296,681
<i>Less</i>		
Increase in Prepaid Expenses		(18,342)
Increase in Due from CHART		(400)
Increase in Other Receivables	(634)	
Increase in Accrued Expenses		(65,973)
Decrease in Deferred Income		(50,000)
Decrease in Payroll Taxes Payable	(1,229)	
Decrease in Grants Payable	(202,521)	
	(204,384)	(134,715)
Net Cash Flow Provided by Operating Activities	(736,461)	(3,953,760)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(40,861)	(78,907)
Sale of Investments (Net)	710,902	3,173,881
Net Cash Flow from Investing Activities	670,041	3,094,974
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(66,420)</b>	<b>(858,786)</b>
Cash and Cash Equivalents, Beginning of Year	377,507	1,236,293
Cash and Cash Equivalents, End of Year	\$ 311,087	\$ 377,507

Operating activities reflect interest paid of \$-0- and \$-0- income taxes paid for 2007 and 2006.

*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, 2007 AND 2006**

	Management & General	Program Grants	Research	Strategic Communication	Convening	Total 2007	Total 2006
Wages	\$ 289,356	\$ 340,261		\$ 183,881	\$ 236,364	\$ 1,049,862	\$ 833,487
Payroll Taxes	22,213	28,937		13,653	19,037	83,840	59,854
Fringe Benefits	103,149	87,429		49,160	49,840	289,578	224,725
Conferences & Seminars	205	2,891		500		3,596	3,599
Travel Expenses	9,462	12,429		2,355	8,057	32,303	22,285
Board Expenses	32,000					32,000	47,760
Grants							
Health Advocacy		649,522				649,522	1,142,548
Organizing		1,378,304				1,378,304	1,140,428
Sm. Business Network		249,100				249,100	278,014
Faith Based		376,881				376,881	-0-
Legal Fees	12,675					12,675	16,748
Audit	14,475					14,475	12,500
Finance Operations	41,437					41,437	97,294
Program Operations	7,044	28,222	\$ 208,724	35,075	83,384	362,449	78,532
Legislative Monitoring			15,525	15,525		31,050	23,000
Technical Consultants	37,732			112,695	1,200	151,627	235,134
Communications		4,810		1,002,319	25,834	1,032,963	1,090,939
Technology	27,728	385		3,747	95	31,955	40,861
Recruitment	3,000	4,000				7,000	17,083
Temporary Help	10,270	7,951		1,575	1,583	21,379	52,490
Facilities Expense	52,069	42,807		24,319	24,521	143,716	112,943
Dues and Subscription	3,876	19,680		1,085	150	24,791	22,594
Office Operations	37,504	39,223		13,896	24,738	115,361	106,794
Meetings	3,171	5,246		650	57,442	66,509	12,175
Website				31,500		31,500	33,667
Total Expenditures	<u>\$ 707,366</u>	<u>\$ 3,278,078</u>	<u>\$ 224,249</u>	<u>\$ 1,491,935</u>	<u>\$ 532,245</u>	<u>\$ 6,233,873</u>	<u>\$ 5,705,454</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of Universal Health Care Foundation of Connecticut, Inc. (UHCF) is presented to assist in understanding UHCF financial statements. The financial statements and notes are representations of UHCF'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 UHCF 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 UHCF officers and Board of Directors.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of UHCF 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 UHCF 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, 2007 AND 2006**

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**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), UHCF is exempt from taxes on income other than unrelated business income. For the year ended December 31, 2007 and 2006, UHCF 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**

UHCF 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 UHCF investment/portfolio managers as part of their long-term investment strategies. UHCF maintains cash accounts with banking institutions insured by the FDIC. At December 31, 2007, the carrying amount was \$311,087 and the bank balance was \$356,997, of which \$148,907 was covered by FDIC insurance. In addition, the carrying amount was \$377,507 and the bank balance was \$970,048, of which \$870,048 was not covered by FDIC insurance at December 31, 2006.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**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**

UHCF 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, 2007 and 2006.

	2007	
	Cost	Fair Value
Cash and Cash Equivalents	\$ 178,268	\$ 178,268
Common and Preferred Stocks	32,347,521	40,331,819
Mutual Funds	7,399,434	6,947,765
Totals	\$ 39,925,223	\$ 47,457,852

  

	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

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 2 – INVESTMENTS (CONT'D)**

The following schedule summarizes the results for investment managers for the years ended December 31, 2007 and 2006.

	2007	
	Cost	Fair Value
Bank of America Money Market	\$ 178,268	\$ 178,268
Alliance Capital Management	3,971,836	4,480,402
SIRE Hedge Fund	2,500,000	3,761,696
Ariel Capital Management	3,642,905	4,252,140
Boston Common	5,064,689	9,689,517
Cohen & Steers Capital Management	2,730,478	2,303,289
Rice Hall James & Associates, LLC	2,432,163	2,518,085
Private Advisors	2,515,363	3,048,677
Loomis Sayles	4,500,000	4,787,215
Capstone	7,720,565	7,794,087
PIMCO Bond Fund	4,668,956	4,644,476
Totals	<u>\$ 39,925,223</u>	<u>\$ 47,457,852</u>

	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
Totals	<u>\$ 40,851,160</u>	<u>\$ 50,796,065</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31, 2007 and 2006.

	2007
Income from Investments (Net of \$381,130 in expenses)	\$ 616,707
Realized Gain on Investments	4,586,030
Unrealized loss on Investments	(2,627,311)
Totals	<u>\$ 2,575,426</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**NOTE 2 – INVESTMENTS (CONT'D)**

	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	\$ 5,284,534

**NOTE 3 – PROPERTY AND EQUIPMENT**

UHCF 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.

		2007	
	Cost	Depreciation	Accumulated Depreciation
Computer Equipment	\$ 96,894	\$ 17,977	\$ 49,368
Office Furniture	150,787	16,122	37,701
Office Equipment	6,290	1,258	2,100
Telephone System	14,489	1,449	3,862
Leasehold Improvements	57,387	4,123	8,002
Totals	\$ 325,847	\$ 40,929	\$ 101,033

		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**

UHCF participates in the National Organizers Alliance 401(k) savings plan that covers all employees. Under the plan, UHCF has elected to contribute 7% of the gross salaries of all eligible employees. For the years ended December 31, 2007 and 2006, employees may also contribute up to an aggregate of \$15,500 and \$15,000 annually, respectively. For the years ended December 31, 2007 and 2006, individual's age 50 or older may contribute an additional \$5,000 per year, respectively. For the years ended December 31, 2007 and 2006, UHCF contributed \$66,320 and \$50,288 to the plan, respectively.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**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, 2007 and 2006, UHCF had grants payable totaling \$515,507 and \$718,028, respectively.

**NOTE 6 – DUE FROM CHART**

UHCF is a supporting organization to the Connecticut Health Advancement and Research Trust, Inc. As of December 31, 2007 and 2006, UHCF has incurred \$7,310 and \$7,310, respectively, of expenditures that are reimbursable from CHART.

**NOTE 7 – LEASES**

UHCF has entered into several operating lease arrangements. UHCF 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>		
2008	\$	78,250
2009		81,250
2010		84,250
2011		79,750