

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

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

**FOR THE YEARS ENDED  
DECEMBER 31, 2008 AND 2007**

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
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**FOR YEARS ENDED DECEMBER 31, 2008 AND 2007**

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CERTIFIED PUBLIC ACCOUNTANTS

1001 Farmington Avenue • Suite 202 • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

## INDEPENDENT AUDITOR'S REPORT

February 27, 2009

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, 2008 and 2007, 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, 2008 and 2007, 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 &amp; Company' in a cursive style.

Maletta & Company  
Certified Public Accountants

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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**ASSETS**

	2008	2007
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,032,621	\$ 311,087
Due from CHART	5,485	7,310
Prepaid Expenses	16,680	34,900
Other Receivables	-0-	683
Total Current Assets	1,054,786	353,980
 <b>INVESTMENTS</b>		
Investments	28,239,637	47,457,852
 <b>FIXED ASSETS</b>		
Equipment	272,117	268,460
Leasehold Improvements	57,387	57,387
Less: Accumulated Depreciation	(137,282)	(101,033)
Net Equipment	192,222	224,814
 <b>OTHER ASSETS</b>		
Security Deposit	5,000	5,000
 <b>TOTAL ASSETS</b>	\$ 29,491,645	\$ 48,041,646

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 242,273	\$ 660,706
Grants Payable	310,000	515,507
Accrued Expenses	-0-	32,859
Accrued Annual Leave	86,975	59,581
Accrued Payroll	37,571	28,422
Payroll Taxes Payable	-0-	-0-
Total Current Liabilities	676,819	1,297,075
 <b>NET ASSETS</b>		
Unrestricted Net Assets	28,814,826	46,744,571
Total Net Assets	28,814,826	46,744,571
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 29,491,645	\$ 48,041,646

*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, 2008 AND 2007**

	2008	2007
<b>OPERATING REVENUE</b>		
Income from Investments (See Note 2)	\$ 621,966	\$ 616,707
Realized Gain(Loss) on Investments	(1,467,836)	4,568,030
Unrealized Gain(Loss) on Investments	(12,402,110)	(2,627,311)
Miscellaneous Income	13,060	-0-
Total Operating Revenue	(13,234,920)	2,557,426
<b>OPERATING EXPENSES</b>		
Functional Expenses		
Management & General	575,997	707,366
Development	84,759	-0-
Program Grants	2,284,225	3,278,078
Research	365,855	224,249
Strategic Communication	879,139	1,491,935
Convening	504,850	532,245
Total Expenses	4,694,825	6,233,873
<b>CHANGE IN NET ASSETS</b>	(17,929,745)	(3,676,447)
<b>NET ASSETS, BEGINNING OF YEAR</b>	46,744,571	50,421,018
<b>NET ASSETS, END OF YEAR</b>	\$ 28,814,826	\$ 46,744,571

*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, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (17,929,745)	\$ (3,676,447)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	36,249	40,929
Unrealized (Gain)/Loss on Investments	12,402,110	2,627,311
<i>Add</i>		
Decrease in Prepaid Expenses	18,220	8,078
Decrease in Other Receivables	683	
Decrease in Accrued Expenses		19,981
Increase in Accounts Payable		416,034
Increase in Grants Payable	1,825	
Increase in Annual Leave	27,394	19,686
Increase in Accrued Payroll	9,149	12,351
	57,271	476,130
<i>Less</i>		
Increase in Other Receivables		(634)
Increase in Accrued Expenses	(32,859)	
Decrease in Accounts Payable	(418,434)	
Decrease in Payroll Taxes Payable		(1,229)
Decrease in Grants Payable	(205,507)	(202,521)
	(656,800)	(204,384)
Net Cash Flow Provided by Operating Activities	(6,090,915)	(736,461)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(3,657)	(40,861)
Sale of Investments (Net)	6,816,106	710,902
	6,812,449	670,041
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>721,534</b>	<b>(66,420)</b>
Cash and Cash Equivalents, Beginning of Year	311,087	377,507
Cash and Cash Equivalents, End of Year	\$ 1,032,621	\$ 311,087

Operating activities reflect interest paid of \$-0- and \$-0- income taxes paid for 2008 and 2007.

*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, 2008 AND 2007**

	Management & General	Development	Program Grants	Research	Strategic Communication	Convening	Total 2008	Total 2007
Wages	\$ 285,398	\$ 62,044	\$ 316,859		\$ 198,301	\$ 242,976	\$ 1,105,578	\$ 1,049,862
Payroll Taxes	25,353	3,324	20,699		14,116	16,624	80,116	83,840
Fringe Benefits	108,768	3,486	93,747		60,628	46,818	313,447	289,578
Conferences & Seminars	1,320	100	2,580			15	4,015	3,596
Travel Expenses	13,405	2,945	7,898		6,115	4,169	34,532	32,303
Board Expenses	19,743						19,743	32,000
Grants								
Health Advocacy			265,970				265,970	649,522
Organizing			1,150,500				1,150,500	1,378,304
Sm. Business Network							-0-	249,100
Faith Based			148,300				148,300	376,881
Legal Fees	12,156						12,156	12,675
Finance Operations							-0-	41,437
Audit	13,500						13,500	14,475
Program Operations		8,325	158,079	\$ 357,855		63,475	587,734	362,449
Legislative Monitoring				8,000	8,000		16,000	31,050
Technical Consultants							-0-	151,627
Communications	633	50	2,351		508,039	30,024	541,097	1,032,963
Technology	23,034		796		3,882	2,245	29,957	31,955
Recruitment							-0-	7,000
Temporary Help	3,936		23,590		2,302	575	30,403	21,379
Facilities Expense	34,605	954	36,026		24,528	37,486	133,599	143,716
Dues and Subscription	2,788	2,645	19,164		8,210	280	33,087	24,791
Office Operations	25,214	886	26,605		13,554	38,916	105,175	115,361
Meetings	6,144		11,061		733	19,747	37,685	66,509
Website					30,731	1,500	32,231	31,500
<b>Total Expenditures</b>	<u>\$ 575,997</u>	<u>\$ 84,759</u>	<u>\$ 2,284,225</u>	<u>\$ 365,855</u>	<u>\$ 879,139</u>	<u>\$ 504,850</u>	<u>\$ 4,694,825</u>	<u>\$ 6,233,873</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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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, 2008 AND 2007**

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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, 2008 and 2007, 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, 2008, the carrying amount was \$1,031,871 and the bank balance was \$1,105,406, of which \$846,401 was covered by FDIC insurance. In addition, the carrying amount was \$311,087 and the bank balance was \$356,997, of which \$148,907 was not covered by FDIC insurance at December 31, 2007.

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

Note, the 2008 figure has been calculated based on the increased FDIC limit of \$250,000 effective on October 3, 2008. The Emergency Economic Stabilization Act of 2008 increased the insurance coverage on all accounts for customers up to \$250,000 until December 31, 2009.

**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, 2008 and 2007.

	2008	
	Cost	Fair Value
Cash and Cash Equivalents	\$ 12,700	\$ 12,700
Common and Preferred Stocks	22,584,467	25,256,384
Mutual Funds	10,477,170	2,970,553
Totals	<u>\$ 33,074,337</u>	<u>\$ 28,239,637</u>
	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	<u>\$ 39,925,223</u>	<u>\$ 47,457,852</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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**NOTE 2 – INVESTMENTS (CONT'D)**

The following schedule summarizes the results for investment managers for the years ended December 31, 2008 and 2007.

	2008	
	Cost	Fair Value
Bank of America Money Market	\$ 12,700	\$ 12,700
SIRE Hedge Fund	2,500,000	2,882,049
Ariel Capital Management	8,476	7,470
Boston Common	4,492,813	4,324,021
Private Advisors	2,500,000	2,638,741
Loomis Sayles	1,500,000	1,221,438
PIMCO Bond Fund	6,762,977	6,411,582
Cohen & Steers Capital Management	1,531,976	681,720
Rice Hall James & Associates, LLC	2,150,640	1,585,611
Capstone	9,432,538	6,185,473
Dimmensional	2,182,217	2,288,833
	<u>\$ 33,074,337</u>	<u>\$ 28,239,638</u>

	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
	<u>\$ 39,925,223</u>	<u>\$ 47,457,852</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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**NOTE 2 – INVESTMENTS (CONT'D)**

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31, 2008 and 2007.

	<u>2008</u>
Income from Investments (Net of \$317,193 in expenses)	\$ 621,966
Realized Gain(Loss) on Investments	(1,467,836)
Unrealized Gain(Loss) on Investments	(12,402,110)
Totals	<u>\$ (13,247,980)</u>
	<u>2007</u>
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>

**NOTE 3 – PROPERTY AND EQUIPMENT**

UHCF follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$3,000. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset.

	<u>2008</u>		
	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
Computer Equipment	\$ 96,894	\$ 14,364	\$ 63,732
Office Furniture	154,443	15,055	52,756
Office Equipment	6,290	1,258	3,358
Telephone System	14,489	1,449	5,311
Leasehold Improvements	<u>57,387</u>	<u>4,123</u>	<u>12,125</u>
Totals	<u>\$ 329,503</u>	<u>\$ 36,249</u>	<u>\$ 137,282</u>
		<u>2007</u>	
	<u>Cost</u>	<u>Depreciation</u>	<u>Accumulated Depreciation</u>
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	<u>57,387</u>	<u>4,123</u>	<u>8,002</u>
Totals	<u>\$ 325,847</u>	<u>\$ 40,929</u>	<u>\$ 101,033</u>

**UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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**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, 2008 and 2007, employees may also contribute up to an aggregate of \$15,500 and \$15,500 annually, respectively. For the years ended December 31, 2008 and 2007, individual's age 50 or older may contribute an additional \$5,000 per year, respectively. For the years ended December 31, 2008 and 2007, UHCF contributed \$78,874 and \$66,230 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, 2008 and 2007, UHCF had grants payable totaling \$310,000 and \$515,507, respectively.

**NOTE 6 – DUE FROM CHART**

UHCF is a supporting organization to the Connecticut Health Advancement and Research Trust, Inc. As of December 31, 2008 and 2007, UHCF has incurred \$5,485 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>		
2009	\$	81,250
2010		84,250
2011		79,750