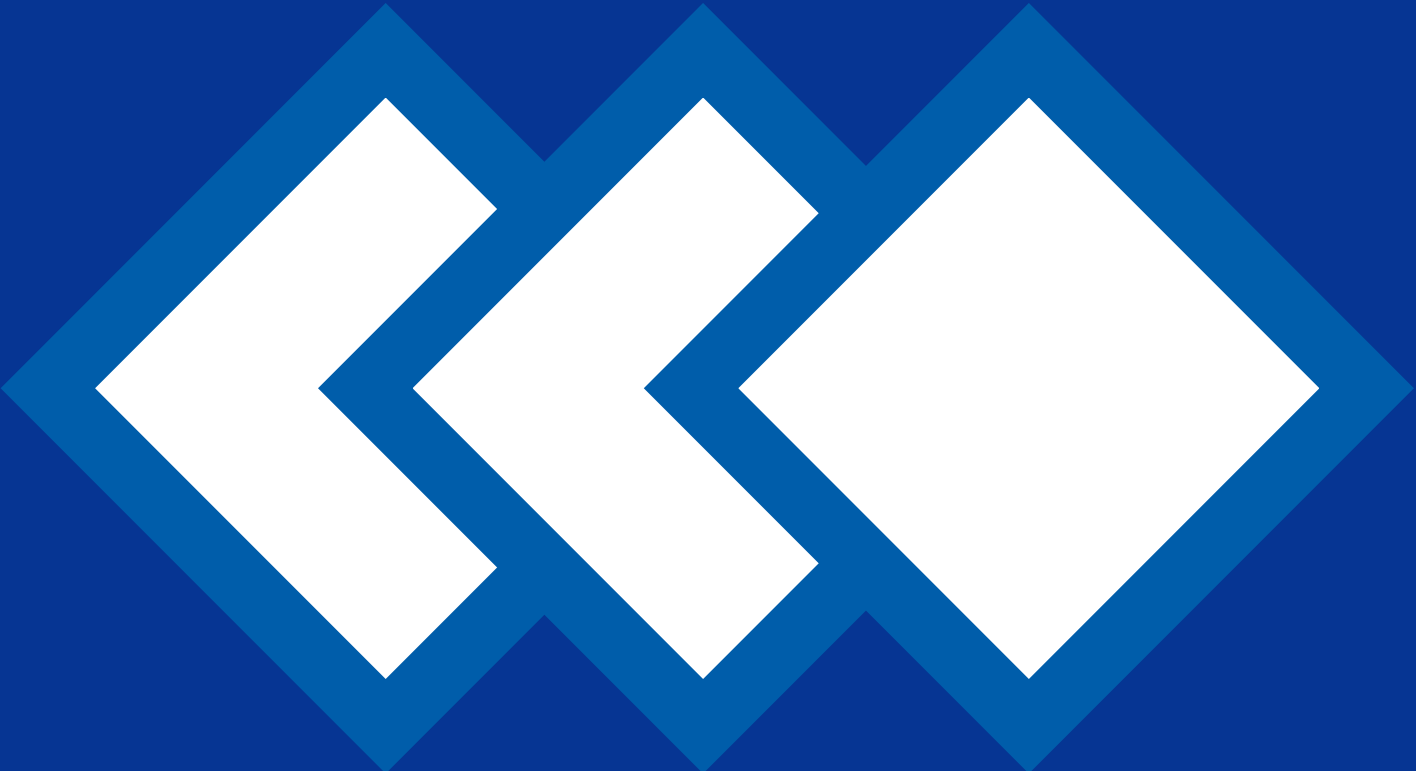


THE

HEALTHCARE FOUNDATION FOR ORANGE COUNTY



ANNUAL REPORT 2002

The mission of
THE HEALTHCARE FOUNDATION FOR ORANGE COUNTY
is to promote health and support healthcare for the
benefit of the community in Orange County.



THE HEALTHCARE FOUNDATION FOR ORANGE COUNTY: *Bringing Health Within Reach*



Anaheim Memorial Medical Center



Kaiser Permanente/CSULB

Evaluation of The HealthCare Foundation's first group of "Partners for Health" grants demonstrated that linguistic and cultural differences between caregivers and patients can create a major barrier to access to needed health care for low-income families. Our initiative to promote "Ethnic Diversity in the HealthCare Workforce" was our response to this finding. The Latino Health

Professionals Project (Kaiser Permanente/California State University, Long Beach) – *see inset to left* - and The Orange County Ethnic Workforce Initiative (Anaheim Memorial, St. Joseph, and Orange County colleges offering health-related degrees and certificates) – *above*.

Now more than ever, *The HealthCare Foundation for Orange County is dedicated to finding better ways to work with the health caregivers of Orange County and for the needy families they serve.* We seek to learn from our past investments in health, and from experts at the forefront, to address both emerging and persistent health needs:

- Our earliest efforts to improve access to care for low-income families found that obstacles created by clinic hours of operation or location were easier to overcome than those of language and culture. So we “went upstream” in our next round of grantmaking, to help the next generation of health professionals include more who share language and culture with the communities they serve. We are pleased to see larger foundations and state resources now also dedicated to increasing the **ethnic diversity of the healthcare workforce**.
- Alarmed at the growing rates of overweight in our County’s children, the Foundation created a special initiative in this area, not only funding projects through local hospitals and community organizations, but taking our concerns to a forum of our colleagues - Grantmakers in Health. We are pleased to see foundations, school officials and others joining in the commitment to counter **childhood overweight** and the increase in diabetes risk and heart problems that accompany it.

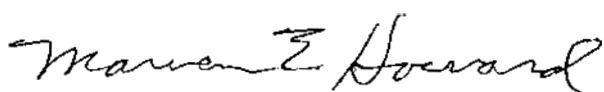
These challenging financial times underscore the wisdom of the Foundation’s **commitment to working in partnership** with fellow grantmakers and philanthropists, who share a dedication to health.

The Health Funders Partnership of Orange County. We are proud of the Foundation’s role in creating this groundbreaking collaborative approach to philanthropy. The pooled resources of eleven local and state foundations are helping make headway in the seemingly intractable problems of identification and treatment of diabetes. As grantmakers work together, we are identifying further opportunities for collaboration, such as regranting funds of the “California Cares” initiative, to offset the impacts of the economic downturn on local charitable organizations. After two years as the Partnership’s Chair, Foundation Executive Susan Zepeda will pass the gavel to Ed Kacic of the Irvine Health Foundation.

GrantPartners.net. Our efforts, with The Health Funders Partnership, to develop a shared, uniform grant application process for local funders, to ease and streamline the application process for local nonprofits, has been “taken to the web” as we prepare to launch www.GrantPartners.net, a website designed to increase grantmaking efficiency, using the power of the Internet to **“connect those who make a difference in the lives of others.”**

Orange County Community Foundation. The HealthCare Foundation is pleased to share resources we secured from The California Wellness Foundation and The California Endowment with the Community Foundation, in our joint effort to reach out to the County’s family foundations and nurture their interest in local philanthropy, while introducing them to GrantPartners.net.

We hope this Annual Report will increase your understanding of the work that we do. We encourage you to join with us, ***to promote health and support healthcare for the benefit of the community in Orange County.***



Marven E. Howard, Esq.
Chairman, Board of Directors



Susan G. Zepeda
Executive Director

MEASURING OUR PROGRESS . . .

How Well We Attained our Goals for 2001-2002

GIVING

Target: Continue giving program, consistent with Board priorities and local health needs.

Action: *Partners for Health* provided funds from the 82% of the Hospital Legacy Fund which gives grants *to or through* qualified non-profit hospitals. These funds supported programs at all eligible local hospitals: Anaheim Memorial, CHOC (Children's Hospital of Orange County), St. Joseph Hospital, Hoag Memorial Hospital Presbyterian, Kaiser Permanente and UCI Medical Center. Through three focused initiatives, our giving seeks to improve the health status of low-income families in central Orange County, and enhance access to needed health services.

- Bringing Health Care Within Reach – increasing access to services through community based clinics
- Ethnic Diversity of the HealthCare Work Force – addressing linguistic and cultural barriers to health service access, by fostering a health work force that reflects the diversity of patient populations
- Childhood Obesity – reducing or preventing this major risk for chronic disease

Healthy Orange County provided smaller grants from the Hospital Legacy Fund to a range of community-based organizations offering health education, prevention and supportive services to families in need.

The Champion of Health Award, the Foundation's first, recognized the work of pediatrician Dr. Alberto Gedissman with a gift of \$5,000 to the health charity of his choice.

Gold Fund for Health issued its first Request for Proposals, soliciting projects to help reach underserved communities with breast cancer information, screening and treatment support.

Dorothy Ruth Myers Testamentary Trust provided funds for pediatric medical equipment to qualified Orange County hospitals, consistent with Ms. Myers' legacy intent.

Target: Attain federal giving goals (5% of prior year's net assets).

Action: Funds disbursed to other organizations in 2001-2002 include:

- To/through Qualified Hospitals – \$504,393
- To Community-Based Organizations – \$104,461
- Collaborative Projects and Project Support – \$5,500

Funds committed for future payment:

- To/through Qualified Hospitals - \$103,357
- To Community-Based Organizations - \$30,000

In addition, the Foundation committed staff time and resources to development of training workshops and technical assistance.

ASSET MANAGEMENT AND GROWTH

- Target:** 9.4% return on investment; in addition, exceed any increase in the Consumer Price Index by 7.0% annually.
- Action:** From inception through 3/22/02, Foundation investments returned an average of 8.0 %. The Foundation's diversified investment portfolio has helped to withstand the market downturn; gains in the first year of operation have helped cushion against the setbacks of the current market. While our performance compares favorably to industry benchmarks for comparable portfolios (which returned 5.5%) it has not shielded us fully from the effects of the protracted economic downturn.
- Target:** Retain professional services to explore the feasibility of fund-raising, seeking gifts, bequests and trusts consistent with the Foundation mission.
- Action:** The Foundation retained the services of Freeman, Freeman & Smiley to evaluate the feasibility of independent fundraising. The Board acted in March 2002 not to develop a formal fundraising program of its own, but to accept and steward donations offered and continue to work collaboratively with other foundations and philanthropists, to encourage health philanthropy and enhance the visibility of community health concerns.
- Target:** Retain professional services to assure prudent management of trusts which had previously named the Foundation as trustee and beneficiary.
- Action:** All but two of these trusts now have a trustee other than the Foundation; the remainder have professional trust management, with the Foundation remaining as beneficiary.

COLLABORATION

- Target:** Work with at least two other entities to increase information about needs, and provision of needed health services to low-income families.
- Action:** The Foundation has continued its support of the Orange County Health Needs Assessment and its leadership role in The Health Funders Partnership of Orange County. The latter has continued its multi-year initiative, "A Systems Approach to Diabetes," expanding funding support to four coalitions of service providers, twenty-three agencies in all.
- Further, the Foundation – with support of The California Wellness Foundation, The California Endowment, The Samueli Foundation, and the Health Funders Partnership - has developed and completed beta-testing of a new website, www.GrantPartners.net, intended to assist donors and applicants in locating each other more efficiently and encourage focused philanthropy in the smaller local foundations.

MANAGEMENT

- Target:** Continue to develop and implement policies and communication tools consistent with the Foundation's professional standards.
- Action:** In addition to the Foundation's website, www.hfoc.org, the Foundation uses press releases, community presentations and periodic mailings to keep Foundation activity accessible to interested constituencies.

Summary of Funded Projects

PARTNERS FOR HEALTH (2000-2002)

Anaheim Memorial Medical Center (\$595,623)

In this two-year project, Anaheim Memorial, St. Joseph Hospital and the Orange County Ethnic Workforce Initiative Collaborative Group provide support for ethnic minority health workers at local facilities to return to school to upgrade their skill and fill critical local patient care vacancies as medical technologists and nurses.

Hoag Memorial Hospital Presbyterian (\$169,345)

This 16-month collaborative effort, with Latino Health Access and four Santa Ana Elementary Schools, uses existing systems to address and prevent serious overweight problems in children.

Kaiser Permanente (\$215,243)

A second year of funding was provided for this project, which offers support and local placements for students in California State University Long Beach Latino Healthcare Professionals Project.

University of California Irvine Medical Center (\$7,000)

Targeted project to increase ethnic diversity of students, cultural competency of faculty in Family Nurse Practitioner Program.

HOSPITAL LEGACY FUND – HEALTHY ORANGE COUNTY (2001-2002)

Assistance League of Santa Ana (\$10,000)

Dental center for needy students, grades K-12, referred by Santa Ana Unified School District.

Blind Children's Learning Center (\$10,000)

Collaboration with Southern California School of Optometry and local school districts, for vision assessment, training and follow-up.

Boys and Girls Club of Tustin (\$4,000)

Van transport for children, to CHOC clinic at the Santa Ana Boys and Girls Club.

Children's Hospital of Orange County (\$4,000)

Planning grant to design weight management program for at-risk children ages 6 – 17.

Mariposa Women's Center (\$10,000)

Support to pregnant and parenting women who have been substance abusers, to prevent Fetal Alcohol Syndrome (FAS) and effectively parent children with FAS.

Maternal Outreach Management Systems (\$2,425)

Planning grant to develop appropriate services for low-income women with post-partum depression.

Maternal Outreach Management Systems (\$5,500)

CPR instructor training and supportive equipment, materials.

Orange County Human Relations Commission (\$15,000)

Interim support for multilingual toll-free domestic violence hotline.

Prevent Child Abuse – Orange County (\$10,000)

Printing and distribution of Vietnamese version of “A Guide for New Parents.”

Second Harvest Food Bank of Orange County (\$2,440)

Adds nutrition education to after-school Kids Café program at participating schools.

Three additional projects approved in 2001-2002, will be funded in 2002-2003:

American Red Cross, Orange County Chapter (\$10,000)

Peer-to-peer HIV/AIDS education for middle school and high school youth.

Easter Seals/ Southern California (\$10,000)

Training in car transportation safety; car seats for low-income families whose children have special needs.

Laura’s House (\$10,000)

Therapeutic after-school program for children age 6 – 12 from abusive homes.

OTHER FOUNDATION AWARDS

Champion of Health Award

Each year the Foundation recognizes the work of a dedicated local health worker, whose actions have improved the lives of low-income families in Orange County. This year’s award recipient was **Dr. Alberto Gedissman**, who selected **CHOC** to receive the **\$5,000** grant in his honor.

Disaster Response

In the wake of the tragic events of September 11, 2001, the Foundation made two special grants, to provide support for local services of:

- **American Red Cross, Orange County Chapter (\$5,000)**
- **Orange County’s United Way (\$5,000)**

Gold Fund for Health

The first Request for Proposals under this Fund, issued in January 2002, offers support for breast cancer outreach, screening and treatment for women from underserved populations – African-American, Chinese, and Korean women, and women under 40 years of age.

Dorothy Ruth Myers Testamentary Trust

Grants for purchase of pediatric medical equipment. Limited funds from this source were augmented with Foundation resources, to support:

- **CHOC (\$3,790)**
- **St. Joseph Hospital (\$5,000)**
- **St. Jude Medical Center (\$2,647)**
- **UCI Medical Center (\$4,144)**

CONTINUING COLLABORATIVE EFFORTS

Health Funders Partnership of Orange County/A Systems Approach to Diabetes (\$100,000)

The second half of this dedicated support will be provided in 2002-2003, for a multi-year collaborative project, with other health funders, to reduce risks and consequences of diabetes.

Orange County Health Needs Assessment (\$5,500)

Systematic effort to identify priority health needs in Orange County.

What's New at The HealthCare Foundation for Orange County?

LISTENING AND LEARNING FROM SERVICE PROVIDERS

In keeping with our value of being a learning organization, the Foundation has undertaken a series of structured interviews with CEOs and service managers, at programs in our service area, who share our commitment to the health of low-income families in Orange County. Their input, added to what we learn from the consumer interviews and community health status data in the Orange County Health Needs Assessment, helps to identify ways the Foundation can be of service, within and beyond our grantmaking. We share the results of these interviews, in hopes that they may inform the work of other health advocates, as well. Specific feedback from these interviews included:

Grants to Hospitals and Community-Based Organizations

The following areas of concern, regarding the ability of Orange County healthcare providers to serve low-income families, were identified. The Foundation has incorporated this information into our strategic planning for FY 2002-2003.

Service Issues:

- Health education
- Primary care access
- Community case management
- Specialty care access
- Pharmaceutical use, access

Health Concerns:

- Chronic disease – prevention and treatment
- Self care, diet, exercise
- Behavioral health
- Injury/violence
- Dental

Access:

- Insurance
- Cultural sensitivity
- Transportation



Maternal Outreach Management Systems

Training, Convening, Advocacy

To follow up on the ways in which the Foundation can assist in training or skill-building efforts for local “safety net” service providers (those whose efforts provide needed service access and health information to uninsured or “underinsured” low-income families), the Foundation will do more in-depth interviews in early 2002-2003. Initial feedback told us of needs in these broad areas.

- Best care practices
 - Provider services
 - Supports for self care
- Health policy advocacy
- Teach families to “navigate the health system”
- Foster collaboration, information exchange
- Promote shared evaluation standards
- Administrative effectiveness

Funding Process

These comments have helped the Foundation to modify the parameters of our giving program for FY 2002-2003, to permit multi-year funding and allow greater latitude in budgeting for administrative/indirect costs and the purchase of needed equipment.

- Multi-year funding
- Relaxed administrative cap
- Funding for infrastructure development, equipment, ongoing “good” programs

In addition to the information gained from such formal dialogue with healthcare providers, the Foundation analyzes information from the self-evaluative reports of projects we have funded, and what we hear in our program site visits. This information will be made available later in 2002 on our website, www.hfoc.org and in printed form.

LISTENING AND LEARNING FROM FOUNDATIONS AND PHILANTHROPISTS

Through a series of structured interviews of local foundations and philanthropists, conducted with Freeman, Freeman & Smiley, the Foundation identified a need for ways to make philanthropy more efficient, helping those with an interest in health grant-making to identify suitable local organizations to fund, and to assist community-based organizations in finding funding for their programs and projects in a more “streamlined” way. Working with a task force of The Health Funders Partnership, a shared set of funder information needs was identified, to form the basis of a common grant application form. With funding from:

- The California Wellness Foundation
- The California Endowment
- The Samueli Foundation

Coupled with the HealthCare Foundation’s resources, we have been able to create and beta-test a new website which combines a user-friendly website with the common grant application form. The result:

www.GrantPartners.net

“Connecting those who make a difference in the lives of others.”

This website will be introduced **(a)** to small family foundations in 2002-2003, through a special collaborative effort with the Orange County Community Foundation, **(b)** to applicants through a collaborative effort with the Orange County Volunteer Center/Nonprofit Resource Center, and **(c)** will be used for The HealthCare Foundation’s “Healthy Orange County” grants in the new year.

TRUSTS AND BEQUESTS

The HealthCare Foundation for Orange County is grateful to the couples and individuals throughout the County who have named the Foundation as a beneficiary of their charitable remainder trust, or named the Foundation to receive a bequest as a lasting legacy of their commitment to the health needs of Orange County. The current market value of these gifts exceeds \$3.5 million.

Dr. Thomas C. Borut

Dr. Robert Q. Eastland

Harold F. and Janet F. Greene

Katherine J. Hansen

Max C. and Arleen J. Harrington

Dorothy Ruth Myers

Dr. Russell G. and Ruth L. Morgan

Gerald and Willow Rae Nisker

Michael P. O'Neil

Ronald A. and Kay Joann Young



St. Jude's Medical Center

FOUNDATION SUPPORT

Financial support from The California Endowment and The California Wellness Foundation, for 2001-2002, has helped The HealthCare Foundation explore added ways to be of service to programs which assist low-income families, and the families they serve.

GOLD FUND FOR HEALTH

A Golden Opportunity to Help

The HealthCare Foundation for Orange County is also the proud steward of a combined fund for gifts in support of health services in Orange County, the Gold Fund for Health. The fund includes donations, gifts and bequests for which the donor has not requested separate administration.

Uses of these funds can be broader in scope than the Hospital Legacy funds, but resources are more limited. The Foundation issued its first Request for Proposals for the Gold Fund in Fiscal Year 2001-2002, for breast cancer awareness and access to needed diagnosis and treatment services.

Your gift to the Gold Fund for Health is a beautiful remembrance of a friend or loved one. A gift card will be sent, notifying of your donation; a separate acknowledgement is provided for your records. If you would like to learn more about making such a gift, or naming The HealthCare Foundation for Orange County in your will, please contact Susan G. Zepeda at 714-245-1650, or visit our website at www.hfoc.org. Your donations help assure that the Foundation is able to respond to changing health needs and priorities in Orange County, in the years ahead.

THE HEALTHCARE FOUNDATION FOR ORANGE COUNTY
Statement of Financial Position
As of March 31, 2002

	<u>March 31, 2002</u>
ASSETS	
Cash and equivalents	\$ 1,346,857.00
Investments	12,793,727.00
Prepaid expense	6,202.00
Deposits	1,683.00
Assets held in CRT	366,536.00
Contributions receivable from CRT	1,511,960.00
Other bequests receivable	174,835.00
Loans receivable	1,639,399.00
Fixed assets, net of accumulated depreciation	<u>9,690.00</u>
TOTAL ASSETS	\$ 17,850,889.00
=====	
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 56,000.00
Accrued liabilities	7,526.00
Custodial funds payable	49,241.00
Grants payable	36,791.00
Annuitants and other beneficiaries	<u>92,783.00</u>
TOTAL LIABILITIES	<u>242,341.00</u>
Net Assets:	
Unrestricted	15,648,000.00
Temporarily restricted	1,960,548.00
Permanently restricted	<u>—</u>
TOTAL NET ASSETS	<u>17,608,548.00</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 17,850,889.00
=====	

*The figures shown above have been excerpted from the audited financial statements of The HealthCare Foundation for Orange County for the fiscal year ended March 31, 2002 which were audited by Conrad & Associates. The audited financial statements include the complete financial statements and accompanying footnotes. For a copy of the complete audited financial statements, please contact The HealthCare Foundation offices.

**Donations and bequests are shown at net present value. The \$3.5 million figure on page 10 reflects the current market value of these gifts.

Our Goals: 2002-2003

GIVING

Target: Continue giving program consistent with Board priorities and local health needs
Augment existing grant programs with targeted training and technical assistance

Target: Attain federal giving goals (5% of prior year's net assets)

ASSET MANAGEMENT AND GROWTH

Target: 9.4% return on investment; exceed any increase in the Consumer Price Index by 7.0% annually

Target: Work collaboratively with other foundations to explore the feasibility of seeking gifts, bequests and trusts consistent with the Foundation mission, and increasing health philanthropy in Orange County

Target: Retain professional services to assure prudent management of trusts which name the Foundation as a trustee

COLLABORATION

Target: Work with at least two other entities to increase information about needs, and needed health services to low-income families

MANAGEMENT

Target: Continue to develop and implement policies, activities and communication tools consistent with the Foundation's professional standards and evolving goals



The HealthCare Foundation for Orange County is committed to **“bringing health within reach”** for low-income families in Orange County, by supporting efforts to:

- Empower parents and caregivers with information, resources and support to ensure the health of their children
- Bring culturally relevant services and information into all communities served
- Remove access barriers such as those due to transportation, language, cost or location
- Stimulate innovative services and proven models for effectively addressing community health priorities and delivery system gaps
- Assess the changing health needs of children, adolescents and families in order to develop community health priorities and strategies

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www.hfoc.org



Assistance League of Santa Ana

“I wish other foundations would bring people together the way The HealthCare Foundation does.”