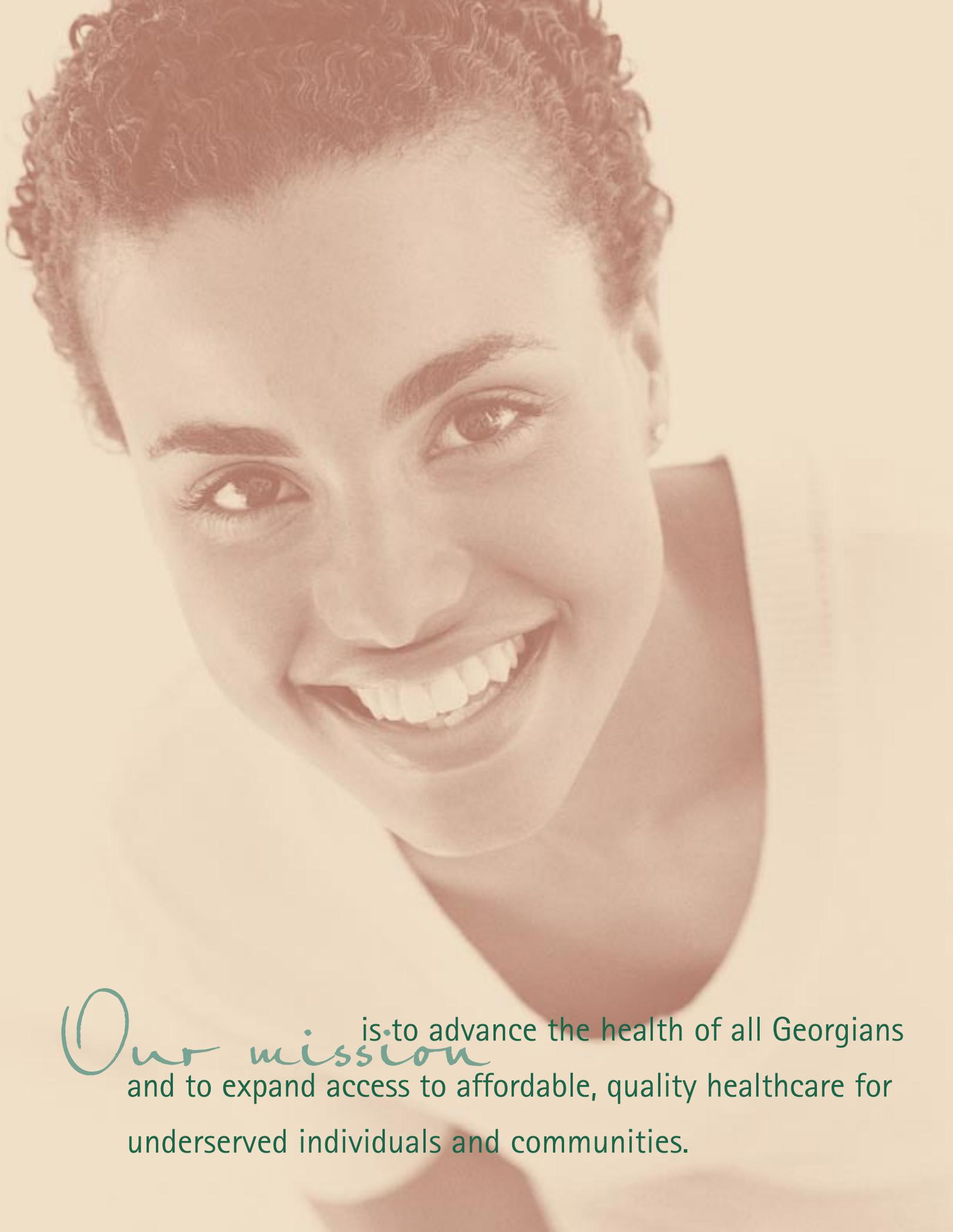


Our **Commitment** to a Healthier Georgia

annual report 2002

Healthcare Georgia Foundation
grantmaking for health





Our mission is to advance the health of all Georgians
and to expand access to affordable, quality healthcare for
underserved individuals and communities.

commitment commitment commitment



2 A Message from the Chairman & President

4 Our History

5 Highlights from 2002

6-13 Our Grantmaking Priority Areas
& 2002 Grant Recipients

14 Our Grant Application Guidelines

15 Board & Staff

16-20 Financial Statements



At Healthcare Georgia Foundation, we realize that the health of each of us is inextricably linked to the health of all of us.

Our Commitment is to advance the health of all Georgians and to expand access to affordable, quality healthcare for underserved individuals and communities.

At Healthcare Georgia Foundation, we've embraced a strategic and responsive approach to grantmaking, which enables us to effectively respond to the needs of the communities we serve. In 2002, we awarded grants to 39 organizations and programs across the state, totaling over \$4.3 million.

Looking back over our initial year of grantmaking, we feel a great sense of accomplishment. And yet, we realize our work has just begun. Here are a few key highlights from 2002:

Reaching Out to Our Communities

Listening

To help guide our grantmaking decisions, the Foundation's Board and staff felt it was important to reach out and become a part of our communities. With that objective in mind, we conducted our initial statewide Listening Tour in the summer of 2002. The Tour was held over a six-week period and included ten locations throughout the state. In each regionally-based host location, a professionally led forum was held with area providers, including representatives from public health, government, social services and the nonprofit sector.

The vision of the Tour was to foster open communication between our communities and the Foundation. The input we received was invaluable, helping us assess how our grantmaking could best help Georgians. We hope that the Listening Tour, and future endeavors like it, will become a catalyst for real and tangible progress in health status improvement and expanded access to healthcare for all Georgians.

Collaborating

We define success through the good work of our grantees. Our limited resources require us to be both strategic and collaborative. By leveraging our resources wisely, we can be instrumental in helping nonprofits help themselves and each other. We see ourselves acting as a bridge between the public and private nonprofit organizations, filling a critical gap in the matrix that is our community. To that end, we established grantmaking relationships with local community foundations, awarding four grants in recognition of the pivotal role our philanthropic colleagues play in building healthy and sustainable communities.

Communicating

At Healthcare Georgia Foundation, we strive to be accessible to our communities through a wide range of communications activities. In the spring of 2002, we announced our Grantmaking Priorities and Application Guidelines to the grantseeking community through the Internet, direct mail and "Meet the Grantmaker" convenings.

In the summer, we began to solicit and accept Letters of Inquiry and Grant Applications. We also launched the Foundation's Web site, www.healthcaregeorgia.org, designed specifically to



Enoch J. Prow, *Chairman*
Gary D. Nelson, *President*

A Message from the Chairman & President

enhance our communications and outreach efforts. In order to facilitate strong relationships with nonprofit health organizations, we produced and distributed “Meet the Grantmaker” kits – designed to help potential grantees understand our Grantmaking Priorities and how to apply for a grant.

Our Grantees: Champions for Health

In this inaugural report, we have presented three “Champions for Health,” profiling some of the significant challenges our grantees are exposed to on a daily basis. These profiles represent our current funding priorities; the types of organizations and programs that we support, and the impact we hope they will have in their communities. We also wanted to acknowledge their unselfish commitment to their communities. As safety-net providers, their efforts are frequently overlooked.

Looking Forward to 2003

As we move on to 2003, we know that much work lies ahead. Recognizing the Foundation’s contribution should be gauged by the work of the organizations that we support, we are resolute in our commitment to their success.

With solid infrastructure in place, we will continue to pursue grantmaking excellence in health. Moving forward, we will seek to complement our mission by expanding our services to include: convenings, networking, public education, technical assistance and research/evaluation. We will begin to place increased attention on health policy development and education.

In addition, we will further extend our reach across the state through public opinion polls, Listening Tours and convenings concerning the health of Georgians; specifically focused on the underserved. We will conduct statewide convenings aimed at helping organizations collaborate toward common goals. By monitoring the pulse of Georgia’s residents, nonprofit health organizations and communities, we can continue to improve the impact of our grantmaking.

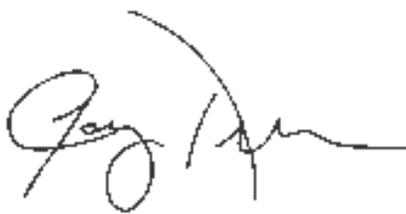
Our commitment to benefiting all of Georgia requires us to see and feel the needs of our population directly, assuming our rightful role in the larger community.

We recognize that throughout Georgia and across the nation, the systems of health services and supports are in critical condition. Consequently, underserved populations are further compromised by fragmented and disjointed services. As the size and diversity of our population continues to grow, these limited resources will endure greater strain and pressure. By supporting improvements in the system, we hope to diminish the impact of illness, disability and death.

At Healthcare Georgia Foundation, we realize that the health of each of us is inextricably linked to the health of all of us. We feel privileged to serve the people of Georgia and pledge our resources to improve the health of our state as well as the systems and services that support it.



Enoch J. Prow, *Chairman*



Gary D. Nelson, *President*

Our History

It is our hope that the story of our origin and evolution will help ensure a consistent understanding and interpretation of the past among those involved in the Foundation thus far, and those yet to come.

Our history can also help offer context for our mission and goals, providing a solid foundation on which to build new endeavors and manage future directions.



Healthcare Georgia Foundation was created in 1999 as the result of an endowment from Blue Cross and Blue Shield of Georgia, subsequent to its conversion to a for-profit corporate structure. This endowment represented a commitment and preservation of public funds dedicated to improving the health of Georgians.

The Foundation, to be called Healthcare Georgia, Inc., adopted its goal as the advancement of healthcare for all Georgians. A 9-member Board of Directors was also provided for, and their primary role was to approve grants for nonprofit healthcare purposes: healthcare policy analysis, changes in the healthcare systems and projects to improve healthcare for the uninsured.

In December 2001, Healthcare Georgia was reconstituted and renamed Healthcare Georgia Foundation, Inc. A 9-member volunteer Board of Directors was appointed and bylaws were adopted. The Foundation secured office space in downtown Atlanta.



During the Listening Tour, we gained invaluable insight into the struggles facing both public and private nonprofit sectors on a daily basis.



January – June

During the initial part of the year, we focused primarily on the addition of key staff and the building of infrastructure. We also began to formulate the underpinnings of our Grantmaking Priority Areas and Application Guidelines. In March, the Board of Directors recruited and appointed Dr. Gary Nelson, President, to manage the endowment and grantmaking program.

June – July

In the summer of 2002, we conducted our initial statewide Listening Tour. The Tour included ten locations throughout the state. In each regionally-based host location, a professionally led forum was held with area providers, including representatives from public health, government, social services and the nonprofit sector. The vision of the Tour was to foster open communication between our communities and the Foundation. The input we received was invaluable, helping us assess how our grantmaking could best help Georgians.

The Listening Tour provided us with a ground-level view of the prevalent, modifiable, preventable and resource-consuming health problems affecting Georgians statewide. We gained invaluable insight into the struggles facing both public and private nonprofit sectors on a daily basis. In addition, we were encouraged by the numerous examples of community collaboration, innovative programs and champions for virtually every local health issue we encountered along the way.

August

The Foundation was fully staffed and operational. Our Grantmaking Priorities and Application Guidelines were announced.

September

The Foundation's Web site (www.healthcaregeorgia.org) was launched. Our vision for the site was to enhance our communications initiatives and improve public access to the Foundation. Site visitors can learn more about the

Foundation, our grantees and gather information about how to apply for a grant.

We also announced our initial round of grants, awarding over \$873,000 to 15 organizations and programs.

December

The results of the Listening Tour, *"Health Access in Georgia: Voices from the 2002 Listening Tour,"* were published and distributed.

To help the grantseeking community better understand our Grantmaking Priorities and the grantmaking process, we created and distributed "Meet the Grantmaker" kits.

We awarded our second round of grants to 24 organizations and programs, totaling over \$3.5 million.

Highlights from 2002

Our Grantmaking Priority Areas:

We have established initial grantmaking priorities reflecting:

- prevalent health problems;
- the disproportionate burden of illness, disability and death among underserved individuals and communities; and,
- statewide public input on perceived opportunities to advance the health of all Georgians.

We accepted Letters of Inquiry (LOIs) in response to the following Grantmaking Priority Areas:



Addressing Health Disparities

Strengthening Nonprofit Health Organizations

Expanding Access to Primary Healthcare



Addressing Health Disparities

Healthcare Georgia Foundation can do much to encourage and strengthen the State's capacity, leadership, readiness and focus on eliminating high disparity conditions. Consistent with our mission and goals, such grantmaking focuses on creating the necessary conditions to address the commonly agreed causes of health disparities – unequal access to healthcare and treatment; socio-cultural and informational barriers that prevent full access to quality health information and service utilization; and the inadequate supply of appropriate, well-trained healthcare providers.

In the initial phase of this priority area, the Foundation will undertake several types of grants (i.e. including, but not limited to, research, leadership development, capacity building, direct service and evaluation) all aimed at one of six strategic goals – strengthening the base of science; supporting strategic communications and awareness building; strengthening multi-stakeholder, cross-sector partnerships; developing and enforcing innovative policies, laws and regulations; linking communities to necessary personal and population health services; and, finally, assuring that an adequate, competent workforce exists to address future differences in health status and healthcare.

Specifically, the Foundation will pursue the following three-pronged approach:

- 1) promote efforts to deepen statewide public awareness about health disparities
- 2) energize local scholars and researchers to solidify our knowledge of how to effectively eliminate disparities
- 3) support various convenings of state, regional, local and community leadership to build systems capacity and readiness

Georgia Association for Primary Health Care, Inc.



Amount: \$350,000

Awarded: December, 2002

Purpose: To support eight Community Health Center projects that address the elimination of health disparities in selected chronic diseases.

Founded in 1977, Georgia Association for Primary Health Care, Inc. (GAPHC) is committed to improving quality and affordable access to primary healthcare services for medically underserved Georgians.

GAPHC's work is carried out through its twenty Community-based Health Centers (CHCs) which provide healthcare services to uninsured residents in



77 underserved communities in Georgia.

CHCs help communities lower hospital admission rates, shorten hospital stays, reduce Medicaid costs and lower infant mortality rates.

Approximately 200,000 patients receive services each year, of which 41% are uninsured and 34% are Medicaid recipients.

Addressing Health Disparities

As a result of the grant from Healthcare Georgia Foundation, Georgia Association for Primary Health Care will fund the work of selected Community Health Centers throughout the state, with the following objectives:

- Document that at least 2,000 diabetic patients from participating sites and/or communities are entered into chronic disease registries.

- Support the development of infrastructure, expertise and multi-disciplinary leadership to drive improved health status for patients at a minimum of eight Community Health Centers.

AID Atlanta, Inc. – 100,000

Support for the continued operation of the on-site HIV Testing & Counseling Clinic and to expand outreach and oral testing efforts among underserved high-risk populations in metro Atlanta with an emphasis on the Latino population.

Atlanta Women's Foundation, Inc. – 365,500

Support for an initiative of five organizations working to address reproductive healthcare issues for underserved women and girls in 22 metropolitan Atlanta counties.

Emory University – 10,000

Support of the Rollins School of Public Health's Center for Research on Health Disparities 2002-2003 Lecture Series.

Georgia Association for Primary Health Care, Inc. – 350,000

Support to fund eight community health center projects that address the elimination of health disparities in selected chronic diseases.

National Center for Black Philanthropy, Inc. – 12,000

Support for health disparities sessions at the Fourth National Conference on Black Philanthropy to be held in Atlanta, Georgia June 12-14, 2003.

Southeast Community Research Center, Inc. – 150,000

Support for an initiative to build community-researcher collaborations in health research, provide workshops and conduct research and intervention programs with the goal of improving the health of Georgians.

Urban Primary Health Care Network – 100,000

Support to expand primary healthcare access through strategic planning and network integration among three Atlanta area Federally Qualified Community Health Centers.

Total Grants 1,087,500



Healthcare Georgia Foundation allocates grant funds for organizational improvement. Organizational Improvement grants are awarded to eligible organizations for the purpose of strengthening and sustaining their capacity to fulfill their mission, underscoring the Foundation's commitment to assist underserved populations and the organizations that serve them.

Strengthening Nonprofit Health Organizations

Organizational Improvement grants support the core functions, operations, or the administrative infrastructure of health-related nonprofits. For example, Organizational Improvement grants may include support for existing staff, staff development and training, developing a business plan, fundraising, strategic planning, upgrading internal data systems and leadership training.

Applicant organizations may range in size and scope – from a larger, well-established nonprofit to a smaller nonprofit that may be lacking core operating support, yet is serving a vital and unfilled need in its area. Eligible grantees may include community health clinics, substance abuse programs, rural health centers, AIDS/HIV clinics, senior centers, reproductive health clinics, or healthcare advocacy groups. The Foundation's grantmaking can result in measurable improvements, strengthening and sustaining the private nonprofit safety net system of organizations working with underserved individuals, families and communities.

Good News Community Health Center, Inc.



Amount: \$80,000

Awarded: September, 2002

Purpose: To strengthen the Center's capacity to handle a projected 25% increase in the need for medical and dental services from the area's uninsured patient population.

Since 1992, Good News Community Health Center has been providing free medical and dental care to the underserved and uninsured residents of Gainesville and Hall County, Georgia.

Located in one of Georgia's fastest-growing areas, the Center's multi-cultural, multi-racial and multi-lingual



Amyotrophic Lateral Sclerosis Association of Georgia, Inc. – 15,000
 General operating support for the implementation of a website-based database in order to better track the progress of those suffering from ALS in Georgia and to increase the numbers of patients they serve.

Bosom Buddies of Georgia, Inc. – 100,000
 General operating support for a breast health education and breast cancer survivor support organization serving medically underserved women in Atlanta, Macon and 17 rural counties.

Chattahoochee Valley Community Foundation, Inc. – 75,000
 Support to convene key community health stakeholders from West Central Georgia, and initiate a broad-based, health improvement planning process to strengthen the region's capacity to improve health and deliver quality healthcare.

patient population has been growing steadily between 20-30% each year.

In 2001, the Center provided services to approximately 10,000 patients. With only four paid employees, the Center relies heavily on its volunteer staff that includes 30 physicians and 44 dentists. The local hospital shows its

Georgia Center for Nonprofits, Inc. – 8,000
 Support for the Rural Philanthropy Initiative to strengthen the network of community-based health nonprofits in Athens and Albany.

Community Foundation of Central Georgia, Inc. – 80,000
 Support of a collaborative health plan developed by the community foundation, United Way and Health Care Central Georgia, Inc. to benefit residents in Central Georgia with specific attention to the medically uninsured.

Georgia Ovarian Cancer Alliance, Inc. – 88,000
 General operating support to fund activities important to the early detection of ovarian cancer among the underserved and ethnically diverse populations of metropolitan Atlanta.

support by waiving service charges and often donating lab and radiology work to the Center.

Strengthening Nonprofit Health Organizations

As a result of the grant from Healthcare Georgia Foundation, Good News Community Health Center will enhance its capacity to provide services by:

Georgia Partnership for Caring Foundation, Inc. – 280,000
 General operating support for staffing, capacity building, case management and strategic planning for its volunteer healthcare network that provides health access to low-income, uninsured Georgia residents.

Good News Community Health Center, Inc. – 80,000
 General operating support to bolster the Center's capacity to absorb a 25% annual increase in its multi-cultural, multi-racial and multi-lingual patient population in Gainesville and Hall County, Georgia.

Health Care Central Georgia – 150,000
 Support for the provision of health services to uninsured medically indigent 19 to 64-year-old residents of Central Georgia with diabetes, depression, heart disease or hypertension.

- increasing its administrative staff, enabling the nurse practitioner to see more patients;
- purchasing a new Medical Office Management & Patient Tracking System; and,
- improving its scheduling of doctors, dentists, pharmacists, patients and volunteers.

North Georgia Community Foundation – 320,000
 Support for a healthcare organization capacity building project to provide core support grants, organizational management training and technical assistance to as many as eight health related nonprofits in 15 counties in North Georgia.

Statewide Independent Living Council of Georgia, Inc. – 160,000
 General operating support to strengthen the organization's development and fundraising capacity to promote independent living and access to healthcare for the disabled in Georgia.

Taylor Regional Hospital – 140,000
 Support for Focus on Men's Health, which provides health screenings and health education to men in the rural counties of Bleckley, Crawford, Crisp, Dooly, Macon, Pulaski, Schley, Taylor, Telfair, Twiggs and Wilcox.

University of Georgia Research Foundation, Inc. – 80,000
 Support to collect public opinion data on a variety of health and healthcare issues facing Georgians.

Visiting Nurse Health System of Metropolitan Atlanta, Inc. – 150,000
 General operating support for the provision of hospice care and the financial stabilization (bridge funding) of hospice costs in 27 Georgia counties.

Total Grants 1,726,000



Expanding Access to Primary Healthcare

Primary care is the provision of integrated, accessible health services by clinicians responsible for addressing a large majority of personal healthcare needs, developing sustained partnerships with patients, and practicing in the context of family and community. A primary care provider provides patients with a medical home and place to receive a range of health services and supports.

Primary care providers guide patients through the healthcare delivery system, and facilitate patient participation in decisions about their health and healthcare. They create opportunities for disease prevention, health promotion and build bridges between personal healthcare delivery and patients' families and communities. The six indicators of quality primary care include services and supports that are: accessible, acceptable, accountable, comprehensive, coordinated and continuous. Unequal access, treatment and outcomes are symptomatic of an inadequate system of primary care. It is known that health disparities exist among populations defined by age, gender, economic, demographic, race, ethnicity and disability status.

Through strategic grantmaking, Healthcare Georgia Foundation can improve the uninsured and underinsured population's access to primary healthcare services. In an effort to provide a comprehensive, integrated and seamless system of health services, the Foundation's technical and fiscal resources could support: applied research/practice-based and intervention research, work force development (Pre-Service or In-Service), leadership development and recognition, health policy analysis and advocacy, organizational improvement and the provision of preventive health services.

Union Mission, Inc.



Amount: \$100,000

Awarded: September, 2002

Purpose: To enable the J.C. Lewis Health Center to expand dental care and prescription assistance programs offered by pharmaceutical companies for the homeless and medically indigent of Chatham and Effingham counties.

Since 1937, Union Mission, Inc., has been committed to serving the homeless and "at risk" homeless population in the Savannah, Georgia area.

In August of 1999, Union Mission, Inc. opened the Center, a 32-bed respite care facility assisting those too sick to be released, but not sick



enough to warrant extended hospital stay.

The Center provides a full range of services ranging from primary health, dental and vision care to behavioral health treatment, medication management and patient education.

Expanding Access to Primary Healthcare

As a result of the grant from Healthcare Georgia Foundation, Union Mission, Inc. will:

- expand its dental clinic by adding a Registered Dental Hygienist, which will enable more patients to receive care;
- provide additional prosthetic procedures to the homeless

AIDS Survival Project – 160,000
Support for the creation of the Georgia HIV Advocacy Network, a coalition building effort to design a statewide advocacy program incorporating best practices from successful HIV/AIDS advocacy programs.

Albany Area Primary Health Care, Inc. – 100,000
Support for the provision of primary healthcare services for the poor and underserved in five counties in Southwest Georgia eligible to participate in the Indigent Drug Program.

Appalachian Community Enterprises, Inc. – 10,000
Support of the Quality of Life Candidates Forum 2002 held on September 28, 2002 at Macon State, promoting public awareness of the position of Georgia's Governor and Lt. Governor regarding health issues including healthcare access for the disabled.

Clarkston Community Center Foundation, Inc. – 155,000
Support for the Community Health Promoter Program and the promotion of health and well-being among the refugee and immigrant populations in DeKalb County and surrounding areas.

CSRA Community Foundation – 175,000
Donor Advised Fund.

Emory University – 17,000
Support for the Southeastern Center for Emerging Biologic Threats and a January, 2003 regional conference on West Nile Virus to protect and promote the health of communities in Georgia; and to integrate and coordinate efforts to improve healthcare.

Foundation of Wesley Woods, Inc. – 80,000
Support for a health and wellness program to benefit elderly, low-income residents of Asbury Harris Epworth Towers in Southwest Atlanta and Branan Towers in East Atlanta.

Georgia Health Decisions, Inc. – 125,000
Support for the expansion of Critical Conditions, an end-of-life healthcare program throughout Georgia's rural hospitals.

Georgia Legal Services Program, Inc. – 140,000
Support for a Latino-Hispanic health care advocacy project providing legal advice, council, representation and education regarding healthcare access for the Latino population in 24 northeast rural Georgia counties.

Georgia Mental Health Consumer Network, Inc. – 195,000
Support for Georgians for a Common Sense Health Plan and nonpartisan policy research and analysis designed to improve the availability, quality and appropriateness of healthcare services in Georgia.

Georgia Public Health Association, Inc. – 3,000
Support of the 73rd Annual Meeting and Conference entitled 'Connecting Globally, Responding Locally' held on September 3, 2002 in Atlanta, Georgia.

Good Samaritan Health Center, Inc. – 101,000
General operating support to replicate GSHC's model in West Cobb and to develop funds for healthcare services to the medically uninsured in West Cobb County and Atlanta, Georgia.

The Morehouse School of Medicine, Inc. – 10,000
Support of the National Center for Primary Care and the 2nd Secretary's Conference at Morehouse School of Medicine on November 18, 2002.

North Georgia AIDS Alliance, Inc. – 10,000
Support for a major regional HIV/AIDS conference titled 'Embracing the HIV/AIDS Challenge in Rural North Georgia' scheduled for April 3-4, 2003.

Reaching Out Foundation, Inc. – 5,000
Support for the Emergency Assistance Fund providing financial assistance, health education services about disease management and financial planning for severely underserved Georgians affected by cystic fibrosis.

Richmond County Medical Society Project Access, Inc. – 100,000
General operating support to manage the physician referral network, patient appointment software and the recruitment of physician volunteers who provide comprehensive medical care to Richmond County's uninsured residents.

Union Mission, Inc. – 100,000
Support to expand dental care and prescription assistance programs offered by pharmaceutical companies for the homeless and medically indigent of Chatham and Effingham counties.

United Way of Metropolitan Atlanta, Inc. – 74,740
Support for three United Way agencies (Dalton, Augusta and Valdosta) to complete the expansion of each community's Georgia 2-1-1 service with an emphasis on collecting and providing healthcare information.

Total Grants 1,560,740



Our Grant Application Guidelines

Instructions for Submitting a Letter of Inquiry (LOI)

After reviewing the Foundation's priorities, the next step is the submission of a Letter of Inquiry.

Letters of Inquiry may be submitted at any time. We will acknowledge receipt of the LOI within 3 months and notify the applicant organization of the results of our review and decision whether to request a complete grant proposal. Letters of Inquiry should be approximately 1-2 pages in length, following the format below: *(If you are not requesting funding for a specific program or project but rather for conference/meeting/event, a publication or for general operating support, please skip sections 3-5 and respond to sections 1, 2 & 6 only.)*

- 1. The Funding Request.** In 2-3 sentences or less, please describe your funding request. Please include a dollar amount and the period the requested funding would cover. Highlight how your proposed program/project fits with the Foundation's mission and goals, and a particular Grantmaking Priority Area.
- 2. About your Organization.** In 2-3 sentences briefly describe your organization's history and mission, including the year it was established. Please provide the name of your organization and contact information.
- 3. The Problem or Opportunity.** In 2-3 sentences, describe the particular health problem or opportunity your program or project seeks to address. What is the current magnitude of this problem or opportunity specific to the state of Georgia or your local community/region?
- 4. The Program.** In 3-4 sentences, describe the program's purpose and list 2-3 major objectives for this project/program during the funding period.
- 5. The Target Population.** Describe who will benefit from this program. Highlight any relevant characteristics (i.e. gender, age groups, ethnic-racial composition, disability, socio-economic status, and/or income) that further clarify your target group.
- 6. Success, Outcomes and Results.** As a result of funding, what constitutes success for your organization or program?

Letters of Inquiry should be submitted in writing (on applicant letterhead) and mailed to the attention of:

Director of Grants Management
Healthcare Georgia Foundation, Inc.
50 Hurt Plaza, Suite 550
Atlanta, Georgia, 30303
404.653.0990 (p) 404.577.8386 (f)
info@healthcaregeorgia.org

Instructions for Submitting a Proposal

Following the receipt and favorable review of the applicant organization's LOI, the Foundation will provide guidelines and a request for the submission of a full written grant proposal including timelines for submission. After submitting a grant proposal, the Foundation will meet with representatives of the applicant organization and undertake an extensive technical and financial analysis of the proposal. Healthcare Georgia Foundation meets quarterly to review grant recommendations. The entire application and proposal review process normally takes about 8-9 months. Please submit questions regarding the application process to Healthcare Georgia Foundation's Director of Grants Management.

Declination

The Foundation will notify applicant organizations in writing of the decision to deny a funding request. Further information may be obtained by contacting the Foundation's Program Director. The Foundation receives far more requests than our annual funding allocation will support. Each year, a significant number of funding requests will be declined, regardless of merit.

The Foundation's grantmaking priorities and application guidelines will evolve over time. Applicant organizations are encouraged to periodically visit our Web site for the latest information. If questions remain, contact the Director of Grants Management.



Back Row (left to right):
Michael F. Kemp, Esq.,
Linda Lowe, Joseph D. Greene,
Charles Underwood, M.D.,
Jerome Scott, Richard D. Shirk

Front Row (left to right):
James W. Curran, MD MPH,
Mark Johnson,
Enoch J. Prow - *Chairman*

Board and Staff



Back Row (left to right):
Barbara Park, *Executive Assistant to the President*
Mike Sweeney, *Director of Finance*, Milano Harden, *Program Director*

Front Row (left to right):
Nicole Howe Buggs, *Director of Grants Management*
Ta-Tanisha Smith, *Program Assistant*, Gary Nelson, Ph.D., *President*

Missing From Photo:
Martha Katz, *Director of Health Policy*

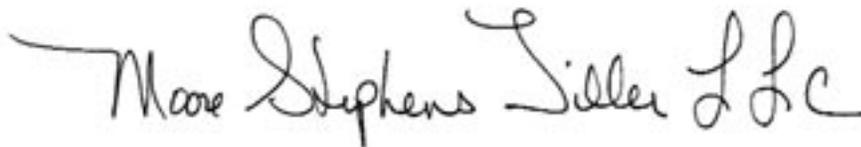
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Healthcare Georgia Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying statements of financial position of Healthcare Georgia Foundation, Inc. formerly known as Healthcare Georgia, Inc. Endowed by Blue Cross/Blue Shield of Georgia (the Foundation) as of December 31, 2002 and 2001, and the related statements of activities and changes in net assets and statements of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 misstatements. 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 audit provides 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 the Foundation as of December 31, 2002 and 2001, and the results of its activities and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Atlanta, Georgia
January 23, 2003

STATEMENTS OF FINANCIAL POSITION
December 31, 2002 and 2001

	2002	2001
Assets		
Cash and cash equivalents	\$ 180,653	\$ 1,468,853
Investments, at fair value	100,300,524	117,179,543
Equipment, net of accumulated depreciation	184,317	133,485
Deposit	9,800	9,800
Prepaid taxes	11,995	-
Deferred federal excise tax benefit	95,558	-
Total assets	<u>\$100,782,847</u>	<u>\$118,791,681</u>
Liabilities and Net Assets		
Accounts payable	\$ 10,226	\$ -
Accrued expenses	67,416	22,000
Tax payable	-	70,000
Deferred federal excise taxes	-	16,649
Total liabilities	<u>77,642</u>	<u>108,649</u>
Unrestricted net assets	<u>100,705,205</u>	<u>118,683,032</u>
Total liabilities and net assets	<u>\$100,782,847</u>	<u>\$118,791,681</u>

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2002 and 2001

	2002	2001
Unrestricted operating revenues and other supports:		
Contributions	\$ -	\$113,797,516
Interest and dividend income	3,202,763	3,479,002
Net gain or (loss) on investments	<u>(15,100,663)</u>	<u>917,871</u>
Other income	36,349	-
Total unrestricted revenue and other support	<u>(11,861,551)</u>	<u>118,194,389</u>
Grants:		
Discretionary	100,000	-
Non Discretionary	4,274,240	-
	<u>4,374,240</u>	<u>-</u>
Program operating expenses:		
Compensation and fringe benefits	465,911	-
Office expense	54,362	5,575
Occupancy	78,240	10,600
Insurance	12,112	700
Public relations	120,783	-
Professional services	512,904	239,352
Travel	30,315	12,699
Telephone and data	27,515	-
Freight and postage	2,936	3,476
Other	44,740	627
Investment management fee	480,071	45,524
	<u>1,829,889</u>	<u>318,553</u>
Total expenses	6,204,129	318,553
Increase in unrestricted net assets before federal excise tax and deferred tax expense	(18,065,680)	117,875,836
Federal excise tax on investment income	(24,354)	(70,000)
Deferred federal excise tax (expense) benefit	112,207	(16,649)
Increase in unrestricted net assets	<u>(17,977,827)</u>	<u>117,789,187</u>
Unrestricted net assets, beginning of year	<u>118,683,032</u>	<u>893,845</u>
Unrestricted net assets, end of year	<u>\$100,705,205</u>	<u>\$118,683,032</u>

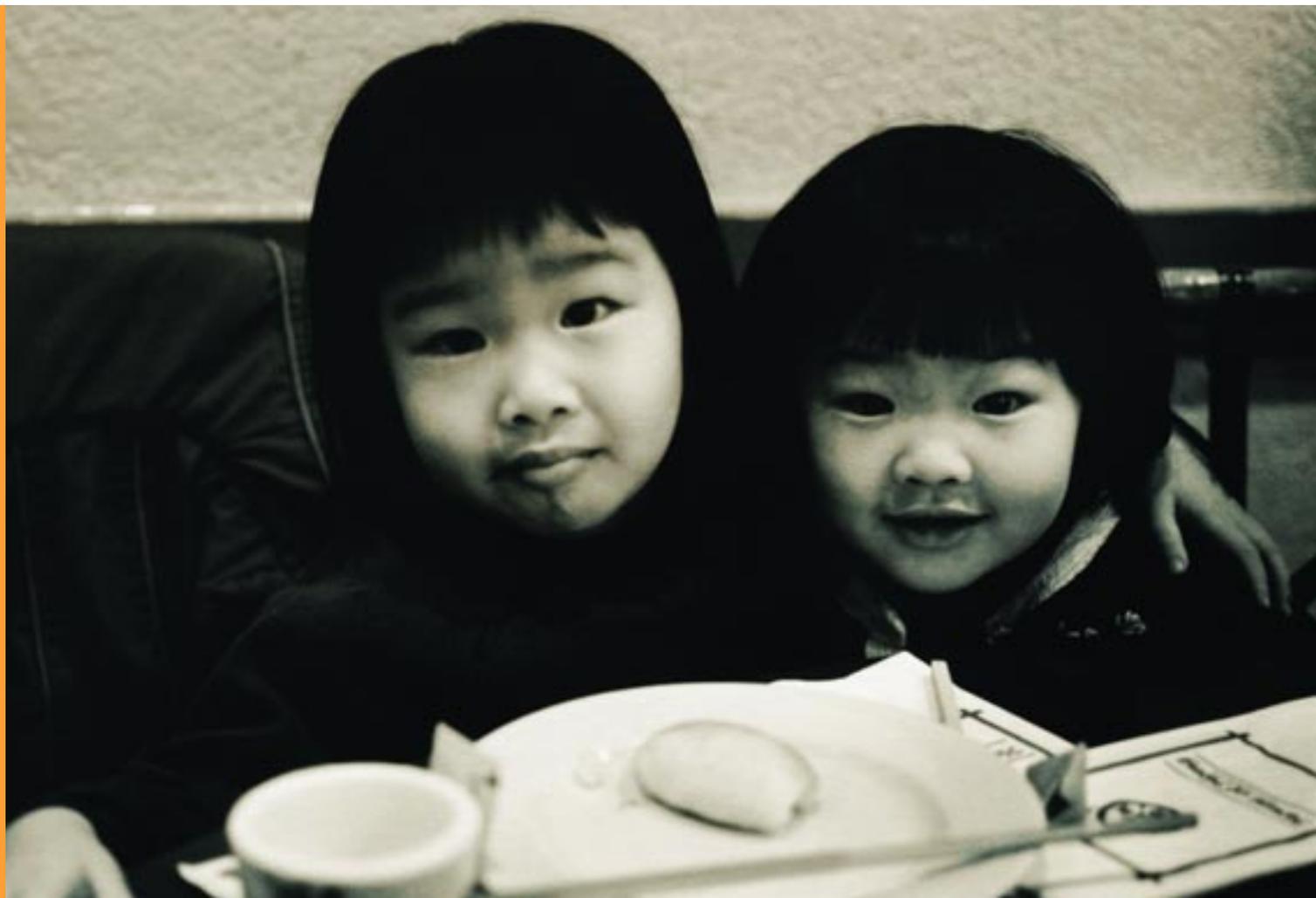
The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(17,977,827)	\$117,789,187
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	37,213	5,575
Net (gain) or loss on investments	15,100,663	(832,430)
Deferred tax	(112,207)	16,649
Changes in assets:		
Prepaid expenses	(36,349)	-
Deposit	-	(9,800)
Changes in liabilities		
Accounts payable	10,226	-
Accrued expenses	45,414	22,001
Taxes payable	(45,645)	70,000
	<u>(2,978,512)</u>	<u>117,061,182</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sales of investments	1,778,355	(116,347,113)
Purchase of equipment	(88,044)	(139,060)
Net cash used in investing activities	<u>1,690,311</u>	<u>(116,486,173)</u>
Net increase in cash and cash equivalents	(1,288,201)	575,009
CASH AND CASH EQUIVALENTS, Beginning	<u>1,468,854</u>	<u>893,845</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 180,653</u>	<u>\$ 1,468,854</u>

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



NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001

1. Organization and Business Purpose

Healthcare Georgia Foundation, Inc. (the Foundation) was incorporated under the laws of Georgia. It was formed in 1999 as the beneficiary of an endowment set up by Blue Cross/Blue Shield of Georgia. The mission of the Foundation is to advance the health of all Georgians and to expand access to affordable, quality healthcare for under-served individuals and communities.

The Foundation's activities are overseen by an outside board of directors.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation follows the provisions of Statement of Financial Accounting Standards ("SFAS 117"), "Financial Statements of Not-for-Profit Organizations." This statement requires the reporting of total assets, liabilities and net assets in a statement of financial position; reporting the change in net assets in a statements of activities; and reporting the sources and uses of cash and cash equivalents in a statements of cash flows.

SFAS 117 also requires that net assets and revenues, gains, expenses and losses be classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Permanently restricted - Net assets subject to donor imposed stipulations that they be maintained permanently by the Foundation.

Temporarily restricted - Net assets whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the Foundation or may otherwise be limited by contractual agreements with outside parties.

Revenues - Revenues are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash and Cash equivalents - Cash and cash equivalents consist of highly liquid investments with maturity of three months or less when purchased. Cash and cash equivalents held by investment money managers are classified with investments in these financial statements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates made by management. Actual results could differ from those estimates.

Equipment - Equipment is stated at cost. Depreciation is provided for by the straight-line method, based on the estimated useful lives of the assets. The Foundation capitalizes items with a cost exceeding \$1,000.

Concentration of Credit Risk - Investment securities are exposed to various risks such as interest rate, market and credit. Due to the normal level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in market conditions in the near term would materially affect the Foundation's account balances and the amounts reported in the financial statements.

Investments - Investments in equity and debt securities are stated at estimated fair value based on quoted market prices. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales of securities are calculated on an adjusted cost basis. Adjusted cost for this purpose is the market value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned.

Fair Value of Financial Instruments - The carrying amounts of cash and equivalents, accounts payable and other liabilities approximate fair value because of the short maturity of these items. Investments are carried at estimated fair value based on quoted market prices.

Reclassifications - Certain reclassifications have been made to the 2001 balances to conform to the 2002 presentation.

3. Concentrations

The Foundation maintains cash balances at a bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Foundation's amounts on deposit at December 31, 2002 and 2001 exceed the insured limit by \$80,653 and \$1,362,577, respectively. The Foundation manages this risk by placing their deposits in a high quality financial institution.

4. Federal Excise Tax and Distribution Requirements

The Foundation is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a private foundation as defined under the Code.

In accordance with the applicable provisions of the Code, the Foundation is subject to an excise tax of 1% (2% if minimum payout requirements prescribed by the Code are not met) on net investment income, including realized gains as defined in the Act. Deferred excise taxes arise primarily from unrealized gains or losses on investments and are calculated at the effective rate expected to be paid by the Foundation.

The Foundation is subject to distribution requirements of the Internal Revenue Code. Accordingly, it must distribute within one year after the end of each fiscal year, 5% of the fair value of its investment assets, as defined. The investments includable for the 5% distribution requirement are based on average monthly balances and are exclusive of those investments deemed to be held for charitable activities or other program-related investments. In determining qualifying distributions, grant payments are considered on a cash basis and certain expenses are considered as qualifying distributions. The Foundation has complied with distribution requirements through December 31, 2002.

5. Investments

Investments held by the Foundation are as follows as of December 31, 2002:

	Fair Value	Cost	Unrealized Gain/Loss)
Money manager held funds:			
Cash equivalents	\$ 1,092,353	\$ 1,092,353	\$ -
U.S. equities	55,756,418	64,263,886	(8,507,468)
Non U.S. equities	12,040,465	14,070,063	(2,029,598)
Fixed income	<u>31,411,288</u>	<u>30,430,015</u>	<u>981,273</u>
Total	<u>\$ 100,300,524</u>	<u>\$ 109,856,317</u>	<u>\$(9,555,793)</u>

6. Equipment

Equipment of the Foundation is as follows:

	December 31, 2002	December 31, 2001
Leasehold improvements	\$ 8,530	\$ 8,530
Furniture and fixtures	78,930	52,326
Equipment	<u>139,643</u>	<u>78,204</u>
	227,103	139,060
Less accumulated depreciation	<u>42,786</u>	<u>5,575</u>
Total	<u>\$ 184,317</u>	<u>\$ 133,485</u>

7. Leases

The Foundation leases the office space it occupies under an operating lease agreement. Rent expense for the year ended December 31, 2002 and 2001 was \$78,240 and \$10,600, respectively. Future minimum lease payments are as follows:

Year ended	
December 31	
2003	\$ 89,214
2004	91,922
2005	94,670
2006	97,503
2007	<u>100,418</u>
Total	<u>\$ 473,727</u>

8. Benefit Plan

During the year ended December 31, 2002, the Foundation entered into a retirement plan under Section 401(a) and 403(b) of the Internal Revenue Code covering all employees meeting certain eligibility requirements. Contributions to the plan are made by the Foundation at 10% of employee salary and the Foundation matches 5% of employee contributions. Plan expense totaled approximately \$30,627 for the year ended December 31, 2002.





Healthcare Georgia Foundation
grantmaking for health



50 Hurt Plaza
Suite 550
Atlanta, GA 30303
p. 404.653.0990
f. 404.577.8386
healthcaregeorgia.org