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## **2007 ANNUAL REPORT**

*HealthReach Incorporated – Caring for the Medically Underserved*



*HealthReach Mundelein Clinic*

*"No one should go without healthcare due to lack of insurance or means to pay" Jim Zimmerman, HealthReach Executive Director - 2007*

# Executive Summary

## *HealthReach Incorporated – Caring for the Medically Underserved*

HealthReach Incorporated is a 501(c) (3) not-for-profit agency founded with the mission of providing access to free healthcare services to the medically underserved of Lake County, Illinois. HealthReach has been in continuous service to the Lake County community since July 1993. Since its inception, HealthReach has grown from a single clinic and dispensary in Waukegan, Illinois to two free clinics including one in Mundelein, and a licensed pharmacy in Libertyville.



*HealthReach Waukegan Clinic facility provided by the Esper Petersen Foundation*

There are 1.75 million uninsured in Illinois<sup>1</sup>. 635,798 of these individuals live in the Chicago Metropolitan Area. Lake County is a community of over 750,000 people. According to information published by the Lake County Health Department however, over 86,000 residents are medically uninsured, over 45,000 persons live in poverty and another 100,000 persons are considered medically underinsured. These circumstances combine to create a tremendous unmet demand for free or very low cost primary and specialty medical care in our community.

HealthReach is overseen by a diverse and highly qualified 21-member volunteer Board of Directors. The Board is served by professionals in all of the disciplines needed to properly oversee the agency operations including Legal, Finance, Business Administration, Medical and Pharmacy professionals. Additionally, 4 of the 5 Lake County Regional Hospitals including Vista East (Victory Hospital), Condell Medical Center, Highland Park Hospital and Lake Forest Hospital, have representatives on the Board.

HealthReach executive and operations management staff is also highly qualified and experienced to perform its duties. The Executive Director has 31 years of business operations and management experience. The Medical Program Manager is a registered nurse with executive program experience at a regional hospital. The Pharmacy Director is a licensed registered pharmacist with significant pharmacy operations experience.

In addition to our paid staff and volunteer Board of Directors, HealthReach is served by 54 volunteer professionals including: 36-Physicians; 2-Dentists, 6-Pharmacists; 4-Nurses; 3-Nurse Practitioners; 1-Dietician; and 2-Medical Interpreters. These dedicated professionals provide the backbone of the high quality services provided to our clients at HealthReach.

While operating two free clinics and a licensed pharmacy, 2007 was a year of transition and growth for HealthReach. Highlights and accomplishments include:

- Provided over 16,000 healthcare service encounters
- Filled more than 22,000 medication prescriptions
- Implemented a \$250,000 Mundelein Clinic Renovation

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<sup>1</sup> Gilead Outreach & Referral Center, "The Voice of the Uninsured" April 2008

- Opened a State Division I Licensed Pharmacy in Libertyville
- Received a \$25,000 Lake County Community Foundation Basic Human Needs Award
- Opened a new pediatric dental program in the Mundelein clinic
- Created a new healthcare partnership with Public Action to Deliver Shelter (PADS) which serves homeless families of Lake County
- Installed and implemented a Wide Area Computing and Telecommunications network
- Implemented a Lake County Subspecialty Care Fund partnership with the Lake County Health Department

HealthReach is a volunteer-centric organization. In order to provide free healthcare to the medically underserved of our community, we rely heavily on our volunteer physicians as well as other medical and pharmacy professionals to accomplish our mission. These volunteers generously provided more than 3,000 hours of service to HealthReach.

Providing a broad range of medical and pharmaceutical services to our clients requires implementation of strong partnerships with corporate, government and educational institutions as well as Lake County regional hospitals and specialty medical care providers. Key community partners include:

- Abbott and Abbott Fund
- Condell Medical Center
- Highland Park Hospital
- Lake County Health Department
- Lake County Townships
- Lake County YWCA
- Lake Forest Hospital
- PADS Crisis Centers
- Ray McKinney Orthotics
- ROPE Inc.
- Rosalind Franklin University
- Rush University Medical Center
- Vista Health
- Waukegan Public Schools

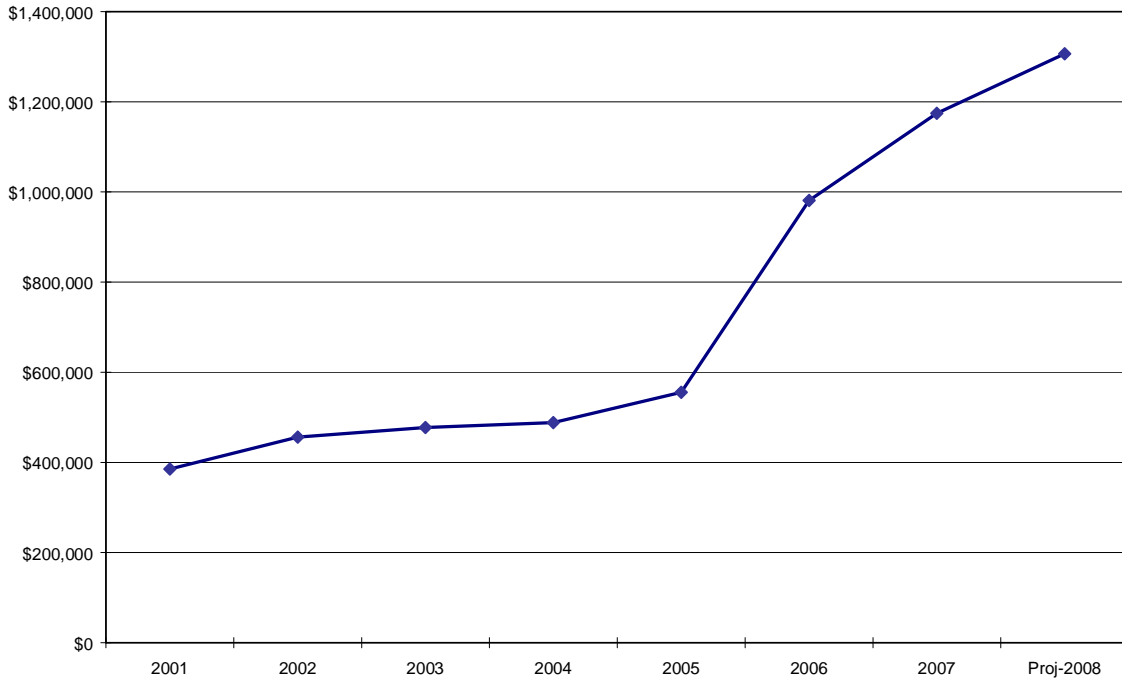


Children of PADS Crisis Center families wait for free dental care in the Mundelein Clinic

HealthReach extends its services to all persons regardless of age who: live in Lake County; are medically uninsured; and live with demonstrated incomes less than 150% of the federal poverty level for the number of dependents covered. At the end of 2007, HealthReach provided a broad range of healthcare services to more than 4,000 individuals.

Over the last five years, HealthReach's annual budget of \$480,000 has grown to more than \$1.3 million while doubling the overall capacity of the agency, diversifying its services and significantly improving quality and patient safety.

### HealthReach Expense Trend



In 2007, HealthReach generated a surplus of \$375,317<sup>2</sup> on revenues of \$1,549,668 and expenses of \$1,174,351. Revenues were driven by a one-time partnership grant of \$1,250,000 from the Abbott Fund including \$250,000 in volunteer labor and project management support from Abbott Global Engineering Services, and \$250,000 in diagnostic testing and medication supplies for the HealthReach pharmacy. Assets exceeded liabilities at the end of 2007 by \$1,197,392.

Looking ahead to 2008, HealthReach plans to continue its growth in services primarily through expansion of our Dental program in our Mundelein Clinic and through the addition of a new Eye Care program in our Waukegan Clinic. As always, we are grateful for the tireless efforts of our volunteer professionals and the support of our community partners.

*Amy Rockwell*

*James Zimmerman*

-----/June 2, 2008 -----/ June 2, 2008

Amy Rockwell, President

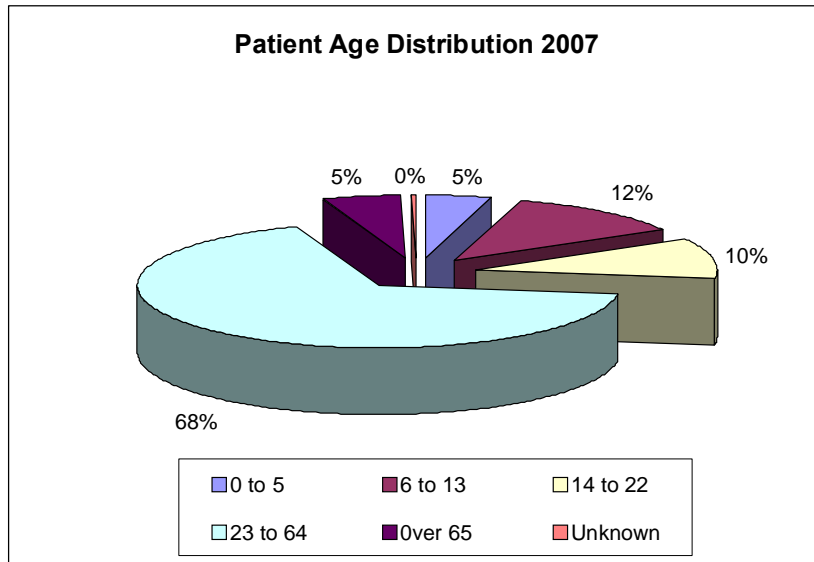
James Zimmerman, Executive Director

<sup>2</sup> \$250,000 of this surplus revenue is recorded as a leasehold improvement asset on the HealthReach Incorporated balance sheet

# Community Purpose

## *HealthReach Incorporated - Caring for the Medically Underserved*

HealthReach serves non-infant persons of all ages living in Lake County. The largest segment of our patient population by far (68%) are working adults between the ages of 23 and 64 (see chart below).



Lake County is a community of more than 750,000 people. However, according to information published by the Lake County Health Department, over 86,000 residents are medically uninsured, more than 45,000 persons live in poverty and another 100,000 persons are considered medically underinsured. These circumstances combine to create a tremendous unmet demand for free or very low-cost primary and specialty medical care in our community.

The need for a healthcare “safety net” in Lake County is clear and growing every day. Persons who do not qualify for public assistance and who live in or near poverty deserve a medical home where proper preventive healthcare and access to pharmaceutical therapies are provided. This is not only a matter of social justice but also a practical matter needed to alleviate overcrowding and misuse of the regional hospitals emergency rooms plus help working adults be reliable employees, parents to be more effective and engaged with their children, and children to be better students.

As we enter 2008, HealthReach is approached by 40 to 100 new individuals per month to register for services. Demographically speaking, new patients to HealthReach come from the “working poor” and minority (94%) segments of our population. Furthermore, of these individuals, 86% come from Latino / Hispanic origins, while another 7% are African American. Typically these are individuals and families with low-paying jobs that do not come with benefits such as health insurance but that pay too much to qualify for public aid.

Unlike Cook County, IL, Lake County does not have a public hospital system. This creates a situation where many uninsured, low-income families and individuals forego necessary specialty health care due to cost. It is generally assumed that access to low cost or free primary health care for this population demographic is provided by the Lake County Health Department and

HealthReach. However the combined capacity of these two agencies falls far short of the real need. Furthermore, due to the lack of a managed public hospital and outpatient care system in Lake County, there is little or no access to specialty care services for the uninsured / underserved community. This situation places the burden of finding these specialty care services on the case management staff of the Health Department and HealthReach.

In 2007, a Lake County "Subspecialty Care Fund" was established to attempt to fill the gap of this need. The fund currently pays fees to providers for a narrow scope of specialty care consult and procedure services. While this is a step in the right direction, access to specialty care in Lake County for the medically uninsured living in or near poverty is very limited. In 2007, HealthReach processed between 150 and 300 instances of specialty care per month. Without these efforts, many of our clients would have resorted to hospital emergency rooms for primary and outpatient specialty care at the highest cost point to the hospitals and the community.

In summary, HealthReach provides a critical piece of the Lake County Healthcare Safety Net. Still the demand for quality healthcare services outweighs the capacity for these services in our community. Without HealthReach, the Lake County Health Department and the regional hospitals' emergency rooms would see significant increases in non-paying traffic at a time when these resources are already stretched thin.

## Volunteers

### *HealthReach Incorporated – A Volunteer-Centered Agency*

HealthReach is a volunteer-centric organization. In order to provide free healthcare to the medically underserved of our community, we rely heavily on our volunteer physicians and dentists as well as other medical and pharmacy professionals to accomplish our mission. At the close of 2007, HealthReach was attended by 36-volunteer physicians, 2-dentists, 4-nurses, 3-nurse practitioners, 6-pharmacists, one-dietician and 2-bilingual medical interpreters. These volunteers generously provided more than 3,000 hours of service to HealthReach. The in-kind value of these professional hours alone is over \$300,000.

In addition to daily professional services in our Medical, Dental and Pharmacy Programs; HealthReach community volunteers

have accomplished several key projects in 2007. These include:

- Renovation of the Mundelein Clinic – Volunteers from the Abbott Global Engineering services organization provided project management, construction and finishing services during the demolition and reconstruction of this HealthReach facility.
- American Cancer Society sponsored Access to Healthcare initiative – HealthReach nursing volunteer Maureen Domerchie was selected as chairperson for the access to cancer-related specialty services committee of this organization. In this role she is responsible for encouraging Lake County institutional, private practice and community not-for-profit organizations to increase access to cancer related treatments and therapies for the medically uninsured.



*Dr. Lee Bomgaars provides pediatric dental services to a HealthReach patient in our Mundelein Clinic*

- Leasing and build-out of the HealthReach Pharmacy – HealthReach pharmacy volunteers and several local area business’ contributed expertise, time and equipment to design and manage the build-out, obtain licensure, organize and obtain inventory, and install computer systems required to startup the HealthReach licensed pharmacy.
- Renovation of the Waukegan Clinic Break Area – A volunteer team from the United Methodist Church of Libertyville provided carpentry, plumbing and electrical services to renovate the break room area of the Waukegan Clinic in order to provide a comfortable place for staff to take breaks and have lunch.
- Procurement and relocation of two Barwell Dental clinic operatories – HealthReach dentists teamed with volunteers from the Great Lakes Naval Station to relocate and repurpose two complete dental operatories from the closing Waukegan Barwell Clinic to the newly renovated HealthReach Mundelein Clinic.

Without the efforts of all HealthReach professional and community volunteers, we would be unable to provide the broad-based healthcare services we do. Both our patients and our community stakeholders benefit greatly from these generous individuals.

## Community Partners

### *HealthReach Incorporated – Partnering for Success in Healthcare*

Providing a broad range of medical and pharmaceutical services to our clients often requires implementation of strong partnerships with corporate, government and educational institutions as well as Lake County regional hospitals and specialty medical care providers. Furthermore, it is important to not duplicate efforts provided by other agencies to avoid inefficiencies and waste of both financial and human resources.



*HealthReach President Amy Rockwell presents Michael Warmuth, Vice President, Abbott Global Engineering Services with the 2007 HealthReach Partners in Healthcare award*

The following provide brief summaries of our efforts in 2007 to integrate with other community programs and partnerships with other organizations to bring efficient and effective health care services to the medically underserved of Lake County, IL:

- **Abbott Fund and Abbott**– Abbot Fund and Abbott Global Engineering Services have provided multi-year financial and in-kind support to HealthReach to further our mission to Lake County’s medically underserved. In 2007, this partnership resulted in the complete reconstruction and refurbishment of the HealthReach Mundelein Clinic and support for the startup and operation of the HealthReach Pharmacy.
- **Condell Medical Center** – Condell Medical Center provides HealthReach clients with substantial in-kind medical, diagnostic testing and laboratory services. In return for these services, HealthReach accepts all referrals from the Condell Medical Center Emergency Room for follow up primary medical and pharmaceutical care. In addition to these services, Condell Home Healthcare Pharmacy has provided fair price access to brand name medications to the HealthReach Pharmacy.
- **Gurnee Radiology** – Gurnee Radiology provides medical imaging services as prescribed by HealthReach physicians on behalf of our patients. Without these timely services, diagnoses of serious disease would be delayed or postponed altogether potentially leading to serious negative health outcomes for the patient.
- **Highland Park Hospital** – Highland Park Hospital provides HealthReach clients with substantial in-kind medical and diagnostic testing services. In return for these services,

HealthReach accepts all referrals from the Lake Highland Park Hospital Emergency Room for follow up primary medical and pharmaceutical care. In particular, Highland Park Hospital has focused on providing Cardiac diagnostic and surgical procedures for HealthReach clients.

- **Lake County Health Department** – HealthReach accepts referrals from the Lake County Health Department for certain forms of specialist care. For example, HealthReach has provided cardiology and neurology consultations for referred patients. The Lake County Health Department accepts referrals from HealthReach for prenatal care and sexually transmitted diseases. HealthReach and the Health Department also collaborate to implement the Lake County Subspecialty Care Fund which provides access to specialty medical services to both Health Department and HealthReach clients.
- **Lake County Townships** – HealthReach provides free healthcare to general assistance referral patients from other local Township programs such as food pantries and homeless and indigent outreach and care. In return, many Lake County Townships provide financial grants to help defray the costs of providing these services.
- **Lake County YWCA** – HealthReach provides access to free clinical breast exams and other healthcare services to YWCA clients.
- **Lake Forest Hospital** – Lake Forest Hospital provides HealthReach clients with substantial in-kind medical, diagnostic testing and laboratory services. In return for these services, HealthReach accepts qualifying referrals from the Lake Forest Hospital Emergency Room for follow up primary medical and pharmaceutical care. In addition to these services, Lake Forest Hospital has provided access to Radiation Oncology services to HealthReach cancer patients.
- **Public Action to Deliver Shelter (PADS) Crisis Centers** – HealthReach provides free healthcare services to PADS homeless clients. In January of 2008, HealthReach began a new pediatric dental program focusing on children of homeless families.
- **Ray McKinney Orthotics** – Ray McKinney Orthotics has provided prosthetic limb components and installation services on behalf of HealthReach patients. Without these services HealthReach patients may lose their jobs and remain unemployed due to loss of limb function.
- **ROPE Inc.** – HealthReach provides free healthcare services to ROPE clients who are without financial resources needed to obtain healthcare.
- **Rosalind Franklin University** – HealthReach has had a long standing relationship with the University to provide a variety of healthcare services to the community. HealthReach provides material and medical interpreting (Spanish) support for the Waukegan Healthy Families clinic conducted by the University Physician Assistant Program. The partnership also includes on-site mental health services provided by the University Psychology Department. The University also provides podiatric medical specialty services to HealthReach patients.
- **Rush University Medical Center** – HealthReach provides a clinical environment for Rush Nurse Practitioners to practice and teach Rush medical and nursing program students. In August 2007, HealthReach and Rush medical professionals and students conducted 65 comprehensive school physicals and immunizations on behalf of the Waukegan community. Rush Nurse Practitioners also conduct on-site women’s primary care examinations on a regular periodic basis. In October 2007, a women’s gynecology exam day was conducted under this partnership.
- **Vista Health** – Vista Health provides HealthReach clients with substantial in-kind medical, diagnostic testing and laboratory services. In return for these services, HealthReach accepts all qualifying referrals from the Vista East Hospital Emergency Room for follow up primary medical and pharmaceutical care. This cooperative relationship has been in service since April, 1992.
- **Waukegan Public Schools** – HealthReach has agreed to be the fiscal agent for the Waukegan Public Schools in the performance of a \$25,000 grant submitted to the Healthcare Foundation of Northern Lake County. HealthReach has been invited to join the advisory board for this project which is studying accessible healthcare in schools.

Without the generous support of these community partners, HealthReach would not be able to accomplish its mission to the medically underserved of Lake County, IL.

## **Operations**

### *HealthReach Incorporated – 2007 "A Year of Growth and Expansion"*

#### *Medical Services*

HealthReach extends its services to all persons regardless of age who: a) live in Lake County; b) are medically uninsured; and c) live with demonstrated incomes less than 150% of the federal poverty level for the number of dependents covered. HealthReach operates free clinics in Waukegan and Mundelein, and a state-licensed pharmacy in Libertyville, IL. The clinics operate Monday thru Friday from 9 a.m. to 4:30 p.m. 52-weeks per year except for major holidays. The Waukegan clinic also operates on alternating Saturdays. In addition to our regular hours; HealthReach conducts special clinic programs on select days for special needs. Our central fill pharmacy is open from 7:30 a.m. to 4 p.m. Monday through Friday.

Along with our many community partners, HealthReach provides the medical, pharmaceutical, case management and social service programming needed to fully provide for our clients' health and wellness needs. Our 54 volunteer physicians and medical / pharmaceutical professionals are the cornerstone to the success of our not-for-profit enterprise. In conjunction with our 14 full-time and 14 part-time paid staff, these community servants and advocates will provide for the diverse medical needs of more than 4,000 individuals in 2008.

HealthReach Incorporated provides a variety of medical and pharmaceutical services including:

- Preventive and corrective ambulatory general healthcare
- Comprehensive prescription pharmaceutical delivery between clinics
- Cardiology
- Orthopedics
- Gynecology
- Ophthalmology
- Ear Nose & Throat
- Urology
- Endocrinology
- Psychology
- Dietetics (via partnership with the Lake County Health Department)
- Pediatric and Adult Dentistry

These services are designed to provide access to health care based on the most demonstrated needs of our specific patient population. In designing these programs, HealthReach takes into consideration the Lake County 5-year Community Development Action Plan. The current version of this plan ends in 2009. HealthReach has been asked to be a contributor to the preparation of the 2010- 2014 plan.

#### *Chronic Disease Management*

*Many of our new patients are presenting with serious chronic diseases including diabetes, hypertension and cardiovascular disease.* In fact, HealthReach currently treats more than 700 persons with serious chronic disease. Looking ahead to 2008 HealthReach plans to implement a new Chronic Disease Management and Education Program which is designed to improve patient

outcomes in the areas of diabetes, blood pressure and heart disease management. This new program will combine physician and specialists visits with laboratory services, pharmaceutical services and special patient education services to treat, monitor and follow up with patients to ensure the best possible disease control outcomes are achieved.

### *Specialty Care*

In addition to providing high quality primary preventive and corrective ambulatory healthcare for our patients, HealthReach implements between 200 and 300 instances of non-laboratory specialty care on behalf of our patients each month. Often we are able to provide these services in our clinics by one of our many specialists. However, many times the services needed are beyond the scope and resources of HealthReach and must be provided by outside specialists and facilities. In the absence of a Lake County public hospital system, in 2007, HealthReach, in partnership with State Senator Susan Garrett, Lake County regional hospitals and the Lake County Health Department, implemented a new approach to obtaining specialty care services. This new approach involved establishing a fund that would pay specialists a fee for service while the regional hospitals would provide in-kind facilities and support services for procedures in predetermined areas of care. The Subspecialty Care Fund is now in its second year of operation providing access to healthcare that would otherwise be unavailable for our patients.



*A HealthReach patient being examined prior to eye surgery at Northwestern Memorial Hospital*

### *Pharmaceutical Care*

On August 6, 2007, HealthReach opened a Division I licensed pharmacy in Libertyville to serve the patients of our Mundelein and Waukegan clinics. This new HealthReach program is designed to acquire and dispense prescription medications at total cost per prescription that is well below a commercial retail pharmacy.

The HealthReach Pharmacy is an absolutely necessary component of our overall care and is a core competency of our business. Treatment of chronic disease is very expensive. The retail cost of medicines for one person with diabetes and hypertension can range anywhere from \$250 to \$1,500 per month. Adult patients with chronic disease may be prescribed as many as 10 different medicines or more. Even with Federal 340b drug pricing program discounts and minimal copays available to patients through the Lake County Health Department, some patients still cannot afford the pharmaceutical therapies needed to make and keep them well. In these cases, the HealthReach Pharmacy Program may be the only effective alternative for these families and individuals.



*Jean Stack R.Ph. HealthReach Pharmacist in Charge (Right) and Pharmacy Technicians Robert Reid and Lucy Cardona discuss inventory at the HealthReach Pharmacy*

The HealthReach Pharmacy currently processes over 2,000 prescriptions per month on behalf of HealthReach patients. In 2007, HealthReach dispensed over \$1.7 million in prescription medicines

at average whole sale cost value. The total cost per prescription including all overhead and expense during the first 6-months of operations is running between \$16 and \$18. Overall acquisition cost of medications is below \$5 per prescription. We are able to acquire medicines at low average cost due to strategic use of the pharmaceutical company Patient Assistance Programs (PAP) and bulk donation contracts with pharmaceutical companies that provide free medicines to our Pharmacy. Further costs of medication acquisition reductions are expected in 2008 based on implementation of a comprehensive formulary designed by HealthReach doctors and pharmacists to more effectively use generic medicines where possible.

## *Dental Services*

Based on an evaluation of the availability of Dental and Oral Hygiene services to medically uninsured Lake County residents, HealthReach decided to open a dental program in the Mundelein Clinic. This program began in November 2007 and has already served more than 100 individuals. This program was made possible by the availability of two dental operatories from a closing dental practice. HealthReach was able to purchase these operatories for a relatively small outlay. In addition to this repurposed equipment, HealthReach received two X-ray machines via donation.



*Volunteer Dental Hygienist Caron Drolet provides oral services to a HealthReach pediatric patient*

In January 2008, HealthReach began a partnership with the Lake County PADS Crisis Center and the Lake County Community Foundation to provide pediatric dental care to as many as 200 children of homeless families throughout the year. In the first quarter of 2008, the HealthReach Dental program has conducted more than 100 visits for pediatric dental care at a retail value exceeding \$18,000.

In addition to pediatric dental care, HealthReach is now offering dental services to adults as well. Over time we intend to provide comprehensive preventive and corrective dental services to all HealthReach clients as part of their overall wellness program.

## *Information Management*

To improve productivity, ensure regulatory compliance and reduce overall expense, the HealthReach Board of Directors approved a 2007 project to integrate the voice and data technology between all three HealthReach facilities. For this project, Wide Area Network (WAN) telecommunication hardware and network transport services were leased to purchase from AT&T. Computer server and peripheral components were leased to purchase from Hewlett Packard. Integrated business system software called MedServices was purchased from DataNet Solutions Corporation. This software package was designed specifically to manage information in a free medical clinic business environment that includes a pharmacy operation. Implementation and integration of these new systems has made it possible to increase service capacity, improve productivity, enhance quality and reduce overall cost of operation.

## *HABLA Program*

Because many of our patients are non-English speaking ethnic immigrants, HealthReach must be capable of providing its services in a language-appropriate environment for each patient encounter.

HealthReach's Healthcare Access by Language Advocacy (HABLA) program was created and implemented to increase the number of qualified medical interpreters in the community. Since its inception, HealthReach's HABLA program has trained and certified over 150 individuals as medical interpreters. This program moved ahead in 2007 with a new partnership agreement with Solution Sight Inc., a professional specialty education and media development company with specific expertise in healthcare and medical subject matter. Under this agreement, the HABLA medical interpreter training and certification program will be converted from hardcopy to interactive web technology and delivery systems with the intention of commercializing the program. We intend to market this program to healthcare institutions and the general public. The current schedule for internet rollout of this new program is 3<sup>rd</sup> quarter 2008.

## **Financial Performance**

### *HealthReach Incorporated – Strong Financial Performance in 2007*

#### *Summary*

In 2007, HealthReach generated a surplus of \$375,317<sup>3</sup> on revenues of \$1,549,668 and expenses of \$1,174,351. On the balance sheet, assets exceeded liabilities at the end of 2007 by \$1,197,392.

#### *Revenues*

Correcting for one-time restricted income related to capital projects, 2007 revenues exceeded plan by \$151,468. Revenue's were driven by a one-time partnership grant of \$1.25 million in cash, product donations and in-kind services from the Abbott Fund and Abbott. Included in these funds were:

- \$250,000 general operating support
- \$250,000 challenge grant (met on schedule in 2007)
- \$250,000 restricted capital project funds dedicated to the reconstruction and refurbishing of the HealthReach Mundelein Clinic
- \$250,000 in-kind value volunteer labor and project management support from Abbott Global Engineering Services and
- \$250,000 in-kind value diagnostic testing and medication supplies for the HealthReach pharmacy

Overall, Corporate and Foundation grants accounted for 76.5% of revenues. Patient and individual contributions including faith-based contributions accounted for 10.1% of revenues. Corporations and Foundations who provided significant financial support for 2007 programs and operations include:

- Abbott Fund
- Lake County United Way
- Trustmark Insurance Companies - Trustmark Foundation
- Healthcare Foundation of Northern Lake County
- Lake County Community Development Block Grants (CDBG)
- Blue Cross Blue Shield

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<sup>3</sup> \$250,000 offsetting expense of this surplus revenue is recorded as a leasehold improvement asset on the HealthReach Incorporated balance sheet

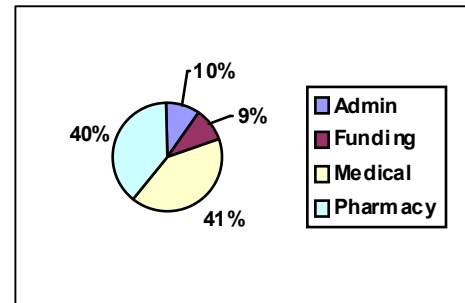
- The John R. Houlsby Foundation
- The Blowitz-Ridgeway Foundation
- The Lake County Community Foundation
- Circle of Service Foundation
- Grace A. Bersted Foundation
- Grant Healthcare Foundation
- Libertyville Township
- Vernon Township
- Zion Township
- West Deerfield Township

Looking ahead to 2008, HealthReach plans to strategically reduce its reliance on Corporate and Foundation Grants through diversification of its funding base to include significant contributions from individuals and private major gift donors. We intend to do this primarily through the planning, scheduling and implementation of unique fundraising events. We also intend to creatively utilize the HealthReach web site to raise monies through direct individual donations and continuous online auctions.

### *Expenses*

Expenses exceeded budget by \$79,509 due to startup costs and operating expenses associated with the HealthReach Pharmacy and additional labor expenses related to medical interpreting services required by growth in patient visits. The Medical and Pharmacy programs were 41% and 40% of the expense budget respectively.

Administration and funding were 10.4% and 9.1% of the total HealthReach expense for 2007 respectively. Labor was the largest single expense component at 51.5%. Program supplies including prescription medication procurement was 18.4% of total expense.



Looking ahead to 2008, HealthReach investments in information technology will produce reductions in unit costs of service particularly in the areas of prescription medications, medical assisting and pharmacy technician labor, as well as administration.

### *Assets*

As of December 31, 2007, current assets were valued at \$840,141 with drug inventories<sup>4</sup> valued at \$333,827. Fixed assets at the same time were valued at \$549,546 with leasehold improvements being the largest component valued at \$447,211. Total assets at year end were \$1,290,116.

### *Liabilities*

As of December 31, 2007 current liabilities were \$77,175 of which \$43,959 was direct payroll liability and \$33,216 was accounts payable. Long-term liabilities were \$15,549, all related to computer equipment lease. Total liabilities at year end were \$92,724.

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<sup>4</sup> HealthReach provides free medical care and as such drug inventories are not convertible to revenue through sales to patients

## *Future Outlook*

Moving ahead in 2008, HealthReach strategically plans to spend \$1.33 million to continue its growth in services to the medically underserved of Lake County primarily through expansion of our dental program in our Mundelein Clinic and through the addition of a new eye care program in our Waukegan Clinic. Expansion in our core business of providing primary and specialty medical care will continue in 2008 with the addition of several new volunteer doctors in the fields of internal medicine, cardiology, endocrinology, urology and gynecology. HealthReach looks forward in 2008 to strengthening our partnerships with community service providers to ensure access to healthcare remains available for those most in need in our community.

Project-based grant making in 2008 will focus on the areas of **Patient Safety** and **Chronic Disease Management and Education** programming. General operating monies will be obtained where possible from Lake County corporations, individual and major gift private donors.

Provided funding matches pace with expansion, HealthReach and its patients and community stakeholders can look ahead with optimism to a continued future in providing this longstanding component of the healthcare safety net in Lake County, IL.