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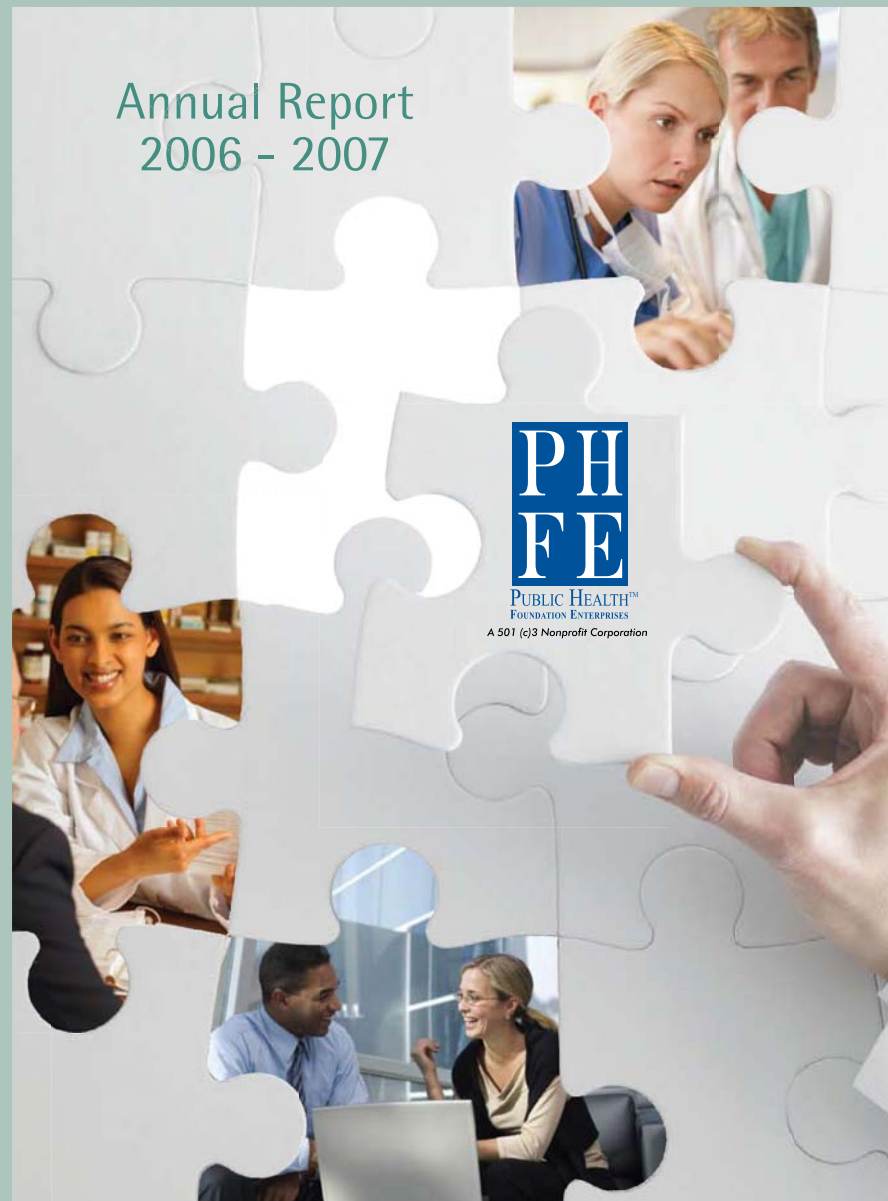
**PUBLIC HEALTH™**  
FOUNDATION ENTERPRISES  
A 501 (c)3 Nonprofit Corporation

13200 Crossroads Parkway North, Suite 135, City of Industry, CA 91746,  
800.201.7320 www.phfe.org

## Annual Report 2006 - 2007



**PUBLIC HEALTH™**  
FOUNDATION ENTERPRISES  
A 501 (c)3 Nonprofit Corporation



*PHFE is dedicated to improving the health and well-being of people and communities by providing a wide spectrum of quality management services. As a nonprofit organization, PHFE serves as a catalyst to meet the public health challenges of tomorrow in partnership with government, nonprofit and for-profit organizations.*

# Mission Driven



## Funders

Abbott Laboratories  
 Ahmanson Foundation  
 American Legacy Foundation  
 American Red Cross  
 Archstone Foundation  
 Arizona Department of Health Services  
 Baldwin Park Unified School District  
 Beaumont Foundation of America  
 Biomerieux, Inc.  
 Blood Systems Laboratories  
 Blue Shield of California Foundation  
 California Community Foundation  
 California Consumer Protection Foundation  
 California Department of Health Services  
 California HealthCare Foundation  
 California WIC Association  
 CalOptima  
 Carrie Estelle Doherty Foundation  
 Centers for Disease Control & Prevention  
 Children and Families Commission of Orange County  
 Children's Hospital Los Angeles  
 Chiron Behring GmbH & Co  
 Chiron Corporation  
 Christopher Reeve Paralysis Foundation  
 City and County of San Francisco Department of Health Services  
 City of Baldwin Park  
 City of Hawthorne  
 City of La Puente  
 City of Los Angeles  
 City of Pasadena Public Health Department  
 City of Philadelphia – Department of Public Health  
 Comer Foundation  
 Community Blood Center of Greater Kansas City  
 County of Contra Costa Department of Health Services  
 County of Los Angeles Department of Health Services  
 County of Los Angeles DHS TB Control Program  
 County of Monterey  
 County of Monterey Department of Health  
 County of Riverside  
 County of San Diego, Department of Health and Human Services  
 County of Santa Cruz  
 Doris Duke Innovation in Clinical Research  
 Drug Policy Alliance  
 Duke University Medical Center  
 DuPont Company  
 Eastern Los Angeles Regional Center  
 Entertainment Industry Foundation  
 Federal Emergency Management Agency  
 First 5 LA  
 Fred Hutchinson Cancer Research Center  
 Harvard School of Public Health  
 Health Care Foundation of Orange County  
 HDAG Hospital  
 HRC Biotech, Inc.  
 Idaho – North Central Health District  
 Idaho – South Central Health District  
 Irvine Health Foundation  
 Jacobs Family Foundation Center  
 Johns Hopkins University  
 Kaiser Foundation Health Plan  
 Kern County Department of Public Health  
 LA Care Health Plan  
 March of Dimes Los Angeles County Chapter  
 Mary Pickford Foundation  
 Merck Pharmaceutical  
 National Institutes of Health  
 National Latina Health Network  
 National Science Foundation  
 Office of AIDS Programs & Policy  
 Open Society Institute  
 Orange County Community Foundation  
 Orange County Health Care Agency  
 Oregon Health Division  
 Ortho-Clinical Diagnostics  
 Orthopaedic Hospital  
 Pacific Life Foundation  
 PacificCare Foundation  
 Pennsylvania Department of Health  
 Peter Norton Family Foundation  
 Pfizer, Inc.  
 Public Welfare Foundation  
 Puget Sound Blood Center  
 QueensCare Charitable Fund  
 Ralph M. Parsons Foundation  
 S. Mark Taper Foundation  
 San Diego State University Foundation  
 Sandi National Laboratories  
 Sanofi Pasteur Pharmaceuticals  
 SBC Foundation  
 Sisters of St. Joseph Health Care Foundation  
 Southern Nevada Health District  
 Special Service for Groups  
 Speciality Laboratories  
 St. Joseph Health System Foundation  
 Stanford University  
 State of California Department of Education/Nutrition Division  
 State of California Cancer Detection Section  
 State of California Community Challenge Dept  
 State of California Department of Community Services  
 State of California Department of Developmental Services  
 State of California DHS Breast Cancer Detection Program  
 State of California DHS Immunization Branch  
 State of California DHS Infant Botulism Prevention & Treatment Program  
 State of California DHS Office of Family Planning  
 State of California DHS STD Control Section  
 State of California DHS TB Control Branch  
 State of California DHS Tobacco Control Section  
 State of California WIC Support Nutrition Branch  
 State of Maine – Center for Disease Control  
 Stuart Foundation  
 SUNY Downstate Medical Center  
 Susan G. Komen Breast Cancer Foundation  
 Terragenix Corporation  
 The California Endowment  
 The California Wellness Foundation  
 The HealthCare Foundation for Orange County  
 The Hutton Foundation  
 The Liberty Hill Foundation  
 The Regents of the University of California at Berkeley  
 The Robert Wood Johnson Foundation  
 The Weingart Foundation  
 UniHealth Foundation  
 United Biomedical, Inc.  
 United States Department of Agriculture  
 Animal & Plant Health Inspection Service Wildlife Service  
 United States Department of Health and Human Services,  
 Maternal & Child Health Bureau  
 United States Department of Homeland Security  
 United States Department of Justice  
 United States Department of Labor  
 United States Environmental Protection Agency  
 United States Health Resources & Service Administration  
 United States National Institutes of Health, NIAID  
 United Way of Orange County  
 University of California, Davis  
 University of California, Irvine  
 University of California, San Francisco  
 University of Iowa  
 University of Texas  
 University of Washington  
 Universitywide AIDS Research Program  
 Ventura County Public Health Services  
 Wyeth Lederle Vaccines

# Clients

Active Surveillance for Dengue Fever  
 AIDS Epidemiology Surveillance  
 Alliance Working for Antibiotic Resistance Education (AWARE)  
 AmeriCorp VISTA Program  
 Analysis Measles, Rubella, and Varicella Antibody  
 Angels Child Care Food Program  
 Arbo Virus Surveillance  
 Aztecs Rising  
 Base Data Analysis Project  
 Biodefense & Emerging Infections Diseases Research  
 Black Infant Health

Border Infectious Disease Surveillance  
 Building Medical Homes for Children with Special Health Care Needs  
 California Department of General Services – CMAS Unit  
 California Department of General Services – MSA Unit  
 California Department of Health Services Immunization Subvention  
 California Emerging Infections Program  
 California Health Alert Network  
 California LRN Enhancement Project  
 California SDT Controllers Association  
 California Youth Advocacy Network  
 Carolyn Kordich Family Resource Center  
 Catalytic Antibodies for HIV-1 Immunotherapy  
 Cellular Immune Responses Non B Clade HIV-1 Infection  
 Center for Adolescent Latino Health  
 Characteristics of Activated PBMCs during Changes in HAART  
 CHDP Foster Care Program  
 Children and Families Commission of Orange County  
 Children Obesity Brain Trust  
 Children's Health Initiative of Orange County  
 CHOICES  
 City & County of San Francisco/San Francisco Department of Public Health  
 Clean Needles Now  
 Collaboration to Increase CLE Trained Staff  
 Communicable Disease Control  
 Community-Wide Child/Adolescent Nutrition and Fitness Campaign  
 Contract and Evaluation of On-Going Phase III HIV Testing  
 Contra Costa County Health Services  
 Create Your Legacy  
 Create:Fixate  
 Cryptosporidiosis Surveillance  
 CWC Adolescent Nutrition  
 Dream Builders  
 Early Literacy Network  
 Early Warning Infectious Disease Surveillance (EWIDS) Program  
 Eastern Los Angeles Family Resource Center  
 Electronic Laboratory Reporting  
 Emergency Preparedness Assessment Project  
 Emerging Adenovirus Infections  
 Epidemiology & Lab Capacity for Infectious Disease-  
 Foodborne Objective  
 Evaluation and Validation of Novel Bio Aerosol Samplers  
 Evolution of Nef Epitopes in Africans  
 Family Support Consortium  
 Genotyping TB Isolates  
 Harbor Corridor Best Babies Collaborative  
 Health Funders Partnership of Orange County  
 Health Improvement Initiative Grant  
 Healthy Solutions Marketing  
 Healthy Families/Medical Outreach  
 Heat Treatment of HIV  
 Hepatitis C Coordinator  
 HIV/AIDS Core Surveillance  
 HIV Diagnostic Assay Program  
 HIV Epidemiology Program  
 HIV MSM Prevention Study  
 HIV Post Marketing Surveillance  
 HIV Prevention Trials Network (HPTN)  
 HIV Prevention Trials Unit  
 HIV Specific Humoral Immune Response During HAART Failure  
 HIV Vaccine Trials Network (HVTN)  
 HIV-2 Model of HIV Primary Infection -01  
 HIV-2 Model of HIV Primary Infection-02  
 Human Influenza Virus Detection  
 HVTN Leadership Group and Executive Committee  
 Immunization Project Subvention  
 Improving Influenza Vaccination Of Nursing Home Staff  
 In the Zone

Infant Botulism Prevention & Treatment  
 Influenza Surveillance Program  
 International AIDS Vaccine  
 Kaiser Kids  
 Laboratory IT Security Audits  
 Laboratory IT Security Remediation  
 Lawrence Livermore National Laboratory  
 Legislative District Policy Briefs  
 LifeWorks Mentoring  
 Los Angeles Access to Health Coverage  
 Los Angeles County Healthy Communities Access Program  
 Los Angeles County Public Health Preparedness  
 Los Angeles Family AIDS Network  
 Los Angeles Partnership for Special Needs Children  
 Medical Reserve Corps  
 Merck Vaccine Trials  
 Microbial Diseases Information System  
 Microbiologist Training & Certification Program  
 Minority AIDS Research Initiative  
 Model of HIV Primary Infection  
 Mycobacteriology Research Program  
 National Laboratory Training Network  
 New Approach to T Cell Study for Vaccine In Uganda  
 Northern Central California Center for AIDS Research  
 National Electronic Disease Surveillance System  
 Nucleophilic Antibodies Study  
 On-Line Collaborative HIV Vaccine Trial Training Resource Center  
 Orange County Health Needs Assessment (OCHNA)  
 Outcome and Process Improvement Project  
 Pandemic Flu Preparedness Project  
 Partnered for Progress  
 Partnership Empowering Youth to Succeed Project  
 Partnership for the Public's Health  
 Partnership in Early Intervention Family Resource Center  
 Pasadena Public Health Department  
 Path Mini-Grant Empowering Conference-PPF  
 People vs. Phillip Morris  
 PEP Project  
 Positive Reinforcement Opportunity Project  
 Prenatal Care Initiative  
 Prevention for HIV Positive Persons  
 Professional Services Providers  
 Project Collaboration Research Initiative  
 Prostate Cancer Research  
 Public Health Preparedness Enhancement Project – California  
 RCE Arboviruses Project  
 Reading is Fundamental of Southern California  
 Reducing Sexual Risk for HIV Transmission in Substance Using MSM  
 Social Enterprise Institute  
 Southern Nevada Health District – Health Card Project  
 TB Control Program  
 The California Medical Home Project  
 The Los Angeles Medical Home Project  
 The Ray of Life Foundation  
 UCLA Breast Pump Project  
 United Community Caregivers Foster Parent Association  
 United States General Services Administration (GSA)  
 University of Arizona Artificial Intelligence Laboratory – BioPortal  
 Vaccines for Children  
 Varicella FAMA and Mumps PRN Testing  
 Vector Borne Disease Project  
 Virology Core Project  
 Web Case Morbidity Reporting  
 West Nile Virus – Botulism Portal Project  
 West Nile Virus Regional Laboratory  
 West Nile Virus Surveillance Project  
 Whole Inactivated HIV as a Candidate Vaccine  
 WIA Employment and Training  
 WIC Breastfeeding Peer Counseling  
 WIC Data Mining Research Project  
 WIC Dental Project  
 WIC Furthering Obesity Prevention  
 WIC Increasing Newborn Health  
 WIC Promotion of School Readiness  
 WIC Risk Prevention Early Childhood Obesity  
 Wildlife Rabies Project  
 Women Infants & Children (WIC)  
 Women's Interagency HIV Study  
 Worksite Wellness of Los Angeles  
 Youthbuild

## Letter from the Chairman & CEO



Azhar K. Qureshi, MD, MBA, MPH, DrPH  
 Chairman



Gerald R. Solomon, JD  
 President & CEO

In the midst of increased accountability, increased competition for an ever limiting funding stream, and a heightened demand for even greater scrutiny and transparency, Public Health Foundation Enterprises, Inc. (PHFE) exemplified the best the sector has to offer. 2006-07 represented the sixth consecutive year of successful growth and opportunity in building capacity for its public health programs to make a difference in the lives of people and communities.

PHFE's continued success is much more than simply increasing efficiencies and performance metrics, which can be readily seen upon viewing the financial graphs in this report. Rather, PHFE's success is directly attributable to the Board of Directors and Executive Management's collaborative approach to leadership. By defining a shared vision and implementing the requisite action steps necessary for its attainment, PHFE is an organization that believes in its core values, and in particular, its people.

Government, foundations and nonprofit organizations from around the country have come to understand that PHFE provides a business model approach to the management of programs that concentrates on such concepts as resource leveraging, scattered expenses ratios, performance metrics as a basis for employee recognition and compensation, and other positive approaches that have historically not been a part of this sector. PHFE has demonstrated that operational processes can be streamlined, that efficiencies can be measured, and that management of the bottom line can be accomplished without sacrificing program outcomes.

PHFE has demonstrated for its sixth straight year that its model improves scalability, reduces costs, allocates more dollars to program outcomes, and improves employee capacity and value, both empirically and functionally. Aligning mission, core values and appropriate business systems provides for an environment where resources can be optimized to positively impact society.

This annual report, and in particular, the stories it tells highlighting its programs, exemplifies the positive impact this model and approach has on making a difference. 2006-07 witnessed significant expansion due to increased demand for the diversity of quality management and direct consulting services that PHFE provides. The projects highlighted demonstrate that when disparate ideas and needs coalesce around a model that can provide infrastructure management at the highest of levels, capacity increases, substantive benefits are achieved, and sustainable impact can be reached.

Please take a moment to review this year's Annual Report. It represents the best of what can be accomplished when people with common values, vision and interests work together.

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# Better Health Information

## City of Philadelphia EMR Initiative

The City of Philadelphia recently began a challenging health information technology (HIT) initiative to convert its existing paper records system for City - provided medical services to an electronic medical record (EMR) system. The City needed to find a knowledgeable vendor to perform a business analysis for a truly unique EMR solution, spanning two very large, diverse, disconnected City agencies (the Department of Public Health and the Philadelphia Prisons System). After an exhaustive search, the City selected the Consulting Services Division of Public Health Foundation Enterprises (PHFE) as its partner.

The system is expected to support all health care services delivered by the Philadelphia Department of Public Health's eight health centers, nursing homes and assisted living facilities, as inpatient and outpatient services within the Philadelphia Prisons System. These two agencies provide the bulk of clinical health care services to the City's medically underserved, with almost 1,000,000 patient encounters annually. By converting to an electronic system, Philadelphia sought to streamline the tasks of maintaining patient care data and monitoring patient health, with the ultimate goal of improving the efficiency of patient care tracking within the City's population.

Assembling a team of seasoned public health professionals with the unique experience and knowledgebase that PHFE brought to the table is often difficult. Typically, health departments have two types of staff: traditionally trained public health professionals such as nurses, epidemiologists and sanitarians; and supporting staff including information technology professionals. These employees usually work within their respective realms and are not often cross-trained. PHFE Consulting Services offers staff with expertise in both disciplines. Having PHFE's highly specialized team in place to build requirements and help design the City's EMR solution freed the City of Philadelphia staff to focus on the demanding day-to-day activities of their public health and corrections programs. PHFE's team provided the City of Philadelphia with customized and high quality, yet affordable expertise.

PHFE's consultants were able to bridge both cultural and technical agency differences and cultural norms between the two powerful groups – a feat that City stakeholders were quick to recognize as a significant benefit of their partnership with PHFE. Once a common goal for the EMR implementation was identified, PHFE leveraged their understanding of both traditional public health as well as health informatics to quickly and efficiently conduct a comprehensive functional analysis, including diagramming workflows, identifying all system requirements, and assessing technology integration and interface needs. PHFE also prepared and issued an EMR Request for Information (RFI) and developed the City's Request for Proposal (RFP) to potential vendors. Ongoing workgroup and stakeholder sessions ensured that all key parties remained involved and fully participated throughout the process. The City deemed the EMR Analysis Project a success, and is issuing the PHFE-created RFP to qualified vendors with the intention to retain PHFE's services to help with implementation.

This is just one example of how PHFE has successfully partnered with a local agency to provide direct consulting services to make a difference. PHFE's consultants help build the capacity of public health departments in a targeted fashion, while promoting efficiency and cost-effectiveness. For more information on PHFE's Consulting Services, please visit [www.phfe.org](http://www.phfe.org) and click on the Consulting Services link.



## STATEMENT OF ACTIVITIES JUNE 30, 2007 (WITH COMPARATIVE TOTALS FOR 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUE &amp; SUPPORT</b>				
Governmental service contracts	\$ 98,355,978	-	98,355,978	\$ 85,812,289
Private contracts	4,827,710	-	4,827,710	4,147,337
Management fees	5,565,639	-	5,565,639	5,210,454
Administrative fees	2,106,700	-	2,106,700	1,557,832
Other income	328,583	-	328,583	143,185
Dividends and interest income	105,903	-	105,903	118,588
Unrealized gain (loss) on investments	(230)	-	(230)	(3,932)
Contributions	2,450	3,468,255	3,470,705	2,660,176
In-kind revenue	382,439	-	382,439	347,472
Restrictions released	2,329,028	(2,329,028)	-	-
<b>Total revenue, support &amp; restrictions released</b>	<b>114,004,200</b>	<b>1,139,227</b>	<b>115,143,427</b>	<b>99,993,401</b>
<b>EXPENSES</b>				
Program services	105,895,060	-	105,895,060	92,033,563
Support services	6,999,989	-	6,999,989	6,488,473
	112,895,049	-	112,895,049	98,522,036
<b>CHANGE IN NET ASSETS</b>				
	1,109,151	1,139,227	2,248,378	1,471,365
<b>NET ASSETS - beginning of year</b>	<b>4,057,318</b>	<b>936,635</b>	<b>4,993,953</b>	<b>3,522,588</b>
<b>NET ASSETS - end of year</b>	<b>\$ 5,166,469</b>	<b>\$ 2,075,862</b>	<b>\$ 7,242,331</b>	<b>\$ 4,993,953</b>

STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2007  
 (WITH COMPARATIVE TOTALS FOR 2006)

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,205,873	\$ 4,337,007
Contracts receivable, net	24,981,328	18,577,650
Agency funds receivable	737,278	1,326,037
Other receivables	22,058	10,219
Deposits and prepaid expenses	220,662	90,761
Investments	-	135,230
Property and equipment, net	3,090,266	3,072,981
<b>Total assets</b>	<b>31,257,465</b>	<b>27,549,885</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,130,198	\$ 2,544,453
Accrued payroll and related liabilities	7,061,074	5,235,828
Advance grantor payments	8,063,368	11,015,260
Accountability for program fixed assets	2,979,457	3,020,045
Agency funds payable	664,399	497,833
Deferred revenue	1,116,638	242,513
<b>Total liabilities</b>	<b>24,015,134</b>	<b>22,555,932</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	4,345,516	3,442,458
Designated:		
Building Fund	520,955	414,862
Operating reserve	299,998	199,998
	5,166,469	4,057,318
Temporarily restricted	2,075,862	936,635
<b>Total net assets</b>	<b>7,242,331</b>	<b>4,993,953</b>
<b>Total liabilities and net assets</b>	<b>\$31,257,465</b>	<b>\$ 27,549,885</b>



## Long Beach Network for Health

Recognizing the need for supporting health information exchanges (HIEs) sometimes referred to as Regional Health Information Organizations (RHIOs), Public Health Foundation Enterprises (PHFE), helped incubate the Long Beach Network for Health (LBNH), which was recently awarded one of nine Nationwide Health Information Network (NHIN) Trial Implementation contracts. LBNH piloted the Emergency Department (ED) Linkage Project with the goal of improving care for the thousands of patients who use local emergency rooms each year.

The ED Linkage Project provides a physician portal that is connected to patient data from three hospitals and two medical groups for the purpose of providing clinical data at the point of care in the emergency rooms. The members of LBNH now include HealthCare Partners Medical Group, The Institute of Community Pharmacy, L.A. Care Health Plan, Long Beach Department of Health and Human Services, Long Beach Memorial Medical Center and Miller Children's Hospital, Los Angeles County's Harbor-UCLA Medical Center, Los Angeles County Medical Association (District 3 – Long Beach), Memorial HealthCare IPA, Molina Healthcare, and SCAN Health Plan.

PHFE's key contribution was providing fiscal sponsorship services to incubate the program. A community project is driven by consensus and collaboration. LBNH was relieved of the burden of developing a corporate structure while simultaneously developing the strategies and funds required to fulfill its mission of "enabling quality healthcare – fostering healthy communities". As a result of PHFE's incubation services, LBNH was able to develop into a viable collaborative able to define its future and secure independent funding for its own sustainability. This led to their submittal of a successful proposal that resulted in an award of a three-year \$7.3M federal contract to participate in the Nationwide Health Information Network Trial Implementation project.

During the incubation period, PHFE consultants worked with LBNH volunteer staff to transform the organization's goals into tactical activities and recruited additional stakeholders to participate in the community collaboration. Once members were engaged, PHFE helped LBNH to establish a governance structure and implement workgroups. With the support of PHFE, LBNH is now an independent 501(c)(3) with its own community-based board of directors and corporate infrastructure.

"...PHFE brought a solid team of professionals to our project that were able to deliver a very high quality product that represented the views of all of our stakeholders' many and sometimes conflicting agendas"

*Jim White, Director, Program Management Office  
 City of Philadelphia Mayor's Office of Information Services*

# Higher Capacity

## Los Angeles County Medical Reserve Corps

In the wake of September 11, Dr. Raymond Goodman recognized that the Los Angeles community needed a system to deploy backup emergency response personnel following disasters such as terrorist attacks, earthquakes, fires or other life threatening community emergencies. Dr. Goodman recognized that providing such a solution in Los Angeles County would be a daunting task. Los Angeles County is the most populous region in the nation, is extremely expansive geographically, and is over-burdened in trying to meet the health care needs of its citizens. Recognizing that these unique factors called for a unique solution, Dr. Goodman suggested an idea to the Los Angeles County Department of Public Health (LACDPH) – recruit retired physicians and nurses into an on-call medical reserve corps that could supplement the existing public health and health care infrastructures in times of emergency.

With Public Health Foundation Enterprises' administrative support behind him, Dr. Goodman partnered with the LACDPH to establish the Los Angeles Medical Reserve Corps (LAMRC). PHFE provided an array of critical services ranging from its nonprofit 501(c)3 status needed to secure grant funding, to a comprehensive set of back office fiscal services. With PHFE handling the administrative infrastructure, Dr. Goodman and his colleagues at the Department of Public Health were free to focus on recruiting and training volunteers, as well as developing the community partnerships that would integrate the LAMRC into the county public health infrastructure. To date, over 500 volunteers have enlisted in the LAMRC, and the organization has been officially recognized by the United States Office of the Surgeon General as a community-based, volunteer unit that supplements existing community emergency response systems. In 2004, Dr. Goodman's work was recognized by Homeland Security Secretary Tom Ridge.

In addition to recruiting volunteers and developing protocols for mobilization, alerts and deployment, the LAMRC established an Interfaith Bereavement Council ensuring diverse representation. Over 100 religious institutions sent volunteers. A further educational component of the LAMRC consists of county wide public education programs on disaster preparedness.

The success of the LAMRC is the result of many partnerships with state and local government agencies, educational institutions, health care providers, emergency providers and community-based organizations, including but not limited to: the LACDPH, the California Medical Association, various LA County local fire departments, the American Red Cross of Greater Los Angeles and the Citizens Emergency Response Team (CERT). Thanks to the administrative incubation support provided early on by PHFE, the Los Angeles Medical Reserve Corps is now an official program of the Los Angeles Department of Public Health, poised and ready to react in the unfortunate event of a disaster.

“PHFE is the solution for public health agencies with limited resources, complex, time sensitive projects, and a need for immediate, high quality administrative support. The speed at which they can get projects up and running is unparalleled.”

*Raymond Goodman, MD*

Revenues and Fees Per FTE Employee



Revenue growth alone fails to measure true organizational performance. When viewed in conjunction with operational costs and optimizing resources, a more comprehensive view of the organization's health unfolds. Public Health Foundation Enterprises' (PHFE) Board and Management team, working together, have steadfastly remained committed to building organizational capacity based upon an efficient sustainable growth model that allows it to better meet its mission driven goals. Examining revenues and fees per FTE offers a healthy barometer to such efficiency. Revenue per employee improved by 2.74% from the previous year, and has grown from \$104,824 in 2004 to \$140,821 this year, an improvement of 34.34% over the past three years. PHFE's goal is to maintain such efficiencies recognizing that smoothing will no doubt occur over time. In order to continue to expand the business base, additions to the support staff are often needed prior to the materialization of the full impact of the expected revenues.

## The Next Stage of Growth

### Growth in Net Assets and Financial Strength



During 2006 - 2007 Public Health Foundation Enterprises' (PHFE) Net Assets grew by \$2,248,378 to \$7,242,331, maintaining a year-to-year impressive continuation of growth leading to further capacity and sustainability as an organization. Since current Management arrived in early 2002, the Unrestricted Net Assets have increased by \$4,522,160 with this year alone representing nearly one half of that increase. The result of Management's commitment to consistent and sustainable growth has been the reduction of the leverage position by more than 50% to less than 300% and an improvement of overall organizational liquidity. PHFE's financial position is the strongest that it has been in more than twenty (20) years as management has diversified its programs by type, geographic concentration and has developed new income niches that are more profitable and continues to build upon added new core competencies. This improvement in PHFE's financial stability represents the achievement of goals and objectives set five years ago, building confidence on the part of clients, while earning the public's trust demonstrated through prudent planning, effective implementation and dedication to its mission.

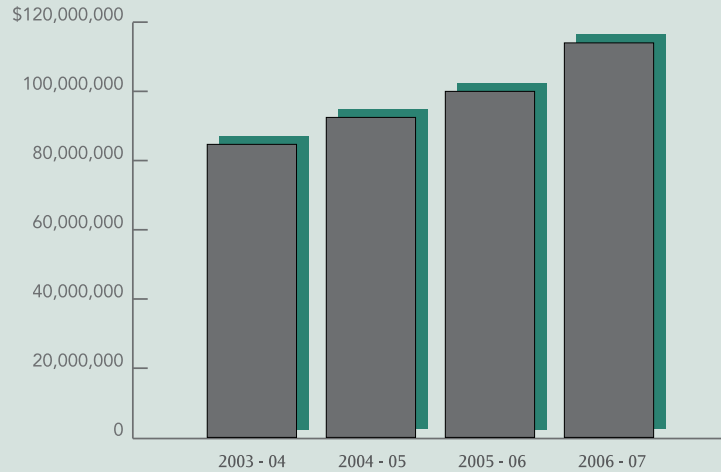
### INDEPENDENT AUDITORS' REPORT To the Board of Directors of Public Health Foundation Enterprises, Inc. (dba PHFE Management Solutions) (PHFE) A California Non-Profit Corporation City of Industry, California

We have audited the accompanying statement of financial position of Public Health Foundation Enterprises, Inc. (dba PHFE Management Solutions) (PHFE), A California Non-Profit Corporation, as of June 30, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of PHFE's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the PHFE financial statements and, in our report dated October 24, 2006, we expressed an unqualified opinion on those financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PHFE's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 PHFE as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2007 on our consideration of PHFE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit. Our audit was performed for the purpose of forming an opinion on the basic financial statements of PHFE taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, respectively, and is not a required part of the basic financial statements. Such information was prepared according to the accounting principles used for the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

November 5, 2007  
Vasin, Heyn & Company

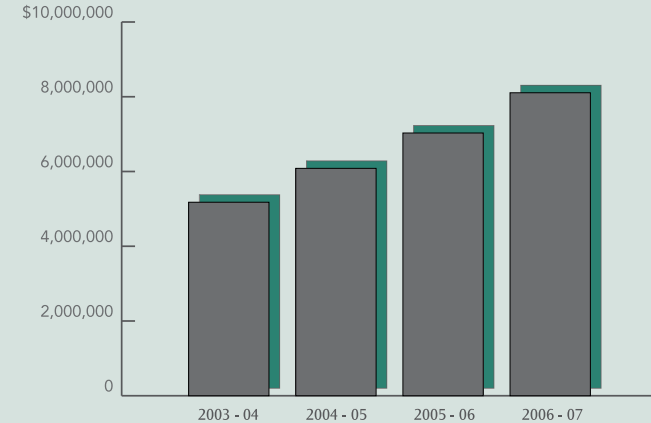
### Program Revenues, Support Services & Restrictions Released



Public Health Foundation Enterprises' (PHFE) sustained revenue growth is attributable to many factors. PHFE's traditional fiscal sponsorship activities continue to serve as the organization's flagship service. In addition, PHFE's Consulting Services Division has moved the organization onto a national landscape with significant geographic expansion to over 30 states by expanding service capabilities through direct services consulting to government agencies and nonprofit organizations. As public health is asked to do more with less, local public health departments turn to PHFE to assess, develop and manage a broad range of activities from traditional grants management to personnel management to informatics consulting. 2006 - 2007 witnessed a 14.01% or \$14,010,799 increase in program revenues to \$114,004,200, an unprecedented height in the organization's thirty-nine (39) year history.

## Strength & Consistency

### Indirect Management, Administrative Fees, Interests & Other Income



2006 - 2007 represented a fifth consecutive growth year for Public Health Foundation Enterprises (PHFE). Total income from all sources amounted to \$8,106,825, a 15.32% increase over the preceding year's results. This marked the largest incremental numeric increase in the history of the organization. As represented by the graph, income has increased by \$2,929,275, a compounded annual growth rate of slightly more than 16%. With the implementation of new technologies and systems migrations, PHFE continues to improve its delivery system and provide for a more efficient utilization of core administrative staff. As a percentage of the revenue base, income has grown in each of the last four years from 6.11% in 2004 to 7.11% this year due to the expansion of business models into the consulting services division, as well as a broadening of overall skill sets and more efficient use of organizational resources.