

DEDICATED TO A HEALTHIER KANSAS

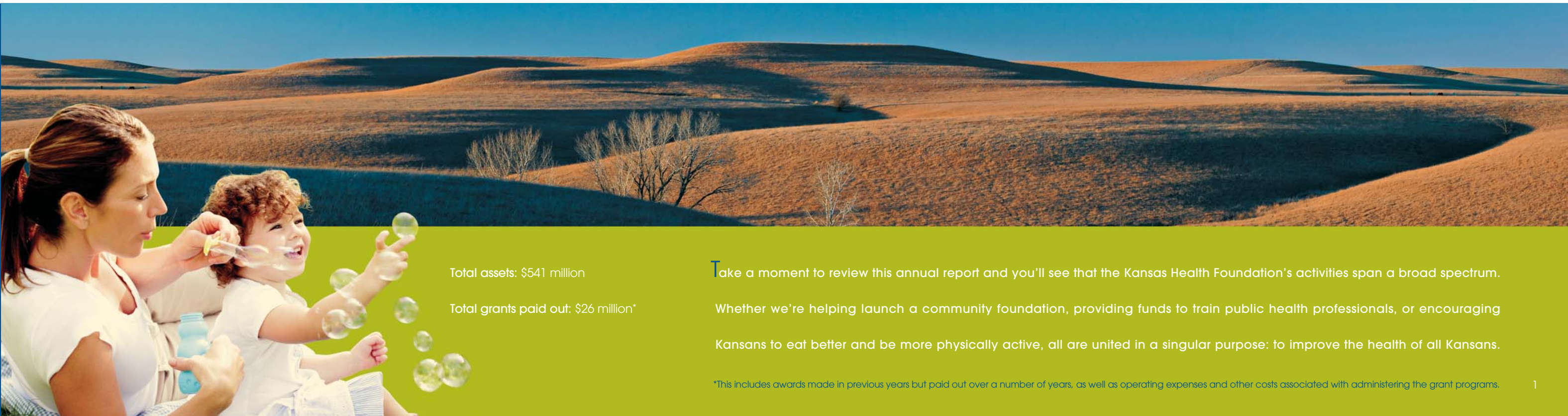


Kansas Health Foundation

2006 & 2007 ANNUAL REPORTS

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Total assets: \$541 million

Total grants paid out: \$26 million*

Take a moment to review this annual report and you'll see that the Kansas Health Foundation's activities span a broad spectrum. Whether we're helping launch a community foundation, providing funds to train public health professionals, or encouraging Kansans to eat better and be more physically active, all are united in a singular purpose: to improve the health of all Kansans.

*This includes awards made in previous years but paid out over a number of years, as well as operating expenses and other costs associated with administering the grant programs.

F R O M T H E B O A R D

For more than 20 years the Kansas Health Foundation has been proud to serve the people of Kansas as a private philanthropy. From our roots as the Wesley Foundation up to this day it has been a pleasure to partner with individuals, organizations and communities across the state.

Through the years we've seen many changes throughout the state, a great majority of them positive changes that made a significant difference in the quality of life we enjoy as Kansans. Now, the Foundation itself is also undergoing changes and entering a new era. The board of directors, of which I'm honored to serve as chair, is currently conducting a search to find a new president and CEO for the organization. In collaboration with the search firm EFL Associates, based in Kansas City, we will be working to find an individual capable of leading the Foundation into the future.

You may also notice a few changes as you review this report. Through this annual report, we hope to give the public a better understanding of who we are and what we do. A summary of how the Foundation works, a financial report covering the past two years and an outline of the principles that guide our work are all included. We're also pleased to present listings and descriptions of the major grants and initiatives approved by the board of directors in 2006 and 2007.

Even as we move forward, we're still deeply committed to continuing our work to help generation after generation live healthier, happier lives. We truly wish to be statewide in our focus. We will always strive to be transparent and accountable in our grantmaking. We want to ensure that we're distributing our assets in a responsible manner and allocating funds to projects that do the most good for the greatest number of people.



It is a privilege for us to be in the business of philanthropy, and we look forward to many more years of furthering our mission to improve the health of all Kansans.

Sincerely,
Ronald W. Holt
Chair, Board of Directors



THE FOUNDATION



Using a proactive, strategic grantmaking approach, the Foundation seeks opportunities to invest its resources in people and projects that meet its mission within the framework of four program categories:

Children's Health: Working to create an environment that puts children first so they can grow up to be healthy, tolerant, thoughtful and contributing adults.

Public Health: Working to strengthen and connect the critical components of the public health system, educate Kansans about public health and address health issues in the state.

Leadership: Working to nurture leaders who engage individuals, mobilize communities and transform organizations.

Policy: Working to provide the information and skills necessary for officials and engaged citizens to make effective decisions.

The Kansas Health Foundation is a private philanthropy dedicated to improving the health of all Kansans. The Foundation's largest growth came from the sale of Wesley Medical Center in 1985. First known as the Wesley Foundation, it was renamed the Kansas Health Foundation in 1991. Today, the Foundation's assets total nearly \$541 million with approximately \$26 million paid out annually.

The Kansas Health Foundation follows the basic tenets of philanthropy, which are to make change possible and improve humankind. As a result, the Foundation takes a long-range view, investing where the most good can be done for the greatest number of people.

The Foundation manages and invests its assets in fiscally responsible ways so the funds may be used in perpetuity for future generations of Kansans. It targets its grantmaking in two ways:

By working with established systems in the state, such as state and local health departments, universities and school districts.

By working with communities, where diverse voices and organizations working together can tackle complex health problems.

Based on the Foundation's principles, major initiatives are developed and, with partners, implemented to achieve the goals of the Foundation. This proactive approach generally is accomplished in one of two ways:

The Foundation may issue a request for proposal, whereby an announcement is sent to an identified group of organizations who then respond based on their interest and ability.

The Foundation may use an invited process, in which a single organization is invited to apply for funding based upon an identified need.

How are unsolicited requests considered?

Recognition Grants: This competitive grants program is open to any nonprofit organization doing innovative work that fits within the Foundation's mission to improve the health of all Kansans. These grants are awarded during two cycles, with application deadlines each year of March 15 and Sept. 15. More information and an application are available at www.kansashealth.org.

Letters of Inquiry: Letters of inquiry are accepted from nonprofit organizations that have a program that fits within the Foundation's strategic plan. More information is available at www.kansashealth.org.

G R A N T S



The following grant descriptions detail the major initiatives approved by the Kansas Health Foundation Board of Directors in 2006 and 2007. Most of the grants are multi-year commitments, commencing in 2006 or 2007, with the funds distributed throughout the grant's duration. For a complete list of all 2006 and 2007 Foundation grants, including recognition grants, please visit www.kansashealth.org.

GROW II (Giving Resources to Our World) Amount: \$30,000,000 Term: 10 years

The GROW (Giving Resources to Our World) Healthy Kansas Initiative is designed to assist in the start-up and funding of community foundations throughout the state of Kansas. Originally funded in 1999, the initiative now has active participation from 12 community foundations across Kansas. By strengthening the network of community foundations, the Foundation expects to build local philanthropic leaders and resources that will result in long-term, sustained health improvements throughout Kansas communities. Previous grants from the Foundation have provided a series of financial and technical support services to the community foundations, including matching funds for new general-operating support gifts and new endowment gifts.

To date, the Foundation has seen great progress from the participating community foundations. At the beginning of the program the 12 participating community foundations had assets of approximately \$19 million. As of December 2007, that number had jumped to more than \$77 million, as the Foundation's investment helped leverage approximately \$38 million in endowed assets to these community foundations. This new 10-year grant commitment will be used to expand the number of participating community foundations, as well as to encourage the regionalization of existing community foundations when appropriate.

Kansas Health Institute – Core Support Amount: \$30,000,000 Term: 10 years

This grant provides continued core support funding for the Kansas Health Institute, an independent, nonprofit health policy and research organization based in Topeka. The Institute, originally created via a Foundation grant in 1994, has become a well-respected entity providing research analysis and assistance to policymakers in Topeka and in communities across the state. These services help to provide decision-makers with objective information so they can make informed decisions affecting the health of Kansans. Funding from this grant will allow the Institute to continue its work and maintain its quality efforts in research and

education on key health issues. The 10-year commitment of this grant will provide long-term stability for the Institute, as well as reflect the important role the Institute plays in the Foundation's long-term goals.



Nutrition and Physical Activity Project Expansion *Amount: \$2,505,000 Term: 4 years*

This project seeks to continue improving the value Kansans have for two important health behaviors – nutrition and physical activity, both of which directly impact several of the leading causes of death and disability, such as heart disease, cancer and diabetes. Specifically, this initiative is designed to 1) increase Kansans’ good nutrition habits, 2) decrease sedentary lifestyles, 3) increase awareness about positive health behaviors related to good nutrition and physical activity, and 4) increase the capacity of community foundations to serve as catalysts for community change.

Funds from this grant will be used to expand the work being done with community foundations around the state in designing and implementing grassroots programs to help increase positive nutrition and physical activity habits. Four communities are currently involved with this project, and the Foundation will work with four additional community foundations – bringing the total number to eight – to coordinate these community programs. Funds will also be used for an evaluation to assess the success of the project in meeting each of the initiative’s four outcomes.

Secondhand Smoke Community Campaign *Amount: \$1,500,000 Term: 2 years*

The Foundation has long identified tobacco as an area of focus, beginning with a 1994 partnership with the Robert Wood Johnson Foundation for a statewide tobacco prevention and control program. Other efforts have included funding for the Tobacco Free Kansas Coalition and the launch of the Emmy Award-winning “Let’s Take It Outside” marketing campaign. In that spirit, this grant will fund a new community-level public awareness campaign designed to build on the momentum of previous tobacco-related initiatives. This campaign will be developed with the intent to target up to eight individual communities with messages centering on the health risks associated

with secondhand smoke. A 2006 United States Surgeon General’s report reinforced the dangers of secondhand smoke, including increased risk of heart disease and lung cancer. This campaign will allow the Foundation to continue developing public awareness on this issue and to re-energize public discourse on this topic.



Public Health System *Amount: \$2,622,500 Term: 3 years*

The Foundation has worked for more than 15 years to help build a strong public health system in Kansas that's able to protect, promote and improve the health of all Kansans. In Kansas, the public health infrastructure consists of a statewide agency, the Kansas Department of Health and Environment (KDHE), as well as a network of 99 county health departments and other governmental organizations. Non-governmental organizations also play a role at the community level. With additional funding, the public health system is better able to provide much-needed training and professional development for its workforce.

The primary purpose of this grant is to continue the Foundation's history of providing funds for quality continuing education and training for public health professionals, thereby contributing to a strong, stable and qualified public health workforce. Funds from this grant will be used to provide technical assistance to bolster organizations within the public health system. Additionally, funds will be used to continue the Kansas Public Health Leadership Institute, a program focused on improving leadership skills within the public health workforce in order to strengthen the public health infrastructure and reduce health disparities in Kansas in the future.

Community Health Project – Interns *Amount: \$900,000 Term: 5 years*

The Foundation has a strong history of working to improve the quality and quantity of primary care education in Kansas. The Community Health Project Interns program supports students from the University of Kansas medical school, as well as students from other health professions, so they can be exposed to a wide range of health disciplines. For 14 years the Foundation has funded this program, which allows medical students and students in public health, nursing, occupational therapy and health administration the opportunity to work in public health and social service agencies throughout Kansas for the summer. By working

with these grassroots health agencies, students will have hands-on experience working with people and services with which they might never have otherwise developed a relationship. The Community Health Project is an ongoing effort designed to provide a well-rounded experience for future practitioners – one that allows them to focus on community resources and environmental conditions in their efforts to care for individuals. The course is designed to complement required course work with a clinical experience. To date, more than 370 students have participated in the project.



Tobacco Free Kansas Coalition – Core Support *Amount: \$800,000 Term: 3 years*

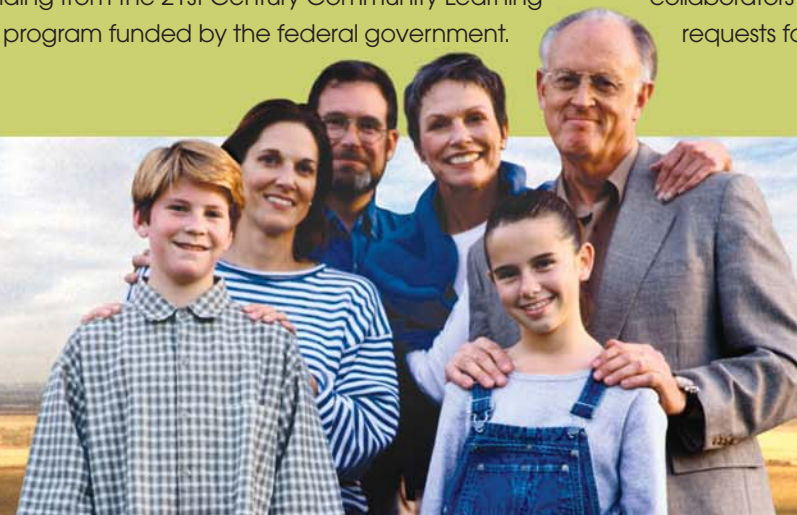
This grant will provide continued core support funding for the Tobacco Free Kansas Coalition, an organization whose mission involves reducing the prevalence of tobacco use and addiction and decreasing the negative health and economic impact of the use of these products. Research has shown that tobacco is the number one preventable cause of death, both nationally and in Kansas. The Coalition works statewide to foster an environment, through policy change, that creates smoke-free places and discourages tobacco use. As part of its work, the Coalition provides on-

site technical assistance to communities interested in educating their citizens about the dangers of secondhand smoke. The Foundation's relationship with the Coalition dates back to the "Let's Take It Outside" public awareness campaign. Providing support to this organization will continue the Foundation's work to protect the public, especially children, from the dangers of tobacco products. Continued funding of the Coalition will allow the organization to build on previous efforts at the state and local levels.

Grant Writing Assistance for Kansas Organizations *Amount: \$375,000 Term: 3 years*

This project will provide grant writing assistance, through the University of Kansas, to school districts, communities and state agencies, increasing the likelihood for additional federal funding and national philanthropic grant dollars coming into Kansas. Since 1999, the Foundation has provided funding for grant writing assistance to schools and other nonprofit organizations in an effort to better position these groups to remain competitive for key funding dollars. The initial phase of this grant writing assistance was focused primarily on obtaining funding from the 21st Century Community Learning Centers (CCLC) program funded by the federal government.

Using this assistance, Kansas nonprofit organizations received 52 grants totaling more than \$62 million. Due to the competitive nature of these grant programs, organizations must submit impressive and professional proposals just to be considered. Without training and assistance, many Kansas nonprofits would be unable to compete successfully for these important grant dollars. Services provided through this assistance include grant writers assisting agencies in becoming aware of grant opportunities, bringing together key collaborators to work on the grant proposal and helping to develop requests for proposals for federal or philanthropic grants.



2006 FINANCIALS

KANSAS HEALTH FOUNDATION Balance Sheet (\$000's) December 31, 2006 (Unaudited - accrual basis)

Assets	
Cash and investments (Note 1)	\$ 521,994
Receivables	931
Other assets	4,844
.....	<u>\$ 527,769</u>
Liabilities and Net Assets	
Liabilities:	
Payables, accrued expenses and deferred taxes	2,921
Grants payable (Note 2)	26,557
Total liabilities	29,478
Net Assets	498,291
.....	<u>\$ 527,769</u>
Commitments (Note 3)	

KANSAS HEALTH FOUNDATION Statement of Activity and Changes in Net Assets (\$000's) Year Ended December 31, 2006 (Unaudited - accrual basis)

Revenue	
Investment income	\$13,806
Net realized and unrealized gains on investments	57,425
Investment management expenses	(2,218)
Other income	233
Total revenue	<u>69,246</u>
Program grants:	
Grants approved (Note 2)	39,684
Grant refunds/write-offs	(376)
Total program grants	<u>39,308</u>
Operating expenses:	
Charitable activities and grants administration	3,217
Excise taxes and other expenses	1,113
Total operating expenses	<u>4,330</u>
Increase in net assets	25,608
Net assets, beginning of year	472,683
Net assets, end of year	<u>\$ 498,291</u>

KANSAS HEALTH FOUNDATION Statement of Amounts Paid for Charitable Purposes (\$000's) Year Ended December 31, 2006 (Unaudited - cash basis)

Grants paid (Note 2)	\$20,684
Disbursements for charitable activities and grants administration (Note 2)	3,407
Total amounts paid for charitable purposes	<u>\$24,091</u>

KANSAS HEALTH FOUNDATION Notes to Financial Statements Year Ended December 31, 2006 (Unaudited)

- (1) Cash and Investments
Cash and investments are presented at estimated fair value in the accompanying balance sheet. A summary of cash and investments follows:
- | | |
|----------------------------------|-------------------|
| | (\$000's) |
| Cash and cash equivalents | \$7,567 |
| Fixed income investments | 115,690 |
| Equity investments | 398,737 |
| Total cash and investments | <u>\$ 521,994</u> |
- (2) Grants Approved and Payable
The Foundation prepares its financial statements on the accrual basis of accounting. In the accompanying balance sheet and statement of activity, grants approved are recorded as expenses and liabilities when the Foundation has an obligation to transfer assets to a grantee. Grants are recorded based on the discounted present value of estimated future cash flows, discounted at a market rate of interest. Grants may be paid out over a number of years.
- (3) Commitments
As of December 31, 2006, the Foundation Board of Directors had authorized grants (in excess of grants payable) totaling approximately \$94.7 million.



2007 FINANCIALS

KANSAS HEALTH FOUNDATION Balance Sheet (\$000's) December 31, 2007 (Unaudited - accrual basis)

Assets	
Cash and investments (Note 1)	\$ 535,378
Receivables	865
Other assets	4,937
.....	<u>\$ 541,180</u>
Liabilities and Net Assets	
Liabilities:	
Payables, accrued expenses and deferred taxes	3,295
Grants payable (Note 2)	22,468
Total liabilities	25,763
Net Assets	515,417
.....	<u>\$ 541,180</u>
Commitments (Note 3)	

KANSAS HEALTH FOUNDATION Statement of Activity and Changes in Net Assets (\$000's) Year Ended December 31, 2007 (Unaudited - accrual basis)

Revenue	
Investment income	\$16,063
Net realized and unrealized gains on investments	26,336
Investment management expenses	(2,348)
Other income	352
Total revenue	<u>40,403</u>
Program grants:	
Grants approved (Note 2)	26,588
Grant refunds/write-offs	(7,336)
Total program grants	<u>19,252</u>
Operating expenses:	
Charitable activities and grants administration	3,441
Excise taxes and other expenses	584
Total operating expenses	<u>4,025</u>
Increase in net assets	17,126
Net assets, beginning of year	498,291
Net assets, end of year	<u>\$ 515,417</u>

KANSAS HEALTH FOUNDATION Statement of Amounts Paid for Charitable Purposes (\$000's) Year Ended December 31, 2007 (Unaudited - cash basis)

Grants paid (Note 2)	\$23,413
Disbursements for charitable activities and grants administration (Note 2)	3,584
Total amounts paid for charitable purposes	<u>\$26,997</u>

KANSAS HEALTH FOUNDATION Notes to Financial Statements Year Ended December 31, 2007 (Unaudited)

- (1) Cash and Investments
Cash and investments are presented at estimated fair value in the accompanying balance sheet. A summary of cash and investments follows:
- | | |
|----------------------------------|-------------------|
| Cash and cash equivalents | \$7,278 |
| Fixed income investments | 130,094 |
| Equity investments | 398,006 |
| Total cash and investments | <u>\$ 535,378</u> |
- (2) Grants Approved and Payable
The Foundation prepares its financial statements on the accrual basis of accounting. In the accompanying balance sheet and statement of activity, grants approved are recorded as expenses and liabilities when the Foundation has an obligation to transfer assets to a grantee. Grants are recorded based on the discounted present value of estimated future cash flows, discounted at a market rate of interest. Grants may be paid out over a number of years.
- (3) Commitments
As of December 31, 2007, the Foundation Board of Directors had authorized grants (in excess of grants payable) totaling approximately \$68.2 million.



P R I N C I P L E S

The Kansas Health Foundation is a private philanthropic organization dedicated to improving the health of all Kansans. First and foremost, we believe in people. We believe that by working with others, we can make a difference in the health and lives of Kansans.

As a philanthropy, we have both a privilege and a responsibility to engage in the strategic business of grantmaking with the ultimate purpose of improving humankind. We are able to do this work because we are an independent voice, responsible to the people of Kansas.

We pledge to be mindful of our financial resources and to be good stewards in the allocation of these funds for work that benefits Kansans. Our resources, both human and financial, will be used in long-term, systematic ways that result in the improved health status of Kansans.

We strive always to be better grant makers by listening and by bringing people together around a common vision for a healthy future. Our commitment is to provide leadership, and leadership opportunities, so the people of Kansas can continue to be proud to call this state their home.

We are motivated in our work by the potential of future generations. The children of Kansas should be able to achieve their full potential, to grow up to be healthy, caring, thinking, tolerant, resilient and contributing adults. Above all, we pledge to do our work in ways that allow us to be good ancestors for generations to come.

B O A R D & S T A F F

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Note: All landscapes depicted were photographed in Kansas.

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Kansas Health Foundation

Dedicated to Improving the Health of All Kansans

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