Community Partners continue to help us help others

Thanks to Union Bank who sponsored Legoland’s Special Halloween Event. As sponsors, they were asked to name a nonprofit to receive all the coins from their fountains and free tickets to Legoland. They named Neighborhood Healthcare and we benefited in many ways. Mother and daughter team, Leslie and Rebecca McElvea, volunteered to clean the coins. After 4 months of cleaning 27 buckets of coins, they deposited over $6,000 into our bank account! Additionally, close to 500 Neighborhood Healthcare’s patients were able to spend the day at Legoland and these families made a day of it. Thanks Legoland and Union Bank for all the smiles and fun your generosity created!

Valued Volunteers

This year at our annual Pace Setter Gala, we honored George and Susan Niece for their continual commitment to Neighborhood Healthcare. Before they moved to Minnesota, they were very active volunteers. Now they fly back to California every year for the event. The Nieces are very much a family, bringing two generations of Nieces to the event.
Everybody wants to feel good, to constantly experience a wonderful vibrant, healthy sensation in body and mind. But consistently feeling good involves more than taking an aspirin for a headache, or seeing your doctor when a serious health problem arises. Many people consider Neighborhood Healthcare to be a treatment center, a place to come when they aren't feeling good. And, when you’re sick, do not hesitate to see us! However, we believe our most important role is to help our neighbors avoid becoming ill in the first place.

The prenatal exams we provide are essential to the health of both mother and child. We try to make it as easy as possible for parents to bring children in for regular checkups. Our medical staff encourages periodic exams for adults at risk of particular diseases. We provide dental care that prevents serious oral and other physical ailments. Affordable behavioral health counseling helps people cope with life’s inevitable problems in a positive manner, and avoid resorting to drugs, alcohol, or violence.

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And, through community health programs, we strongly encourage people to develop a lifestyle based on healthy choices. We offer education and intervention programs related to healthy eating, overall physical fitness, maintaining a healthy weight, teen issues and taking care of your teeth.

Some 65,000 people a year make more than 231,000 visits to Neighborhood Healthcare centers. Our Chief Medical Officer, Dr. James Schultz, estimates that as many as 50% of those visits would not be necessary if the individuals and their families had made different lifestyle choices over the years.

Tobacco, alcohol, and drugs are obvious causes of illness. But food choices and exercise are other important health considerations. Dr. Schultz, in our monthly health column for the North County Times, wrote, “It has become too easy to get calories, and too hard to expend them. Without trying at all, in today’s American society, most of us will become obese and many of us will get diabetes.”

Changing the habits of one’s lifestyle is hard – perhaps the hardest thing in the world to do. However, we at Neighborhood Healthcare are here to support positive changes in your life. The following pages address what we are doing in this area, and in other community-based programs that include dental care, general health care, and behavioral health for individuals who otherwise might not be served.

This year’s accomplishments: We opened two new health centers in 2007-2008. In Escondido, a beautiful center opened in April 2008 focusing on the needs of older adults. In Temecula a health center opened in October 2007 offering primary health care and behavioral health/counseling services thus allowing us to convert our original Temecula health center into a women’s center focusing on prenatal and women’s needs. Dental services were added to our rural Pauma Valley location in July 2008, providing dental care to a population that had no dental resources. Our large El Cajon health center is in the middle of a major expansion/renovation project scheduled for completion in April 2009.

Looking to the future: Through the generous donation from the Alan Gold family we were able to purchase land in Poway to build a health center to serve Poway, Rancho Penasquitos and Rancho Bernardo. This area has pockets of low income residents with no access to affordable health care.

Because of the increasing complexity of providing quality medical care to a patient population that often has complex and chronic medical problems, it is essential to have state of the art health information technology. Our strategic plan for 2009-2010 moves us towards implementation of an electronic health record system as part of an overall plan to utilize information technology as a basis for improving quality of care for all patients of all ages.

Tracy Ream, MPH
Neighborhood Healthcare CEO
Ray M. Dickinson
Wellness Center

425 N. Date Street, Escondido, CA

• Opened in 2000 in Escondido in partnership with Interfaith Community Services to provide a wide spectrum of complementary services

• The Smile Shop provides essential dental care for children, the indigent and the homeless. Our pediatric dentist provides that extra caring for infants and small children with advanced dental disease

• Community health education & wellness programs include Kaiser Permanente’s KP-KIDS childhood obesity intervention, Latino senior outreach to identify monolingual Latino seniors at risk for depression and abuse, social support group for seniors, support groups for diabetics, parenting classes, STD/HIV testing and counseling, & yoga classes

• Homeless services include housing, dental and behavioral health care

• The behavioral health department takes a holistic approach to providing counseling & psychiatric services that includes provision of primary health care within the context of behavioral health care

460 E. Elm Street
Escondido, CA

• Our flagship health center opened in 1969 and moved to this location in 1991

• This is our largest and busiest health center seeing over 16,000 people a year in over 44,000 visits.

• Services include primary care provided by physicians, nurse practitioners and physician assistants.

• Speciality clinics are offered for Sports Medicine and Childhood Asthma

• Project Dulce diabetes self-management program helps high-risk diabetics take control of their disease

• Behavioral health services are provided on-site by a specially trained therapist who works with the primary care provider to help patients with medical issues negatively impacted by behavioral issues such as lifestyle choices

215 S. Hickory Street
Escondido, CA

• Our Women's Center, which first opened in 1994 in Escondido, moved this year to a larger location in order to provide more comprehensive services

• Services include primary care for women, family planning and cancer detection services

• 6,000 women come through our doors every year

426 N. Date Street
Escondido, CA

• In a move towards offering services at the same location, a one-stop-shop pediatric and prenatal care center was opened in 2007

• 3,600 children and 1,500 women receive care each year

• This combined center allows pregnant women to receive their prenatal care plus meet their child’s pediatrician before delivery

• Because the new moms bring their infants in for their initial pediatric visit at the same location as they received their prenatal care, the rate of new moms also scheduling their post partum visit with their nurse midwife has significantly increased

1001 E. Grand Avenue
Escondido, CA

• NEW HEALTH CENTER opened April 2008

• This is our newest health center specializing in caring for adults, ages 50 and older

• Geriatricians and nurse practitioners provide specialized care and a compassionate staff with experience in dealing with adult issues provide support

• Behavioral health services and psychiatric medication management are provided on-site by a specially trained Physician/Psychiatrist

• It is anticipated that almost 7,000 adults will be seen annually

• A grant from Alliance Healthcare Foundation allowed us to assess adult needs resulting in special programs for our patients

• HIV treatment is provided in a confidential and caring manner

An Association with Neighborhood Healthcare is an Association with Excellence.
Neighborhood Healthcare has eleven health centers throughout San Diego and Riverside counties.

Neighborhood Healthcare
~Pauma Valley~
16650 Highway 76
Pauma Valley, CA
- In response to community efforts this rural health center was opened in 1998 in an area were there were no other health care services offered
- Primary, pediatric and prenatal care are provided to 1,700 community members, and include many agricultural workers
- A long-standing partnership with San Diego Migrant Education assures all children of local migrant workers receive needed health and dental care
- In 2008, a dental department was opened that greatly increased access to care in this underserved area that had previously had NO dental services

Neighborhood Healthcare
~El Cajon~
855 E. Madison Avenue
El Cajon, CA
- Opened in 1994 by East County Health Services, the El Cajon health center merged with Neighborhood Healthcare in 2002
- Over 10,000 people access the full spectrum of care including primary, pediatric, prenatal and behavioral health/psychiatry
- This site is in the process of an expansion/remodel that will add treatment rooms and a full pharmacy
- In 2008 we began providing behavioral health services on-site as an integral component of primary care
- Project Dulce diabetes self-management program helps high-risk diabetes take control of their disease
- KP KIDS childhood obesity program is offered
- A teen pregnancy prevention program addresses key issues in this designated high risk area for teen pregnancies

Neighborhood Healthcare
~Lakeside~
MEDICAL
10039A Vine Street
Lakeside, CA
- Opened in 1994 by East County Health Services, the Lakeside health center merged with Neighborhood Healthcare in 2002
- This small town health center provides primary, pediatric and prenatal care for 3,600 community members
- We have the only pediatric services in town

Neighborhood Healthcare
~Temecula~
41002 County Center Drive, Suite 310
Temecula, CA
- Neighborhood Healthcare took over operation of this Riverside County health center in 1996 that is co-located by the Riverside County Department of Public Health to serve as the hub for educating the community during disasters
- A teen pregnancy prevention program works with at-risk teens

Neighborhood Healthcare
~Winchester Road~
41715 Winchester Road
Temecula, CA
- NEW HEALTH CENTER
opened October 2007
- Opened due to the overwhelming need for additional primary care services and behavioral health services
- In the first year of operation, 5,300 patients received care
- The new location includes classroom and group space, allowing us to expand our health education programs to include Project Dulce diabetes management program
- Through telepsychiatry, behavioral health patients can meet with our Escondido-based psychiatrist for medication management, saving both time and money
- Project Dulce diabetes self-management program helps high-risk diabetics take control of their disease
- Much needed behavioral health services are offered to include counseling and medication management through telepsychiatry

Healthcare is an Association with Excellence.
We increased the number of patient visits by 12,328, resulting in an additional 4,100 new patients receiving medical, dental and behavioral health care.

### Annual Patient Visits: Growth

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>44,268</td>
<td>37,008</td>
</tr>
<tr>
<td>Medi-Cal (fee for service and mgd care)</td>
<td>93,433</td>
<td>88,903</td>
</tr>
<tr>
<td>Medicare</td>
<td>33,402</td>
<td>28,031</td>
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<tr>
<td>Categorical Programs: subsidized patients</td>
<td>47,397</td>
<td>51,921</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>12,978</td>
<td>13,287</td>
</tr>
<tr>
<td>Total Patient Visits</td>
<td>231,478</td>
<td>219,150</td>
</tr>
</tbody>
</table>
## Statement of Financial Position

as of June 30, 2008 and 2007

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>7,646,268</td>
<td>8,084,682</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>11,835,210</td>
<td>8,782,062</td>
</tr>
<tr>
<td>Endowment</td>
<td>634,536</td>
<td>584,457</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>20,116,014</strong></td>
<td><strong>17,451,201</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>3,207,406</td>
<td>2,826,986</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>2,876,862</td>
<td>1,881,705</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>6,084,268</strong></td>
<td><strong>4,708,691</strong></td>
</tr>
<tr>
<td><strong>NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>14,031,746</td>
<td>12,742,510</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>14,031,746</strong></td>
<td><strong>12,742,510</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td><strong>20,116,014</strong></td>
<td><strong>17,451,201</strong></td>
</tr>
</tbody>
</table>

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### Statement of Activities For the Years

Ended June 30, 2008 and 2007

<table>
<thead>
<tr>
<th>Revenue and Other Support</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient and third party revenues, net</td>
<td>22,251,124</td>
<td>19,939,242</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>6,349,401</td>
<td>6,403,283</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,170,839</td>
<td>632,273</td>
</tr>
<tr>
<td>Other</td>
<td>528,664</td>
<td>396,472</td>
</tr>
<tr>
<td><strong>Total Support and Revenue</strong></td>
<td><strong>30,300,028</strong></td>
<td><strong>27,371,270</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>21,412,122</td>
<td>18,773,521</td>
</tr>
<tr>
<td>Contract services</td>
<td>1,839,764</td>
<td>1,583,629</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,315,781</td>
<td>1,869,935</td>
</tr>
<tr>
<td>Communications</td>
<td>350,703</td>
<td>276,165</td>
</tr>
<tr>
<td>Equipment</td>
<td>434,817</td>
<td>398,904</td>
</tr>
<tr>
<td>Occupancy</td>
<td>1,176,700</td>
<td>846,934</td>
</tr>
<tr>
<td>Insurance</td>
<td>134,868</td>
<td>99,487</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>355,455</td>
<td>248,128</td>
</tr>
<tr>
<td>Provision for bad debt</td>
<td>461,634</td>
<td>429,220</td>
</tr>
<tr>
<td>Other expenses</td>
<td>528,948</td>
<td>621,889</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>29,010,792</strong></td>
<td><strong>25,147,812</strong></td>
</tr>
</tbody>
</table>

The financial information contained in this annual report represents a condensed version of the Fiscal Year 2008 audited financial statements.

A complete set of the audited financial statements, with accompanying notes and report of independent accountant, is available through Neighborhood Healthcare’s administrative offices by calling (760) 737-6934.
OUR MISSION:

Neighborhood Healthcare is committed to providing quality health care and promoting wellness to everyone in our communities, focusing on those most in need.

VISIT OUR WEBSITE AT WWW.NHCARE.ORG TO LEARN MORE ABOUT OUR DONORS AND FUNDERS, OUR VOLUNTEERS, OUR PROGRAMS, OUR HISTORY, OUR BOARD OF DIRECTORS

Administrative Office: The Ray M. Dickinson Wellness Center
425 N. Date Street, Suite 203
Escondido, CA 92025
(760) 520-8372
nhcare@nhcare.org

Special Thanks to Patient and Volunteer Bill Franklin who named Neighborhood Healthcare in his will. After volunteering at Neighborhood Healthcare for over five years, Bill witnessed first hand the difference Neighborhood Healthcare makes in the lives of thousands of people. He decided that he wanted to leave a legacy helping future generations.

Thanks Bill!

If you would like to leave Neighborhood Healthcare in your will, please call Connie Burke, Director of Philanthropy at 760-520-8365 or email her at connieb@nhcare.org