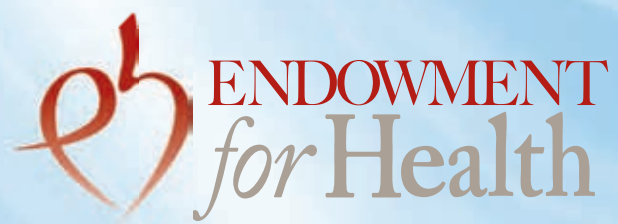


2012 ANNUAL REPORT



Improving the Health of New Hampshire's People

Our Mission

To improve the health and reduce the burden of illness for the people of New Hampshire - especially the vulnerable and underserved.

An understanding of our mission begins by understanding the meaning of “health.” The term is best defined by the World Health Organization: Health is a state of complete physical, mental, and social well-being, not merely the absence of disease or infirmity.

This definition acknowledges that health care is an important factor in achieving health but is not the same as health.

While we are concerned about the health of individuals, our primary focus is to encourage improvements in health and health care systems that will benefit the vulnerable and underserved populations of New Hampshire.

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Message from Cordell Johnston

Endowment for Health Board Chairman

As you read of the Endowment’s many accomplishments in this report, it’s worth noting that 2012 was a year of transition, a fact that makes those accomplishments doubly remarkable. The business of searching for a new leader is all-encompassing, and the 2012 transition also included a significant reduction in staff due to retirements and new job opportunities for past colleagues—yet the Endowment staff never missed a beat.

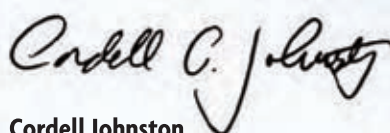
From an institutional standpoint, the highlight of the year was certainly the arrival of Steve Rowe as our new president. His experience as a policymaker and attorney general in a neighboring state is only part of what led to his selection. At least equally important were his passion for protecting vulnerable populations and his record of creating equitable health and social policies.

We began with a solid succession plan and a strong Search Committee comprising Board, Advisory Council, and staff members. We also were fortunate to have incredibly good candidates, a blessing that made our task both easy and difficult. I especially thank Search Committee Chair Sue Chollet for her dedicated efforts.

The tireless and endlessly devoted Mary Kaplan also played an essential role in the transition, sharing her knowledge with Steve while acting as the glue that held everything together. Her deep knowledge about philanthropy and her extensive network of contacts in New Hampshire and nationally are invaluable.

I am equally impressed with the Endowment’s Board and Advisory Council. Both groups have traditionally been populated with outstanding people from all areas of the state and all walks of life. Our newest Board and Council members are no exception.

For me, it has been a rewarding and immensely enlightening two years as Chairman. Now, Sandy Pelletier has taken up the gavel – another example of a smooth transition, and another influence that will continue to improve and strengthen the Endowment.



Cordell Johnston
Chairman of the Board, 2012



From left to right: Steve Rowe, Endowment for Health President;
Mary Kaplan, Vice President; Cordell Johnston, 2012 Board Chairman;
Sandy Pelletier, Current Board Chair

Message from Steve Rowe

Endowment for Health President

The Endowment's 2012 Annual Report provides a perfect opportunity to look back on a job well done, as well as to look forward to new challenges and opportunities. The

Endowment is a remarkable organization because of its mission, its values and the extraordinary commitment of its Board, Advisory Council, staff and community partners. The organization's past is one of tremendous accomplishment and pride.

Good health is essential for the realization of human potential. It's also essential for a strong economy. During 2012, the Endowment deployed its human and financial resources to make systemic improvements in a number of important health areas, including advancing health equity and improving children's mental health. We didn't work alone, however. Great credit is due our grantees and other community partners. Success was only achieved through teamwork.

As the Endowment moves forward, we'll continue to seek opportunities to leverage our resources and maximize the impact of our work. This will involve analyzing health challenges and opportunities presented by the state's changing demographics, setting new organizational goals and objectives, and developing effective strategies to achieve them. These actions will be part of the strategic planning process that will occur in 2013.

In developing the roadmap for the Endowment's future, we will be guided by the knowledge that improving New Hampshire's health, especially for vulnerable and underserved populations, requires more than increased health care. It also requires a focus on the social determinants of health, the circumstances in which people are born, grow, live, work, and age.

I am appreciative and honored to serve as the Endowment's new president. Personally and professionally, I have been fortunate to have had the advice and assistance of former Interim President Mary Vallier-Kaplan over the past few months. With her brilliant mind and guiding hands, Mary has made enormous contributions to the Endowment and to improving health outcomes in New Hampshire over the past twelve years. She deserves our utmost congratulations and thanks.

As you read this report, I hope you will share in our sense of pride in the Endowment and its past accomplishments. I hope you will also share in our continued resolve "to improve the health and reduce the burden of illness for the people of New Hampshire – especially the vulnerable and underserved."

Steven Rowe
President

On A Mission From The Beginning – and Always

– By Mary Vallier-Kaplan

To know me is to understand how integrated my professional and personal worlds have always been. I mean, always. Around the age of five, I marched into my aunt's hospital room in my "play" nurse's uniform (cape and all) to take care of her. I totally believed that everyone thought I was the real thing! Eventually, I trained to be a nurse for real, but quickly left clinical care. Instead, I became aware of the importance of community health, having spent time as an undergraduate studying the health dynamics in the company-owned mill town of Burlington, North Carolina. I then spent my early working years as a public health nurse on the streets and in the projects of Roxbury, Massachusetts and later as an executive director at a Detroit community health center. Health leaders now know that health is determined by where people live, work, play, and learn. I guess I always inherently knew it.

My graduate education at the University of Michigan School of Public Health allowed me to learn from the sages of Medicaid and Medicare, as well as from early pioneers shaping quality initiatives and innovative models for national health insurance in the U.S. All the while, I continued to solidify my core belief in the basic right of all people to have good health. I still feel that deeply and have plenty more energy to keep working toward the achievement of this basic right.

I am fortunate to have worked in just about every setting within the multi-dimensional health system, including teaching and community-based hospitals, the health-insurance industry, in government-led public health settings, school health departments, community health centers, HMO's, and home and hospice care. So you see, the little girl's nursing costume has evolved into a lifetime uniform; a garment of sincere avocation.

Creating the Endowment for Health

In 2001, I was tapped by my longtime friend, Dr. James Squires, to join him in starting New Hampshire's new statewide health foundation. We didn't realize we were joining a national cohort of new health philanthropies and were to become part of an emerging field dedicated to investing in health improvement. How hard could it be, we wondered, to write checks from someone else's bank account to help people do good things? In hindsight, this was more than a little naïve. But we were soon joined by an amazing group of colleagues and community partners and learned many lessons together that will be sustained by many.

Sustainable Systems Change vs. Paying for Direct Services

Most people thought that the Endowment for Health was going to be a new source of revenue to fund the never-ending payment gaps in health care services - especially for the uninsured in New Hampshire. Quickly we learned that our annual grant payout was less than a rounding error in the



“The Endowment for Health has been part of a whole new generation of philanthropy. Together with other funders, we brought some unique ingredients needed to improve systems.”

Medicaid budget. Our limited resources made it necessary to focus and be strategic. The Endowment is not a charity that pays for the immediate need of an individual, nor is it a substitute for the long-term financial responsibilities of state government. However, as a private foundation, we saw we could uniquely invest in long-term system change to address the root causes of health problems.

Knowledge, Leadership, Collaboration and Supporting the Safety Net

The Endowment for Health has been part of a whole new generation of philanthropy. Together with other funders, we brought some unique ingredients needed to improve systems. Foundations have the resources to invest in knowledge – understanding the root causes of the problem, quantifying them, accessing expertise and best practices, evaluating outcomes and networking with others who are working on the same problem. We can also use our independent voice to share and disseminate knowledge in the public arena without having a partisan agenda. Unlike most nonprofits, foundations also have the resources to nourish emerging and current leaders as well as to support convening opportunities and to help foster collaboration. It's about providing a safe space for differing perspectives as they search for the best approach to serve the common good. Additionally, we can move quickly to provide resources that respond to unexpected needs and sudden opportunities.

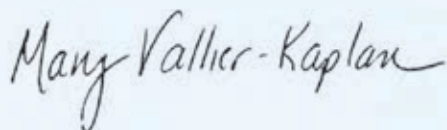
Turning the Titanic While Keeping Ourselves Afloat

The United States is positioned, and somewhat driven, by a crisis. It must turn the Titanic of the medical industrial complex toward achieving health for all people. It must move away from the notion of just medical care and focus more on the social determinants of health. It must move upstream whenever possible. As a philanthropy, I am confident that the Endowment for Health will continue to set the example, using its funds and voice to advance this concept, while helping others to do the same. In the process, the foundation will no doubt continue to take risks and support others who take risks to achieve this goal.

Nonetheless, the Endowment must keep itself financially afloat during this long period of economic recovery. The foundation is required to spend five percent of its assets each year in a time when it is difficult to responsibly earn that amount in the market. We must carefully use our funds to address problems while sustaining our assets so others can continue to play this important role in the future.

An Exciting New Chapter For the Endowment and For Me

As I retire from the foundation, I thank you all for your partnership. Now is the time to make space for new ideas – for both the organization and for myself. My commitment to supporting the health of all people will continue in new and yet-to-be-discovered ways. This is not goodbye, but rather, ‘see you later.’ As the foundation moves onward, it seems fitting to offer this most ancient of sentiments: The spirit within me honors the spirit within you – Namaste.



Mary Vallier-Kaplan
Interim President / Vice President, 2012

Improving the Mental Health of NH's Children and Their Families

“The Endowment for Health works with various providers, family organizations, advocates, and child-serving systems to improve access through the creation of a unified system of care.”

Pediatric mental health disorders are more common than many realize. In New Hampshire, that number is an estimated 56,000 kids – one in five between the ages of five and 19. Unfortunately, most children in need of care do not receive it. The Endowment for Health works with various providers, family organizations, advocates, and child-serving systems to improve access through the creation of a unified system of care. We also work collectively to create the public and political will for system and policy change. Alongside others, the Endowment is working to enhance the efficacy, coordination and capacity of the children's mental health systems, with a focus on early intervention and the use of research-based practices.

Creating an Integrated System of Care

Socio-emotional wellbeing is key to the future success of any child. Trauma, whether it be homelessness, family violence or abuse, can derail child development, lower educational attainment, and impact overall health, including mental health. The Endowment has funded projects to address the needs of children exposed to trauma through integrated behavioral health models, such as therapeutic childcare centers. Selecting and training care providers, educators and advocates to recognize trauma symptoms is a key piece of the puzzle, as is access to mental health treatment and consultation.



Photo courtesy of Families in Transition



Photo courtesy of Dan Habib

Public Policy Change

National research shows that the majority of youth in the juvenile justice system meet the criteria for at least one diagnosable mental health disorder. Studies also indicate that the prevalence of mental health and substance use disorders increase as youth are processed more deeply into the juvenile justice system. The Endowment for Health funded the Youth Law Project which provides civil legal advocacy to help kids get needed services and keep them in the community. Legal advocates are also effective in breaking down systemic barriers. They can help shape better policies within settings that serve and educate kids.

Implementation of Research-Based Interventions

The Endowment works to promote the use of research-based interventions for children and youth with emotional and behavioral disabilities. Through a number of initiatives, the Endowment has enhanced the workforce capacity of the public children's mental health delivery systems. Rehabilitation for Empowerment, Natural Supports, Education and Work (RENEW) is one such intervention proven to improve high school completion, employment opportunities, and participation in higher education.

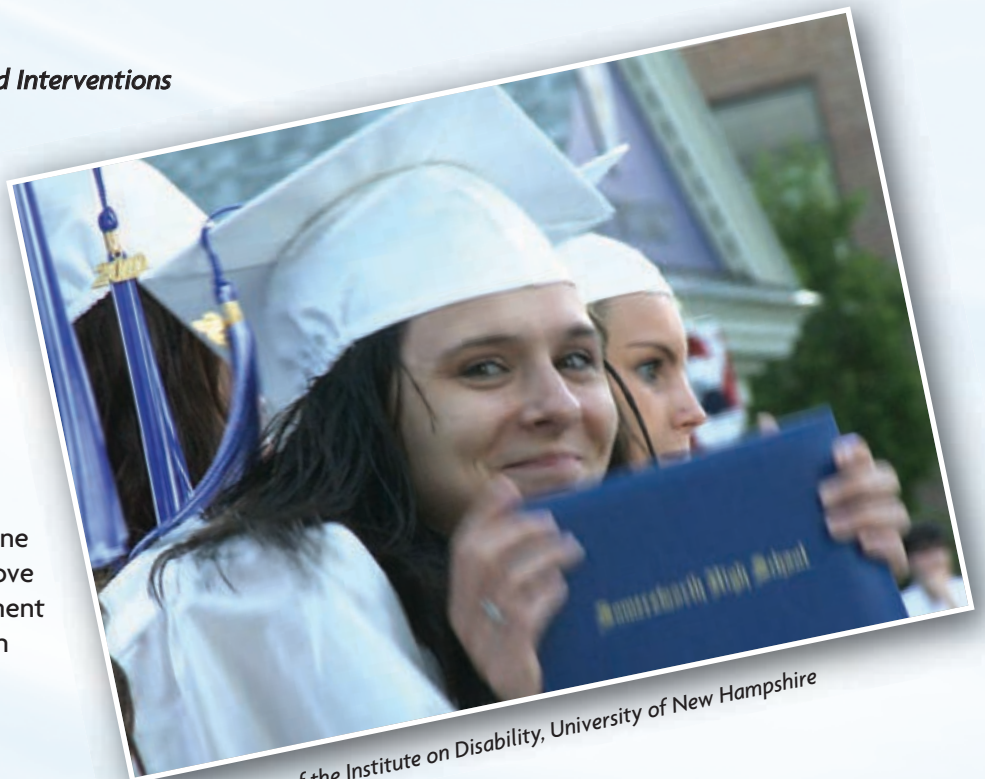


Photo courtesy of the Institute on Disability, University of New Hampshire

Advancing Health Equity

“To advance health equity we must all better understand what causes differences in health status and work together to undo the reasons these differences persist.”

New Hampshire is one of the healthiest states in the nation, but not everyone in New Hampshire has a fair opportunity to achieve their best possible health. Through our investments the Endowment is focusing attention and resources to advance health equity. We believe that reducing health disparities will improve overall community health. To advance health equity we must all better understand what causes differences in health status and work together to undo the reasons these differences persist. Working with the NH Health and Equity Partnership and other community partners, the Endowment is challenging everyone to make equity a priority.

Welcoming, Including and Integrating Newcomers

Our health is determined by much more than our health care – it's determined by where and how we live, learn, work and play. Newcomer populations and minorities must feel welcomed, included and integrated in our communities. Done well, immigrant integration is a two-way process that enriches all of us and creates stronger, more vibrant communities. New Hampshire's first-ever Immigrant Integration Conference in April 2012 provided opportunities for learning and idea exchange across sectors with folks who are working to make our state more welcoming for all.



Photo courtesy of FieldWork Photos



Photo courtesy of New Hampshire Charitable Foundation

Creating a More Diverse Workforce

As our state's population becomes more diverse, our health-care workforce must better reflect this change in demographics to ensure high quality, culturally effective care.

Through major funding from Partners Investing in Nursing's Future, a national initiative funded by the Robert Wood Johnson Foundation and the Northwest Health Foundation, and matched by local funders, the NH Nursing Diversity Pipeline Project named Fely Matillano, RN, our state's first "Future of Nursing" Scholar. A critical care nurse at Concord Hospital, Nurse Matillano completed a master's degree in nursing and is now teaching future nurses including those from diverse backgrounds.



Photo courtesy of Endowment for Health

Building Awareness and Addressing Policy to Advance Health Equity

Improving access to health care and ensuring culturally effective staff are critical steps toward addressing disparities, but achieving health equity will take even more. Capturing demographic data helps health-care teams assess how specific patient populations are treated and the outcomes they experience. Collecting and reviewing racial, ethnic and language data in health-care settings helps providers identify where improvements can be made to deliver the right care at the right time. Good data is an essential tool to better care for patients and improving overall community health.

Reducing Economic Barriers to Health

“The Endowment for Health continues its work to create a more sustainable, equitable health system in New Hampshire.”

As the nation and the state work toward an improved health-care system, the Endowment for Health continues its work to create a more sustainable, equitable health system in New Hampshire – one that builds on the high-quality care we’ve come to expect, while improving health outcomes, reducing cost and increasing access for our most vulnerable populations.

To achieve these goals, the Endowment’s work has focused on the availability of objective, factual information about important health-care policy and systems issues as well as public discourse and education. The foundation has also invested in the state’s health advocacy organizations which monitor, educate and advocate on key state health issues, especially the implementation of the Affordable Care Act.

Raising Public Awareness

The Endowment for Health funded and co-sponsored a series of public discussions based on the screening of a national documentary on innovative health-care models. In partnership with NH Public Television and the NH Citizens Health Initiative, six such screenings and discussions took place all around the state. After the screening of the T.R. Reid documentary, *U.S. Health Care: The Good News*, a New Hampshire-based panel of experts discussed innovative care models happening right in our own backyard and raised public awareness of key issues facing New Hampshire in its quest for high-quality, affordable care.



Dr. Elliott Fisher (left) of the Dartmouth Institute for Health Policy and Clinical Practice and Journalist T.R. Reid, discuss innovative health care models

Developing and Implementing New Models of Care



Photo courtesy of Mid-State Health Center and Authentic Eye Photography

As a long-time funder of the NH Citizens Health Initiative, the Endowment in 2012 helped to launch NHCHI to new leadership and a new home at the UNH Institute of Health Policy and Practice. NHCHI has been making steady inroads toward creating a system that leads to better health, better care and lower cost for everyone in New Hampshire. Part of this work centers on innovative primary care models that promote a team approach to primary care with a high level of patient engagement in the management of their own overall health and wellness.

Supporting NH's Health Advocacy Community

The Endowment for Health holds a strong belief in building the capacity of NH's health advocacy community that helps to shape more equitable health policy for all New Hampshire people. NH Voices for Health and the NH Citizens Alliance are examples of such pivotal organizations. They conduct advocacy related to important health initiatives including implementation of the Affordable Care Act and expansion of health insurance coverage for low-income people.



Photo courtesy of David Murray/ClearEyePhoto

Supporting Other Efforts

“There are many other opportunities and needs that the foundation is uniquely positioned to address.”

Beyond the Endowment’s theme work, there are many other opportunities and needs that the foundation is uniquely positioned to address. The Endowment works to enhance the capacity of the state’s health nonprofit and public health systems, responds to urgent and unanticipated short-term needs, funds research on important demographic trends and works to build knowledge of New Hampshire state leaders and policymakers.

Building Knowledge

The Endowment for Health regularly sends state policymakers to national convenings as a way to ensure they stay abreast of all significant trends and best practices. One such example is the health programming offered by the National Conference of State Legislatures. The foundation offers these opportunities annually to policymakers from both sides of the aisle.



Photo courtesy of National Conference of State Legislatures



Lead Demographer Ken Johnson, Carsey Institute, UNH

Understanding The Changing NH Landscape

In addition to funding research and convening on important health topics, the Endowment for Health is also interested in supporting research that helps the state better understand demographic shifts and trends. All these changes are key to improving the social determinants of health as well as the future economic viability of the state. One such report funded in 2012 was the groundbreaking report, *New Hampshire Demographic Trends in the Twenty-First Century* by the Carsey Institute's Lead Demographer Ken Johnson.



Beech Street School, Manchester, NH

Creating Safer, Healthier Neighborhoods

As a prime example of leveraging national funds, the Endowment provided matching dollars to the City of Manchester Roadmaps to Health Community Grant. In partnership with other local funders and the Robert Wood Johnson Foundation, the project will increase resident engagement and the community's sense of safety by piloting three public schools as community schools. The grant will improve the city's capacity for providing educational opportunities for residents of all ages, increase linkages to physical and mental health services, and improve access to social services including everything from food and housing resources to care coordination and domestic violence support. The program promotes solutions that make it easier for people to be healthy in their own communities by focusing on specific factors that affect health, such as education, employment, social support, and community safety.

2012 Grants

Mental Health of NH's Children & their Families

NH's Early Childhood and Family Mental Health Competencies Community Bridges
\$46,119

The Family Place Families in Transition
\$100,000

New Hampshire Children's Behavioral Health Collaborative: Creating a unified system of care Health Strategies of New Hampshire
\$14,240

Sustaining the National Alliance on Mental Illness National Alliance on Mental Illness-New Hampshire
\$25,000

New Hampshire Legal Assistance Youth Law Project New Hampshire Legal Assistance
\$142,968

Advocacy for Autism Treatment and Supports Opportunities Now
\$30,000

Interagency Collaboration: Improving Outcomes for Children with Autism Spectrum Disorders Southeastern Regional Education Service Center, Inc. (SERESC)
\$7,631

Implementation of Core Competencies of Personnel Working in Children's Behavioral Health in New Hampshire University of New Hampshire
\$65,507

RENEW III: Creating A Sustainable Infrastructure for the Delivery of RENEW to New Hampshire's Youth University of New Hampshire
\$107,526

Integrated Mental Health at the Tiger Treatment Center West Central Behavioral Health
\$41,770

Economic Barriers to Access

Planning to Improve Health Outcomes for Older Adults Grafton County Senior Citizens Council, Inc.
\$5,000

Health Reform Implementation Support Health Strategies of New Hampshire
\$10,000

Health Reform Knowledge Building Health Strategies of New Hampshire
\$218,688

Manchester Food Hub Planning Project International Institute of Boston/New Hampshire
\$30,597

Assessing NH State Budget

Changes New Hampshire Center for Public Policy Studies
\$35,645

Health Care Access and Affordability New Hampshire Citizens Alliance
\$40,000

A New Hampshire Public Television Special Presentation - NH Health Care: Is There Good News? New Hampshire Public Broadcasting
\$8,905

New Hampshire Voices for Health New Hampshire Voices for Health
\$150,000

NH Public Policy Program Planned Parenthood of Northern New England
\$65,000

Convening Leaders in Aging and Long-Term Care Policy University of New Hampshire
\$4,974

Planning for NH Health Roadmap Process University of New Hampshire
\$13,703

NH Citizen's Health Initiative University of New Hampshire
\$114,882

Consultation/Negotiation with Managed Care Organizations White Mountain Community Health Center
\$3,500

Geographic Barriers to Access-

Transportation

Community Alliance of Human Services - Volunteer Driver Program
Community Alliance of Human Services
\$10,000

Transportation Solutions New Hampshire
Foundation for Healthy Communities
\$19,950

Advancing Health Equity

New Hampshire Nursing Diversity Pipeline Project
Endowment for Health
\$26,802

NH Health & Equity Partnership
Foundation for Healthy Communities
\$58,923

Immigrant Integration Conference
Health Strategies of New Hampshire
\$3,000

Laconia New American Integration Initiative
Lakes Region Partnership for Public Health, Inc.
\$98,078

Validating the Refugee Experience & Promoting Emotional Wellbeing
National Alliance on Mental Illness-New Hampshire
\$12,600

Building Community Based

Leadership and After School Programs for/with Immigrants and Refugees of NH
Second Start
\$17,700

Non-Theme

The Health Coverage Fellowship
Blue Cross Blue Shield of Massachusetts Foundation
\$18,000

Summit on Fetal Alcohol Spectrum Disorders: Prenatal to Grave
Child & Family Services of New Hampshire
\$3,625

Sustaining the Children's Alliance of NH
Children's Alliance of New Hampshire
\$25,000

Roadmaps to Healthy Communities
City of Manchester Department of Health
\$25,000

Federal Grant Workshop
Council on Fund Raising New Hampshire (CONFR)
\$2,500

"I Am for the Child" Statewide Outreach Campaign
Court Appointed Special Advocates (CASA) of New Hampshire
\$25,000

Homelessness Policy Expansion
Families in Transition
\$16,000

Healthy Eating/Active Living

Plan
Foundation for Healthy Communities
\$50,000

Health Strategies Operating Support
Health Strategies of New Hampshire
\$3,000

Core Capacity Assessment Tool Assistance
Health Strategies of New Hampshire
\$4,200

Leadership and Capacity Development
Health Strategies of New Hampshire
\$27,500

NH BPI Partners Initiative
Health Strategies of New Hampshire
\$10,000

Collective Impact Institute
Lakes Region United Way, Inc.
\$5,000

Leadership New Hampshire 20th Anniversary Video
Leadership New Hampshire
\$5,000

Sustaining Leadership NH
Leadership New Hampshire
\$10,000

NH CIH (Collaboration to Improve Health)
Manchester Community Health Center
\$3,250

*It's Not the Daily Planet
Anymore - Working With the
Media to Effectively Get Your
Message Out*

New Futures

\$2,500

*Nonprofit Sector Messaging
Project Part II*

**New Hampshire Center for
Nonprofits**

\$5,200

*Advocacy Capacity Tool Pilot
Project*

**New Hampshire Center for
Nonprofits**

\$5,507

*Sustaining the NH Center for
Nonprofits*

**New Hampshire Center for
Nonprofits**

\$25,000

*Creating Nonprofit Advocacy
Capacity in NH*

**New Hampshire Center for
Nonprofits**

\$30,641

*Sustaining the NH Center for
Public Policy Studies*

**New Hampshire Center for Public
Policy Studies**

\$25,000

*Investing in New Hampshire
Communities by Strengthening
Nonprofit Advocacy*

**New Hampshire Charitable
Foundation**

\$50,000

Communications

**New Hampshire Fiscal Policy
Institute**

\$8,334

*Sustaining the NH Fiscal Policy
Institute*

**New Hampshire Fiscal Policy
Institute**

\$50,000

*Sustaining NH Legal Assistance
New Hampshire Legal Assistance*

\$25,000

*Psychology Internship
Consortium*

**New Hampshire Psychological
Association Educational Foundation**

\$36,765

*Sustaining NH Public Health
Association*

**New Hampshire Public Health
Association**

\$25,000

*Sustaining New Hampshire
Public Radio*

New Hampshire Public Radio

\$25,000

*Strengthening Families Summit
NH Children's Trust Fund*

\$5,000

*CAN Prevention-Public Health
Education*

NH Children's Trust Fund

\$5,000

*North Country Health
Improvement Initiative*

North Country Health Consortium

\$3,940

*Wheelchair Health In Motion
Sunset Hill Educational Institute*

\$24,250

*Sustaining the Institute for
Health, Law & Ethics*

University of NH School of Law

\$25,000

*Oral Health Workforce
Expansion Initiative*

Children's Alliance of New Hampshire

\$1,000

*Oral Health Forum
New Hampshire Public Health
Association*

\$1,000

*New Hampshire Oral Health
Coalition*

**New Hampshire Public Health
Association**

\$25,000

*Tamworth Dental Center
Tri County Community Action
Program, Inc.*

\$9,080

*University of New England
College of Dental Medicine
Planning Grant*

University of New England

\$25,000

Letter from the Treasurer



The Endowment for Health has a responsibility to maximize dollars available for grantmaking while ensuring resources entrusted to it are available to continue its important work tomorrow and in perpetuity. Since its inception, the Endowment has granted more than \$36 million to non-profit community partners to improve the health of the people of New Hampshire. Balancing the needs of today while ensuring the Endowment will benefit future generations is challenging in the current environment.

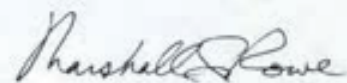
This year the Endowment Board's Finance Committee implemented policies that provide more predictable and consistent spending year to year. These policies ensure the Endowment's assets will have impact today, while being protected for future use. The Finance Committee also implemented changes to its IRS reporting methods that allow for a more consistent spending even in down markets.

The Endowment Board's Investment Committee continues to employ an investment strategy with long-term policy targets to generate returns to support present and future grant making needs. In so doing, the Committee strives to outpace the rate of inflation to preserve and bolster the purchasing power of the assets while minimizing the volatility of returns and improving capital preservation characteristics. We are pleased with the progress to date and will continue to be diligent in portfolio construction and investment manager oversight. While volatility might return to the capital markets in 2013, we are confident that we have the proper investment strategy to achieve the long-term financial goals of the Endowment.

This past year was one of noteworthy events: the U.S. elections, fiscal cliff showdown, health care reform debates, EU solvency questions, and slowing growth in China. Few investors were in the mood for volatility and many shied away from high risk assets to avoid further uncertainty. As the fiscal year drew to a close, however, resolutions of some issues – and perhaps complacency toward others – saw the S&P500 gain 30.2%, led by strong gains in financial and consumer discretionary stocks. Further, investors in small-cap, developed international, and especially emerging markets equities were rewarded handsomely with strong returns and volatility far lower than where that index began the year.

In this environment, the value of the Endowment's assets rose 15.2% (net of fees and expenses) through the fiscal year-end on September 30, 2012, outperforming its benchmark indices. Since inception, the Endowment's asset portfolio has grown at a rate of 2.3% ahead of inflation. Total assets were valued at \$78.5 million at fiscal year-end.

Our special thanks go to the Investment and Finance Committee members who serve the interests of the public by providing their insight and expertise without compensation.



Marshall Rowe

Treasurer and Chairman of the Investment and Finance Committees

INVESTMENT COMMITTEE

Stephen Handley
Greg McConahey
James Oates
Marshall Rowe, Chair
Richard Showalter
John Snow
Rodney Tenney

FINANCE COMMITTEE MEMBERS

Randy Foose
Marshall Rowe, Chair
Richard Showalter

Consultants:

William McCarron and Ryan O'Quinn from
Prime Buchholz and Associates,
Portsmouth, New Hampshire

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2012 and 2011

*In July 2007, Health Strategies of New Hampshire, Inc. (wholly-owned subsidiary of the Endowment for Health, Inc.) was created in order to conduct initiatives, projects, programs, research and data collection and analysis; independently and with others, to address key issues and public policies that promote the health of New Hampshire residents and the health of their health care system.

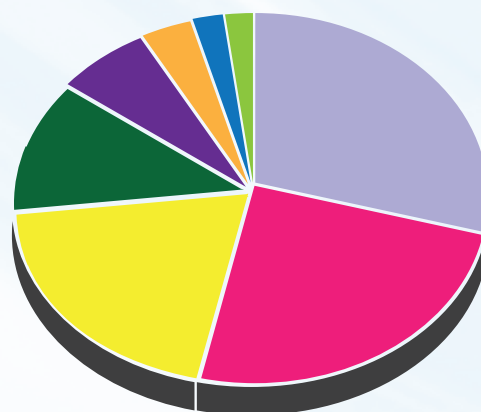
Assets

	2012	2011
Cash and cash equivalents	\$248,003	\$1,397,613
Investments	76,578,258	69,518,206
Mission investing/program related investments	1,675,000	1,750,000
Accounts receivable	862	2,005
Prepaid federal excise tax	25,026	31,103
Other prepaid expenses	15,142	9,723
Property and equipment, net	3,731	4,878
Total Assets	\$78,546,022	\$72,713,528

Liabilities and Net Assets

	2012	2011
Grants payable	\$1,458,219	\$2,671,121
Accounts payable and accrued expenses	73,061	98,503
Total liabilities	1,531,280	2,769,624
 Unrestricted net assets	 77,014,742	 69,943,904
 Total liabilities and net assets	 \$78,546,022	 \$72,713,528

Investment Asset Allocation *September 30, 2012*



Domestic equity	\$19,624,613	25%
Fixed income	18,066,122	23%
Flexible capital	16,511,873	21%
International equity	13,097,848	17%
Public real assets	5,171,741	7%
Private real assets	2,838,057	4%
Mission investing	1,675,000	2%
Cash and cash equivalents	1,387,925	2%
Private equity	128,000	0%
Total	\$78,501,261	

For a full understanding of the Audited Financial Statements, including the notes to the financial statements, visit our website at <http://www.endowmentforhealth.org>

ENDOWMENT FOR HEALTH, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

For Years Ended September 30, 2012 and 2011

	2012	2011
Revenue and investment gains (losses)		
Investment income	\$1,628,477	\$1,661,777
Realized gain on investments	753,955	3,342,422
Unrealized gain (loss) on investments	8,317,493	(5,297,143)
Grant income	21,123	152,566
Contributions	300	0
Total Revenue and investment gains (losses)	\$10,721,348	(\$140,378)
Program expenses		
Grant expense	\$2,063,621	\$2,165,917
Salaries and benefit expense	457,789	622,942
Professional service expense	167,535	151,384
Program support expense	47,057	36,370
Miscellaneous expense	3,718	3,067
Total program expenses	\$2,739,720	\$2,979,680
Management and general expenses		
Salaries and benefit expense	\$330,344	\$343,938
Professional service expense	220,592	198,105
Building and related expense	89,254	91,928
Investment management expense	78,380	114,761
Administrative support expense	77,467	85,808
Office expense	68,149	67,612
Federal excise tax expense	45,457	95,427
Depreciation expense	1,147	1,147
Total management and general expenses	910,790	\$998,726
Total Expenses	\$3,650,510	\$3,978,406
Increase (decrease) unrestricted net assets from operations	\$7,070,838	(\$4,118,784)
Tax settlement with the Internal Revenue Service	0	\$259,789
Increase (decrease) in unrestricted net assets	\$7,070,838	(\$3,858,995)
Unrestricted net assets, beginning of the year	\$69,943,904	\$73,802,8998
Unrestricted net assets, end of the year	\$77,014,742	\$69,943,904

2012 BOARD, STAFF, ADVISORY COUNCIL

ENDOWMENT FOR HEALTH BOARD OF DIRECTORS

Public Members

Karin Caruso
Susan Chollet
Eleanor Dunfey-Freiburger
Eddie Edwards
Orville "Bud" Fitch
Randy Foose
Cordell Johnston, *Chairman*
Esteban Lopez
Caroline McCarley
Gregory McConahey
Cindy Rosenwald
Marshall Rowe, *Treasurer*
Adrienne Rupp

Non-public Members

Margaret Franckhauser, *Secretary*
Yvonne Goldsberry
Sandra Pelletier, *Vice Chair*
Richard Showalter, Jr.

ADVISORY COUNCIL MEMBERS

Public Members

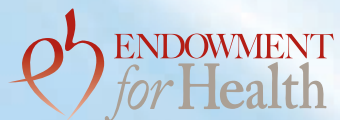
BELKNAP COUNTY
Liz Merry
Kate Miller
CARROLL COUNTY
Donna Sargent
Frances Strayer
CHESHIRE COUNTY
Martha Bauman
COOS COUNTY
Margaret McClellan
GRAFTON
Laurie Harding
HILLSBOROUGH COUNTY
Cynthia Dokmo
Fogia Ijaz
Hector Fabio Urrea
MERRIMACK COUNTY
Ken Bartholomew
Keith Harrison
Lynn Stanley
STRAFFORD COUNTY
Jim Lewis

Non-public Members

COOS COUNTY
Ed Shanshala
HILLSBOROUGH COUNTY
Sanders Burstein
ROCKINGHAM
Ann Peters, *Chair*
Jay Couture
STRAFFORD
Linda Howard

Staff

Karen Ager, *Director of Communications*
Cheryl Dempsey, *Administrative Manager*
Kim Firth, *Program Director*
Sue Fulton, *Director of Grants Management and Finance*
Kelly Laflamme, *Program Director*
Peg LePage, *Administrative Assistant*
Steve Rowe, *President (8/1/12 to 9/30/12)*
Mary Vallier-Kaplan, *Interim President/Vice President*



*Improving the health and reducing the burden of
illness of the people of New Hampshire*

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