



**HEALTH PROFESSIONS**  
EDUCATION FOUNDATION

**GIVING**  
golden  
**OPPORTUNITIES**

ANNUAL REPORT 2005/06

The **Health Professions Education Foundation** aims to improve healthcare in underserved areas of California by providing scholarships and loan repayments to health professional students and graduates who are dedicated to serving in those areas.





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A stylized illustration of a mountain range with blue and green peaks and white snow-capped mountains in the background. The word "Introduction" is written in a white, cursive font across the middle of the mountains.

# Introduction

“The **Foundation’s mission** is to improve healthcare in underserved areas of California by supporting the development of health professionals agreeing to serve in communities of most need. ”

# *A Message from the Chairman*

## **Dear Friends of the Health Professions Education Foundation:**



On behalf of the Board of Trustees, it is my privilege to present the Health Professions Education Foundation's Annual Report for 2005/06. The Foundation's mission is to improve healthcare in underserved areas of California. We accomplish our mission by providing scholarship and loan repayment grants to health professional students and graduates who will provide direct patient care in medically underserved areas.

Your generous support of the Foundation is most appreciated and allows the expansion of quality and equitable healthcare to California while serving the needs of our health professions students and workforce.

I would like to share the 2005/06 accomplishments of the Health Professions Education Foundation while giving golden opportunities:

- Nearly \$1.5 million in grants were awarded through the Foundation's scholarships and loan repayment programs.
- Contribution and grant commitments supporting the Foundation totaled over \$2.7 million.
- 176 California health professional students and graduates representing 34 counties were awarded Foundation scholarships and loan repayment grants.
- Foundation staff attended 13 job fairs and community outreach events throughout California aimed to promote our scholarship and loan repayment programs.

As the Board of Trustees looks forward to continuing its support of healthcare profession opportunities, I invite you to visit the Health Professions Education Foundation's website at: [www.healthprofessions.ca.gov](http://www.healthprofessions.ca.gov), and participate in "Giving Golden Opportunities"!

**Gary Gitnick, M.D.**  
Chairman

# About Us

## Mission

The Health Professions Education Foundation aims to improve healthcare in underserved areas of California by providing scholarships and loan repayments to health professional students and graduates who are dedicated to serving in those areas.

## History

In the 1980s, our state faced an acute shortage of health professionals, especially in the inner cities and rural communities. Health professionals predominantly practicing in those areas were themselves members of those communities. Thus, one effective strategy evolved to increase the number of health professionals serving in medically underserved areas - support students from demographically underrepresented groups who are pursuing their health professions education.

The Foundation, housed with the Office of Statewide Health Planning and Development, was established in 1987 as a nonprofit public benefit corporation to encourage and support the participation of health professions students and graduates from underserved communities and economically disadvantaged backgrounds, and to increase their professional service in medically underserved areas upon completion of their education. We administer scholarship and loan repayment programs to health professional students and graduates, and in return for this support, program recipients agree to provide direct patient care in a medically underserved area of California.

## Accomplishments

Since 1990, the Foundation has awarded scholarships and loan repayments totaling over \$14 million. These awards have assisted over 2,300 students and graduates fulfill their dream of pursuing a career in the health professions and caring for underserved populations. In 2005/06 we have established an endowment fund of over \$1.3 million. The interest on the endowment fund is used to support special projects and newly implemented programs.

We are proud of our role to expand access to quality healthcare while serving the needs of our state's diverse health professions student population and healthcare workforce.



“ The **goal of all our programs** is to increase the number of healthcare professionals practicing direct patient care in medically underserved areas of California. ”



# Programs

## ALLIED HEALTHCARE

The Allied Healthcare Scholarship Program is offered to students enrolled or accepted into an allied healthcare education program. Students who attend a community college are eligible for up to \$2,500 and students who attend a university program are eligible for up to \$3,000.

## ASSOCIATE DEGREE NURSING (ADN)

The Associate Degree Nursing Program offers scholarships of up to \$8,000 per academic year to nursing students who are currently enrolled or accepted into an Associate Degree Nursing Program.

## BACHELOR OF SCIENCE NURSING (BSN)

The Bachelor of Science Nursing Scholarship Program offers scholarships of up to \$10,000 per academic year to nursing students accepted or enrolled in baccalaureate degree nursing programs. The Bachelor of Science Nursing Loan Repayment Program repays up to \$10,000 in educational debt that was incurred while pursuing their degree.

## HEALTH PROFESSIONS EDUCATION (HPE)

The Health Professions Education Scholarship Program offers scholarships of up to \$10,000 to students enrolled in one of the following health professional and educational programs: dentistry, nurse practitioner, physician assistant, dental hygiene, or certified nurse midwifery. The Health Professions Education Loan Repayment Program repays up to \$20,000 in educational debt that was incurred while attending any of the previous listed health professional programs.

## PRE-NURSING

The Pre-Nursing Scholarship Program offers scholarships of up to \$4,000 per academic year to students who are currently enrolled in Pre-Nursing course work and who are attending school in one of the Central Valley Counties: Fresno, Kern, Kings, Madera, Merced, and Tulare.

## YOUTH FOR ADOLESCENT PREGNANCY PREVENTION LEADERSHIP RECOGNITION PROGRAM (YAPP/LRP)

The purpose of the YAPP/LRP is to specifically identify leaders and support their success by recognizing and celebrating their achievements and accomplishments.. Youth selected for this recognition will receive an educational award of up to \$5,000 per year for up to 5 years to assist them in pursuing health professional careers.

# Funding

Donors can create a lasting charitable legacy with gifts that support the expansion of quality healthcare to underserved areas of California. Your generous donation will allow the Foundation to continue giving golden opportunities to health professional students and graduates who will provide direct patient care to communities in most need.

There are many ways philanthropic friends can contribute to the Foundation. Unrestricted funds provide the most flexibility, enabling the Foundation to respond to program and workforce needs as they emerge. Restricted funds may also be established by donors to reflect their personal charitable interests. For example, gifts may be delineated by a geographic area, specific population, or interest.

## THE HPEF ENDOWMENT



In fiscal year **2005/06**, the Foundation received **contributions** and grant commitments **from the following sources:**

<b>DONOR</b>	<b>CONTRIBUTION</b>
<u>California Board of Registered Nurses</u>	<u>\$1,499,600</u>
<u>Vitamin Cases Consumer Settlement Fund</u>	<u>300,000</u>
<u>California's Mental Health Service Providers</u>	<u>286,260</u>
<u>The California Wellness Foundation</u>	<u>250,000</u>
<u>Board of Vocational Nursing &amp; Psychiatric Techs</u>	<u>162,575</u>
<u>Irvine Medical Center</u>	<u>150,000</u>
<u>S. Mark Taper Foundation</u>	<u>40,000</u>
<u>Board Member Contributions</u>	<u>250</u>
<u>Kaiser Permanente</u>	<u>60,000</u>
<b>Total</b>	<b>\$2,748,685</b>

There is a wide range of options for giving. For example, gifts of cash, stock and other securities, and real estate may be donated. Requests may also be passed on to the Foundation through a donor's last will and testament. In addition, a life income gift or charitable trust may be established to provide sustained or future funding. In-kind gifts of professional services, equipment, and conference facilities are also greatly appreciated.

There are many benefits when you contribute to the Foundation. The Foundation operates as a charitable corporation, therefore gifts to the Foundation are tax deductible.\* The Foundation also provides professional management and careful stewardship of your assets. Since public accountability is paramount, our work is publicized in our annual report and an independent audit is conducted yearly.

\*Consult your own tax advisor.

# Allocation of Funds

## AWARDEES BY COUNTY OF RESIDENCE & COUNTY OF EMPLOYMENT



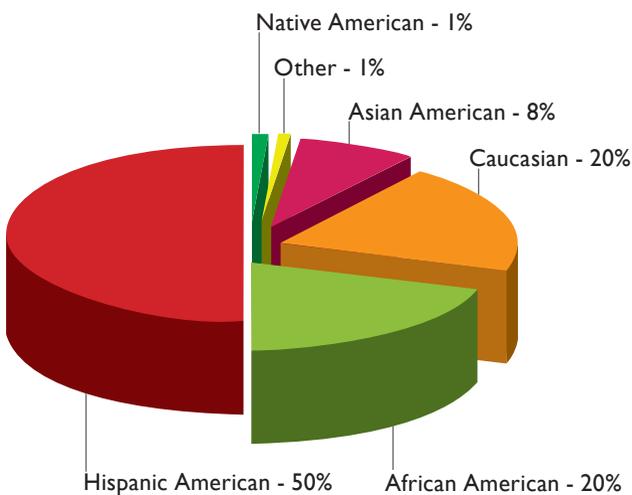
County	Residence	Employment
Alameda	5	3
Butte	2	4
Calaveras	1	0
Colusa	0	1
Contra Costa	3	0
Del Norte	0	2
Fresno	14	1
Glenn	0	1
Humboldt	2	1
Imperial	14	1
Kern	11	1
Kings	2	0
Lake	1	0
Lassen	1	0
Los Angeles	16	19
Madera	2	1
Merced	7	0
Monterey	1	0
Napa	1	0
Nevada	0	1
Orange	4	4
Riverside	3	0
Sacramento	4	4
San Bernardino	5	2
San Diego	1	4
San Francisco	3	0
San Luis Obispo	0	1
San Mateo	1	1
Santa Clara	1	2
Sonoma	3	0
Stanislaus	1	2
Tulare	9	0
Ventura	1	0
Yuba	1	0
<b>TOTAL</b>	<b>120</b>	<b>56</b>

In fiscal year 2005/06, the Foundation awarded **\$1,418,367** in scholarship and loan repayments to **176** health professional students and graduates throughout California.

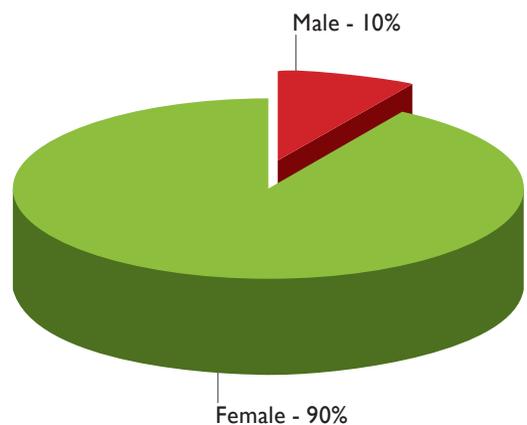
## AWARDS BY PROGRAM

Allied Healthcare Scholarship	\$35,500
Associate Degree Nursing	\$326,000
BSN Scholarship	\$311,000
BSN Loan Repayment Program	\$437,867
Health Professions Education Scholarship	\$115,000
Health Professions Loan Repayment	\$135,000
Pre-Nursing Scholarship Program	\$8,000
Youth for Adolescent Pregnancy Prevention	\$50,000
<b>Total</b>	<b>\$1,418,367</b>

## AWARDEES BY ETHNICITY



## AWARDEES BY GENDER



# Awardees

## ALLIED HEALTHCARE SCHOLARSHIP

### September 8, 2005

John Adams El Cerrito	\$2,000
Sheri Carrasco Selma	\$2,000
Michelle Edwards Gardena	\$2,000
Sherrod Floyd Canoga Park	\$2,500
Ana G. Bermudez Castroville	\$2,000
Alberta Jackson Oakland	\$2,000
Iris Peters San Francisco	\$2,000

### March 24, 2006

Jody Crane Redlands	\$3,000
Nicci Gorham Pasadena	\$3,000
Adan Maldonado El Centro	\$3,000
Gilbert Marquez Anaheim	\$3,000
Olivia Oliveira Hanford	\$3,000
Yara Portal Anaheim	\$3,000
Casey Truax Seal Beach	\$3,000

## ASSOCIATE DEGREE NURSING SCHOLARSHIP

### September 8, 2005

Jessica Ancheta Calipatria	\$6,000	Amber Ochoa Atwater	\$6,000
Tonya Baker Bakersfield	\$6,000	Carol Ortiz Coarsegold	\$8,000
Christine Bernardo Merced	\$6,000	Avelina Ramirez Imperial	\$6,000
Sarah Botzler McKinleyville	\$6,000	Sonia Rivas Brawley	\$4,000
Jessika Castellanos Clovis	\$6,000	Angie Rodriguez Bakersfield	\$8,000
Hanifea Click Hayward	\$6,000	Liliana Silveira Tulare	\$8,000
Sandra Echeverria Visalia	\$6,000	Linda Trent Bakersfield	\$6,000
Melinda Garcia Fresno	\$8,000	Lissette Valle-Martinez San Pablo	\$6,000
Blanca Guizar Los Angeles	\$6,000	Elisabeth Van Auken Riverside	\$8,000
Gabriel Hernandez Calexico	\$6,000	Kathy Vasquez Porterville	\$6,000
Priscilla Hickman Merced	\$6,000	Angelica Verduzco Porterville	\$6,000
Tanice Jones Bakersfield	\$6,000	Gail Washington Pleasanton	\$6,000
Laura Leal-Flores Barkersfield	\$6,000	Zerlina Webb Van Nuys	\$6,000
Adrienne Lynch Yuba City	\$6,000		
Eleana Martinez Fresno	\$8,000		



## ASSOCIATE DEGREE NURSING SCHOLARSHIP *(continued)*

### March 24, 2006

Marrisa Axelrod Los Angeles	\$4,000	Lizet Martinez Oxnard	\$4,000
Martha Beltran El Centro	\$4,000	Carla Patterson Oakland	\$8,000
Melissa Benavente Bakersfield	\$4,000	Lisa Phillips Marysville	\$4,000
Christine Bernardo Merced	\$4,000	Inez Ramirez Merced	\$8,000
Angela Boykins Union City	\$4,000	Reymia Ramos El Centro	\$4,000
Lisa Brooks Los Angeles	\$4,000	Bunhom Sagasta Bakersfield	\$8,000
Ray Cervantes Merced	\$8,000	Helen Stevens Hawthorne	\$4,000
Hanifea Click Hayward	\$8,000	Aura Thomas Clearlake	\$8,000
Ana Laura Cortez Brawley	\$8,000	Opalene Thomas El Centro	\$4,000
Andrew Cuellar Bakersfield	\$4,000	Daisy Udeze American Canyon	\$4,000
Christina Diaz El Centro	\$4,000	Concepcion Valencia Brawley	\$8,000
Angel Gomez Calexico	\$4,000	Teresa Vigil Porterville	\$4,000
Patrice Koffi Hercules	\$8,000	Leticia Zamorano El Centro	\$4,000
Christine Locey Visalia	\$4,000		
Jose Lopez Long Beach	\$4,000		

## BACHELOR OF SCIENCE NURSING (BSN) SCHOLARSHIP

### September 8, 2005

Carla Aldaco Visalia	\$10,000	Pia Saboia-Roberts Butte Valley	\$10,000	Billy Osuna Moreno Valley	\$5,000
Gina Botello Holtville	\$10,000	Irene Joy Sandoval Fontana	\$10,000	Sophia Rodriguez-Phillip Pasadena	\$8,000
Nicole Castaneda Brawley	\$10,000	Josephine Tan Bakersfield	\$10,000	Laura Roman Porterville	\$10,000
Carissa Courtney Fresno	\$10,000	Alysia Willis Walton Bloomington	\$10,000	Lupe Saborio Los Angeles	\$5,000
Erica Cruz Hanford	\$10,000			Thi To Milpitas	\$10,000
Mary Duran Visalia	\$10,000			La Tanya Wallace Sacramento	\$10,000
Jennifer Fuerte Colton	\$10,000				
Vickie Galle Fresno	\$5,000				
Sabrina Garcia Fresno	\$10,000				
Anna Georgner Fresno	\$10,000				
Antonia Ghilarducci Fowler	\$9,000				
Maria (Lupe) Holguin Bakersfield	\$10,000				
Boravy Muong Clovis	\$10,000				
Jaimie Quach Mission Viejo	\$9,000				
Sylvia Rodriguez South Pasadena	\$10,000				

### March 24, 2006

Angelica Acevedo Fresno	\$10,000
Mario Choi San Francisco	\$5,000
Katie Donahue Sacramento	\$10,000
Sabrina Garcia Fresno	\$10,000
Anna Georgner Fresno	\$10,000
Leticia Gutierrez Glendora	\$5,000
Paulette Hayden Los Angeles	\$10,000
Veronica Marroquin Orosi	\$10,000
Danise Miller Oceanside	\$10,000

## BACHELOR OF SCIENCE NURSING (BSN) LOAN REPAYMENT

### September 8, 2005

Tommy Anderson Oakland	\$10,000
Lucinda Bagley Oakland	\$10,000
Marcia Barrera Los Angeles	\$10,000
Mabel Chan Los Angeles	\$8,800
Shannon Dwyer Santa Clara	\$10,000
Michelle Green Carson	\$7,500
Keysha Griffin Signal Hill	\$10,000
Mirta Higuera West Covina	\$10,000
Andrea Houk Paradise	\$10,000
Veronica Javonillo Castro Valley	\$6,600
Sue Kim Tujunga	\$10,000
Christine King Lemoore	\$10,000
Wamence Louis Covina	\$10,000
Cynthia McClain San Gabriel	\$10,000
Monique Moreland Bakersfield	\$10,000

Ana Navas-Stahl Elk Grove	\$9,300
Veronica Perez San Dimas	\$10,000
Doreen Rivera Santa Clarita	\$8,000
Eva Rivera Modesto	\$10,000
Joyce-Grace Saringo San Diego	\$7,500
Tiffany Seniours Rancho Cucamonga	\$7,500
Summer Sims-O'Hearn Gilroy	\$8,000
Caroline Statzula Laguna Niguel	\$7,500
Mamie Trammell San Bernardino	\$10,000
Hortencia Villasenor Paramount	\$10,000
Shonda Williams Hayward	\$8,200

### March 24, 2006

Elsie Alfaro North Hollywood	\$9,900.00
Tamara Bailey Los Angeles	\$9,217.00
Deborah Bittle Winters	\$10,000.00
Janelle Comstock Eureka	\$10,000.00
Lilian Gramajo Alhambra	\$10,000.00
Sophia Grigoriou Long Beach	\$10,000
Melissa Grunt Santee	\$10,000
Kirandeep Hundal Coalinga	\$10,000
Elaine Jung Chino Hills	\$10,000
Erin Lyons Anaheim	\$10,000
Rozalyn Nigro Roseville	\$10,000
Patricia Padilla-Shaw Brawley	\$4,250
Rochelle Pardue Oakland	\$10,000
Carlos Ramirez Imperial	\$10,000
Tracy Ross-Moore Los Angeles	\$10,000

**BSN  
LOAN REPAYMENT  
(continued)**

**HPE  
SCHOLARSHIP**

**HPE  
LOAN REPAYMENT**

**March 24, 2006**

Wesley Skillin Durham	\$5,600
Barbara Thomas Crescent City	\$10,000
Daniel Thomas Crescent City	\$10,000
Shelli Thomas Upland	\$10,000
Erika Thompson Winchester	\$10,000
Jorge Velez Turlock	\$10,000

**March 24, 2006**

John Anderson Milford	\$10,000
Nancy Batres Porterville	\$10,000
Geraldine M. Dodge Davis	\$10,000
Mobashshera Jabeen Harbor City	\$10,000
Mary Lawanson-Nichols Castaic	\$10,000
Alisia Lee Visalia	\$10,000
Phillip Myers Visalia	\$10,000
Richard O'Bryan Modesto	\$5,000
Angelica Perez Sacramento	\$10,000
Priscilla Rodriguez Madera	\$10,000
Lars Sather Santa Rosa	\$10,000
Gail Watkins West Point	\$10,000

**March 24, 2006**

Juliana Almanza Long Beach	\$15,000
Amy Banuelos Irvine	\$15,000
Maryso Boyles Porterville	\$15,000
Ana Corona Montebello	\$15,000
Michelle Karpin San Luis Obispo	\$15,000
Jennifer Sanchez Chico	\$15,000
Kenya Titley-Singleton Highland	\$15,000
Linda Valles Chico	\$15,000
Robert Vega West Covina	\$15,000

**PRE-NURSING  
SCHOLARSHIP****YAPP/LRP****September 8, 2005**

Valerie Jesus	\$4,000
Visalia	

**March 24, 2006**

Npib Thao	\$4,000
Merced	

**November 4, 2005**

Elaine Bartolome	\$25,000
Pacifica	

Nancy Gordon	\$25,000
Riverside	

# Audit Report

## **Board of Trustees**

Health Professions Education Foundation

## **INDEPENDENT AUDITOR'S REPORT**

I have audited the accompanying statements of financial position of Health Professions Education Foundation (a nonprofit organization) as of June 30, 2006 and the related statements of activity and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Health Professions Education Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Professions Education Foundation as of June 30, 2006, 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.

**Vaughn Johnson, CPA**

Cameron Park, CA

January 17, 2007

“ In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Professions Education Foundation as of June 30, 2006. . . . ”

Vaughn Johnson, CPA

## FINANCIAL POSITION

	Health Professions Education Fund	Mental Health Fund	Registered Nurse Education Fund	Vocational Nurse's Education Fund	Total
<b>CURRENT ASSETS</b>	\$	\$	\$	\$	\$
Cash and cash equivalents	6,002	222	747	901,	7,872
Due from other funds	4,486	14,781	28,389	7,509	55,165
Investments	2,944,848	594,000	2,466,000	217,000	6,221,848
Prepaid expenses	38,500	38,500	38,500	38,500	154,000
Accounts receivable	115,518	0	21,230	0	132,748
<b>TOTAL CURRENT ASSETS</b>	<b>3,105,354</b>	<b>647,503</b>	<b>2,554,866</b>	<b>263,910</b>	<b>6,571,633</b>
Nurses loans receivable	167,812	0	554,204	0	722,016
<b>TOTAL ASSETS</b>	<b>3,273,166</b>	<b>647,503</b>	<b>3,109,070</b>	<b>263,910</b>	<b>7,293,649</b>
<b>CURRENT LIABILITIES</b>					
Accounts payable	1,027,405	448	1,013,706	448	2,042,007
Due to other funds	72,227	2,803	43,960	2,409	121,399
Deferred Revenue	625,992	0	0	0	625,992
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,725,624</b>	<b>3,251</b>	<b>1,057,666</b>	<b>2,857</b>	<b>2,789,398</b>
Provision for loans receivable	167,812	0	554,204	,	722,016
<b>TOTAL LIABILITIES</b>	<b>1,893,436</b>	<b>3,251</b>	<b>1,611,870</b>	<b>2,857</b>	<b>3,511,414</b>
<b>NET ASSETS</b>					
Unrestricted	1,379,730	0	0	0	1,379,730
Legislative restricted	0	644,252	1,497,200	261,053	2,402,505
<b>TOTAL NET ASSETS</b>	<b>1,379,730</b>	<b>644,252</b>	<b>1,497,200</b>	<b>261,053</b>	<b>3,782,235</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,273,166</b>	<b>647,503</b>	<b>3,109,070</b>	<b>263,910</b>	<b>7,293,649</b>

# Audit Report

<b>ACTIVITY AND CHANGES IN NET ASSETS</b>	Health Professions Education Fund	Mental Health Fund	Registered Nurse Education Fund	Vocational Nurse's Education Fund	Total
<b>PUBLIC SUPPORT AND REVENUE</b>	\$	\$	\$	\$	\$
Contributions	256	0	0	0	256
Grant income	400,191	0	0	0	400,191
Surcharge revenue	1,144	286,260	1,504,599	162,575	1,954,578
Loan repayments	16,412	0	51,170	0	67,582
Investment income	141,974	19,548	91,831	7,392	260,745
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>559,977</b>	<b>305,808</b>	<b>1,647,600</b>	<b>169,967</b>	<b>2,683,352</b>
<b>EXPENSES</b>					
Program services	629,141	27,109	1,281,083	22,783	1,960,116
Management and general	56,826	4,787	30,875	4,020	96,505
<b>TOTAL EXPENSES</b>	<b>685,967</b>	<b>31,893</b>	<b>1,311,958</b>	<b>26,803</b>	<b>2,056,621</b>
<b>OPERATING CHANGE IN NET ASSETS</b>	<b>(125,990)</b>	<b>273,915</b>	<b>335,642</b>	<b>143,164</b>	<b>626,731</b>
<b>OTHER SOURCES OF REVENUE</b>					
Reverted appropriations	0	0	0	0	0
<b>NET ASSETS - beginning of year</b>	<b>1,505,720</b>	<b>370,337</b>	<b>1,161,558</b>	<b>117,889</b>	<b>3,155,504</b>
<b>NET ASSETS - end of year</b>	<b>1,379,730</b>	<b>644,252</b>	<b>1,497,200</b>	<b>261,053</b>	<b>3,782,235</b>

## CASH FLOW

	Health Professions Education Fund	Mental Health Fund	Registered Nurse Education Fund	Vocational Nurse's Education Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Change in net assets	(125,990)	273,915	335,642	143,164	626,731
Change in due from other funds	(3,542)	(13,324)	(12,716)	(7,030)	(36,612)
Change in prepaid expenses	(38,500)	(38,500)	(38,500)	(38,500)	(154,000)
Change in accounts receivable	(111,518)	3,320	(10,105)	0	(118,303)
Change in nurses loan receivable	(36,072)	0	25,158	1,585	(9,329)
Change in accounts payable	(401,442)	445	(20,179)	445	(420,731)
Change in due to other funds	14,231	99	17,981	414	32,725
Change in deferred revenue	467,992	(22,780)	(164,891)	(16,565)	263,756
Change in provisions for loans receivable	36,072	0	(25,158)	0	10,914
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(198,769)</b>	<b>203,175</b>	<b>107,232</b>	<b>83,513</b>	<b>195,151</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net (purchase) reduction of investment	(11,081)	-594,000	(107,000)	-217,000	(929,081)
<b>CASH USED BY INVESTING ACTIVITIES</b>	<b>(11,081)</b>	<b>-594,000</b>	<b>(107,000)</b>	<b>-217,000</b>	<b>(929,081)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Reverted appropriations	0	0	0	0	0
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(209,850)</b>	<b>(390,825)</b>	<b>232</b>	<b>(133,487)</b>	<b>(733,930)</b>
<b>CASH BEGINNING OF YEAR - July 1, 2005</b>	<b>215,852</b>	<b>391,047</b>	<b>515</b>	<b>134,388</b>	<b>741,802</b>
<b>CASH END OF YEAR - June 30, 2006</b>	<b>6,002</b>	<b>222</b>	<b>747</b>	<b>901</b>	<b>7,872</b>

# Notes to the Financial Statements

## NOTE 1. Organization

The Health Professions Education Foundation (the Foundation) is a nonprofit, public benefit corporation created by the California Legislature in 1987. Its primary purpose is to provide scholarships and loan repayments to healthcare students who are either in school or newly licensed and ready to practice. In return for financial support, awardees contractually commit to provide one to three years of clinical service in a medically underserved area of the state.

The various programs, most of which have been legislatively mandated, are funded from assessments on professional licensing fees as well as from private foundations and contributors. The Foundation is responsible for the administration of these programs.

## NOTE 2. Summary of Significant Accounting Policies

**Recognition of Revenue:** The books and records are maintained and these financial statements are prepared, on the accrual method of accounting. This method accounts for revenues and expenses in the period in which they are considered to have been earned and incurred, respectively. To ensure observance of restrictions placed on the uses of resources, the accounts are expanded into funds established in accordance to their nature and purpose. Both years presented are consistent in the accounting policies used.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets:** Net assets that are not subject to donor-imposed stipulations. Voluntary resolutions of the Board of Directors and legislation making self imposed limits are also considered unrestricted. Gains and losses are considered unrestricted unless a donor temporarily or permanently restricts their use.

**Temporarily Restricted Net Assets:** Net assets subject to donor-imposed stipulation that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted.

**Permanently Restricted Net Assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific purposes.

**Nurses Loans Receivable:** When a scholarship recipient does not fulfill the contract of education and work requirements, the funds advance become a loan receivable. The terms are set forth at the onset of the scholarship contract with the payments to be fully amortized over seven years including interest of ten percent (10%). Since the awards are made to economically disadvantaged students, the loans receivable are booked with a reserve of 100% and the payments are recognized when received.

## NOTES 1-3. JUNE 30, 2006

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimate and assumptions that affect the reported amount of assets. The estimates commonly involve summarizations, judgments, and allocations which are based on rules and conventions rather than exact amounts. Actual amounts could differ from those estimates.

**Income Taxes:** The Health Professions Education Foundation is a corporation exempt from Federal and State income tax under the provisions of code Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Revenue and Taxation Code relating to organizations operated exclusively for charitable purposes.

**Contributions:** Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**Compensation Absences:** No amounts are booked on the financial statements for compensated absences. The amounts cannot be reasonable estimated.

**Advertising:** Advertising costs are expensed when incurred.

**Functional Allocation of Expenses:** The costs of providing the program and other activities have been summarized on a functional basis in the statement of activity and changes in net assets. Certain costs have been allocated among the programs and the supporting services benefited based on an analysis of personnel time and space utilized for the related activities. This allocation is developed during the budgeting process and reviewed annually.

**Cash and Cash Equivalents:** For the purpose of the statement of cash flows, the Foundation considers all cash, marketable and liquid securities to be cash equivalents. The carrying amounts of these financial instruments approximate fair value.

**Due To/From Other Funds:** The due to and due from funds represents amounts advanced or paid by funds from the agencies of the State of California. The Hospital Building Fund manages the investment of cash in the treasury and the due to/from accounts on behalf of the Foundation

**Deferred Revenue:** Deferred revenue represents amounts collected for registered nurse licensing fees or for grants which apply to the following fiscal year. These amounts are recognized as revenues in the fiscal year in which the fees or grants relate to.

### NOTE 3. Donated Materials and Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated time in the organization's management and programs.

# Notes to the Financial Statements

## NOTE 4. Cash and Cash Equivalents

Bank of America Checking	\$5,673
General Cash-HPEF Fund	\$329
General Cash-Mental Health Program	\$222
General Cash-Registered Nurse Program	\$747
General Cash-Vocational Nurse Program	\$901
<b>Total</b>	<b>\$7,872</b>

The Foundation has instructed the State to invest excess funds on deposit in their Surplus Money Investment Fund. The Foundation's interest is then allocated according to the average cash balance in the Surplus Money Fund based upon the overall investments of the fund.

The State maintains written investment policies which address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation and cash flow managements. These funds are not FDIC insured.

## NOTE 5. Investment Fund (Health Professions Education Fund)

In accordance with Statement of Financial Standards 124, Accounting for Certain Investments Held by Not-For-Profit Organizations, are held at fair market value. Below is the detail of the investment funds:

Money Funds	\$581,715
Stocks and Mutual Funds	\$1,504,866
US Treasury Bills and Notes	\$728,267
<b>Total</b>	<b>\$2,813,813</b>

These funds are not federally insured.

### Components of investment return:

Dividends and Interest Net of Fees	\$49,675
Realized and Unrealized Gain (Loss)	\$80,790
<b>Net Return</b>	<b>\$130,465</b>

The monies are pooled in the state surplus money fund. These funds are restricted by legislation.

### Market Value:

Cash	<b>\$3,407,000</b>
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### Components of investment return:

Interest	<b>\$130,280</b>
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## NOTES 4-10. JUNE 30, 2006

The investments in both of the above funds are available for current and long-term needs. Because of the multiple purposes of the funds, all monies are reported as current assets. Fees and cost basis have not been detailed and are not available for disclosure. These funds are not FDIC insured.

### NOTE 6. Lease Commitments

The foundation has rented month to month from the Office of Statewide Health Planning and Development (OSHDP).

### NOTE 7. Retirement Plan

The Foundation funds retirement benefits with the State of California Public Employee's Retirement System (PERS). The amount of pension contributions by the Foundation to PERS is actuarially determined under a program where contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits. The Foundation relies on the competency of the State in determining the funding method and adequacy. The pension costs for 2006 are \$40,899.

### NOTE 8. Grants

Scholarship grants are recognized when the awardees are notified. Grants that are paid over several years are recognized in full. A number of awardees elect not to receive the funds and this is reported as Other Source of funds when the award is removed.

Defaults on grants that require the awardees to work in a position in an area designated as underserved are recorded as receivables. A provision for loans receivable of equal value is recorded and the loan repayment is recognized when received.

### NOTE 9. Other Sources of Revenue

The reverted appropriations are made up of reversals to prior year encumbrances accrued. Scholarship funding is encumbered when the award letter is sent. If the award is declined or the student's financial need has changed, an adjustment to the encumbrance is made.

### NOTE 10. Contingent Liability

The Foundation has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursements will not be material.

**Nurses Loans Receivable:** When a scholarship recipient does not fulfill the contract of education and work requirements, the funds advance become a loan receivable. The terms are set forth at the onset of the scholarship contract with the payments to be fully amortized over seven years including interest of ten percent (10%). Since the awards are made to economically disadvantaged students, the loans receivable are booked with a reserve of 100% and the payments are recognized when received.

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**Diane Tomoda**  
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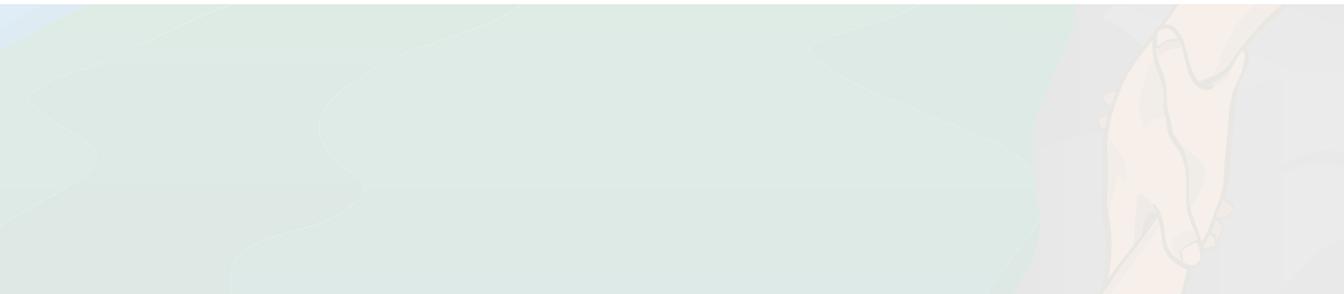
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