

**NORTHWEST HEALTH  
FOUNDATION  
and  
NORTHWEST HEALTH  
FOUNDATION FUND II**

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**Consolidated  
Audited Financial  
Statements**

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**For the Years Ended  
December 31, 2006 and 2005**



MCDONALD JACOBS

*Jake Jacobs, CPA*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Northwest Health Foundation and  
Northwest Health Foundation Fund II  
Portland, Oregon

We have audited the accompanying consolidated statements of financial position of Northwest Health Foundation (the Foundation) and Northwest Health Foundation Fund II (Fund II) as of December 31, 2006 and 2005, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's and Fund II's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Health Foundation and Northwest Health Foundation Fund II as of December 31, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

*McDonald Jacobs, P.C.*

April 10, 2007

*Strength in Numbers*

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**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Investments:		
Cash equivalents	\$ 2,370,895	\$ 6,594,309
Marketable securities	63,490,908	55,987,982
Alternative investment interests	30,811,075	27,049,106
Investment in real estate	<u>704,362</u>	<u>-</u>
Total investments	97,377,240	89,631,397
Prepaid expenses and other assets	86,241	58,177
Net property and equipment	<u>55,946</u>	<u>61,106</u>
TOTAL ASSETS	<u>\$ 97,519,427</u>	<u>\$ 89,750,680</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,132,970	\$ 258,465
Grants payable	5,026,885	3,783,162
Agency funds	31,985	27,855
Deferred contract fees	<u>51,707</u>	<u>-</u>
Total liabilities	6,243,547	4,069,482
Net assets:		
Unrestricted	65,531,868	59,629,424
Temporarily restricted	<u>25,744,012</u>	<u>26,051,774</u>
Total net assets	91,275,880	85,681,198
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 97,519,427</u>	<u>\$ 89,750,680</u>

See notes to financial statements.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2006 and 2005**

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Investment income:</b>						
Interest and dividend income	\$ 981,667	\$ 390,865	\$ 1,372,532	\$ 798,679	\$ 581,119	\$ 1,379,798
Net realized and unrealized gains	10,930,832	24,873	10,955,705	3,831,938	826,357	4,658,295
Management fees	<u>(206,828)</u>	<u>(479)</u>	<u>(207,307)</u>	<u>(156,116)</u>	<u>(10,255)</u>	<u>(166,371)</u>
Investment income, net of fees	11,705,671	415,259	12,120,930	4,474,501	1,397,221	5,871,722
 Investment expenses:						
Investment administrative expenses	<u>198,099</u>	<u>81,896</u>	<u>279,995</u>	<u>184,388</u>	<u>79,714</u>	<u>264,102</u>
 Net investment income	<u>11,507,572</u>	<u>333,363</u>	<u>11,840,935</u>	<u>4,290,113</u>	<u>1,317,507</u>	<u>5,607,620</u>
 <b>Other revenue:</b>						
Contributions and grants	-	1,015,725	1,015,725	750	80,484	81,234
Administrative fees and other revenue	432,738	-	432,738	395,000	-	395,000
Net assets released from restrictions:						
Satisfaction of program restrictions	<u>1,656,850</u>	<u>(1,656,850)</u>	<u>-</u>	<u>3,545,464</u>	<u>(3,545,464)</u>	<u>-</u>
Total other revenue	<u>2,089,588</u>	<u>(641,125)</u>	<u>1,448,463</u>	<u>3,941,214</u>	<u>(3,464,980)</u>	<u>476,234</u>
 Total revenue	<u>13,597,160</u>	<u>(307,762)</u>	<u>13,289,398</u>	<u>8,231,327</u>	<u>(2,147,473)</u>	<u>6,083,854</u>

See notes to financial statements.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2006 and 2005**

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	<b>Expenses:</b>					
Program expenses:						
Community grants approved, net	1,106,199	-	1,106,199	972,316	-	972,316
Nursing initiative funding	604,116	-	604,116	732,370	-	732,370
Research funding, net	637,822	-	637,822	315,204	-	315,204
Community outreach expenses	242,292	-	242,292	244,969	-	244,969
Kaiser Permanente grants	2,288,860	-	2,288,860	3,153,035	-	3,153,035
Other grants	528,436	-	528,436	1,400	-	1,400
Service fees	400,933	-	400,933	394,698	-	394,698
Program administrative expenses	1,428,009	-	1,428,009	887,735	-	887,735
Total program expenses	7,236,667	-	7,236,667	6,701,727	-	6,701,727
General and administrative expenses	458,049	-	458,049	383,078	-	383,078
Total expenses	7,694,716	-	7,694,716	7,084,805	-	7,084,805
Change in net assets	5,902,444	(307,762)	5,594,682	1,146,522	(2,147,473)	(1,000,951)
Net assets - beginning of year	59,629,424	26,051,774	85,681,198	58,482,902	28,199,247	86,682,149
Net assets - end of year	\$ 65,531,868	\$ 25,744,012	\$ 91,275,880	\$ 59,629,424	\$ 26,051,774	\$ 85,681,198

See notes to financial statements.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Cash flows from investing activities:</b>		
Net investment income	\$ 11,840,935	\$ 5,607,620
Adjustments to reconcile change in net investment income to net cash provided by (used in) investing activities:		
Additions to furnishings and equipment	(22,735)	(31,830)
Realized and unrealized gains on investments	(10,955,705)	(4,658,295)
Investments:		
Net increase in short-term investments	4,549,326	(5,186,841)
Purchase of investments	(7,931,458)	(40,700,953)
Proceeds from the sale of investments	7,296,356	22,227,497
Investment in building	<u>(704,362)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>4,072,357</u>	<u>(22,742,802)</u>
<b>Cash flows from program activities:</b>		
Contributions and other receipts	1,500,170	28,468,766
Grant payments and program funding	(4,122,497)	(3,991,329)
Payments to employees and vendors	<u>(1,450,030)</u>	<u>(1,734,635)</u>
Net cash provided by (used in) program activities	<u>(4,072,357)</u>	<u>22,742,802</u>
Net increase (decrease) in cash	-	-
Cash and cash equivalents - beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005**

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Northwest Health Foundation (the Foundation) was formed in October of 1997 with net proceeds approximating \$58,000,000 from the sale of the PACC Companies to Foundation Health Systems, Inc. and its subsidiary, QualMed Oregon Health Plan, Inc. The Foundation's mission is to advance, support and promote the health of the people of Oregon and Southwest Washington by funding or sponsoring research and education, the delivery of needed health services, and analyzing public health needs. The Foundation's programs include grant making and community outreach activities.

Northwest Health Foundation Fund II (Fund II) began operations in 2003 and has established several donor advised funds and received contributions in excess of \$28 million. Fund II exists to receive contributions to fund the mission of the Foundation through public support.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements for 2006 and 2005 include the accounts of the Foundation and Fund II. All intercompany transactions and balances as of December 31, 2006 and 2005 have been eliminated. The Foundation and Fund II report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation and Fund II had unrestricted and temporarily restricted net assets in 2006 and 2005.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation and Fund II consider all unrestricted highly liquid investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents included in investments are classified as investments.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Capitalized property and equipment are stated at cost or, if donated, at fair market value at the time of receipt. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES, Continued**

Grants and Grants Payable

Grants payable represents grants that have been approved prior to year end, but remain unpaid as of year end. Certain multi-year grants are conditional, therefore, only the current year liability is recorded. Conditional unrecorded grants at December 31, 2006 approximate \$647,000. Grant expense is recorded net of approved grants that have been cancelled or refunded during the year.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income and Excise Taxes

The Foundation is an Oregon nonprofit corporation, and is a public welfare organization exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code. The Foundation is not a private foundation.

Fund II is an Oregon nonprofit corporation, and is a charitable organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Fund II was a private foundation and was subject to federal excise tax of 2% (reduced to 1% if certain requirements were met) on net investment income. Effective January 1, 2006, Fund II received a determination that it be reclassified as a public charity.

Some income received from investments in pass-through entities, resulting from activities considered not substantially related to the Foundation or Fund II's tax-exempt purpose, may be subject to reporting as unrelated business income. No material taxes resulting from unrelated business income were incurred for 2006 and 2005.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements

**2. INVESTMENTS**

Investments in marketable securities are stated at current market value. Alternative investment interests represent interests in limited partnerships, limited liability companies, and trusts that are recorded at cost and adjusted periodically for the Foundation and Fund II's share of the entities' activities based upon the most current information provided by the entities' management. All funds not required for operations are placed with investment managers. The investment portfolios include the following financial instruments:

	<u>2006</u>	<u>2005</u>
Cash equivalents	\$ <u>2,370,895</u>	\$ <u>6,594,309</u>
Marketable securities:		
Fixed income securities	6,746,091	5,252,101
Domestic equities	36,654,931	33,350,504
International equities	<u>20,089,886</u>	<u>17,385,377</u>
Total marketable securities	<u>63,490,908</u>	<u>55,987,982</u>
Alternative investment interests:		
Hedge funds	21,964,767	20,461,677
Private equities	8,115,358	6,444,147
Real estate funds	<u>730,950</u>	<u>143,282</u>
Total alternative investment interests	<u>30,811,075</u>	<u>27,049,106</u>
Real estate	<u>704,362</u>	<u>-</u>
Total investments	\$ <u><u>97,377,240</u></u>	\$ <u><u>89,631,397</u></u>

Cost basis of investments totaled \$81,050,447 for 2006 and \$80,040,669 for 2005.

Commitments for alternative investment interests not yet funded approximate \$8,597,000 at December 31, 2006.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**3. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2006 and 2005 consist of the following:

	2006	2005
Office furniture and equipment	\$ 273,883	\$ 251,148
Less accumulated depreciation	217,937	190,042
Net property and equipment	\$ 55,946	\$ 61,106

**4. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at December 31, 2006 and 2005 are as follows:

	2006	2005
Neighborhood Health Clinics - initial contribution	\$ 145,393	\$ 145,393
Neighborhood Health Clinics - earnings	76,725	62,682
Kaiser Permanente Community Fund	25,512,510	25,838,162
Jennifer Baker Fund	6,715	5,537
Physical Activity and Healthy Eating	2,669	-
Total temporarily restricted net assets	\$ 25,744,012	\$ 26,051,774

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**5. RESTRICTIONS ON NET ASSETS, Continued**

Neighborhood Health Clinics net assets are restricted to provide health care services to medically underserved persons and communities in Oregon. The initial contribution is restricted for use until December 31, 2007; however, earnings from the invested funds are available immediately for use toward the restricted purpose.

Kaiser Permanente Community Fund is restricted to advancing the health of residents of the donor's service areas within Oregon and Southwest Washington.

**6. RETIREMENT PLAN**

Effective January 1, 1998, the Foundation adopted a defined contribution 401(k) profit sharing plan which covers substantially all employees. Employees make voluntary contributions to the plan. Annually, the board of directors approves a contribution to the plan. The contribution rate approved by the board was 14.25% for 2006 and 2005. The contributions to the profit sharing plan for the years ended December 31, 2006 and 2005 totaled \$119,882 and \$67,610, respectively.

**7. LEASE COMMITMENTS**

The Foundation leases its office space under a lease agreement, which expired January 31, 2007 with monthly rent of \$11,704.

On February 1, 2007, the Foundation relocated to new office space under a lease agreement expiring on the earlier of February 28, 2008 or the date on which the Foundation acquires the property (see Note 8). Monthly rent is \$11,080.

The Foundation leases a printer, a fax machine and a photocopier under operating lease agreements. Minimum monthly payments of \$652 are payable through November 2010.

Lease expense for the years ended December 31, 2006 and 2005 approximated \$145,000 and \$132,000, respectively.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**7. LEASE COMMITMENTS, Continued**

Future annual rentals under the agreements are as follows:

December 31, 2007	\$ 141,400
2008	30,000
2009	7,800
2010	7,100

**8. OTHER COMMITMENT**

In July 2006, the Foundation entered into an agreement to purchase the building that it relocated to in February 2007 for \$4,350,000. Under the terms of the agreement, the purchase shall occur no later than February 28, 2008.

**9. REQUIRED DISTRIBUTION**

The by-laws of the Foundation specify that the board of directors adopt a distribution policy requiring the periodic distribution of an appropriate percentage of the fair market value of all the permanent assets of the Foundation, rather than the distribution of income and the retention of principal. The percentage set by the board cannot be less than a reasonable rate of return, and cannot be less than the minimum distribution that would be required if the Foundation were a private foundation subject to Section 4942 of the Internal Revenue Code.

As a private foundation in 2005, Fund II complied with provisions of Section 4942 of the Internal Revenue Code relating to minimum distribution requirements.

**9. ALLOCATED EXPENSES**

Costs of providing program expenses and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program services and supporting services based on estimates of employee time incurred and the usage of resources. Insignificant expenses incurred for fundraising are included in general and administrative expenses.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**NOTES TO FINANCIAL STATEMENTS, Continued  
December 31, 2006 and 2005**

**10. FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

Financial instruments that may subject the Foundation and Fund II to concentration of credit risk include cash balances which, from time to time, may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and securities for which the values are subject to changes in market value. To limit credit risk, the Organizations place cash equivalents with high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per institution.

Management believes that risk with respect to investment balances is minimal, due to the placement of the Organizations' investments with a wide array of financial institutions with high credit ratings, and the establishment of a diversified investment policy which limits the Organizations' exposure to concentrations of credit risk.

**11. STATEMENT OF CASH FLOWS RECONCILIATION**

The following presents a reconciliation of the change in net assets (as reported on the statement of activities) to net cash provided by (used in) program activities (as reported on the statement of cash flows):

	2006	2005
Change in net assets:	\$ 5,594,682	\$ (1,000,951)
Adjustments to reconcile the change in net assets to net cash provided by (used in) program activities:		
Net investment activity	(11,840,935)	(5,607,620)
Depreciation	27,895	29,919
Loss on disposal of property	-	4,850
(Increase) decrease in:		
Contributions receivable	-	27,992,532
Other assets	(28,064)	(34,540)
Increase (decrease) in:		
Accounts payable and other liabilities	930,342	47,572
Grants payable	1,243,723	1,311,040
	\$ (4,072,357)	\$ 22,742,802
Net cash provided by (used in) program activities		

**SUPPLEMENTARY INFORMATION**



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## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Northwest Health Foundation and  
Northwest Health Foundation Fund II  
Portland, Oregon

Our report on our audit of the consolidated financial statements of Northwest Health Foundation and Northwest Health Foundation Fund II as of December 31, 2006 appears on page 1. This audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*McDonald Jacobs, P.C.*

April 10, 2007

*Strength in Numbers*

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**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**SUPPLEMENTARY INFORMATION - SCHEDULE I  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
December 31, 2006**

	<u>Northwest Health Foundation</u>	<u>Northwest Health Foundation Fund II</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
<b>ASSETS</b>				
Investments:				
Cash equivalents	\$ 532,240	\$ 1,838,655	\$ -	\$ 2,370,895
Marketable securities	43,452,845	20,038,063	-	63,490,908
Alternative investment interests	22,831,430	7,979,645	-	30,811,075
Investment in real estate	<u>704,362</u>	<u>-</u>	<u>-</u>	<u>704,362</u>
Total investments	67,520,877	29,856,363	-	97,377,240
Prepaid expenses and other assets	49,488	36,753	-	86,241
Intercompany receivable	90,079	-	(90,079)	-
Net property and equipment	<u>55,946</u>	<u>-</u>	<u>-</u>	<u>55,946</u>
				-
TOTAL ASSETS	<u>\$ 67,716,390</u>	<u>\$ 29,893,116</u>	<u>\$ (90,079)</u>	<u>\$ 97,519,427</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 862,380	\$ 270,590	\$ -	\$ 1,132,970
Grants payable	1,741,800	3,285,085	-	5,026,885
Agency funds	-	31,985	-	31,985
Deferred contract fees	-	51,707	-	51,707
Intercompany payable	<u>-</u>	<u>90,079</u>	<u>(90,079)</u>	<u>-</u>
Total liabilities	<u>2,604,180</u>	<u>3,729,446</u>	<u>(90,079)</u>	<u>6,243,547</u>
Net assets:				
Unrestricted	65,112,210	419,658	-	65,531,868
Temporarily restricted	<u>-</u>	<u>25,744,012</u>	<u>-</u>	<u>25,744,012</u>
Total net assets	<u>65,112,210</u>	<u>26,163,670</u>	<u>-</u>	<u>91,275,880</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,716,390</u>	<u>\$ 29,893,116</u>	<u>\$ (90,079)</u>	<u>\$ 97,519,427</u>

See auditor's report on supplementary information.

**NORTHWEST HEALTH FOUNDATION  
AND NORTHWEST HEALTH FOUNDATION FUND II**

**SUPPLEMENTARY INFORMATION - SCHEDULE II  
CONSOLIDATING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2006**

	Northwest Health Foundation	Northwest Health Foundation Fund II	Eliminating Entries	Consolidated Totals
<b>Investment income:</b>				
Interest and dividend income	\$ 757,491	\$ 615,041	\$ -	\$ 1,372,532
Net realized and unrealized gains	8,718,612	2,237,093	-	10,955,705
Management fees	<u>(166,255)</u>	<u>(41,052)</u>	-	<u>(207,307)</u>
Investment income, net of fees	9,309,848	2,811,082	-	12,120,930
Investment expenses:				
Investment administrative expenses	<u>198,099</u>	<u>81,896</u>	-	<u>279,995</u>
Net investment income	<u>9,111,749</u>	<u>2,729,186</u>	-	<u>11,840,935</u>
<b>Other revenue:</b>				
Contributions and grants	-	1,015,725	-	1,015,725
Administrative fees and other revenue	<u>-</u>	<u>432,738</u>	-	<u>432,738</u>
Total other revenue	<u>-</u>	<u>1,448,463</u>	-	<u>1,448,463</u>
Total revenue	<u>9,111,749</u>	<u>4,177,649</u>	-	<u>13,289,398</u>
<b>Expenses:</b>				
Program expenses:				
Community grants approved, net	1,106,199	-	-	1,106,199
Nursing initiative funding	604,116	-	-	604,116
Research funding, net	637,822	-	-	637,822
Community outreach expenses	242,292	-	-	242,292
Kaiser Permanente grants	-	2,288,860	-	2,288,860
Other grants	-	528,436	-	528,436
Service fees	-	400,933	-	400,933
Program administrative expenses	<u>652,632</u>	<u>775,377</u>	-	<u>1,428,009</u>
Total program expenses	3,243,061	3,993,606	-	7,236,667
General and administrative expenses	<u>329,217</u>	<u>128,832</u>	-	<u>458,049</u>
Total expenses	<u>3,572,278</u>	<u>4,122,438</u>	-	<u>7,694,716</u>
Change in net assets	5,539,471	55,211	-	5,594,682
Net assets - beginning of year	<u>59,572,739</u>	<u>26,108,459</u>	-	<u>85,681,198</u>
Net assets - end of year	<u>\$ 65,112,210</u>	<u>\$ 26,163,670</u>	<u>\$ -</u>	<u>\$ 91,275,880</u>

See auditor's report on supplementary information.