ANNUAL REPORT 2008-2009

TOUCHING LIVES THROUGHOUT OUR COMMUNITY

Serving MARIN, SAN FRANCISCO, SAN MATEO and SONOMA COUNTIES
Report from CEO Sandra Lew

While the economic downturn made this a challenging year, Hospice By The Bay remained strong through its relationships with the community and careful stewardship of resources. Our 34 years of responding to patients’, families’ and communities’ needs has created a deep sense of trust and connection to our shared mission — helping all those who need us.

We are deeply thankful for the generosity of our community partners, whose help allowed us to continue making a difference in our community. Hospice By The Bay also proactively addressed economic challenges by reviewing everything from paper clips to paychecks, while preserving our first priority — providing the highest quality of patient care. We made cost-savings measures in administrative, fundraising and operations. Our senior management team elected to take a reduction in salary, while other dedicated staff agreed to forego salary increases. We left no stone unturned.

Because of these measures, we accomplished so much. We cared for 2,600 patients and families, a 14% increase over the prior year. Expanding our Community Grief Counseling Program, we provided on-site crisis intervention and grief support to children and adults coping with difficult losses at their schools and places of employment. We enhanced our educational outreach through free seminars on topics related to estate planning and end-of-life care. To better respond to the needs of our diverse communities, we increased the number of bilingual staff. And, through legislative advocacy, we worked to ensure quality patient care in partnership with our supporters and state/local legislators.

Despite the national outcry against cuts in hospice benefits, over the next seven years we project a 14% reduction in our Medicare reimbursement revenue, with 3.5% in 2010 alone. With cuts at both the Federal and State levels, local communities will need to play a greater role in reaching our shared goal of high-quality, affordable health care for all. What heartens me is that the people in the communities Hospice By The Bay serves are some of the most compassionate, determined and generous people that I have ever had the pleasure of knowing. With that kind of support, we will continue to meet our goals.

Please take a moment to review our 2008-09 Annual Report, which highlights our shared accomplishments, our shared vision and hope for our future. Together, we will continue to make so much possible.
Hospice By The Bay is committed to caring for all members of the communities we serve. When someone in our community dies, whether suddenly or through a long-term illness, many people are affected – immediate and extended family, friends, co-workers and neighbors. Our vision is to provide the right care at the right time. Each day, our hospice team provides nursing, social work assistance and practical support to more than 300 patients coping with chronic and terminal conditions. Our support also extends to anyone affected by the loss of a loved one, prior to, during and following the death. Throughout the year, our community members share with us the impact our work has had on their lives. In the next few pages, we’d like to share some of those stories with you.

Palliative Care Program: Improving Quality of Life

Through our new Palliative Care Consultation Service in partnerships with Marin General Hospital and Novato Community Hospital, our palliative care teams began assessing their patients and treating pain and other distressing symptoms. Our work allows patients additional options and support when making care decisions as their disease progresses. It also offers practical support to patients and their families. Quality assessments show high satisfaction from patients, families and medical staff.

“My 95-year-old mother-in-law re-entered the hospital with a severe infection and extremely low blood pressure. She had communicated that she was ready to go months before. It was confusing to know from talking with her what the best course of action was and the family struggled with our own feelings as well. When the nurse from Hospice By The Bay’s Palliative Care Team came, she listened to our concerns, explained palliative and hospice care options, and most importantly knew what questions to ask my mother-in-law and how to ask them. I felt like a burden had been lifted when she was able to get a clear answer from my mother-in-law. What a blessing it was to have her wishes affirmed and honored.”

~ Lisa Hess, family member
Community Grief Counseling: Healing Hearts

Our individual and group grief counseling provided support to nearly 800 grieving adults and children in our communities. We also helped heal hearts in the community through these programs:

When Crisis Happens
Hospice By The Bay responds with immediate and long-term caring support to groups coping with sudden death or crises in the community. For example, grief counselors helped support a school community after a tragic accident took the lives of several students and a dedicated teacher.

“We appreciated your ability to read the community and respond appropriately for the moment in the context of the school culture. We felt so supported.”
~ Virginia Paik, Interim Head of School and Sam Herrick, Dean of Student Life, Live Oak School

In Schools, Kids Use Art to Heal
Our school-based Art & Grief Groups help children develop healthy ways of coping with loss. Of the children we served last year, 75% are from low-income families and 80% from minority populations. Many have lost a family member to homicide. None would receive this support without us.

In a neighborhood where violence claims lives on a weekly basis, a 16-year-old lost his older brother in a gang-related shooting. As part of our program at his school, grieving group members, some from rival gangs, came together to paint a mural both honoring those who died through community violence and increasing awareness of its devastating consequences.

Camp Helps Children Feel “Less Alone”
Our 2nd annual Camp Erin™ Oakland/Bay Area offered hope and companionship to 50 Bay Area children and teens suffering the loss of someone important in their lives. Free of cost to campers, this weekend gives them a chance to grieve together, play together, talk together and heal together.

“Camp Erin helped me know that I’m not alone. It was good to have someone here listening and to remind me that the world isn’t all bad and that there are people who want to help.”
~ a 14-year-old camper
By The Bay Kids — our Pediatric Hospice and Palliative Care Program — is a Bay Area leader in caring for children with life-limiting illnesses and supporting their families. We work to see that all children who need us receive this specialized care, which relieves suffering and enhances the quality of their lives. Many of our young patients are from marginalized populations, who wouldn’t have access to care without us. This year, our program served 17 children – a 140% increase from the prior year.

Because of our expertise, Hospice By The Bay was selected by the State of California’s Pediatric Palliative Care Waiver Program to provide care to under-served children so they have access to our services earlier in their disease progression.

“To have a hospice organization which is so good at dealing with end-of-life issues in children is crucial. We have had complex cases with young children, complex social situations, and language and cultural barriers. I am certain that without the staff at Hospice By The Bay, the most important aspects of quality care would be missing.”

~ Audrey Foster-Barber, MD, PhD, Medical Director Compass Care, UCSF Pediatric Palliative Care

Every day, community members who have been touched in some way by Hospice By The Bay’s care, come together to provide support to our programs. Below are a few examples:

**FINANCIAL & IN-KIND DONORS**

More than 6,000 community members, businesses and agencies made financial and in-kind donations to Hospice By The Bay this fiscal year.

**OUR VOLUNTEERS**

- Active Volunteers: 550
- Donated Hours:
  - Direct Care: 7,434
  - Administrative: 2,325
  - Fundraising: 27,922
- Cost Savings: $858,750

**COMMUNITY FUNDRAISING EVENTS**

Thousands of visitors attended the 1st Annual Marin Sonoma Concours d’Elegance. Created and managed by dedicated volunteers, this automotive exposition raised more than $130,000 in support.

“If my presence, my listening, my hug or my words can help, I’m glad. But I learn and grow from each experience, so I receive too.”

~ a Patient Care Volunteer
CONSOLIDATED FINANCIAL STATEMENT / FISCAL YEAR 2008-09

REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursements &amp; Program Revenue</td>
<td>$23,662,735</td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>$610,757</td>
</tr>
<tr>
<td>Planned Gifts</td>
<td>$647,338</td>
</tr>
<tr>
<td>Grants</td>
<td>$33,000</td>
</tr>
<tr>
<td>Events</td>
<td>$253,257</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Investments Earnings</td>
<td>$122,515</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>$299,572</td>
</tr>
<tr>
<td>Lease Income</td>
<td>$493,900</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$26,123,074</td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$16,650,095</td>
</tr>
<tr>
<td>Program Administration</td>
<td>$8,334,506</td>
</tr>
<tr>
<td>Development/Fundraising</td>
<td>$437,445</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$25,422,046</td>
</tr>
</tbody>
</table>

CHANGE IN NET ASSETS $701,028*

*Note: On January 1, 2009, Hospice By The Bay and Foundation merged into a single entity governed by one Board of Directors in an effort to streamline our governance for greater efficiency. In addition to the $701,028 change in net assets listed above, Hospice By The Bay Foundation reported an additional $418,726 in net contributions on the final tax return as of December 31, 2008. The complete, audited Hospice By The Bay financial report is available by request.

Hospice By The Bay is currently balancing several financial goals:

- Investing in programs to expand the depth and breadth of our service to patients and families,
- Building sufficient reserves to ensure continuity of patient and family services during economically challenging times, and
- Establishing a debt-free permanent home to better meet community needs for generations to come.

"After we’re gone, the remainder of our trust goes to Hospice By The Bay, assuring that our contribution will live long after us."

~ Jean & Bill Musgrave, Hospice Legacy Circle Members
**The Support of Community Donors Makes So Much Possible**

We are deeply grateful for our community’s financial support. The following individuals and businesses were especially supportive this year.*

**GRANT AND FOUNDATION PARTNERS**

Aetna Foundation
Armit Family Foundation
Bank of America
Charitable Foundation, Inc.
Bank of Marin Foundation
Brewwer West Foundation
Cleo Foundation
Cloud Nine Family Foundation
Dreyer’s Grand Ice Cream
Charitable Foundation
Frances K. and Charles D. Field Foundation
Frank A. Campini Foundation
The FSL Scholarship Foundation
G.A.G. Charitable Corp.
George H. Sandy Foundation
Getson Bakar Foundation
Grey Family Foundation
Hilltop Foundation
Jackson Family Foundation
Jerry J. Wilson Memorial Foundation
Jones-Smith Foundation
Kaiser Permanente
Community Benefit Kort Foundation
Larry L. Hillborn Foundation
Lucasfilm Ltd.
Marin Charitable Association
Mary Wólford Foundation
Moyer Foundation
Norman Raab Foundation
Quigley-Hillner Fund
Robeson Family Foundation
Sanderson Family Foundation
Schultz Foundation
Shenandoah Foundation
Sidney Stern Memorial Trust
Speedway Childrens Charities – Infineon Raceway
Springcreek Foundation
T. B. Walker Foundation
Theodore Rosenberg
Charitable Foundation
Toole Charitable Foundation
Union Bank of California Foundation
Wells Fargo Foundation
William G. Gilmore Foundation
William H. Donner Foundation, Inc.

**INDIVIDUAL, ORGANIZATION AND BUSINESS DONORS**

Ms. Anne-Marie Alexander
Allen Family Fund
Mr. Douglas S. Andelin
Ms. Alyson Anthony**
Mr. Robert B. Antonioli**
Autodesk, Inc.
Mr. and Mrs. Thomas Ballard
Bank of America
Bank of Marin
Bank of the West
Mr. Eugene T. Bannon**
Mr. David J. Barker and Ms. Margaret Mason
Mr. and Mrs. Louis Baltrame
Ms. Ida Baugh
Mrs. Marjorie Bawden**
Ms. Katherine M. Beacock
Mr. and Mrs. John C. Begley
Ms. Susan Berlin
Mrs. Leah M. Berry
Mr. and Mrs. Robert L. Bilger
Bon Air Center
Mrs. Mary M. Borrini**
Mrs. Nenna C. Bouwer**
Mr. Darrach Bourke
Mr. and Mrs. Andrew V. Bradley, Jr.
British Motor Car Dist., Ltd.
Brownrigg Charitable Trust
Mr. David A. Brutali
Ms. Janyce H. Buell
Mr. Joseph C. Bunker, C.P.A.
Mr. and Mrs. Robert Burke
Mr. Rudolf Bunkert
Mrs. Ruth H. Burlingame**
Mr. and Mrs. Ronald Burbett
Mrs. Antoinette Bush
Mr. and Mrs. Ron Bushman
John E. and Helen K. Cahill Fund
Mrs. Helen E. Cameron
Ms. Bernice D. Canala**
Mr. Eugene B. Cecotti
Ms. Jean S. Chambers
Mr. and Mrs. Randy Cerrner
Mr. Joseph W. Ciatti
Mr. Wayne Clark
Ms. Corinna L. Clearhau**
Community Thrift Store
Mr. and Mrs. John Compton
Dr. J. Ronald Fisher
Mr. and Mrs. Dixon M. Farley
Ms. Feld**
Ferrari of San Francisco
Freeman’s Fund Insurance Co.
Dr. Sylvia Elsesser
Mr. Albert O. Engel
Del and Janet Evans
Mr. & Mrs. Kenneth Fahy**
Mr. and Mrs. Marion W. Farrow
Ms. Field**
Ferrari’s of Sonoma
Freeman’s Fund Insurance Co.
Dr. Richard F. Gamble
Dr. and Mrs. Richard E. Geist
Mr. and Mrs. Mario M. Ghelotti
Mr. and Mrs. Dennis A. Gildard
Mr. and Mrs. Charles Goodman
Dr. William H. Goodson III
Mr. and Mrs. Sidwell Goodwyn
Frank and Barbore Greene Charitable Fund
H & L Commercial Real Estate
Mr. and Mrs. Larry Hamilton
Claire-Bella Hamilton**
Mr. Noble Hamilton, Jr.
Ms. Muriel M. Harris
Mr. and Mrs. Joel Hausman
Mr. Timothy D. Hayes
Mr. and Mrs. William R. Hazen
Dr. Bobbie Head and Dr. Brian J. Lewis
Mr. and Mrs. Robert Healy
Mrs. Jeanne S. Herman Arnold
Mrs. Marjorie J. Herrero
Dr. Leo A. Hoefler and Mrs. Eleanor Werner
Mr. John E. Horton
Ms. Susan H. Hosfeld
Mrs. June D. Howard-Flanders
Mrs. Edna Hultine**
Mr. and Mrs. William D. Hutchinson
Mrs. Anne Irvine
Ms. Tora D. Iisi
Ms. Lillian A. Jackson
Mrs. Mary Lou F. Jacobsen
Mr. and Mrs. Stephen Jaeger
Jerry Thompson & Sons Painting
Mr. and Mrs. Scott M. Jones
Mr. and Mrs. Shiraz R. Kaderali
Kaiser Permanente Medical Center
Mr. and Mrs. John Kane
Mr. and Mrs. Robert V. Kane
Mr. and Mrs. Donald J. Kelleher
Mrs. Nancy H. Kelso
Mr. and Mrs. James R. Kennedy
Mr. Peter C. Kerner
Ms. Karen Kilian
Mrs. Barbara Kimberly
Mr. and Mrs. Jeffrey D. Kirshbaum
Mr. and Mrs. William B. Kleinecke
Mr. and Mrs. Herbert Konkoff
Mr. and Mrs. Herbert Kreissler
Mr. and Mrs. Nicholas A. Kunst
Ms. Barbara S. Langerman
Ms. Sandra Lew and Mr. Ira Pollack
Ms. Jessica Lewin
Mr. and Mrs. Carl T. Lewis
Lucas Valley Properties, Inc.
Lucasfilm Ltd.
Ms. Lottolihan Mansourri
Ms. Abby Magolis
Marin Cancer Institute, A Program of Marin General Hospital
Mr. Hersh Markusfeld
Mr. Melvin H. Marlowe**
Ms. Mildred S. Martinstein**
Maxi-Hancock Fund
Ms. Roberta Masson
Mr. and Mrs. Edward S. Matthews
McLoey O’Hara Company
Ms. Hazel McCadden**
Mrs. Barbara C. McCulloough
Mr. and Mrs. Ray E. McDvitt
Mr. and Mrs. William E. McGlashan
The Mechanics Bank
John and Madeline Meenan**
Ms. Barbara J. Meisin
Mr. and Mrs. Jerry Meisin
Mr. and Mrs. Kenneth Meisin
Dr. and Mrs. William C. Mentzer, Jr.
Ms. Maria C. Mezzetta
Mrs. Jane Miller
Dr. and Mrs. Gary S. Mizono
Dr. and Mrs. Stephen Mizroch
Montecito Market Place Assoc.
Mount Tamalpais Cemetery and Mortuary
Multi Martins Corporation
Ms. Laverner Noble
Mrs. Hannalore Noble**
Mr. and Mrs. Frank B. Noonan
Northern Trust Bank of California
Mr. and Mrs. Thomas O’Connell
Mrs. Olivia A. Orr
Ms. Sybil L. Ortneff**
Mr. and Mrs. David Pagarinini
Mr. Jerold Parrock
Mr. Donald G. Parks
The Pasha Group
Mr. and Mrs. Sharon C. Paster
Mr. Stephen Perkins
Gerald R. Petens, Esq.
Mr. and Mrs. Thomas E. Peterson
Mr. and Mrs. William W. Peterson
Mr. David G. Plant
Mr. and Mrs. Bill R. Poland
Ms. Melissa Prandi and Mr. Jack Damato
PRANDI Property Management
Eva and Bill Price
Price Family Dealeships
R.A.B. Motors
RCP Tiburon Mile
Mrs. Elizabeth Rafael
Dr. and Mrs. Scifoo and Dr. Shaha Chehrazi
Mr. and Mrs. Gary T. Raggiani
Ragghianti and Frelas LLP
Ms. Ruth Rakosky and Mr. Richard J. Passer
Mrs. John Richmond
Mr. and Mrs. Richard S Riede
Mr. and Mrs. David R. Ring
Mr. and Mrs. Richard K. Robbins
Ron Andrews Medical Co., Inc.
Mary S. Rose in Memory of Morton S. Rose**
Mr. and Mrs. Freeman Sachs
Mr. and Mrs. Paul Sade
Mr. and Mrs. James S. Saffran
Mr. Hermann E. Schnabel
Mr. and Mrs. Richard H. Scheenberger
Seadrift Realty, Inc.
Mr. and Mrs. Bruce Seaton
Mr. and Mrs. Thomas Selfridge
Mrs. Sharon Seto
Mr. and Mrs. James A. Sharpe
Ms. Susan B. Silver
Mr. and Mrs. Kerry Simpson
Mrs. Margaret R. Skornia
Estate of Margaret Donner Spencer**
Mr. and Mrs. Jeff Stephens
Mr. W. David Stern
Mrs. Françoise Stone
Ms. Louise C. Strauss**
Mr. George Swift**
Sutter Insurance Company
Tamalpais Bank
Mr. Muriel M. Tarrant
Mr. and Mrs. Richard T. Tarrant
Mr. and Mrs. Stephen A. Thal
The Dutra Group
Mr. William E. Thompson
Mr. and Mrs. Tom Thornhill III
Ms. Carolyn C. Timmins**
Mr. Donald N. Tornberg
Hazel O. & Carl L. Torres**
Town Center Corte Madera
TransGlobal Resources, Inc.
Mr. and Mrs. Victor Tischirky
UBS Financial Services, Inc.
Marco A. Vitald Fund
Mr. William V. Word
Mr. William A. Watts**
Wells Fargo Private Bank
Mr. Robert A. Wengen
WestAmerica Bancorporation
Mr. Mark Wiedenmayer
Mrs. Genevieve M. Wilcox**
Mr. and Mrs. Monroe J. Wingate
Ms. Glia G. Wylie
Mrs. Theresa K. Yau
Mrs. Paula Zeidman

*Our entire list of 2008-09 donors will be published in our upcoming Community Connection newsletter. **Legacy Gift
Hospice By The Bay
17 East Sir Francis Drake Boulevard
Larkspur, CA  94939

Board of Directors
as of June 30, 2009
Dennis A. Gilardi, Chair
Robert P. Kowal, Treasurer
Linda B. Simpson, Secretary
Michael R. Dailey
Robert V. Kane
Jeffrey D. Kirshbaum
Sandra Lew, LCSW, CEO
Kenneth Meislin
William C. Mentzer, Jr., M.D.
Gerald R. Peters, Esq.
Mary Taverna, President Emeritus
Stephen A. Thal, Chair Emeritus

Fundraising Board
as of June 30, 2009
Dennis A. Gilardi
Christopher R. Hemmeter
Tora D. Isi
Michael A. Kadel
Jeffrey D. Kirshbaum
Judi Kirshbaum, MFT
Nicholas A. Kunst
Sandra Lew, LCSW, CEO
Patricia McDowell
Kenneth Meislin
Melissa Prandi, MPM
Gary T. Ragghianti, Esq.
Richard S Riede, Esq.
Robert J. Simon
Mary Taverna, President Emeritus
Stephen A. Thal, Chair Emeritus

MARIN
17 East Sir Francis Drake Boulevard
Larkspur, CA  94939
(415) 927-2273

SAN FRANCISCO/SAN MATEO
1902 Van Ness Avenue, 2nd Floor
San Francisco, CA  94109
(415) 626-5900

SONOMA
190 West Napa Street
Sonoma, CA  95476
(707) 935-7504

www.hospicebythebay.org