



March 30, 2007

Dear Harlem United Supporter:

I am once again pleased to present highlights of Harlem United's performance during 2006. Indeed, I am particularly proud of the continued expansion of our healthy and healing community to more of Harlem, Upper Manhattan, and the South Bronx through our healthcare centers, our supportive housing programs, and our HIV prevention initiatives.

### Our Philosophy

While reviewing our financials and our outcome data for the past year, I was reminded of the conventional wisdom that "numbers" are dull or uninspiring. However, I believe conventional wisdom is wrong in this regard. In fact, Harlem United's "numbers"—both our audited financials for the 2006 fiscal year and our outcome data—tell a compelling story about our increasing success as one of New York's best community-based HIV/AIDS organizations.

Moreover, Harlem United's rigorous attention to its own numbers (both our finances and our service outcomes) is integral to our mission. This may sound surprising for an agency involved in health and human services. Aren't we supposed to be about people, not "numbers" some might ask? My answer is always: "Of course, Harlem United is about people." We have a fierce commitment to each person we serve. We're also about community, about how we can join with our clients to help them to heal medically, psychologically, and spiritually.

Nonetheless, a laser-like attention to our "numbers" is a major reason for our success. Ultimately, we can only know if we are helping our clients—and our community—if we know objectively whether our services improve well-being. Thus, Harlem United's major investment in assessment, evaluation, staff training, and our use of continuous quality improvement as a management strategy are actually moral commitments—to our clients, our community, and their health.

Finally, we have made another key moral commitment—

Adult Day Healthcare Center,  
Primary Care, Dental Clinic,  
Mental Health Services

123-125 West 124th Street  
New York, New York 10027  
Phone: 212-531-1300  
Fax: 212-531-0141

Administration,  
Policy & Government Relations,  
Prevention & Education,  
Supportive Housing Programs

306 Lenox Avenue  
New York, New York 10027  
Phone: 212-803-2850  
Admin/Housing Fax: 212-2899  
Prevention Fax: 212-860-9280

COBRA Community  
Follow-Up Program

104 East 126th Street  
New York, New York 10035  
Phone: 212-860-0820  
Fax: 212-860-7947

El Faro East Harlem  
Adult Day Healthcare Center

179 East 116th Street  
New York, New York 10029  
Phone: 212-987-3707  
Fax: 212-987-0847

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to the financial health of Harlem United, itself. The trust our community places in us—and the generosity of our public and private funders—demand no less. Harlem United must be here as long as our clients need us. Unfortunately, though HIV/AIDS has largely become a manageable chronic disease, the epidemic is here for the foreseeable future. The other manifold challenges facing our clients (drug use, mental illness, poverty, and social stigma to name just a few) are often much less manageable now than HIV/AIDS is medically. Thus, our clients' best interests lie in both our own unstinting focus on the bottom line and an assurance of long-term, institutional stability.

**In our DOT program, safer sex behavior of participants increased, with 85% more likely to disclose their HIV status to a partner.**

### New Agency-Wide Statistics

In 2006, I am proud to report Harlem United served 2,436 unduplicated index clients, a new record for the agency. Our 2006 client total represents a significant 18.8% increase from the 2,050 total clients we reported for 2005. This number does not include the more than 1,500 HIV counseling/testing sessions or the extensive outreach encounters conducted by staff in our

Prevention division. We attribute the increase in clients during 2006 to the expansion of several existing programs, including our two ADHC's and our COBRA program and to several enhancements in our supportive housing programs. We expect the total number of our clients to continue to increase during 2007, particularly as we ramp up our new East Harlem ADHC to full capacity.

In 2006, we also housed 530 individuals, including 292 index clients (who were part of the larger client total quoted above) and 238 family members. These figures include only those persons we housed through our own scattered site housing programs. They do not cover the many clients for whom staff in our Community Case Management Program (COBRA) found shelter.

### Key Service Outcomes

As part of our deep and on-going commitment to outcome evaluation, we are pleased to report that each of our divisions (Healthcare, Supportive Housing, and Prevention) demonstrated significant successes in 2006. Here are just some of our key results.

#### *Healthcare*

- In our Healthcare divisions Directly Observed Therapy program (DOT), the number of clients with undetectable viral loads more than doubled to over 63% in 2006. The overall distribution of viral loads among clients also shifted toward undetectable.
- In our Substance Use Wellness Program, 85% of the program clients report being sober on any given day, and more than 66% report a decrease in illegal drug use. Eighty-five percent of clients are also now completing their 28-day, in-patient treatment (to which Harlem United refers clients), compared with only 60% prior to May 2005.

**85% of the clients in our substance use program report being sober on any given day and over two-thirds report a decrease in illegal drug use.**

- Our substance use program also showed nearly two-thirds of clients with improved health, including improvements in CD4 counts and viral loads.

**In our substance use program, nearly 66% of clients reported improved health, with improvements in CD4 counts and viral loads.**

- Clients participating in our Mobile Mental Health Program showed a dramatic drop in costly emergency room visits from 44% prior to enrollment in the program to 14.8% at follow-up and in hospitalizations for medical reasons from nearly 30% to 7.4%.

### *Supportive Housing*

- As evidence of our success in connecting our clients to care, clients in our Housing division visit their primary care physician an average of 7.57 times per year; 86% visit their doctor at least once every four months.
- Nearly two-thirds of our housing clients have shown improvements in their CD4 counts since entering Harlem United housing.
- Since placement in Harlem United housing, 31% of our clients have gotten employment (full- or part-time or stipend work), 3% have earned a GED, and 7% have earned a college degree.

### *Prevention*

- In 2006, the Prevention Division performed over 1,500 HIV rapid tests, a 28% increase over 2005.
- In our Counseling and Testing Initiative, our effective outreach and testing strategies permitted us to discover a relatively high rate of HIV-positive individuals. In fact, 3.9% of the individuals we tested were HIV positive. This far surpasses a Centers for Disease Control and Prevention seropositivity detection rate of 1.2% across the country and 1.6% in NYC public hospitals.
- Our HIV testing credibility is growing in the community. Word-of-mouth referrals account for 20% of those we test, as well as for 34% of those we test who turn out to be HIV positive.
- We achieved a 57% connection to care rate in our Counseling and Testing department. This is a sharp increase over our 42% rate in 2005 and surpasses the overall Harlem rate of 51% reported by New York City's Department of Health and Mental Hygiene.

### Major Program Achievements in 2006

During 2006, Harlem United succeeded in intensifying our assistance to individuals living with HIV/AIDS, and we expanded our continuum of care through the following activities:

- **We completed renovations and began operations at our second Adult Day Health Care Center, on East 116<sup>th</sup> Street in East Harlem.** The new

**In 2006, in our Testing program, 3.9% of individuals we tested were HIV positive. This surpasses CDC seropositive detection rates of 1.2% nationwide and the 1.6% rate in NYC public hospitals.**

program, which opened in May 2006, replaced our El Faro Adult Day Treatment Program and helps us better serve the complex needs of clients with HIV/AIDS in East Harlem. As noted above, this new ADHC is the first of its kind in the neighborhood. It's also the first fully Spanish-language ADHC anywhere in New York City.

**Since placement in Harlem United housing, 10% of our clients have gotten full-time work, 21% have gotten part-time or stipend work, 3% have earned a GED, and 7% have earned a college degree.**

- **We maintained our Central Harlem ADHC census at 79 clients per day.** We are pleased to report that, for the period between January and October 2006, our Central Harlem ADHC exceeded the target with an average daily census of 82 clients. We have been much more pro-active with our intake efforts. As of January 2007, total client enrollment stood at 145. This helped us maintain our daily client census substantially above target during 2006.
- **We increased the capacity of the substance use component of our Central Harlem ADHC.** Our harm reduction program—which tailors behavior change to the client and the unique conditions of his or her substance use—saw client participation increase by more than 45% from April 2005 to September 2006. This encouraging trend was replicated in participants' maintenance-in-care data. Nearly two-thirds of clients said they experienced improved health and that their CD4 count also improved. Close to half of the respondents (48.7%) reported an improvement in their viral loads.
- **We received federal funds to improve the quality and efficiency of our primary care services with the hiring of a Medical Practice Manager.** This staff position, funded through the U.S. Department of Health and Human Services' Health Resources and Services Administration, has expertise in managing appointment systems, developing follow-up systems, analyzing data to improve the match between service demand and supply, and building a solvent practice.

- **We received public and private funding for our innovative Blocks Project, a geographically-based campaign of HIV testing and connection-to-care for the newly diagnosed.** Taking into account the fact that HIV infection is as much a function of where one lives as it is of who one is and what target population one belongs to, Harlem United's "Blocks Project" introduces a comprehensive geographic approach to improve early detection and connection-to-care (along with essential supportive services) in high HIV prevalence neighborhoods of East and Central Harlem. This is the first and only such model in upper Manhattan employing a traditional public health approach—generally used for asthma and TB—to bring HIV education, rapid testing, and access-to-care to as many as a quarter of the residents of our Harlem community.

- **We received two grants from the Centers for Disease Control and Prevention to work to evaluate the effectiveness of several HIV testing strategies.** The funding will allow us to examine strategies designed to reach two, high-risk populations—

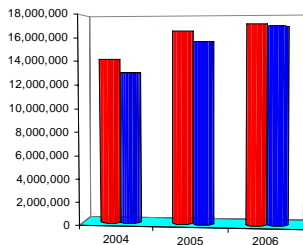
**Costly emergency room visits for clients in our Mobile Mental Health Program dropped from 44% of clients to 14.8% and hospitalizations for medical reasons from nearly 30% to 7.4%.**

African American women and African American Men who have Sex with Men—and to look closely at those in both populations who are HIV positive but unaware of their status.

- **We increased the number of housing units for singles and families living with HIV.** We added 15 new contracted single units for our Transitional Housing Program and are in negotiations to add 43 more single and family units to our Women’s Housing Program. We are also negotiating for 20 more single permanent units for HIV positive women and men who have histories of mental illness.
- **We are happy to report that, in fall 2006, we hired a new contractor who re-commenced work with vigor on our new Congregate Residence Facility on West 124<sup>th</sup> Street.** Difficulties with the previous contractor had caused extensive delays. After successfully dismissing the old contractor and avoiding litigation, we re-bid the project, and hired a new contractor. In order to cover rising construction costs, we also successfully obtained additional public financing for the 24-unit project. The new contractors completed construction on seven floors by the start of January 2007. We anticipate the project’s completion by December 2007, with occupancy soon thereafter.

### Harlem United’s Performance in Fiscal Year 2006

In addition to our focus on our outcome data, we look carefully at our bottom line, too. Thus, I am happy to report that Goldstein Golub Kessler LLP, our auditors, issued “an unqualified opinion” (the best a Certified Public Accountant can render) on their audit of Harlem United for FY 2006. (Please refer to our FY 2006 Audited Financials for more detail about our fiscal performance.)



**Total Revenue (red) vs. Total Expenses (blue)**  
**3 Year Trend**  
 (Source: Goldstein Golub Kessler)

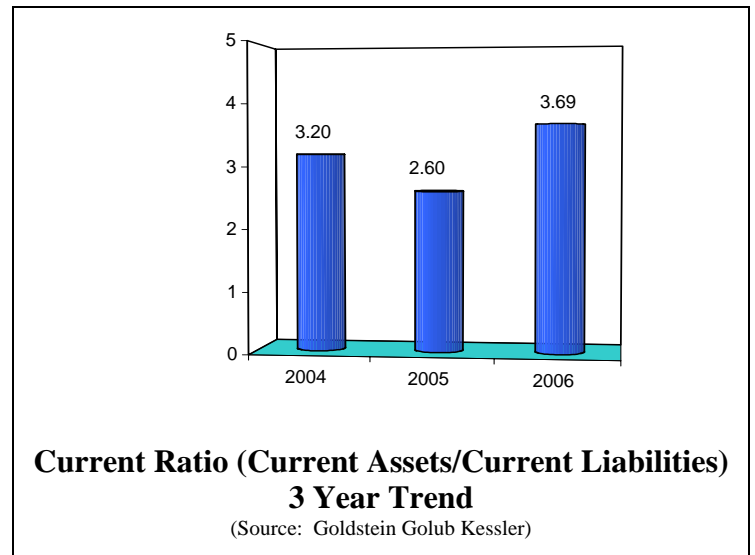
#### *Our Balance Sheet*

Our balance sheet for FY 2006 shows \$16.8 million in total assets, an increase of \$6.1 million or 16.9% from the \$10.7 million in total assets in total assets at the end of FY 2005. This is a record total for Harlem United. We are also pleased that, once again, our operating revenues of approximately \$17.2 million during FY 2006 have exceeded our operating expenses of approximately \$17.0 million.

(The precise figure for our FY 2006 operating surplus was \$166,485). While the amount of our operating surplus during FY 2006 is not as large as it has been in past years, we are particularly proud that, even with the significant management, operational, and fiscal challenge of opening our new East Harlem ADHC in 2006, we have been able to sustain a positive financial performance. Indeed, as the chart above makes clear, Harlem United has been successfully managing dramatic organizational growth over the last several years (and longer) by ensuring that revenues continue to exceed expenses.

### *Our Current Liquidity Ratio*

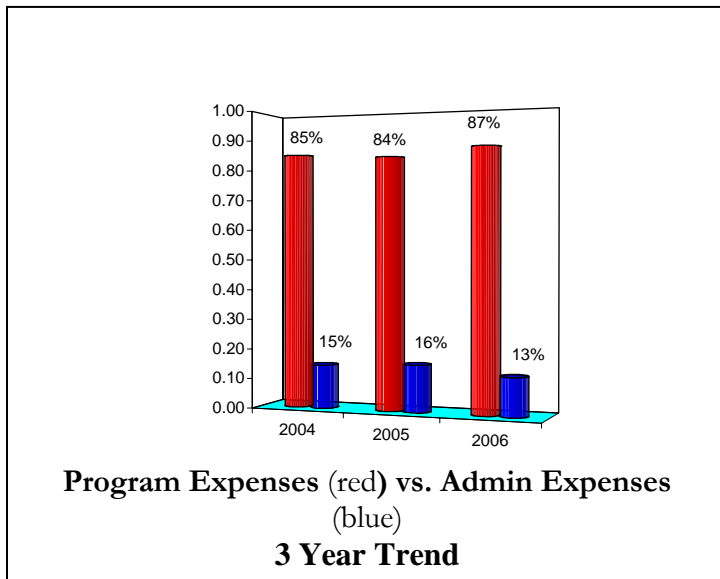
I would also like to call your attention to two other key measures of the fiscal health and responsible fiscal management of a non-profit organization. The first measure involves what is known as the current liquidity ratio. (This ratio is defined as an organization's total current assets divided by its total current liabilities. The higher the ratio, the healthier the organization is fiscally.) We are happy to report that our liquidity ratio rose from 2.60 in FY 2005 to 3.69 in FY 2006. Indeed, as the chart to the right makes clear, we have maintained our current liquidity ratio—for the last three years—at very healthy levels by the standards of most not-for-profit organizations. (On average, most non-profits operate with a current liquidity ratio of 1.0.)



### *Administrative Overhead*

Finally, another key measure of a non-profit's responsible fiscal management is the percentage of an agency's total expenses devoted to administration versus the total expenses used for actual program activity. While a non-profit must maintain the necessary infrastructure (executive management, development, human resources, information technology, evaluation, and facilities) to oversee and

support its programs, it must also maximize funding for program activities and efficiently deliver client services. As you will note from the chart to the left, during FY 2006, Harlem United's administrative expense percentage was only 13%. Moreover, this percentage has actually fallen over the last three years. On average, non-profits operate with administrative overhead within the range of 25% to 10%. By this measure, then, Harlem United is a very efficient organization.



### Our Clients

As I mentioned at the beginning of this letter, Harlem United is also about each individual we serve. In that spirit, I'd like to share stories

about two of our clients. Both stories demonstrate the importance of Harlem United's supportive services in assisting our clients to improve their health and their lives. They also demonstrate how our focus on the "numbers" plays a vital role in monitoring our clients' well-being.

## *T.'s Story*

When T. entered our Women's Housing Program in March 2004, she was eight months pregnant and poorly housed. She was also distressed at the prospect of giving birth without an appropriate apartment. Worse, T. had had an unhappy experience with the City's Administration for Child Services (ACS) in the past, due to her substance use. As a result, her older child had been placed in foster care. She feared her record with ACS, coupled with unsuitable living conditions, might result in an order to place her baby in foster care, too. Moreover, her CD4 count was low (489) and viral load was high (40,000). Inadequate adherence to HIV treatment placed her at risk of developing a resistant strain of HIV. Finally, T. had a history of trauma due to multiple sexual assaults, an unclear psychiatric diagnosis, and was taking inappropriate psychotropic medications.

**With our substance use wellness program, 85% of clients are completing their in-patient substance use treatment, compared with only 60% before the program.**

Women's Housing worked quickly to place T. into housing and get her into supportive services. Her baby girl was born healthy and HIV-negative at 6 pounds. However, given her history and recent substance use, ACS did place her baby in foster care. ACS also ordered T. into Family Treatment Court. Thanks to our advocacy—in the form of court escorts and collaboration with ACS—T. received her treatment at our West Side Adult Day Healthcare Center. In July 2004, after demonstrating progress in controlling her substance use and mental illness and increasing HIV treatment adherence, T. and her little girl reunited. She and her baby (under ACS monitoring) moved to a two-bedroom apartment in

our HRA Scattered-Site Program. In August 2005, T. enrolled in a job-training program, then graduated and took a full-time position as a Residential Aid.

T. continues to use Harlem United's services and strives towards greater independence. She is becoming a more responsible parent and recently regained custody of her second child. T. now provides for her mother and children (now ages 2 and 10) in her own home. Her health continues to improve. Her most recent CD4 count has risen to 701, while her viral load has fallen to an undetectable level of <50. With the help of Harlem United and her peers, T. has clearly made major strides towards health and well-being, both for herself and her family.

**During 2006, in our DOT program, the number of clients with undetectable viral loads more than doubled to over 63% .**

## *D's Story*

The need for healing and healthy community brings many individuals to Harlem United, keeps them in care, and enables them to make major changes in their lives. Take D.'s story, for example. D. was diagnosed with HIV in 1994. One of our supportive housing programs referred her to El Faro, our East Harlem center, in September 2005. While D. had already stabilized her health through our primary care services (her CD4 count was up to 339 and her viral load had fallen below 75), she was still battling some personal demons. Like many individuals in recovery, D. was often avoiding people, places, and things that triggered her substance use. This avoidance, while essential to her

recovery, had left her feeling isolated. She felt a strong need to join a new, healthier community and to obtain mental health services and assistance in coordinating her care. She felt particularly motivated to continue her recovery because she wanted to regain custody of two of her three children. (One child already lived with her.)

At El Faro, she found several peers she knew from her own her 12-step groups. D. was able to develop a new network of people who supported her recovery. We were able to provide her not just with the professional support she needed, but also with the right kind of socialization to help structure her daily life. The El Faro program schedule also allowed her to manage care for her children while staying engaged in our services. In 2006, with the conversion of El Faro from a social day treatment program to an ADHC, D. remained an active member of the community, helping with program festivities and motivating her peers to become more involved in the new ADHC's social life.

While D. had had a history of mental health treatment, she did not recognize her own undiagnosed mood disorder which, unmanaged, leaves her irritable

and unable to effectively cope with her responsibilities. We worked with D. to re-engage her in mental health services, initially through Harlem United's Mobile Mental Health Program, then finally through regular services at the El Faro ADHC with the agency's psychiatrist, her case manager, and the program's Art Therapist.

Thanks to Harlem United's help, D. is now in the process of regaining full custody her two other children. The staff of El Faro and our Supportive Housing division have also worked together to help her enroll in a vocational training program for culinary arts. She started the program in September 2006 and is on her way to her first internship. At Harlem United, D. found not only a sense of belonging, but a group of staff and peers who are helping her—for the first time—to realize her own potential.

### Our Special Thanks

On behalf of our clients and our staff, then, I wish to express Harlem United's deepest gratitude. We could not accomplish our mission without your continued support. Indeed, we look forward to working with you now and in the future. Rest assured that Harlem United is a good shepherd of your generosity, and that you have helped to create real and positive changes in the lives of many who benefit from our community of care.

Sincerely yours,



Patrick J. McGovern  
Executive Director

**In 2006, in our Counseling & Testing program, we increased our connection-to-care rate to 57%, surpassing our 2005 rate of 42% and the overall Harlem rate of 51%.**

**In our Mobile Mental Health program, safer sex behavior of participants increased, with 85% more likely to disclose their HIV status to a partner.**