



VIRGINIA  
HEALTH CARE  
FOUNDATION

# What Happens When You Think Big?

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2007 Annual Report

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Fifteen years ago,  
it was just an idea.

Today the Virginia  
Health Care Foundation  
has not only grown,  
it is flourishing –  
helping uninsured  
Virginians in every part  
of the Commonwealth.

*Here are some of their stories...*



15 Years –  
500,000 Lives





# 15 Years – \$467,000,000 in Free Medicine

“I would have stroked-out by now if it wasn’t for the medicines I receive through *The Pharmacy Connection*. My grandfathers both died at 48 from strokes related to high blood pressure. Mine was magnificently high – 220/180. Not anymore.”

---

Andrew Slater  
Charlottesville Free Clinic

1993



# 15 Years – 1,608,059 Patient Visits

“When your child needs stitches and the closest hospital is 30 miles away, you start to panic. The health center means a lot to this community. It not only delivers medical care, it provides peace of mind.”

The Walker Family  
Charlotte Primary Care

1998







# 15 Years – 35 New Dental Programs

“Early on, one young ‘behavior problem’ came to us in great pain – he was uninsured and hadn’t been able to get care anywhere. We fixed him up, and he became a ‘straight A’ student. For many of these kids, dental care makes such a difference.”

---

Dr. Gabe Brown  
Carilion Dental Care - Pediatrics

2001



# 15 Years – 40,396 Insured Children

“Before my children were covered by FAMIS, we had to go to the ER when they were sick. Now, they have a doctor, and we can handle things like Temontre’s asthma before it becomes an emergency.”

Krystal Douglas  
CHIP of Greater Richmond

2003





# 15 Years – 458% Increase in Safety Net Sites

“We’ve grown by leaps and bounds. Since the very beginning, VHCF has been there for us, giving us the funds to start new initiatives and setting high standards for performance.”

Kristin Langlykke and Nyrma Hernandez  
Alexandria Neighborhood Health Services, Inc.

2007



## VHCF Donors (1992-2007)

**With the support of our public and private partners, VHCF has touched the lives of more than 500,000 Virginians.**

### LEADERSHIP PARTNERS EXTRAORDINAIRE (\$1,000,000+)

**Anthem Blue Cross & Blue Shield+**  
Robert Wood Johnson Foundation  
Theresa A. Thomas Memorial  
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Virginia Department of Health  
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Virginia Department of Social  
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### PLEASE REMEMBER VHCF IN YOUR WORKPLACE GIVING CAMPAIGN:

CVC – 3471  
CFC – 31808  
Richmond Area LGS – 334

### THANK YOU TO ALL DONORS WHO CONTRIBUTED THROUGH THESE CAMPAIGNS AND THE UNITED WAY CAMPAIGNS ACROSS THE STATE.

Please join The Washington Redskins and **HCA Virginia** in supporting the Virginia Health Care Foundation's work to strengthen and grow Virginia's health safety net.

Take the Challenge and double the power of your support!



For more information:  
[www.vhcf.org](http://www.vhcf.org)

**FY07 donor**  
+ Contributed to VHCF and SeniorNavigator.com  
\* Contributed to SeniorNavigator.com  
^ Deceased

We have taken great care to assure the accuracy and completeness of this list, and regret any errors or omissions. Please contact us if any corrections are needed.



# 15 Years – 500,000 Lives

*The numbers are impressive, but they're only a small part of the Virginia Health Care Foundation's story.*



The Virginia Health Care Foundation's (VHCF) work to increase access to primary health care for uninsured and medically underserved Virginians is as **multidimensional** as its **partnerships** and **initiatives**.

Of course, the people behind the statistics are the most important part. **Adults** like Andrew Slater (*p. 3*) – hardworking, uninsured and in desperate need of medications

and care. **Children** like Temontre Douglas, (*p. 8*) who could only obtain care for his asthma when his condition became so severe it required emergency attention. And a **multitude** of other **Virginians**, whose chronic illnesses or dental pain were so debilitating that, without treatment, they were unable to work. The Foundation has been there for all of them.

**But, there is even more to VHCF...**

## Growing Virginia's Health Safety Net

There is the net. The health care safety net VHCF has helped build and strengthen. Consider this: In 1992 there were only 33 health safety net sites throughout Virginia. Today there are 184. VHCF has contributed significantly to this growth with grants totaling \$24.4 million.

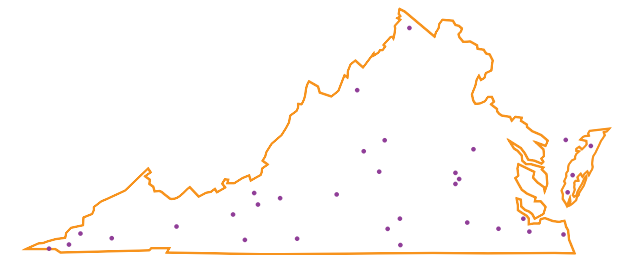
Among other things, these grants have:

- Helped establish 35 new dental programs;
- Installed paid nurse practitioners in 48% of Virginia's free clinics, dramatically expanding patient capacity;
- Enabled health safety net staff to attend 6I management courses; and
- Underwritten the development of strategic plans for 45 safety net organizations.

In addition to these local safety net efforts, VHCF has supported a number of statewide initiatives designed to improve quality and capacity throughout the Commonwealth. This year, VHCF's largest

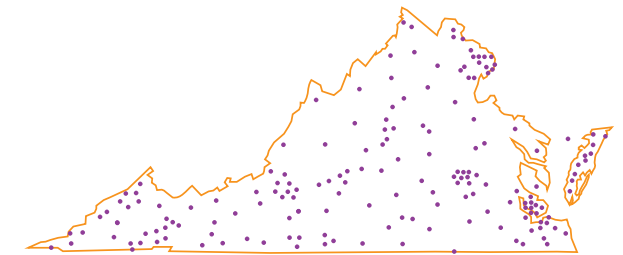
### HEALTH SAFETY NET PROVIDERS

1992



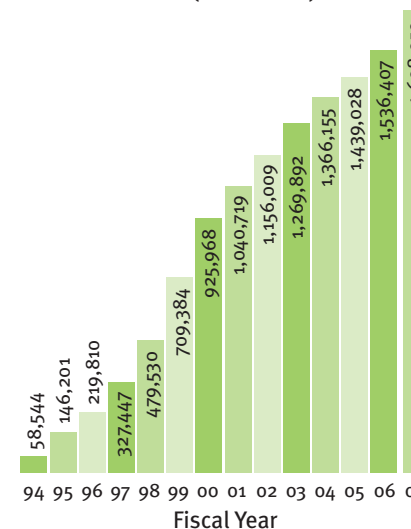
### HEALTH SAFETY NET PROVIDERS

2007



### PATIENT VISITS BY VHCF PROJECTS

Current and Graduated (cumulative)



grant ever (\$250,000) is helping the Virginia Community Healthcare Association purchase an electronic health record system for its network of community health centers. This will bring the efficiencies of technology to an important sector of the safety net, and ultimately enable the centers to treat more patients and manage their chronic illnesses more effectively.

A recent VHCF grant to the Virginia Association of Free Clinics is underwriting the development of accreditation standards for Virginia's 49 free clinics. This will establish a basic set of criteria that will ensure quality operations and patient care, while allowing each clinic to retain its own distinct personality.

Each of these initiatives marks a significant milestone in the evolution and





professionalization of Virginia’s health safety net.

Building and strengthening the safety net is vital, but, again, does not reflect all that VHCF is and does.

**Innovation and Results**

The story of the Virginia Health Care Foundation is also one of innovation, creativity and an entrepreneurial approach not found in many nonprofits – characteristics acknowledged when VHCF received the 2006 Excellence in Government Award for Innovation by the L. Douglas Wilder School of Government

2006 Excellence in Government Award



and Public Policy at Virginia Commonwealth University.

Over the years, the Foundation has developed a broad array of cutting-edge safety net initiatives. One of the best known is **The Pharmacy Connection (TPC)**. This special software expedites access to the free chronic disease medicines available through pharmaceutical companies’ Patient Assistance Programs (PAPs). Since the first generation of *TPC* was released in 1997, **The Pharmacy Connection** has generated \$467 million in free medications for 144,187 uninsured Virginians, essentially filling over 1.9 million prescriptions.


VHCF’s familiarity with the PAPs and the medical needs of the chronically ill spawned two additional innovative initiatives: the **Rx Partnership** and **RxRelief Virginia**.


The **Rx Partnership (RxP)** allows health safety net providers with pharmacies to eliminate the 4-8 week wait for free medicines that occurs when medicines are ordered via PAPs. Instead, *RxP* solicits free medicines in bulk, which participating companies ship directly to 21 *RxP* affiliates. The result: patients can obtain needed medicines the same day the doctor writes the prescription. No more waiting!

This past year, Abbott joined GlaxoSmithKline, Merck & Co., and Novartis Pharmaceuticals in donating products to this unique public/private partnership. Collectively, these companies have donated more than \$13.3 million in free medicines to fill 63,465 prescriptions for over 12,000 uninsured Virginians since *RxP*’s inception two and a half years ago.

**IMPACT OF THE PHARMACY CONNECTION**

FY97 – FY07

144,187 Patients 

1,925,208 Prescriptions 

\$467,000,000 in Free Medicine 



**RxRelief Virginia** has a different focus. It spreads the benefit of free medications to entire communities by funding medication assistance caseworkers. This initiative, now in 57 localities, is funded by the Governor and General Assembly, and serves uninsured residents with incomes below 200% of the Federal Poverty Level (*FPL*). In FY07, **RxRelief Virginia** grantees provided over \$18.6 million in free medications to uninsured Virginians, utilizing only \$1 million in state funds.

Another significant VHCF innovation during the past 15 years is **SeniorNavigator**. It is a multifunctional initiative, which

not only helps seniors and caregivers navigate the complex array of health and aging services, but also serves as a client management tool for caseworkers and discharge planners. With VHCF as an incubator, **SeniorNavigator** evolved from an exciting idea to a valuable public service. It became independent of VHCF oversight two years ago, and continues to innovate and add value as the Commonwealth prepares for a surge in its aging population.

**Partnerships That Work**

The essence of the Virginia Health Care Foundation is partnerships, synergies, and the results that occur when all work together. Virtually every Foundation initiative involves partnerships. Policymakers, business leaders, health professionals, philanthropies, state and local agencies, health safety net providers – VHCF works with everyone.



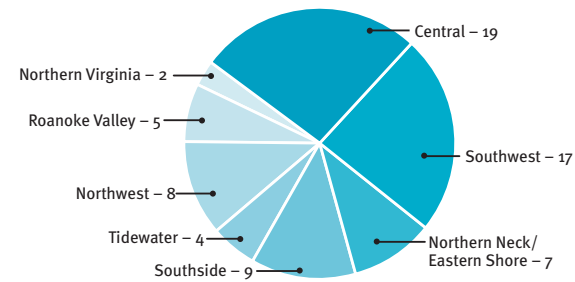


One significant partnership has resulted in health insurance for 139,000 Virginia children. Over the past 6 years, VHCF has led private sector efforts to work with the Virginia Department of Medical Assistance Services (DMAS) and other key state agencies to maximize the number of children enrolled in state-sponsored health insurance (FAMIS). From essential data to focus groups to training and technical assistance, VHCF has undertaken a series of initiatives to help promote the state's FAMIS programs and make them more effective and "family friendly."

With the success of VHCF's outreach projects (over 40,000 children enrolled), it's no wonder that the Foundation's outreach techniques have been cited in the Robert Wood Johnson Foundation's (RWJF) publication, "Covering Kids & Families: Promising Practices Report," and featured at several national forums.



**DISTRIBUTION OF NEW PROVIDERS RESULTING FROM THE HEALTHY COMMUNITIES LOAN FUND**



Partnerships also have been key to the success of the **Healthy Communities Loan Fund**, which has generated over \$9 million in low interest rate loans to bring 71 new providers to medically underserved Virginia communities since its inception. This very successful program was started 12 years ago through a partnership with the RWJF. BB&T underwrites the loans and several of Virginia's leading health professional organizations provide support and guidance.

VHCF's most recent partnership focuses on increasing access to dental care for Virginia's uninsured. With financial support from Delta Dental of Virginia, VHCF was able to hire a part-time **Dental Opportunities Coordinator (DOC)** in FY07, who is devoted to elevating Virginia's dental safety net to a new level.

This new partnership is already showing impressive results. The DOC has negotiated a substantial 20% discount on dental supplies with Patterson Dental Company that is available to all dental safety net providers in the Commonwealth. This is only the beginning. The DOC is already at work exploring additional opportunities for utilizing the synergies of Virginia's growing dental safety net.



**\$11 : \$1 Leverage**

Finally, the story of VHCF is one of sound investment and good stewardship. The Foundation practices a form of venture philanthropy, scrutinizing each potential grantee with the eye of an investor seeking to maximize long term growth. The results of this approach are clear. More than 89% of VHCF-funded projects continue at or above their prior level of performance for at least three years after they have "graduated" from VHCF funding.

Another measure of success is the tremendous return VHCF has been able to generate for its donors. The Foundation has leveraged an average of over \$11 in cash, health services and other in-kind contributions for every \$1 it has expended over the past 12 years.

**Vision for the Future**

After 15 years and an extraordinary record of achievement, you might be asking, "What's next for VHCF?" We're not.

VHCF's recent **Profile of Virginia's Uninsured** conducted by The Urban Institute indicates that one million Virginians are uninsured. For many of these hardworking Virginians, the health safety net is their only protection.

While the various insurance coverage initiatives being discussed throughout the country raise hope for many of the nation's uninsured, the history of similar efforts is one of incremental progress. In the meantime, VHCF is dedicated to professionalizing and expanding Virginia's health care safety net.

Our vision is that the uninsured in each community of the Commonwealth will have access to a **well-managed, well-financed, well-developed health safety net**, which employs **effective practices and systems** to provide **quality care** in coordination with other relevant providers.

**Unrealistic... Impossible?**  
**We don't think so.**  
**It's precisely what can happen when an organization thinks BIG!**



*Thomas G. Snead, Jr.*  
**THOMAS G. SNEAD, JR.**  
 Chairman FY07

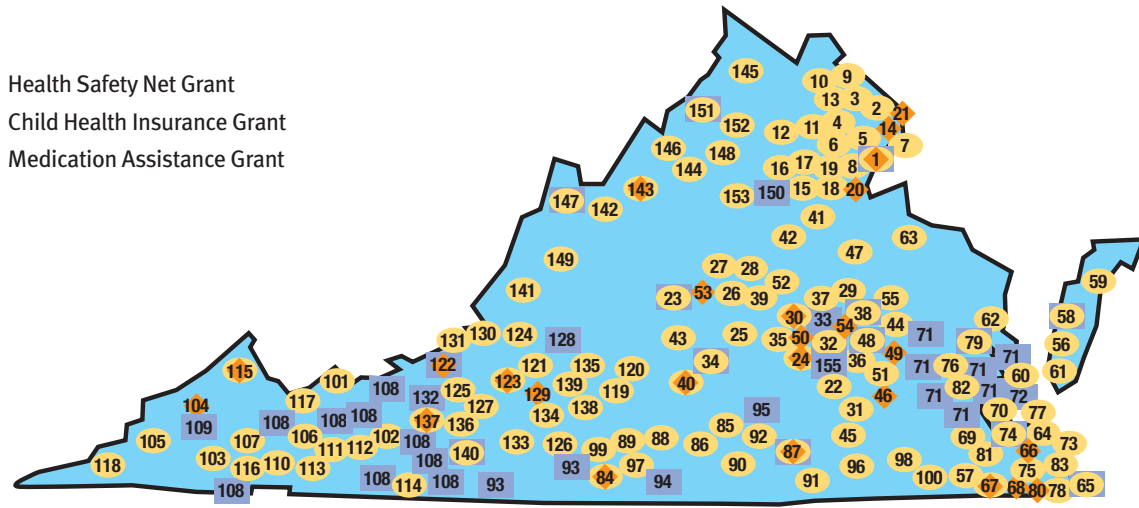


*Jean W. Cunningham*  
**JEAN W. CUNNINGHAM**  
 Chairman FY08



# VHCF Funded Projects (1992-2007)

- Health Safety Net Grant
- ◆ Child Health Insurance Grant
- Medication Assistance Grant



## NORTHERN VIRGINIA

- 1 Alexandria Neighborhood Health Services, Inc. (5)
- 2 Alexandria Teen Pregnancy Prevention Program
- 3 Arlington Free Clinic (2)
- 4 Arlington Healthlink
- 5 Fairfax Community Health Care Network (2)
- 6 Fairfax Department of Community Action
- 7 Inova Pediatric Center and Elder Community Care Telemedicine Program (2)
- 8 Jeanie Schmidt Free Clinic
- 9 Loudoun Community Health Center
- 10 Northern Virginia Family Service – Loudoun
- 11 Northern VA Dental Clinic
- 12 Marymount University Physical Therapy at Arlington Free Clinic
- 13 Northern VA Family Service - Arlington
- ◆ 14 Inova Partnership for Healthier Kids
- 15 Potomac Hospital
- 16 Prince William Pediatric Primary Care
- 17 Northern VA Family Service-Prince William

- 18 Greater Prince William Area Community Health Center
- 19 South Georgetown Community Clinic
- ◆ 20 Stafford County Head Start
- ◆ 21 St. Anthony of Padua Catholic Church

## CENTRAL VIRGINIA

- 22 Bensley School Health Clinic (Chesterfield)
- 23 Blue Ridge Medical Center (5)
- ◆ 24 Bon Secours Care-A-Van Mobile Medical Clinic
- 25 Buckingham County Rural Mental Health Initiative
- 26 Charlottesville Area Dental Access
- 27 Charlottesville Free Clinic (3)
- 28 Charlottesville Joint Immunization Task Force
- 29 Children's Hospital
- 30 CHIP of Greater Richmond (3)
- 31 Crater Health District
- 32 Cross-Over Health Center (4)
- 33 Fan Free Clinic (2)
- 34 Free Clinic of Central Virginia (3)/MedsHelp
- 35 Free Clinic of Goochland

- 36 Greater Richmond Homeless Medical Respite
- 37 Henrico Vision Care Program
- 38 Irvin Gammon Craig Health Center (2)
- 39 Jefferson Area Board for the Aging Geriatric Assessment/Intervention Team (2)
- 40 Johnson Health Center (3)
- 41 Lloyd F. Moss Free Clinic (2)
- 42 Louisa County Resource Council (2)
- 43 Lynchburg Area Total Child Health Program
- 44 MCV Department of Family Practice Breast Cancer Prevention
- 45 Petersburg Health Care Alliance
- ◆ 46 Quin Rivers Community Action Agency
- 47 Rappahannock Area Health District - Caroline Caries Program (2)
- 48 Richmond Area High Blood Pressure Center (2)
- ◆ 49 Richmond Enhancing Access to Community Health (REACH)
- ◆ 50 Richmond Public Schools
- ◆ 51 Richmond Urban Primary Care Initiative

- 52 Thomas Jefferson CHIP Program
- ◆ 53 United Way - Thomas Jefferson Area (2)
- ◆ 54 Urban League of Greater Richmond
- 55 Capital Area Health Network - Vernon J. Harris Medical Center

## NORTHERN NECK/EASTERN SHORE

- 56 Accomack County School-Based Dental Program (2)
- 57 Bay Aging
- 58 Eastern Shore Rural Health System (2)
- 59 Eastern VA Telemedicine Network
- 60 Lackey Free Family Medicine Clinic
- 61 Northampton County Schools
- 62 Northern Neck Free Health Clinic (2)
- 63 Central VA Health Services - Westmoreland (2)

## HAMPTON ROADS/PENINSULA

- 64 American Red Cross of Southeastern VA - Partners in Dental Care

- 65 Beach Health Clinic (2)
- ◆ 66 Children's Hospital of The King's Daughters
- 67 CHIP/Healthy Families of Chesapeake (2)
- ◆ 68 Consortium for Infant and Child Health (2)
- 69 Educare for Seniors
- 70 EVMS Resource Mothers Program
- 71 Greater Williamsburg Medication Assistance Program (7)
- 72 Hampton Roads Ecumenical Lodgings and Provisions, Inc. (HELP Free Clinic)
- 73 Hampton Health Department Primary Care Clinics (2)
- 74 Maryview Foundation Healthcare Center (2)
- 75 Community Adult Clinic of Norfolk
- 76 Olde Towne Medical Center (3)
- 77 Oral Health Improvement Coalition of South Hampton Roads
- 78 Peninsula Agency on Aging MedTran Program
- 79 Peninsula Institute for Community Health (3)
- ◆ 80 Places and Programs for Children, Inc.
- 81 Portsmouth Adult Care Clinic
- 82 Scott Center Youth Health Project
- 83 South Norfolk Health Center /Chronic Care Adult Clinic

## SOUTHWEST

- 101 Bland County Medical Clinic
- 102 Brock Hughes Free Clinic (2)
- 103 Clinch River Health Services (2)
- ◆ 104 Cumberland Plateau Health District
- 105 Lenowisco Health District (3)
- 106 Meadowview Health Clinic (2)
- 107 Mendota Community Association Health Clinic
- 108 Mt. Rogers Medication Assistance Program
- 109 Mountain Empire Older Citizens, Inc.
- 110 People, Inc. (2)
- 111 Southwest VA Community Health Systems, Inc Saltville (2)
- 112 Smyth County Free Clinic
- 113 Southwest VA Perinatal Council
- 114 Southwest Virginia Community Health Systems, Inc. - Whitetop
- 115 Stone Mountain Health Services (3)

## SOUTHSIDE

- 84 Central Piedmont Health Services (3)
- 85 Central VA Health Services (4)
- 86 Charlotte County Education Foundation
- 87 Community Memorial Healthcenter (3)
- 88 Danville Pittsylvania Community Services
- 89 Free Clinic of Danville

- 90 Health Care on the Square – Boydton Medical Center (2)
- 91 Lake Country Area Agency on Aging
- 92 Lunenburg County Community Health Center (2)
- 93 Martinsville/Henry County Coalition for Health & Wellness (2)
- 94 Piedmont Access to Health Services (PATHS)
- 95 Southern Dominion Health System
- 96 Stony Creek Community Health Center
- 97 VA Western Community College Telemedicine Dental Hygiene Initiative
- 98 Waverly Medical Center
- 99 West Piedmont Health District
- 100 Western Tidewater Health District Children's Dental Clinic

## SOUTHWEST

- 101 Bland County Medical Clinic
- 102 Brock Hughes Free Clinic (2)
- 103 Clinch River Health Services (2)
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- 113 Southwest VA Perinatal Council
- 114 Southwest Virginia Community Health Systems, Inc. - Whitetop
- 115 Stone Mountain Health Services (3)

- 116 Southwest VA Community Health Systems, Inc. - Twin City
- 117 United Way of Southwest VA
- 118 UVA/Southwest VA Alliance for Telemedicine

## ROANOKE VALLEY

- 119 Bedford Children's and Adult Dental Clinic
- 120 Bedford Ride Program
- 121 Bradley Free Clinic
- 122 Carilion Giles Memorial Hospital (2)
- ◆ 123 CHIP of Roanoke Valley (2)
- 124 College of Health Sciences' Physician Assistant Program
- 125 Computerized Teen Wellness Program
- 126 Free Clinic of Franklin County (2)
- 127 Free Clinic of the New River Valley (2)
- 128 New Horizons Healthcare (formerly Kuumba Community Health & Wellness Center)

- ◆ 129 Legal Aid Society of the New River Valley
- 130 Mental Health Association of the New River Valley
- 131 Monroe Health Center – Craig County Satellite Health Center
- 132 New River Valley Medication Assistance Program
- 133 New River Valley Senior Services MedRide
- 134 Carilion Medical Center Pediatric Dental Program (2)
- 135 Project Access of the Roanoke Valley
- 136 Blue Ridge Community Services
- ◆ 137 Radford University (2)
- ◆ 138 Roanoke Adolescent Health Partnership
- 139 Rescue Mission of Roanoke
- 140 Tri-Area Health Clinic (2)

## NORTHWEST

- 141 Alleghany Highlands Free Clinic

- 142 Augusta Regional Free Clinic (2)
- ◆ 143 Blue Ridge Area Health Education Center (2)
- ◆ 144 Community Association for Rural Transportation (2)
- 145 Free Medical Clinic of Northern Shenandoah Valley, Inc. (2)
- ◆ 146 Harrisonburg-Rockingham Free Clinic (2)
- 147 Highland Medical Center (3)
- 148 Page Rural Health Center
- 149 Rockbridge Area Free Clinic
- 150 Rappahannock-Rapidan Community Services Board
- 151 Shenandoah County Free Clinic (2)
- 152 St. Luke Community Clinic
- 153 UVA - Greene County School Health Cottage

## STATEWIDE

- 154 Central VA Lions Hearing Aid Bank
- 155 Medical Society of Virginia Foundation
- 156 MCV School of Dentistry Mobile Dental Clinic
- 157 ODU Nurse Practitioner Scholarships
- 158 UVA Nurse Practitioner Telemedicine Initiative (2)
- 159 VA Association of Free Clinics (3)
- 160 March of Dimes, National Capital Area Chapter
- 161 VA Dental Association (2)
- 162 VA Community Healthcare Association (formerly VA Primary Care Association) (4)



## Report of Independent Accountants

To the Board of Trustees  
Virginia Health Care Foundation  
Richmond, Virginia:

We have audited the accompanying consolidated statement of financial position of Virginia Health Care Foundation and Affiliate (collectively, the “Foundation”) as of June 30, 2007, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Virginia Health Care Foundation and Affiliate as of June 30, 2006, were audited by other auditors whose report dated August 11, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2007 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and Affiliate as of June 30, 2007, and the change in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Keiter, Stephens, Hurst, Gary & Shreaves, P.C.  
August 21, 2007

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2007 AND 2006

Assets	2007	2006
Current assets:		
Cash and cash equivalents	\$ 1,330,072	\$ 1,345,771
Investments	6,812,437	6,174,310
Appropriations receivable	4,080,571	3,630,571
Interest receivable	32,271	18,621
Contributions receivable	250,890	301,370
Grants receivable	200,088	187,207
Other receivables/assets	-	8,604
Prepaid expenses	43,146	37,555
Restricted certificate of deposit	700,000	700,000
Total current assets	13,449,475	12,404,009
Contributions receivable, net of current portion	777,380	504,507
Property and equipment, net	23,568	23,010
Total assets	\$ 14,250,423	\$ 12,931,526
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 78,555	\$ 79,522
Grants payable	4,399,437	4,892,580
Total current liabilities	4,477,992	4,972,102
Long-term debt	700,000	700,000
Total liabilities	5,177,992	5,672,102
Net assets:		
Unrestricted	3,877,726	2,762,645
Temporarily restricted	5,194,705	4,496,779
Total net assets	9,072,431	7,259,424
Total liabilities and net assets	\$ 14,250,423	\$ 12,931,526

See accompanying notes to consolidated statements.



CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue:</b>						
Appropriations	\$ -	\$4,080,571	\$4,080,571	\$ -	\$3,630,571	\$3,630,571
Contributions	334,968	1,070,482	1,405,450	221,008	564,231	785,239
Grant revenue	-	756,883	756,883	-	787,467	787,467
VHC membership interest	-	70,242	70,242	-	(71,895)	(71,895)
Investment income	422,195	-	422,195	295,616	-	295,616
Net unrealized gains on investments	347,389	-	347,389	14,556	-	14,556
Other income	86,050	-	86,050	76,165	-	76,165
Net assets released from restriction	5,280,252	(5,280,252)	-	5,352,500	(5,352,500)	-
<b>Total support and revenue</b>	<b>6,470,854</b>	<b>697,926</b>	<b>7,168,780</b>	<b>5,959,845</b>	<b>(442,126)</b>	<b>5,517,719</b>
<b>Expenditures:</b>						
Program services - grants	4,638,278	-	4,638,278	4,990,683	-	4,990,683
Supporting services - management and general	717,495	-	717,495	686,935	-	686,935
<b>Total expenditures</b>	<b>5,355,773</b>	<b>-</b>	<b>5,355,773</b>	<b>5,677,618</b>	<b>-</b>	<b>5,677,618</b>
Change in net assets	1,115,081	697,926	1,813,007	282,227	(442,126)	(159,899)
Deconsolidation of SeniorNavigator.com	-	-	-	(233,055)	(563,418)	(796,473)
Net assets, beginning of year	2,762,645	4,496,779	7,259,424	2,713,473	5,502,323	8,215,796
Net assets, end of year	\$3,877,726	\$5,194,705	\$9,072,431	\$2,762,645	\$4,496,779	\$7,259,424

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	Program Services - Grants	Supporting Services - Management and General	Total	Program Services - Grants	Supporting Services - Management and General	Total
Salaries	\$ -	\$214,084	\$214,084	\$ -	\$272,048	\$272,048
Employee benefits/payroll taxes	-	64,662	64,662	-	67,168	67,168
<b>Total salaries and related expenditures</b>	<b>-</b>	<b>278,746</b>	<b>278,746</b>	<b>-</b>	<b>339,216</b>	<b>339,216</b>
Grants	3,500,113	-	3,500,113	4,010,583	-	4,010,583
Project Connect	-	-	-	35,438	-	35,438
Rx Partnership	130,000	-	130,000	25,000	-	25,000
The Pharmacy Connection	254,122	-	254,122	218,748	-	218,748
Healthy Communities Loan Fund	39,730	-	39,730	106,122	-	106,122
MAP	193,929	-	193,929	100,014	-	100,014
Special Initiatives	77,951	-	77,951	59,250	-	59,250
Covering Kids and Families	-	-	-	280,469	-	280,469
Child Health Insurance Initiatives	240,431	-	240,431	-	-	-
Grantee Technical Assistance	27,148	-	27,148	52,379	-	52,379
Grantmaking	138,935	-	138,935	102,680	-	102,680
Dental Opportunities Initiative	35,919	-	35,919	-	-	-
Contractual services	-	197,859	197,859	-	149,905	149,905
Office rent	-	61,170	61,170	-	56,188	56,188
Investment fees	-	32,976	32,976	-	21,156	21,156
Telephone and fax	-	9,658	9,658	-	9,009	9,009
Supplies	-	2,559	2,559	-	1,995	1,995
Computer software and supplies	-	3,409	3,409	-	4,444	4,444
Printing and copying	-	15,313	15,313	-	19,998	19,998
Postage	-	5,722	5,722	-	6,320	6,320
Travel	-	9,521	9,521	-	2,436	2,436
Meeting costs	-	13,392	13,392	-	5,206	5,206
Special events	-	36,073	36,073	-	30,660	30,660
Miscellaneous	-	11,135	11,135	-	9,290	9,290
Insurance	-	9,267	9,267	-	10,107	10,107
Subscriptions and dues	-	5,192	5,192	-	6,278	6,278
<b>Total expenditures before depreciation and amortization</b>	<b>4,638,278</b>	<b>691,992</b>	<b>5,330,270</b>	<b>4,990,683</b>	<b>672,208</b>	<b>5,662,891</b>
Depreciation and amortization of property and equipment	-	25,503	25,503	-	14,727	14,727
<b>Total expenditures</b>	<b>\$4,638,278</b>	<b>\$717,495</b>	<b>\$5,355,773</b>	<b>\$4,990,683</b>	<b>\$686,935</b>	<b>\$5,677,618</b>

See accompanying notes to consolidated statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2007 AND 2006

Assets	2007	2006
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,813,007	\$ (159,899)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	25,503	14,727
Net realized and unrealized gain on investments	(448,888)	(87,134)
Change in assets and liabilities:		
Interest receivable	(13,650)	392
Appropriations receivable	(450,000)	(280,000)
Contributions and grants receivable	(235,274)	738,700
Other receivables/assets	8,604	(5,724)
Prepaid expenses	(5,591)	(30,838)
Accounts payable and accrued expenses	(967)	13,592
Grants payable	(493,143)	487,868
Net cash provided by operating activities	199,601	691,684
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(26,060)	(12,796)
Proceeds from sales of investments	2,344,144	1,662,559
Purchase of investments	(2,533,384)	(1,812,998)
Net cash used in investing activities	(215,300)	(163,235)
<b>Cash flow from financing activities:</b>		
Distribution of cash of SeniorNavigator.com	-	(240,640)
Net cash used in financing activities	-	(240,640)
Net change in cash and cash equivalents	(15,699)	287,809
Cash and cash equivalents, beginning of year	1,345,771	1,057,962
Cash and cash equivalents, end of year	\$ 1,330,072	\$ 1,345,771

Supplemental information on non-cash financing activities:

During 2006, the non-cash net assets of Senior Navigator.com of \$555,833 were deconsolidated.

See accompanying notes to consolidated statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Organization and Business:**

Virginia Health Care Foundation (“VHCF”) is a Virginia not-for-profit entity which was created in June 1992 by a joint venture between the Governor of Virginia and the Virginia General Assembly’s Joint Commission on Health Care. VHCF’s mission is to enhance access to primary care for Virginia’s uninsured and medically underserved population by helping to foster community based projects that combine the resources of local government, health care professionals, the business sector and local private funds.

In November 2000, SeniorNavigator.com (“SN”), one of VHCF’s programs, became its own legal not-for-profit entity with VHCF as its sole member. SN operates a web page designed as a guidebook for Virginia’s seniors, their families and caregivers. It combines a rich database of comprehensive information covering everything from Medicare-related questions to housing options and necessary legal directives. It is the first time Virginians have had a one-stop-shop for all of their questions about health and aging-related issues and needs. Effective July 1, 2005, SN revised its bylaws and articles of incorporation in order to become a stand-alone entity and changed its name to Senior Navigator (see note 13).

The accompanying consolidated financial statements include the accounts and activities of VHCF and the Virginia Health Council (see note 11) as of and for the fiscal years ended June 30, 2007 and 2006 (collectively, the “Foundation”).

**2. Summary of Significant Accounting Policies:**

*Basis of Accounting:* The Foundation and its Affiliate prepare their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

*Net Assets:* The Foundation classifies its net assets into three categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include funds that are not subject to donor-imposed restrictions.

Temporarily restricted net assets are those funds subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or passage of time.

Permanently restricted net assets are endowment funds that are restricted to investment in perpetuity, the income from which is expendable to support the various programs sponsored by the Foundation. As of June 30, 2007 and 2006, there were no permanently restricted net assets.

*Revenue Recognition:* Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

*Cash equivalents:* Cash equivalents consist of investments in money market funds. For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid financial instruments not included in the investment portfolio with original maturities of three months or less to be cash equivalents.

*Concentrations of Credit Risk:* Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. The Foundation places its cash and cash equivalents with one financial institution. At times, these balances are in excess of the FDIC insurance limit.

Receivables are from individuals, corporations, government organizations and foundations. The Foundation believes its credit risk related to these receivables is limited due to the nature of its donors.

*Investments:* Investments are reported at fair value, based on quoted market prices. Unrealized gains and losses are included in the consolidated statements of activities. Realized gains and losses are calculated using the specific identification method.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

### 2. Summary of Significant Accounting Policies (continued)

**Property and Equipment:** Property and equipment is recorded at cost for purchased items and at fair value on the date of the gift for contributed items. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives (generally five years) of the assets.

**Contributions and Grant Revenue:** Contributions to the Foundation are recognized as revenue in the period the promise is made by the donor. Contributions of assets other than cash are recorded at their estimated fair values. Grant revenue is recorded in the year the grant is awarded, provided that the award is unconditional.

Many of the Foundation's contributions are part of a multi-year commitment. Long-term commitments are recognized as contributions in the consolidated statements of activities even though a portion of the contribution is receivable in future periods. The long-term contributions are recognized as contributions receivable at their net present value in the consolidated statements of financial position.

**Donated Services:** During 2007 and 2006, the Foundation received professional, marketing, and advertising services at no charge from outside organizations. These services, valued by the donors at approximately \$94,409 and \$104,000, respectively, were recorded as unrestricted contribution revenue and recorded as expenses in the related expense accounts for the years ended June 30, 2007 and 2006, respectively, in the accompanying consolidated statements of activities.

**Grants:** The Foundation makes grants to various local not-for-profit organizations to carry out its mission. A grant is recognized as an expense in the year the board of trustees authorized the grant. Although certain requirements are stipulated for each grant, management has assessed the possibility that those requirements will not be met as remote and, therefore, they are considered to be unconditional. Grants are generally paid within one year of authorization. The Foundation reduced grant expense by \$266,262 and \$194,219 in 2007 and 2006, respectively, for grants recognized in prior years that will not be paid due to grantees' inability to fulfill the requirements of the grants, such as enrollment goals, recruitment of health care professionals and closing of the grantee organization.

**Fair Value of Financial Instruments:** The carrying amounts of cash and cash equivalents; appropriations receivable; interest receivable; contributions receivable; grants receivable; accounts payable and accrued expenses; and grants payable approximate fair value because of the short-term nature of these financial instruments. The fair values of long-term debt were \$569,856 and \$560,330 as of June 30, 2007 and 2006, respectively, based on management's best estimate of market rates for a similar issue.

**Income Taxes:** VHCF received a favorable determination letter from the Internal Revenue Service on October 22, 1996 stating that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

### 3. Cash and Cash Equivalents:

Cash and cash equivalents are comprised of the following as of June 30, 2007 and 2006:

	2007	2006
Cash on deposit	\$ 1,219,790	1,196,608
Money market funds	110,282	149,163
	<u>\$ 1,330,072</u>	<u>1,345,771</u>

### 4. Investments:

The costs and fair values of investments as of June 30, 2007 and 2006 are summarized as follows:

	2007		2006	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 387,979	387,979	1,640,784	1,640,784
U.S. Treasury bills	273,882	270,877	371,730	371,755
Common stock	2,789,643	3,347,069	1,247,584	1,480,316
Corporate bonds	1,338,094	1,315,247	1,761,155	1,712,778
Government obligations	1,509,801	1,491,265	987,408	968,677
	<u>\$ 6,299,399</u>	<u>\$ 6,812,437</u>	<u>\$ 6,008,661</u>	<u>\$ 6,174,310</u>

Investment income and gains and losses for investments are comprised of the following for the years ended June 30, 2007 and 2006:

	2007	2006
Interest income	\$ 312,625	223,038
Net realized gains	109,570	72,578
	<u>\$ 422,195</u>	<u>295,616</u>
Net unrealized gains	\$ 347,389	14,556

### 5. Property and Equipment, Net:

Property and equipment, net as of June 30, 2007 and 2006 is as follows:

	2007	2006
Equipment	\$ 93,938	82,863
Leasehold improvements	7,331	7,331
Software	42,519	28,910
	<u>143,788</u>	<u>119,104</u>
Less accumulated depreciation and amortization	120,220	96,094
	<u>\$ 23,568</u>	<u>23,010</u>

### 6. Contributions and Grants Receivable:

Contributions and grants receivable are summarized as follows as of June 30, 2007 and 2006:

	2007	2006
Unconditional contributions and grants expected to be collected in:		
Less than one year	\$ 450,978	488,577
One year to five years	847,616	552,076
	<u>1,298,594</u>	<u>1,040,653</u>
Less discount	70,236	47,569
Total contributions and grants receivable	<u>\$ 1,228,358</u>	<u>\$ 993,084</u>

The future expected cash flows from contributions and grants receivable have been discounted using discount rates ranging from 4.96% to 5.12%.

### 7. Long-term Debt:

On December 18, 1995, the Foundation entered into a Loan Agreement for \$700,000 with the Robert Wood Johnson Foundation. The sole purpose of the loan is to provide the initial funding of a revolving loan fund through Branch Banking and Trust ("BB&T") (formerly First Virginia Banks, Inc.) to provide financing to increase the number of primary care providers delivering direct primary health services in Health Professional Shortage Areas ("HPSA") in Virginia. The loan was originally due on December 18, 2005 but has been extended and is now due on December 18, 2010.

Per the terms of the agreement, the \$700,000 of loan proceeds must be deposited at BB&T in a certificate of deposit ("CD"). As of June 27, 2002, the Loan Agreement was amended to reflect the request of the Foundation for the Robert Wood Johnson Foundation to waive the interest payments due. As a result, accrued interest payable of \$136,500 was reversed and recorded as contribution revenue in the 2002 consolidated financial statements. Prior to June 27, 2002, all interest earned on the CD was required to be deposited in a money market account to be used primarily to fund interest on the loan. As a result of the waiver of interest payments, all interest earned is deposited in a money market account to be used primarily to fund the Healthy Communities Loan Fund Program. This interest is recorded as cash when received and is included in investment income on the accompanying consolidated financial statements for the years ended June 30, 2007 and 2006. The restricted amounts in the money market account as of June 30, 2007 and 2006 were \$110,282 and \$149,163, respectively. The loan proceeds are deposited in a CD bearing interest at 5.00% and 4.78% for 2007 and 2006, respectively.

The Robert Wood Johnson Foundation maintains a security interest in the CD as collateral against any unpaid principal and related obligations.

### 8. Revolving Loan Fund:

In conjunction with the loan agreement described in note 7, the Foundation entered into an agreement with BB&T to establish a \$4,200,000 revolving loan fund to facilitate borrowing by approved primary care physicians, hospitals, dentists, community health centers, rural health clinics, and other primary care providers who will use the loan funds to increase the number of primary care providers in Virginia HPSA. BB&T will develop and administer the loan application and servicing process. The Foundation has no liability to BB&T for any loans made to primary care providers from the revolving loan fund.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

**9. Lease Commitments:**

The Foundation is obligated under operating leases for office space and equipment that expire on various dates through July 31, 2013. Future minimum lease payments as of June 30, 2007 are:

Total rental expense for operating leases for the years ended June 30, 2007 and 2006 was \$81,613 and \$80,493, respectively.

	Amount
Year ending June 30:	
2008	\$ 14,309
2009	86,573
2010	94,368
2011	96,963
2012	99,630
Thereafter	110,919
Total	<u>\$ 502,762</u>

**10. Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following periods as of June 30, 2007 and 2006:

For periods after the end of the fiscal year	\$5,194,705	\$4,496,779
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The amounts are restricted for program development purposes.

**11. Virginia Health Council Membership and Trust Fund:**

On July 20, 1995, the Virginia Health Council (“VHC”) restated its Articles of Incorporation and Bylaws thereby naming VHCF its sole member. With this sole membership, VHCF has the authority to elect the board of directors of VHC.

Through the sole membership of VHC, the Foundation

began receiving income from the Arthur Graham Glasgow Trust. The trust is a split-interest agreement naming VHC as a 1.7% beneficiary of the trust income. VHC will receive 1.7% of the trust assets when the current beneficiaries are deceased or when time restrictions as stated in the trust agreement have expired. The present value of the future income stream from the trust and the percentage interest in the trust itself (\$429,282 less unamortized discount of \$40,122 as of June 30, 2007 and \$352,076 less unamortized discount of \$33,158 as of June 30, 2006) has been recorded as contributions receivable and as temporarily restricted net assets in the accompanying consolidated financial statements.

**12. Government Appropriations:**

The Commonwealth of Virginia (the “Commonwealth”) has designated an appropriation in its biennial budget to the Foundation of \$4,080,571 for the 2008 fiscal year. This appropriation is to be used to fulfill the purpose of the Foundation. The Foundation has elected to record these funds as a receivable when the Commonwealth has completed action on the current budget, which is done on an annual basis. Since the final action has been taken on the 2008 budget, the appropriation was included as a receivable as of June 30, 2007 in the accompanying consolidated financial statements.

**13. Deconsolidation of SeniorNavigator.com:**

Effective July 1, 2005, the by-laws and articles of incorporation of SeniorNavigator.com were revised to remove VHCF as the sole member of SeniorNavigator.com. As a result, VHCF no longer has any legal connection with SeniorNavigator.com, or authority over any corporate decisions made by SeniorNavigator.com. With these changes, SeniorNavigator.com is a stand-alone entity, effective July 1, 2005, responsible for its operations and financial condition and is not included in the consolidated financial statements of VHCF. Accordingly, the net assets of SeniorNavigator.com of \$796,473 were deconsolidated.

**Rx Partnership Honor Roll**

GlaxoSmithKline	The Community Foundation, Sheltering Arms Fund
Merck & Co.	Sentara Health Foundation
Novartis Pharmaceuticals	Bon Secours Richmond
Abbott	Centra Health Foundation
The Commonwealth of Virginia	Anthem Blue Cross & Blue Shield
Virginia Health Care Foundation	Campbell Hoffman Foundation
Medical Society of Virginia Foundation	Bedford Community Health Foundation
Williamsburg Community Health Foundation	Pharmaceutical Research and
Mary Washington Foundation ( <i>Medicorp</i> )	Manufacturers of America ( <i>PhRMA</i> )
Riverside Health System Foundation	Virginia Association of Free Clinics
Carilion Foundation	Virginia Joint Commission on Health Care
Jenkins Foundation	Virginia Community Healthcare Association

**Healthy Communities Loan Fund Partners**

BB&T Corporation	Virginia’s Area Health Education Centers
Robert Wood Johnson Foundation	Virginia Community Healthcare Association
Medical Society of Virginia	Virginia Dental Association
Psychiatric Society of Virginia	Virginia Department of Health
The Virginia Chapter, American	Virginia Hospital and Healthcare Association
College of Physicians - American	Virginia Obstetrical and Gynecological Association
Society of Internal Medicine	Virginia Pharmacists Association
Virginia Academy of Family Physicians	

**Virginia Health Care Foundation Staff**

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1994-2000

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1992-1997

**GRACE E. HARRIS, PhD+**  
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**J. THOMAS HULVEY, MD\*  
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1992-1998

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1998-2004

**LEIGH B. MIDDLEDITCH,  
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**G. GILMER MINOR, III+**  
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1997-2003

**PHILIP M. REILLY+**  
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**KENNETT L. SIMMONS, PhD**  
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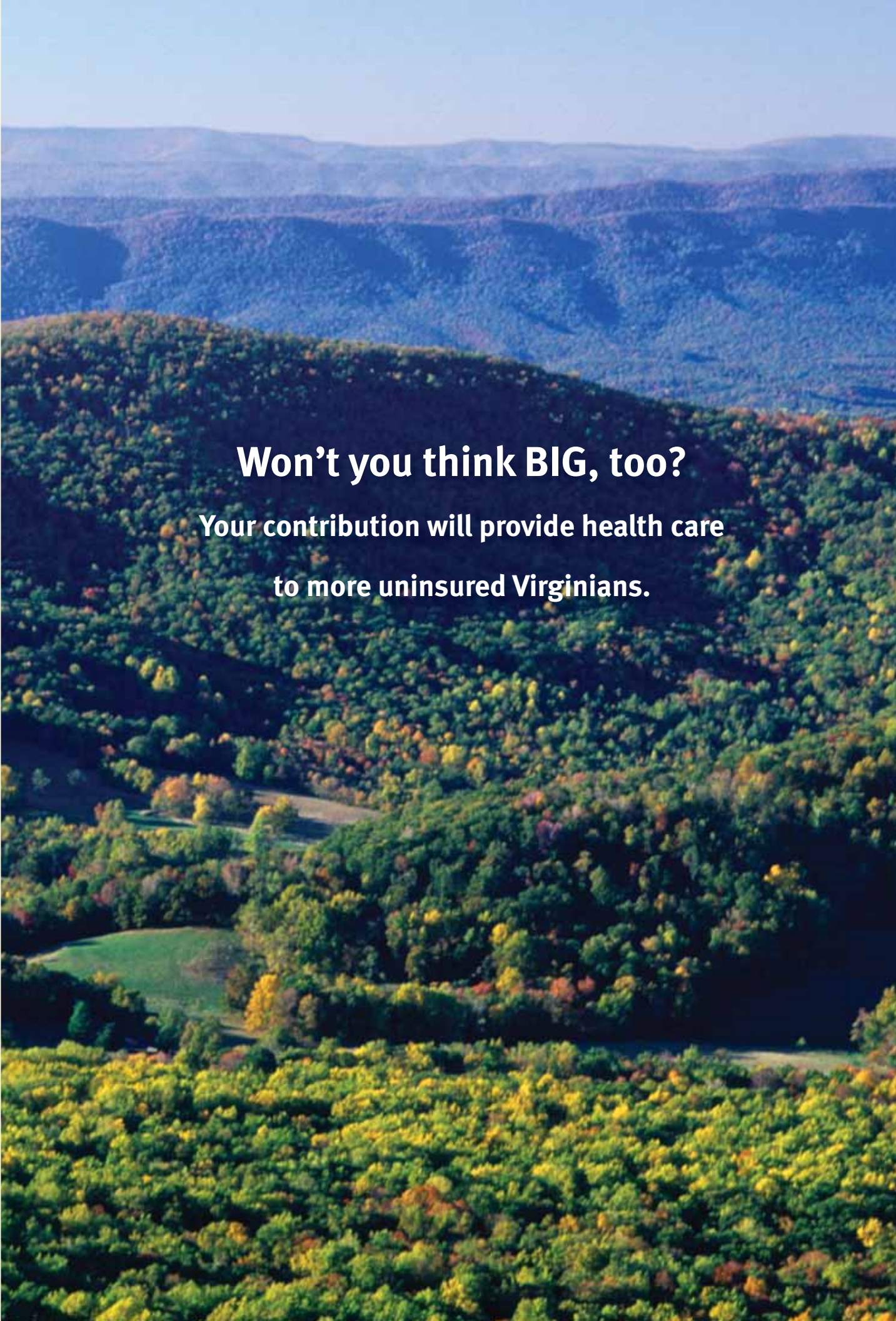
**KARLA M. SORENSEN+**  
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**JAMES M. TURNER, JR.+**  
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